



U.S. Department of
Transportation

News:

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

Contact: Marion C. Blakey
Tele.: (202) 366-4570

SECRETARY OF TRANSPORTATION ANDREW H. CARD, JR.
AMERICAN TRUCKING ASSOCIATIONS EXECUTIVE COMMITTEE
JUNE 26, 1992
ARLINGTON, VIRGINIA

As Secretary of Transportation my highest priority is safety and I am tremendously impressed by the trucking industry's aggressive efforts in highway safety.

The ATA has championed the single Commercial Driver's License. You have also supported random, mandatory drug testing, and increased roadside inspections. And you continue to push for a ban on the sale of alcohol at truck stops, and increased funding for safety research. These outstanding accomplishments are the mark of first class corporate citizens and first class individuals. So I say thank you.

UPDATE ON RAIL STRIKE

I'm probably the first Secretary of Transportation in history to come before the ATA Executive Committee and start off my talk by talking about railroads. But I'm sure you all join me in a sense of relief in knowing the economy can continue to improve unhampered by a major transportation shutdown. By now it is well known that the President signed legislation at 1:02 a.m. to force an immediate end to the two-day railroad strike. That really is good news for all of us in this room, but more importantly it is good news for America.

The railroad situation was one that challenged not only our economy and not only our seamless transportation network, but it challenged the political process and the ability of government to work. And I am pleased to report that the government did work and they did bring a speedy solution to this process and one that does not impose a settlement on one side or the other, one that allows the collective bargaining process to continue to work.

It's a different kind of solution than the government has been able to achieve in the past and I think it bodes well for our ability to demonstrate to the American people that we can make good things happen by working together in government.

Kudos go to the House and Senate and kudos in particular to Chairman Dingell and Chairman Swift, Congressman Lent, Congressman Ridder, Congressman Eckart who helped to craft a package and move it through the process in tremendous cooperating with the President and the Department of Transportation. We allowed the collective bargaining process to move forward with certainly no excuse for it not to be settled at the bargaining table.

TRUCKING INDUSTRY'S FUTURE

Now, that's certainly enough said about railroads at a trucking industry meeting.

It's a real pleasure for me to be here this morning to give you my views on the future of your industry and some of the challenges you face in the trucking industry. And I know that ours is a mutual role to keep America competitive in world markets.

Tom and I have talked. And he knows, you will find me to be fair, open. I like to work with people. I like to work with people who want to solve problems. If you have a problem, I really do want to know about it up front. Chances are we can work out our problems if we both know what the challenges are and have the courage to address them.

TRUCKING DEREGULATION

When Jim Busey, whom I already miss as Deputy Secretary of Transportation, spoke to the ATA Foundation in Key Largo in April, he covered a lot of the specifics of the Intermodal Surface Transportation Efficiency Act. I call it ISTEA. So I'll focus on other issues such as what we can do to ensure the future of the trucking industry -- an industry with an admittedly low profit margin and facing many challenges. Some of them called public relations.

The trucking industry -- like America herself -- has undergone absolutely tremendous change in the past decade. Many of you have harnessed the energies of change to grow and prosper. In spite of all these changes and challenges, the trucking industry worked hard to increase its share of the nation's intercity freight in the 1980s by three times the increases of the 60s and 70s. This is a tribute to your industry's competitive spirit.

But there are still a few elements in the trucking industry focusing too closely on the past -- trying to protect themselves from change. Perhaps there are some who would like to return to a past that was protected from competition. But the reality is the world just doesn't work that way anymore.

As someone once said, "it's hard to drive your truck into the future looking through the rearview mirror." If the trucking industry is to continue to be the leader in moving America's commerce, you must position yourselves to meet the challenges of the 21st century. Those include the challenges posed by the Federal Express decision, the shipper undercharge issue, and the new Interstate Commerce Commission policy that leaves some traditionally protected state markets vulnerable.

FEDERAL EXPRESS LEGAL CASE

The effect of the recent Supreme Court decision is going to let FedEx operate free from state economic regulation. The decision will let FedEx operate not only in California but in eight other western states. Those states will be unable to regulate

the rates, routes, and services of FedEx. And it's a pretty safe bet that other firms will attempt to restructure themselves to try to take advantage of the FedEx ruling.

The less-than-truckload business has been losing part of its market share to the package delivery industry for some time now. In 1970, your LTL carriers handled 81 percent of a \$5 billion LTL market. By 1990, their share was down to 42 percent of a \$34 billion market.

Your LTL carriers have seen their market share increase by only 40 percent in the last decade, while the total LTL market has more than doubled. The reason is deeply rooted in the changes in the markets you are serving.

Deregulation is an ally, and not a foe. Deregulation is the solution, and not the problem. Remove all economic regulations. Create a level playing field. And deregulation will stimulate carriers to adapt their services to meet customers' needs. I have every confidence in the world that the trucking industry -- maybe not every carrier, but the industry itself -- is up to the challenge of a fully competitive marketplace.

SHIPPER UNDERCHARGE

The undercharge problem is the second issue that demands change. You may have seen the article in The Washington Post on June 16 -- "Law Lets Trucking Firms Raise Rates Retroactively..." The story is not limited to The Washington Post. It's been all over television and certainly a lot of newspapers. The shipper undercharge problem has given the trucking industry a black eye, even though the problem is largely the making of lawyers, accountants or rate sharks.

Many shippers have begun to protect themselves by using contract carriers. Brokers and the big three auto manufacturers, for example, are using contract carriers for just this reason. The carriers having contract authority in this audience may consider this good news. But the rest of you have a problem. If you want a viable common carrier industry something has to change.

The one thing that absolutely has to change is the requirement to file tariffs.

It's not easy to come up with good examples. Every automobile on a dealer's lot has a sticker price in the window. That's reflected as one price. Well, let's say the truth is you go in there and haggle the dealer down before the sale takes place. If every sale price had to be filed with the Interstate Commerce Commission, you would see a very different automobile industry. It's a cumbersome process. And that's kind of the same principle with motor carrier tariffs. Business, industry commerce demand that we simplify the process not make it more difficult.

ICC POLICY

The third reason for change is the recently announced ICC policy on declaring local moves from warehouses to be interstate transportation instead of intrastate -- if the cargo got to the warehouse from another state.

The Justice Department will back up the ICC action on this issue. This means good news for interstate carriers, but your state affiliated members will lose some of their traditionally protected markets. A mixed blessing perhaps, but good, forward-

looking companies shouldn't need protection. Neither should they need artificially inflated rates to succeed in our competitive markets.

President Bush has spoken out very strongly against unnecessary regulation. He instructed federal agencies to streamline the regulatory process. The President wants to reduce your regulatory burden to the maximum extent possible without affecting safety. And again, I compliment your organization for recognizing that and becoming a partner in the quest for safety.

We've already begun dealing with a big part of these unnecessary regulations through the provisions of the Intermodal Surface Transportation Efficiency Act. As you know, all state vehicle registrations and fuel tax reporting will have to be done through the International Regulatory Plan and the International Fuel Tax Agreement in just a few years, and the ICC is moving very swiftly to do away with the bingo stamps. And we are working with the ICC in that regard. But there's still plenty of regulatory waste remaining.

That's why I'm pushing hard for the Administration's deregulation bill. It would remove essentially all remaining economic regulation of trucking. I ask you, knowing that this audience may be split, to take a second look at our bill.

The trucking industry has moved from strong opposition to deregulation to neutrality. That's a very, very big step. Many of you were bold enough to embrace change. And in many cases, you saw the dividends. Now the time has come to take the next step and actively support complete economic deregulation.

You will notice that I haven't told you trucking deregulation is good for the country. I haven't told you trucking deregulation is good for consumers or shippers or the economy. I've told you three reasons why trucking deregulation is good for the trucking industry. And there are many, many other reasons. But you know trucking deregulation will be best for our country, and best for our ability to compete in global markets.

Remaining economic regulations are costing the industry billions of dollars. All this waste is ridiculous in an industry with a less than two percent profit margin.

Like it or not, the trucking industry will have to find a different way of doing business. In the remainder of this decade some of your markets will dry up. Some will flower. And some whole new markets will develop. Those who try to move forward by looking through the rearview mirror, looking to the past to help them and protect them -- those people are not going to be here 5-10 years from now. Those truckers who will flourish will be the ones who use their heads and satisfy customers, not the public utility commissioners.

You've demonstrated that yours is a creative industry. Truckers are independent thinkers. You are bold, innovative, and very, very competitive. You've shown you are willing to change. The trucking industry has done a magnificent job of productivity and efficiency -- eliminating empty backhauls, for example. Your industry has made just-in-time delivery a reality. You've stepped into the breach many, many times.

It's relatively easy for the Japanese to take a few computers and create just-in-time delivery in a nation with a land mass smaller than California. But to make just-in-time delivery work, coast to coast all across a country as broad as our great land,

this is a feat few industries could accomplish. But you did it. You are changing the way you do business. Now, you are in the process of extending just-in-time delivery to Canada and Mexico.

So I plead with you to take the next smart move. Harness the energies of change for a bigger profit and an even stronger industry. And as you get stronger, you won't regret it. But more significantly America will get stronger. Ours is a challenge to do the best. America has always been that way. And truckers make it possible. So I'm grateful for the role that you have played and more importantly, I look forward to the role you will play to allow America to have just-in-time commerce to beat the world's challengers.