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THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

WASHINGTON

April 27, 1976

me

MEMORANDUM FOR JIM CONNOR

FROM: ED SCHMULTS 

SUBJECT: Grand Rapids Press Article Concerning Corber's
Comments on Trucking Regulations

In response to your note of April 17, the Grand Rapids Press article of April 13 on trucking regulation is referring to our Motor Carrier Reform Act submitted last October.

The position expressed by Mr. Corber in this particular speech reflects the official position of the ICC. Since his appointment in March, 1975, he has been a vocal critic of deregulation, calling it a "prescription for disaster". His Grand Rapids speech only expands upon and continues that criticism. Mr. Corber was appointed to fill an existing term which expires December 31, 1976.

THE WHITE HOUSE

WASHINGTON

April 17, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

ED SCHMULTS

FROM:

JIM CONNOR

The attached newspaper clipping was returned in the President's outbox with the following notation:

"Isn't this one of "ours"?"

Please follow-up with appropriate action.

cc: Dick Cheney

Attachment:

Clipping from THE GRAND RPAIDS PRESS 4/13/76
re: ICC Member Believes Trucking Regulations will
Undergo Change"

THE WHITE HOUSE
WASHINGTON

Ed

Isn't this one
of "ours."

ICC Member Believes Trucking Regulations Will Undergo Change

By Peter D. Murphy

Regulation of the trucking industry is certain to continue, but not without reformation.

Changes in federal rules governing the transportation field are expected to grow out of the current "deregulation" movement. Some already have taken place, most notably in the area of shortened time limits to reach decisions in the Interstate Commerce Commission.

The deregulation movement has pitched unusual bedfellows into battle, according to Robert J. Corber, an ICC commissioner who visited here Monday, primarily to talk to the Grand Rapids Chapter of Delta Nu Alpha, national transportation fraternity.

The conflict that began more than a year ago came to a head in October when proposed legislation prompted by President Ford was written and now has become the bogeyman haunting the ICC, a major part of the trucking industry, many shippers of goods and the Teamsters Union.

These stand almost arm-in-arm against the Department of Transportation—which observers say would like to acquire some of the authority now held by the ICC—with economists and academicians, and a group of shipper-industrialists called COMET, the Committee On More Efficient Transportation. Said to be among its members are some major manufacturers such as Ford Motor Co.

Corber warned that complete deregulation of the industry would be chaotic, that both rate and route stability would be gone, that shippers could contract one day for goods to be shipped only to find out a few days later that the trucking concern couldn't live up to the agreement or had gone out of business.

Under ICC regulations, rates, route authority and financial stability of companies are closely watched.

Corber feels the Senate committee which would be studying deregulation probably would not take up the measure in the current session. He wouldn't comment on when the House committee might get to the administration-backed legislation.

What concerns him more is that Congress may not act directly on that particular proposal at all, but instead might use the recently-enacted Railroad Revitalization and Regulatory Reform Act, which took effect in February, as enabling legislation to reform parts of the trucking industry. Corber doesn't feel the "4 Rs" (the way ICC commissioners refer to the rail reform act) would be that applicable to the trucking field. Both are under ICC jurisdiction,

however.

To back up his feelings on rate regulations, a vital part of ICC control, he pointed to England, which deregulated its transportation industry several years ago.

"There was a decline in rates of truckload shipments by 10 per cent," said Corber. "But less-than-truckload rates went up more than 40 per cent."

Corber, local leaders in the industry and the Michigan Trucking Association believe deregulation will hurt those smaller common carriers which will handle less-than-truckload shipments. They also feel that if the rates are permitted to be set "by competition," smaller firms could be forced out of business.

If smaller trucking concerns go out, that means the smaller shippers also could be left without service, unless they want to pay the big price for LTL (less than truckload) shipments. End result, according to Corber, would be higher prices to the consumer for goods brought about by higher rates charged by big trucking firms.

"Pure competition does not exist in any business today," Corber said in answer to a question about whether the free enterprise, competitive system wouldn't take care of such things as soaring prices.

Corber called America's present transportation system "the envy of all the world," but admitted it had its faults.

Basically, that system, as it pertains to trucking, controls states or regions in which trucking concerns may operate so no area is without service or becomes top heavy with service. It also has freight-rate schedules established by zones.

It looks at new firms to make sure they are financially capable of operating and checks on mergers and bankruptcies. It enforces regulations, investigates infractions and "gives stability" to the industry, Corber said.

He takes exception to academicians' projections that "deregulation will save consumers \$3 billion to \$16 billion a year." Instead, he said, the stability of the industry under ICC saves consumers \$2 billion to \$3 billion a year.

He said there are 100 million shipments a year by motor carriers operating within the United States. Of these, 40 per cent require joint-line service. That's where a trucking concern has the authority to drive from Grand Rapids to, say, St. Louis Mo. At St. Louis, it would pass its shipment to another trucker which has the authority to carry it to Seattle.

Corber feels the threat of deregulation has caused the trucking industry and the ICC to become more interested in its effects on the consumer, has reduced time lag in decisions, has brought closer analysis of costs and benefits of the industry and has forced a general review of regulations.