

The original documents are located in Box 22, folder “Motor Carrier Regulatory Reform” of the John Marsh Files at the Gerald R. Ford Presidential Library.

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THE WHITE HOUSE
WASHINGTON

Ed Schumty has
Mr. 9 article
re Independent
Truckers support
for Admin. initiative
re Motor carriers -
(reprint) (to appear
in next publication)

THE WHITE HOUSE

WASHINGTON

December 19, 1975

MEMORANDUM FOR THE PRESIDENT

THROUGH: JIM CANNON

FROM: ED SCHMULTS 
PAUL MacAVOY 

SUBJECT: Response to Proposed
Motor Carrier Reform Act

In November you submitted the proposed Motor Carrier Reform Act to the Congress. Since then, this proposal has been receiving substantial editorial and interest group support, as indicated by the attached examples.

Tab A contains editorials from the following publications:

Arizona Daily Star
The Arizona Republic
Birmingham News
Business Week
Chicago Tribune
Cincinnati Enquirer
Hartford Times
Los Angeles Times
The Miami Herald
New York Times
Omaha World Herald
Raleigh North Carolina News and Observer

Tab B contains letters and press releases from the following organizations:

American Farm Bureau Federation
American Hospital Supply Corporation
Committee on Modern Efficient Transportation
Consumer Federation of America
Public Interest Economics Center
Whirlpool Corporation

Arizona Daily Star - November 18, 1975

The President's Problems With Free Enterprise

President Ford, perhaps to his own unhappy surprise, has discovered strong opposition in his drive to free business from government controls. The opposition is coming from business itself.

For years the conservative politicians have made non-ending attacks on the governmental strangulation of big business, and in many cases their arguments

quickly reacted by calling Ford's plan the "ultimate in government irresponsibility."

Well, if the President is nonplussed at the overall antagonism his deregulation plans have raised, the public can feel no different. Americans are told regularly — and, in fact, high school students in Arizona have an ordered, accredited course in

The Arizona Republic - Saturday, November 15, 1975

Deregulate trucking

President Ford's plan to limit the regulatory powers of the Interstate Commerce Commission over trucking would cut costs for hundreds of thousands of manufacturers and distributors and thereby result in lower prices to consumers.

It also would open the way for anyone with the money, the know-

ates and lease their vehicles and drivers to trucking companies for "back-hauls." At present, this is forbidden, which also results in wasteful one-way operations.

Can anyone find anything wrong with the Ford plan?

Yes, the American Trucking Association and the ICC.

Birmingham News - November 18, 1975

Less Truck Regulation?

President Ford has made a hit with more than one audience in recent months preaching the gospel of less federal regulation.

His stand on this issue is commendable. Federal regulations can hurt the consumer in numerous ways. Sometimes it happens when regulations come to protect regulated industries

protect the public interest to become in practice the protector of special industry interests."

Among other things, the proposal would allow more flexibility in the raising and lowering of rates to meet changing market conditions. Also, agricultural carriers would be able to haul a wider range of goods so that they won't

Business Week - December 1, 1975

The brakes are dragging

President Ford's proposal for drastically scaling down government regulation of interstate trucking and bus transportation is a rational approach to an area where rationality is badly needed. The deregulation plan is consistent with the proposals the Administration has already made for air transport and the rails. It recognizes the fact that a top-heavy regulatory apparatus has kept the transportation industry from making adjustments to changing traffic and cost patterns. And it seeks to give the market a chance to force the overdue changes that regulation has prevented.

Chicago Tribune - December 7, 1975

'But who will regulate us?'

The strongest opposition to the Ford administration's cautious moves toward deregulating business is coming from a curious source — businessmen who fear they might lose the comforts of regulation.

Businessmen have been generous in their praise of free enterprise and their denunciation of regulation, particularly of pricing and delays of decisions. Yet now, as the prospect of greater freedom comes closer to reality, many who were talking a good deregulation game seem to be changing their tune.

feel more comfortable or protected with it than without it.

Overzealous regulation reduces competition and the price benefits that would thereby accrue to the public. It can reduce innovation. It reduces individual initiative by prescribing transactions that can or cannot take place. It increases taxpayer expense through subsidies and through the cost of the regulating mechanical process. On top of all this is the tremendous business cost of complying with regulations—a cost that falls on the public in the end.



Cincinnati Enquirer - November 22, 1975

Deregulating The Truckers

THE SHARP PROTEST raised by the trucking industry the other day against President Ford's proposal to deregulate truck and bus lines is only one indication of how difficult it will be for the Presi-

for millions of American workers, businessmen and taxpayers."

Latest step in that direction is to convince Congress to reduce the power the Interstate Commerce Commission (ICC)

Because 50.4% of the goods transported in the United States are moved by truck, it is vital that vigorous competition insure the lowest possible cost to the consumer who pays the shipping cost.

Truck, bus deregulation should not be delayed

President Ford finally has sent his long awaited legislation proposing deregulation of the trucking and bus industries to the Congress, and predictably, the opposition already is building.

The thrust of the legislation is to

costs of hauling the commodity in question.

It also would eliminate antitrust immunity for rate bureaus, which now set rates for all truck lines within a territory; ease restrictions on private truck lines and contract carriers; allow

Truckers like to point out their importance to Americans by observing that few consumers can easily find an item they own—from a pin to a house—of which all or part wasn't once carried on a truck.

From there it is an easy step to President Ford's assertion that cutting the cost of truck transportation would benefit just about everyone. So it would, and Ford has a sensible plan to accomplish the job.

People in the trucking business dislike the plan and are lobbying heavily against it. Their opposition is strong partly because the Administration legislative proposal would take money from their pockets and partly because, they say, it could open up the industry to chaos and rapacious conduct.

Lee R. Sollenbarger sets forth many of the industry's arguments on the opposite page.

We think that the truckers are overstating the risks, though, and that the prospective benefits of the Ford deregulation plan—if it is handled carefully—much outweigh its drawbacks.

The trucking system today is entangled in wasteful regulatory restrictions. No one can start into business, if he plans to cross any state lines, without the assent of the Interstate Commerce Commission. The applicant must ask for permission to ply a specific route and to carry specific goods. He must persuade the ICC's examiners that the customers on that route, who ship those goods, aren't adequately served already. And he must demonstrate that his entry into the business won't hurt his competitors on the route.

Then, having won authority to start moving his trucks, he must charge exactly what his competitors charge. Those rates tend to be high.

One risk is that, while the long-haul charges for big loads could come down quickly, the tariffs on smaller cargoes might rise because of the costly extra handling and service these loads often involve. Another risk is that residents of remote small towns would find their freight bills going up.

Experience in Australia and Great Britain suggests that these rate increases need not be large enough to cause economic hardship. And if average rates are coming down, those reductions will be reflected in the basic prices of virtually everything—even though that final journey from warehouse to consumer or retailer costs somewhat more in a few instances.

Railroads fear that lower truck rates would divert more freight away from trains. That might happen, and Congress can minimize the risk by approving the President's proposed rail tariff deregulation law when it passes the truck bill.

Making competition more free can be beneficial, but it can also be destructive if it is carelessly done. The Ford proposal involves basic changes in the way an entire industry is structured, operated and financed, and these changes must be undertaken gradually and cautiously.

The final result can benefit both the consumer and the economy—enough to justify all the patience and effort that will be needed.

Los Angeles Times
Wednesday, December 10, 1975

EDITORIALS

Truck and Bus Deregulation Is Right . . . Despite Backfire

ONCE again Gerald Ford has played a face card in one of his strongest hands in behalf of private enterprise. He has asked Congress to let the trucking and bus industries have greater freedom to raise or lower rates without government inter-

ly way, does it really follow that deregulation is a Bad Thing?

It depends, of course, on who's on first. But we think that defense of the principle ought to be more important than twisting it advantageously. Consider:

In the federal government today (to say nothing of the state and local gov-



New York Times - November 16, 1975

The Truck Cartel

Most cartels have only a few members. The trucking industry in this country is that rare exception, a cartel with 15,000 members, most of them small. But they have a giant ally—the United States Government.

Under the protection of the Interstate Commerce Commission, truckers through the motor carrier rate bureaus have been able to fix prices for their services and to protect their least efficient members while staying immune

Omaha World Herald - November 17, 1975

Strong Words on Truck Deregulation

The trucking industry moved in with heavy artillery to try to shoot down the President's proposal to limit federal regulation in that industry and thus try to increase

abandonment of service to small communities off main routes, the rise of a few big trucking giants, poorer service and higher rates for everybody.

Raleigh North Carolina News and Observer

President Ford's ICC Reform Overdue

Former Justice William O. Douglas once said that regulatory agencies should be dismantled after 10 years for fear that by then they would be doing more harm than good. Certainly such government bodies should be updated from time to time, and that ap-

the American Trucking Association already is warning the public ominously in advertisements that "deregulation is really going to affect you and your family — your budget and your pocketbook" — more than you may realize."

more efficient use of available vehicles and manpower. Other rules would be lifted to discourage wasteful, empty return-trips. Agricultural carriers, for instance, would be free to deliver other commodities on return trips in certain cases.

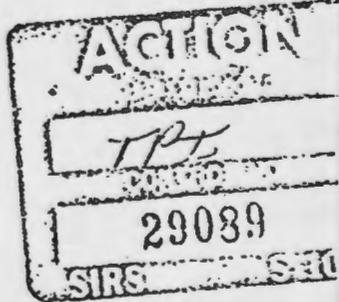
American Farm Bureau Federation
OVER A HALF CENTURY OF SERVICE TO AMERICAN AGRICULTURE



GENERAL OFFICES
225 TOUHY AVENUE
PARK RIDGE, ILLINOIS 60064
PHONE: (312) 696-2020
CABLE ADDRESS: AMFARMB

November 12, 1975

Honorable William T. Coleman, Secretary
Department of Transportation
Washington, D.C. 20590



Dear Secretary Coleman:

We are pleased to learn that the Administration's motor carrier regulatory reform bill was released for introduction in the Congress today. While we have not had an opportunity to study the final version in detail, we believe it conforms in most respects to Farm Bureau policy.

I am enclosing a copy of a statement which is marked for release to the press on November 14, which may be of interest to you.

As you know, we have been working with your people on rail reform legislation. We have been pleased that you and others in the Administration have been holding steady for meaningful regulatory reform as an essential part of the omnibus bill. We do not yet have the final results of our joint effort in the Congress, but we hope you will continue to resist pressures by carriers to postpone regulatory reform and simply pass a money bill.

We look forward to working with you as we approach the Congress on truck regulatory reform.

Sincerely,

William J. Kuhfuss
President



WJK:plk
Enclosure

cc: Roger Fleming, Director

Park Ridge, Illinois 60068

Contact: Creston J. Foster, Director of Information

Phone: (312) 696-2020

FOR IMMEDIATE RELEASE

PARK RIDGE, ILLINOIS, November 14, 1975...William J. Kuhfuss, president of the American Farm Bureau Federation, has expressed general approval of the truck regulatory reform bill released today for introduction in the Congress by the Ford Administration.

Kuhfuss said the bill is generally in line with the policy goals of the nation's largest general farm organization in the area of regulatory reform.

"While we might have wished the bill to go even further in reforming the outmoded regulation of the motor carrier industry," Kuhfuss said, "it definitely moves in the right direction. We hope that the Congress will move swiftly to finish work on a meaningful rail reform bill, and then proceed with due deliberation on the truck bill."

The Federation president pointed out that the agricultural industry has demonstrated that the lack of regulation has not resulted in the chaos that many common carriers predict will result from any meaningful deregulation.

"The present Interstate Commerce Act," Kuhfuss said, "exempts the hauling of raw agricultural products by motor carrier from economic regulation. This freedom from excessive regulation has produced a highly competitive agricultural trucking business which is responsive to the needs of shippers. The Administration's bill will improve agricultural trucking by providing additional opportunity for back-hauls by the agricultural truckers."

"President Ford is to be commended for his persistent leadership in regulatory reform," Kuhfuss concluded. "We hope he will continue his efforts to reduce the excessive regulation that smothers competition, increases costs, and hinders initiative and innovation."



American Hospital Supply Corporation

November 26, 1975

Mr. John W. Snow
Deputy Under Secretary
U. S. Dept. of Transportation
Washington, DC 20590

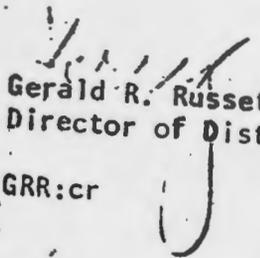
Dear Mr. Snow:

I have reviewed with great interest the Motor Carrier Regulatory Reform Act of 1975 drafted by the U. S. Department of Transportation and transmitted to Congress by President Ford on November 13.

The elimination of burdensome and unnecessary economic regulations of transportation subject to Part 2 of the Interstate Commerce Act will greatly increase the cost effectiveness of transportation services provided by the motor carrier industry, and enable us to distribute our health care products more efficiently.

We will be supporting this act with vigor through the elected representatives from the State of Illinois. We firmly believe this positive, middle-of-the-road stance will generate the efficiencies we need in transportation and eliminate the chaos which would be associated with total deregulation.

Sincerely,


Gerald R. Russeth
Director of Distribution

GRR:cr





COMET

COMMITTEE ON
MODERN EFFICIENT
TRANSPORTATION

1000 CONNECTICUT AVE., N.W., SUITE 1200 ■ WASHINGTON, D.C. 20036 ■ 202/785-0048

JACK PEARCE
General Counsel

Press Release

November 13, 1975
For Information call
Jack Pearce -- 785-3048

The Committee on Modern, Efficient Transportation (COMET) today welcomed the Administration's forwarding to Congress a bill to further regulatory reform in the regulated trucking area.

COMET is a group of commercial users of transportation which has supported regulatory changes in surface domestic regulated transport for several years.

The Committee's General Counsel, Jack Pearce, noted that the types of regulatory changes proposed should be of significant benefit to American consumers. He pointed out that the proposals generally appeared to be designed to improve the flexibility and efficiency of regulated motor carriers, as well as easing regulatory restrictions on other forms of motor transport. He noted that economists, consumer groups, and other groups had long called for changes of the sort now definitely proposed; and even greater changes.

Pearce also observed that Congress is now hard at work on legislation which would make significant regulatory changes designed to help revitalize railroads. These regulatory changes are a part of "omnibus" rail reorganization bills now in mark-up in both the House and Senate. He stated that he hoped the Congress would soon be able to turn to consideration of proposals in the truck area.





The COOPERATIVE LEAGUE of the USA

a national federation of cooperatives

Stanley Dreyer, president

November 13, 1975

Honorable William Coleman
Secretary of Transportation
Department of Transportation
Washington, D. C. 20591

My dear Mr. Secretary:

As Transportation Chairman of the Consumer Federation of America, an organizations of over 200 consumer groups at the national, regional, and state level, I write to felicitate you and the Department on the major thrust of your new surface transportation (trucking) bill which went to Capitol Hill this week.

Much of what you are seeking in this legislation has been a perennial goal of the Consumer Federation. To show you what I mean, let me quote briefly from the Surface Transportation Resolution which was hammered out after long discussion in our representative Transportation Committee and ratified enthusiastically at the big Consumer Assembly held in Washington last January.

• The portion of the Resolution to which I direct your attention reads as follows:

"Surface Transportation -- CFA favors measures to make regulated intercity surface transportation of freight more competitive and more efficient, in order to increase the availability and reduce the costs of consumer goods and services. Such measures include:

- (a) decreasing substantially the scope of carrier agreements on prices and services;
- (b) cutting back on federal limitations on motor carrier service offerings; and
- (c) when markets are adequately competitive, allowing carriers greater freedom in their individual pricing decisions.



November 13, 1975

"The Consumer Federation of America calls upon Congressional Committees to cut through the tangled threads of special interest which have held up needed, pro-competitive changes in regulatory legislation, in the interest of the consumer. Prompt legislative action in accordance with the policy we recommend is a pre-condition for effective relief in this area."

As this bill moves through the House and Senate we shall have some additional suggestions to improve and strengthen it from the consumer point of view. We like the underlying philosophy of your bill because it recognizes a long-neglected aspect of transportation regulation where the carriers have had too much to say at the decisive points where rates are set, new carriers admitted to do business (or more often excluded), and where routes are laid out, back-hauling permitted, and the like.

It is our hope that consumers at long last will be able to get a hearing and have a say as we have not been able to do in the frustrating experiences we have had continuously with the Interstate Commerce Commission.

If the bill can be shaped to cover the concerns we have had over the years, you will find the Consumer Federation and its constituent members working to secure its passage during what remain of the 94th Congress.

With very kind regards, I am

Faithfully yours,

Shelby Edw. Southard
Transportation Chairman
Consumer Federation of America

SES:nlj

bcc: Mr. John Snow



November 19, 1975

TO MEMBERS OF CONGRESS:

DEAR MEMBER:

The U.S. Department of Transportation has recently transmitted the Motor Carrier Regulatory Reform Act to the Congress. The legislation is designed to alleviate the problems of the current regulatory system of economic regulation of motor carriers which, as the bill observes, "frustrates innovation, impedes competition, and impairs the efficiency and health of the motor carrier industry, especially the common carrier system upon which the small and rural shipper is uniquely dependent." The proposal seeks to replace existing regulatory practice with, "a regulatory system that will serve not just the needs of the motor carrier industry but of the Nation as a whole." Its guiding principle in attaining this objective is to supplant current reliance on administrative, quasi-judicial decision-making with "increased reliance on competitive forces in the development and maintenance of the motor carrier industry."

It seeks to create this new, more competitive environment by modifying the three most fundamental components of present economic regulation of trucking: collective rate making, rate regulation, and restrictions on entry and operating authority. The bill would sharply curtail collective ratemaking by eliminating rate bureau antitrust immunity except for carriers participating in movement of inter-lined traffic.

The bill modifies rate regulation in two major ways. First, it creates a "no-suspend zone" based on rate levels of the final day of the previous year and in the first year of enactment extending seven percent up or down, in the second year the zone covers 12 percent change, thereafter rates within 15 percent of the rate on the last day of the previous year may not be suspended. Rate changes within the allowed percentages may not be suspended on the grounds that they may be unreasonably high or low; they may, however, be disallowed after a commission investigation in which case the bill contains provisions requiring refunds for either shipper or carrier. Moreover, a rate may still be suspended on grounds that it is discriminatory or involves undue preference. The bill's second major reform of rate regulation would define the standard for minimum rate making as: "the carrier's variable cost of providing the specific transportation to which it applies." This definition, which applies to both common and contract carriage, is intended to increase downward rate flexibility in the motor carrier industry.

The Motor Carrier Regulatory Reform Act also contains several provisions increasing freedom of entry and operation. These provisions include: reducing operating restrictions on private and contract carriage, allowing



small exempt haulers greater freedom in obtaining backhauls of non-exempt goods, allowing common carrier entry where the proponent demonstrates that the operation will cover variable costs, and directing the ICC to reorganize commodity and route restrictions so as to diminish empty backhauls and needless circuitry. Also included is authorization of a study by the Secretary of DOT to determine what further steps may be called for at a later time.

Thus, while addressing the major components of the regulatory system the proposed legislation would not end economic regulation. Indeed, in the area of rate bureaus it would introduce antitrust regulation. But the bill would redirect regulation toward enhancing rather than stifling competition.

The mechanics of how best to reorient regulation may be subject to varying economic and political judgments. Certainly the motor carrier industry has the characteristics that would allow it to become a stable but vigorously competitive industry. Economic barriers to entry and exit, except those created by the ICC, are very low. Economies of scale are limited. Variable costs are a high percentage of total costs. Thus, on the economic merits of the case, a far more market-oriented system than is called for by the DOT bill would be justified. In this perspective it becomes clear that the Motor Carrier Regulatory Reform Act constitutes a very modest degree of change. Particularly in the area of reducing entry and operating restrictions, but to a lesser extent in rate regulation as well, the Congress should give serious consideration to going beyond the DOT proposal. If, however, more decisive action proves to be politically unfeasible, enactment of the MCRR Act would represent a constructive, if conservative, step toward a less wasteful, more competitive trucking industry.

Prompt adoption of the Motor Carrier Regulatory Reform Act would produce substantial net social benefits. Although attempted quantification of the savings attainable from eliminating regulation-induced waste in truck transport have not yet produced definitive answers, most disinterested economists agree that economic regulation of trucking is responsible for substantial losses in economic efficiency.

At a time when large gains in the overall economic productivity seem difficult to achieve, it is appropriate to begin reducing institutional causes of economic inefficiency even without precise data on the exact quantity of the waste involved. Such reform is particularly timely given the present concern with unnecessary energy consumption. For example, the MCRRA would permit private carriers to haul freight on a for-hire basis for affiliates. A recent DOT study of 14 private carriers found that relaxing this one restriction could save 480,000 gallons of fuel annually for these carriers alone.

Against these substantial advantages are balanced the claims that the current regulatory system benefits small shippers, small communities, and small shipments through "cross subsidies" paid for by the very high rates imposed by analytically rigorous empirical studies. On the contrary,



much anecdotal evidence suggests that regulated carriers are providing less than satisfactory service to both small shippers and communities who are the purported beneficiaries of cross subsidy. This evidence suggests that the anti-competitive nature of the current regulatory system may, in fact, place a disproportionately heavy burden on those shippers too small to effectively exercise the option of contract or private carriage. In any case, even if it were determined that such cross subsidies did exist and that they did serve desirable social objectives, a direct subsidy would be more efficient and more equitable than financing the alleged benefits to some shippers by charging other shippers (and indirectly, consumers) excessive transportation prices.

Thus, we believe that the social benefits of motor carrier regulatory reform far outweigh any costs which might be associated with it. The Motor Carrier Regulatory Reform Act represents an important step toward a more productive, less wasteful trucking industry. We strongly urge that the Congress give prompt consideration to this measure and other similar motor carrier regulatory reform proposals, and that legislation be enacted implementing a thoroughgoing reform of each of the three areas covered in the DOT proposal: collective rate making, rate regulation, and entry and operating restrictions.

Identical copy of this letter sent to Representatives Jones, Harsha, Howard, Shuster, and Senators Magnuson, Pearson, Hartke, and Weicker.





Administrative Center

BENTON HARBOR, MICHIGAN 49022

November 14, 1975

Mr. William T. Coleman, Jr.
Secretary
Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20591

Dear Mr. Secretary:

I was delighted to learn that the Department of Transportation's proposed motor carrier legislation had been submitted to Congress.

As you may know, I had the recent privilege of a briefing on the expected content of this proposal in Washington.

As with your earlier, rail-oriented, proposals, which Whirlpool supported before Congressman Rooney's Subcommittee on July 22, 1975, the direction and intent of these motor carrier amendments of the IC Act make eminent sense.

We would take this opportunity to congratulate you and the Department on both of these significant and constructive recommendations to Congress. They show remarkable insight and understanding.

Sincerely yours,

A handwritten signature in cursive script that reads "Carl".

Carl R. Anderson
Director
Corporate Transportation

CRA:e

cc: Messrs. J. Snow ✓
J. Crouse



THE WHITE HOUSE

WASHINGTON

September 21, 1976

MEMORANDUM TO: JACK MARSH

FROM: RUSS ROURKE *Russ*

Jack, Jake Smith and I chatted again today re the subject discussed at our meeting yesterday.

Pursuing a second conversation I had with Ed Schmults on the subject, I suggested to Jake that it would be very helpful if Ben Whitlock (ATA) would send to us something in the nature of a rebuttal that could be studied here at the White House and at DOT. In a nutshell, a point by point analysis of the problems that they would face with a deregulation proposal. Jake agreed to do so, and has already contacted Whitlock...I am advised by Whitlock's Office that material is on its way to the White House.

Jake again surfaced his proposal that the President do a drop by during their Convention at the Washington Hilton on either October 18, 19 or 20. There will be approximately 3,000 people in attendance. Retreating considerably from his earlier request, Jake suggested that the President need only say that "we are taking another look at deregulation...or...the matter is being studied carefully, etc."

Jake is leaving for Europe on Wednesday, and will not return until October 8. In the interim, he asked that you contact Ben Whitlock re any action you decide to take on the above.

September 21, 1976

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FROM: NESS ROUKE

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RAR:cb





SMITH'S TRANSFER CORPORATION

General Office: P. O. Box 1000 Staunton, Virginia 24401 Area Code 703 886-6231

R. R. SMITH
CHAIRMAN OF THE BOARD

September 22, 1976

Dick Cheney

*This ought to be handled
at the WH*

Rog

Jack Marsh

Mr. Roger Morton
1828 "L" Street, N.W. - Suite 250
Washington, D. C. 20036

Dear Roger:

I appreciate your taking time out of your busy schedule to meet with us at the White House on this past Monday. I share your feeling--they simply do not realize that the number one objective is getting the President re-elected. They would rather preserve their position on an issue regardless of the end result.

However, some encouragement is that possibly Russ Rourke has joined our thinking. He called yesterday and asked if I could furnish him some information that would enable him to convince the others of the merits of our position on deregulation. He stated that after receiving the material Jack Marsh would discuss it personally with the President. Yesterday afternoon about five o'clock I had Ben Whitlock deliver the material to Russ by messenger.



Mr. Roger Morton

September 22, 1976

Page 2

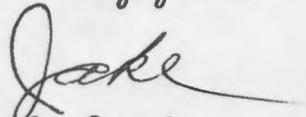
I plan to be in England for the next two weeks. I trust that you can persuade the President that if he will only come before the group and give them a justification for casting their vote for him I am convinced that we can accomplish the desired result.

Yesterday I advised Russ Rourke that if the President would attend a luncheon at the Washington Hilton we have three dates, October 18, 19, and 20. We normally have in attendance from 2500 to 3000 people at these luncheons.

Please feel free to discuss the situation with Ben Whitlock at A T A, telephone number 202-797-5212.

With kind regards,

Sincerely yours,



R. R. Smith



September 22, 1976

Dear Bennett:

Many thanks for your letter of September 21 as well as the enclosed report noting the Trucking Industry's position with regard to deregulation.

I am sure that Jake Smith filled you in on the details of my most recent conversation with him.

Thank you again for your prompt response to our request for information on ATA's position.

With all good wishes, I remain,

Sincerely,

Russell A. Rourke
Special Assistant to
the President

Mr. Bennett C. Whitlock, Jr.
President
American Trucking Associations, Inc.
1616 P Street, N.W.
Washington, D. C. 20036

cb

cc: JMarsh
ESchmults



September 22, 1976

MEMORANDUM TO: JACK MARSH

FROM: RUSS ROURKE

Jack, the attached is a follow-up to my memo to you yesterday re my most recent conversation with Jake Smith.

Suggestion: the attachments be referred to Domestic Council (Judy Hope) and/or DOT for review and comment.

RAR:cb



September 24, 1976

MEMORANDUM TO: ED SCHMULTS

FROM: RUSS ROURKE

Ed, per our conversation this morning, attached is ATA's rebuttal on deregulation. Once OMB has looked the matter over, you, Jack Marsh and I ought to sit down and figure out our next move with Jake Smith and Company.

Many thanks.

cc: JMarsh



THE WHITE HOUSE

WASHINGTON

September 22, 1976

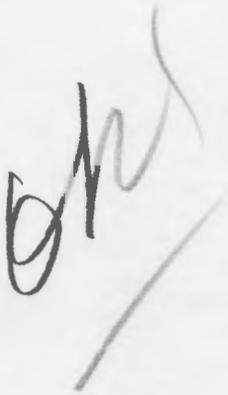
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Please advise!



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With all good wishes, I remain,

Sincerely,

Russell A. Rourke
Special Assistant to
the President

Mr. Bennett C. Whitlock, Jr.
President
American Trucking Associations, Inc.
1616 P Street, N.W.
Washington, D. C. 20036

cb

cc: JMarsh ✓
ESchmults



AMERICAN
TRUCKING
ASSOCIATIONS, INC.

1616 P Street, N.W., Washington, D. C. 20036

PRESIDENT.
Bennett C. Whitlock, Jr.
(202) 797-5212

September 21, 1976

The Honorable Russell A. Rouke
Executive Assistant to the Counsellor
to the President
The White House
Washington, D.C. 20500

Dear Russ:

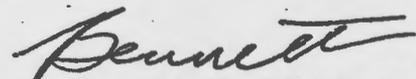
Enclosed is selected material per your conversation with Jake Smith.

I am not sure if this is the type of information which you need or want. You will notice I have purposely included a review of a study made by DOT concerning shipper attitudes and a clipping from the most recent issue of Transport Topics outlining another DOT study dealing with deregulation and small communities.

If the enclosed material does not fit the bill, please call. As you can imagine, we have voluminous material on the subject of the Administration's deregulation proposals.

I was pleased to be included in the meeting yesterday, and if there is anything I can do to further the objective which we are seeking, do not hesitate to call on me.

Sincerely,


Bennett C. Whitlock, Jr.

BCW/jb

encls.



TRUCKING INDUSTRY POSITION

ECONOMIC REGULATION

ECONOMIC REGULATION

The present Federal motor carrier regulatory system is basically sound. Within that system the motor carrier industry, under private ownership, is providing the economy with efficient, economical, low cost transportation; serving the needs of the Nation's shippers, small and large, in both rural and urban areas.

We have seen no evidence supporting a clear need to reform the present regulatory system, at least to the extent the provisions of S. 2929, as sponsored by the present Department of Transportation, would "reform" Part II of the Interstate Commerce Act.

It is a gross misnomer to refer to S. 2929, or its companion bill introduced in the House of Representatives, H. R. 10909, as the "Motor Carrier Reform Act." The ultimate impact of the major provisions of this proposed legislation would be the destruction of the present motor carrier system -- not reform.

The end result, and this would not be long in coming, of the provisions of S. 2929 would be an inefficient and unsafe motor carrier system, that would no longer adequately and fairly serve the nation's shippers.

The present regulatory structure governing for-hire motor carrier operations contains three key elements which are the heart of sound regulation and must remain essentially intact if we are to preserve our present transportation system.

These key elements are:

1. Meaningful and effective regulation of motor carrier rates.
2. Monitored entry into motor carrier operations.
3. Right of the regulated for-hire motor carriers to engage in collective rate making under properly established procedures.

If regulations were relaxed to either (1) allow motor carriers to enter the business at will and/or (2) weaken or eliminate ICC authority

to determine the adequacy of rate levels, there would be more competition but it would not be competition beneficial to the public interest.

One must first understand that there is a fixed amount of freight to be moved by the total transportation system. Deregulation will not create one more pound of freight. As carriers would struggle to retain traffic at below cost rates there would inevitably follow a depletion of carrier earnings and a weakening of carrier financial stability. Cost cutting of the most extreme type would be the order of the day. This would come at the expense of proper highway safety practices and as the carriers sought to eliminate the least desirable traffic in order to survive it would mean the curtailment of service to many small communities, or enormous increase in the cost of this service.

We believe what would follow would be a two-step process. First, there would be an excessive number of motor carriers -- far more than dictated by public freight demand. As these carriers fought to remain in business, the next step would be the "shaking down" of the industry into the larger carriers who were able to survive the competitive battle. Such a concentration would mean the end of the trucking industry as we know it today, and could lead to a situation that would, in time, result in a demand for a return to regulation.

One further point on the impact of deregulation. Much public money is now being poured into the railroad industry. The railroad industry itself has stated that deregulation of the motor carrier industry will adversely impact the rail system.

For example, as Mr. Stephen Ailes, President of the Association of American Railroads recently said in a speech before the National Association of Shippers Advisory Boards, ". . . the Administration's proposed Motor Carrier Reform Act. . . all pose serious problems for the common carrier truckers and for the railroads. Unregulated pick and choose competition will erode the traffic base which is absolutely essential to common carrier operations." With one hand (The Railroad Revitalization and Regulatory Reform Act) the Administration giveth to the railroads and with the other (The Motor Carrier Reform Act) it would taketh away.

The trucking industry does not contend that it, or the system of Federal economic regulation under which it operates, is perfect. Changes in the regulatory system are often proposed, considered and adopted into law and over the years the trucking industry has proposed many of these. Listed below are trucking industry currently proposed changes in the regulatory framework which will be included in a soon to be filed statement with the Senate Commerce Committee:

1. Procedural equality with the railroads before the Interstate Commerce Commission. The Railroad

Revitalization and Reform Act of 1976 contains certain time limitations within which the Interstate Commerce Commission must act on railroad proceedings. Motor carriers need the same streamlined procedures.

2. Empower the Interstate Commerce Commission to require joint rates and through routes between motor carriers and between motor carriers and other modes.
3. The Interstate Commerce Commission should have authority in motor carrier intrastate rate cases if a state regulatory body does not act within 120 days. The ICC has such authority now with respect to railroads.
4. The Interstate Commerce Act should be amended to prohibit states from assessing for tax purposes motor carrier property higher than the rates of assessed value to true market value of all other industrial commercial property.
5. Section 22 of the Interstate Commerce Act which permits Federal, State and local governments to obtain reduced rates from ICC regulated carriers should be repealed, except for use in time of war or national emergency.
6. To make the Interstate Commerce Commission a true arm of Congress legislation should be enacted to permit direct submission of the ICC budget to Congress instead of through the OMB.
7. To bring needed improvements to local for-hire motor carrier operations legislation should be enacted to remove the current exemption from economic regulation pertaining to commercial zone operations.
8. In an effort to improve service to sparsely populated areas legislation should be enacted to allow the filing of freight pooling applications under a simplified procedure.

September 20, 1976



TRANSPORT TOPICS

National Newspaper of the Motor Freight Carriers

No. 2145

Published weekly at 1616 P St. NW, 20036
Second Class Postage paid at Washington, D.C.

WASHINGTON, D.C., SEPTEMBER 20, 1976

Small Towns Skeptical of Deregulation DOT Study Shows

against adverse economic conditions, and provide restraining counter-pressure against too rapid social and political changes.

The George Washington researchers identified as "small towns" those non-suburban communities with fewer than 50,000 people. These regions account for about 30% of the total U.S. population; about 25 years

The researchers checked with the ICC, which confirmed their early findings about satisfaction with truck service. The Commission said it had experienced a decrease in the number of complaints about service, and it suggested that its advisory on small shippers' rights may have helped.

At the research

The researchers considered the regulatory proposals before Congress and said they have found arguments for and against transport deregulation.

"Although it is beyond the scope of this study to explore the subject further," they wrote, "it can be conjectured, based on observations of past efforts to amend transportation regulatory legislation, that some compromise between the two points of view (retain or abolish all regulation) will eventuate.

"These changes may be accomplished more in the manner in

BULLETIN

The Carter Position on Truckers

Immediately after ex-Governor Jimmy Carter was assured the nomination for the Presidency by the Democrat party, we telephoned his Georgia headquarters to try and get a statement about what Carter would really do for free enterprise and independent truckers if he were elected President. We got no response.

On July 24 we sent a mailgram from Oklahoma City, once again requesting Carter's position on the plight of the independent truckers and his stand on Senate Bill 2271 and its House version, 12386. In that telegram we also asked Carter why long-time organized crime attorney, Morris Shenker, was staying at Carter's hotel—the Americana—during the Democrat party convention. We got no reply. We telephoned Carter's offices eighteen times after that. Still no reply. Each time we asked that Carter's position on helping the consumers of this country be outlined, through passage of the bills in question. On September 3, we sent a long letter outlining the problems. This letter was sent to Hamilton Jordan. For protection, of course, we always send two copies in the mail (and to each of the

The Ford Position on Truckers

President Ford had already outlined his position on helping small truckers compete with the giant carriers and rails by having had the "Motor Carrier Reform Act" introduced late last fall.

So we felt we knew that Ford was, indeed, on the side of the little man, and on the side of the independent truckers.

But, in true Overdrive tradition, we were not satisfied with just our feelings. And, as with Carter, we set out to get the Ford position on independent truckers clarified.

And, boy, did he clarify his position!

On the next two pages is a history-making letter, direct from President Ford to the Independent Truckers Association.

That letter is not a vague "hint" of help. It is not a political cloud of promise that will blow away the day after Election Day. No sir! It is a firm, solid stand—as solid as Ford himself, endorsing Senate Bill 2271 and its House

THE WHITE HOUSE
WASHINGTON

10-4-76

TO: ED SCHMULTS

FROM: PAUL LEACH

Paul

POSSIBLE TEAMSTER

TROUBLE

Here! See

QUOTE CIRCLED,



THE VOICE OF THE TRUCKER

OVERDRIVE

October 1976

The Voice Of The American Trucker

Response To Overdrive By Ford And Carter

EXCLUSIVE

White House Position On Truckers



ICE Scandal?

"Crime Does Pay" Claims Vice-Chairman

Who I Would Like To See Elected President On November 2 — And Why

— Mike Parkhurst
Editor-Publisher

It has been a long time since I placed an editorial on this page, but the urgency of its mission commands me.

I almost never use the pronoun "I" when writing an editorial, but I want to get as personal as possible as fast as possible because we — you and I — are running out of time. The country is running out of time. Free enterprise is running out of time.

Another precedent I am now setting is publication of my endorsement of a candidate for the Presidency of the United States.

The reasons for this endorsement are set forth in this issue of *Overdrive*.

If you place any value on what this magazine has stood for during the fifteen years of its existence, I ask that you read this editorial and the accompanying articles slowly, carefully — and immediately!

Before making up my own mind about whom I would vote for on November 2nd, I think that you, the reader, should be reminded that (in November, 1968) I said: "We see no great progress if Nixon is elected President, just another four years of Johnson but with five o'clock shadow."

We also said, in that same article, "you should not elect a man President because he MEANS well."

In those days, the political tools of the independent truckers were not so sharp as they are today.

And today, the financial crisis facing the independent trucker forces this magazine to stand at the ready — ready to anticipate any political rabbit punches that could cripple truckers even further.

So this is a call to arms. It is a reminder that what made this country great are the citizens that rise up in anger and righteous indignation when they have been lied to by politicians. Rebellion was the mortar that glued this country together in 1776.

Before and after King George we have been continuously lied to and misled by politicians.

But, more frightening than a politician's weasel words is the drift of the political direction of this country. You have only to read Congressman Jack Kemp's speech printed elsewhere in this issue if you want to get your own blood boiling.

We are very proud of the fact that, almost three years ago, we were able to help translate some of the nation's fuel problems to the public through a unique method — a grass roots campaign of moving billboards on the fronts and backs of trailers. Those signs helped educate the public and the press. And until those signs came along, virtually no one was questioning the validity of the fuel shortage.

So we are very proud that we originated and paid for — and distributed — the highway billboards that

Continued on page 34

THE WHITE HOUSE

WASHINGTON

October 7, 1976

MEMORANDUM TO: JACK MARSH

FROM: RUSS ROURKE *Rourke*

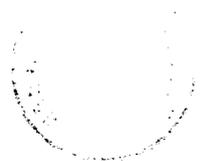
Jack, as you may recall, Jake Smith returns from Europe tomorrow.

I am certain that he'll be calling either you or me regarding White House plans on the subject of our recent meeting.

In view of the attached article and our individual conversations with Ed Schmults, I am at a loss as to how to proceed with Jake Smith.

In any event, how about a skull session between the two of us with Ed Schmults ASAP?

Set up 



To PR
Date 10-8-76 Time 9:25

WHILE YOU WERE OUT

M. John Smith
of _____

Phone (703) 886-6231
Area Code Number Extension

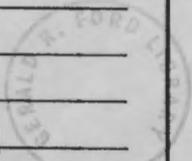
TELEPHONED		PLEASE CALL	<input checked="" type="checkbox"/>
CALLED TO SEE YOU		WILL CALL AGAIN	
WANTS TO SEE YOU		URGENT	

RETURNED YOUR CALL

Message _____

*DMC paper
Schmitts reviewing*

Operator cl



THE WHITE HOUSE
WASHINGTON

Set appd. w/

Schultz

THE WHITE HOUSE

WASHINGTON

October 8, 1976

MEMORANDUM TO: JACK MARSH ✓
ED SCHMULTS

FROM: RUSS ROURKE *Rourke*

Jack, I spoke with Jake Smith Friday afternoon.
The following points are of interest:

- 1) I indicated to Jake that a staffing paper was approaching completion, and that we had planned to contact him after reviewing same.
- 2) In his absence, Jake noted that a "Carter lieutenant accepted an invitation to address ATA's executive committee on Sunday, October 17".
- 3) Jake reiterated his request that the President appear before ATA's Convention on Monday, Tuesday or Wednesday (October 18, 19 or 20).
- 4) Jake also reiterated his desire to get ATA's people back in the Presidential camp, and working for the President in the weeks preceding the election.
- 5) When he attempted to reach Rog Morton by phone this morning, Rog's secretary passed on the message that "this matter is now in Jack Marsh's hands".
- 6) Jake pleaded with me to get back to him with a report concerning our intentions by Tuesday or Wednesday of next week, at the very latest.

Recommendation: As soon as Ed receives OMB paper, I suggest that he so notify us in order that the three of us might sit down to discuss our next move.

THE WHITE HOUSE
WASHINGTON

OCT 19 1976

October 12, 1976

MEMORANDUM FOR:

JACK MARSH
BILL SEIDMAN
RUSS ROURKE ✓

FROM:

ED SCHMULTS 

Attached is a very brief analysis of the truck regulation material that Jake Smith has provided us. The analysis was prepared by OMB staff.

As you will note, the material Smith sent and the analysis do not indicate the strong probability of compromise at this time. This is particularly so in light of the letter the President recently sent to the independent truckers.

Attachment

Analysis of the Industry's Proposals for Change1. Procedural equality with the railroads before the ICC.

The Administration agrees that the procedural reforms enacted in the Railroad Revitalization and Regulatory Reform Act (4-R Act) should be extended to motor and water carriers. However, such reform provides only minor improvements and fails to address the more fundamental issues of rate and route restrictions. Legislation was introduced at ICC's request in the last Congress to extend coverage to other modes.

2. Allow ICC to require joint rates and through routes between motor carriers and between motor carriers and other modes.

The Administration does not believe this action is necessary or desirable in intra or intermodal service. While such authority was necessary for the railroads due to private ownership of the roadbed, other carriers operate over public right of way and do not need permission for access. Allowing the ICC to require joint rates and through routes could lead to highly inefficient and more costly service for shippers (i.e., if the need for new route service exists why not certificate a new carrier rather than require two or more carriers to cooperate on the route--each with its own rates and handling charges.) Such a proposal would actually result in more regulation and government interference rather than less.

3. Authorize ICC pre-emption in intrastate motor carrier rate cases over 120 days old.

Such authority was provided in railroad rate cases by the 4-R Act. This provision is already included in the legislation which extends procedural improvements of that Act to other modes. The Administration has no evidence that State commission inaction presents problems which justify Federal pre-emption of State authority.

4. Amend the Interstate Commerce Act to prohibit discriminatory state taxation of motor carriers.

As in number 3 above, this change would equalize treatment of motor carriers and railroads. The Administration has no objection.

5. Repeal Section 22 of the Interstate Commerce Act which provides discount rates to Federal/State/local governments.

The Administration would have no objection to this change subject to special treatment in time of war or national emergency. However, we would much prefer the enactment of legislation along the lines of the Motor Carrier Act which would provide pricing flexibility for all shippers.

6. Permit direct submission of the ICC budget to Congress rather than through the OMB.

The ICC was given authority by the 4-R Act for concurrent submission of its budget to Congress and OMB. Accordingly, the proposed change is unnecessary.

7. Remove the present exemption on commercial zone operations.

The Administration agrees that present commercial zone regulation is inefficient and illogical and as part of the MCRA has called on the ICC to study the problem and recommend appropriate boundary changes within 2 years of enactment of the bill. However, it does not endorse outright removal of the present exemption. Such action would subject local for-hire carriers to ICC rate and route regulation.

8. Allow the filing of freight pooling applications under a simplified procedure.

On the basis of information provided in the ATA proposal, the Administration would oppose this provision. Without better definition of what constitutes a "useful pooling arrangement" such a change would create the potential for the ICC to allow powerful existing firms to monopolize certain lucrative markets. On the other hand, if properly arranged under existing antitrust laws, pooling arrangements may allow several carriers to operate their services more efficiently in rural areas, thus saving fuel and lowering costs. Such arrangements, however, are best left to normal market mechanisms rather than the discretion of the ICC.

Summary Comment

The major shortcoming of these proposals is that they fail to come to grips with the key problems of entry and pricing restrictions. In most cases, they deal only with procedural problems, primarily delay. However, in some instances the proposed changes could result in added regulation and red tape.

Points with which the Administration disagrees

- The Administration's motor carrier bill would destroy the motor carrier system and result in inefficient unsafe motor carrier transportation which would not serve shippers.

To the contrary, the intent (and expected results) of the bill is to provide shippers and consumers better service at lower cost--conditions we believe would result if the motor carriers were allowed to make pricing, entry and route decisions in response to market competition, instead of Federal regulation.

- Under "deregulation" carriers would charge below-cost rates to stay in competition thus weakening their financial health.

Under the Administration's bill, rates would be required to cover cost. The ICC's power to disallow rates which are not compensatory would remain in effect.

- Carriers would cut costs drastically, at the expense of highway safety practices and continued service to small communities.

The Administration's bill specifically strengthens motor carrier safety regulation by permitting both civil and criminal penalties to be imposed on safety violators, increasing minimum fines, and authorizing the suspension or revocation of operating rights for consistent violators. Furthermore, we believe that service to small communities could only improve as a result of reform. Evidence in studies conducted by the Wyoming Public Service Commission and for the Federation of Rocky Mountain States, Inc. indicates that the present system of regulation is not adequately serving rural America and that competitive market conditions would provide rural shippers and consumers with better service more closely matched to their needs.

THE WHITE HOUSE
WASHINGTON

October 12, 1976

MEMORANDUM FOR:

~~JACK MARSH~~
BILL SEIDMAN
RUSS ROURKE

FROM:

ED SCHMULTS 

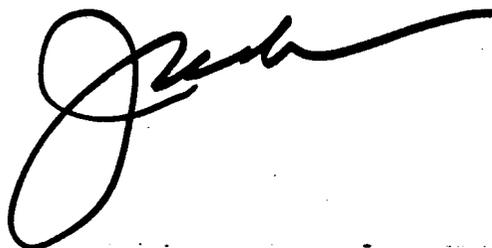
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Attachment

Ed -

What is this
all mean?



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To R

Date 10-15-76

Time 3:19

WHILE YOU WERE OUT

M. Jake Smith

of Wash. Hilton

Phone Rm 9189

Area Code

Number

Extension

TELEPHONED

PLEASE CALL

CALLED TO SEE YOU

WILL CALL AGAIN

WANTS TO SEE YOU

URGENT

RETURNED YOUR CALL

Message 483-3000

at Hotel for next
wk

Operator CP

~~① Joe Engering~~

~~② Jim Clair~~

Monthly
provisioning

~~③ Tom the writer~~

~~④ Chuck Chamberlain~~
~~Kelly Stetson~~

⑤ Jake Smith

~~⑥ Lou Frey~~

⑦ Any change?!

Who should go from
Dom, Council

* Dom Council rep.
to mtg. ?? (to
explain position)



THE WHITE HOUSE

WASHINGTON

October 15, 1976



MEMORANDUM TO: JACK MARSH

FROM: RUSS ROURKE *RR*

Jack, I spoke with Jake Smith after chatting with Ed Schmults.

Obviously, Jake was disappointed in my report, but remained friendly and pleasant. I advised him that, while we are not in a position to indicate a substantially different position now, the bill will have to be re-introduced next year, and, in advance of that move, we will see to it that appropriate meetings are held here at the White House to discuss their concerns in great detail.

Jake indicated that he hoped we were all here at that time to make good on my pledge.

P.S. If the President couldn't make it, Jake didn't think a substitute speaker would do any good!

cc: ESchmults



THE WHITE HOUSE
WASHINGTON

October 16, 1976

RUSS:

Jake Smith called --
he can be called back
at 483-3000 (Room 9189).

(He's waiting for a
call back - and won't
leave room till either you
or I call him back)

Con

10:57 a.m.



① Get hold of Coleman

8 A.M. - extend div branch

a) breakfast

8:25

"pass the way"

②

Cavanaugh to call, Summit

- ① Review
 - ② Introduce a bill
 - ③ NTSB -
 - ④ re-regulation
 - ⑤ 2500 people -
 - ⑥ Wed. luncheon
 - ⑦ Coleman appearing on Wed. AM
- We have Canon call Coleman
Meeting: Monday AM.

Meeting
Schmitt

Immediately following Senior Staff meeting.



Chris of Ed