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Congressional Record S. 19490-2 - Interstate Commerce and the Railroad

Mike Mansfield 1903-2001

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Mr. MANSFIELD. Mr. President, as my colleagues here in the U.S. Senate know, in the past year I have become increasingly concerned about the attitude of the Interstate Commerce Commission and its ineffectiveness in protecting the interests of the shippers, the consumers and the traveling public. In my estimation, the Interstate Commerce Commission has almost given in to the industry and has done little to help formulate an improved transportation system. As a Senator from the State of Montana, I am primarily concerned about the effect that this situation is having on my constituents. There is every indication that there will be further reductions in passenger train service in Montana. The Burlington-Northern has reduced service to more of the small communities in my State with the acquiescence of the Commission. It has only been a few days since the Commission agreed to permit the Burlington-Northern to discontinue their service between Sappington and Norris, a matter which our State regulatory agency, the Montana Board of Railroad Commissioners, intends to appeal.

The three freight rate increases approved this year by the Commission have placed the agriculture and lumber segments of my State's economy and, I believe, the Nation's economy in a very precarious position.

In all fairness to the Interstate Commerce Commission, I will say that the boxcar shortage in Montana is less serious than it has been in the past, but it has taken considerable time to convince the Commission of the seriousness of this matter so that they would take the necessary initiative through their own personnel and regulations. I am including a copy of a report I have just received which gives the Commission's position on this area in considerable detail.

Until such time as the members of the Interstate Commerce Commission will take the time to assume the independent role of the Commission and, in effect, lecture and suggest to the transportation industry how their services and management might be improved to meet the demands of this country in the early 1970's, I believe that the Commission has little value. I am not the only Member of this body who has expressed concern. I have been joined by 30 of my colleagues in expressing our reservations to the Chairman of the Commission. This is indicative of what I feel will be one of the major issues to be discussed in the 92d Congress—the future of the Interstate Commerce Commission and other regulatory agencies.

Mr. President, I ask unanimous consent that the text of the joint communication to the Chairman be printed at this point in my remarks. I also ask unanimous consent to have a recent newspaper story appearing in the Independent Record, Helena, Mont., daily newspaper, printed in the Record, which indicates in more detail the effect and scope of the recent approval of freight rate increases. Freight rate increases over the past 12 months will cost the grain industry in Montana some $7.5 million a year.

There being no objection, the material was ordered to be printed in the Record, as follows:

INTERSTATE COMMERCE COMMISSION
WASHINGTON, D.C., NOVEMBER 27, 1970.
HON. MIKE MANSFIELD,
MAJORITY LEADER, U.S. SENATE,
WASHINGTON, D.C.

DEAR SENATOR MANSFIELD: This is in reply to your telegram of November 18, 1970, addressed to Chairman George M. Stafford, with
December 7, 1970

As previously stated, we in the Commission feel that the efforts of our Washington staff, along with the close checking of our agents in the field, have resulted in much-improved service and a minimum of complaints. We have monitored the car demands consonant with the agreements with the railroads, and modified our orders to effect the greatest utilization of equipment and to have the greatest number of cars available where they are needed.

We have endeavored to perform a service to all; and where our efforts would best be served by focusing our attention on seasonal movements, we have done this. I can say without reservations that most grain shippers will agree that the carriers have met the demands made upon them in a reasonable manner. To support this, I am enclosing copies of correspondence which I believe indicate the results of our handling of car supply and service complaints. While I am somewhat hesitant to expound on the work accomplished by our Commission, I do believe in all fairness that you should be given the benefit of these efforts.

While I have dealt primarily with present conditions in Montana, I do believe that a similar situation exists quite certainly in other areas; and while the farmers' elevators might be in a position to produce contrary statistics, we feel that our statement to the effect that railroads were not furnishing grain cars prior to that date is a debatable question.

In any event, I am happy to bring you up to date on the present picture.

Sincerely yours,

RUPERT L. MURPHY,
Commissioner.

U.S. SENATE,
Office of the Majority Leader,

Hon. George A. Smathers,
Chairman, Interstate Commerce Commission,
Washington, D.C.

Dear Mr. Chairman:
The gravity of the present surface transportation situation in the United States cannot be overstated. It is past time for the Interstate Commerce Commission to review its decisions with respect to transportation matters under its jurisdiction and to assess its position. We ask that you consider the long list of decisions which have reduced service, increased costs and penalized shippers, and so seriously as to imperil the future of rail transportation in the United States.

Two recent railroad, after merger, are bankrupt; the merged giant is short of cash; passenger trains have been discontinued, one after the other, in little more than three years, there have been freight rate increases totaling 30 percent, with another increment of 7 percent threatened. Only lately and only partially has the ICC demonstrated its concern with carrier diversification and the consequences of its far-reaching changes. In addition, the box-car shortage on the Western lines is not sporadic anymore, it appears to be a permanent liability.

It would be curious, indeed, if the agency that was established to regulate surface transportation, was an instrument for the collapse of a vital sector of that industry. The most recent order to permit an 8 percent increase is an indication that the ICC does not consider the consequences of its order to have been food for thought or to disassociate its power from the regulation of the industry. What need for such action was there when the Commission was not aware of the present condition of the traffic and the state of the railroads and yet was prepared to order? We are not sure we can follow the Commission's logic, or to be more precise, we are not sure the Commission is aware of the entire situation.

Indications at this time lead us to believe that the ICC could, by double counting, diversifications and increasing labor demands may well result in a transportation crisis of unprecedented magnitude in the next two years. The related effect of this crisis is presently measurable in its effects upon both the rural and urban economic base, regionally and nationally.

Repeated Congressional expressions of concern, not only by our rail transportation but for other facets of the economy dependent upon rail, have gone virtually unheeded by the Interstate Commerce Commission.

A review of the hearings before the ad-hoc Sub-committee on Surface Transportation clearly indicates by the Commission's own figures that the railroads have been given "substantially everything they have asked for." The Commission's granting of rail requests has had a virtually no effect on the decline of rail service.

The Nation is falling into a transportation morass from which certain segments of the economy may never recover. The time has come for a facing of the realities of this situation and for the concerted action necessary to reverse the present course of events.

Sincerely yours,

Senator Mike Mansfield,
Senator Lee Metcalf,
Senator Stuart Symington,


[From the Helena (Mont.) Independent Record, Nov. 8, 1970]

FREIGHT RATE MEANS $15 MILLION LOSS
(By Arthur Hutchinson)

Freight rate increases granted railroads in the past 18 months will cost the grain sector alone of the Montana economy $7.56 million a year, the State Agriculture Department said Friday.

That figure is the direct annual loss in value of Montana wheat and barley production. The cost of transportation has been increased by 21.2 percent over the period.

The loss in purchasing power to grain farmers will cost the state economy more than $15 million, based on research by Montana State University showing every $1 of grain production has a $2 effect on the total state economy.

The loss does not include higher freight rates for imported goods including automobiles, machinery, manufactured goods and liquor which move by rail.

Nor does it include the loss to the state government of income taxes paid by farmers.

The farmer must bear the entire cost of the freight increases because he paid the higher freight rates less the shipping cost from his home elevator.

DETAILED STATISTICS
Detailed statistics were submitted by Agri-culture Communications to the ICC in behalf of his department and its ad-hoc committee composed of virtually every organization in the state in an effort to block the latest 18 percent boost asked by the railroads.

The ICC Thursday gave railroads authority to increase freight rates 8 percent above a 5 percent increase granted in November 1969.
and another 5 per cent effective last June and raised another 1 per cent this month.

The railroads have been the subject of a number of inquiries and have been investigated by the ICC. Recently, the ICC has proposed to reduce the freight rates by 5 per cent. The railroads have objected, claiming that the proposed rate reductions would result in a loss of revenue and would not be justified by the increased costs of operation.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator from Montana be permitted to continue for an additional 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METCALF. The Interstate Commerce Commission has, for an example of the truth of this statement, been involved in a number of investigations, and it has been evident that the railroad companies have been engaged in activities that are not consistent with the public interest. The Commission has, therefore, been called upon to regulate the railroads.

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