

FOR IMMEDIATE RELEASE

JUNE 7, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

PRESS CONFERENCE
OF

WILLIAM MILLIKEN
GOVERNOR, STATE OF MICHIGAN
AND

WILLIAM T. COLEMAN
SECRETARY, DEPARTMENT OF TRANSPORTATION

THE BRIEFING ROOM

11:47 P.M. EDT

MR. HUSHEN: As you know, the President met this morning with Governors from the Northeast and Midwest. The meeting lasted about an hour and a half.

The purpose of the meeting was to discuss problems of the railroads, and the meeting was requested by Governor Milliken of Michigan.

We have Secretary of Transportation Coleman and Governor Milliken here to brief you today, to give you a report on the meeting and answer your questions.

Gentlemen.

GOVERNOR MILLIKEN: We had, I felt, a very good meeting, as Mr. Hushen has said. It lasted about an hour and a half, which was a half an hour longer than we had anticipated.

There was no general agreement in the session among the Governors and with the Administration on how to deal with all of the problems, except we all agreed we had a serious problem in the question of transportation, the implementation of the Association plan, the question of the adoption of the plan or not by the Congress in July.

I indicated that I felt very strongly about the abandoned line issue. It means a great deal to Michigan and to many other States, and there was general discussion about the importance of the rehabilitation of roadbeds in the railway system throughout the country. It has a major impact, I think, on the future of the country, particularly in the light of the economic problems we have had, in the light of the energy crisis, which we have been going through and we will probably continue to face, so that there needs to be a comprehensive, overall Federal approach of some kind to deal with the problems which are faced in a very real sense by the States.

MORE

I was pleased with the President's willingness to be openminded in his approach -- the indication that he will be taking a position which has not yet fully been developed so far as the Congressional approval of the plan in July.

I was pleased with the obvious deep involvement and openmindedness of the Secretary and I felt the meeting was a very good and a very productive one, and I am hoping that we are going to be able to maintain, as I am sure we will, very close contact with the Secretary and with the President on this problem which obviously will not go away.

Mr. Secretary.

SECRETARY COLEMAN: At the request of Governor Milliken, the President met this morning with the Governors of all of the States in the Northeast and the Midwest. The only ones not there were those that from a telegram or other reasons said they could not be there. We had a free, frank and open discussion. Everyone agrees that the railroad problem is a serious problem. Everyone agrees that one of the causes is the deteriorating effect of the track and that has to be restored.

There was an exchange of ideas as to how best to bring that about and we in the Administration are going to continue to work at the problem, and we look forward to the cooperation of the Governors to see that we can reach a solution which is satisfactory and will solve the problem which is serious in this country.

Q Can you both deal with the question of where you are farthest apart, what the hangup is?

GOVERNOR MILLIKEN: I don't know at this point that we can really say that we are far apart. We recognize that it is going to take a great deal of money to rehabilitate the trackage in this country and that it is going to take a great deal of money to keep the branch lines going if, in fact, some of them should be kept going.

I fully acknowledge that we will have to abandon some lines, but I think the plan calls for much more of a wholesale abandonment than I believe is necessary or desirable. We have not agreed on how the money will be forthcoming but there was a good deal of discussion about that possibility.

I don't think it would be accurate to say that we had a total disagreement on this subject because we start with the basic premise that a vital rail system in this country is essential for the future economic development of the United States, and certainly of the individual States.

MORE

Q Governor, did other Governors present specific proposals for solving the rail problem in addition to your own?

GOVERNOR MILLIKEN: The New England Governors specifically recommended the take-over of the rail beds and the maintenance and rehabilitation of those beds as part of an overall plan. There certainly was not support for a Government take-over of the entire system, but a recognition that this might be, and probably would be, one good way to go.

So I would say that that constituted one of the major recommendations made by the Governors, and the other one would be on the question of rail abandonment, and my specific recommendation for a two-year moratorium with a branch line abandonment and a Federal-State match for up to 10 years. That problem gives us great concern in Michigan and I think that is reflected in many of the other States.

Q Mr. Secretary, what was the reaction of the President to these two proposals?

SECRETARY COLEMAN: The President listened and he gave serious consideration to the proposals. We have some problems with the proposals. One, we doubt seriously whether the public interest is best served by Government ownership of the roadbeds and other facilities.

Secondly, we always have the problem that you have to have in any system -- where the only way you raise money is by taxes from the people -- the extent to which there can be available Federal outlays for the program. We do feel that the USRA recommendation is that there are certain lines that are low density lines and what should happen there is that the States should have two years to make up their minds whether the line is sufficiently important that the State will undertake to subsidize that line.

In the interim, as you know, the proposal is that the Federal Government will put up 70 percent of the money; the State will put up 30 percent of the money. We can understand why the Governors would indicate that perhaps two years is not enough. On the other hand, we do think it is a period of time over which you can make a significant start and determination.

We did listen to the comments of the Governors and obviously we will take them into consideration, because they were seriously presented and we were dealing with an issue that everybody agrees on the end result; namely, that the railroad service is very important in the country.

MORE

On the other hand, I think as far as the Administration is concerned we would like to resolve the problem within the private sector context rather than to have the Federal Government going into the business of owning the roadbed. We think that presents serious problems.

Just to give you two, for example, we think then it would mean every issue of a wage increase becomes a Federal issue which would have to be resolved in the White House. We don't think that is in the public interest.

Secondly, we would say every freight increase or every charge would then become a public interest which would have to be resolved in the White House. We don't think that is a proper way. We firmly still believe when you are dealing with freight that you ought to be able to operate a service which can pay its own way and what you need are intelligent programs which will permit the rehabilitation of the line, perhaps with Federal guarantee, but that basically it should be resolved in the private sector.

I think some of the Governors felt -- some of them agreed with our position -- others said we think the situation is going to the point that perhaps the Federal Government may have to step in more, and in Government today so many problems are matters of degree that we have to engage in consideration to see what is the best way to resolve it; but the President did pay attention. He was quite concerned and he indicated and he instructed me to continue talking with the Governors and attempt to come up with a program which will best serve the interests of the American people.

Q Do you have a deadline for that program? Does the President know when you are going to have to give an answer on this?

SECRETARY COLEMAN: Well, there are varying deadlines. With respect to the Northeast, we are operating under statute enacted by the Congress which says by July 26 USRA will have to submit a plan.

As you know, the Administration has on board two of the 11 directors. We expect by June 26 we would have to indicate in executive session as to what our position finally will be.

In addition, as you know, the President has sent up the Rail Revitalization Act. We do think that if the Congress would begin to act and pass on that Act it will help the railroad situation greatly because we call for more flexibility in rate regulation.

MORE

We do provide for \$2 billion in loan guarantee, and we also provide for elimination of discriminatory tax by the local authority on the railroads. We think those things will make a great difference in the ability of the railroad to perform satisfactorily.

Q Secretary Coleman, your statement that the President instructed you to come up with something that will have something of interest to the Governors in terms of a plan indicates that the USRA plan is at least not sufficient to carry the day; that it is going to take something else besides that.

SECRETARY COLEMAN: If you got that from my reply, I did not mean to convey that. What I said was that the USRA submitted what was a preliminary plan. The statute called for public comment and reaction by all the persons involved. The Governors, some of them, showed certain things that they thought were objectionable in the plan. The USRA will then come up with the final plan, and the Administration, likewise, is attempting to come up with a final plan. The day by which it should be done is June 26.

More important, we realize that the railroad problem is a serious problem. We realize the Governors of the States are quite concerned and we are attempting to develop programs which the Governors will support and will solve the problem. We are not saying whether the USRA plan will be tremendously changed or not.

Q Mr. Secretary, I want to make sure I understand you concerning the question of the take-over of the roadbeds. The President's position has been he is against that?

SECRETARY COLEMAN: Yes.

Q And now you use the words "seriously consider" and things like that. Has his position changed any?

SECRETARY COLEMAN: Put it this way: I know my position has not changed and I don't think the President's position has changed.

Q Can you tell us a little bit about what the public service jobs would involve there? Did you discuss that in connection with the new bill that is pending on jobs and how they would help with the roadbeds?

SECRETARY COLEMAN: My understanding -- and you may have me at a disadvantage -- is that I know of no public bill which has been sponsored by the Administration which deals specifically with making jobs available for fixing up the roadbeds.

MORE

Q No, I am talking about the general public service jobs bill, and won't that relate to this?

SECRETARY COLEMAN: That was vetoed and it was also my understanding that even before it was passed that the Senate or the House knocked out the provision which was in the bill at one time for public service jobs directed to the railroad.

Q Now, there is a new bill coming up and what I am asking is, is there going to be some effort to put this back into the bill?

SECRETARY COLEMAN: You better go and ask the Congressmen.

Q Was that discussed at all? Did you mention these public service jobs?

SECRETARY COLEMAN: Today, one Governor did mention public service. It is the Administration's position and the position of the Department of Transportation that the railroad problem is a separate and distinct problem and it ought to be resolved in the context of dealing with the railroads, and that is what we hope we can do.

Q Governor Milliken, one of the Governors emerging from the meeting said that all but one Governor opposed the USRA plan for abandonment. Is that a correct statement?

GOVERNOR MILLIKEN: I think probably that would be correct. On the question of public service jobs, that was not a discussion today, although I had raised the point very briefly in my remarks. I would hope that it would be possible in the future to have some public service job involvement in the rehabilitation of tracks within the States and perhaps a bill coming down would embody that concept. I would support that.

Q USRA has issued a preliminary report already, Governor. What is the stance of your group regarding that report? Do you think the Administration is heading in the right direction, or not?

GOVERNOR MILLIKEN: The Administration, I think, now is in the process of evaluating that report. So far as the Association recommendation, I can say personally that it would have a very serious negative impact in the State of Michigan and I think that is reflected in a number of other States.

MORE

The proposal is that some 22 percent of the track abandonment would occur in the State of Michigan among all the 17 States. That would have serious economic repercussions and it is on that particular point that I, this morning, commented. I think we need -- and there is some disagreement on approach here -- I think we need a two-year moratorium and I think we need the Federal match which would be up to 10 years. That would enable us to do better and sounder planning, and frankly, support further the case we think can be made in our State.

There is no question that some lines will have to be abandoned. I acknowledge that for Michigan and any other State. But I think the criteria has been wrong in that we have been pretty much guided by the element of profitability. And I think we have ignored some of the economic repercussions which would be very negative and overall would have the kind of effect which I think could be disastrous to the economy.

Q Would you comment on the burden of the Railway Revitalization Act which, itself, involves some consolidation and abandonment of rail lines? That is, the Administration's position.

GOVERNOR MILLIKEN: I would repeat again, I think there will have to be some abandonment, and in the end the plan will clearly go in that direction, but I disagree -- and it is a matter of degree -- I disagree with the Association plan insofar as its impact in our State.

Q Governor, how did the President respond to your proposal on the abandoned lines, the moratorium and the 10-year match?

GOVERNOR MILLIKEN: I can't say that he precisely responded. He certainly was open in his approach. The fact that he added another half-hour to the hour that we all were scheduled to be here was an indication of his interest, and I think his concern, and his desire in the end to make the right decision.

Q Governor, you had a statement in there. Did you spread out copies of that here? Could we have copies?

GOVERNOR MILLIKEN: It is available.

Q Could you tell us who was the one Governor who favored the USRA plan?

MORE

SECRETARY COLEMAN: I would say the effect of that -- there were 10 Governors present and there was one Lieutenant Governor. I think it is not quite the disagreement that you perhaps may think. USRA's responsibility, given by Congress, was to develop a plan which would make a national railroad system viable. In the development of that plan they established certain criteria and said that when you have a rail line which is not a national line -- namely, going from State to State -- but is a branch line, and that the revenue from that line is much under the expenses, that that presents a separate problem.

Now all USRA said was, that that type of operation should not be in a national railroad system. That does not mean it should not be someplace else.

The Congress then said that with respect to those lines which USRA determines are not in the national system and are not profitable, but are losing money, that we think that the way to handle that problem is to say that those lines will not be part of a national system but will be part of a local system, and to give the locality time to make up its mind as to whether it will support it as a local system.

We think that the appropriate way to handle that problem is to say that for those two years the Federal Government will put up 70 percent of the money to operate the losing line and the localities will put up 30 percent.

Now as I understand the Governors, what has now come forward is really basically a criticism of what Congress did, not what USRA did, because USRA was acting within the context of the statute. Everyone agrees that those branch lines should not be part of the national system.

So what the Governors have said is, "In our judgment, we don't think two years is time enough to make that decision. Secondly, we think that within the two years instead of having a 70-30 percent match, it should be a different match." Now this just reflects the fact that the States don't have the money, but I think it is also true that the Federal Government is pushed for money so therefore there has to be discussion along this line.

But I do think that you escalate the difference in the problem too big if you think it is other than in terms of the issue of how long should someone, whether it be the Federal Government or the local government, support these losing branch lines until such point when the shippers and the localities make up a decision as to whether they will take them over completely.

MORE

Q Governor Milliken, would you address yourself to the part of the Railway Revitalization Act that provides \$2 billion in loan guarantees to upgrade the railways as opposed to the federal ownership of rail beds or a much bigger subsidy, and does the Governors' Conference have any view on that?

GOVERNOR MILLIKEN: We did not discuss that in any great detail this morning. On the question of federal ownership of the railroad system, I think there is almost unanimous agreement that that should not come about. The President's proposal -- the \$2 billion proposal -- was discussed very briefly by him, but we were really centering our attention in our discussion this morning on the Association plan and on the proposal which will be before Congress on July 26th.

Q Mr. Secretary, I am a little confused about the July 26 and June 26. Could you straighten that out?

SECRETARY COLEMAN: The July 26th -- there is a statute which says that by July 26th USRA must submit the final plan to the Congress. It then lays over in the Congress for 60 legislative days, and at the end of that time Congress must vote the approval of the plan, or reject it. Now the June date comes about because to get the plan submitted to the Congress by the 26th of July, the Executive Committee of USRA will have a meeting -- and on that Executive Committee there is at least one or two members of the Administration -- and assuming that a vote is called for as to whether the final plan as revised, after the hearings on the preliminary plan, will be submitted to the Congress, at that time the Administration people will take a position.

MR. BARNUM: The statute specifically requires 30 days before the July 26 date the Executive Committee of USRA shall submit to the Board of Directors of USRA and to the ICC its proposal, namely the Executive Committee's proposal for the final system plan.

Q So the President has to make up his mind by the 26th of this month as to which direction he wants the Administration people to go?

MR. BARNUM: That is correct, and there is one member of the Administration, the Secretary of Transportation, who is a member of the Executive Committee of the United States Railway Association.

Q Mr. Secretary, did I understand you correctly? A moment ago you said you have not changed your position and as far as you know the President has not changed his. Is that on the abandonment issue?

MORE

SECRETARY COLEMAN: I thought the issue I was asked about was as to whether it is in the public interest to have public ownership of the railroads, and on that I think all the Governors are in agreement; that there ought not to be public ownership of the entire railroad system. There are some people that talk in terms of public ownership of the roadbed, and it is my position that that is not in the public interest, and I think that is also the position of the President. I say that only because I think the President speaks for himself.

Q How about your position on the abandonment issue? Do you have one? As far as whether this idea of the two-year moratorium is good or whether it is bad?

SECRETARY COLEMAN: I have heard the argument, and I always listen to the argument. I think that I would rather reserve judgment although my initial reaction is I think it is probably better to start off with the two-year period and see whether the job can't be done in two years. I guess I still suffer from the fact that I came out of the background of a practicing lawyer where, if you knew you had to go to Court in the next year, you got something done. When the Judge says, "Oh, Gee, you have two years," then you really got nothing done.

I think you really have to come to the basic issue as to how you handle losing lines which are not part of a national system. I don't think it is in the public interest to handle that permanently by having a massive federal subsidy. On the other hand, I think it does require a lot of concern in the localities -- it is in keeping with the Administration's position in other areas -- that when you are dealing with something that affects the localities it is the locality that has to make the determination, and they have to make the judgment consistent with their ability to raise the money.

Now that does not mean that in a program -- as we have some time other places -- at times we do give some federal help. But basically when you are dealing with something which is not national in scope but is limited to a community, affects their economic welfare, I think basically the government should leave that to the locality. That does not mean there may not be instances where it is in the national interest to support it, and that is what I think the debate is about.

Q Will you tell us why neither New York nor Ohio were represented at the meeting?

MORE

SECRETARY COLEMAN: I think you better check with them. As far as the Governor of New York, he sent a telegram. As you know New York City, the State of New York, has some serious budget problems, and that is the reason why I think Governor Carey was not there. There was another Governor that was not there, I know, because he had a death in the immediate family. There was a third Governor -- the Governor from Massachusetts was not there because he has an active session of the legislature, but he did send the Lieutenant Governor.

Q Can you tell us what the Governor's telegram said?

SECRETARY COLEMAN: Which one?

Q Carey.

SECRETARY COLEMAN: I have not seen the telegram, but I was informed he was not there and he did send a telegram.

GOVERNOR MILLIKEN: I did not know he did, but I am sure it was a friendly one.

SECRETARY COLEMAN: It was a friendly one. He indicated he had problems in New York, and with all due respect, he could not get down here today. He would have liked very much to have been here.

THE PRESS: Thank you.

END

(AT 12:10 P.M. EDT)