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Transportation

Deregulation of Freight Backed To Spur Competitive Price Cuts

By CHRISTOPHER LYDON

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WASHINGTON, Jan. 24—The new budget contains the first endorsement by President Nixon of "deregulation" of freight transportation—a plan to ease government controls and stimulate competitive price reductions that lacked Presidential support last year and was nearly smothered in Congress.

The bill, originating in the Department of Transportation, would make it easier, for example, for railroads to drop unprofitable branch lines. It would help new trucking companies get started in business where a scarcity of service keeps prices high. It would also let railroads lower their rates on shipments where they have natural cost advantages against truckers.

The legislation, supported by almost all economists in and out of Government, is believed to hold a promise of \$1-billion in annual savings to consumers. But truckers, railroads and barge operators have opposed it because it would reduce their billings by a like amount and disrupt their shares of ground freight business.

Only time will tell whether the budget's endorsement of the Regulatory Modernization Act means that Mr. Nixon will press for its enactment in an election year.

Last year the International Brotherhood of Teamsters was reported to have dissuaded the President from sending off the regulation bill with a formal message; it was delivered to Congress instead by an Assistant Secretary of Transportation. Observers will be watching for a follow-up to the Budget Message on Capitol Hill.

Despite the Administration's interest in dramatizing proposed increases in spending for transit, there were no surprises or essentially new trends in the transportation budget for the fiscal year 1973.

The commitment of \$1-billion to urban mass transit is indeed \$400-million more than the Administration is parceling out this year. Even at that, the money for new and improved subway and bus lines (mainly the latter) is being dispensed more slowly than Congress authorized.

Partly because of an Administration freeze on transit funds and partly because of an inevitable lag between contracts and construction, the actual outlay for transit will be only \$280-million this fiscal year and about \$390-million in 1973. This is less than 8 per cent of the new outlays (a little more than \$5-billion) for highway construction.

Spending on the Coast Guard (\$756-million) and subsidies for the commercial fleet (\$468-million) will be up slightly. But there are savings in aviation, mainly because the supersonic transport program has been liquidated, and in the Federal Railroad Administration, on the hopeful calculation that Amtrak, the National Railroad Passenger Corporation, will not need more emergency funds.

The total of transportation spending proposed for 1973 is \$8.633-billion, including the maritime subsidies administered by the Commerce Department.