

## POLICY POSITION

### 18. Alternatives for the Sale of Conrail

#### Background

The taxpayers of the United States contributed more than \$7 billion to rebuilding of the Northeast railroad system. Conrail has responded to that taxpayer trust and confidence by wisely investing those taxpayer monies to build a new railroad to replace the old. Congress is thoroughly searching for the appropriate route for Conrail's permanent return to the private sector.

The sale of Conrail has profound and important impacts especially in the eastern and southern portions of the United States because of the significant impacts the sale of Conrail would have on rail service, transportation costs, employment and competition. It seems only fair and right that the taxpayers should at least have the Congress fully consider the opportunity for them to benefit directly from the "investment" made in their behalf by their Government.

#### Recommendations

The Southern Legislative Conference completely supports the sale of Conrail to the private sector and memorializes the Congress, especially in light of the wide-reaching and significant impacts the sale of Conrail would have on rail service, transportation charges, employment and competition in the eastern and southern regions of the United States, to carefully study and to give equal consideration to all serious proposals to purchase Conrail and to thoroughly examine these important questions before a final decision is made. The Congress is further requested to ensure that any sale would not erode employment in any major industry or in any major economic areas or adversely affect the ability of shippers and other railroads to transport goods.

It is also recommended that the final sale of Conrail should be subject to certain covenants which will ensure the public interest. If Conrail is sold to the private sector, the covenants should ensure that no individual purchaser would be able to control Conrail in the future and that the initial investors hold the Conrail stock for at least three years to show their financial commitment to Conrail. If Conrail is sold to another railroad, the covenants should provide protection for short lines and smaller railroads and that industry and the public continue to be served by these railroads.

Adopted by the Southern Legislative Conference on July 24, 1985.

Recommendation

The Southern Legislative Conference urges the Congress to enact legislation exempting state and local governments from the Fair Labor Standards Act when they are acting in their traditional government capacity. In the meantime, the Conference opposes retroactive application of the Fair Labor Standards Act to state and local governments.

Adopted by the Southern Legislative Conference on July 24, 1985.

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