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NATIONAL INDUSTRIAL TRANSPORTATION LEAGUE
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Thank you very much. This is my first appearance before the NIT League. But I am sure it will not be our last meeting as we work together to build a more efficient transportation system. At a ceremony commemorating the 25th anniversary of the Department of Transportation last month, I described Alan Boyd, the first Secretary of Transportation, as the George Washington of transportation. And certainly the NIT League qualifies as the Continental Congress of deregulation. When Alan Boyd was Secretary in the late 60s, the NIT League was already fighting for regulatory reform -- before the ICC, the FMC, the CAB and any one else who would listen.

NIT LEAGUE FIRST ON DEREGULATION

You were among the first to see the value of economic deregulation. At the beginning of the 1980s, you used the powerful forces of deregulation to fuel progress, not only for yourselves, but for the American people. Then, during the decade, that progress was threatened by a movement to re-regulate. Each time, you fought shoulder to shoulder with the Department of Transportation to defeat the naysayers who would have turned back the clock.

Like you in the NIT League, we in the Bush Administration, believe in free enterprise. And we're doing all we can to defend it. We're also doing all we can to expand it.

President Bush has already taken specific steps to remove the regulatory roadblocks to growth in transportation and throughout the economy. And the NIT League, with leaders like Jim Bartley, John Buchanan, Bill McCurdy, Dave Torrey and many others, have demonstrated both the vision and the wisdom we need to finish the job.

Today I will focus on three issues that warrant immediate attention: trucking deregulation, maritime reform and the railroad labor situation.

TRUCKING DEREGULATION

Partial deregulation of the motor carrier industry has worked at the federal level the past 12 years. Benefits to shippers and consumers exceed \$15 billion per year -- and that by conservative estimates. And it has worked in the states that have deregulated their trucking industries.

But the remaining regulation of trucking at the state and federal levels is a drag on the national economy.

Trucking deregulation must happen -- sooner rather than later. The smooth and efficient operation of our market economy demands it. We are no longer competing exclusively in state and local markets. We are competing in a world economy. We cannot afford the costs and inefficiency of these parochial regulations.

Almost everyone now agrees that the federal reforms of the 1980s did not go far enough. They left in place too many barriers, especially at the state level.

Frito-Lay ships its product from a Mississippi plant to San Antonio, even though its Lubbock, Texas, plant is 200 miles closer. It saves \$95 a truckload by this circuitous routing -- the result of artificially inflated Texas intrastate rates.

Procter and Gamble finds it cheaper to ship Crisco 600 miles from Tennessee to Tyler, Texas, than to ship from its plant in Dallas, only 80 miles away.

And you all know the money-back guarantee offered by Federal Express on its overnight service. But did you know Federal Express can't offer it in California? California regulators have even asked the U.S. Supreme Court to affirm their power to prohibit it.

These examples might be funny if the effect weren't so serious.

Our legislation would remove essentially all remaining economic regulation of trucking. I intend to push for it hard, and continue pushing for it. I hope we will have your support.

SHIPPER UNDERCHARGE

One immediate problem of enormous proportion -- the "shipper undercharge" problem -- is really part of our strategy for trucking deregulation.

Unfortunately, the general public doesn't specialize in arcane transportation law and can't possibly understand it. They wouldn't believe it. A contract isn't a contract. A bill properly paid and "receipted" can come back to haunt the shipper with additional bills for a balance due of hundreds of thousands of dollars over and above the agreed-upon amount.

The undercharge problem is an outrage. At first, it was the problem of negotiated rates that for one reason or another were not filed.

Now with the Transcon case, the problem has expanded to rates that were properly filed, but a court has ruled them illegal -- even though the proper authorities, the ICC, had approved them. Business acting in good faith simply can't operate under these unreasonable conditions.

Moreover, it simply doesn't make sense that an obligation of the carrier should cause shippers to pay. To spend untold time and dollars watching the tariffs and making sure all the "i's" are dotted properly is an unreasonable requirement to place on shippers.

We want to solve this problem now. We -- the Administration and the NIT League -- have both submitted proposals. You have bent over backwards to compromise -- to pay substantial sums simply because of an outdated requirement to file tariffs. Any solution must address that requirement or the undercharge issue will be a recurrent nightmare. Our approval does it by eliminating the requirement altogether. We say: "It is not enough to solve yesterday's problem. Let's fix it so it can never be repeated."

The shipper undercharge problem has been with us for over six years. Enough is enough. Congress should act on the undercharge issue this year.

MARITIME REFORM

In addition to our concerns about the competitiveness and health of the trucking industry, we are equally concerned about the future of ocean shipping.

The U.S.-flag merchant marine historically has played a critical role in supporting our nation in times of emergency -- a role that the industry was called upon to fill again during Desert Storm.

And equally importantly, the U.S.-flag industry contributes significantly to our country's economic security in an era characterized by fierce international competition.

So from two perspectives -- national security and economic security -- we find it important to preserve the U.S. flag fleet. Yet, today, we are in danger of losing that fleet.

Since becoming Secretary, I have spent a considerable amount of my time on maritime issues -- chairing the White House Policy Coordinating Group on commercial maritime initiatives, and meeting with interested groups such as shippers. We are exploring policy options across the full spectrum -- from the way we build ships and crew them, to the economic regulations that govern their operation, to the subsidy programs that have supported them.

The time has come to think about government's relationship with the merchant marine in new ways. For example, perhaps it is time we stopped thinking about current and prospective payments to our liner industry as government subsidy. Maybe we need to begin to think in part of a "contingency fee." That is to say an "insurance policy" to ensure the immediate availability of reliable vessels and crews in times of national emergency. Such view could free us to restructure government's relationship with the industry in a way that truly gives the taxpayer the greatest return on the dollar.

Our working group report will be finished quite soon and submitted to President Bush. Maritime reform is my goal and I intend to work hard to make it a reality.

RAILROAD LABOR

Finally, coming right down the tracks is an additional challenge. Three weeks from today we could face a work stoppage in our railroad industry. Labor and management have agreed that there can be no strike or lockout until June 24.

I hope that the Presidential Emergency Board reports, which were released last Thursday, can form the basis for negotiations that will lead to an equitable resolution of the rail-labor disputes. Now is the time for steady, measured negotiations. The Administration will be closely monitoring the situation, and is prepared to work with the industry, railway labor and the Congress in any appropriate way to deal with this matter.

CONCLUSION

The three issues we've covered here are like transportation itself, filled with challenges and potentials. The road ahead, of course, won't be easy. Gains in maritime reform will be as difficult today as they were 20 years ago. The path to trucking deregulation -- including an end to shipper undercharges -- will be equally rocky. But with the support of the NIT League, I have every confidence we will succeed. I look forward to working with you.

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