

In the unregulated area, rates and adequacy of service are determined by factors of vigorous competition.

It should be emphasized that the issue involved in this hearing is strictly one of competition. The exempt operators are subject to the safety regulations of the Commission. The Commission and the regulated carriers are seeking to restrict the competition provided by the exempt operators.

When the motor carrier part of the Interstate Commerce Act was passed in 1935, agricultural leaders asked that rates and routes in the agricultural field be left unregulated and subject to open competition. This Congress granted, with language broad enough to permit some incidental back-hauling of general freight on trucks used for hauling agricultural products to market, in the interest of economical use of equipment.

This program has operated effectively for more than 30 years. The great majority of truck operations are regulated to accomplish the objective of the Interstate Commerce Act. At the same time, a very small percentage of total operations have remained uncontrolled and subject to competition in the agricultural field. This has resulted in lower rates and more flexible service to farmers which is the objective Congress intended to accomplish by the exemption.

A study made by the Department of Agriculture in 1958 (Marketing Research Report No. 224), concerning the trucking of poultry, indicates that rates were approximately one-third less during a period when such trucking was unregulated as compared with a period when rates were regulated.

A similar study in 1959 (Marketing Research Report No. 316), concerning the trucking of frozen fruits and vegetables, indicates rates approximately one-fifth lower under free competition as against a regulated period.

In both cases, processors reported that service had improved during the period when the trucking was unregulated.

The National Milk Producers Federation opposed regulation of trucking in the agricultural field in 1935 when the basic law and the agricultural exemptions were first enacted. Lower costs of marketing agricultural products and greater flexibility of service were two of the points stressed in favor of exemptions for agriculture.

Thirty years of experience with part II of the Interstate Commerce Act and with the agricultural exemptions have not changed our position. During this period, we have consistently defended the exemptions against attacks upon them by the Interstate Commerce Commission and the regulated truckers. As recently as last November, our membership reaffirmed support for the agricultural exemptions.

#### DAIRY COOPERATIVE TRUCKS

In a study made by the Department of Agriculture in 1963 (General Report 109), dairy cooperatives accounted for about one-third of all trucks reported by marketing cooperatives. This is partly due to the local retail delivery operations of many dairy cooperatives.

About half of the dairy cooperatives operate trucks. About six percent of them had fleets of over 25 trucks. About 25 percent of the dairy cooperative trucks are rated at 2½ tons and over. Seventy-four percent of the dairy cooperatives had no over-the-road trucking operations.

A follow-up study made by the Department of Agriculture in 1964 (General Report No. 121), is not broken down into type of cooperative. However, it shows that trucks operated by farmers' cooperatives had back-hauls on about one-fifth of their trips and that about 93 percent of the back-hauls were the cooperatives' own goods. The study indicates that general freight accounted for about .9 of 1 percent of the back-haul trips.

The study also shows that farmers' cooperatives are good customers of the for-hire motor-truck and rail carriers. Nineteen large cooperatives which operate trucks spent \$100 million on transportation in 1962; \$86 million of this went to the for-hire carriers with about \$12 million incurred for transportation in the cooperatives' own trucks.

In the case of dairy cooperatives, much of the equipment is not suitable for back-hauling general freight; and, as indicated above, much of the space available on back-haul is needed for the goods of the cooperative.

But to the extent that dairy cooperatives can back-haul general freight and thus reduce the overall cost of transporting farmers' commodities to market, we want to retain the exemption which Congress provided.

Running trucks empty on return trips would be a needless waste of resources which Congress ought not to condone or require.