

we can haul any type of freight coming back from the East Coast, and set our tariffs.

We are most anxious to be of service to you. I have personally been in and also associated with, the freight business for the past 20 years, both in produce and dry freight. Please feel free to call our office or drop us a line for any kind of additional information on rates, etc.

Cordially yours,

HOWARD MECOM,
General Manager.

The door will thus get wider and wider for entry into the general for-hire transport field.

Another good example of general freight solicitation on the part of farmer cooperatives is the successful effort by several of them to obtain military traffic on the basis of undercutting the rates of regulated carriers. Despite strong objections by TAA and railroad, trucking, and freight forwarder groups, the Department of Defense issued a directive, effective December 1, 1966, authorizing the use of exempt farmer cooperatives when they could perform services at rates lower than those of regulated carriers. Thus, another step was taken to encourage farmer cooperatives to actively seek nonfarm-related traffic from non-members.

TAA EFFORTS TO RESOLVE ISSUE

During hearings before Congress in July, 1966, on related legislation, it was quite apparent that the directly affected interests were in very sharp disagreement over what statutory changes are necessary to resolve the agricultural co-op problem. Since that time, considerable effort has been exerted within the TAA policy formulating structure to develop policy positions on this issue that all groups could either support or not oppose. These discussions included representatives of farmer cooperative interests.

These efforts helped narrow the differences considerably and resulted in agreement on a number of proposed statutory changes that, in substance, are incorporated in S. 752, as passed by the Senate. As pointed out in the Report of the Senate Commerce Committee, all major groups directly affected by this legislation—including regulatory agencies, carrier trade associations, and farm organizations—have expressed their acceptance of this compromise bill.

We cite this brief background information to stress the point that the provisions in this bill before your Subcommittee have been given very careful study and consideration by all direct interest.

TAA VIEWS ON S. 752

Following is a brief summary of our interpretation of the key changes that S. 752 would make and why we believe they are desirable:

Impose, as the primary limitation on a co-op's hauling of nonfarm traffic, a test that it be incidental and necessary to the co-op's motor transport of farm traffic for its members.

This is the basic test that has been generally applied by the courts to motor transportation performed by agricultural cooperatives. The incorporation of this test into Section 203 (b) (5) of the Interstate Commerce Act through specific legislative language should, we believe, help stress to the courts that Congress intends that any nonfarm traffic hauled by a co-op should have a direct relationship to the co-op's motor transport of farm traffic for its members. If such a relationship does not exist, the transportation would be unlawful regardless of its scope.

This limitation is important because it should prevent outright the for-hire transport by questionable co-ops of commodities normally moved via regulated carriage. It should prevent such practices as back-to-back hauls of nonfarm traffic and of for-hire hauls of commodities to points well beyond the normal operations of a co-op.

Apply a maximum limitation on a co-op's hauling of nonfarm traffic of 15 percent of its total interstate motor transportation service in any fiscal year on a tonnage basis.

This limitation would supplement the basic "incidental and necessary" test. In other words, it represents the maximum amount of nonfarm traffic that a co-op may handle, regardless of its relationship to the co-op's motor transport of farm traffic for its members.