RAIL PASSENGER SERVICE

The Commission also is considering the matter of preserving railroad passenger service. Of particular concern to us are the present statutory provisions relating to the discontinuance of passenger trains. A railroad proposing a discontinuance must give the Commission at least 30 days' notice, and not less than 10 days before the effective date of the discontinuance the Commission must decide whether an investigation is warranted. We then can require the railroad to continue operations for a 4-month period. In this time, the Commission must decide whether the service should be continued for a period up to 1 year or discontinued. In proposals involving the elimination of a railroad's entire passenger operations, or a large segment thereof, we are faced with insufficient time to hear public and railroad witnesses and to make a truly informed decision in this 4-month period.

The Commission's jurisdiction in this area, including the 4-month time limit, was added to the Interstate Commerce Act in 1958, when the general railroad financial picture was not nearly so bright as it is today, when State action had prevented the discontinuance of many unprofitable trains, and when there was little evidence of the desire to abandon or restructure all service. Today the situation has changed. We have made specific legislative recommendations in this area.

RAILROAD MERGERS

The rail merger picture is far from complete. Extensive proposals to restructure the rail system in the West now are under active consideration. A number of vital aspects in the eastern rail situation are still pending. Taken together, these proposals involve nearly all of the major railroads in the United States. The ultimate disposition of these cases will, therefore, determine the structure of the rail system of this country for years to come.

TRANSPORTATION BY AGRICULTURAL COOPERATIVES

A strong prosperous common carrier is the backbone of this country's transport system. Regulated common carriers, charging rates which have been found to be just and reasonable, providing services which have been found to be required by the public convenience and necessity, and required by law to handle all the traffic tendered to them, constantly face competition from those whose operations, for one reason or another, are exempt from the Commission's economic regulation. One such group—the agricultural cooperatives—has recently achieved a substantial victory in the courts that enabled it to become a serious competitive threat to regulated carriers. It has been held that an agricultural cooperative may transport commodities having no relation to farming activities from persons who are not farmers to persons who are not farmers, so long as the transportation serves financially to support the cooperative's farm-related activities. Thus, an agricultural cooperative, after transporting its members' products in one direction, can use its vehicles for any other service whatever on the return haul. We believe that this poses a serious threat to common carriage in all modes. That agricultural cooperatives will attract significant volumes of traffic is indicated from the fact that the Department of Defense has commenced tendering shipments to them. We already have submitted for congressional consideration corrective legislation.

FREIGHT CAR SHORTAGES

As a result of a recently enacted statute (Public Law 89–340), the Commission has authority to prescribe "incentive per diem" charges which, it is hoped, will effectively stimulate individual railroads to build and maintain their fair share of the freight car fleet required to meet the demands of commerce and the national defense. Although the Commission is acting expeditiously, it is not realistic to expect that implementation of its authority under this statute will immediately "solve" the problem.

17. Do you administer any grants, loans, or other disbursed funds related to this program? If so, is the size of your administrative staff commensurate with the magnitude of the outlays?

Part V of the Interstate Commerce Act, enacted in 1958, permitted the Commission to guarantee loans to railroads. The provisions of that act terminated on June 30, 1963, except with respect to applications then pending and guarantees previously made. All applications pending on that date have been acted upon,