

pointed out, some of the things that the undesirable co-ops are doing today in looking for business and taking it away from the regulated carriers. We have been working on this for over 20 months.

We are happy to see a compromise worked out here which is now agreed to by all the regulated carriers and by the regulatory agency and by some of the departments and the Government.

In summary, I think that the proposed legislation would be most helpful to the regulated carriers. Certainly, it would be helpful to the Interstate Commerce Commission and it will be good for the bona fide co-ops.

For these reasons, the Transportation Association of America urges consideration of S. 752 at the earliest possible date.

(Mr. Hammond's prepared statement follows:)

STATEMENT OF HAROLD F. HAMMOND, PRESIDENT, TRANSPORTATION ASSOCIATION OF AMERICA

My name is Harold F. Hammond. I am President of the Transportation Association of America, with headquarters in Washington, D.C. I am appearing before your Subcommittee today on behalf of the Board of Directors of TAA, of which I am a member, in support of S. 752, as passed by the Senate. This bill in brief, would clarify the nature and scope of traffic that can be hauled by agricultural cooperatives exempt from economic regulation by the Interstate Commerce Commission.

For the record, TAA is a national transportation policy organization composed of transport users of all kinds, investors and carriers of all modes who work together to help develop sound national policies that will assure the strongest possible transport system under private enterprise principles. Policy positions are adopted by a 115-member TAA Board, but only after receiving recommendations from its eight permanent advisory Panels, on which serve about 350 top executives from the following respective transport interests: Users, Investors, and Air, Freight Forwarder, Highway, Pipe Line, Railroad, and Water Carriers.

TAA INTEREST IN CO-OP EXEMPTION

TAA's interest in this legislation is directly related to its long-known interest in the so-called illegal for-hire trucking problem. The Association has long been on record as opposing the entry of unlawful carriers into the general for-hire transport field. As your Subcommittee will recall, TAA was a strong supporter of legislation considered over a period of years designed to strengthen both federal and state enforcement powers in this problem area. Congress passed such legislation in 1965, now known as Public Law 89-170.

Along these same lines, TAA's objective in this current legislative effort is to prevent illegal for-hire motor carriers from engaging in general for-hire transportation under the guise of being an exempt farmer cooperative. Since at present there is no requirement that an organization claiming to be an agricultural cooperative must prove that it is bona fide prior to operating under Section 203(b)(5) of the Interstate Commerce Act, the door is wide open for illegal motor carriers to use this as a guise to engage in for-hire transportation beyond the regulatory control of the ICC.

The ICC claims that the illegal use of this exemption has resulted in the diversion of substantial amounts of important traffic from regulated motor and rail carriers by various groups and organizations posing as farmer cooperatives. It says that it is "unable to cope with this situation effectively because of the necessity of overcoming in each case a presumption of eligibility."

ENFORCEMENT IS DIFFICULT

To prove ineligibility under present statutes is not an easy task, since it takes considerable time to gather evidence against such operators. Even then, the issuance of a cease and desist order by the Commission carries with it no financial penalties, which would be applied only if such an order is not complied with and the Commission takes formal court action to enforce it. This is obviously a time-consuming procedure, which is complicated further by the practice of some pseudo farmer cooperatives of changing their names, location, or form of organiza-