White House Ends Opposition to Rail Reorganization Aid

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Fresh concern about the deteriorating condition of railroad tracks and yards in the Northeast has led the Nixon administration to withdraw its past opposition to a quick and large injection of federal financial aid to the rail system.

As the growing fuel shortage has highlighted the efficiency of rail transport, the administration has been won over to near-total endorsement of a comprehensive rail reorganization bill that has passed the House and is expected to be approved shortly—perhaps today—by the Senate Commerce Committee.

Secretary of Transportation Claude S. Bringer signaled the new sentiment in a letter to committee chairman Warren Magnuson (D-Wsh.), proposing that the rail legislation be enriched with $150 million of interim aid to upgrade rail facilities, starting almost immediately.

A second Brinegar letter, industry sources said yesterday, emphasized continued opposition to some provisions in the bill, mainly a guarantee that displaced union workers could receive annual salaries up to $30,000 until age 65.

The $150 million would be, in effect, an advance borrowing from $1 billion in federal loan guarantees already included in the bill but not previously avaliable until a new, for-profit rail corporation takes over from six bankrupt carriers in about two years.

In addition, $85 million of direct federal grants for interim aid is already in the bill. "They've come a long way on this," said Sen. Vance Hartke (D-Ind.) in an interview, recalling earlier vows by Brinegar and others to oppose flatly any federal financial commitment.

Hartke, chairman of the Surface Transportation subcommittee and a key legislator on railroad bills, told reporters yesterday he previously had strong reservations about the House bill, which would entail a precedent-breaking railroad reorganization directed by the federal government.

While most problems will be resolved to his satisfaction, Hartke said, wholesale rail abandonments must not be permitted in the midst of a shortage of fuels. Early approval of the bill by the Senate is anticipated.

Two major factors in the drive to rejuvenate the overbuilt railroads east of the Mississippi and north of the Ohio and Potomac are an expected rise in industrial consumption of coal, given the petroleum shortage, and a need for more rail passenger services, to take some burden off the highways.

One reason for the dire status of the Penn Central was the decline of a huge coal-carrying business when electric utilities switched away from high-sulphur-content coal mined along the Pennsy's routes.

To the basic House bill, senators are adding at least two refinements: a $2 billion government loan program to help build up the depleted freight-car fleet, and a ban on discriminatory taxation of railroads by the states.

Another addition, approved this week, is an authorization for Amtrak or a regional transport authority to buy or lease a corridor of routes between Boston and Washington for establishment of a first class, high-speed passenger service.

These Christmas ornaments might not survive the trimming session when House and Senate conferees gather. Some members of the House believe other railroad problems should be considered later—specifically in a comprehensive surface transportation act authorized by Rep. Brock Adams (D-Wash.).

Brinegar and other administration officials also oppose adding attempted solutions for other problems to what basically is a northeastern railroad reorganization.

A fatal blow could come if President Nixon vetoes the measure and the House and Senate can't override the objection. Most key legislators, however, have asserted that a presidential veto is unlikely—citing the 306-to-82 margin in the House two weeks ago—despite threats of a veto recommendation by Brinegar.

Besides the additions being considered in the Senate—an Amtrak corridor, the freight car aid—opposition within the administration has focused on two matters:

- A liberal, federally financed plan to continue paying wages to between 10,000 and 30,000 workers who would lose their jobs when the 36,000-mile system of six major bankrupt railroads is condensed into one new firm with between 15,000 and 20,000 miles of routes.

Although the bill limits the federal outlays to $250 million, Brinegar contends the actual cost could be much higher.

The administration and a significant number of mostly GOP legislators have condemned this provision as an unprecedented labor contract being mandated by law, and have urged a six-year limitation on any such payments.

Arrayed against this opposition, however, is the entire rail labor movement and the rail industry, as well as such powerful labor-oriented legislators as House Commerce Committee Chairman Harley O. Staggers (D-W.Va.).

- The method for acquiring properties of bankrupt firms by the new rail enterprise is a second major problem, although legislators and the administration are moving closer together and an agreeable solution is anticipated.