

therefore, like to ask you, as a representative of the Association of American Railroads, for a similar comment on this problem of service in general. I ask this in view of the fact that you represent private enterprise, which responsibly must be competitive in order to maintain the viability of the company, the profit for investors, and the service to customers.

Is any effort being made within the Association of American Railroads to resolve this freight handling problem so that railroad customers will not be so tempted to move to other means of transportation for their commodities and, therefore, put the railroads in sort of an increasingly deteriorating condition with reference to passenger service and freight services in general.

Mr. MOLONEY. Mr. Brown, I am delighted that you asked me the question because I think I possibly can shed some light on the subject that you will find interesting.

In an aside, I might say I was chief counsel for the railroad industry in these proceedings, *Ex Parte 241*, to which the Chairman of the Commission referred.

First, let me say that the grain situation and these peak situations that you have referred to are in substance facts of life that we are going to have to live with if we have an economic and efficient railroad transportation system. By that I mean these very shippers that you refer to as being short of cars at certain times when the harvest season is on, they would not enjoy the freight rates that are offered to them today if the railroad industry had to own enough freight cars to meet these peak demands at the instant those demands are made, because the rest of the time that capital investment would be sitting around pretty much idle, yet the costs would be going on and would have to be reflected in the freight rate charges.

Second, the industry itself is taking major strides in correcting and bringing about a better utilization of freight cars. In *Ex Parte 241* we amended certain car service rules providing for the interchange of cars and the handling of empties, as well as loads. We think we have a better set of car service rules.

We also in the industry have started a program—in fact it is very well along—using the sophisticated hardware, the computers that we have today. We have underway an automatic car identification program where every freight car in the United States will bear certain symbol marks that will identify the car by type, by class, and so on. We think that eventually it can even identify it by the nature of the loading in the car.

As those cars move over a railroad, there will be wayside scanners that will pick up and identify that car at speeds as high as 80 to 90 miles an hour and under all weather conditions. This is, at the present moment, a Sylvania machine. This car identification system will be tied into the communications systems so that as the car is identified, that identification will immediately be fed into the communications system and will immediately be fed back to a central computer system here in Washington and almost by the hour and by the minute we would be able to identify and locate every freight car in the United States.

This, of course, would also measure your flows through your gateways. It would give you the opportunity, after a little experience with