

U.S. DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20590

STATEMENT OF JAMES M. BEGGS, UNDER SECRETARY OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS OF THE SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS, REGARDING THE SELECTION OF THE FINANCIAL ADVISORY PANEL PURSUANT TO SECTION 501 OF THE RAIL PASSENGER SERVICE ACT OF 1970, THURSDAY, DECEMBER 17, 1970.

Mr. Chairman and members of the Committee:

I am pleased to have this opportunity to appear before you to discuss the selection of members to the financial advisory panel established pursuant to section 501 of the Rail Passenger Service Act of 1970. As you know, this section required the President, within 30 days of the enactment of the Act, to appoint a 15-man financial advisory panel comprised of six members representing the business of investment banking, commercial banking, and rail transportation, two members representing the Secretary of Treasury, and seven members representing the public in the various regions of the Nation. Section 502 of the Act indicates that the purpose of the panel shall be to advise the directors of the National Railroad Passenger Corporation created under Title III of the Act on ways and means of increasing capitalization of the Corporation, and section 503 requires that the panel submit a report to Congress evaluating the initial capitalization of the Corporation and the prospects for increasing its capitalization on or before January 1, 1971.

have to work in order to submit their report to Congress on or before January 1, 1971, it was necessary to name people who were available during this period of time and also were most knowledgeable in the field of corporate finance and, more specifically, the ways and means of raising private capital for a railroad company. As a result, it was our considered judgment that under these circumstances the most readily available source of expertise which would prove beneficial to the directors of the Corporation in this technical and specialized area would be provided from industry and the banking profession. It was not our feeling that roots in these fields necessarily were incompatible with representation of the public on an advisory panel as technical as this.

I would now like to present briefly the backgrounds of the seven appointments to the panel who are designated as representing the public in the various regions of the Nation.

1. Carl H. Linder - Cincinnati, Ohio--President and Chairman of the Board of American Financial Corporation, Director of Associated Mortgage, Inc., and President of United Dairy Farmers.
2. Lloyd Waring - Boston, Massachusetts--Vice President and Director of Kidder, Peabody and Co., Director of Starret Corporation, Trustee of Cancer Society of

6. Howard P. Allen - Los Angeles, California--A member of the California Bar, former Assistant Dean and Assistant Professor of Law of Stanford University Law School. Presently, Vice President of Southern California Edison Company and Director of Southern California Rapid Transit District and California Taxpayers' Association.
7. Richard Pistell - New York, N. Y. --Chairman of Board of Goldfield Corp., General Host Corp., Everglades Park Co. and Yellowstone Park Co., Frontier West, Inc., Tantalum Mining Corp. Can. Ltd., and member of National Audubon Society and National Wilderness Society.

I do not suggest, Mr. Chairman, that there are not others that are also qualified to serve on this financial advisory panel, but I do earnestly submit that the members listed above by virtue of their varied interests and backgrounds are not only well qualified to lend valuable financial advice to the directors of the Corporation but also to represent conscientiously the public within the mandate and spirit of the law given the highly technical nature of this advisory panel.

I would now like to take the opportunity, Mr. Chairman, to reassure you and the Committee that the Department of Transportation does not take lightly a legislative mandate to have representatives of the public on committees established by statutory authority. In this regard, I point

a Citizens Advisory Committee on Transportation Quality as a standing committee to report to the Secretary through our recently established Office of our Assistant Secretary for Safety and Consumer Affairs. I might add that Secretary Volpe in announcing this new Office pointed out that as well as the Department's logical concern for safety in transportation, the Department's "commitment to the transportation consumer, while less obvious, is also vital to the welfare of the United States". Members of this Citizens Advisory Committee include civic leaders, retired professional people, educators, housewives and, in general, "non-expert" transportation consumers from all parts of the country.

In conclusion, Mr. Chairman, I want to assure you and the Committee that the Department gives very careful consideration to the selection of members to its advisory committees, whether created by statutory mandate or by our own order. We feel that if properly manned these committees can serve a very valuable function. They can provide us with information from outside our normal governmental sources of information and expertise. It is in our own best interests that we appoint the very best personnel available to these various committees. Anything less is self-defeating. I sincerely feel this was done in the case of the financial advisory panel under the Rail Passenger Service Act of 1970 and is likewise done in our Department's selections to our advisory committees.