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Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Throughout our history, an effective transportation system has played a vital role in promoting the economic growth and development of this Nation. Yet, over the years in response to a variety of economic and political pressures, the Federal Government has become increasingly involved in the management of our transportation industries. We have built up a patchwork of economic regulation which shapes and controls competition in industries which are naturally competitive. As a consequence, these industries have come to rely on regulation to protect them from meaningful competition. It is now clear that this patchwork regulatory structure has not kept pace with changes in the industry and the economy. We have permitted regulation designed in theory to protect the public interest to become in practice the protector of special industry interests.

I have observed a growing public and congressional concern over the need to eliminate outdated regulation and to restore our regulatory system to its original purpose of serving consumers. In response to this concern, I have sent two previous transportation proposals to the Congress. Today I am sending to the Congress the Motor Carrier Reform Act which will modernize the regulation of another major transportation industry.

Like the Railroad Revitalization Act and the Aviation Act of 1975 which are already before the Congress, the basic thrust of this proposed motor carrier legislation is to improve performance of our transportation industry by replacing Government regulation with competition. Together, these three bills will produce a regulatory system that responds to the needs of the consuming public instead of to the interests of the regulated industries.

Under the current regulatory system, carriers, shippers and passengers alike are confronted with a web of Government restrictions and regulations which discourage innovation, promote inefficient transportation service and artificially distort rates and fares. The prices of many consumer products are higher than necessary because Government regulations and restrictions permit price fixing and produce inefficiencies such as empty backhauls and circuitous routing. Too often bus passengers pay higher fares because the Federal Government sanctions efforts by a few firms to block the entry of new companies into the market. Archaic and artificial regulatory constraints also force unnecessary usage of significant quantities of energy and other valuable resources.

This legislation will benefit American consumers in several ways. For example, it will have a direct effect on the traveling public by encouraging a greater variety of bus transportation services at a wider range of prices. Also, it will enable interstate household moving companies

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to be more responsive to customer needs and give the public a choice of services. Individuals who want quick moving service and are willing to pay a premium will be able to do so. Others who prefer to pay less for moving services that are not so immediate will find such alternatives available.

These are two examples of how the bill will benefit consumers directly. Other less visible results will have an even greater impact. For example, the bill will provide trucking firms with more freedom to adjust prices to meet market conditions. It will remove artificial entry barriers and encourage new companies to enter markets and to compete on the basis of innovative services and lower prices. It will allow smaller trucking firms -- owner operations and contract carriers -- to compete more effectively and to grow in response to normal market demand. It will strengthen the common carrier system and enable small businesses to better meet their transportation needs. Such actions will enable some manufacturers to lower the costs of distributing goods and thereby help reduce consumer prices. The removal of uneconomic restrictions on the goods and commodities a truck is permitted to carry and the specific routes it must travel also will help eliminate wasteful energy consumption and avoid empty backhauls which raise prices unnecessarily.

In summary, the bill will reduce or eliminate many of the inefficiencies which have crept into the motor carrier industry during 40 years of regulatory control. Where regulation is acknowledged as necessary to protect the public interest, the bill will streamline and improve such regulation. For instance, the bill eliminates gaps in present safety enforcement statutes to improve the already high overall safety record of the motor carrier industry.

The importance of regulatory reform to improve our transportation system cannot be overemphasized. I urge the Congress to give this measure serious consideration at the earliest possible date.

GERALD R. FORD

THE WHITE HOUSE,
November 13, 1975

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