

aware to determine the qualifications of the so-called co-ops purporting to operate under the exemption of section 203(b)(5) of the Interstate Commerce Act (49 U.S.C. 303(b)(5)).

In fact, of the cases presently pending against co-ops for illegal transportation activities, the companies involved are apparently uniformly not qualified. They are, in fact, wildcat truckers seeking to avoid the requirements of the Interstate Commerce Act by posing as farmers' groups.

Milk Producers is vigorously opposed to the operations of these pseudo-co-ops. They have given our industry a black eye, and specifically have caused milk producers to be unjustly included in a group which is now being condemned for violations of the Interstate Commerce Act.

If we are correct in our belief that our operations are well within the scope of the qualifications contained in section 203(b)(5) of the Agricultural Marketing Act, and that the renegade groups calling themselves cooperatives are not, this legislation is not necessary: The administrative findings of the Department of Agriculture and the Interstate Commerce Commission would form a sufficient basis upon which to terminate the activities of the illegal operators.

Under such circumstances, the legitimate cooperatives engaged in transportation will be forced to limit themselves to a maximum of 49 percent of their gross revenues for nonmembers. In other words, there is an absolute ceiling upon the size of any true cooperative's nonmember transportation—indeed, any other business—activity.

Should this bill be passed, milk producers will be forced either to close its transportation division, curtail its activities substantially, or seek regulated authority from the Interstate Commerce Commission.

Even if we were to become a regulated carrier tomorrow, we will still be subject to the same ceiling of 49 percent nonmember business, including transportation, as imposed by the Agricultural Marketing Act. And, it is well to note that should our revenues from member business decline, the maximum revenues which we may receive from nonmember sources will also decline.

I believe the committees will readily see that the true cooperative poses no substantial threat to the regulated transportation industry. The means of eliminating the illegal operators carrying on their activities under the guise of a cooperative is for greater coordination between the Department of Agriculture and the Commission's Bureau of Enforcement, and vigorous prosecution of the violators. This would free the legitimate co-op to pursue its transportation activities within the limits already imposed upon it, and remove the stigma created by the actions of the sham co-ops.

Milk Producers, I might point out, has no opposition to regulation by the Commission. However, I would also point out that we have committed our company to transportation as a matter of financial survival, and that passage of this bill would effectively destroy what may well be our company's salvation.

Substantial capital has been committed to our operations in an honest faith in their legality; these expenditures could not be fully recovered, and we would be forced to seek out and develop another source of revenue in order to survive. This would require great amounts of time and money not available to us, not to mention the money lost