

Rail Transportation Crisis Seen Hitting Farmers and Consumers

Food costs could shoot up from 15 to 20 percent this fall if the railroad freight situation worsens, the president of the Pennsylvania Farmers' Association (PFA) said last week.

John R. Pitzer, a fruit producer from Adams County, referred mostly to the Penn Central Transportation Co. — a major link in the food pipeline between the Midwest and Pennsylvania Agriculture

PFA is a general farm organization with more than 17,200 family members and it has 49 local associations. It is also affiliated with the American Farm Bureau Federation.

"It (Penn Central) goes out Oct 1," Pitzer said following an "emergency transportation conference" in Buffalo this week.

"I'm hopeful something will be worked out with the Penn Central, but even so there are five other northeastern railroads which filed bankruptcy petitions — Erie Lackawanna, Reading, Boston and Maine, Lehigh Valley, and Central of New Jersey — which must be contended with," he said.

At the end of 1971, the six lines accounted for more than 27,000 miles of track and operating losses of \$318 million. The Penn Central alone is reporting daily losses of about \$600,000.

Penn Central trustees have

filed a reorganization plan which boils down to liquidation, with all its rail assets being sold and the proceeds, along with its other assets, to be placed into new or reorganized corporations whose securities would be distributed to the claimants.

The Interstate Commerce Commission started hearings Monday on the liquidation and must report back to Federal Judge John P. Fullam in Philadelphia by Oct. 1. Fullam is overseeing the Penn Central's organization under the federal Bankruptcy Act.

The Penn Central says if it doesn't get federal help — meaning money — by Oct. 1 it will halt its freight and passenger service and start auctioning off trains and tracks.

Pitzer was attending a meeting sponsored by the American Farm Bureau Federation, which believes some sort of legislative action is required before the summer recess of Congress.

The farm leader said that the Buffalo session reviewed three major plans being presented as possible solutions to the problem, one by the federal Department of Transportation (DOT), another by the Interstate Commerce Commission (ICC), and one termed the Adams Bill, sponsored by Rep. Brock Adams, Washington.

PFA opposes the DOT plan because it would place too much authority with the transportation secretary. "It's sort of an AM-TRAK freight situation," Pitzer said, adding that it is in good part tied to private financing and could be put into operation without ICC approval.

The ICC proposal, Pitzer said, would mean that that agency would take charge of restructuring of the surface transportation system.

A one percent tax is part of that proposal. It would be levied against the carriers but would eventually be paid by the shipper.

The DOT plan would involve no direct federal funds and lines could be abandoned without ICC approval.

The Adams plan would authorize the federal government to guarantee private loans, the farm leader said, to the restructured carriers of up to \$2 billion, plus other financial help. A northeast Transportation Commission would oversee the restructuring, and would have a year to provide the plan, which must be submitted to Congress.

An agency would be created — the Federal National Railway Association — which would assist in the financing — and another agency would operate the line and own all the Class A stock, thus in effect giving it control.

"We realize that the U.S. economy has undergone a number of major changes which have hurt the rails, including declines in the amount of rail traffic generated by the mining, agricultural and forestry in-

dustries.

"Total tonnage of agricultural products fell from 141 million in 1951 to 133 million in 1970," Pitzer remarked, "but agriculture still depends heavily on the use of rail transportation for production

supplies and feed grains."

"Congress needs to face up to the problem and take a realistic look at quick solutions to the transportation problem in the Northeast," he concluded.

June Milk Production Down From Yr. Earlier

Milk production in Pennsylvania totaled 586 million pounds during June according to a report received this week from the Crop Reporting Service. This was 6 percent less than production during May and 4 percent less than June, 1972. The number of milk cows was down to 666,000, compared with 670,000 last month and 684,000 a year ago. Average production per cow during June was 880 pounds, compared with 930 pounds in May and 895 pounds in June last year.

U. S. milk production during June is estimated at 10,706 million pounds, 2.5 percent less than a year earlier. Daily average output was the same as last month compared with a slight increase between these

same months a year earlier. Production during the first half of 1973 is 2.0 percent less than last year. June production provided 1.70 pounds of milk per person daily for all uses, the same as last month and compares with 1.75 pounds in June last year.

The United States milk-feed price ratio for June, at 1.21, was down 27 percent from a year ago and the lowest June ratio since 1955 when it was 1.12. Last year's ratio, at 1.66, was equal to the record high for the month set in 1970. The average milk price is up 63 cents from last year while the ration value is up \$1.79. On a regional basis, the June ratio is highest in the South Atlantic and lowest in the East North Central.

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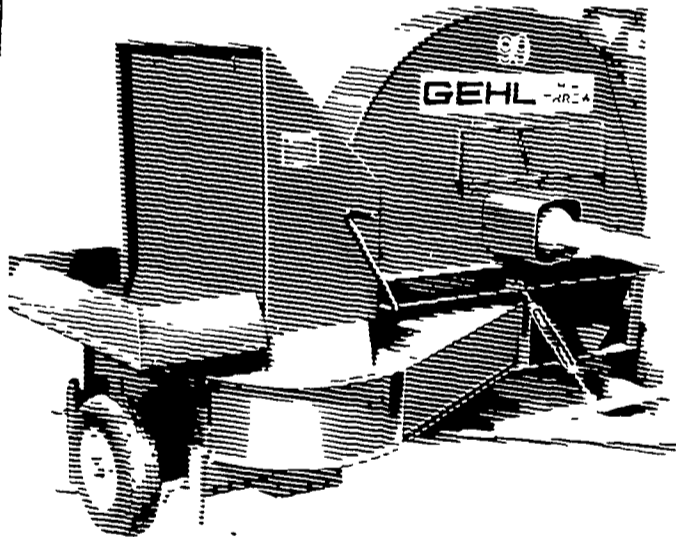
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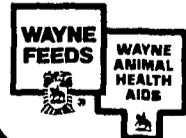
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