

The original documents are located in Box 35, folder “Trucking Industry - Meeting with Governor James Holshouser, May 27, 1976” of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

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cc: Hope
McKee

THE WHITE HOUSE
WASHINGTON



✓ -
What is
purpose of
this
meeting?
Jim

May 20, 1976

MEMORANDUM FOR: JAMES CANNON
FROM: WILLIAM W. NICHOLSON *WVN*
SUBJECT: Approved Presidential Activity

Please take the necessary steps to implement the following and confirm with Mrs. Nell Yates, ext. 2699. The appropriate briefing paper should be submitted to Dr. David Hoopes by 4:00 p.m. of the preceding day.

Meeting: With Group of Trucking Industry Representatives

Date: Thurs., May 27, '76 Time: 11:30 a.m. Duration: 20 mins.

Location:

Press Coverage:

Purpose: To discuss problems in the trucking industry.

- cc: Mr. Cheney
- Mr. Hartmann
- Mr. Marsh
- Dr. Connor
- Dr. Hoopes
- Mr. Nessen
- Mr. Jones
- Mr. Smith
- Mr. O'Donnell
- Mrs. Yates
- Col. Riley
- Ms. Hope
- Mrs. Gemmell


*See attached
memo from
Judy
Hoopes*

THE WHITE HOUSE

WASHINGTON

May 21, 1976

MEMORANDUM FOR: JIM CANNON

FROM: JUDITH RICHARDS HOPE 

SUBJECT: Meeting on Truckers Regulatory Reform
w/President, May 27, 11:30 a.m.

We have been given a go-ahead for a meeting on May 27. at 11:30 a.m. (20 minutes) with a group of truckers (see tab A) and the President. The meeting was formulated by Governor James Holshouser (R-NC) and the major portion of the list was submitted by him.

My office is coordinating the invitations, and we are now waiting to see from Bill Nicholson, the location of the meeting to determine the size of the group. With your concurrence, I will issue the invitations on behalf of the President.

BACKGROUND

Governor James Holshouser (R-NC) has requested a meeting with the President and a group of trucking officials to discuss regulatory reform with regard to the trucking industry. The group covers a broad range of trucking companies and the Governor will also attend.

The meeting was requested as an audience for the truckers, so that they could express their support for the importance of regulation and to ask the President to consider their views in his proposals for regulatory reform.

A copy of the Governor's list, along with our additions is attached. If you have any further additions, I would be happy to hear them.

cc: Ed Schmults
Steve McConahey
Paul Leach
Stan Morris
John Ely, DOT
John Snow, DOT

ATTENDEES

FIRST LIST

W. D. Goldston, Jr., President
Goldston, Inc.
Post Office Box 338
Eden, North Carolina 27288

John L. Fraley, President
Carolina Freight Carriers Corporation
Post Office Box 697
Cherryville, North Carolina 28021

W.L. Nahrgang, President and Chief Exec. Officer
Johnson Motor Lines, Inc.
Post Office Box 10877
Charlotte, North Carolina 28234

D. J. Thurston, Jr., President and Chairman of the Board
Thurston Motor Lines, Inc.
600 Johnston Road
Charlotte, North Carolina 28206

Lee R. Sollenbarger, Chairman
Transcon Lines
P.O. Box 92220
Los Angeles, California 90009

Robert H. Shertz, Vice Chairman
RLC Corporation
Box 1791
Wilmington, Delaware 19899

C. James McCormick, Chairman
I & S McDaniel, Inc.
Box 728
Vincennes, Indiana 47591

Stoney M. Stubbs, Chairman
Frozen Food Express, Inc.
Box 5888
Dallas, Texas 75222

Paul Schuster, President
Schuster Express, Inc.
48 Norwich Avenue
Colchester, Connecticut 06415

Anthony T. Bozich
President
IML Freight, Inc.
Box 30277
Salt Lake City, Utah 84125

Donald L. McMorris, President
Yellow Freight System, Inc.
Box 7270
Shawnee Mission, Kansas 66207

William G. White, Chairman
Consolidated Freightways, Inc.
601 California Street
San Francisco, California 94108

John L. Tormey, Chairman
Roadway Express, Inc.
1077 Gorge Boulevard
Akron, Ohio 44309

IF MORE ROOM IN MEETING

W. Stanhaus, Chairman
Spector Industries, Inc.
1050 Kingery Highway
Bensenville, Illinois 60106

H. Dillon Winship, Jr., President
Georgia Highway Express, Inc.
2090 Jonesboro Road, SE
Atlanta, Georgia 30315

M. M. Gordon, President
Gordons Transports, Inc.
Box 59
Memphis, Tennessee 38101

Earl N. Hoekenga, Chairman
Ryder Truck Lines, Inc.
Box 2408
Jacksonville, Florida 32203

R. R. Smith, Chairman
Smith's Transfer Corporation
Fox 1000
Staunton, Virginia 24401

ADDITIONS ALSO PROPOSED

Paul P. Davis, Chairman of the Board
McLean Trucking Company
Post Office Box 213
Winston-Salem, North Carolina 27102

John A. Murphy, Chief Executive Officer
Gateway Transportation Company
455 Park Plaza Drive
LaCrosse, Wisconsin 54601

John Ruan, President
Ruan Transport Corporation
Box 855
Des Moines, Iowa 50309

Frank L. Grimm, Chairman
O'Boyle Tank Lines
Box 30006
Washington, D.C. 20014

Walter F. Carey
161 Lone Pine Road
Bloomfield Hills, Missouri 48013

Howard E. LeFevre, Chairman
B & L Motor Freight
140 Everett Avenue
Newark, Ohio 43055

Edward L. Murphy, Jr., President
Murphy Motor Freight Lines
2323 Terminal Road
St. Paul, Minnesota 55113

H. Blaine Sanborn, President
Sanborn's Motor Express, Inc.
550 Forest Avenue
Portland, Maine 04101

T. R. Dwyer, Chairman
Delta California Industries
Transamerica Building, 46th Floor
San Francisco, California 94111

David M. Gantz, President
Wilson Freight Company
Cincinnati, Ohio 45223

Bill Watkins, Chairman
Watkins Motor Lines
1958 Monroe Drive, N.E.
Atlanta, Georgia 30324

George A. Lorenzen, President
Dohrn Transfer Company
4016 9th Street
Rock Island, Illinois 61201

J. B. Speed, President
Arkansas Best Freight System
301 S. 11th Street
Fort Smith, Arkansas 72901

William J. Wilson, President
Garrett Freightlines, Inc.
Box 4048
Pocatello, Idaho 83201

ADDITION PROPOSED BY ED SCHMULTS

John P. Varda, President
Wisconsin Motor Carriers Association
125 West Doty Street
Madison, Wisconsin 53703

ADDITIONS PROPOSED BY JUDITH HOPE

Mark D. Robeson
Executive Vice President
Yellow Freight System, Inc.
P.O. Box 7270
Shawnee Mission, Kansas 66207


W. E. Callahan
Executive Vice President
International Harvester Company
401 North Michigan Avenue
Chicago, Illinois 60611

THE WHITE HOUSE
WASHINGTON

May 26, 1976

MEETING WITH GOVERNOR HOLSHOUSER AND
A GROUP OF TRUCKING OFFICIALS TO DISCUSS THE
MOTOR CARRIER REFORM ACT

Thursday, May 27
11:30 a.m. (20 minutes)
The Cabinet Room

From: Jim Cannon 



I. PURPOSE

To meet, at the request of Governor James Holshouser of North Carolina, with a group of trucking officials who wish to express opposition to the Administration's motor carrier reform proposal.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background

You sent the Motor Carrier Reform Act to Congress on November 13, 1975. A copy of the decision memorandum which outlines the provisions of the bill, interest group positions and the expected Congressional situation is at Tab B.

At your suggestion, the submission of this legislation was preceded by consultations in October, 1975,

with representatives of regulated and unregulated carriers and the Teamsters. DOT had extensive contacts with all interested groups during the year-long drafting of the bill. These discussions revealed that the Teamsters and regulated common carriers would oppose the Administration's bill, while support would come from private and contract carriers, consumer and environmental groups, agricultural interests, air freight forwarders, smaller carriers and shippers. Active support and opposition to your bill has occurred as anticipated. Tab C summarizes the major criticisms of your bill by the regulated carriers and response to these arguments.

While DOT has been placing greater priority on the Aviation Act, the Department has been talking with relevant Senate and House members and staff to inform them about this Motor Carrier bill. As anticipated the bill has been moving slowly on the Hill. Very tentatively, Senate hearings are now planned in late June or early July. Realistically, no House hearings are expected this session.

B. Participants

1. Governor James Holshouser
2. Trucking Industry Representatives (See Tab A)
Your good friend Dick Herman, of Nebraska is included. Bob Shertz, of Delaware, First Vice Chairman of the American Trucking Association will be the spokesman for the group. Lee Sollenberger, Chairman of the American Trucking Association is also among the attendees.
3. DOT Officials and White House Staff

Secretary Coleman	John Snow (DOT)
Deputy Secretary Barnum	John Ely (DOT)
Jim Lynn	Judy Hope
Jim Cannon	Paul Leach
Ed Schmults	Stan Morris (OMB)

C. Press Plan

Meeting to be announced. White House photographer only.

III. TALKING POINTS

- I appreciate Governor Holshouser's suggestion that we meet today.
- I welcome the opportunity to discuss our regulatory reform program and to hear your views.
- I know you are particularly interested in ICC regulation of the trucking industry and our proposed Motor Carrier Reform Act.
- After extensive Department of Transportation and White House consultations with all interested parties, the Motor Carrier Reform Act was introduced to modernize and improve ICC regulation governing trucks and buses.
- While we may have our differences over the proposed Act, I know we share the goal of a strong, healthy, competitive motor carrier industry in the United States.
- I also want to assure you that my Administration will continue to listen to the views of the industry.
- Good, open, honest discussion of significant regulatory reform legislation in Congressional hearings, within the Executive Branch and in the general public is essential if we are to understand how regulation helps and harms the economy.
- I have my good Secretary of Transportation, Bill Coleman here. Since his department has the lead on our bill, I thought he might begin by outlining the legislative outlook for action and then, Governor Holshouser, we would like to hear your concerns.

ATTENDEES

W. D. Goldston, President
Goldston, Inc.
Eden, North Carolina

C. Grier Beam, Chairman of the Board
Carolina Freight Carriers Corporation
Cherryville, North Carolina

W. L. Nahrgang, President and Chief Executive
Officer
Johnson Motor Lines
Charlotte, North Carolina

D. J. Thurston, Jr.
President and Chairman of the Board
Thurston Motor Lines, Inc.
Charlotte, North Carolina

Lee R. Sollenbarger, Chairman
Transcon Lines
Los Angeles, California

*Robert H. Shertz, Vice Chairman
FLC Corporation
Wilmington, Delaware

Paul Schuster, President
Schuster Express, Inc.
49 Norwich Street
Colchester, Connecticut

Althony T. Bozich
President
IML Freight, Inc.
Salt Lake City, Utah

Donald L. McMorris, President
Yellow Freight System, Inc.
Shawnee Mission, Kansas

*William G. White, Chairman
Consolidated Freightways, Inc.
San Francisco, California

*Attended White House meeting chaired by Rod Hills in October
1975 prior to Presidential submission of the Motor Carrier
Reform Act of 1975

John L. Tormey, Chairman
Roadway Express, Inc.
Akron, Ohio

M. C. Benton, Jr.
Vice Chairman of the Board
Spector Industries, Inc.
Bensenville, Illinois

R. R. Smith, Chairman
Smith's Transfer Corporation
Staunton, Virginia

John P. Varda, President
Wisconsin Motor Carriers Association
Madison, Wisconsin

*Richard Herman, President
Herman Brothers of Nebraska
Omaha, Nebraska

W. E. Callaghan, Executive Vice President
International Harvester Corporation
Chicago, Illinois

S. Harwood Cochrane
Chairman of the Board
Overnite Transportation
Richmond, Virginia

*Frank Grimm, Chairman
O'Boyle Tank Lines
Washington, D.C.

George Little
North Carolina Secretary of Natural and
Economic Resources
Raleigh, North Carolina

*Attended White House meeting chaired by Rod Hills in October
1975 prior to Presidential submission of the Motor Carrier
Reform Act of 1975.

THE WHITE HOUSE
WASHINGTON

November 6, 1975

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM CANNON *J.C.*
SUBJECT: Motor Carrier Regulatory
Reform Legislation

Since early this year, you have been stating publicly that you will submit legislation to reform motor carrier regulation. In August you reviewed legislation developed by the transportation regulation task force and gave tentative approval, conditioned upon final discussions with labor and management representatives. These discussions have taken place, and revised legislation is now ready for your final review and approval.

If you approve submission of this legislation, we plan for you to meet briefly with Secretary Coleman on Thursday morning, November 13. This will be followed by a press briefing.

The Bill

The objectives of the bill are to:

- Benefit consumers and shippers by providing more efficient and economical motor carrier transportation services.
- Stimulate a wider variety of motor carrier services and prices by liberalizing entry and reducing pricing constraints.

Important provisions in the bill will:

- Eliminate antitrust immunities from certain rate bureau price-fixing activities.



- Reduce ICC mandates for circuitous routing and empty truck backhauls.
- Promote flexible pricing by reducing ICC involvement in rate setting.
- Eliminate entry restrictions based upon protections of existing carriers.
- Strengthen the enforcement of motor carrier safety regulation.
- Reduce restrictions on private carriers, owner-operators, contract carriers, air freight forwarders and agricultural carriers.
- Eliminate the exclusive authority of the ICC over motor carrier mergers and provide for a court-enforced merger standard similar to the Bank Merger Act.

Interest Groups

As might be expected, discussions with representatives of the Teamsters and the large regulated common carriers have revealed that they will oppose legislation which attempts to increase competition (through greater pricing flexibility and ease of entry) and remove anti-trust immunity from collective price-fixing activities. Although this segment of the trucking industry will strongly oppose the bill, it was clear from the discussions that they understand that the proposal is a middle-of-the-road reform approach and is not the precipitous deregulation they had feared.

Other major elements of the transportation sector will enthusiastically support the legislation, although many feel that it does not go far enough in eliminating ICC interference. Taken together, the elements of the motor carrier industry who will support the bill account for far more ton miles than the regulated common carriers who will oppose the bill. Strong indications of support have come out of discussions with private and contract

carriers, consumer and environmental groups, agricultural interests, air freight forwarders, smaller carriers and shippers. Examples of supporters include Sears, Inland Steed, Quaker Oats, the American Farm Bureau, the Consumer Federation of America, the National Industrial Traffic League and the Private Truck Council.

Several groups have asked that we expedite submission of the bill in order to permit their upcoming annual conferences to support publicly the Administration's efforts.

Congressional Situation

The Department of Transportation has been discussing the bill with a number of members in Congress. However, until the bill has been introduced, most members will not be in a position to make a judgment on this legislation. Yet, it is fair to say that the bill will have both strong support and opposition. Strong support can be expected from Congressmen Crane, Derwinski and Goldwater and from Senators Brock, Buckley and Taft. DOT feels that --- with strong White House backing --- the bill will be given hearings in the second session and that there is some likelihood that at least parts of the bill will be adopted. Needless to say, we will have an education job to do on the Hill and probably can expect a gestation period of two or three years for a bill which is as complex, far-reaching and controversial as this one.

Department and Staff Recommendations


The bill has been cleared for submission by Secretary Coleman, Attorney General Levi, Jim Lynn, Bill Seidman, Robert T. Hartmann, Max Friedersdorf, Ed Schmults (for the Counsel's office) and Paul MacAvoy (for CEA). Jack Marsh declined to comment.

I recommend that you approve submission of this legislation.

Decision

Approve

Disapprove



Major Regulated Trucking Industry Allegations
Regarding the Motor Carrier Reform Act

I. Entry

Allegation: By freeing entry, we will encourage safety violations, create a loss of service to small communities, undermine the common carrier concept and reduce value of operating certificates.

Response:

- . Our entry provisions do not provide for free entry; rather they liberalize the rules the ICC applies in granting certificates and licenses. Entry is not a major problem in the trucking industry, but changes in the entry process have been included in the bill as a means to enforce pricing flexibility, encourage downward pressure on rates, and assure that monopoly profits do not accrue to a few large carriers.
- . The alleged safety problem is dismissed by shippers and private and contract carriers as an emotional, rhetorical argument and a non-issue. DOT statistics show that regulated carriers today have a worse safety record than unregulated carriers. Notwithstanding these facts, the bill now provides for equitable enforcement of safety regulation for all motor carriers.
- . Small communities will not lose service but will, in fact, gain improved service as a result of the proposed reform. Consumer groups, shipper organizations, private and contract carriers all agree that small communities are not now adequately served by common carriers. Liberalized entry and pricing flexibility will strengthen common carriers and encourage a growth in service to rural America.
- . The concept of "common carriage" will be strengthened by the bill. Increased pricing and entry flexibility will improve the ability of common carriers to respond to market demand for different price/service combinations and arrest the present trend towards private carriage. Private carriers state that they would not operate their own private fleets if common carrier service were more reliable.

: At present, certificates of operating authority issued to truckers by the ICC have a value that is in excess of their value if there were more competition in the industry. These certificates are often purchased as a means of obtaining entry into the regulated sector of the industry. Increased entry and more competition will, of course, reduce the value of these certificates. However, inasmuch as they represent the expected value of existing monopoly profits in the industry, there is no public interest rationale for protecting the value of the certificates.

II. Price Flexibility

Allegation: By allowing price competition, we will create higher cost service, undependable and chaotic market conditons, and "skimming" of the best markets.

Response:

- . Pricing flexibility will result in some rate increases and some decreases, but rates should adjust to reflect costs more accurately. To assure that rates are not inflated and that monopoly profits and cross subsidies do not occur, the bill increases the threat of actual or potential entry. Competitive pressures will force rates to be held at reasonable levels.
- . Market chaos and "cream skimming" are discouraged by the design of the rate flexibility and entry provisions. Rates are required to be compensatory-- i.e., to cover costs. The ICC will still determine that carriers are "fit, willing and able" and rule on the ultimate lawfulness of rates. Rate bureaus will still publish rates enabling competitive pressure to be brought.

III. Rate Bureau Collective Pricing

Allegation: By eliminating rate bureau authority, we will eliminate cooperation on interline rates, encourage proliferation of individual rates and cause rates to be higher than necessary.

Response:

- . The bill prohibits only anticompetitive ratemaking activities. Rate bureaus will continue to determine joint or interline rates.

- . The bill will encourage a greater number of individual rates, but this is a benefit rather than a drawback. A wider range of price/service alternatives provides increased competition and improved service for shippers.
- . Elimination of antitrust immunity for collective price-fixing activity will increase competition and generate a downward pressure on rates.

IV. Private and Contract Carrier Provisions

Allegation: By providing greater operating flexibility to private and contract carriers, owner-operators and agricultural exempt carriers we will destroy the common carrier concept, allow "gypsy's to enter and exit at will and undermine service, and weaken the Teamster's ability to organize the industry.

Response:

- . Liberalized operating rules for private and contract carriers, etc., will not divert business from regulated common carriers. Representatives from these industries unanimously indicate that their interests and concerns lie in getting better equipment utilization and covering more of their cost--not overt competition with the regulated carriers.
- . The common carrier concept stands to gain, not lose, from this bill. Greater price flexibility and a broader entry policy will make common carriers more attractive and reliable and thus reduce the need for private carriage.
- . The contract and private carrier provisions do not permit totally free entry and open competition between these carriers and regulated carriers. Rather these provisions remove uneconomic restraints and permit rationalization and improved efficiency of existing operations.
- . Presently, the Teamsters are able to control the negotiation of lucrative wage arrangements for their employees on an industry-wide basis. Expanded entry and pricing flexibility will provide increased opportunity for other unions to compete with the Teamsters thereby affecting the Teamster's bargaining position vis-a-vis the industry.

THE WHITE HOUSE

WASHINGTON

May 26, 1976

MEMORANDUM FOR: RON NESSEN

THROUGH: JIM CANNON

FROM: JUDY HOPE *[Signature]*

SUBJECT: Presidential Meeting With Representatives
 of the Trucking Industry, May 27, 1976,
 11:30 a.m., The Cabinet Room

On May 27, 1976, at 11:30 a.m., the President will meet with Governor James Holshouser of North Carolina and approximately a dozen representatives of the trucking industry in the United States to listen to their views concerning the President's legislation involving motor carrier reform. (The Motor Carrier Reform Act of 1975.) This is a listening session. The President welcomes the opportunity to hear diverse viewpoints on his legislation.

Proposed Q's & A's are attached.

BACKGROUND:

The Motor Carrier Reform Act of 1975 was transmitted by the President to Congress on November 13, 1975. It was the third legislative proposal in the Administration's program to reform transportation regulation. It follows the Railroad Revitalization Act and the Aviation Act of 1975. The Railroad Act, of course, has been signed and hearings have just concluded on the Aviation Act.



PRESIDENTIAL MEETING WITH REPRESENTATIVES
OF THE TRUCKING INDUSTRY:
THURSDAY, May 27, 1976
11:30 a.m.
THE CABINET ROOM


- Q. The Motor Carrier Reform Bill has been very controversial and opposed by leaders of the trucking industry and the Teamsters Union. Does the President's meeting with leaders of the trucking industry indicate that he is backing off on his legislative proposal?
- A. Not at all. As you know, The President welcomes the opportunity to hear diverse points of view on important issues and welcomed the chance to meet with Governor Holshouser and this group.
- Q. Does the Administration expect action on the proposed Motor Carrier Reform Act this year?
- A. We are hopeful that hearings will be held, but realistically the Congress has a great deal to do during the rest of this session. Consequently, we are not optimistic that action will occur in this 94th Congress.

THE WHITE HOUSE

WASHINGTON

May 26, 1976

MEMORANDUM FOR: DICK CHENEY

FROM: ED SCHMULTS 

SUBJECT: The President's Meeting with
Governor Holshouser and Truck
Industry Representatives

I have reviewed the briefing memorandum for the President's meeting with the truckers tomorrow. It is well done.

There is one point, however, that you or I should emphasize to the President with Bill Coleman just before the meeting. The truckers will be loaded for "bear" and will be looking for a signal that the President intends to back off from the proposed Motor Carrier Reform Act. If the truckers leave the meeting with what they believe is such a "signal," the President will be perceived by many as backing down on a tough regulatory reform issue in the face of political pressure. In my view, this would cast his whole leadership in the area of "Big Government" and "Regulatory Reform" in doubt and would be referred to time and time again in articles, etc., over the next six months.

If, as the briefing memorandum recommends, the meeting is structured so that:

- the truckers are basically arguing their points to Bill Coleman, with the President listening; and
- at some point, the President says that, while we think the Motor Carrier Reform bill is a good effort, his Administration's feet are not locked in concrete and we are open to constructive proposals;

we should come out of the meeting in relatively good shape.

P

Can't get out
been recent they
must as acceptable
for the future.
Fast and satisfactory
