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Congressional Record - Interstate Commerce - Proposal to Abolish

Mike Mansfield 1903-2001

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WHY NOT ABOLISH THE INTERSTATE COMMERCE COMMISSION?

Mr. MANSFIELD, Mr. President, the role of the regulatory agency in the Federal system is an important one in that it was conceived as the protector of the public interest and regulator of commerce, communications, and utilities. Unfortunately, and in my estimation, the independence of these agencies is somewhat in doubt. Their public service role has given them a continuing need for a Federal office to represent the consumers of the Nation in various proceedings. My able colleague, the junior Senator from Montana (Mr. METCALF), is now in the process of preparing a legislative proposal to be known as the Transportation Consumers’ Counsel Act of 1970. This new office would have the necessary representation of the transportation consumers before any Federal agency or Federal court. The frustration created by the present regulatory process must be broken. We are living in a new age. Our citizens are aware, and they know that their interests in the transportation of the goods areas are not necessarily being given the attention they deserve.

Mr. President, I ask unanimous consent that I may read from an Associated Press dispatch dated August 6, 1970—yesterday, that is—

Made permanent—an across-the-board 6 per cent increase in railroad freight rates it had granted on an interim basis in Montana, the grain farmers are always hard hit by these increases. They bear the burden of increasing freight costs out of a declining income that has put many out of business. Blanket increases of freight rates work the hardest on the States with the highest freight rates—and that includes Montana. Those railroads serving them are not those with the greatest financial problems. Freight rates have historically been a major deterrent to the growth of the Big Sky Country, and the position taken by the Commission has only compounded the problem.

Mr. President, I read from an Associated Press dispatch dated August 6, 1970—yesterday, that is—

The permanent 6 per cent rate increase applies to all shipped products except western grains and grain products and fresh fruits and vegetables, which the Commission tentatively said could go up to five per cent.

What a break. Commission Vice Chairman Dale Hardin, in a dissent to the Commission’s order, criticized its constricting need called “rubber stamping” the railroads’ request for a flat six per cent hike rather than allowing the Commission to determine its own priorities. In addition to the six per cent hike sought last November and granted today, the railroads last March sought a second six per cent increase. On May 27, the ICC granted a temporary five per cent increase in rates for most products, giving the railroads an effective 11 per cent hike in freight revenues.

The time has come when we should be concentrating on the consumer; the Interstate Commerce Commission seems to have been too industry-oriented.

I do not believe the hands of the ICC are tied; I believe that their authority is flexible and if so disposed, it could act in behalf of the consumer.

The regulatory process in the Interstate Commerce Commission has become so cumbersome I am convinced that the only way out is to abolish the Commission and incorporate the necessary activities within the Department of Transportation. The Department, under the guidance of Senator Dale Hardin of Montana and Secretary John Volpe, has done a remarkable job of bringing together and administering a very complex situation in all fields of transportation. Policy matter governing freight rates, boxcars, and passenger train service can best be administered within the Department of Transportation.

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ments opposing past freight increases and most particularly the last 6% blanket increase. These have had no apparent effect. Accordingly, one can only assume that there must have been more telling arguments in favor of the increases. Would it be possible to learn, in general, the necessity for a blanket increase?

Concerning the decisions the ICC must make on Incentive Per Diem Charges and the second blanket increase in Ex Parte 265, the situation appears to the Grain Growers as follows:

Eastern rails are in general in poorer financial condition than the western rails. However, the eastern rails take advantage of the western rails by using borrowed boxcars which costs them less money than owning their own. So, in effect the eastern lines subsidize the western lines. One result is that the western lines are unable to give service at the peak grain hauling periods.

Profits on grain shipments going out of Montana by rail are very high and seem excessive. According to figures obtained from the USDA, the profit on the average carload of grain shipped out of Montana ranged around 346% of actual cost even before the 6% increase last fall. The grain farmers bear the burden of increasing freight costs out of a declining income that has put many out of business.

Blanket increases of freight rates work the hardest on the states with the highest freight rates, even though the railroads serving them are not those with the greatest financial problems.

The effect of these things seems to be that we grain producers are indirectly subsidizing the eastern roads. If Per Diem Charges in the future are to be based partly on mileage, this will make even less of an incentive for eastern rails to reduce western boxcars.

Perhaps this is not a true picture, and if you feel it is not I would certainly appreciate it if you would 'put us straight.' Or, does the ICC consider the present situation a necessary evil?

Sincerely,

Viggo Andersen,