EMBARGOED FOR RELEASE UNTIL 12:00 NOON, EST November 13, 1975

Office of the White House Press Secretary

---

THE WHITE HOUSE

FACT SHEET

MOTOR CARRIER REFORM ACT

The President is transmitting to Congress today the Motor Carrier Reform Act. This legislation will benefit the consuming public and the users of motor carrier services by eliminating excessive and outdated regulation affecting trucking firms and bus companies. It will stimulate competition in these industries, increase their freedom to adjust rates and fares to changing economic conditions, eliminate restrictions requiring empty backhauls, underloading, or circuitous routing, and enhance enforcement of safety regulation.

This is 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 which have already been submitted to Congress. Together, these three proposals will produce a transportation system more directly responsive to the needs of the public and provide the Nation with the best transportation services at the lowest possible cost.

PRINCIPAL OBJECTIVES OF THE LEGISLATION

1. Encourages a wider range of services and prices. Existing regulation inhibits innovation and limits the choice of prices and services available to shippers and bus passengers. The Act will permit shippers who want high quality service and are willing to pay a premium to do so. Similarly, those who want a lower price and will accept less service will find this option available also.

2. Eliminates antitrust immunities and encourages competitive pricing. Presently, motor carrier rate bureaus are permitted to engage in price-fixing activities which are immune from antitrust prosecution. The proposed legislation will prohibit rate bureau ratemaking activities which stifle competition and discourage innovation.

3. Eliminates outdated and unnecessary economic regulation. The existing regulatory process has built up artificial constraints on efficiency. As a result, trucks and buses tend to be less fully loaded than is desirable. They operate over unnecessarily circuitous routes, waste fuel, and are forced to charge higher prices than might otherwise be necessary. By removing arbitrary economic restraints, the bill will allow trucks to transport a greater variety of goods and both trucks and buses to operate over more direct routes at a lower cost to consumers.

more

(OVER)

4. Helps small businessmen to better meet their transportation needs. Because many small businesses cannot afford to operate their own trucks and are too small to contract for special trucking service, small businesses are heavily dependent upon common carriers for pick up and delivery services. By strengthening the common carrier segment of the industry and providing it greater operational flexibility, this legislation will assist small businessmen to obtain more responsive lower-cost truck services.

5. Strengthen the enforcement of motor carrier safety regulation. While the motor carrier industry has a good overall safety record, there are gaps in present safety laws which require correction. This bill modernizes and places increased emphasis on safety regulation for all types of motor carriers.

Section-by-Section Analysis

Section 1 - Findings and Purpose. This section outlines the purposes of the bill. For example, it outlines as goals a more efficient and economical motor carrier industry, greater reliance on competition, and increased pricing and entry flexibility.

Section 2 - Rate Bureaus. The bill eliminates antitrust immunity for anticompetitive ratemaking activities. Over a period of three years, the bill prohibits carrier associations from discussing, agreeing or voting on all rates except joint or interline rates. Rate bureaus will continue to provide useful administrative services, such as publishing tariffs and assisting in determining joint rates and through routes.

Section 3 - Aircraft Exemption. This section enlarges the geographic area in which motor carriers may transport persons or property incident to air transportation without obtaining ICC authorization. This provision extends the area from a 25 to a 100 mile radius around the airport terminal.

Section 4 - Private and Contract Carriers. This section reduces ICC restrictions now imposed on businesses operating their own trucking fleets (private carriers) and on contract carriers. It allows private carriers to transport goods for their affiliates. It also permits contract carriers to become certificated by dedicating equipment to serve individual shippers or by tailoring service to the distinct needs of a shipper. Finally, it prohibits the ICC from limiting contract carriers to a particular type of service or geographic area.

Section 5 - Commercial Zones. The bill directs the ICC to reassess regulations dealing with commercial zone transportation, to eliminate unnecessarily restrictive practices and to improve procedures for making boundary changes within two years after enactment.

more

Section 6 - New Plant. The bill exempts service to or from any plant less than 5 years old from ICC certification require ments. This will provide new plants with needed flexibility in meeting their transportation needs and eliminate the costly certification process.

Section 7 - Private Carrier Leases. This section permits private carriers to lease their vehicles and drivers to regulated carriers for short time periods. This will alleviate the inefficient backhaul problem which private carriers now experience and permit common carriers to expand services without buying expensive equipment.

Section 8 - Entry. The bill will provide liberalized entry into the trucking and bus industries. It will shift the focus of entry proceedings away from the present concern for protecting existing carriers to providing the public better service. These simplified procedures will permit the ICC to expedite consideration of applications.

Section 9 - Contract Carriers (Dual Operations). This section permits carriers to hold both common and contract authority provided its contract rates are compensatory.

Section 10 - Rate Suspension. The bill provides a gradual phasing of increased pricing flexibility for motor carriers. These provisions parallel the Railroad Revitalization Act. Carriers will be permitted to adjust rates up or down within specified percentages without fear of ICC suspension (7 percent in year one; 12 percent in year two; 15 percent in year three and 15 percent upward flexibility annually with no limit downward thereafter.) To suspend rates outside this zone, the ICC will be required to find that a proposed rate will result in immediate and irreparable damage. The bill also sets a 7 to 10 month time limit on ICC consideration of rate cases.

Sections 11 and 12 - Compensatory Rates. The bill provides that rates which are compensatory, that is those above a carrier's variable cost, may not be found to be too low. This is provided for both common and contract carriers in Sections 11 and 12 respectively.

Section 13 - Commodity and Route Restrictions. This section directs the ICC to remove certificate restrictions that are wasteful and inefficient and requires a progress report to Congress within one year of enactment. The bill also reduces circuitous routing.

Section 14 - Discrimination. The bill expedites the ratemaking process by limiting the number of parties who may protest a proposed rate. Carriers will no longer be permitted to protest rates by alleging discrimination against shippers. Protests by shippers will be limited to those directly affected by a proposed rate change.

more

Section 15 - Backhauls. The bill allows agricultural carriers to haul regulated commodities on return trips without ICC authorization provided specific conditions are met: (1) the backhaul follows the movement of agricultural commodities, (2) the carrier is a small business with three or fewer trucks, (3) the backhaul is in the general direction from which the trip originated, (4) the revenue earned from this provision must not exceed revenue earned from agricultural carriage, and (5) the rate charged may not be lower than the rate of any regulated carrier for the same service.

Section 16 - State Licensing Requirements. The bill directs the Secretary of Transportation to recommend ways to eliminate duplicative and costly State motor carrier regulations.

Section 17 - Safety. The bill provides for more even-handed and responsive enforcement of safety regulation governing motor carriers. Presently, there are many gaps in the safety enforcement statutes. The bill will permit the Secretary of Transportation to impose civil as well as criminal penalties for all carriers and to prohibit operations by carriers who consistently violate safety regulation.

Section 18 - Merger. The bill eliminates ICC authority to grant antitrust immunity to motor carrier mergers and gives the courts exclusive jurisdiction to determine the legality of mergers. It also establishes a new standard for motor carriers mergers similar to that in effect for the banking industry and proposed for airlines.

# # # # #

EMBARGOED FOR RELEASE
UNTIL 12:00 NOON (EST)

November 13, 1975

Office of the White House Press Secretary

---

THE WHITE HOUSE

FACT SHEET

ADMINISTRATION'S REGULATORY REFORM PROGRAM

President Ford has adopted as a principal goal of his Administration the reform of Government regulation. He has ordered a critical review of all Federal regulatory activities to eliminate regulations which are obsolete and inefficient in today's economic environment -- regulations that contribute to higher prices, reduced efficiency, less consumer choice, and fewer imaginative ideas. The goal of the President's program is the development of a rational and efficient regulatory system serving today's needs.

BACKGROUND

Regulatory reform is not a new idea. The need for reform has been recognized by every President since Harry S Truman. However, changing economic conditions have increased public awareness of the need for reform. On August 25, 1975, President Ford said: "We will establish as a national policy of economic life, that Government regulation is not an effective substitute for vigorous American competition in the marketplace." The opportunity for change is greater than ever before. Therefore, the Administration has initiated an unprecedented program of legislative and administrative action:

PRINCIPAL OBJECTIVES OF THE PROGRAM

1. Benefit consumers by encouraging increased competition. Competition fosters innovation, encourages new business, creates new jobs, ensures a wide choice of goods and services and helps to keep prices at reasonable levels. By eliminating arbitrary barriers to entry and increasing pricing flexibility, the Administration hopes to restore competition in the regulated sectors of the economy.

2. Increase understanding of the costs of regulation. Often the real costs of regulatory activities are hidden from public view. Inefficient and outdated regulation costs consumers billions of dollars every year in unnecessarily high prices. The Administration believes that these costs should be subject to the same critical attention devoted to the Federal budget.

3. Improve methods of achieving the objectives of regulation. In many instances, regulation is necessary, particularly in the health and safety areas. However, regulation can impose a considerable cost burden on the consuming public and on business. The Administration is concerned that public protection be achieved in the most efficient manner.

more

(OVER)

4. Substitute increased antitrust enforcement for administrative regulation. In the past, regulation has often been a substitute for competition. The Administration is seeking to reverse this pattern and believes that antitrust enforcement has an important role in keeping costs and prices down.

THE ADMINISTRATION'S PROGRAM

Last October, the President initiated the reform program by asking Congress to sponsor jointly a National Commission on Regulatory Reform to study the problems of Government regulation; but so far, no action has been taken by Congress. Accordingly, the Administration is pursuing specific reform initiatives.

- Inflation Impact Analysis. Departments and Agencies are now required to analyze the inflationary impact of major legislative proposals, rules and regulations. This requirement is designed to measure the economic cost of Government regulations.

- Council on Wage and Price Stability. One of President Ford's first official actions was creation of the Council to monitor the economy and to evaluate the economic impact of Government policies and regulations. Now, in its second year, the Council is placing increased emphasis on identification of regulatory practices which create unnecessary cost burdens for consumers.

- Expanded Antitrust Activity. In addition to providing for increased antitrust enforcement resources, the Administration is questioning antitrust immunity now granted to numerous industries. Many of the Administration's legislative proposals will eliminate antitrust exemptions which are unnecessary and restrain competition.

- Independent Regulatory Commissions. The President has met with the Commissioners of the 10 independent Regulatory Agencies to emphasize the importance of regulatory reform. He has asked the Commissioners to: analyze the economic costs and benefits of their actions; reduce regulatory delays; better represent consumer interests; and eliminate outdated regulation.

- Commission on Federal Paperwork. The Commission has been established to study the impact of Government reporting requirements on businesses and individuals. To assure action in the short-run, the Administration is working now to eliminate unnecessary Government paperwork requirements.

- Transportation Regulatory Reform. The Administration has developed specific legislative proposals to reform transportation economic regulation.

more

- The Railroad Revitalization Act submitted in May seeks to rebuild a healthy, progressive rail system by eliminating outdated regulatory restrictions. It will enable the railroads to compete better with other forms of transportation.

- The Aviation Act of 1975 was introduced in October and will improve the airline regulatory environment by fostering price competition and by allowing existing airlines to serve new markets and new carriers to enter the industry.

- The Motor Carrier Reform Act will increase competition in the motor carrier industry and provide shippers and consumers with a wider range of services and prices.

- Fair Trade Laws. The Administration strongly supports the repeal of Federal legislation permitting States to have fair trade laws. These laws, which allow manufacturers to dictate the retail price for their products, have been estimated to cost consumers $2 billion per year.

- Financial Institutions Act. The Administration submitted in March the Financial Institutions Act which will enable small savers to earn higher interest on savings accounts and provide more diversified financial services to all customers.

- Securities. President Ford signed the Securities Act Amendments of 1975 in June to promote competition among stockbrokers and to establish a national stock market system.

- Energy. To help assure adequate supplies of energy, the Administration has proposed legislation to deregulate the price of new natural gas and old oil.

# # # # #

395-5046
Paul MacAvoy

FOR IMMEDIATE RELEASE NOVEMBER 13, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

---

THE WHITE HOUSE

PRESS CONFERENCE
OF
WILLIAM T. COLEMAN, JR.
SECRETARY OF THE
DEPARTMENT OF TRANSPORTATION
EDWARD SCHMULTS
DEPUTY COUNSEL TO THE PRESIDENT
AND
PAUL MacAVOY
COUNCIL OF ECONOMIC ADVISERS

THE BRIEFING ROOM

9:50 A.M. EST

MR. NESSEN: Let me say a couple of things before we start.

First of all, there is a photo at 10:15 of the President meeting the Danish Prime Minister, and that will no doubt come in the middle of the briefing, so those who want to take pictures of that should meet Bill Roberts at the side door at 10:10.

You should have received already two fact sheets and a message to Congress concerning the President's proposal going up today called the Motor Carrier Reform Act, which is really reform proposals in the regulations concerning the trucking and busing industries.

As you know, the President has previously sent up legislation governing the airline and railroad industries. There will be a more technical and detailed briefing on today's trucking and busing reforms at the Department of Transportation this afternoon at two o'clock.

The President met with Secretary Coleman and the others a few moments ago in the Cabinet Room. He told them he wanted them to work like the devil to get this legislation passed, and he wished them good luck.

He pointed out this is the third reform program in the transportation field, railroads and airlines having gone up previously.

MORE

(OVER)

Bill Coleman pointed out to the President there has been no basic change in trucking and busing regulation since 1935, so this is long overdue. The President's feeling is there may be opposition from special interest groups in this field, but his legislation is aimed at giving the consumers better prices, better competition, and an all around better deal from the trucking and busing industries, and that this will fight inflation in that industry and also will stimulate competition, which will be beneficial to the consumer.

For a more detailed explanation now of what the President is sending forward today, we have first of all Transportation Secretary Coleman. We also have Ed Schmults, who is the new Deputy Counsel to the President. Mr. Schmults replaces Rod Hills as the Co-Chairman of the Domestic Council Review Group, which is dealing with regulatory reform. He is the chairman of that group, along with Paul MacAvoy of the Council of Economic Advisers, and we have all three of those gentlemen here today to answer your questions.

MR. SCHMULTS: Thank you, Ron.

First of all, I am Ed Schmults, Deputy Counsel to the President. Let me say first I am very pleased to be part of the President's regulatory reform program, and I look forward to working with Paul MacAvoy and the others who have been carrying on these efforts.

I think it is very important to keep in mind that although this legislation that we are going to talk about today is extremely important, it is only one part of the President's program which is going to take a fundamental look at regulation and remove those that no longer make any economic sense.

In the meeting with the President, which we just left, he re-emphasized the importance not only of this bill but also the railroad bill and the airline legislation, which are already before the Congress.

One of our highest priorities will be to concentrate our efforts on getting this legislation enacted. We think it is important that we get some concrete results here in the form of laws.

In that regard, we are encouraged by the Congressional response in several areas. Congress is moving ahead on the repeal of the fair trade laws. There are positive signs the Financial Institutions Act is also moving ahead and this act, as you know, will provide for greater competition among financial institutions.

MORE

Finally, I think Secretary Coleman should be commended by all of us for his leadership in dealing with very difficult issues of transportation regulation in a manner that will greatly benefit our long-term national interest.

Bill?

SECRETARY COLEMAN: As has been said, the Motor Carrier Reform Act, which is being sent to the Congress today by President Ford, represents the third in a series of Administration proposals to revise Federal economic regulation of the transportation industry.

I think it is quite significant to note that while there has been much talk and little positive action on this subject in other quarters, President Ford has been hard at work.

The result is that we now have comprehensive legislative suggestions in three vital areas -- railroads, trucks and buses, and aviation. Also, under President Ford's guidance--and I might say prodding--we have begun reforming the regulatory procedures in the department itself.

The transportation industry, unfortunately, has become accustomed to regulatory protection. This protection has limited private initiative while fostering inequities and inefficiencies.

The fact is these industries are inherently competitive and economic regulation inhibits competition. The Motor Carrier Reform Act will benefit the consumer, the shippers and the industry. Consumers will benefit because it will promote economies and provide greater opportunities in price and service.

Shippers will benefit because they will be permitted broader use of available capacities and have available a greater variety of rates and services. Wasteful backhauls will end. Energy consumption will be reduced.

The industry itself will be helped in the effort to improve service, correct cost inefficiencies resulting from over-restrictive regulation and improving their overall safety records. It will also enhahce opportunities for well-managed companies to earn a reasonable return on their investments, thus creating new capital opportunities and employment opportunities.

Let me point out also, while this is primarily a trucking bill, it will assist the traveling public as well by encouraging increased variety in motor bus fares and services.

MORE

It should be emphasized that we are not recommending sudden or disruptive changes. The changes will be phased in gradually with the stability of the industry, and the best interests of its customers very much in mind.

I do not believe that at this time in our free enterprise system we can afford to have naturally competitive forces constrained to the point their efficiency is impaired, innovation is stifled and the public interest is harmed.

Our Nation needs the motor carrier freight and passenger industry operating at peak efficiency. Therefore, I am hopeful Congress will act favorably on the Motor Carrier Act.

Its passage, along with the railroad and aviation reform measures we have proposed, will modernize the economic regulatory process. This will enable the industries concerned to respond more effectively to our Nation's transportation needs.

I wish the American people would realize the basic law in effect now with respect to railroads was adopted in 1887, that with respect to trucks and motor carriers was adopted in 1935, and that with respect to avaiation was adopted in 1938.

Obviously, times today are different, the problems are different, and we think we have suggested solutions which will solve today's problems.

Thank you.

MORE

Q Mr. Secretary, how much of an economic savings are you talking about in terms of percentage to shippers and also to travelers?

SECRETARY COLEMAN: Obviously, you can't quantify it in that great detail just how much, whether it is 3 percent or 5 percent. But let me give you one example.

Under present law there is an agricultural exemption which means whenever a farmer ships a product from Kansas to New York it is unregulated, but the person that does that carrying to New York now cannot pick up goods to take back to the farm country. Obviously, therefore, the person that is pricing the cost of the trip has to make a calculation for coming back empty-handed.

Under this proposed legislation he would be able to pick up furniture or some other types of material to bring back to the farm country and I think it doesn't take even an economist to realize that means the price should be much less.

Q Mr. Secretary, if this is to accomplish all that you say it is, why does the American Truckers Association oppose it so violently?

SECRETARY COLEMAN: In the first place, I think in public policy you will find out one of the greatest factors is that word "inertia" -- that people are just in the habit of doing business in one way and they don't wish to have changes made.

I think when the bill goes to the Hill there would be the hearings and that the trucking industry, that part which is enlightened, will support it. On the other hand, in this country if we are going to make public policy only when we have every interest in complete agreement, then we will only have the status quo. That is why President Ford has gone around the country trying to talk sense to people and saying under the new conditions it does have to be changed.

Q You would think, if this will do all you say it will do, the truckers representing 15,000 different trucking firms in the country would back you. Yet they say it will have just the opposite effect -- it will allow big companies to get bigger and will drive small truckers out of business.

They say they don't need less regulation. They say they have 15,000 trucking companies and Mr. Bresnahan, the president of the ATA, said last night the trucking industry needs more competition like Custer needed more Indians.

MORE

MR. MacAVOY: Can I give an economist's response to that?

Q Yes.

MR. MacAVOY: Paul MacAvoy, from the Council of Economic Advisers.

An interagency task force has been working for a number of months trying to assess the effects of this change in regulatory procedures on this industry. We expect that the largest or more significant changes will occur in the less than truckload service, the partial loads of mostly finished goods in the large population centers in the upper Midwest and the eastern part of the United States. These services are now very much encumbered by restrictions on certificates on routings, on the provision of service to individual carriers.

The trucking companies that are now being protected by regulation are the largest regulated common carriers. They seem to have the largest voice when it comes to making public relations statements in this industry.

We also found, however, that there are a large number of smaller carriers, middle-sized companies in the transportation business that would very much expect to be able to increase their market shares, their share of total shipping, if they were free of these encumbrances in the certificates and in the rate setting process.

Our expectation is that only the largest regulated common carriers will not benefit from this regulation. It appears to me that it is fair to say that these are the strongest voice in the trucking association but they may not speak for truckers at large.

Q Mr. Secretary, every proposal the President ever sends up he hopes the Congress will approve but realistically that doesn't happen very often in these years. What realistic appraisal can you give us about the chances for this getting through Congress and what have the leadership of the Congress said about it?

SECRETARY COLEMAN: Well, we sent the bill up. We have notified the leadership that we are sending it up. I don't think we are at that stage.

I would say that after debate this legislation ought to get through. I really think that in the Congress there is a feeling that there has to be change.

MORE

When we sent the rail bill up, we were told that we didn't stand much chance there. It is in the period of mark-up now. The fact is, I think so far -- and I better touch wood -- on the regulatory part of the bill we are still way ahead of the game. I think the same thing is true here. It takes hard work. We are meeting conflicting interests but we do think that we have listened to those interests and we have made the proposal.

So I would say that the chances here are better than 50 percent that they will be changed. That does not mean every word will be adopted. I would suggest to you reporters at some time you reread the history when the Securities Exchange Act was sent up and you will realize what went up and what finally came out, which was good legislation -- there was some change.

We think here basically we are on the right track and we do think the chance of the bill getting through, as the same thing is true for the aviation and the rail bill, are certainly better than 50 percent.

Q What about hearings, Mr. Secretary? Have you been informed hearings will be held on the Hill soon?

SECRETARY COLEMAN: No. The President today instructed me to send a letter to the Chairman of the Committee, both in the House and the Senate, that will have this matter, and ask for early hearings on that.

We have done the same thing with respect to the air bill and we have had the hearings, and we are in the period of mark-up on the rail bill.

Q Mr. Secretary, in preparing the legislation, did you hear from any groups of consumers, any railroad train riders, any bus passengers?

SECRETARY COLEMAN: Yes. In trying to operate the department, we are trying to talk to all types of groups and we do talk to all types of groups. I ask them to come in, or they do come in. I must say at times you have problems because people come in and talk to you and for some reason they go out and hold press conferences and sometimes we get a wrong impression. But I do think the duty of any Cabinet officer is to hear from as many people as possible.

MR. MacAVOY: If I may add to that, in our attempts to assess the results from regulatory reform, we were impressed by the opinions or expectations of shipping firms; that is, companies that have large volumes of material or final goods to ship by common carrier.

MORE

A number of them felt that they would not be -- a number of them expected they will not be in the future in the transportation business themselves if competition in common carriage will improve the quality of service.

We had discussions with retail firms, large retail organizations that have their own trucking companies against their better wishes and, as the transportation service for LTL in particular, less than truckload volumes, improves, then they will go out of the business of having their own trucks.

Now this is an expression of consumers' interest because, with better shipping service, there will be a reduction in the prices or the costs of final goods.

MORE

Q What kinds of retailers are those?

MR. MacAVOY: Clothing, general dry goods retailers, department stores, more often than food retailers, because again the agricultural exemption plays a large role there and that is deregulated to a great extent.

Q So, they have told you they will go out of the business of running their own --

MR. MacAVOY: They really don't want to be in the transportation business, and they are there because the route restrictions, the whole structure of common carrier regulation, has made it necessary for them to go into the business to get the flexibility and quality of service they need.

They are waiting for their own subsidiaries to fade away in the presence of a higher quality common carrier service.

Q Mr. Secretary, are you going to recommend any changes within the next 12 months, reforms along the line of the airline, railroad and trucking industries for the barge line industry?

SECRETARY COLEMAN: I am not here to talk about the water barges today.

Q But would you anticipate the Administration will suggest reforms there similar to the reforms suggested?

SECRETARY COLEMAN: As you know, and I now know, because my deputy tells me, it is substantially unregulated right now. We have other problems in the industry, and you know I have talked about them on other occasions.

Q Have you estimated any impact on small communities?

SECRETARY COLEMAN: I think this would be very, very helpful to small communities. One, to the rural communities I have described how they would be benefitted. Secondly, our complaints that we hear are that in the small communities the common carriers do not truly serve them. Obviously, if they are serving them at a loss, unless they want to cross subsidies, they cut down the quality of the service.

This now means new people will be able to come in and perform that service in a much more efficient manner. So, we think this will have quite a beneficial effect on small communities.

THE PRESS: Thank you, sir.

END (AT 10:10 A.M. EST)

EMBARGOED FOR RELEASE
UNTIL 12 NOON E.D.T.

NOVEMBER 13, 1975

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

more

(OVER)

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

# # # # #