

**The original documents are located in Box C27, folder “Presidential Handwriting 9/10/1975 (1)” of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.**

### **Copyright Notice**

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE WHITE HOUSE  
WASHINGTON


September 10, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JAMES T. LYNN

FROM:

JAMES E. CONNOR 

SUBJECT:

Recommendation for Veto of "Emergency  
Rail Transportation Improvement and  
Employment Act of 1975"

The President reviewed your memorandum of September 3rd on the  
above subject and approved your recommendation -

"Signal a veto threat as early as possible"

Please follow-up with appropriate action.

cc: Don Rumsfeld

THE WHITE HOUSE

WASHINGTON

September 9, 1975

MR PRESIDENT:

Staffing of the attached memo  
resulted in the following:

Seidman, Marsh, Cannon,  
Buchen and DOT (Barnum) - concur with OMB  
recommendation

Friedersdorf -

"We concur in veto signal but make every effort  
to work something out because we are going to get  
a bill. Should try to work with House now and  
then the conference committee. A number of  
GOP members will support some kind of bill  
on this."

Jim Connor



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

ACTION

SEP 3 1975

MEMORANDUM FOR: THE PRESIDENT  
FROM: JAMES F. LYNN  
SUBJECT: Recommendation for Veto of "Emergency Rail  
Transportation Improvement and Employment  
Act of 1975"

Background

- . On May 16, the Senate passed Senator Hartke's S. 1730, the "Emergency Rail Transportation Improvement and Employment Act of 1975." This bill would provide \$800M in grants and loans to railroads and other entities, to hire employees and purchase materials for upgrading railroad physical plant. It is aimed at reducing unemployment and assisting the financially troubled rail industry.
- . The Senate later passed an appropriations bill which includes \$240M for this purpose.
- . To date, the House has taken minimal action on this proposal. On July 16, the Subcommittee on Transportation and Commerce reported a bill authorizing grants of \$240M, with greatly restricted use of funds (only for AMTRAK, ConRail, and other railroads with financial problems).
- . Although Secretary Coleman originally favored such a proposal, he dropped this position when it failed to gain your approval in the late spring. Since then he has actively opposed such legislation on the Hill.
- . The House Committee may choose to move fast on this matter after recess, since it will want to devote most of the fall to Northeast Rail and regulatory reform proposals. For reasons cited below, we continue to oppose the "Emergency Rail Transportation Improvement and Employment Act."

Problems with the Proposal

Each variation of this proposal presents the following kinds of problems:

- . Violates your restriction of new spending programs.
- . Would not be an efficient or effective way to reduce unemployment. It is extremely selective in terms of beneficiaries, and would not necessarily focus on areas of greatest unemployment. It can not be classified as a suitable emergency measure, since the season for right-of-way maintenance in much of the nation will be over for this year before funds could be made available.
- . This is a piecemeal approach to improving our rail system. Would not significantly impact the problem of deferred maintenance. Does not contribute toward solving any of the other serious problems facing the railroad industry.
- . Since the Administration already supports a far more comprehensive rail program, further initiatives are simply duplicative:

-- In the Northeast

- ... \$300M interim program of maintenance and improvements currently underway on Northeast bankrupt carriers
- ... \$2.5B package to upgrade and restructure the new Northeast rail system over the next six years
- ... \$900M+ for other purposes associated with the restructuring (already enacted; includes labor protection, assistance for states and local bodies to buy or subsidize low-density rail lines, etc.)

-- Nationwide

- ... \$2B in loan guarantees for physical improvements
- ... Regulatory reform proposal

Decision

We recommend that you approve a veto threat as early as possible, in order to have a maximum impact. With your approval I will notify Secretary Coleman and work out the most appropriate way to transmit this signal to Congress.

Approve

*AR 7*

Disapprove

See Me