

could non-farm related business approach fifty percent of the total and remain incidental and necessary to that which was farm-related."

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"The construction which we give the term does not open the door to unrestricted competition by exempt cooperatives with regulated carriers. If a cooperative engages in transportation for hire which is not incidental and necessary to the performance of an activity permitted by the Agricultural Marketing Act, it will lose its status as a 'cooperative association' and its transportation activities will be subject to economic regulation by the Commission under the Interstate Commerce Act."

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The Commission has since reviewed its interpretation of the Northwest case in an enforcement action and has there taken quite a different view from that which it presented to Congress.

Its present interpretation of the Northwest case appears in the decision of the full Commission in the case of Cache Valley Dairy Association (No. MC-C-3876, decided May 2, 1967) as follows:

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"The guiding principle enunciated by Northwest is plain: a cooperative which otherwise meets in all respects the requirements of the Marketing Act definition lawfully may transport non-farm related traffic on a for-hire basis for non-members to the extent and only to the extent that such non-farm-related transportation is shown to be, as a matter of fact, incidental and necessary to the effective performance of its primary farm related functions specifically authorized by that act."

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As we have pointed out elsewhere in this statement, even if every outbound load of agriculture products were matched with an inbound load of general freight, the volume involved would be less than .07 of 1 percent of total truck mileage.

CONCLUSION

The right to back-haul general freight and thus make the most economical use of transportation equipment is important to farmers' cooperatives. All savings made in overall transportation costs through such back-hauls are passed back to the farmers and result in lower transportation costs for moving agricultural commodities to market.

The agricultural exemption is limited to qualified farmers' cooperatives. Non-qualified operators have no exemption and are subject to action by the Interstate Commerce Commission. Most of the complaints have been directed against non-qualified operators. The present law provides a remedy for controlling such operations, and it should be enforced instead of attacking the farmers' cooperatives.

The volume of non-member, non-agricultural freight hauled by farmers' cooperatives is estimated at .00027 of 1 percent of total truck mileage. This is much too small to cause any adverse effect on the nation's regulated transportation system or to justify legislation for the benefit of the regulated carriers at the expense of the American farmer.

The present system of regulating the great majority of truck transportation but leaving transportation in the agricultural field subject to the benefits of vigorous competition has worked well for 30 years, and it should be continued.

We strongly oppose legislation such as H.R. 6530 which is an unjustified attack upon farmers agricultural cooperatives by the Interstate Commerce Commission and the regulated carriers.

S. 752, as it passed the Senate, is a compromise bill and is much less objectionable. If any legislation in this area is to be reported by the Committee, it should be along the line of the Senate bill.

The volume of non-member, non-agricultural freight hauled by farmers' cooperatives, .00027 of 1 percent of total truck mileage, does not indicate any need for legislative relief of the regulated truckers at the expense of the American farmers and their agricultural cooperatives.