Former AFBF president supports ConRail, cites overregulation as major train burden

Charles B Shuman former president of the American Farm Bureau Federation and a member of the Board of Directors of the United States Railway Association, says the new northeast railway system, ConRail, is the best of alternatives available to preserve rail service

"Our nation needs a viable, efficient, privately owned railway system in competition with the other forms of transportation. Agriculture, in particular, is heavily dependent upon the rails to move bulky products and supplies The railroads can survive and serve these needs if the major roadblocks to their success are removed

The proposed ConRail System would include approximately 15,000 miles to be purchased from the bankrupt lines Some 2,500 or more miles are proposed for sale to the solvent railroads of the region The 5,700 miles of light density lines would be eligible for a two-year trial operating program supported by state and federal subsidies However, if use of these light density lines cannot be increased, they would probably be abandoned, the Illinois farmer remarked

The former AFBF president made his remarks at the 1975 convention of the Northeast Poultry Producers Council, held earlier this year in Hershey. Warning that the loss of rail transportation would mean the costs of livestock poultry and dairy production would increase markedly, Shuman recommended that the bankrupt rail lines such as the Penn Central be salvaged through the ConRail plan Six other bankrupt lines are being considered to become a part of this proposal, which Shuman believes to be the best of available alternatives He cautioned and acknowledged that "there are many risks and success is by no means assured."

"If ConRail is rejected by the Congress, there are two alternatives - sale of the better portions of the bankrupt lines to other railroads, or nationalization and federal operation Neither of these options would be desirable for farmers, consumers or taxpayers The Canadian government - owned railroad lost $46 million in 1973, while the competing privately owned system made a profit of $32 million in the same year Sale of the bankrupt lines to the highest bidder would undoubtedly leave large segments that no one would want ConRail is a risky and expensive venture but it does offer the possibility of establishing a sound, privately owned system to serve the northeast region," Shuman said.

He cited "overregulation" as a major cause of the financial difficulties of the railroads. "The railroads are no longer a monopoly and should be allowed to compete with each other and with other modes of transportation. The Interstate Commerce Commission is a large and cumbersome bureaucracy whose powers should be drastically reduced by Congress.

"Another important cause of the inadequate income of the railroads is featherbedding and outmoded work rules imposed by the labor unions. Rail labor productivity is very low, thus returns on investments are inadequate to attract the capital needed for repairs and rehabilitation

Along with overregulation and labor union strangulation, inept management and short-sighted financing must be listed as causes of railroad troubles Management has used the ICC and labor work rules as justification for inaction while the bankers have encouraged the flow of funds into other investments

"Finally, as if to encourage railroad self-destruction, Congress has heavily subsidized competing modes of transportation The Army Engineers maintain the inland waterways at a cost of hundreds of millions of dollars, with no charge to the barge lines Both the airlines and the trucks are heavily subsidized as the user charges that they pay are inadequate to pay the cost of maintaining the airways and highways. Only the pipelines and the railroads own and maintain their own right of way.

1976 seen as year for improved dairy checks

WASHINGTON – The recent gain from a year earlier in milk production likely will continue and output during the first half of 1976 could be up about one percent The 1975 total will be close to 1974's 115.4 billion pounds. Tight supplies of milk for manufacturing kept farm milk prices rising through late 1975, but a sharper - than - normal seasonal downturn is expected in early 1976, says USDA.

The drop in cow numbers is not likely to accelerate sharply in early 1976. Low slaughter cow prices, a fairly large supply of dairy replacements on farms, and the lack of significant improvement in off-farm employment alternatives for dairymen will continue to limit the declines.

Large feed supplies have resulted in substantially lower feed prices than a year ago Expected feed costs, averaging below year-earlier levels during the barn feeding season, and considerably higher farm milk prices likely will result in heavier grain feeding in early 1976. Milk output per cow may well continue to increase and may show more normal gains from year-earlier levels in coming months.

October's milk output was almost one percent above 1974, the first such gain since March. Heavier concentrate feeding sparked a recovery in output per cow, which easily outweighed the relatively small drop in milk cow numbers.

Cash receipts from dairying were up about an eighth from a year ago in August - October, due to higher farm milk prices. The 1975 total may be around $9.8 billion, up from $9.4 billion in 1974 Gross dairy income likely will remain above year-earlier levels in early 1976