Congressional Record - Readers Bite on Tongue-in-Cheek Article

Mike Mansfield 1903-2001

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Mr. MANSFIELD. Mr. President, the people of Montana have been for some time extremely concerned about the continuing efforts being made by the railroads to merge and consolidate their services. Withdrawal and consolidation of railroad transportation now have a new aspect, and I believe it is time for the people of America to give serious consideration to the implications that may result from such actions.

The continued efforts of the railroads to reduce competition and to increase their profits through the elimination of service, as well as the potential for reduced service and increased fares, have created a real concern among the public. The Merger Control Act of 1966 was passed in response to these concerns, and it is my hope that it will serve to protect the public interest and to ensure that the railroads operate in the best interests of the people.
ally in the Post Office Department. The Department has announced tentative plans for discontinuing railway post office car service in Montana and neighboring States.

Despite the presentations being made by postal officials, the Montana congressional delegation is very much opposed to this plan. I am not, and I know my able colleague, Senator Lee Metcalf, is not convinced the removing of railway post offices will be economically sound. It is economic sense that it will contribute to improved mail service. The removal of railway post office cars and the reduced revenue which will affect the railroads merely contribute to their presentations before the Interstate Commerce Commission.

The Senate Commerce Subcommittee on Surface Transportation is now considering Senate Concurrent Resolution 25, providing for a moratorium on curtailment of railroad services. Senator Mansfield and I strongly support this legislation.

The 1960’s have witnessed a pleasurable world trend toward increased passenger service, especially in the midwest and west. This trend should be reversed. There is a great need for improved and expanded service. In fact, recent presentations to us by the enactment of Senate Concurrent Resolution 25 will give us time to develop some new and constructive solutions.

Senator Metcalf has presented a full statement of our views to the senior Senator from Ohio, Mr. Lausche, chairman of the subcommittee. I ask unanimous consent to have the statement printed at the conclusion of my remarks in the RECORD.

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

STATEMENT OF SENATOE LEE METCALF BEFORE THE SENATE COMMERCE SUBCOMMITTEE ON SURFACE TRANSPORTATION IN SUPPORT OF SENATE CONCURRENT RESOLUTION 25, JULY 31, 1967.

Mr. Chairman, the Post Office Department has recommended another discontinuance of railroad post office service for reasons of economy. If such action is not reversed, I believe this would be a serious mistake. The loss of revenue to the railroads from this discontinuance would be more than offset by the increase in passenger service, already limited, that will deprive people in many rural areas of rail service.

To add to this the inevitable dislocation of freight service—of wheat, cattle, lumber and minerals out of Montana and farm machinery and foodstuffs into Montana—to name only our own state and we can show you reverse economy.

The Post Office Department quite properly addresses itself to economy and efficiency in its operations, surface transportation, but its unilateral actions in exercising such economies are the proper subject for this Committee’s consideration and the legislation before you today. Legislators are bound to look at the ancillary—at the effects beyond the doors of the operation—how to spend a little and not simply in piecemeal measures of dubious value to one segment at the expense of another, larger area. The resolution authorizes a broad study by the Department of Surface Transportation, including “a determination of the possibilities of developing economical means to continue and provide rail service to small and remote communities not located in areas of dense population.”

The comprehensive study of transportation in the United States done by the Congress was the Doyle Report of 1961. Since then, there have been a revolution in transportation. The tangle of highways spread across the country becomes increasingly congested, and the needs of the public. Advanced forms of ground transportation, such as those now being investigated at the Massachusetts Institute of Technology, have been developed. Yet, in the past six years, Congress has made no genuine study of transportation, and specifically of one of the most important forms of transportation, the railroads. Nor are there plans to do so.

It is our responsibility to recognize the public’s need for continued rail service and its essential function. The Senate Concurrent Resolution which I am cosponsoring would express the sense of the Senate that there should be no change in existing arrangements for railroad mail transport and that the Interstate Commerce Commission should not approve any further abandonment of passenger service, until the Department of Transportation has the chance to study railroads. A comprehensive study of trains, especially in relation to rural areas, is desperately needed. This resolution would allow such a study to be made without disrupting more lives by a hasty discontinuance of necessary railroad services.

As a result of a Post Office study of the transportation service between Chicago, St. Paul-Minneapolis and the Pacific Northwest, that Department plans to discontinue railroad post office cars on twenty-four trains. The trains involved are:

- Milwaukee Railroad trains 58, 4, 5, 6 between Chicago and Minneapolis, and trains 56 and 1 between La Crosse, Wisconsin and St. Paul.
- Burlington Railroad trains 24, 25, 47 and 48 between Chicago, Savannah, Illinois, and Minneapolis.
- Northern Pacific trains 1 and 2 between Minneapolis and trains 25 and 26 between Dickinson, North Dakota, and Spokane, trains 3 and 4 between St. Paul and trains 11 and 12 between International Falls, Minnesota and Spokane.
- Great Northern trains 27 and 28 between St. Paul and Spokane and trains 31 and 32 between Williston, North Dakota and Spokane.
- Spokane, Pasco and Portland Railroad trains 1 and 2 between Spokane and Portland.

Of the five railroads involved in this discontinuance, four of them are now petitioning the Interstate Commerce Commission for merger. The Great Northern, the Northern Pacific, the Pacific Coast, the Chicago, Burlington and Quincy and the Spokane, Portland and Seattle line are seeking to merge into one single company (Interstate Commerce Commission Finance Docket 24404). The Milwaukee is petitioning to merge with the Chicago and Northwestern Railroad (Finance Docket 24182).

As in the case of other mergers, these would eliminate competition and the efficiency which results from it, they would lead to the development of monopsony. There would be further damage to local communities resulting from the loss of essential railroad service.

The Great Northern and the Northern Pacific railroads applied for merger in the spring of 1961 and their appeal was denied. It would be infinitely more difficult to deny their petition if they are deprived of the revenue from the RPO cars. And if the two companies merge, Montana would be left with only two competing transcontinental railroads.

Of the money the Post Office Department spends for surface transportation, more than 20% is spent on railway passenger cars. The loss in revenue to the trains involved in the Bellevue-Novato line would be significant. The Northern Pacific will suffer an immediate revenue loss of $1,180,309 a year and the Great Northern of $1,222,000 per annum, according to spokesmen for the lines.

Both the Great Northern and the Northern Pacific may be forced to discontinue passenger service because of this loss of revenue. The Great Northern already claims an out-of-pocket loss of $3 million on the trains involved in the discontinuance. Because almost 50% of the revenue on passenger trains comes from mail services, according to officials of the Great Northern and the loss of revenue from post office cars would be the crucial factor in their decision to seek to discontinue the passenger service. The railroads have been receiving excessive payments for handling and transporting the remaining mail in storage service would not be fully justified in view of the excellent transcontinental passenger train service,” a Northern Pacific official testified at a recent hearing in Seattle.

There is no question that any significant reduction in rail revenue results in decrease in mail service.

A recent example is an item in the column entitled “Among the Railroads” in the July 25 issue of the Christian Science Monitor. The item reads:

Trains continue to drop off behind the twin towers of the past ten years, the blame being laid by carriers at the door of the Post Office Department. The reason is that the postal authorities are switching mail carrying from trains to trucks and airplanes. It says big savings and better service result; but for the railroads, loss of mail contracts can mean extinction for certain trains.

A recent discontinuance was the well-known Prospector, which nightly sped between Denver and Salt Lake City in both directions over the Rio Grande. As it was the last sleeper service between these points, it will be felt. It had been losing money, but the end of the mail contract made the demise certain. In the same period, additional difficulties were the overnight trains between Nashville and Memphis on the L & N, they too have gone, and with them the last rail service between Tennessee’s largest city and its capital.

“Coming of Aug. 1, according to the Illinois Central, will be its Louisiana & Creole between Memphis and New Orleans. The road puts its losses on these trains at $600,000 annually.”

Past decisions by railroads to discontinue passenger service have often left rural towns without rail transportation. A single discontinuance (Interstate Commerce Commission Finance Docket 24404) left 20 towns without train service. Another discontinuance considered by the Interstate Commerce Commission (Finance Docket 23820) would leave 18 towns absolutely without rail service. Likely damages would be small, but the service has been discontinued on more than 120 roads in the past ten years, at least in part as the result of the loss of revenue from mail contracts.

Not only is there an inconvenience to the towns which are deprived of passenger service, but there is also a hardship on the postal clerks who serve in these cars and the railroad workers who load and unload the trains. The number of clerks who will be dislocated because of the proposed discontinuance is not very great. But, we believe that the towns are entitled to some compensation at a single detail. Out of 33,000 railroad post office clerks in 1952 there are only 9,000 left.

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These men live in small towns and it is often impossible to relocate them in the tiny post office buildings serving their towns. They must sell their homes and be relocated in towns hundreds of miles away. The loss of these clerks and the subsequent loss of railway service has significant repercussions on the economy of small towns. In no instance has a member of the Montana Chamber of Commerce favored the discontinuance, all have opposed the proposal.

The Post Office Department is replacing railroad post office cars with trucks and airplanes in order to give overnight delivery of first class mail, instead of the slightly less efficient service the people of Montana and neighboring states now enjoy. Many doubt whether delivery would be faster using air and highway transportation because of uncertain weather conditions in the winter. Former Montana Governor Bonner said, "I don't think you can have overnight delivery in Montana." When the saving in mail delivery time is relatively small, a question of policy priority is certainly raised. The Post Office has properly considered its own reduction of cost, although it could not tell me what this saving would be, but we must consider the larger social cost. The Montana Railroad and Public Service Commission warned, "We can't help but look at this as one broad picture which will be to the detriment of states."

Railroads are public carriers, trucks are not. Airplanes do not serve nearly the number of towns served by trains. The shift of mail revenue from public to private carriers will have grave implications for people living in small towns. It may leave them without public transportation.

In the last general study this Committee did of transportation in the United States, the Committee determined that "Federal transportation procurement for mail is not obliged to consider the effect on public service and has been so administered as to reduce the amount of public carrier service operating in rural areas."

In every discontinuance of public carrier service, the passengers and shippers who cannot provide their own transportation are deprived of a socially and economically essential service. In seeking to improve mail delivery, the Doyle Report found that the Post Office has diverted mail from the trains in increasing amounts causing passenger service to be abandoned. According to the 1966 Report by the National Association of Railroad and Utilities Commissioners: "The policies and practices of an agency of the federal government, Post Office Department, have adversely affected railroad passenger train revenue as to now become the principal, if not sole cause, of loss of trains which would otherwise have continued to serve the public."

The present statutes require bids for mail transportation service. The contracts have all too frequently gone to private carriers, thus preventing the postal revenue from supporting any type of public transportation. The Doyle study concluded that "Federal transportation purchasing should support common carriers to the maximum reasonable extent." The continuation of railway post office cars is certainly reasonable.

The Post Office Department has searched vigorously for the cheapest possible mode of transportation. But these modes have been largely private contractors, not public carriers. In the attempt to serve the people, let us not forget the people we serve. We are certain that this Committee will look beyond the single point of cost and efficiency of mail service to the entire pattern of transportation in the United States. Loss of mail revenue leads to discontinuance of passenger service. Passenger service on trains is already being abandoned at an alarming rate which is continuing to increase, leaving people without a vital public service. Present postal railroad operations and railway passenger service should be continued while the Department of Transportation investigates the railroad industry and determines how the trains can best serve the public and the post office.