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UNITED STATES SENATE
Office of the Majority Leader
Washington, D. C. 20510

December 7, 1967

Mr. William H. Tucker
Chairman
Interstate Commerce Commission
Washington, D. C.

Dear Mr. Tucker:

Now that the Northern Pacific Railroad has given formal notice to the Interstate Commerce Commission that it intends to discontinue operation of its passenger trains Nos. 1 and 2 between Fargo, North Dakota, and Seattle-Tacoma, Washington, we wish to again express our opposition. We recommend that the railroad be ordered to continue this passenger train service which is so important to many small communities in the Northwest.

This action is yet another indication of the transcontinental railroad's efforts to retreat and withdraw from its obligation to the general public. We recognize that there are certain laws which limit Commission action in regard to passenger train discontinuances. We do, however, feel that the situation in Montana merits detailed consideration. We, therefore, ask that you institute the necessary orders for an investigation into this action, scheduling appropriate field hearings in Montana and the other states affected.

Please keep us informed of all developments in this case, and with best personal wishes we are

Sincerely yours,

/s/ Mike Mansfield, U.S.S.

/s/ Lee Metcalf, U.S.S.

(OVER)



Congressional Record

November 30, 1967

ICC AUTHORIZES MERGER OF "NORTHERN LINES" RAILROADS

Mr. METCALF. Mr. President, about an hour and a half ago some of us from the Northwest were served with a news release from the Interstate Commerce Commission, announcing that the Interstate Commerce Commission had authorized the merger of the "Northern lines" railroads. My distinguished colleagues, the majority leader, and I were amazed at this reversal of the decision that the Commission had arrived at previously, and we were rather surprised that this decision had been made.

Mr. President, I ask unanimous consent that the news release be printed in the RECORD at this point.

There being no objection, the news release was ordered to be printed in the RECORD, as follows:

ICC AUTHORIZES MERGER OF "NORTHERN LINES" RAILROADS

The Interstate Commerce Commission announced today that it has approved the "Northern Lines" railroad merger. Because of widespread interest in the transaction, the Commission announced its decision several days prior to service of its report.

The Northern Lines are the Great Northern Railway, the Northern Pacific Railway, the Chicago, Burlington and Quincy Railroad, the Pacific Coast Railroad Company, and the Spokane, Portland and Seattle Railway Company. They will be brought together in a new company called Great Northern Pacific and Burlington Lines, Inc. A rail network will be created of almost 27,000 miles of track extending from the Great Lakes and the Mississippi River through the northern tier of Western states to the Pacific Northwest and California, and by affiliation reaching the Gulf of Mexico.

In approving this merger, the Commission pointed out that this proposal was but a part of the larger picture of proposed railroad mergers in Western states, and that picture was still evolving. Therefore, the Commission imposed a broad reservation of jurisdiction to impose conditions which may be necessitated by cumulative or crossover problems, stemming from approval of this merger alone, or in combination with other merger transactions which later may be authorized in the territory involved. The door is also being left open for railroads in the territory to seek inclusion in the Northern Lines.

The Commission's action reverses a prior decision denying the applications. Following that denial, in April 1966, the railroad applicants reached job-protective agreements with employees and concluded traffic agreements with the principal protestant railroads, the Chicago, Milwaukee, St. Paul & Pacific Railroad Company and the Chicago and North Western Railway Company. Subsequent to applicants' petitions for reconsideration, the Commission reopened the proceeding to reevaluate the entire record.

Approval of the merger is predicated on a number of conditions, including attrition provisions for employees. In the view of the Commission, "the protection thereby afforded, providing as it does job security as well as monetary benefits, could hardly have been achieved except for the merger."

The Commission's approval of the transactions is also subject to conditions for the protection of other railroads in the territory involved. All conditions sought by the Milwaukee and North Western were imposed. The effect of these conditions will be to strengthen the Milwaukee and the North Western, both as to revenue potential and competitive posture. The Milwaukee, among other benefits, will be given access to Bill-

ings, Mont., Portland, Oreg., and Canada. It will, the Commission found, become a "viable transcontinental rail competitor."

The improved financial posture which will result from the merger, the Commission found, will enable the Northern lines to become stronger and more stable, and thus better equipped to meet the growing competition now being felt. Moreover, consolidation of facilities, elimination of wasteful duplication, improved routing, better car utilization, and avoidance of time-consuming interchanges among applicants will result in a more efficient railroad.

It was also found that shippers will benefit from, among other things, faster and more dependable single-line service. This, coupled with the broad choice of new gateways, is extremely important in view of the long distances involved and the nature of the products of the Northwest.

Related applications seeking authority to issue securities and assume certain financial obligations, and to effect a number of minor extensions and abandonments of railroad lines, were also granted.

The Commission concluded that the merger, as conditioned in the report, presents an entirely new perspective in the efficient and economical movement of transcontinental, Western and Pacific Coast traffic.

Copies of the Commission's decision and order will be available at the Commission's offices in Washington, D.C., as soon as the printing process is completed.

Mr. METCALF. Mr. President, the merger of the Great Northern Railway, the Northern Pacific Railway, the Chicago, Burlington & Quincy Railroad, the Pacific Coast Railroad Co., and the Spokane, Portland & Seattle Railway Co. is a merger of the major railroads in the entire Northwest.

The Great Northern Railway and the Northern Pacific Railway are two of the most prosperous railroads in America. Between them they own the complete stock of the Chicago, Burlington & Quincy, which is also one of the most prosperous railroads in America.

Mr. President, this decision of the Interstate Commerce Commission to authorize the merger is prefaced by an announcement that the Commission announced its decision prior to service of the report. Its report is not available to us at this time.

However, the Commission said in the news release that in approving this merger the Commission pointed out that "this proposal was but a part of the larger picture of proposed railroad mergers in Western States and that picture was still evolving."

Mr. President, while we in Montana, Minnesota, Wisconsin, Idaho, Washington, Oregon, and even down to New Mexico are concerned with this merger, I say to Senators from Western States, "Stick around for a while because the Commission has said they are going to have other mergers and that the picture is still evolving."

Mr. President, there were many self-serving declarations in the statement. It is stated in the news release:

The improved financial posture which will result from the merger, the commission found, will enable the northern lines to become stronger and more stable.

Mr. President, I am sure they will be stronger but the kind of service will have to be about half the service we have enjoyed so far in the Northwest.

It is also stated in the news release:

It is also found that shippers will benefit from, among other things, faster and more dependable single-line service.

How taking off half of the trains in the Northwest will improve the status of the shippers is more than I can understand.

Mr. President, I hope that the distinguished Senator from Washington [Mr. MAGNUSON], who is concerned in this matter, as the chairman of the Committee on Commerce, will institute an immediate investigation. I hope he will look into why this merger was authorized at this time, after a reversal of the previous action of the committee, and why this merger which, in spite of the news release, is going to be so detrimental to the interests of the Northwest was allowed between two of the most profitable railroad operations in the United States.

The Northern Pacific Railway is a land-grant railroad. It has thousands and thousands of acres of oil on its lands that were given to it in order that it would serve certain areas in Montana, Minnesota, and Idaho. It has thousands of acres of timber land, probably more valuable today than the right-of-way of the railroad. For a while the Northern Pacific Railway was earning more from oil land than from its railroad operations.

Mr. President, this is a callous disregard of public interest to permit these railroads to curtail the public service they should provide for the entire Northwest.

I urge the chairman of the Committee on Commerce to immediately institute an investigation and as soon as the report is available, to find out just what is behind this reversal of a prior decision of the Commission.

S-17459