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Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

Contact: Jennifer Hillings
Tele.: (202) 426-4570

REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY OF TRANSPORTATION JIM BURNLEY
AMERICAN MOVERS CONFERENCE ANNUAL CONVENTION
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I am delighted by this opportunity to meet with so many members of the American Movers Conference. When you asked me to talk about "DOT's Place in the Moving Industry -- Present and Future," I thought immediately of our commitment to safety and of your special safety efforts with the American Trucking Associations and within your own conference. Your work on model standards for dealing with drug and alcohol abuse, your rule which says that movers on an inter-city beltway should stay in the two right lanes and move with the flow of traffic, and your very aggressive Council of Safety Supervisors are outstanding.

I thought also of the Department of Transportation's commitment to consumers and of the moving industry's closeness to the consumers. By these two issues, safety and consumer interests, DOT and the moving industry are indivisible partners in the present and the future.

As one who has moved a number of times in his life, I can personally attest to the skill, dedication and service that the men and women of the moving industry provide for our country. You are unique among trucking organizations because you have a very close relationship with consumers. You move over one and a half million families each year and contribute approximately twelve billion dollars to our economy.

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General Irions and Bob Baer do an excellent job of keeping us informed of your particular interests and I can tell you that we stand ready to work with you in any way we can to see that the American moving industry remains a vital force in the prosperity and growth of our nation.

As truckers, you are part of a bigger picture: a \$190 billion industry, employing 7 million Americans, reaching into every nook and cranny of our country. Trucking is among America's greatest and most valued assets, and you have a right to be proud of industry-wide accomplishments.

There is, however, a dichotomy running through the motor carrier industry today which, if allowed to persist, could prove divisive and contrary to the industry's best interests. You are challenged on the one hand by unprecedented opportunities for market growth in a receding regulatory environment. You are confronted, at the same time, with public demands for greater safety assurances. That dichotomy, I believe, must be recognized and resolved -- if the industry is to prosper in the marketplace and in the arena of public opinion. The solution may not come easily; but it is attainable. As Tom Donohue of the ATA said recently in Congressional testimony, "strict enforcement... of existing safety laws and strong industry self-regulation programs..." are the primary methods to accomplish better safety. We could not agree more. Aggressive marketing efforts must be balanced with aggressive safety efforts.

Secretary Dole has made transportation safety her highest priority and a consistent goal of federal policy. It is not an issue to be compromised, set aside or subordinated to other interests. Furthermore, the Congressional mandate for safety is spelled out strongly and clearly in the Motor Carrier Safety Act of 1984. If we fail to live up to the dictates of that law, Congress will come back with even stronger laws. State legislatures and local governing bodies will also restrict your operating freedom. Moreover, let us not overlook the fact that the mood of the American people has been evolving. The anti-drunk driving campaigns of recent years, child safety seat laws and other highway safety legislation have all originated at the grassroots.

At the same time, we are sensitive at DOT to the fact that yours is a tough, competitive business. The motor carrier industry in general is operating in a very fluid environment. Confronted by change in the midst of an economic recession, your industry was put to a severe test. You also have problems and concerns not characteristic of other modes -- a lack of uniformity in state licensing requirements, for example -- but the trucking industry has never lacked stamina or wanted for perseverance or suffered from innovative anemia. The industry has made a valiant comeback. You will succeed because you provide an essential service at competitive prices with a long record of proven performance. The stimulus of a freer economy, fewer regulations and growing markets speaks well for your industry's future.

There we have the black and white of the dichotomy: the balancing of safety concerns with economic strength. Yet, in considering how to deal with these issues we find that safety requires ever more attention.

I know that the American movers are very active in the ATA's safety initiatives. For example, you support the Commercial Vehicle Safety Alliance and seek nationwide uniformity in inspection procedures. You are working with state officials and DOT to seek improved licensing and driver record information, and fully support the strengthening of the National Driver Register. I also applaud your efforts to develop a driver analysis program that will enable the industry to detect attitude problems on the part of drivers before they can develop into safety hazards. In addition, you have established "The Safety Focus," a new safety service to provide carriers with more safety program information. You also have an improved set of training seminars for safety officials in the motor carrier industry. These and other programs represent a good start to support the industry's efforts to improve its image on safety with real substance. This is a helpful first step, but the public perception of the trucking industry today requires that you do more. This is your challenge.

The U.S. Department of Transportation will do everything it can to help. The Motor Carrier Safety Assistance Program is now providing funding to the states for inspection and enforcement of federal truck safety standards. Authorized by the Surface Transportation Assistance Act of 1982, it is a cooperative endeavor between the Federal Government and states to enforce uniform federal and state safety and hazardous materials regulations, and rules applicable to commercial motor vehicles and their drivers.

Fiscal year 1985 was the first full year of the Motor Carrier Safety Assistance Program. As of the completion of the fiscal year on September 30, an additional 1,500 state enforcement officers had been trained in uniform roadside inspection procedures and enforcement activities. This additional trained enforcement staff will be capable of conducting an estimated 300,000 roadside inspections annually. In addition, state grantees are planning to develop a safety management audit plan predicated on roadside inspection data.

Additionally, a special Safety Task Force established by Secretary Dole is reviewing the Department's programs to ensure that we are acting in strict compliance with our safety responsibilities with respect to all modes of transportation.

Safety cannot be satisfied by easy slogans or token efforts. Good safety ratings from the Bureau of Motor Carrier Safety carry even greater importance than formerly, with more and bigger trucks on our roads and a greater "mix" of vehicle traffic. More and more shippers are asking for our safety ratings; insurance companies also are making inquiries. Your organization should be rightly concerned about those companies failing to

invest sufficiently in safety, or compiling less than satisfactory safety ratings.

The trucking industry has an opportunity to improve further its safety record as a result of the Motor Carrier Safety Act of 1984. The Act requires us to review and reissue all motor carrier regulations by May of 1986. This provision affords an excellent opportunity for us to work together in a positive way to write motor carrier safety regulations that address today's needs and future growth. I urge you to participate in that process.

The 1984 Act also calls for uniform safety rules. Greater uniformity will yield improved productivity and safety benefits, so the Department will review state laws and regulations to determine consistency and compatibility with federal safety requirements. Secretary Dole has named a Commercial Motor Vehicle Safety Regulatory Review Panel to assist in analyzing and reviewing state laws and regulations, and help us make sound judgments regarding the impact of the various state laws on interstate commerce.

However, we could hire thousands of inspectors; we could appoint more panels and conduct more reviews; but we still are not going to convince people that trucks are safe so long as they encounter trucks at night with half their running lights out. We cannot succeed if automobile drivers on major beltways continue to look in their rear view mirrors to find trucks bearing down on them at 15 to 20 miles per hour over the speed limit while frequently jumping from lane to lane.

The federal government can do much. However, you simply cannot wait for us. As aggressive as we are, you must provide ever more leadership. You must continue to police your own industry as aggressively as you can, you may very well lose the productivity gains of the last few years.

Further, you cannot fix the trucking industry's safety problems simply by creating a new bureaucracy at DOT. As President Reagan has said, "We want you to be efficient truckers, not experienced bureaucrats. If there's one thing that we don't need, it's Federal red tape which binds the hands of our most productive citizens." A separate Motor Carrier Administration could easily become yet another federal agency always on the hunt for more turf and power, creating red tape that would divert your attention and resources from shippers to lawyers.

We are working, however, to strengthen the Federal Highway Administration's Motor Carrier Division. We have established an Associate Administrator for Motor Carriers within the Federal Highway Administration; about a month ago, the Secretary swore in Richard Landis to fill this new post. Dick served for many years as a senior highway patrol commander in Arizona's Department of Public Safety. He is not afraid to innovate, and we expect great things from him. Dick's presence and this new office emphasize our commitment to heightened attention to motor carrier programs. I believe it answers many of your industry's needs. It provides direct access to the

Federal Highway Administrator's Office in Washington for the BMCS field staff. It increases visibility for motor carriers within the Department. Most important, it gives you in the industry and us at DOT an opportunity to work together more closely at the senior level.

I believe this new structure will be an effective way to deal with our trucking safety responsibilities. Give this change a chance to work, and then give us your ideas about further refinements.

Now I want to say a few words about another issue of the greatest importance to movers and the trucking industry as a whole. As you know, last month Secretary Dole transmitted to Congress legislation to complete economic deregulation. This fulfills the President's commitment in his 1985 State of the Union message. I am keenly aware that almost everyone in this room is directly interested in this legislation. I want to share some thoughts with you about why the time has come to complete deregulation.

Economic regulation of transportation industries began some 98 years ago. With the passage of the Motor Carrier Act of 1980 and the Household Goods Transportation Act of that same year, your industry moved into the vanguard of the effort to remove this unnecessary regulation and return to the principles of the marketplace. Much of the remaining economic regulation has now become an expensive paper chase, with no offsetting benefits to consumers and questionable value to carriers. In fact, the research we have done since enactment of the Motor Carrier Act of 1980 has confirmed that shippers, for the most part, strongly favor deregulation. Overall, the 1980 Act has had significant, positive effects on the trucking industry, particularly your segment of it. While the recession of 1981-1982 caused substantial traffic declines and financial losses for some motor carriers, the industry as a whole has been making the necessary adjustments to today's more competitive environment and household goods carriers have achieved excellent profitability with the upturn in the overall economy.

With freer entry, we have had an explosion in the number of firms with Interstate Commerce Commission operating authority from roughly 18,000 in 1980 to almost 31,000 last year. New price and service options have been introduced. Established carriers have become more efficient and innovative by restructuring routes, reducing empty backhauls, providing simplified rate structures and offering shippers incentive to move freight more efficiently.

As impressive as the immediate benefits of deregulation have been, the long-term results may be even more significant. Overall distribution productivity is benefiting from improved information and inventory management systems, as well as from the greater transportation efficiency made possible by deregulation. Together, these trends are resulting in a virtual distribution revolution.

Quite frankly, I find the argument that deregulation will increase market concentration of the big four trucking firms unpersuasive. Even though the share of the top four has increased from 20 percent in 1978 to 35

percent today, I would worry much more about a 20 percent market share protected by major entry barriers than a 35 percent share with free entry for competitors.

Some proponents of continued regulation attempt to undercut our efforts to remove the remaining constraints on the trucking industry by arguing that deregulation would make the highways unsafe. This is a disservice to the industry and the American people, because it is inaccurate. Apparently, the opponents of deregulation are referring to a one-year blip in the accident rate -- it was higher in 1984 -- and pointing to deregulation as the culprit. A similar slight blip upwards in truck-involved traffic accidents occurred in 1981, but the accident rate went down again in 1982 and 1983. A trend cannot be drawn from one year alone, and the finger of blame cannot be pointed at deregulation, because a great many of the new ICC-regulated carriers are not new to the trucking business. They have been in the business for years as carriers unregulated by the ICC. Gaining ICC authority did not make them unsafe. Furthermore, truck accident rates are about one accident per million miles for unregulated carriers as well as for common and contract carriers.

Many opponents of truck deregulation argued that passage of the Motor Carrier Act of 1980 would result in poor service to shippers, with residents of rural areas unable to obtain service at any price. These fears have been proven groundless, as truck service has remained good -- even in remote areas.

98.8 percent of all shippers contacted in a recent survey said service was at least as good as it had been before the Motor Carrier Act of 1980. Even 98.5 percent of shippers in remote areas --defined as 26 miles or more from an Interstate Highway --found service at least as good as it had been.

We, therefore, concluded that it is now time to eliminate those remaining economic regulations which no longer provide any benefits to shippers or consumers and are of questionable use to carriers.

I know that many of you in the industry must be wondering at this point what advantages the remaining economic regulations offer. My own feeling is that the industry finds itself today in a no-man's land, halfway between the familiarity and protection of a regulated environment and the excitement of a free market. Reflect for a moment with me about the absurdity of the ICC's tariff filing requirements, which still yield a harvest of almost a million tariffs annually. Tariffs must be filed for "cucumbers processed into pickles by the ordinary means," while "cucumbers, salt cured" are exempt. Citrus fruit sections that are chilled or semi-frozen are of no interest to the ICC, but if they are frozen, you violate the law if you fail to record the rates in Washington. I'm sure you will all lie awake tonight wondering why no filing is needed for "manure, in the natural state," while it is absolutely required for "manure, fermented, with additives such as yeast and molds, producing a rich liquor which in water solution is used for soil enrichment."

It simply does not make sense to stay put. The reforms provided by the 1980 Motor Carrier and Household Goods Transportation Act comprised a good first step toward complete deregulation of the trucking industry. We believe that now is the time to take the final steps necessary to complete that process.

Let me discuss a couple of specific points in our bill. As I said at the outset, movers are unique. You are on the front line with the consumer every day. You have different kinds of problems that deserve special consideration. I know many of you disagree with the Administration's proposal to eliminate special antitrust immunity for household goods van line-agent relationships after three years. Although the relationship between a household goods van line and its own agents is primarily a "vertical" one typical of franchising arrangements, the relationship may also have many "horizontal" aspects. This would be the case wherever an agent provides interstate transportation directly to its own customers in markets also served by its parent van line. Hence, an agent may compete with its parent van line as well as serve it as a supplier of trucking services. In addition, some van lines are owned or controlled by their agents, which creates additional antitrust implications. Our bill, as you know, would remove all antitrust immunity from the household goods carriers, as well as from other carriers.

The bill, as presently written, does provide a three year deferral of the effective date for the removal of the special antitrust immunity covering the above situations. The three year period is intended to give van lines and their local agents time to develop corporate structures and business relationships that are not based on such antitrust immunity. We recognize this will entail some restructuring of the industry, but we believe the industry can make the necessary adjustments without serious disruption.

Those of you who are agents should ask yourselves this question: Are you in a strong position with antitrust immunity? The ICC has given the van lines a lot of leeway in dealing with agents. If you are a profitable agent, you can negotiate a favorable deal with your van line, or even other van lines, whether or not you have immunity. We contend, of course, that the best opportunity for you to improve your economic position is through deregulation, which encourages competition, innovation and new efficiencies.

There are some who object to the provision that would transfer jurisdiction for consumer protection in household goods carriers' operations to the Federal Trade Commission. Under the Administration's bill, motor carriers would be subject to the general jurisdiction of the FTC, as are firms in almost all other industries. In addition, the FTC would be required to review the existing ICC household goods consumer protection regulations and streamline them wherever possible. It is our intent that this process should remove any such regulations that are outdated or ineffective in protecting individual consumers, and that your paperwork burden be significantly reduced.

We appreciate the interest expressed by some of you in having DOT, instead of the FTC, assume those consumer protection responsibilities. However, the FTC is better equipped to address consumer protection questions and has a wealth of expertise in this area.

As you know, we also propose to eliminate all remaining ICC regulation of trucking rates and entry and, more importantly, eliminate antitrust immunity for collective ratemaking. Some people assume that the rate bureaus would be eliminated. That is not the case. Nobody is talking about eliminating the rate bureaus unless it is the rate bureaus themselves. They can function as very effective trade associations, providing technical information to members, following changes in laws and regulations and representing their constituents. The only thing they would not be able to do is collude on prices.

Any good trade association will have all kinds of standards developed by and for its members. There is no reason why the rate bureaus cannot continue to set classification standards as long as they only include transportation characteristics such as weight, volume and perishability. The bottom line will be: "Just do not agree on prices."

Our bill would also do the following:

- o eliminate tariff publication requirements;
- o eliminate the "common carrier obligation;" and,
- o prevent states from "encroaching" -- imposing new regulations on operations that previously were regulated by the ICC.

Any remaining economic regulation of the trucking industry is unneeded and undesirable, because there is ample competition within the industry as well as from other modes. Such regulation suppresses managerial initiative and innovation, and wastes valuable resources that the trucking industry could employ more usefully in improving its productivity. But I know that some of you do not yet share this view, and it is critically important that we stay in close touch while the debate goes on.

In fact, as we work through both economic regulatory issues and safety issues, the most important ingredients must continue to be your views and those of your customers -- the families who trust you with their worldly possessions. I learned long before I went to Washington that the federal government does not have the answers to all of mankind's problems. After four and one-half years on the banks of the Potomac, I am even more convinced that if we don't listen constantly to those we are charged with governing, our good faith efforts to fix problems will more often than not make things worse.

The Reagan Administration has opened up a tremendous range of opportunities for those of you in the free enterprise system. It has

provided the funding and access you need to our highway system to make substantial gains in productivity. It will continue to be aggressive in carrying out its safety responsibilities. Ultimately, however, the future of the trucking industry is in your hands, not ours. With your leadership, I believe the last 15 years of the 20th Century will be viewed some decades hence as the most exciting and most productive in the trucking industry's history.

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