

## Those Truckers Love Their Chains

By RALPH BLUMENTHAL

A specter is haunting the nation's trucking establishment—the spectre of laissez-faire capitalism.

President Ford's proposal to restore freer competition among motor carriers has become the most hotly-contested part of his transportation regulatory reform package and trucking industry leaders are in arms over a program they contend could destroy a stable, well-functioning industry.

The President's bill, submitted Nov. 13, would relax the control of the Interstate Commerce Commission over trucking and bus companies. It would end the antitrust immunity that now allows motor carriers to get together to set uniform rates. It would permit limited pricing flexibility, ease the restrictions against new carriers entering the field and allow existing truckers more freedom to serve new routes and carry a wider range of goods.

"We've lived through deregulation and it was chaos," says Bennett C. Whitlock

Jr., president-elect of the American Trucking Associations, the industry's powerful, Washington-based lobby, referring to the period before trucking came under I.C.C. jurisdiction in 1935.

"We don't want to go through that again," he said. "Regulation has brought stability."

The Administration, some shippers and the small unregulated truckers, on the other hand, maintain that the current regulatory system has protected trucking and other transportation industries from competition and free market forces.

"We have permitted regulation—designed in theory to protect the public interest—to become in practice the protector of special industry interests," declared President Ford, presenting his Motor Carrier Reform Act. Adding to the controversy is the battering the industry took in 1974-75 during the recession. The Standard & Poor's index of five leading trucking stocks dipped to 62.81 in January 1975—as against 100 in 1955—before rebounding to the 120's again recently.

"The outlook is very favorable," said Burton M. Strauss, a securities analyst for Loeb Rhoades & Company. "The only cloud is the rubber strike and the deregulation proposals."

Preoccupied with the President's two earlier transportation measures for railroads and airlines—the latter also vehemently opposed by its industry, and still unresolved—Congress has not yet taken up the trucking bill and may not get to it at all before the current term expires. However, some hearings may touch on the issue in coming months.

Whatever happens to the President's controversial bill, the issue isn't likely to disappear, with critical attention likely to be focused on the way the I.C.C. regulates rail and motor carriers. One recent House subcommittee analysis for example, alleged the agency coddled the larger truckers while picking on the smaller ones.

"The question is whether the power of a single industry can block what is

in the public interest," said Rafe Pomerance, associate legislative director of Friends of the Earth, an environmental lobby that supports trucking reform as a way of reducing fuel consumption.

"I have built a career in transportation," Lee R. Sollenbarger, chairman of Transcon Lines of Los Angeles and of the A.T.A. trucking group, said in a recent speech. "I'll be darned if I am going to stand by quietly and watch a bunch of academic theorists who have never operated a truck, or even a fork lift, or made out a bill of lading, or arranged for a shipment of any kind, bring the whole thing tumbling down over my ears."

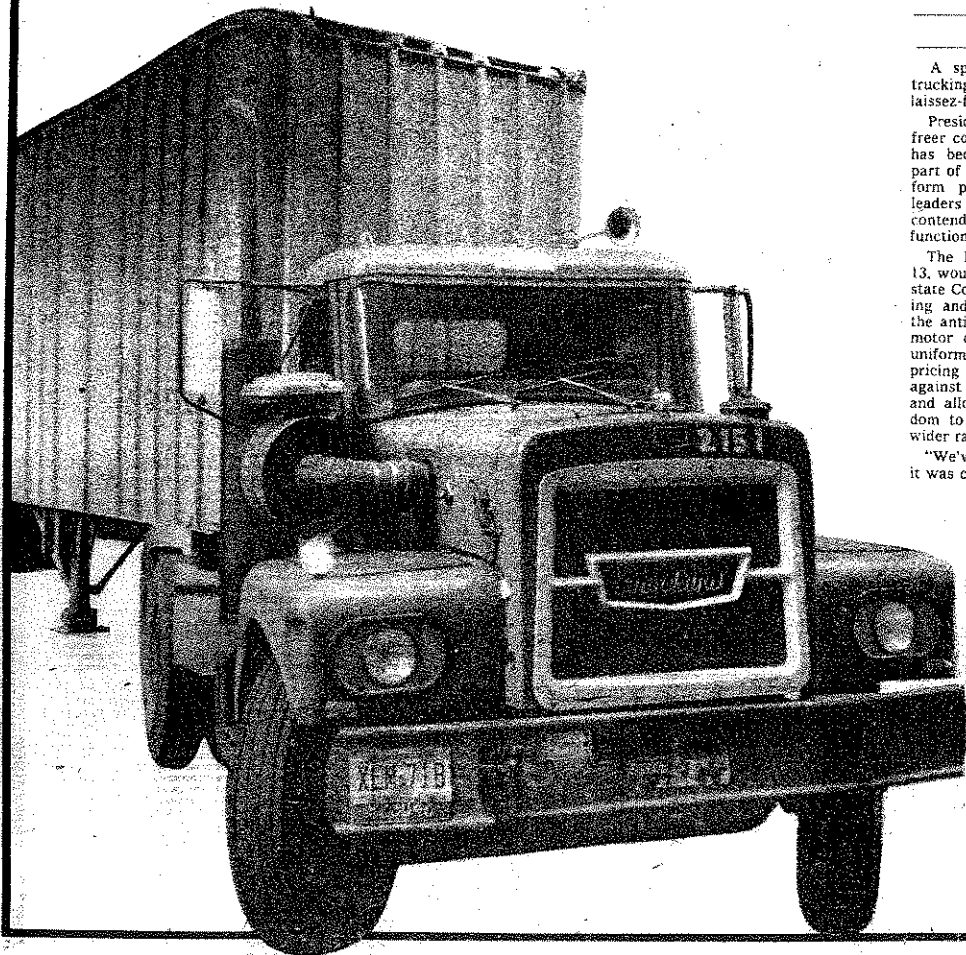
The trucking industry isn't a single unified bloc but breaks down into various categories. Among these are regulated and non-regulated. There are more non-regulated truckers and in sum they carry more freight. But the biggest companies are regulated. Carriers operating intrastate, hauling exempt commodities such as processed agricultural goods or trucks belonging to a manufacturer, a shipper or a merchant for distribution of his own goods are not subject to Federal regulation. They account for about two-thirds of all the nation's trucking, or about \$40 billion in gross operating revenues a year.

Some 16,000 carriers, representing an additional \$22 billion in revenues last year, are Federally regulated. They divide into common carriers serving many different shippers, and contract carriers which serve up to seven client shippers. Many common carriers, in turn, lease trucks from owner-operators.

These regulated carriers—the five giants are Roadway Express, Consolidated Freightways, Yellow Freight System, McLean Trucking, and Overnite Transportation—handle about 36 percent of all manufactured goods hauled intercity, according to the Department of Commerce.

The rest is moved by private company trucks (another 22 percent) and by rail,

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water, air and—in case of oil and a small amount of coal—pipelines.

Regulated trucking carriers are in many ways in a class by themselves these days, protected from open competition in a way belied by the flinty, macho image of the industry and its free-wheeling cowboy drivers.

Customer routes are assigned by the I.C.C. The only way a carrier can win a new route is to prove to the I.C.C. that existing carriers are not properly serving the customers. Moreover, many trucks return empty because they are not certified to carry goods on the backhaul. In addition, rates and fares are now set by the industry's own rate bureaus under an anti-trust immunity that permits such price-fixing in concert. One widespread complaint is that it's extremely difficult to win I.C.C. certification for a route by proving that the route isn't adequately served.

"Everytime we file, everybody and his brother tries to get in to block it," says Lynn Boulter, vice president-sales of the 150-truck Merchants Home Trucking Company in Oxnard, Calif. And once an applicant reveals the shipper he wants to serve "everybody tries to steal him."

Myron Levine, of Autolog Corporation in New York, complained to Congress of his trouble establishing a service to carry cars and baggage to Florida, mainly for older people who didn't want to drive.

"Irrespective of the documented arguments, statis-

tics, statements of support and other evidence contained in almost 400 pages of affidavits and other materials which I submitted to the I.C.C.," he wrote, "on the basis of the naked and mostly unsupported assertions of four carriers, none of which introduced one statement of support from any shipper who ever used their service, my application was disapproved."

His application was finally reviewed and approved more than a year after it was made but, Mr. Levine said it cost him more than \$5,000 in expenses and would have cost \$70,000 had he not been a lawyer able to handle his own case.

"We have never taken the position that some regulatory reform can't be instituted," said Mr. Whitlock of the A.T.A. trucking group. "What we are saying is that we don't need drastic reform."

Without tight regulation, he said, "you would have companies going in and out of business every day—you wouldn't know who is serving whom. Certification cuts two ways—it also carries an obligation to serve. Without regulation, many small communities would be without trucking service. Now, business doesn't have to be located in high-density areas for service. Dispersal is one of the best things the system has produced."

He defends the industry's rate-making bureaus, although he also endorsed a recent I.C.C. change that barred the bureaus from objecting to a trucker's lower rates. "If we didn't have rate-

making bureaus, a shipper would have trillions of rates on various commodities—it would be impossible to find out rates," he insists.

The A.T.A. has also maintained that regulation protects the rights of smaller truckers, that without route assignments and uniform rates, big carriers would drive out their smaller competitors.

"The A.T.A. is afraid of any kind of reform," says Michael Parkhurst, editor of *Overdrive* magazine, and a spokesman for unregulated small truckers. "I don't know why they say they worry about a concentration of big companies. The A.T.A. speaks for the larger companies."

The industry, Mr. Parkhurst says, has been losing two trucking companies a week for the past 30 years. Before regulation, he said, there were 200,000 trucking lines, 12 times the number of regulated companies now. He favors a proposed trucking bill of Senator Pete Domenici, Republican of New Mexico, that would allow owner-operators to haul anything anywhere as long as they did not undercut the lowest general rate.

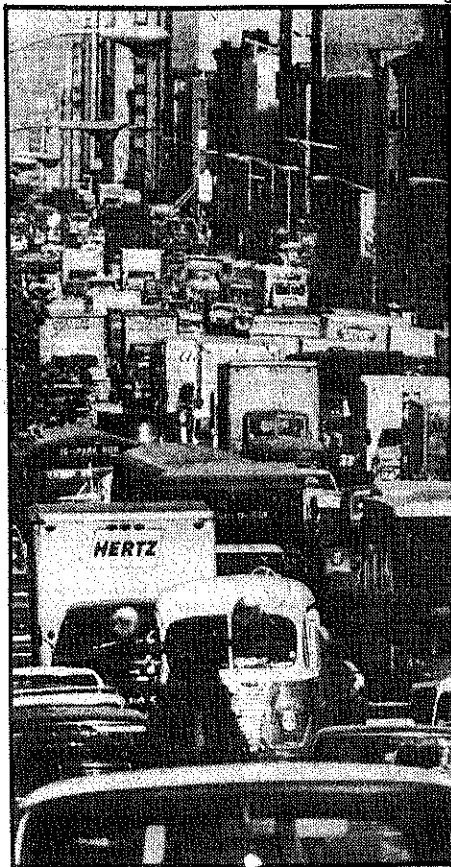
Still another, very different Senate bill sponsored by Senators Charles H. Percy, Republican of Illinois, and Robert C. Byrd, Democrat of West Virginia, has the support of the A.T.A. and the United States Chamber of Commerce and calls for no deregulation pending a major Federal study.

"We support market forces but there is a need for continuity," says C. Budd Faught, director of transportation for the Chamber. Sudden deregulation, he adds, "could open the trucking industry to anyone who could buy a truck and afford to operate it."

The deregulation campaign is fueled by "a few giant shippers" who have most to gain by encouraging cost-cutting competition by truckers, according to William A. Bresnahan, president of the A.T.A. "We are witnessing something that borders on conspiracy if indeed it is not conspiracy," he said.

In fact, a number of large shippers have subscribed to a pro-deregulation group based in Washington called the Regulatory Reform for Efficient National Trucking. The group also has attracted environmentalists convinced that reform would bring fuel conservation and other savings.

This position is supported by Thomas G. Moore of Stanford University's Hoover Institution, an economist who has studied the trucking in-



Trucks clog part of Seventh Avenue in New York.

complaints that I.C.C. restrictions are artificially propping up prices, and Mr. Moore also said that after starting a study of who is benefiting concludes that the biggest beneficiaries are the drivers of the International Brotherhood of Teamsters.

"It's quite apparent that the wages are higher than if there was no control," he says. "Companies now don't mind paying higher wages because the I.C.C. guarantees their rates."

In April the industry gave the Teamsters a 30 percent increase in wages and benefits over three years, pushing the average driver's wage to \$20,000 to \$22,000 a year, the A.T.A. says.

After the settlement, the I.C.C. approved industry rate increases averaging 6 percent.

And last February the House Interstate Commerce

The big companies accounted for most prior convictions of I.C.C. rules but almost all the new prosecutions abandoned as unfounded also involved these larger carriers. Conversely, only 4 percent of the small companies facing charges had their cases dropped.

The study also found trucking companies with prior records of convictions actually paid less fine per count than those with clean records.

"The House subcommittee's findings were turned over to the I.C.C. for study. The commission is due to comment by mid-summer."

"The commission recognizes areas where reforms could be made," said Art Cerra, the agency's general counsel. "There could be some price flexibility and the speeding of approval of new applications" for certification by truckers, he says. But he