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Office of the White House Press Secretary

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THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I am pleased today to sign the Railroad Revitalization and Regulatory Reform Act of 1976. For more than a century, the railroads have been the backbone of our American transportation system. However, our rail system has recently been through troubled times. Now, this historic legislation will help restore the health and vitality of our Nation's private railroad system in a number of ways: First, this legislation encourages revitalization of our deteriorating rail freight system both in the Northeast and Nationwide. Second, it will provide substantial improvements in rail passenger service in the densely populated Northeastern United States. And finally, it will remove many unnecessary regulatory restrictions which for too long have hindered the ability of our railroads to operate efficiently and competitively. The actions set in motion by this legislation will make a significant contribution to our objectives of economic growth through private job creation, energy independence and a strong private transportation system.

The task of revitalizing the Nation's rail freight system will not be easy. ConRail, the new corporation established to operate the properties of the bankrupt railroads in the Northeast and Midwest, certainly does not have a smooth road ahead. Nevertheless, I believe that this legislation provides the tools to make the reorganization of the bankrupt railroads a success. We expect that within 5 years ConRail will overcome the unprofitable legacy of the bankrupt lines. If ConRail is to succeed, however, the continued cooperation of all of you who have made this legislation possible is absolutely essential.

The bill also provides needed financial assistance to help the railroads improve their physical plant and encourages desirable restructuring of rail services both in the Northeast and Nationwide. The bill explicitly provides \$1.6 billion to rehabilitate and improve worn out plant facilities and directs the Secretary of Transportation to provide the necessary leadership in making our Nation's rail system more efficient. It may be that the reorganization of the bankrupt railroads in the Northeast and Midwest can be finally successful only as part of a further restructuring of the rail industry through private sector initiative.

This Act also permits us to begin a program of overdue improvements in rail passenger service in the densely populated Northeast Corridor. Passenger service between Washington, New York and Boston will be made both reliable and comfortable, with trains traveling at speeds which are as high as technologically feasible and financially realistic. Within 5 years, we should have trains traveling at speeds of up to 120 miles per hour. In addition, through a joint effort by the Federal Government and the States and local communities involved, we will refurbish the stations along

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the way to make train travel more attractive and convenient. All of the work done as part of this program will provide a base for further improvements and developments. I have asked Secretary Coleman to make the implementation of improvements to the Northeast Corridor a high priority.

In addition to providing short-term financial assistance, Congress in approving this legislation has taken a fundamental step to restore the long-term economic health of this vital American industry. The regulatory reform provisions in this bill are long overdue and I commend the Congress for this farsighted and necessary action.

This kind of fundamental change in Government policy takes time. Every President since Harry S Truman has called in vain for increased competition and reform of our regulated industries. For example, the Landis Report commissioned by President-elect Kennedy in 1960 recommended major policy revisions in transportation regulation. But for more than a quarter of a century, the Nation has had no results. In contrast, the Railroad Revitalization and Regulatory Reform Act is the first significant reform of transportation regulation by any Administration -- or Congress.

An equally important task facing us now is to extend the principles of reform embodied in this legislation to the aviation and motor carrier industries. In these industries, we must strive to create a regulatory climate which relies on competitive forces, rather than on inflexible and bureaucratic directives of Federal agencies, to determine which firm will provide the desired transportation services and at what price. The time has come to place greater reliance on market competition.

I would also emphasize that the ultimate success of this legislation depends on more than the actions that have been taken by the Congress or this Administration. We have merely provided the tools which can be used to rebuild our railroads. I am confident that the Interstate Commerce Commission, ConRail and United States Railway Association will use these tools wisely for the purposes intended by the Congress and the Executive. A major responsibility for achieving a viable private sector railway system and, as stated in the legislation, "to provide energy efficient, ecologically compatible transportation services with greater efficiency, effectiveness and economy" rests with them.

We are embarking today on an historic endeavor to improve transportation in this country. I want to thank the members of Congress, Secretary Coleman, the fine people at the Department of Transportation and the representatives of industry and labor for their help. I ask them to continue their efforts to strengthen our private transportation system and to make it the finest in the world.

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