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# THROUGH ROUTES AND JOINT RATES

GOVERNMENT

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## HEARING BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

SECOND SESSION

ON

**H.R. 7297 and H.R. 7343**

BILLS TO AMEND SECTIONS 216(c) AND 305(b) OF THE INTER-  
STATE COMMERCE ACT, RELATING TO THE ESTABLISHMENT  
OF THROUGH ROUTES AND JOINT RATES

APRIL 4, 1962

Printed for the use of the  
Committee on Interstate and Foreign Commerce



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## CONTENTS

---

	Page
Text of—	
H.R. 7297 .....	2
H.R. 7343 .....	2
Report of—	
Budget Bureau .....	2
Commerce, Secretary of .....	3
Federal Maritime Commission .....	4
Interstate Commerce Commission .....	6
Statement of—	
Fort, James F., counsel, public affairs, American Trucking Associations, Inc. ....	17
Fraley, Orrin H., vice president, Consolidated Freightways, Inc., Menlo Park, Calif. ....	18
Hammond, Harold F., executive vice president, Transportation Association of America .....	15
Murphy, Rupert L., chairman, Interstate Commerce Commission .....	12
Rivers, Hon. Ralph J., a Representative-at-Large in Congress from the State of Alaska .....	7
Communications submitted to the committee—	
American Merchant Marine Institute, Inc., letter submitted by Alvin Shapiro dated April 4, 1962 .....	20
Bartlett, Hon. E. L., a U.S. Senator from the State of Alaska, letter dated April 3, 1962 .....	10
Egan, Hon. William A., Governor, State of Alaska, telegram dated April 3, 1962 .....	10
Ingersoll, A. C., Jr., chairman, Common Carrier Conference of Domestic Water Carriers, letter dated April 5, 1962 .....	20
Sanders, Edward R., managing director, Alaska Carriers Association, Inc., letter dated March 29, 1962 .....	11
Seeliger, Al, president, Fairbanks Chamber of Commerce, letter dated April 2, 1962 .....	10
Snedden, C. W., chairman, executive committee, Alaska State Chamber of Commerce, letter dated March 30, 1962 .....	11

III



1825

1826

1827

1828

1829

1830

1831

1832

## THROUGH ROUTES AND JOINT RATES

WEDNESDAY, APRIL 4, 1962

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON TRANSPORTATION AND AERONAUTICS  
OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 10:30 a.m., in room 1334, New House Office Building, Hon. Harley O. Staggers presiding.

Mr. STAGGERS. The committee will come to order.

This morning we are met to consider H.R. 7297 and H.R. 7343.

The Subcommittee on Transportation and Aeronautics is holding hearings this morning on two identical bills, H.R. 7297, introduced by Representative Rivers of Alaska, and H.R. 7343, introduced by Chairman Harris at the request of the Interstate Commerce Commission.

The purpose of these bills is exceedingly simple; it is merely to clarify the Interstate Commerce Act so that the users of motor-water services between Alaska or Hawaii and the other 48 States may have the same benefits of through routes and joint rates which are enjoyed by users of motor-water services among the other 48 States, and by users of rail-water or of any combination of air services among all of the 50 States.

The explanation, however, of the present statutory gap denying the benefits of through routes and joint rates to this particular class of users is more complex.

The statehood acts relating to both Alaska and Hawaii retained jurisdiction over water transportation between Alaska, Hawaii, and the other States in the Federal Maritime Commission. The Interstate Commerce Commission has taken the position, that in the absence of statutory authority, carriers subject to the Commission's jurisdiction cannot enter into through routes and joint rates with those subject to the Maritime Commission jurisdiction.

At present, statutory authority clearly exists for through routes and joint rates as to the following combinations of rail, motor, and water carriers subject to the jurisdiction of the Interstate Commerce Commission, air carriers subject to the Civil Aeronautics Board, and water carriers subject to the Federal Maritime Commission:

Air-all other carriers, Federal Aviation Act, section 1003;

Rail-ICC water, Interstate Commerce Act, section 1(4), 305

(b);

Rail-FMC water, Interstate Commerce Act, section 1(1)(a);

Rail-motor, Interstate Commerce Act, section 216(c);

Motor-ICC water, Interstate Commerce Act, section 216(c).

This leaves two combinations not covered, namely, ICC motor-FMC water, and ICC-water and FMC-water.

Section 216(c) of the Interstate Commerce Act authorizes through routes and joint rates by motor carriers and water carriers. The Commission has been consistent in construing the section to mean only water carriers subject to its jurisdiction under part III. This, of course, is an impossible construction because part III was not enacted until 1940, whereas section 216(c) of part II covering motor common carriers was enacted in 1935.

The bills before us today would make it crystal clear that section 216(c) authorizes motor carriers to establish through routes and joint rates with water carriers to Alaska and to Hawaii, whether such water carriers are subject to the Interstate Commerce Act or to the Shipping Acts. It also collaterally would similarly authorize water carriers under the Interstate Commerce Act to establish such routes and rates with water carriers under the Shipping Acts.

It is the purpose of these hearings this morning to develop the need which may exist for this proposed legislation.

A copy of H.R. 7343, and various agency reports will be inserted in the record at this point.

(The aforementioned bill and reports follow :)

[H.R. 7297 and H.R. 7343, 87th Cong., 1st sess.]

A BILL To amend sections 216(c) and 305(b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection (c) of section 216 of the Interstate Commerce Act, as amended (49 U.S.C. 316(c)), is amended by adding at the end thereof the following new sentence: "As used in this subsection, the term 'common carriers by water' includes water common carriers subject to the Shipping Act, 1916, as amended, or the Intercoastal Shipping Act of 1933, as amended (including persons who hold themselves out to transport goods by water but who do not own or operate vessels) engaged in the transportation of property in interstate or foreign commerce between Alaska or Hawaii on the one hand, and, on the other, the other States of the Union, and through routes and joint rates so established and all classifications, regulations, and practices in connection therewith shall be subject to the provisions of this part."

SEC. 2. Subsection (b) of section 305 of the Interstate Commerce Act, as amended (49 U.S.C. 905(b)), is amended by inserting between the second and third sentences thereof the following new sentence: "Common carriers by water subject to this part may also establish reasonable through routes and joint rates, charges, and classifications with common carriers by water subject to the Shipping Act, 1916, as amended, or the Intercoastal Shipping Act, 1933, as amended (including persons who hold themselves out to transport goods but who do not own or operate vessels) engaged in the transportation of property in interstate or foreign commerce between Alaska or Hawaii on the one hand, and, on the other, the other States of the Union, and such through routes and joint rates, and all classifications, regulations, and practices established in connection therewith shall be subject to the provisions of this part."

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington, D.C., March 29, 1962.

HON. OREN HARRIS,  
Chairman, Committee on Interstate and Foreign Commerce,  
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your requests of June 9 and June 12, 1961, for reports on H.R. 7297 and H.R. 7343, bills to amend sections 216(c) and 305(b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates.

The Bureau of the Budget favors the enactment of legislation which would authorize through routes and joint rates for carriers serving Alaska and Hawaii

and the other States. However, we would prefer the enactment of S. 1725, also pending before your committee, since it would authorize the establishment of a joint board to review such rates rather than provide for their review by the Interstate Commerce Commission alone.

The water carriers which would be involved in through routes and joint rates authorized by H.R. 7279 and H.R. 7343 are under the regulatory responsibility of the Federal Maritime Commission. The motor carriers and freight forwarders are subject to Interstate Commerce Commission regulation. It therefore seems preferable to provide that the through routes and joint rates be subject to the review of a joint board composed of representatives of the existing transportation regulatory agencies in order to assure the availability in the regulatory body of expert knowledge of each of the carriers involved.

The Bureau of the Budget therefore recommends the enactment of S. 1725, if amended as suggested in our report to you dated October 26, 1962, rather than either H.R. 7297 or H.R. 7343.

Sincerely yours,

PHILIP S. HUGHES,  
*Assistant Director for Legislative Reference.*

THE SECRETARY OF COMMERCE,  
*Washington, D.C., April 4, 1962.*

HON. OREN HARRIS,  
*Chairman, Committee on Interstate and Foreign Commerce,  
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in further reply to your request for the views of this Department on S. 1725, a bill to permit the establishment of through services and joint rates for carriers serving Alaska or Hawaii and the other States and to establish a board to review such rates, and H.R. 7297 and H.R. 7343, bills to amend sections 216(c) and 305(b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates.

S. 1725 would permit air carriers subject to the Federal Aviation Act of 1958, common carriers subject to the Interstate Commerce Act, and common carriers by water subject to the Shipping Act of 1916 or the Intercoastal Shipping Act of 1933, to establish through routes and joint rates with any other such common carriers in connection with the transportation of property between Alaska or Hawaii and the other States.

S. 1725 would also provide for the establishment of a joint board composed of one member each from among the membership of the Interstate Commerce Commission, the Federal Maritime Board (Commission) and the Civil Aeronautics Board, to serve for 1 year, but eligible for reappointment. The joint board would pass upon the lawfulness of such joint rates and related matters referred to it by one of the three participating agencies.

H.R. 7297 and H.R. 7343 would implement a legislative recommendation in the 74th Annual Report of the Interstate Commerce Commission that sections 216(c) and 305(b) of the Interstate Commerce Act be amended so as to authorize the voluntary establishment of through routes and joint rates between motor and water common carriers subject, respectively, to parts II and III of the act and common carriers by water subject to the jurisdiction of the Federal Maritime Board (Commission) on interstate traffic between Alaska or Hawaii and the other States.

Under existing law, common carriers subject severally to the jurisdiction of different Federal regulatory agencies may not, in the absence of statutory authority, establish through routes and joint rates with each other. As was pointed out in Senate Report No. 443, 87th Congress, 1st session, which accompanied S. 1725, in order to move goods between Alaska and Hawaii and the other States, arrangements must be made by a shipper with each one of the carriers handling the traffic. If five carriers are involved in moving the goods from origin to destination, five separate contracts are necessary, and five separate rates must be ascertained, often from a large number of tariffs on file with the various agencies and at different locations. This is expensive and time consuming both to the shippers and carriers. In addition, each of the carriers with which such contracts are made is liable for loss and damage that may occur only while the freight is being handled by that carrier. The fixing of such liability on a carrier when a number of transportation companies have handled the freight places a great burden on the shipper.

Enactment of S. 1725 will allow the shipper to make one contract with the originating carrier on behalf of all carriers handling the goods, and to ascertain the rate for the through movement by consulting a single tariff. The shipping contract would call for the payment of a single transportation charge.

Enactment of H.R. 7297 and H.R. 7343 would, on the other hand, extend the benefits of joint rates only to users of motor-water services between Alaska or Hawaii and the other States, which would be similar to those now enjoyed by shippers by rail and water on such traffic. Furthermore, neither of such bills provides for the establishment of a joint board to regulate rates and related matters. The establishment of such a board is necessary as a means of encouraging coordination between certain of the different modes of transportation.

The Department of Commerce favors, therefore, the enactment of S. 1725, and is opposed to enactment of legislation similar to H.R. 7297, and H.R. 7343 unless such legislation is modified as to incorporate the provisions of S. 1725.

The Bureau of the Budget advises there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

EDWARD GUDEMAN,  
*Under Secretary of Commerce.*

FEDERAL MARITIME COMMISSION,  
*Washington, D.C., April 17, 1962.*

HON. OREN HARRIS,  
*Chairman, Committee on Interstate and Foreign Commerce,*  
*House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: The Federal Maritime Commission has noted H.R. 7297 and H.R. 7343, which are bills to amend sections 216(c) and 305(b) of the Interstate Commerce Act relating to the establishment of through routes and joint rates and wishes to offer the following comments:

H.R. 7297 and H.R. 7343 are identical bills which are designed to permit common carriers by motor vehicle and common carriers by water subject to the Interstate Commerce Act to enter into through routes with common carriers by water subject to the Shipping Act, 1916, as amended, or the Intercoastal Shipping Act, 1933, as amended, in the trades between Alaska or Hawaii on the one hand and the other States of the Union on the other.

With this purpose we are in accord. However, these bills do not provide for coordination of all modes of transportation and they lack balance. Through transportation under a single bill of lading and under a single factor, all-inclusive through rate between any point in the continental United States and places in Alaska or Hawaii is highly desirable and will facilitate the conduct of trade. To accomplish this, different types of transportation must be coordinated. This in itself is not difficult and is made even less difficult by the development of containerization. The real difficulty arises from the fact that the different types of transportation are subject to the jurisdiction of different regulatory agencies. H.R. 7297 and H.R. 7343 seek to overcome this by making through routes and joint rates between water carriers subject to the Shipping Act, 1916, and carriers subject to the Interstate Commerce Act (truck or water) all subject to the provisions of the Interstate Commerce Act and, of course, as such under the regulatory control of the Interstate Commerce Commission.

The one essential and irreplaceable link in any through route between the States of Alaska and Hawaii and the other 48 States is performed by the water carriers who operate subject to the provisions of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933. We can foresee complications and problems resulting from the fact that part of such carriers' traffic would be regulated by the Federal Maritime Commission pursuant to the Shipping Act and the Intercoastal Act and part by the Interstate Commerce Commission pursuant to the trucking provisions of the Interstate Commerce Act and the rates and charges for this important portion that would move by water over through routes would not even be filed with the Federal Maritime Commission—the agency charged with the primary regulation of such carriers.

It was to avoid the development of such a situation that S. 1725 was introduced, providing for the creation of a joint board composed of representatives of the three regulatory agencies which would be concerned with the establishment of through routes and joint through rates for carriers by land, sea, and air.

S. 1725 would establish a joint board, composed of one member each from the membership of the Interstate Commerce Commission, the Federal Maritime Board (now Federal Maritime Commission), and the Civil Aeronautics Board, to pass upon questions which might arise as to the lawfulness of such through rates. However, this joint board would only come into play when questions were raised concerning the lawfulness of the joint through rates which the different types of carriers would be authorized to establish. Tariffs setting forth these through rates would be filed with the regulatory agency having jurisdiction over the carrier. Thus each agency would have a complete record as to all charges and practices of carriers subject to its jurisdiction and its functions would not be impaired in administering the provisions of the laws entrusted to it. This would be of particular value in general rate cases.

The purpose of the joint board is to encourage and make possible the coordination of the activities of various forms of transportation for the general benefit of the public. Representation by each of the three regulatory agencies was contemplated not with the idea of playing one agency against the other in advocating and supporting conditions favorable to the form of transportation subject to its jurisdiction but, rather, that each would bring to the common forum knowledge and experience as to the type of transportation with which each was most familiar.

The placing of the control over joint rates in the hands of any one of these agencies without participation by the others would prevent this contribution of knowledge peculiar to each form of transportation engaging in the through route. It is our view that the establishment of through routes to be participated in by various types of transportation can be best accomplished if it is done without undue interference with the functions of the agencies regulating the various forms of transportation or impairing the laws they administer.

It would appear that this is consistent with the President's views as expressed in his message on transportation issued under date of April 5, 1962, wherein he stated:

"For many years some regulatory agencies have been authorized to appoint joint boards to act on proposals for intercarrier services; but they have taken virtually no initiative to foster these arrangements which could greatly increase service and convenience to the general public and open up new opportunities for all carriers. I recommend, therefore, that Congress declare as a matter of public policy that through routes and joint rates should be vigorously encouraged, and authorize all transportation agencies to participate in joint boards."

Additionally, it may be noted that H.R. 7297 and H.R. 7343 would only permit the establishment of through routes with joint through rates between motor carriers and water carriers subject to the Interstate Commerce Act and water carriers subject to the Shipping Act, 1916 and/or Intercoastal Shipping Act, 1933, thus leaving out air carriers, which, as air transportation of freight increases, should become of increasing importance in the development of a truly integrated transportation system. It may be noted that S. 1725 provides for the voluntary coordination of water, rail, truck, and air.

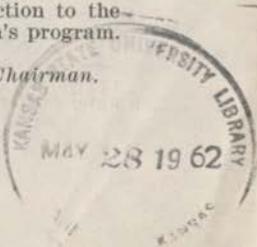
The joint-board approach is designed to give fair consideration to all forms of transportation participating in through routes. Shippers and carriers appearing before the Senate Committee on Commerce almost without exception favored the concept of a joint board composed of representatives of the three transportation agencies.

We think the desired coordination of transportation facilities can best be obtained by the joint-board approach. Land, air, and water all offer different transportation facilities; they are not the same and cannot be fitted into the same regulatory pattern. We still advocate coordination of our various modes of transportation in the interest of efficiency and economy but we do not consider that this will be fully accomplished through the means set forth in H.R. 7297 and H.R. 7343. We therefore feel that these bills should not be favorably reported but we continue to urge the enactment of S. 1725 which seems to provide the fairest method and the method most likely to succeed in coordinating through transportation by different carrier modes.

The Bureau of the Budget has advised there would be no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

THOS. E. STAKEM, *Chairman.*



INTERSTATE COMMERCE COMMISSION,  
OFFICE OF THE CHAIRMAN,  
Washington, D.C., June 14, 1961.

HON. OREN HARRIS,  
Chairman, Committee on Interstate and Foreign Commerce,  
House of Representatives, Washington, D.C.

DEAR CHAIRMAN HARRIS: Yesterday I received your letter dated June 12, 1961, enclosing copies of a bill, H.R. 7343, introduced by you, to amend sections 216(c) and 305(b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates, and requesting a report and comments thereon.

This proposed measure would give effect to Legislative Recommendation No. 12 in the Commission's 74th annual report. Copies of the draft bill, together with a statement of justification therefor, were transmitted to you with my letter of May 8, 1961, requesting introduction.

Your assistance in introducing this proposed measure is very much appreciated.

Sincerely,

EVERETT HUTCHINSON, *Chairman.*

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INTERSTATE COMMERCE COMMISSION,  
OFFICE OF THE CHAIRMAN,  
Washington, D.C., May 8, 1961.

HON. OREN HARRIS,  
Chairman, Committee on Interstate and Foreign Commerce,  
House of Representatives, Washington, D.C.

DEAR CHAIRMAN HARRIS: I am submitting herewith for your consideration and introduction 40 copies each of draft bills, together with statements of justification therefor, which would give effect to Legislative Recommendations Nos. 2 and 12 in the Commission's 74th annual report.

Your assistance in introducing these bills and scheduling hearings thereon will be very much appreciated.

Sincerely,

EVERETT HUTCHINSON, *Chairman.*

#### RECOMMENDATION No. 12

This proposed bill would give effect to Legislative Recommendation No. 12 of the Interstate Commerce Commission as set forth on page 191 of its 74th annual report as follows:

"We recommend that sections 216(c) and 305(b) be amended to authorize the voluntary establishment of through routes and joint rates between motor and water common carriers subject, respectively, to parts II and III of the act and common carriers by water subject to the jurisdiction of the Federal Maritime Board on interstate traffic between Alaska or Hawaii and the other States."

#### JUSTIFICATION

The purpose of the attached draft bill is to provide a means of extending to the users of motor-water services and to the users of a combination of water services<sup>1</sup> between Alaska or Hawaii and the other States and benefits of joint rates similar to those now enjoyed by shippers by rail-and-water on such traffic.

Under the Transportation Act of 1940, the jurisdiction of the Interstate Commerce Commission over water carriers was limited to commerce between the States. Jurisdiction over waterborne traffic between the States and the then Territories of Alaska and Hawaii, as well as between the States and other areas, was continued in the Federal Maritime Board. Except for provisions in the Alaska and Hawaii statehood acts preserving the jurisdiction of the Maritime Board over water transportation between Alaska, Hawaii, and the other States, such jurisdiction would have devolved automatically upon the Interstate Commerce Commission upon the admission of Alaska and Hawaii into the Union, and the through route and joint rate problem which the draft

<sup>1</sup> Performed by a water carrier regulated by the Interstate Commerce Commission and a water carrier regulated by the Federal Maritime Board.

bill proposes to solve would not have arisen. However, under existing law, common carriers subject severally to the jurisdiction of different Federal regulatory agencies may not, in the absence of statutory authority, establish through routes and joint rates with each other.

Such authority exists under part I of the Interstate Commerce Act with respect to the voluntary establishment of joint rates between railroads subject to the jurisdiction of the Interstate Commerce Commission and water carriers operating between Alaska or Hawaii and the contiguous States, including water carriers regulated by the Maritime Board. Such authority does not exist, however, with respect to motor and water common carriers subject to the Commission's jurisdiction and common carriers by water subject to the jurisdiction of the Maritime Board. There is also no authority for the establishment of single-factor through rates on rail-water-rail movements between Alaska and the other States because the Government owned-and-operated Alaska Railroad is not subject to the jurisdiction of any regulatory agency.

With the advent of statehood for Alaska and Hawaii, the regulatory pattern for transportation between those and other States became exceedingly complex, involving a number of statutes, several regulatory agencies, and certain water carriers which, because of the effect of the aforementioned provisions in the statehood acts, remain unregulated by any Federal regulatory agency. This entire situation represents a novel departure from the traditional regulatory scheme insofar as transportation in interstate commerce is concerned; hence the need for special legislation if shippers in the Alaska or Hawaiian trade are to enjoy the benefits of single-factor through rates on traffic moving by motor-and-water or by a combination of water services.

The establishment of such through routes and joint rates would permit a shipper to make one contract with the originating carrier on behalf of all carriers participating in the arrangement and would enable him to ascertain the rate for such through movement by consulting a single tariff instead of many as may be necessary at present. The shipper and consignee would also have the advantages given by section 20(11) and similar provisions in other parts of the Interstate Commerce Act of recovering from either the originating or delivering carrier for loss or damage caused by any carrier participating in the through movement. In addition, experience has shown that because of the economy of established channels of commerce through which substantial traffic may flow, and because of reduced accounting and freight rate calculation costs joint rates are generally lower than a combination of local rates of connecting carriers not participating in through service arrangements.

While it is recognized that this proposed measure would not, because of the unregulated status of the Alaska Railroad, permit full realization of the benefits to be derived from the establishment of through routes and joint rates, it is an important and necessary step in that direction. It is therefore urged that the Congress give early and favorable consideration to the enactment thereof.

Mr. STAGGERS. Our first witness this morning will be Hon. Ralph J. Rivers, a Member of Congress from Alaska.

#### STATEMENT OF HON. RALPH J. RIVERS, A REPRESENTATIVE-AT-LARGE IN CONGRESS FROM THE STATE OF ALASKA

Mr. RIVERS. Mr. Chairman and members, the privilege of appearing before this committee in support of this legislation is much appreciated. As this committee well knows, the problems of Alaska in regard to transportation are numerous and complex. Some of these complexities also apply to Hawaii. Thus it appears to me that the best approach toward the solution of these problems is to proceed one step at a time, which is precisely what the committee is doing by virtue of the consideration it is now giving to my bill H.R. 7297 and a like bill introduced by our colleague, Mr. Harris, chairman of the full committee.

The complexity I mention is historical. At the turn of the century when the gold rushes to Alaska and the Klondike were underway,

all available ships were pressed into service to transport the avalanche of stampedeers from west coast ports to Alaska. In due course the railroads in the 48 States were put under the regulatory authority of the Interstate Commerce Commission, as were the coastwise shipping lines engaged in commerce between the States, and as were the trucking services engaged in interstate commerce. Throughout the intervening years, Alaska's waterborne traffic was put under and has continued under the jurisdiction of the Federal Maritime Board (recently under the Federal Maritime Commission); the Alaska Railroad, operated by the Department of the Interior, has remained unregulated, and, until statehood, Alaska's trucking industry remained unregulated. Lacking regulation in the railbelt area between Seward and Fairbanks, cutthroat competition in the field of overland transportation developed. A first step was taken toward stabilization of transportation in this area, pursuant to statehood, when trucking was put under the regulatory authority of the ICC.

And I am speaking of trucking in Alaska.

As to routes and rates, the continental railroads and waterborne carriers operating in the Alaska trade were allowed to voluntarily establish joint rates under authority prescribed in part I of the Interstate Commerce Act. This limited authorization has prevailed as to the continental railroads and the Alaska waterborne carriers notwithstanding the fact that each has been and still is regulated by a different Federal regulatory agency, as I have above indicated. However, this is as far as this kind of flexibility has progressed. By virtue of the general rule carried out under existing law, common carriers subject to the jurisdiction of different Federal regulatory agencies, respectively, may not, in the absence of specific statutory authority, establish through routes and joint rates with each other. The bills before us would provide the required authority for all the types of carriers I have mentioned to voluntarily establish through routes and joint rates with each other, with the possible exception of the unregulated Alaska Railroad. In a sense, however, this legislation would also permit the Alaska Railroad to voluntarily participate in the proposed through route and joint rate arrangements because neither the bills before us nor any provision of existing law prohibit same. Participation by the Alaska Railroad in such arrangements would simply rest upon the authority of the Secretary of the Interior to operate said railroad in the public interest and for the purpose of developing a large area of Alaska. Other carriers who might enter into a through route and joint rate arrangement with the Alaska Railroad would necessarily file with the ICC for approval, and presumably—all other things being equal—the route in question and the joint rate would be approved. Expressions to the contrary which may have heretofore been voiced by the ICC could be changed administratively to coincide with the broad intent and purpose of the legislation now before us.

Alaska's trucking firms would, of course, be expressly authorized to enter into the type of agreements of which I speak as well as trucking firms in the southerly 48 States, and coastwise vessel operators under the jurisdiction of the ICC would be enabled to enter into such agreements with the Alaska waterborne carriers who are under the jurisdiction of the Federal Maritime Commission.

Although air carriers are not included, the volume of cargo they haul to Alaska is a very minor percentage of the total movement of goods to Alaska. A design for working air carriers into arrangements for through routes and joint rates is a matter that requires further study and which can be taken up later.

A clear and succinct summary of what this legislation would accomplish is ably set forth by Senator Warren Magnuson on pages 7233 and 7234 of the Congressional Record of May 11, 1961, from which I quote as follows:

The establishment of such through routes and joint rates would permit a shipper to make one contract with the originating carrier on behalf of all carriers participating in the arrangement and would enable him to ascertain the rate for such through movement by consulting a single tariff instead of many as may be necessary at present. The shipper and consignee would also have the advantages given by section 20(11) and similar provisions in other parts of the Interstate Commerce Act of recovering from either the originating or delivering carrier for loss or damage sustained by any carrier participating in the through movement. In addition, experience has shown that because of the economy of established channels of commerce through which substantial traffic may flow, and because of reduced accounting and freight rate calculation costs, joint rates are generally lower than a combination of local rates of connecting carriers not participating in through service arrangements.

Mr. Chairman, Alaskans, who bring in over 90 percent of everything they consume, have long complained of the high freight rates incident to the long haul from Seattle, Wash., to Alaska, and high rates within Alaska, and other difficulties incident to their transportation problems, and would welcome passage of a measure such as the bills before us. The business community advocates this legislation as a means of expediting the movement of goods in transit bound for Alaska with incidental reduction of the cost price landed, and the consumers of Alaska would welcome such reduction in consumer prices as might result.

Mr. Chairman, may I go off the record for a moment?

Mr. STAGGERS. Yes, of course.

(Discussion off the record.)

Mr. RIVERS. Back on the record. Mr. Chairman, I have the following communications supporting the legislation now before the subcommittee.

The first is addressed to Hon. John Bell Williams, chairman of this subcommittee, and signed by E. L. Bartlett, the senior Senator from Alaska.

The next is a telegram, dated April 3, from William A. Egan, Governor of Alaska.

The next is addressed to the Subcommittee on Transportation but sent to me for submission here, and it is signed by Al Seeliger, president, Fairbanks Chamber of Commerce, and it is a supporting statement from the Fairbanks Chamber of Commerce.

I have a letter dated March 29, 1962, signed by Edward R. Sanders, stating the support of the Alaska Carriers Association, Inc., which is the truckers association of Alaska.

Mr. STAGGERS. Without objection, they will be included in the record.

(The aforementioned documents follow:)

U.S. SENATE,  
COMMITTEE ON ARMED SERVICES,  
April 3, 1962.

HON. JOHN BELL WILLIAMS,  
*Chairman, Subcommittee on Transportation, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: For a number of years I have been vitally concerned with providing some means which would permit the establishment of joint rates and through routes for carriers serving Alaska or Hawaii and the other States. I have introduced legislation on this subject in the 86th Congress and in the 1st session of the 87th Congress. Extensive hearings have been conducted on this

In introducing this legislation I have repeatedly pointed out the numerous transportation problems that plague Alaska and Hawaii and the carriers serving these two States. I have recited the benefits that would accrue to the shipping public by the enactment of this legislation.

Passage of H.R. 7297, introduced by Representative Rivers of Alaska, or H.R. 7343, introduced by Chairman Oren Harris, would allow the shipper to or from Alaska or Hawaii to make one contract with the originating carrier on behalf of all carriers handling the goods and to ascertain the rate for through movement by consulting a single tariff.

Although the legislation which I have previously introduced would permit the service to be provided by the creation of a joint board, I have always recognized that this was not necessarily the absolute or last word on the subject. I therefore deeply appreciate the attention that the committee has given to this problem. I have consistently supported, and do support, legislation which would provide this type of service.

Sincerely yours,

E. L. BARTLETT.

[Telegram]

JUNEAU, ALASKA, April 3, 1962.

HON. RALPH J. RIVERS,  
*House of Representatives, New House Office Building,  
Washington, D.C.*

State of Alaska strongly supports legislation under which all carriers in Alaska trade could be authorized to offer the public the savings and improved service which can be made available by the employment of joint rates and through routes. Federal regulatory body must have jurisdiction to establish single factor joint through rates if maximum efficiency and economy in transportation so necessary to Alaska's economic development is to be realized.

WILLIAM A. EGAN, *Governor.*

FAIRBANKS CHAMBER OF COMMERCE,  
*Fairbanks, Alaska, April 2, 1962.*

SUBCOMMITTEE ON TRANSPORTATION,  
*House Committee on Interstate and Foreign Commerce,  
Hon. Ralph J. Rivers,  
House Office Building, Washington, D.C.*

GENTLEMEN: The Fairbanks Chamber of Commerce wishes to take this means of advising you of our enthusiastic support of H.R. 7297 which has been introduced by Representative Ralph J. Rivers and which is now under consideration by your committee.

Mr. Rivers already knows of our unenviable position of being forced to pay the highest freight rates as a community of any under the American flag. The present rates are discriminatory in that we are not given the benefit, as others are, of through rates or joint rates. In other words our freight must be moved in two stages. First from the supplier or shipper to Seattle where it is rehandled and rebilled and from there on to us in the interior of Alaska. We feel that we should be entitled to the privileges of joint billing and common routing so that shipping costs can be reduced.

If the Congress is truly interested in the development of Alaska, and we feel certain it is, then regulating legislation should be enacted without delay. H.R. 7297 will go a long way toward providing such regulation which will in turn mean lower shipping costs on merchandise destined for Alaska and make possible accelerated development of Alaska.

Thank you for your consideration of this matter.

Sincerely,

AL SEELIGER, *President.*

ALASKA CARRIERS ASSOCIATION, INC.,  
*Anchorage, Alaska, March 29, 1962.*

HON. JOHN BELL WILLIAMS,  
*Chairman, Subcommittee on Transportation,  
Committee on Interstate and Foreign Commerce,  
House of Representatives, Washington, D.C.*

DEAR MR. WILLIAMS: I have had some correspondence with Congressman Ralph Rivers of the House and with many other persons in the Senate and otherwise who have an interest in the passage of legislation to place the Alaska Railroad under the economic jurisdiction of the Interstate Commerce Commission and other legislation to place the jurisdiction of through routes and joint rates under the ICC. All are apparently cognizant of the real and present need for successful passage of this legislation, and the executive committee of the Alaska Carriers Association, Inc., urges me to express to you their urgent request that you hold hearings on these two bills in the very immediate future looking toward their release to the floor of the House for action and that your committee report them out favorably and thereafter work as diligently as possible for their successful passage.

We will deeply appreciate your understanding of the very real and immediate need for favorable action on these two bills as well as similar action in the Senate in order to alleviate the deplorable situation that exists in connection with shipments moving within Alaska and on shipments moving to and from Alaska when water carriers now regulated by the Federal Maritime Commission are involved.

Sincerely yours,

EDWARD R. SANDERS, *Managing Director.*

Mr. RIVERS. I also have a statement from the Alaska State Chamber of Commerce, addressed to the Subcommittee on Transportation, sent to me to be submitted at this time.

And I offer that.

Mr. STAGGERS. All right.

(The aforementioned letter follows:)

ALASKA STATE CHAMBER OF COMMERCE  
*Fairbanks, Alaska, March 30, 1962.*

SUBCOMMITTEE ON TRANSPORTATION,  
*House Committee on Interstate and Foreign Commerce,  
Hon. Ralph J. Rivers, House Office Building, Washington, D.C.*

GENTLEMEN: The Alaska State Chamber of Commerce is pleased to see your committee giving consideration to H.R. 7297, introduced by our Representative, Hon. Ralph J. Rivers.

The Alaska State Chamber of Commerce has long recognized that development of America's largest State, which will enrichen the economy of our country, is in large part contingent upon efficient lower cost of transportation connecting Alaska with the smaller States.

At the present time Alaska is one of the very few places under the American flag where Americans do not enjoy the privilege of through routes and joint rates. For all practical purposes, at the present time virtually all shipments between Alaska and the southern 48 States involve at least one intermediate stop, rehandling and rebilling. Our organization feels through routing under joint billing would constitute a very significant improvement in service to the public, and simultaneously enhance the flow of commerce bringing manufactured goods to Alaska and transporting the fruit of Alaska's rich resources to our sister States.



We respectively present our opinion that suitable regulating legislation is needed in the public interest. We feel that carrier offering 12-months' service, including service to and from destinations where tonnage is not sufficient for profitable operation, should be given reasonable protection under regulating legislation. We believe that such year-around carriers are in some cases presently suffering needless adverse economic effect from unregulated operation of contract carriers and other seasonal carriers who do not offer service throughout the year.

From our admittedly layman's viewpoint, we believe regulation under authority of the Interstate Commerce Commission would be in the best interest of the public and the principal carriers involved. Inauguration of railroad car-barge service to and from Alaska in the immediate future appears to add weight to that viewpoint.

We respectfully request your favorable consideration of H.R. 7297. We sincerely believe enactment of this or similar legislation will be in the best public interest.

Sincerely,

C. W. SNEDDEN,

*Chairman, Executive Committee.*

Mr. RIVERS. In closing, Mr. Chairman, I thank you and the other members of this subcommittee for the kind attention which you have accorded me.

Mr. STAGGERS. Thank you, Congressman.

Do you have any questions, Mr. Jarman?

Mr. JARMAN. I have no questions, Mr. Chairman, but I would like to welcome our colleague to the committee and compliment him on an excellent statement.

Mr. RIVERS. Thank you.

Mr. STAGGERS. Thank you very kindly, Mr. Rivers.

Our next witness will be the Honorable Rupert L. Murphy, Chairman of the Interstate Commerce Commission of Washington.

Gentlemen, might I say at this point that I do not believe we have any opposition to this bill and, for the sake of brevity, any of you that can, if you care to submit your statement or summarize it, it will be welcome; or if you care to read it, it is all right.

But if there is anyone in opposition we certainly want to hear them and hear them out all the way.

STATEMENT OF RUPERT L. MURPHY, CHAIRMAN, INTERSTATE  
COMMERCE COMMISSION, WASHINGTON, D.C.

Mr. MURPHY. Thank you, Mr. Chairman.

Mr. Chairman, before I present the statement on behalf of the Commission, may I introduce the members of the Commission who are in attendance?

Mr. STAGGERS. Yes.

Mr. MURPHY. Commissioners Donald P. McPherson, of Pennsylvania, and Abe McGregor Goff, of Idaho, and we also have with us several staff members: Mr. Raymond Krebill, Assistant Director of the Bureau of Water Carriers and Freight Forwarders; Mr. Lee R. Nowell, Director of the Bureau of Water Carriers and Freight Forwarders; Mr. Robert Newel, Assistant Director of the Bureau of Traffic, and Mr. Irvin Koch, Assistant Director of the Bureau of Rates and Practices.

And, of course, we have Mr. Hiram Spicer, our Legislative Counsel and Mr. Dale Hardin, our Congressional Liaison Officer.

Mr. STAGGERS. We are glad to have all of these distinguished people with us today. You may proceed.

Mr. MURPHY. Mr. Chairman, and members of the subcommittee, my name is Rupert L. Murphy. I am the present Chairman of the Interstate Commerce Commission and have served in that capacity since January 1 of this year. I am appearing today on the Commission's behalf to testify on two bills, H.R. 7343 and H.R. 7279. H.R. 7343 was introduced at the Commission's request to give effect to Legislative Recommendation No. 17 contained in our 75th annual report to the Congress. Since H.R. 7297 is an identical bill, my comments with respect to H.R. 7343 are equally applicable to H.R. 7297.

H.R. 7343 would provide a means of extending to the users of motor-water services and to the users of certain combinations of water services between Alaska or Hawaii and the other States the benefits resulting from joint rates similar to those now enjoyed by shippers by rail-and-water on such traffic.

Under the Transportation Act of 1940, our jurisdiction over water carriers was limited to commerce between the States. Jurisdiction over waterborne traffic between the States and what were then the Territories of Alaska and Hawaii, as well as between the States and other areas, was continued in the Federal Maritime Commission. Except for provisions in the Alaska and Hawaii statehood acts preserving the jurisdiction of the Maritime Commission over water transportation between Alaska, Hawaii, and the other States, such jurisdiction would have devolved automatically upon the Interstate Commerce Commission upon the admission of Alaska and Hawaii into the Union. Thus, the through route and joint rate problem which H.R. 7343 proposes to solve would not have arisen. Under existing law, common carriers subject severally to the jurisdiction of different Federal regulatory agencies cannot, in the absence of specific statutory authority, establish through routes and joint rates with each other.

According to Senate Report No. 1163, 85th Congress, 1st session, on S. 49 (the Senate Alaska statehood bill), the reason that this problem was not disposed of was:

\*\*\* The committee (the Senate Committee on Interior and Insular Affairs) did not feel that the statehood bill was a proper place to change the law which is applicable to the complicated conditions existing in the transportation industry in Alaska. This is particularly true of water transportation.

Thus, it is the intention of the committee to leave all transportation matters for later study and legislation if any is required. In the meantime the authority over transportation will remain in the status quo \*\*\*.

While the language of the report is broad enough to include all transportation by all modes of carriage, the plain words of section 27 (b) of the statehood bill relate only to water transportation.

Federal Maritime Commission jurisdiction over waterborne commerce between Hawaii and the other States was apparently continued for the same reason, the Senate Interior and Insular Affairs Committee stating, in part, in its report (S. Rept. No. 86th Cong., 1st sess.) on S. 50 (the Senate Hawaii statehood bill) that:

\*\*\* The committee does not feel that the statehood bill is the place to confuse shipping procedures, authorities, and regulations.

Coordination of service by different modes of transportation subject to the jurisdiction of the Interstate Commerce Commission by means of through routes and joint rates is provided for in various

provisions of the Interstate Commerce Act. Section 216(c), for example, permits motor common carriers to enter into such arrangements with common carriers by railroad, express, and water.

The only carriers of different modes subject to our jurisdiction which may be compelled to establish through routes and joint rates with each other are railroads and water common carriers subject to parts I and III of the act, respectively.

As to the establishment of through routes and joint rates by carriers subject severally to the Interstate Commerce Act, the Shipping Acts, and the Federal Aviation Act, with each other and with other carriers, air carriers may, under section 1003 of the Federal Aviation Act, establish through service and joint rates with other common carriers. Also, under section 1(1)(a) of the Interstate Commerce Act, railroads subject to the jurisdiction of the Interstate Commerce Commission and common carriers by water subject to the jurisdiction of the Maritime Commission may voluntarily establish through routes and joint rates. Tariffs covering such arrangements are filed with the Interstate Commerce Commission and are subject to our jurisdiction.

Some motor carriers, in conjunction with water and rail lines, have established in their own name single factor through rates on traffic moving between points in Alaska and the 48 contiguous States by entering into agreements with steamship companies under section 15 of the Shipping Act of 1916. Under such arrangements the motor carrier is regarded as a nonvessel operating water carrier. It is our understanding that similar arrangements have been entered into with respect to Hawaiian traffic.

Specifically, authority now exists, under part I of the Interstate Commerce Act, with respect to the voluntary establishment of joint rates between railroads subject to the jurisdiction of the Interstate Commerce Commission and water carriers operating between Alaska or Hawaii and the contiguous States, including water carriers regulated by the Maritime Commission. Such authority does not exist, however, with respect to motor and water common carriers subject to the Commission's jurisdiction and common carriers by water subject to the jurisdiction of the Maritime Commission. Neither is there any authority for the establishment of single factor through rates on rail-water-rail movements between Alaska and the other States. This is because the Government owned and operated Alaska Railroad is not subject to the jurisdiction of any regulatory agency. In 1960, the Senate and House Interstate and Foreign Commerce Committees, recognizing the conditions that exist, held hearings on, and reported, measures which would have provided for economic regulation of the Alaska Railroad. The bill passed both Houses, but was vetoed by President Eisenhower. A similar bill is now pending in this Congress, and we hope it will be taken up shortly and enacted into law.

With the advent of statehood for Alaska and Hawaii, the regulatory pattern for transportation between those and other States became exceedingly complex, involving a number of statutes, several regulatory agencies, and certain water carriers which, as I have said, because of the effect of the provisions in the statehood acts, remain unregulated by any Federal regulatory agency. This entire situation represents a novel departure from the traditional regulatory scheme insofar as transportation in interstate commerce is concerned. There is an undeniable need for legislation if shippers in the Alaskan or

Hawaiian trade are to enjoy the benefits of single factor through rates on traffic moving by motor-and-water or by a combination of water services.

The availability of such through routes and joint rates would enable a shipper to make one contract with the originating carrier on behalf of all carriers participating in the arrangement. In addition, the shipper could ascertain the rate for such through movement by consulting a single tariff instead of many as may be necessary at present. Both shipper and consignee would have the advantages given by section 20(11) and similar provisions in other parts of the Interstate Commerce Act of recovering from either the originating or delivering carrier for loss or damage caused by any carrier participating in the through movement. Finally, experience has shown that because of the economy of established channels of commerce through which substantial traffic may flow, and reduced freight rate calculation costs, joint rates are generally lower than a combination of local rates of connecting carriers not participating in through service arrangements.

We are fully aware that H.R. 7343 would not, because of the unregulated status of the Alaska Railroad, permit full realization of the benefits that could be derived from the establishment of through routes and joint rates. We are convinced, however, that it is an important and necessary step in the right direction.

We strongly urge favorable consideration of H.R. 7343 or H.R. 7297.

Mr. Chairman, we appreciate this opportunity to appear today and express our views on these bills. If there are any questions, I would be glad to try to answer them.

Mr. FRIEDEL (presiding). Thank you, Mr. Murphy, for your statement.

It is my understanding that the railroads in Alaska are now owned by the Government but they may be sold to private industry. Is that true?

Mr. MURPHY. I do not believe I can answer that, Mr. Chairman. That is possibly true, but I would not know.

Mr. FRIEDEL. The next gentleman is Mr. Harold F. Hammond, executive vice president of the Transportation Association of America. Mr. Hammond.

**STATEMENT OF HAROLD F. HAMMOND, EXECUTIVE VICE PRESIDENT, TRANSPORTATION ASSOCIATION OF AMERICA, WASHINGTON, D.C.**

Mr. HAMMOND. Mr. Chairman and members of the committee, my name is Harold F. Hammond. I am executive vice president of the Transportation Association of America, with general offices in Washington, D.C.

I have with me Robert Redding, vice president and counsel of TAA. I am appearing today on behalf of the association to support the enactment of legislation embodied in H.R. 7343 and H.R. 7297 which would amend the Interstate Commerce Act regarding through routes and joint rates.

These bills, identical in content, pertain to the transportation of property between Alaska or Hawaii on the one hand and the other States of the Union on the other. First, they would permit the establishment of through service and joint rates by motor common carriers under Interstate Commerce Commission jurisdiction and water common carriers subject to the jurisdiction of the Federal Maritime Commission. Second, these bills would authorize through service and joint rates by water common carriers under ICC jurisdiction and water common carriers under FMC jurisdiction.

On January 16, 1962, the TAA board of directors authorized support "of any suitable mechanism whereby voluntary through routes and joint rates can be established on interstate traffic between the continental United States on the one hand and noncontiguous States and territories on the other, as well as among the latter States and territories." This position was supported by the TAA user, investor, freight forwarder, highway, pipeline, railroad, and water carrier panels, with the air transport panel not opposing.

Accordingly, the through route and joint rate arrangements contemplated by H.R. 7343 and H.R. 7297 fall within the framework of TAA's present policy and we support their enactment.

As you may know, TAA is composed of all kinds of users, investment interests, and airlines, freight forwarders, trucks, railroads, oil pipelines, and water carriers.

The merits of this proposal well warrant its authorization by the Congress. The concept of through routes and joint rates has been incorporated in the Interstate Commerce Act for many years. There are varying provisions authorizing the transportation of property on either a compulsory or permissive basis as among the differing modes of transportation subject to ICC jurisdiction.

The establishment of such through service and joint rates is of value to both the carriers and the shippers in that a joint rate rather than a combination of local rates is possible, a single bill of lading will suffice, and single carrier responsibility also prevails. The coordination of transport services is greatly enhanced, permitting commodities to move freely from one mode of transportation to another without interruption or duplication of services and facilities.

These advantages are particularly desirable in promoting and developing the flow of commerce in the important and growing markets covered by this legislation.

It should also be pointed out that the enactment of this legislation will, for the first time, permit the establishment of through service and joint rates by the combinations of carriers identified in the bills, which are the only modes of transport not now authorized to establish such coordinated service.

We sincerely hope the subcommittee will recognize the need for such service and appreciate the fact that it is being supported by the modes of transportation represented on the TAA carrier panels, as described above, as well as by the representative group of users and investors serving on the TAA user and investor panels.

We hope that the subcommittee will be able to move forward in recommending enactment of such legislation, in order that passage may be assured during the pending 2d session of the 87th Congress.

Mr. FRIEDEL. Thank you, Mr. Hammond.

Mr. FRIEDEL. Mr. Springer?

Mr. SPRINGER. Mr. Hammond, it is my understanding that at the present time water and motor cannot overlap. Is that right?

Mr. HAMMOND. That is correct. Water-water.

Mr. SPRINGER. Water-water?

Mr. HAMMOND. Yes. It was brought out before you came in, I think, Mr. Springer, that the only two gaps that exist today is in motor and deep water and in inland water and deep water. Those are the two gaps.

Mr. SPRINGER. Those two gaps are all? Is that right?

Mr. HAMMOND. That is right, and these bills will fill both of those gaps.

Mr. SPRINGER. Thank you, Mr. Chairman.

Mr. FRIEDEL. Thank you, Mr. Hammond.

Our next witness is Mr. James F. Fort, counsel, public affairs, of the American Trucking Associations, Inc.

Mr. Fort.

**STATEMENT OF JAMES F. FORT, COUNSEL, PUBLIC AFFAIRS, AMERICAN TRUCKING ASSOCIATIONS, INC., WASHINGTON, D.C.**

Mr. FORT. Mr. Chairman, and gentlemen of the subcommittee, my name is James F. Fort. I am counsel—public affairs of the American Trucking Associations, Inc., with offices at 1616 P Street NW., Washington, D.C. As the subcommittee knows, ATA is the national trade association of the trucking industry representing all forms of motor carriers of property both private and for hire and having affiliated State associations in 49 States.

The trucking industry supports H.R. 7297 and H.R. 7343. These bills are identical and are designed to improve the transportation situation between Hawaii, Alaska, and the other States by providing for the establishment of through routes and joint rates within the framework of the Interstate Commerce Act.

As the committee knows, the advent of statehood for Alaska and Hawaii created new and troublesome problems for the Interstate Commerce Commission, and for shippers and carriers engaged in transportation to and from these new States. The statehood acts for both these new States contained provisions retaining jurisdiction over water transportation to and from them in the hands of the then Federal Maritime Board; however, the act of statehood brought Alaska motor carriers (engaged in interstate commerce) within the Interstate Commerce Act. This situation confounded an already confused picture and made some solution very nearly imperative.

H.R. 7297 and H.R. 7343 treat this problem in a direct feasible, and simple manner by giving the Interstate Commerce Commission jurisdiction over through route and joint rate arrangements. The bills would amend section 216(c) and 305(b) of the Interstate Commerce Act to provide for the establishment of permissive through routes and joint rates between motor carriers and oceangoing water carriers. These sections of the act presently permit through routes and joint rates, for example, between motor and rail carriers or between motor carriers and barge operators.

While several other legislative proposals have been made in the past few years to treat this problem, none of them seems to have been so practical as the one before you today. In testimony at several earlier hearings on this subject we have refrained from endorsing specific bills and have simply pointed to the need of the shippers and carriers alike for some solution which will permit the use of a single factor through rate from inland points in the contiguous 48 States to points in our new States. However, because it accomplishes what needs to be done and does it within the framework of the Interstate Commerce Act, we endorse H.R. 7297 and H.R. 7343, and we urge prompt passage of either of these bills.

Thank you, Mr. Chairman.

Mr. FRIEDEL. Thank you, Mr. Fort, for a very short and precise statement.

Our next witness will be Mr. Orrin H. Fraley, vice president of the Consolidated Freightways, Inc.

Mr. Fraley.

**STATEMENT OF ORRIN H. FRALEY, VICE PRESIDENT, CONSOLIDATED FREIGHTWAYS, INC., MENLO PARK, CALIF.**

Mr. FRALEY. Mr. Chairman, and gentlemen of the subcommittee, my name is Orrin H. Fraley. I am a vice president of Consolidated Freightways, Inc., Menlo Park, Calif. Our company has been engaged since 1929 in the common carriage of freight by motor vehicle, starting originally in the Pacific Northwest and subsequently enlarging its operation until it now serves points in 37 States with routes extending from the west coast to the east coast and from the Canadian border to the Mexican border. Consolidated Freightways also conducts motor carrier operations in Alaska, between Alaska and the Pacific Northwest, and in western Canada through a subsidiary.

We appear in support of H.R. 7297 and H.R. 7343 since it has been our policy and practice for a number of years to seek permissive joint rates, not only with other motor carriers but with other modes of transportation as well. This has resulted in our engaging in piggy-back service with several railroads, and having both joint motor-air rates with air carriers and joint motor-barge rates with inland water carriers. However, under present law, we have been unable to establish joint rates with common carriers by water subject to the Shipping Act, 1916, as amended, or the Intercoastal Shipping Act, 1933, as amended. While such joint rates are desirable generally as a transportation practice, they are particularly necessary in the Alaska operation. I would like to briefly describe this operation in order to illustrate such need.

In 1957, Consolidated Freightways acquired Garrison Fast Freight, Inc., a motor carrier operating between Seattle, Wash., and Alaskan points, as well as within Alaska, utilizing Alaska Steamship Co. vessels for the water movement of the highway trailers between Seattle and the Alaska ports. Technological improvements now permit conversion of the highway semitrailers into containers by removal of the undercarriage frame and wheels before loading on the ship.

Prior to Alaska statehood, only the water movement portion of this coordinated operation was subject to regulation, such transportation

being under the jurisdiction of the Federal Maritime Board (now Federal Maritime Commission). Garrison's Seattle-Alaska traffic was handled pursuant to tariffs filed with the Federal Maritime Board by Garrison and Alaska Steam in accordance with an agreement approved by the Board under section 15 of the Shipping Act, 1916. The result was to provide the shipping public with a through bill of lading, a single factor rate, and single carrier responsibility from origin in Seattle to the store door in Alaska. This operation had economic merit since it facilitated, prior to shipment, determination of the exact transportation cost and it enabled the shipper to deal with a single carrier for obtaining service, tracing, and the processing of claims.

Upon the advent of Alaska statehood in 1959, motor carrier transportation in interstate commerce in Alaska became subject to regulation by the Interstate Commerce Commission but water carriage between ports in the contiguous 48 States and ports in Alaska continued to be regulated by the Federal Maritime Board. Consolidated Freightways, as a motor carrier, in order to clarify the issues raised by statehood, attempted to file a joint tariff between itself and a regulated water carrier, only to have both the Interstate Commerce Commission and the Federal Maritime Board reject the tariff on the ground that neither regulatory agency had jurisdiction over the entire movement and thus, as a matter of law, neither could accept the tariff. The result of this rejection has been that any transportation of freight to the new States of Alaska and Hawaii, which required in part movement by a regulated water carrier could not be afforded the economy of a joint rate. The Garrison division has continued to operate between Seattle and Alaska ports only in accordance with tariffs filed in its capacity as a common carrier by water, nonvessel.

H.R. 7297 and H.R. 7343 are identical bills. Either would, if enacted into law, not only permit joint rates between points such as Seattle and points within Alaska, but would also permit joint rates between points within the contiguous 48 States and points within Alaska. Such joint rates are to the best interest of both the carrier and the shipper.

In 1959, we testified before this committee in support of other legislative proposals relative to this same problem. At that time, we went further into detail; today, we think this statement sufficient but should the committee desire further information, we will be glad to furnish it. We earnestly request enactment of legislation to remedy the lack of joint rates in the Alaska trade and feel the bills considered today will provide this.

Thank you.

Mr. FRIEDEL. Thank you, Mr. Fraley.

On page 4 of your statement, the second paragraph you mention, in speaking of H.R. 7297 and H.R. 7343, that—

either would, if enacted into law, not only permit joint rates between points such as Seattle and points within Alaska but would also permit joint rates between points within the contiguous 48 States and points within Alaska.

Now, my question is this: How would this affect Hawaii?

Mr. FRALEY. The same would be true with respect to Hawaii. The reason we did not mention Hawaii in our statement is that we have withdrawn from the Hawaiian trade, but it would have the same effect.

Mr. FRIEDEL. In other words, it is the other 49 States instead of 48 States?

Mr. FRALEY. That is right.

Mr. FRIEDEL. Thank you, Mr. Fraley.

Are there any other witnesses?

We have a letter here from the American Merchant Marine Institute, Inc., dated April 4, 1962; and also a letter from the Common Carrier Conference of Domestic Water Carriers, dated April 5, 1962.

We will have these inserted into the record.

(The aforementioned letters follow:)

AMERICAN MERCHANT MARINE INSTITUTE, INC.,  
Washington, D.C., April 4, 1962.

HON. JOHN BELL WILLIAMS,  
Chairman, Subcommittee on Transportation and Aeronautics, Committee on Interstate and Foreign Commerce, U.S. House of Representatives, Washington, D.C.

DEAR MR. WILLIAMS: The American Merchant Marine Institute, Inc., the largest national association representing American shipowners and operators, on all coasts of the United States, favors enactment of H.R. 7297 and H.R. 7343, identical bills which would provide extension to the users of motor-water services and to the users of a combination of water services between Alaska or Hawaii and the other States of the benefits of joint rates similar to those now available to shippers by rail and water on such traffic.

This legislation seems an adequate approach in order to permit the establishment of through routes and joint rates, thereby allowing a shipper to make one contract with the originating carrier on behalf of all carriers who are parties to the transportation arrangement. This would enable him to determine with certainty the rate for the through movement by consulting a single tariff—a procedure not possible under existing law.

We consider a proposal along these lines may well serve as a major step in solving an existing burdensome problem, and therefore urge your favorable action thereon.

We ask that this letter be made a part of the written record of the bills.

Yours very truly,

ALVIN SHAPIRO.

THE COMMON CARRIER CONFERENCE OF DOMESTIC WATER CARRIERS,  
St. Louis, Mo., April 5, 1962.

HON. JOHN BELL WILLIAMS,  
Chairman, Transportation and Aeronautics Subcommittee, House Interstate and Foreign Commerce Committee, Washington, D.C.

DEAR CHAIRMAN WILLIAMS: It has come to our attention that hearings were held on April 4 on two bills, H.R. 7297 and H.R. 7343 to permit the establishment of joint truck-water rates between points in the United States and points in Alaska and Hawaii, subject to the jurisdiction of the Interstate Commerce Commission. The Common Carrier Conference of Domestic Water Carriers would like to have testified in support of these proposals but our consideration of these bills could not be scheduled any sooner than our Washington meeting on April 4. We were, therefore, unable to provide a witness in time to testify at the hearing.

It is, however, our desire to go on record in support of these proposals. This letter is to ask you to include in the record of the hearings the support of the Common Carrier Conference of Domestic Water Carriers, representing common carriers by water in the coastal, intercoastal, Great Lakes, and inland waterways service, of H.R. 7297 and H.R. 7343.

Respectfully yours,

A. C. INGERSOLL, Jr., Chairman.

Mr. FRIEDEL. The meeting is now adjourned.

(Whereupon, at 11:11 a.m., the hearing was adjourned.)

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