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THE WHITE HOUSE
WASHINGTON

11/21/74

MR. PRESIDENT:

The attached memorandum is still
in the staffing process and we have
not received concurrences from
Cole or Timmons.

Jerry H. Jones
Staff Secretary

A handwritten signature in black ink, appearing to read "JH Jones", written in a cursive style.

TN
THE PRESIDENT HAS SEEN *dsf.*

THE WHITE HOUSE

WASHINGTON

NOV 19 1974

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM:

~~ROY L.~~ ASH

SUBJECT:

STATUS OF TRANSPORTATION REGULATION MODERNIZATION

The Department of Transportation (DOT) is engaged in two transportation regulation modernization efforts which are based on legislative change of the Interstate Commerce Act: First, DOT is working on the passage of the Surface Transportation Act (STA) now pending before the House Rules Committee, which deals with railroads. Second, DOT is preparing legislation on motor carrier regulation which is expected to be submitted to the next Congress. These efforts are first steps towards regulatory modernization and are consistent with the objectives of the proposed Commission on Regulatory Reform.

The STA, as reported out of the House Committee on Interstate and Foreign Commerce, is a combination of the regulatory reform provisions of the Administration's Transportation Improvement Act and the industry-sponsored version of the STA. The STA includes provisions aimed largely at improving the efficiency of railroad rate regulation. In addition the bill would provide for \$2 billion in loan guarantees for improvement of railroad plant and equipment. The STA regulatory reform provisions have generated strong negative industry and Interstate Commerce Commission (ICC) reaction but DOT believes that the bill in its present form is basically acceptable to industry and the Administration. DOT is hopeful that the bill will pass this session but assistance from the White House legislative staff will be extremely useful, as will a statement from you in the event new problems are encountered.

Legislative proposals on motor carrier regulatory reform are currently being reviewed by Secretary Brinegar. DOT is completing research in support of these proposals and is preparing its justification and legislative strategy. The package will be ready for Executive Office review by December 1. We are proceeding on the assumption that the legislation will be announced in your State of the Union Message. In addition, if the STA does not pass this session, we should also include it in the State of the Union Message and resubmit it to the next session.

The thrust of the motor carrier effort would be to extend the STA's rate flexibility and rate bureau reform initiatives to motor carriers, to enlarge existing exemptions from regulatory provisions and make other seemingly modest changes that would in fact have a far-reaching impact on the present system of motor carrier regulation.

One new factor that will influence our legislative chances of achieving regulatory modernization is the new House Committee on Public Works and Transportation which will have responsibility for motor carriers, inland waterways, highways, and urban mass transit transportation matters while the Committee on Commerce and Health (formerly Interstate and Foreign Commerce) will retain responsibility for railroad matters.

Changed Committee assignments in the next session may slow down action initially but we believe it can result in a more receptive committee environment for transportation regulation modernization. Once the decisions are made on the legislative proposals for the State of the Union, it will be important for DOT to inform the Committee informally, begin to educate the members, and cultivate bases of support.