THE EFFECT OF THE TEAMSTERS UNION ON SMALL TRUCKING FIRMS IN THE BOSTON AREA

by

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Faculty Advisor of the Thesis

LETTER OF TRANSMITTAL

64 South Sixth Avenue
Coatesville, Pennsylvania

May 25, 1959

Professor Alvin Sloane
Secretary of the Faculty
Massachusetts Institute of Technology
Cambridge 39, Massachusetts

Dear Professor Sloane:

In accordance with the requirements for graduation, I herewith submit a thesis entitled "The Effect of the Teamsters Union on Small Trucking Firms in the Boston Area."

I wish to take this opportunity to thank Professors Douglass V. Brown and Abraham J. Siegel for their aid and suggestions which made the completion of this thesis possible. Also, I wish to express my gratitude to Miss Marguerita McCaffrey of the Employers Group of Motor Freight Carriers, Inc., for her help in contacting truckers for interviews, without which I would have been unable to complete the analysis of the thesis.

Sincerely,

James J. S. Forese

James J. S. Forese

ABSTRACT

THE EFFECT OF THE TEAMSTERS UNION ON SMALL TRUCKING FIRMS IN THE BOSTON AREA

James J. S. Forese

Submitted to the School of Industrial Management on May 25, 1959 in partial fulfillment of the requirements for the degree of Master of Science.

The Teamsters Union is said to be one of the most powerful unions, if not the most powerful union, in the United States. It is involved mainly in the trucking industry which is growing quite rapidly. With the growth of this industry there has appeared a great wave of consolidation and liquidation among the firms operating within the industry. Despite these mergers, there still is associated with it a large percentage of small operators. One could logically say that this giant union certainly must be having some effect on this industry. In addition, these effects may have different repercussions on the smaller firms as compared to the larger firms. The basic thought behind this study is to determine the effect, or effects, of the Teamsters Union on the small to medium-sized trucker.

The study, as noted, is restricted to small to medium-sized truckers. Two criteria are used to limit the scope of this study. First, gross revenue of the carrier should be between approximately $75,000 and $5 million. Secondly, the carrier should be run by the person who was supplying the investment for the operation. That is to say, management and ownership of the carriers were not separated.

The method of analysis used to investigate the problem was interviewing of operators of trucking firms to obtain personal opinions of the conditions existing in the industry. Although having the drawback of limited coverage, this method afforded me the opportunity of directing my questions toward specific points and clearing up any ambiguities as they appeared. In order to bring consistency into the interviews, I compiled and used a questionnaire for my interviewing.

The method of analysis used to attack the problem has been subjective. To the extent that the conclusions are based on this method of analysis, the conclusions reached are not as sharply defined as one would like to make them.

In general, the small carriers' answers to my queries lead me to believe that many of the present union policies are increasing operating costs for the small carriers above what such costs are for the larger carriers. In turn, the high operating costs are forcing many small carriers to operate their firms at losses and near losses. To the extent that such cost increases are preventing the small carriers from responding to changing conditions affecting the operations of their firms, the union is hampering the flexibility of operations of the small carriers.

Thesis Advisor: Douglass V. Brown

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CHAPTER I

Summary of Study

A. The Problem and its Setting

The trucking industry was practically non-existent prior to 1920. Today it has grown to be an important segment of our economy. One of the reasons for this is that more and more shippers have come to rely upon the industry for convenient, quick, flexible transportation service. The operators of the firms in the industry are men who have risen from the ranks of employees. It is rare indeed to find at the head of any trucking concern men who have not had a keen insight into the conditions and problems of the business gained through first-hand experience. A majority of the firms have been financed by the savings of owners and loans from friends and suppliers. It is not common to find the public in control of a trucking business.

The International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers is the labor union which has organized the employees of this industry. A craft-industrial union in structure, the Teamsters has been quite persistent in organizing all workers within its jurisdiction. Although the locals in the larger cities are split up into various craft groups, the locals in the smaller cities have been predominantly "mixed". Most of the locals in the New England area are of the latter type. In particular, the Boston Local is this type.

The Teamsters are mainly involved in an industry which has grown and is still growing prodigiously. With this growth there has appeared a great wave of consolidations and liquidations among the firms in the industry. Despite these mergers there still is associated with it, as there always has been, a large percentage of small operators. One could logically say that this giant union certainly must be having some effect on the industry. Moreover, these effects may have different repercussions on the smaller firms as compared to the larger firms. The purpose of this research is to determine the effect~~s~~, or effects, of the Teamsters Union on the small to medium-sized trucker.

B. Scope of the Study

The problems of how to determine and measure a small to medium-sized trucker is one of comparison. Of the numerous ways to give the comparative size of a carrier I have chosen two. First, gross revenue of the carrier should be between approximately $75,000 and $5 million. This, to me, was a logical cut-off point because the maximum business done last year by any one firm was approximately $50 to $55 million. At $5 million gross revenue a carrier approaches economy of scale which takes it out of my small-trucker category. Secondly, if the carrier was doing less than $5 million but the management of the company has been separated from the ownership, I did not class the carrier within my category of small trucker. The reason for this is that, although this only happened in a few instances, I was not interested in interviewing people who were not using and responsible for their own invested capital. My rationale behind talking only to owners was that I wanted to determine whether there was any effect on incentive produced by the union on the owners. I did not feel that this fact, if it existed, could be determined by talking to managers alone.

In the course of my study I learned of many things which I originally had never thought about investigating. For example, problem areas such as lack of employer co-operation, rate cutting by the employers, and some corruption among the employers were brought to my attention during my interviews. Some of these became so predominant and relevant to my other problems that I investigated the problems further. The results of this side investigation proved that many of the employers' problems arise within their own ranks and are not due to the union.

C. Research Methods Employed

The method of analysis used to investigate the problem was interviewing of operators to obtain personal opinions of the conditions existing in the industry. In order to bring consistency into the interviewing, I compiled and used a questionnaire.

The questionnaire was compiled after many conversations with the executive secretary of the Employer Group in Boston. Not only did the secretary help me to compile it, but she also had to check every question to make sure that I would not ask the employers something they would not be able to divulge or which they would not want to answer because of fear that it might injure their standing with the union.

The reasons for choosing personal interviews with a questionnaire instead of mailing a questionnaire to carriers in the area (and the country for that matter), which has the obvious advantage of greater coverage, are the following: first, there have been no such studies undertaken in this subject, which forced me to devise my questionnaire from scratch; secondly, since I had to compile my own questionnaire, I was not sure what type of answers I might receive and by taking the questionnaire around I could direct my questions more specifically and clear up any ambiguities; thirdly, it was pointed out to me, and I later confirmed this, that this particular group of employers was not very well educated, and they might not be capable of answering a questionnaire competently; and fourthly, by taking the questionnaire around, I was able visually to inspect many operations and learn a great deal more about the over-all industry than I would have had I sent out the questions. Of course personal interviewing had the effect of further limiting the scope of this study to the immediate area around Boston.

D. Major Conclusions

This study sought to determine what the effects of the Teamsters Union are on the operation of small carriers. The method of analysis used to attack the problem has been subjective. To the extent that the conclusions are based on this method of analysis, the conclusions reached are not as sharply defined as one would like to make them. On the other hand, the study has revealed many interesting areas for further endeavor.

In general, the small carriers' answers to my queries lead me to believe that the present local's seniority policy and method of over-all industry contract negotiations, lack of consideration of whether firms mainly operate locally or between cities, policy on wage rates, and a few subtle schemes of featherbedding are increasing operating costs for the small carriers above what such costs are for the larger carriers. In turn, the high operating costs are forcing many small carriers to operate their enterprises at a loss. To the extent that such cost increases are preventing the small carriers from responding to changing conditions affecting the operation of their firms, the union is hampering the flexibility of operation of the small carriers.

But, the study has revealed that the industry is complex and many factors in addition to the union enter into the decisions affecting the operation of a trucking firm.

Carriers are plagued with a lack of employer co-operation. The industry is still suffering from corruptive forces operating within the firms and between operators and the union. Small carriers also feel that the Interstate Commerce Commission has policies which work against the small carrier and for the large carrier. These latter forces, also operating within the industry, may also be having an adverse effect on carrier operation. Moreover, many of the adverse effects of the union may be overestimated and enlarged due to the presence of the other forces.

CHAPTER II

Background for the Study

A. Introductory Comments

The trucking industry was practically non-existent prior to 1920. Today it has grown to be an important segment of our economy. One of the reasons for this is that more and more shippers have come to rely upon it for convenient and flexible transportation service. Of all the modern means of transportation, that by truck has proved to be the form most easily adaptable to today's multiplicity of needs - so much so that it now reaches into nearly every phase of our daily living.

The majority of the employers in this industry are men who have risen from the ranks of employees. It is rare indeed to find at the head of any trucking concern men who have not had a keen insight into the conditions and problems of the business gained through first-hand experience. Again, a majority of the firms have been financed by the savings of owners and loans from friends and equipment suppliers. It is not common to find the public in control of a trucking business; nor is it common to find a firm in which the control is not in the hands of the founder or his family. Therefore, the operators have largely come up from the ranks, and the development of the industry is due to their reinvestment in it of personal savings.

The industry is known for the small size of many of its operators. The best measure of size of any firm within an industry is revenue. For the trucking industry, revenue statistics for companies doing over $200,000 are easily available; however, for firms doing less than this figure, comparable statistics are not available. However, there is another way to approach size, and that is through number of trucks owned, since revenue is highly correlated to the number of trucks. It has been estimated that in 1956, of all the "for-hire trucking enterprises", 50.3% of the enterprises are one-vehicle, owner-operated firms, 12.6% own two trucks, 9.4% own three or four trucks, 9.2% own five to nine trucks, and 18.5% own ten or more trucks.[1] This means that 81.5% of these firms within the industry have less than ten trucks.

With the "age of management" in full swing, as might be expected, the trucking industry also is starting to develop a class of managers who are not drivers and have not come up through the ranks. Most of these men are with the very large companies and are engaged as traffic managers and rate men.

[1]Motor Truck Facts, 1957 Edition. Washington, D.C.: Automobile Manufacturers Association, 1957, p. 48. These data are projected figures for the United States, based on facts and calculations for ten eastern and ten western states.

Occasionally they are found in medium-sized firms, but rarely have they attained the leadership of an enterprise. As the industry develops and concentration of the industry goes into fewer and fewer hands, this group will be increasingly important and efficiency of management will increase proportionately.

The International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers is the labor union which has organized the employees of this industry. A craft-industrial union in structure, the Teamsters has been quite persistent in organizing all workers within its jurisdiction. Although the locals in the larger cities are split up into various craft groups, the locals in the smaller cities have been predominantly "mixed". Most of the locals in the New England area are of the latter type.

This study undertakes to determine what the effect of the Teamsters Union - Local 25 - has been on the small to medium-sized trucker in the Boston area.

B. Definition of Terms

The trucking industry, like most others, has a vocabulary which is peculiar to itself. Although many of the terms are in general use, some are not. The more important ones are defined as follows:[2]

[2]The definitions are taken from the following sources: Motor Carrier Act of 1935, Superintendent of Documents. Washington, D.C.: Public Document No. 255, 74th Congress; Hill, S.E., Teamsters and Transportation: Employee-Employer Relationships in New England. Washington, D.C.; American Council on Public Affairs, 1942; Reynolds,L.G., Labor Economics and Labor Relations. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1954.

1. Common Carrier: As defined in the Motor Carrier Act, "The term 'common carrier by motor vehicle' means any person who or which undertakes, whether directly or by lease or any other arrangement, to transport passengers or property, or any class or classes of property, for the general public in interstate or foreign commerce by motor vehicle for compensation, whether over regular or irregular routes, including such motor vehicle operations of carriers by rail or water, and of express or forwarding companies, except to the extent that these operations are subject to the provisions of Part I."

2. Contract Carrier: "The term 'contract carrier by motor vehicle' means any person, not included under paragraph (14) of this section, who or which, under special and individual contracts or agreements, and whether directly or by a lease or any other arrangement, transports passengers or property in interstate or foreign commerce by motor vehicle for compensation."

3. Private Carrier: "The term 'private carrier of property by motor vehicle' means any person, not included in the terms, 'common carrier by motor vehicle' or 'contract carrier by motor vehicle,' who or which transports in interstate or foreign commerce by motor vehicle property of which such person is the owner, lessee, or bailee, when such transportation is for the purpose of sales, lease, rent or bailment, or in furtherance of any commercial enterprise."

4. Road Driver: The person who drives his truck for relatively long distances with few stops to unload or load.

5. Local Driver: The person who drives his truck for short hauls and usually has many stops to pick up and unload freight.

6. Helper: A helper is an employee who rides with the driver of a truck and who has the duty of assisting the driver in loading and unloading the truck.

7. Platform men: These men never drive any trucks. They are used in the hauling of freight on the shipping floors of either terminals or garages of the companies.

8. Riggers: These men perform a special labor, which is the dismantling, removal and erection of very heavy pieces of machinery. They are a very highly skilled group.

9. Terminal: This may be a building specifically built to handle, move and store freight from one truck to another, or it may be a building converted into a terminal such as a garage or warehouse. New buildings are usually much more efficient than converted garages or warehouses because of freight-handling considerations designed into the structure.

10. Grandfather Rights: In the Motor Carrier Act of 1935 operating rights were promulgated as follows:

> If any such carrier or predecessor in interest was in bona fide operation as a common carrier by motor vehicle on June 1, 1935, over the route or routes or within the territory for which application is made and has so operated since that time, or if engaged in furnishing seasonal service only, was in bona fide operation on June 1, 1935, during the season ordinarily covered by its operation, except in either instance as to interruption of service over which the applicant or its predecessor in interest had no control, the Interstate Commerce Commission shall issue such certificate without requiring further proof that public convenience and necessity will be served by such operation, and without further proceedings, if application for such certificate is made to the commission within 120 days after this section shall take effect.

Rights granted under this section of the Motor Carrier Act are known as Grandfather Rights.

11. Closed Shop: That employment policy adopted by the union whereby a man must be a union member before he can be hired by an employer.

12. Union Shop: That employment policy adopted by the union which permits the employer complete freedom of hiring, but provides that new employees must become union members by some specified time.

13. Dead Heading: Riding as passengers on a company truck driven by another man, or bringing back an empty trailer or truck is known as dead heading.

14. Operating Ratio: The profit position of a carrier in the trucking industry is usually expressed in the form of an operating ratio. The operating ratio is the percentage relationship of expenses to gross revenue.

C. The Industry[3]

1. Nature of Local Conditions

Trucking concerns engaged in the business of common carrier of general freight and commodity handling will have an organization similar to the following: the firm will have a terminal (or a garage, if business does not warrant a terminal) in which shipments of freight may be stored and transferred from truck to truck. This terminal will necessitate the employment of platform men to help the drivers in moving freight from platform to trucks and trucks to platforms. Depending on the size of the firm, it may have more than one terminal. These terminals also have shops where the firm's maintenance crew performs all necessary repairs on equipment. In addition, the smaller operators will have their business offices and clerical help located in the terminal building.

The firm will need mainly two types of equipment: large trucks carrying a big load and small trucks carrying a relatively smaller load. Small trucks usually can accommodate

[3]This material has been gathered together from several sources. A large part of it has come from general background interviews with Miss M. McCaffrey of the Employers Group of Motor Freight Carriers, Inc.; Mr. John M. Bresnahan of the American Trucking Association, Inc.; Mr. John B. Mastrangelo of Breeman Transfer Co., Inc., Leechburg, Penna.; and the local carriers. For some early history of the industry and the Teamsters Union, I used The Teamsters Union: A Study of its Economic Impact by Robert D. Leiter. Hill's Teamsters and Transportation provided some added historical facts and conditions for the local area.

five to seven tons, while the larger units carry from 15 to 20 tons. The large trucks are used for line haul work between cities, and the smaller units are used for transporting freight within a city, to and from the terminal to shippers and consignees. Frequently freight is not brought to the terminal at all, when one shipper has a full truckload to be shipped. However, this may also occur if two or three shipments are placed on a truck and it would not be as profitable for the operator to go to the expense of sending out smaller trucks for pick-up and delivery.

Although the companies under consideration are classed as common carriers, their schedules are not comparable in the least in regularity with other types of common carriers, such as railroads and airlines. Railroads and airlines, etc., move, in a majority of cases, regularly scheduled runs which must operate whether or not there is sufficient traffic or freight to meet expenses. On the other hand, trucking company schedules are made up to conform to shippers and are therefore very irregular. Operators are not permitted to refuse to make shipment merely because the shipper does not offer enough to make it profitable, but in many instances this situation occurs. The method of refusal is to tell the prospective customer that there is a tie-up or rush of business such that it is impossible for the operator to have a truck available at the time required by the shipper. There is no means of checking this so that the customer could compel the firm to accept the business.

But, many trucking firms do conform to fairly regular schedules. This is not to be construed to mean that trucks are to leave a given terminal for another at a specified hour. Rather, it is to indicate a fairly constant time at which major parts of the day's work are to be completed, with the routing and scheduling of trucks quite dependent upon shippers' demands and needs. Except for some specialized haulers, the companies operate on a 24-hour basis. During the day the smaller trucks pick up and deliver freight which has been brought in by the road trucks, or the road trucks may be used themselves to deliver the freight. During the afternoon and evening, freight accumulated during the day is sorted and placed on the road trucks for delivery to other terminals and destinations.

According to regulations promulgated by the regulating agencies of the industry, carriers are able to accept practically anything for shipment. However, there are some limitations such as goods having high value, great bulk or anything which may have an inherent danger which may cause possible damage to other cargo or goods.[4] Otherwise the carrier will accept practically anything offered for shipment.

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[4]For a general idea of commodities not accepted for shipment, see the citation of the Uniform Motor Freight Classification or page 4 of Hill's Teamsters and Transportation.

Within the industry, because of the fact that there is a requirement of particular equipment to handle certain types of work, there is a fair amount of specialization in commodity hauling. The Boston area has four groups of carriers: companies specializing in fish transportation, wool hauling, produce transportation and general freight hauling. Included in the last category is a group which is active in heavy machinery and equipment hauling.

The first group is composed of carriers specializing in fish hauling. To do this type of work requires refrigerated equipment and in some cases special equipment inside the truck. The quantity of fish received in the Boston area conditions the principal use to which this type of equipment is put, but in some cases it may be used for hauling other commodities.

The second group of carriers - the wool haulers - is small in total. This work is somewhat specialized, since the transportation of wool requires a special kind of equipment if any economy is to be attained in the work. The truck used for wool transportation generally has the body built out over the cab of the truck such that part of the load is carried on top of the cab, and has open sides and no top. The rationale behind this is that the weight of the load is small when compared with its bulk, and the only restrictions to load are clearance of bridges, etc. The loading of these trucks, to insure against possible turnover, requires a special skill on the part of the loaders. As a result, there is some special skill required by such handlers, but this is almost the only group where any experience is needed to handle a job within the industry.[5]

The third group, and a fairly large one, is that specializing in hauling produce to and from the railroad sheds and the wholesale fruit and vegetable markets in Boston. The majority of this work is local, but these carriers also engage in operations over long distances.

The fourth and largest group is that composed of those doing general freight hauling. While those in this group may on occasion carry goods normally carried by concerns specializing in the other areas mentioned - such as the hauling of wool during either of the two seasonal peaks of wool transportation - they are more concerned with general freight hauling and do not make an effort to attract other types of business. Note should be taken of the fact that in some cases one concern may be engaged in several of these fields at the same time, so that it is sometimes hard to place a carrier in one particular group of carriers.[6]

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[5] Another group of workers within the industry which also requires some special skill is the riggers.

[6] There are two other types of carrier of some significance in the area - those moving furniture and household goods and those hauling gasoline and oil. The latter group is almost exclusively private carriers. Since neither group is a member of the Employers Group, it was impossible for me to make any appointments for interviews with employers within these groups. The same was true as regards attempting to interview concerns exclusively hauling produce or fish.

Regardless of the commodities which truckers carry, all firms in interstate business, subject to the Motor Carrier Act of 1935, can be placed in one of the following three categories: (1) common carrier, (2) contract carrier, (3) private carrier.[7] Common carriers are those who serve the public generally in the transportation of all kinds of commodities between all points permitted them by the regulatory commission. On the other hand, contract carriers do not serve the general public but restrict themselves to operations conducted under contract with certain shippers. This latter group has the advantage of being able to operate under relatively regular schedules, since they are assured of a more constant flow of freight, as compared with the common carrier. The advantage to this is that the contract carrier has to maintain less reserve equipment, but the big disadvantage, in many cases, is that these companies do not have return loads because the firms for which they haul freight only send goods in one direction and have little or nothing for the trucker to bring back. Several persons with whom I have talked have said that this factor is driving the contract carrier out of the business.

The last class of carriers is composed of the private carrier. This group is not in business to serve the public in any capacity and the firms only carry goods in which they themselves are interested. Because of the fact that a good number

[7] See the preceding section on definitions to obtain the <u>Motor Carrier Act of 1935</u> definitions of the carriers.

of firms require special equipment to carry and handle their products, there are quite a few private carriers. The other major reason for private carriers is that some companies have found it cheaper to transport their own goods.

Statistics on the size and growth of the industry have been very hard to gather. One indication of the growth of the entire industry, in general, is that given by Transport Research, Inc. They show that for all carriers in the United States, having a gross revenue in excess of $200,000, total revenues have increased from $2.5 billion to $3.4 billion from 1950 to 1954. In the New England area, during the same period, gross revenues increased from $300 million to $410 million. There is, however, no indication of the growth or decline of the firms doing less than $200,000, and it has been estimated that there are quite a number of these smaller firms.[8]

Competition within the industry has always been keen both internally and externally. The former has taken place very actively with respect to service, i.e., there has been much competition between companies in the matter of arranging schedules to suit shipper convenience and in providing as fast transportation as possible. A result of this desire to get

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[8]It is hard to determine the best basis to indicate the size of an industry. Such things as total number of miles traveled, tons of freight carried, average number of people employed, or total revenue within a period all might be valid estimates under different conditions. I have chosen to use total revenue. Although revenue statistics do not include firms doing less than $200,000, other statistics on firms below this size also are not available. The reason for this is that the I.C.C. permits such firms the opportunity to exclude certain information because of their size, and also to submit less reports than the larger firms are required to submit. See The Red Book, Transport Research, Inc., Washington, D.C.: 1955.

business at any cost has been that many companies have undertaken to move freight which could not adequately bear the cost of shipment by truck. Another result of this is that in attempting to move goods whenever shippers desired them moved, many companies never considered whether they had enough additional freight at hand to make it worthwhile to send a truck to a given point. The more progressive firms have become aware of this problem and have attempted to eliminate the movement of freight which does not carry a compensatory rate and to wait until there is sufficient freight on hand before sending out a truck. But the smaller firms still handle this non-compensatory type of business and, to be sure, many of them must do it to remain in business.

There has been a great deal of competition within the industry between common carriers and contract carriers. The contract carriers often carry goods at rates substantially below those which common carriers can afford to quote, with the guarantee from the shipper of a certain amount of tonnage per period. This has been the case where an operator has two contracts for service in opposite directions, such that he does not have to run his trucks empty half the time. In a great deal of cases the contract carriers were merely common carriers who had obtained contracts with a few customers for the shipment of their freight and who go outside of these contractual bounds in order to gain whatever freight is necessary to make up full loads.

The major outside competition facing the trucking industry has been that offered by the railroad industry. However, it would probably be fairer to state that the trucking industry has been the major competition to the railroad industry, since the former has gained revenues at the expense of the latter. Two of the leading factors for this gain of the truckers over the railroad have been the more efficient service feature of trucks and the decline of truck rates, relative to railroad rates. To counteract this "pilferage" of business by the truckers, the railroads have speeded up their freight service and inaugurated door-to-door truck services to meet the competition of the trucking firms. This latter speed-up has been accomplished through the use of the various schemes of piggyback operations of the railroads. In general, competition between trucks and railroads has become very sensitive to minor changes in rates and service started by the other.[9]

2. Costs in the Industry

The subject of costs in the industry is extremely complex. Even though there has been a demand for accurate accounting statements of finance from the firms by the I.C.C., there are many

[9]The other major source of competition is the use of private trucks owned by the companies which do their own hauling. With the coming of higher shipping costs many concerns are beginning to look into the feasibility of doing their own freight hauling.

ways of "stacking" the figures and distorting the results. I am convinced that it will always remain a mystery how a company can have an operating ratio consistently over 100.0 and still manage to stay in business.

I have chosen to use figures compiled by Transport Research, Inc., as my estimate of the current industry costs in the United States and in the New England area. There are two restrictions on these statistics. First, the tables listed in Appendix I are only for the years 1950 to 1954, inclusive; secondly, the figures do not include any firms having an annual volume of less than $200,000.[10] These figures, on the other hand, do serve to indicate the approximate relationship between various cost components of the industry. In addition, I have included several tables to attempt to show cost and revenue trends developing in the industry.

Table I gives a frequency distribution for selected characteristics of the intercity common carriers of general freight for the United States and for the New England-Middle-Atlantic area. The breakdown of the operating revenues shows one important fact. The NE-M-A area has a higher percentage of firms doing an annual volume less than $700,000. I also have learned through the Employers Group that the NE (not a combination of the New England and Middle Atlantic areas) area

[10]There are a few borderline cases - companies doing less than $200,000 - included in the statistics.

has the highest percentage of firms in the various country regions doing a volume less than $200,000. A look at the operating ratios shows that the NE-M-A area has a greater number of firms operating with ratios greater than 100.0. The ratio of labor costs to operating revenues shows that the NE-M-A area also has a higher labor cost structure than the over-all industry.

Table II gives a summary of the operating statements for intercity common carriers of general freight for the United States and for New England. One significant factor that is immediately evident is the higher operating ratio for the New England carriers. There are many ratios which might be calculated from these data. Two seem particularly relevant to me. First, the ratio of total labor expense, which includes all supervision, to operating revenues gives a figure of 53 per cent for the United States and 58.2 per cent for New England; secondly, the ratio of labor expense, excluding any supervision, to operating revenues gives a figure of 32.2 per cent for the United States and 36.1 per cent for the local area. Although not conclusive in themselves, I think those figures point to a higher cost of labor for the local area for intercity transportation.

Similarly, in Table III, which gives a summary of operating statements for local common carriers of general freight, the same ratios can be computed. The ratio of total labor expense to operating revenue is 61.4 per cent for the United States and 67.5 per cent for New England; that of labor expense, minus supervision, to operating expense is 43.4 for the United States and 46.8 for the New England area. Perhaps the most important facts revealed from these ratios as compared to those in Table II are the high labor cost of local trucking and the economy of scale that can be obtained through "long" hauls. Another interesting thing shown in Table III is the very high operating ratio of local trucking in the New England area. It would appear that this type of hauling should not be handled by trucking firms since their expenses exceed their revenues.

Table IV, which is a summary of both general freight and special commodity carriers, gives a breakdown for the United States, subdivided into intercity and local hauling. Types of carriers included in this table which were not in the other tables are automobiles, heavy machinery, household goods and petroleum carriers. Again, the ratio of total labor to operating expenses gives a figure of 48.0 per cent for the grand total, 46.7 per cent for intercity hauling and 61.5 per cent for local freight. The ratio of labor, minus supervision, to operating expense indicates a figure of 29.3 per cent for the total, 28.0 for intercity and 41.7 per cent for local. These figures plus the aggregate operating ratios show that throughout the industry local hauling is categorically more expensive from the labor-cost viewpoint and from the over-all expense viewpoint.

Tables V and VI have been included to show the trend of revenue and of costs in the industry. In practically every instance for each category freight revenues have increased and the cost of handling the freight has increased. The important feature of the figures in both Table V and VI is that although revenues and costs have increased, costs have increased at a faster rate than revenues. This point is illustrated very well by the constantly increasing operating ratio for the various categories of trucking.

3. Technological Advances[11]

There has always been a demand for more powerful and faster equipment, for the road work and for terminal work, in the industry. Undoubtedly the pressure for this has stemmed from the rising cost of labor. The biggest way of increasing the efficiency of trucks is to decrease the weight of the body, therefore permitting more pay load to be carried. This is one

[11]The biggest technological changes in the industry came during the 1925-1935 period when such things as the pneumatic tire, the development of devices permitting the use of trailers and semi-trailers, and radical improvements in engines, resulting in economy of fuel were introduced.

reason for the rise in usage of stainless steel and particularly aluminum in the building of trailers. A further development will be the elimination of trailer frames. The elimination of the frame, which will save a great deal of weight, is still being tested, but it is being delayed by failure to design floors strong enough to eliminate the need of a frame. Alloy steels, such as stainless, will help develop this type of a trailer. Many of these improvements have already been incorporated on new truck design, thus increasing the pay load. However, the costs of such trucks are much higher than "conventional" trucks, and it will still be several years before a majority of the industry has this new equipment.

The work performed in the terminal is mainly that of an unskilled sort, and is composed of shifting freight from one truck to another or from the terminal to the truck (or vice versa). Most of this work is done by hand, by hand trucks or by mechanized work trucks, with the latter being the latest technological advance of any significance. The major drawback in setting up any production-line system of freight movement in the terminals is the lack of uniformity of freight and in many cases the lack of an adequate volume of freight. Before one can even consider any expensive setup for the movement of freight, the previous two requirements must be met. A good way to increase the efficiency of the terminal is in the original design. But, here again, many truckers do not build terminals; they either take over a garage or an old terminal.

Any future technological changes in the industry will either be in the improvement of trucks or of terminals. But it is quite apparent that there are greater possibilities of labor-saving devices in the terminals and platforms than in trucks.

The union has not been concerned particularly with technological changes in the industry. There are two reasons for this: first, the industry is growing quite rapidly, so that any labor-displacing effect which any changes may have had has been offset by expansion; secondly, the union has not had to face technological changes of sufficient importance to cause any great amount of unemployment or any substitution of an inferior skill for a superior one. The changes which the union has had to face have not been radical but gradual and relatively unimportant. As a result the union has no specific policy on how to combat an advance in technology.

Due to the rapid growth of the industry, the union has never resisted the introduction of lighter, faster trucks. On the other hand, the unions have sporadically resisted the introduction of various terminal devices which may have eliminated freight handlers. The union is presently resisting two innovations, or technological changes, which have occurred outside of the industry, but which have had an indirect effect on the trucking industry. The first is the use of the super highways and the second is the use of the various railroad piggyback means of freight hauling.

4. Regulation by Commission

The Interstate Commerce Commission was given regulatory powers by Congress through the Motor Carrier Act of 1935. The most important activities of the Commission have to do with driver and truck safety regulation, granting of operating rights and regulation of the rate structure. In prescribing a set of rules intended to further safety of driving, the Commission has merely elaborated on a general set of rules for safe driving which any ordinary driver of a motor vehicle would be expected to observe. There are rather detailed rules governing truck equipment, such as lighting of vehicles, brakes, windshield wipers, safety glass, etc., which are all deemed necessary for safe operation of any vehicle. In addition, there are requirements dealing with eyesight, hearing, usage of liquor and habit forming drugs, driving experience and skill, and knowledge of I.C.C. rules for the drivers of vehicles which come under the Commission's regulation.

The I.C.C. has complete control over the development of the industry by the power granted it to act on applications for permits to operate. When the Commission first came into its regulatory power over the industry, it had to act to determine the so-called "grandfather rights" of each carrier.

That is, it had to determine who was to be permitted to carry what over which routes and territories. Once this was settled the Commission had only to deal with new applications for permission to operate and with applications of existing carriers for permission to extend the number of routes which they presently serve. However, the Commission does not have any power to restrict the expansion of operations by existing carriers, so long as they restrict themselves to the territories for which they are certified. A further power granted to the Commission is that to control mergers, purchases, and other forms of consolidation of trucking enterprises. Naturally, it may not compel mergers or consolidations, but it may impede or prevent them where the Commission deems it wise. This restriction is a must to prevent any company from buying up all the rights in an area and creating a monopoly of trucking service.

Before the I.C.C. appeared in the trucking industry, there was no established basis for rates. There were no published tariffs, and no one knew what his competitors' rates were. With the requirement from the Commission to submit rates, there developed a great deal of price cutting, so much so that the industry finally asked the Commission to set minimum tariffs for all commodities. It does this with the help of various motor rate bureaus throughout the country. Today there are two types of rates charged by carriers. One is the class rate and the other is the commodity rate. Class rates depend on the density or number of pounds per cubic foot of goods to be moved. Opposed to these are the commodity rates which are specific rates applicable to specific commodities. The latter are special rates which are always different from those which would be obtained by applying the class rate system to the commodities involved, and usually lower than the class rates. There is always a sufficient volume associated with the commodity involved to justify a trucker's use of the commodity rate over the class rate.

The effects of the Commission have been many fold. The rules pertaining to safety regulations benefit both the union men and the employers. In effect, they raise the average qualification of employees and the employers are able to pay better wages to more efficient employees. Safety regulations, combined with the regulation of admission, have reduced the competition in the industry, especially by decreasing the number of small one or two truck owner-operators. In the long run the restrictive regulation of entry will better the union position through bettering the operating positions of the remaining carriers. However, this entry restriction may be protecting existing firms from the competition of possible future firms and causing a lower rate of technological advance than would otherwise be present. Rate regulation is definitely to the advantage of the unions because such regulation in effect brings freight rate stability into the industry and thus raises over-all freight rates. This stability, in turn, tends to keep wage rates at a higher level. It will remain so as long as the Commission is restricted to its present activities and does not obtain some measure of control over wages through powers of mediation and arbitration. Rate regulation is also beneficial to the employers since it theoretically prevents price cutting.

5. Employer Organizations

Employer organizations are handicapped by their inability to recruit 100 per cent of their potential membership as well as by their comparative youth. There have been many organizations of employers in the New England area in the last two decades, but only a few have remained to be of any value to employers. In a majority of cases these groups had no permanent staffs, and it was hard to define their duties. They usually became active only when crises arose which demanded action on the part of all employers. Organizations of employers fall into two categories - those concerned with labor problems and the negotiation of contracts, and those concerned with problems developing from the regulatory commissions.

The employers' groups in the New England area have not been too successful, except the Boston group known as the Employers Group of Motor Freight Carriers.[12] The Boston association

[12]There are employers groups in Lynn, Lawrence, Lowell and Harverhill, for example, which negotiate contracts collectively for their members with the locals in the area. These organizations have been nothing more than informal groups which appoint negotiating committees to meet with the locals when contracts expire and make new contracts.

maintains a full-time staff composed of an executive secretary, an assistant to this secretary and a legal counselor. The secretary (who also happens to be a lawyer) is charged with engaging in negotiations for contracts and also settling problems with the union which may arise during the life of the contract. This latter feature of the function of this employer group distinguishes it from others in the New England area because other groups have a tendency to settle employer and union grievances not through the employer organization but directly between union and company.

Those employers' groups not maintaining a full-time staff of officers are concerned only with negotiations of contracts and do not deal with a very wide range of problems. As stated previously, they are active only during the negotiation of contracts. However, this is not the case with the groups, such as the Employers Group of Boston, which maintain salaried officers. These persons not only negotiate the contract, but are in constant touch with labor problems, and always ready to help members in the solution of their difficulties in dealing with a local or locals (as the case may be). In effect, they are the equivalent of personnel or labor relations experts for members belonging to the association. Most of the individual companies belonging to these associations are too small to maintain a full-time or part-time man in the activity. These companies have therefore joined together to purchase as a group what they could not do individually. Only two or three of the extremely large companies have any kind of a staff with a labor relations semblance.

The Employers Group of Motor Freight Carriers of Boston has approximately 120 members out of an approximate total potential membership of 400. But, they represent 85 per cent of the manpower employed in the area. Prior to the formation of the Boston employer group, the Boston local held mass meetings of employers, at which officials of the local presented their new contracts. This method was very cumbersome, and when the local carriers took the initiative in forming an employers' group, the Teamsters' local encouraged it. It is said that the union encourages employer organization not only because of the efficiency in dealing with a group rather than individual members, but also because the union felt that contracts could be enforced better through employer associations (and the same holds for the negotiation of new contracts).

A major problem always facing the Boston employers' group is that of membership in the organization. More specifically, the problem is one of recruiting a membership which will retain its unity when confronted with opposition from the union. In past years and at the present time, the strength of employer organizations in negotiations with locals has usually been seriously weakened, and sometimes destroyed, by dissension among the ranks of employers. The paramount element which hampers employers' efforts to strengthen their position as a group is the weak, sometimes marginal, financial position of many carriers who cannot afford a long strike. The employers group has always been plagued by enough carriers in this position - who threaten to go outside the association to sign with the local in order to gain operating privileges - to force the employers group as a whole to take a weaker position against the demands of the union than it would otherwise have done.

In addition to groups set up to deal with the problems of labor relations, the local carriers belong to an association designed to deal with rate questions and other situations arising out of regulation of the industry by the Interstate Commerce Commission. Although the membership of the two groups is largely the same, the rate-making organization is quite separate and distinct from the labor relations group. The New England Motor Rate Bureau is the most important of several bureaus located throughout New England. Its job has been to advise the I.C.C. on minimum rate schedules for the New England area and to gather data for presentation to the I.C.C. in connection with further establishment of minimum rates and periodic revision of them.[13]

[13] In addition to these organizations there is the American Trucking Association, Inc. It was organized in Washington in September, 1933; is composed of 50 state motor truck associations, representing throughout the country all types and classes of truck owners and operators. The A.T.A. is a federation of associations, operating without profit and officered by truck operators for the purpose of protecting and promoting the interests of the trucking industry. It is the recognized national spokesman for the trucking industry and contacts regularly all Federal departments in which arise matters pertaining to trucking and other forms of transportation.

D. Teamsters Union in the Local Area

1. Historical Setting

The union which has successfully and quickly organized the trucking industry is known as the International Brotherhood of Teamsters, Chauffers, Warehousemen and Helpers of America. The present union was formed in 1903 by a combination of two earlier organizations: the Teamsters National Union and the International Teams Drivers' Union.[14] It was originally known as the International Brotherhood of Teamsters; later it added the words "Chauffers, Stablemen and Helpers" to its name and still later it dropped the word "Stablemen" and added the word "Warehousemen". In the very early years of the union, the men were genuine teamsters, engaged exclusively in the work of local hauling and carting. Today there are naturally no men left in the union who are genuine teamsters. The Teamsters is regarded as having made the shift from one type of skill to another better than many other unions. The reason for this ease of change is that many of the members who originally worked as teamsters learned, when they came into the industry, to drive trucks. Thus the union did not have to organize a completely new group of workers but could rely on a nucleus of old-timers to help in organization. In the beginning, the union was also helped materially by the relative slowness with which the truck displaced the horse in the type of activity in which the union was most strongly entrenched: carting and

[14] Hill, Op. Cit., p. 74.

drayage around large metropolitan areas, over comparatively short distances.[15]

Some of the problems of the union at the turn of the century have a close resemblance to problems of present locals of truckers. For example, such things as the question of whether to admit the owner-operator into the union and the rise of employer organizations to deal with locals still remain as "headaches" of great concern. Throughout the years the union has followed a fairly regular pattern of craft union policy. Its membership was fairly constant when considered in relation to other unions until 1933, when there appeared a great influx of new members from the over-the-road trucking industry (which had not been organized prior to this time). At first, the union did not care whether it organized this industry or not, but upon organization of these mid-depression drives, the union was skyrocketed into the most powerful union in the country from the point of membership, political influence and economic influence.

The history of organization of the Teamsters Union in the New England area and in the Boston area in particular follows closely that of the International Teamsters. In early 1933 the over-the-road and the local drivers were almost totally unorganized. With the exception of Local 25 in Boston, there were no locals of any significance. Most of the locals had failed

[15] *Loc. Cit.*

because they had not changed with the times. That is, most of them did not attempt to organize the new truck drivers, who had taken over where the Teamsters had been supreme.

The leadership of the Boston local had been as conservative as that of the other locals which had died. However, the Boston local gained a great deal of strength with a new set of officers, which were elected in early 1933. This new group was much younger than the old officers and they sought to build a strong organization. At the beginning of 1933 the union had only signed contracts with 16 employers in the area. The union, recognizing the validity of the employers' argument that in order to maintain a competitive position all employers would have to be organized, began a very energetic campaign, which proved quite successful.

A good description of this campaign is given in Hill's Teamsters and Transportation:

> The officers held mass meetings which were widely advertised. They hired a sound truck and the drive took on some of the aspects of a political campaign. The first meeting was held in April, 1933, and 1,000 men attended. Of these, 800 signed applications for membership. Enthusiasm for the new union .... rose rapidly. From that time until the meeting of November, 1938, men rapidly joined up. At least 35 were initiated at every meeting and the number ran as high as 500 or 600 per meeting. During this period of organizing, the officers of Local 25 traveled throughout New England, attempting to promote the formation of locals in other cities. It was obvious to them that to raise the scale of wages in Boston, for men doing anything other than strictly local work, it would be necessary to raise wages in the rest of the region and thus prevent loss of jobs from Boston to lower wage areas.[16]

[16]Hill, Op. Cit., p. 87.

Within seven years the union had successfully organized the vast majority of workers in industry throughout the area. The employers group has stated that the union today has been successful in organizing all employers in the area. Naturally, there are owner-operators engaged in over-the-road and local work who do not belong to the union, but these men are not the problem today that they once were. In fact, many of the owner-operators have joined the union in order to be able to exchange freight with union men at the terminals of large operators, or have been forced against their will to join the union to stay in business.

The Teamsters has jurisdiction over practically all groups of employees in the industry and has gone about organizing them with great rapidity. But it has never attempted to organize the mechanics, repairmen, or office staffs, concentrating only on drivers and persons associated with them in their work. This latter group mainly consists of helpers, platform men and riggers. Despite the relative ease of organization, some problems were encountered during the early campaign, but these were mainly problems of representation brought about by other unions seeking to organize the same group of workers.

The unions gained a great deal of power to force employers to join once it had successfully organized the warehousemen. Since most of the truckers had to deal with warehouses in one way or another, the union was able to force many employers into the union by threatening not to service their trucks at the warehouses. They also used this tactic to prevent the employers from discriminating against employees who joined the union. The two other tactics which the union used to bring the employers under control were the strike and the discriminatory practice of permitting one employer to operate while others were being struck against.

2. Union Strike Policy

Strikes in the industry have been numerous. However, the tactics used by the union to effect settlement with the employers have not changed too much over the years. When a strike does occur, the union usually places pickets at strategic points to inform outside truckers of the ensuing strike within the area. In the earlier strikes the union did not permit outside drivers to enter the area, but more recently they have permitted any truck manned by a union driver belonging to a local not on strike to come into the area. The local did this for several reasons. The primary one was that they felt that allowing outside operators to come into the territory would break down employer resistance. Although they realized that this might lead to a permanent contraction of business in the area, the union was not particularly impressed by this reasoning.

The second reason was that this policy tended to quiet the outcry of the public that there were emergencies due to various commodity shortages. But it should also be stated that in the interest of public relations, the union usually permits the transfer and delivery of supplies to hospitals and other public institutions. And certain other shipments of goods, either perishable or vital to some other industry (such as films), are also permitted by the union to be carried during a strike.

The Local offers to let any operator engage in normal business, if the operator will sign a so-called "blank" contract proposed by the Local. In effect, this contract permits the operator to keep his business going and is retroactive as regards the final contract negotiation. Of course, once the Union succeeds in getting one or two carriers to sign this agreement, especially the larger carriers, the strength of the Employers Group is weakened considerably.

The work of truckers brings them into contact with employees and operators of practically all industries. By refusing to handle shipments of goods to a certain plant which is on strike, the Teamsters can, in many cases, render valuable assistance to groups of striking workers in other industries. Naturally, the locals are therefore besieged by other labor groups to strike in sympathy with them and give them valuable aid.

Although all local contracts contain a provision to the effect that "employers shall not require drivers to cross picket lines to pick up or deliver freight," Local 25 has not always taken advantage of this clause and has on occasion crossed picket lines. The reasons for this are first, if the Union were willing to strike in sympathy every time, they would be involved in practically every strike which occurred and this would result in serious loss of wages to the membership; secondly, continual usage of the sympathy strike would only further weaken the already strained relations with employers; and thirdly, since the public attitude toward this type of strike is generally negative, continual participation in them by the Teamsters would give the group a bad reputation with the public.

Since it is not difficult to disrupt the operations of an individual carrier, the Teamsters Union finds itself with strike power which is very strong. However, there is one curb to this power - public opinion and demands. The industry is engaged in performing a service which is comparable to that rendered by railroads or public utilities. When service is interrupted, there is serious loss and inconvenience to the public. Though it is not as great as in other service industries, the stoppage of trucking is still sufficient to be of importance. When the public begins to demand that an adjustment be effected, a condition arises which is not beneficial to union interests.

3. <u>Working Conditions</u>

The following summarizes some of the basic working conditions imposed by the union contract on the employers in the industry.

<u>Union Shop Policy</u>: The Union prior to 1947 operated with closed shop in the industry. With the advent of the Taft-Hartley Act, the locals switched to a union shop policy. The basic reason for the early operations of the closed shop was "primarily to prevent employers from attracting more men than can, in ordinary times, be steadily employed at a full week's work." Since the closed shop was determined to be illegal, the Teamsters adopted the next best policy - the union shop. Their reason for adopting this has been the traditional one that only if the Union's existence is secure can it afford to cooperate with management and play a constructive role in the operation of any enterprise.

<u>Seniority</u>: The seniority provisions of the local contract are very simple. They run similar to the following: if conditions of business are such that all employees cannot work full time, senior employees shall be given preference to the available work. In addition, seniority is only on the basis of individual establishments, not on the basis of the local union.

That is, it is not to be interpreted to mean that the oldest members of the local are entitled to any available work in the "local" industry. An older man who has lost his job with one employer may not claim the job of a younger man employed by another firm.

Promotion Policies: There is no restriction placed on the employer as regards the promotion of employees to higher paying jobs.

Check-off: There is no check-off system for collecting dues. All collections are made by shop stewards or business agents or the treasurer of the local. The Union has effected, however, a substitute for the check-off system. The Contract provides that an employee shall be a member in good standing, and that union business agents can remove any men from the job for not complying with union laws. Thus, it is evident that the local does have the power to remove men from employment if they do not pay their dues.

"Dead heading": The contract requires that employees shall not be required to ride as passengers on a company truck driven by another man on their own time. Employees must be paid at the regular rate for all time spent "dead heading".

Wages:[17] Wages are dependent on the type of work being done, i.e., road driving, local hauling, platform work, etc. Outside of periodic wage increases, the main wage benefit obtained in the last few years is that of a guaranteed daily wage for eight hours (if a man is notified for work).

Preference to Available Work: The preference-to-available-work clause is tied in with the seniority clause; it states that preference to the available work shall be given in the order of seniority, provided that such senior employees are available at such time the work is available.

4. Enforcement of the Contract

Unions have always had difficulty in policing agreements with various types of employers. Particularly in this industry, there have always been, and still are, employers who rationalize that they are perfectly justified in breaking the contract. And the same is true of a number of employees, who likewise think it is permissible to take advantage of an employer where possible. As can be expected, this type of industry, with its tough, determined employers, and its equally tough employees, has problems which are quite complex and touchy.

[17] The area of wages in the industry is not within the scope of this study. This area along with many others is discussed extensively in Leiter's The Teamsters Union.

The primary union method of preventing contract violations by employers lies in the appointment of shop stewards. In addition to being regular employees, the stewards act as representatives of the union in different garages and terminals and report any infringements of the contract to the local business agents. Depending on the local, the duties of the stewards will vary. Most of the stewards are restricted merely to reporting grievances to the business agents and collecting dues from the membership; however there are locals, Local 25 not being one of them, in the New England area which permit stewards to settle minor grievances directly with the employer, independently of the union office. Almost everyone with whom I have talked agreed that it is to the advantage of both employers and the union to prohibit shop stewards from settling grievances directly. The main reason for this was that the stewards in most cases are not well enough acquainted with the terms of the contract and therefore may give incorrect interpretations of the contract.

The grievance procedure of the industry follows that prevalent in many other industries. When a complaint develops, the employee involved in the situation tries to adjust the situation directly with his foreman. If no satisfactory solution is reached, the employee then reports the matter to the shop steward. The steward also tries to effect a solution; if he cannot do so, the case is reported to a business agent.

When the business agent fails to get a satisfactory solution, the case goes to arbitration. The arbitration machinery in the Boston area is set up as follows: the contract calls for the creation of a six-man committee, composed of three employer and three union representatives and a seventh man who is an unbiased judge of the situation, to meet twice monthly. This group's duties are to "study the mutual problems of each side in connection with the trucking business, hear complaints of one side against the other with the view of adjusting the same on an amicable basis, and particularly to promote the observance of the contract and its spirit and intent by all parties involved."[18] This procedure is also followed by Local 25.

[18] Hill, Op. Cit., p. 194.

CHAPTER III

The Problem and Method of Analysis

A. The Problem Defined

As stated previously, the Teamsters Union is said to be one of the most powerful unions, if not the most powerful union, in the United States. It is involved mainly in an industry which is growing by "leaps and bounds." With this growth there has appeared a great wave of consolidations and liquidations among the firms within the industry. Despite those mergers, there still is associated with it a large percentage of small operators. One could logically say that this giant union certainly must be having some effect on this industry. In addition, these effects may have different repercussions on the smaller firm as compared to the larger firm. This, then, is the basic thought or idea behind my research - to determine the effect, or effects, of the Teamsters Union on the small to medium-sized trucker.

Upon commencing the preliminary work for the study and after having read what little material there was on this particular subject, I found myself asking the following questions: "What effects are there?"; "Which of these should I investigate?"; and "How can these effects best be determined?" In addition, there is the important question of "How to determine, or measure, a small to medium-sized trucking operation?"

I sought to answer the first question by interviewing the Employers Group and several truckers in the Boston area, and with the help of my faculty advisors. Basically, I am interested in answering such questions as: "Has the union entwined the small companies in jurisdictional disputes, thus unnecessarily hampering operations?"; "What is the effect of a guaranteed wage on these small firms?"; "What barriers to expansion, if any, have been caused by union operation in the industry?"; etc. Questions of this type may be tied into a central question from which all of the above are derived - "What has been the Teamsters' effect on the flexibility of operations of the small to medium-sized trucker, that is, how responsive or readily adjustable are the small truckers to the changing conditions imposed on them by the union?"

In answering the question "Which effects should I investigate?", I have chosen to leave this open for the following reason. I was never certain (prior to my investigation) what effects existed, whether these effects existed in all firms or whether they affected all firms. This was particularly so because of the different groups of truckers existing within the surrounding area. Therefore, I was never sure that I would not find new effects as I interviewed[1] each additional trucker.

[1]This sentence indicates that my method of analysis was personal interviewing. The reasoning behind this decision will be discussed in the following sections.

When I did learn of a new problem and I thought that it was important and might be relevant, I would ask the following interviewees about this problem to attempt to determine whether it existed with other carriers. In addition, I sought to answer the question "Whether the Union had brought any 'good' effects into the industry?" because I felt that this was as important an effect, if it existed, as any that may have occurred.

Undoubtedly the hardest question to answer before the study was under way was "How can these effects best be determined?" I have devoted the next section to a discussion of this question.

There remains the problem of "How to determine, or measure, a small to medium-sized trucker?" There are many ways to give the comparative size of a carrier.[2] Of these numerous ways I have chosen to use two. First, gross revenue of the carrier should be between approximately $75,000 and $5 million. This, to me, seemed like a logical cut-off point because the maximum business done last year by any carrier was approximately $50 to $55 million. At $5 million gross revenue, a carrier approaches economy of scale which takes it out of my small-trucker category. Secondly, if the carrier was doing less than $5 million, but the management of the company has been separated from the ownership, I did not class the carrier within my category of small trucker. The reason for this is that,

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[2] See previous section entitled "The Nature of Local Conditions."

although this only happened in a few instances, I was not interested in interviewing people who were not using, and responsible for, their own invested capital. My rationale behind talking only to owners was that I wanted to determine whether there was any effect on incentive produced by the union on the owners. I did not feel that this factor, if it existed, could be determined by talking to management alone.

In the course of my study, I learned of many areas which I originally had never thought of investigating. For example, such problem areas as lack of employer co-operation, rate cutting by the employers, and some corruption among the employers were brought to my attention during my interviews. Some of these became so predominant and reflected into my other problems, that in a few cases, I investigated the problems further. The results of this side investigation proved that many of the employers' problems arise within their own ranks and are not due to the Union.

B. Method of Analysis

After discussing the problem of "How to determine the effect of the Union on small truckers?" with various people, I felt that the best method to achieve my results would be by personal opinions of the employers in the industry. In addition, I concluded that personal interviews with carriers would be the method of getting these opinions. In order to get some consistency into the interviews, I compiled a questionnaire which is given in the following section.

The reasons for choosing personal interviews with a questionnaire instead of mailing a questionnaire to carriers in the area (and the country for that matter), which has the obvious advantage of greater coverage, are the following: First, there have been no such studies undertaken on this subject, which forced me to devise my questionnaire from scratch; secondly, since I had to compile my own questionnaire, I was not sure what type of answers I might receive, and by taking the questionnaire around, I could direct my questions more specifically and clear up any ambiguities; thirdly, it was pointed out to me, and I later confirmed this, that this particular group of employers was not too well educated, and they might not be capable of answering a questionnaire competently; and fourthly, my taking the questionnaire around, I was able visually to inspect many operations and learn a great deal more about the over-all industry than I would have had I sent out the questions. Of course, personal interviewing had the effect of limiting the scope of this study to the immediate area around Boston.

C. The Questionnaire

The questionnaire used was compiled after many conversations with the executive secretary of the Employers Group in Boston. Not only did the secretary help me to compile it but (she) had to check every question to make sure that I would not be asking the employers something that they would not be able to divulge or which they would not want to answer because of fear that it might injure their standing with the union.[3]

In looking at the questionnaire several things may come to mind. First, it appears that I may be forcing pre-designated answers from the employers, and secondly, the questionnaire may appear to be too general, vague and slanted. When I conducted an interview, I took all of these things into consideration. When it looked as if I were putting words into an employer's mouth, I immediately asked him whey he thought what he did. Where possible, I always attempted to get a specific example of whatever the employer was trying to tell me. And when the meaning of a word was too general, or too vague to an employer, I readily attempted to clarify it for him.

One point should be made clear at this time. In conducting an interview I used the questionnaire as an aid to keeping the interview "alive". I did not merely ask one question after another. Rather, I used the first few questions of the questionnaire as a means of getting the operator talking, and as the conversation lagged, I fired new questions at the operator.

[3]I had to give my promise to the Employers Group of Motor Freight Carriers and to each carrier that I would not reveal their names or give any direct quotes, which might be easily attributable to them. This gives, I think, some indication of the fear that exists within this industry.

Undoubtedly, any questionnaire can always be improved. The first one that I devised was much different from the last one I used. But, I feel that the following questionnaire did serve its purpose and permitted me to investigate my problem meaningfully.

The Questionnaire:

No names or quotations, which may injure your standing with the union or industry, will be given in the final report.

1) Total number of trucks? Number of tractors and trailers? Number of small trucks?
2) Total number of drivers? Number of road drivers? Number of local drivers? Number of helpers? Number of platform men?
3) Number of terminals and their location? If they are not located in the immediate area, what is the reason for their location - lower wage rates, etc.?
4) Type carrier - common, contract, or private? Is your business any combination of the three? What advantage is there to this?
5) How is your gross revenue doing? At what rate is it increasing? Have you noticed any sudden or constant decrease in it? What are the reasons for these increases or decreases? What was your gross revenue for last year?
6) Within the next year or two, do you plan any expansion in the number of trucks, number of terminals, or number of branches? Why? Why not?

7) Are you planning any long range expansion - three to five years? Why? Why not?

8) When were you first affiliated with the local Teamsters Union?

9) In general, do you feel that unions have cut down on your flexibility of operation? How? Please cite specific examples and/or incidences. (If you cannot think of any off hand, perhaps some of my later questions will remind you of some.) Is this problem any greater than other impediments to flexibility, e.g., high truck breakdowns, etc.?

10) Do you feel that the union has hampered your expansion plans? In what specific ways? Psychologically or incentively?

11) Do you have any peculiar characteristics about your type of freight hauling? What are they? Are your operations centered on a particular industry or type of hauling, e.g., local vs. intercity? Do you feel that over-all contract negotiation with the union is inconsiderate of these characteristics? Please cite specific examples. What do you propose to correct this inconsideration?

12) Is labor your biggest cost? What per cent of total operating expense is it? Do you have accurate figures to support this? Do you have any schemes for determining labor cost as you think it should be figured and not as designated by the I.C.C.?

13) Do you feel that the union wage demands have been, or are, just? Is productivity keeping pace with wage demands? Why? Illustrate. How do you measure productivity? If you are using a scheme, did you devise it yourself?

14) Do you feel that the wage rates demanded by the union are more suitable to the larger firms than to the small to medium-sized firms? Why? Illustrate. Do you feel that the wage rates are more suitable to the intercity carrier than to the local carrier? Why? Illustrate.

15) Would you like to see them altered to the benefit of the medium-sized firms? Have you any suggestions as to how this could be accomplished?

16) Do you feel that the wage and fringe benefits have caused a big increase in operating expense over the last few years? Is this cost entirely passed on to the customer? What per cent is? Do you feel that this increased cost is promoting a greater purchase of trucking facilities by potential and present customers, so that they can do their own operations? Are these people really justified in doing this, i.e., can they actually haul their freight as cheaply as you can? What other advantages are there to hauling your own freight?

17) Are you involved very often in jurisdictional disputes? Can you cite an example or two?

18) When this has occurred, has your business suffered substantially, or were you able to circumvent the situation? How did you manage the latter?

19) In your opinion, has the union offerred great resistance to technological change? Are you planning to substitute more capital for labor, e.g., in your terminals, in faster and lighter equipment? How do you keep up with such advances?

20) What changes in federal regulation of labor do you think would benefit the industry (you) the most?

21) Do you feel that the strike power of the union is too great? Why? How would you like to see it modified? If the unions did not have the power to strike, how would they be able to enforce their negotiations?

22) Do the unions practice discrimination against the employers when conducting a strike in order to get all employers to sign the contract? Has your firm ever been approached by them? What do you think the employers as a group should do to combat this practice?

23) What is your opinion of the union shop policy? Would you like to see it changed? Why? In what manner? If it is changed, in what ways do you feel that you would be better off?

24) What is the effect of the union on the individual worker?

25) What is your view on the competitive situation in the industry? Internally? Externally? Do you find as much co-operation among the employers, as regards holding to the contract, as you would like to see? Why not? Can you see any way to improve employer co-operation?

26) What is your opinion of the seniority policy of the unions? Do you feel that the union is pushing seniority into too many areas of the operation? Is the requirement to keep older men over younger men cutting down on your over-all productivity of operation? Have you ever tried to measure this effect? Does this hurt you during seasonal fluctuations more than in "prosperous" times? How would you take care of the "faithful" employees if the seniority clause were omitted?

27) Do you feel that the I.C.C.'s right to restrict entry into the industry is just? Why? Would you like to see the industry become a free-entry industry? Do you feel that this restriction is causing a lower rate of technological innovation and progress than would be present if the Commission did not have these powers of restriction?

28) Do you think that the union has brought any good effects into the industry? Has it forced the marginal competitor out of business? Does it keep the employer on his guard more and not permit him to become complacent?

29) Your contract calls for a guaranteed daily hourly-wage for some per cent of your employees. What has been the effect of this wage clause? Does this conflict with your scheduling problems?

30) Has your company been affected by featherbedding on the part of the employees? If so, in what manner is this done? How would you suggest this be corrected? Do you feel that the contract imposes some featherbedding on the employers? How?

31) Do you have any disciplinary problems? How is this taken care of?

32) Do you feel that there has been some discrimination on the part of the regulatory agencies with respect to freight rates? Are they geared to more profitably suit the larger firms? Why? In what manner could this be corrected?

33) What do you think of the arbitration process of the union? How would you like to see it modified?

34) Are you, or were you, in the last year or two, considering a merger or liquidation of your operation? With a larger or smaller carrier?

35) Have union demands and restrictions been one of the major forces leading you to think along the lines of a merger? Why? Can you illustrate this? If it is not a major force or consideration, what role does labor play in contemplation of a merger? What other factors are considered?

36) Do you feel that there is any, or much, corruption in the local union?

37) Do you think that there is rate cutting going on within the industry? If so, how is this being accomplished?

38) Do you feel that some employers are paying their employees less than is required by the union, thus permitting the carrier to carry freight cheaper? Is so, how is this being accomplished?

39) Do the local business agents have too much power? Why? Illustrate.

D. Impediments to the Study

In the course of setting up a schedule of interviews and conducting the interviews, I encountered several problems, which may have restricted the scope and validity of the study as far as being an indication of what is happening for the entire group of small truckers within the industry.

The first problem that I had to contend with was getting in the door to interview the truckers. Many of them did not want to see me because they said that they wanted "no trouble with the union" and that the Employers Group would answer all my questions for them.[4] Others suspected me as being a union spy. In several instances, I was even asked to show my identification card from school after the truckers had

[4] I was able to interview 21 employers out of 55 contacted. I had a total list of 110 carriers in the local area.

agreed to see me. I would not have been able to conduct the study had it not been for the help and authority granted to me by the Employers Group. In a majority of cases, I was granted an interview only after the carriers had checked with this organization and found that the Employers Group thought that it was perfectly alright for the operators to answer my questionnaire. Even after I did get to interview the men, I had to promise them categorically that I would in no way mention their name or incriminate them with the union. In addition, some men were still suspicious of me, even after all of the above checks had been made. All of this pointed out to me the extreme amount of suspicion and lack of trust which exists in this industry.

The second big detriment to the study was the lack of education among the employers. A good majority of those that I interviewed did not finish high school; only three of the employers had attended college; all, except two, had been a driver of a truck at one time or another. I am sure that they all thought that they knew the trucking business, however, as was pointed out to me by the executive secretary of the Employers Group; in many cases this is a delusion which they have. In many instances, when I posed a question to an employer, he had such a blank look on his face that I suspected that he had never before thought of the question or similar questions. I asked all of them if they had ever attempted to get any readings of union activities in other industries, in their own industry, etc., to enlighten themselves about why unions exist and what they are after. Only three or four indicated that they had done this; most of the others complained that they did not have enough time as it was to conduct their business, much less read "silly" magazine articles.[5]

The third largest problem with the study had to do with the time required and spent to conduct the interviews. Without an interruption I was able to conduct a good interview in two and a half to three hours not including time to get to the terminal or office. This only happened twice. Usually, the interviews tended to last four and five hours because of the many duties which had to be attended to while I was attempting to interview the employer. In one instance, I spent the whole day at one trucker because the owner got tied up in a conference with his lawyer about a labor dispute. In another I had to interview the employer at five in the evening and he did not show up until seven. Of course, this was expected to a certain extent, because in a small operation a manager does a lot more than he would have to do in a large firm. The length of time required to interview tended to restrict the number that I otherwise might have seen.

[5]I learned from a secretary of one employer who gave me this type of an answer that this particular employer always took an hour and a half or two for lunch every day.

The fourth and somewhat minor impediment to the study was the relatively high cost of interviewing as compared to sending out a questionnaire. In total, I spent approximately \$35 to \$40 for interviewing. Some of this was spent for vain telephone calls and in three cases vain trips to see a carrier, all of whom promptly told me that they were sorry but they could not see me because they were too busy. The other part was for calls and traveling expenses to arrange and conduct interviews. This represented an average cost of approximately \$1.70 to \$1.90 per interview.

CHAPTER IV

Results of the Analysis

The following discussion is taken from the interviews I had with local trucking firms. I will be at all times relating the various opinions of the operators on the effects of union policy on carrier operation. I will be giving their views, their arguments and their reasoning. I shall reserve my observations and conclusions for the final section of the study.

A. General Information

The number of carriers interviewed for this study was twenty-one. Of this total, three are exclusively in wool hauling, two are in heavy machinery transportation, nine are in general commodity hauling, and seven are in special hauling of one type or another. Two of the firms in special hauling carry food products, one carriers sugar, one carries glass, one hauls produce, one transports various refrigerated products, and one delivers films. Two of the carriers hauling wool, in addition, haul general commodities; the produce carrier and refrigerated-products carrier also haul general commodities. The twenty-one carriers are broken down into sixteen common carriers, three contract carriers and two private carriers. Two of the common carriers also do limited contract hauling.

Gross revenues of the firms fall into the following categories: ten have annual revenues between $75,000 and $99,000, four have revenues between $200,000 and $399,000, three have revenues between $400,000 and $699,000, two have revenues between $700,000 and $999,000, and two have revenues between $1,000,000 and $2,500,000. None of the firms that I attempted to interview, i.e., firms which I contacted but which refused to be interviewed, had revenues in excess of $2.5 million. The increase in volume for 1958 over 1957 for the group varied from a decrease of 20 per cent to an increase of 10 per cent. All three of the wool haulers indicated a decrease in volume for <u>wool</u> goods; two of this group showed a net volume gain for their over-all volume because of sharp increases in their general commodity transportation. The maximum decrease in volume was reported by the other wool hauler. In addition, a decrease in volume of 10 per cent was reported by the film carrier. Four general commodity carriers indicated losses in volume ranging from 5 per cent to 10 per cent.

The operating ratios for the group are as follows: one had an operating ratio of less than 90.0, three had ratios between 90.0 and 94.9, eight had ratios between 95.0 and 99.9, seven had ratios between 100.0 and 104.9, and two had ratios in excess of 105.0. All firms indicated an increase in their operating ratio for 1958 over 1957.

The twenty-one carriers interviewed had from ten to three hundred pieces of equipment (tractors, trailers, and small trucks), depending on the size of operations. The distribution of equipment among tractors, trailers and small trucks varied according to the proportion of intercity versus local freight carried. In some cases, the distribution was also dependent upon the type of freight being handled. The number of employees for the firms varied from eight to two hundred. And the number of terminals varied from one to nine.

All except one of the carriers were organized by the union during the early 1930 membership drives. The exception was one of the larger carriers who managed to remain unorganized until 1947.

B. Comments on Seniority

There were two areas of union activity which the employers consistently and vehemently complained about. One of the areas is that of seniority. The other, which will be discussed next, is the costliness of over-all contract negotiations.

To <u>every</u> employer that I talked with, seniority was the biggest infringement of the union upon the right of an employer to run his business. The arguments of the owners all have the implicit idea behind them that an employer should be able to use an employee that is more efficient rather than one that is less efficient. Such arguments run as follows:

older employees in this business tend to become less efficient because of the very nature of the work. A man who is fifty-five, although less efficient than a twenty-five or thirty-year-old worker, still commands the same pay as the younger man. This does not appear equitable to the younger person or to the firm. The younger employees have virtually no incentive to work harder, since their "reward" will be no greater than that of an older, less efficient employee. "Seniority", according to one employer, "is set up today on the basis of service, whereas it should really be set up on the basis of the value of the particular worker." (Of course when I asked this particular owner how he would measure this "value of a worker," he pleaded ignorance of the subject.) The present seniority system does not permit an employer to take advantage of a new, young, efficient worker. Rather, such a worker must wait for the day that his "senior" fellow workers are either sick, quit, or retire to get the better jobs within a firm. One employer cited the example that approximately twenty-five of his employees were in the fifty-five - sixty-year age bracket, and he estimated that because of this fact alone his labor costs were 5 per cent higher than they would be if he could replace the men with younger workers.

Usually seniority has to do with which employees get layed-off and returned to work first. The Teamsters' Locals have carried seniority into the area of job preference. That is to say, a man with more seniority, if he is so qualified, can request a job over a man with less seniority. Employers claim that this is just adding "fuel to the fire destroying profits" because it permits employees to obtain jobs that they are not sufficiently qualified to handle.

Two illustrations of this point were given to me on several occasions. First, carriers cited the example of the older man who has done local hauling (within the immediate Boston area) for maybe fifteen years. And the worker is quite efficient at his job. Suddenly the employee realizes that an intercity run, such as Boston to New York, is more profitable to him. Although he has never taken a tractor and trailer to New York before, the employer is helpless if the employee desires and requests the New York haul. Upon taking the tractor and trailer to New York, the employee finds that he is not as good at handling a large truck as he was with a small truck. The employee who has never handled a tractor and trailer before is likely to be more accident prone than the employee who has. And in many cases, the employees do not know their way around New York, thus taking extra time and making the trip unprofitable for the employer.

The second illustration has to do with firms which handle heavy equipment. In many cases, when such jobs are available, riggers are needed for the work rather than ordinary truck drivers. However, the riggers may be lower on the seniority scale than the drivers, thus permitting a driver who is not skilled in this work to request and be granted the job. Naturally, the employer still needs riggers on the job and he must send riggers in addition to the drivers. This practice becomes quite expensive when three or four riggers are needed because in such a case an employer must send three or four senior drivers in addition to the required riggers. In practically all cases this practice makes the job unprofitable.

Employers are even more worried about the fact that the union will carry seniority into other areas, such as starting time, overtime privileges and take-home pay. Their fear of this extension of seniority policy is that such an extension will prove costly and decrease profits.

When confronted with posing a solution to the seniority problem, carrier owners made two suggestions. One was to institute mandatory retirement into the industry. The suggested age at which retirement should take place varied between fifty-five and sixty. The second alternative is to remove men as they become older and less efficient from those jobs which are so demanding of efficiency and place them in areas where productivity of the worker is not as critical. The problem with this latter suggestion is that there are not enough jobs requiring less efficiency on the part of a worker in the trucking industry and that a carrier has to be of a certain size before such jobs are available within the firm.

According to the employer, the basic seniority policy and its extensions into other areas of operation is one that is cutting heavily into the profit margins of revenues. Many of the owners have said that if nothing else could be done with the union, some type of relief of the present policy of seniority would be sufficient to permit many carriers to operate at a reasonable profit, rather than at the present losses and near losses.

C. Comments on the Costliness of Over-all Contract Negotiations

A good percentage of the employers interviewed said that the results of over-all contract negotiations are a very costly item to them. The reasons given for this high cost to the employer of over-all contract negotiations by the union are as follows: the union sets a uniform wage rate for the trucking industry. This wage rate is the main criterion used in determining what the various freight rates will be for different commodities. But many industries in the area are not in a position, due to the economic situations existing within their own industry, to pay such freight rates. The carriers argue that the freight rates derived from over-all negotiations are having the following effects: 1) tend to drive business away from a firm which is dependent on a "sick" industry for a major part of its business; 2) tend to induce illegal rate cutting by firms to keep such business; and 3) are forcing many present customers to do their own freight hauling.

Several examples can be given to illustrate the above reasoning. First, consider the wool industry. Everyone realizes that the wool industry is a "sick" industry in general and that it is practically "dead" in the New England area. The Teamsters Local sets wage rates for the trucking industry, and such wages determine what the various commodity freight rates, including wool, will be. The wool haulers claim that such wage rates, reflected through freight rates, are too high for the wool industry. "They (wage rates) are only making a sick industry sicker." In effect, the wage rates are inconsiderate of the particular industry and of a considerable group of carriers who haul wool products. "This high cost of labor is causing the wool haulers to lose a lot of business." This loss of business is quite severe for those carriers who have no other commodity hauling rights. This fact, no doubt, explains the high loss of wool haulers which has been predominant in the last few years.

A second illustration uses a film transportation company. Similar to wool, the film industry is not in a good situation in terms of present day economic standings. The film haulers find themselves in the same predicament as the wool haulers. In addition, the film haulers maintain that wage rates for them are even higher than for other segments of the trucking industry due to the high rate of overtime incurred for Saturday and Sunday delivery of films. The film carriers claim that the overtime clause is extremely inconsiderate of their particular industry.

Two other type of carriers are being affected similarly to the film haulers. The carriers hauling a good deal of food products and the carriers hauling produce also have a high rate of overtime because of the Saturday delivery required by their customers.

A third illustration of the adverse effect of over-all contract negotiations is shown in the case of the heavy equipment haulers. In the Boston area the heavy equipment haulers are subject to the Teamsters Local 25. Again these carriers are subject to the wage rates negotiated by Local 25 for the local trucking industry. Equipment haulers outside of the Boston area are affiliated with a building trades' union which has wage rates that are lower. The lower rates make the equipment haulers outside of Boston more competitive. First, they can, assuming a uniform freight rate for carriers around and outside of Boston, provide more and better service, and secondly, the equipment haulers within the Boston area have to contend with illegal freight rate cuts offered by the outside group.

The local carriers offer the above reasons and illustrations to show that over-all contract negotiation is costly from the point of view of decreased profits and decreased business revenues. The carriers maintain that the Teamsters is not considerate of their individual problems and that the Union's only interest is to "force the small carrier out of business".

As remedies to the situation, the carriers would like to see more locals which are concerned with carriers in individual industries, and many carriers would like to be disaffiliated from the Teamsters Local and affiliated with unions which are predominant in the industry for which the carriers haul goods.

D. Comments on Labor Costs for Local vs. Intercity Freight Hauling

Of the carriers interviewed, none of them was strictly a local carrier or strictly an intercity carrier. It was a fact, though, that many of the smaller carriers received a large percentage of their revenues from local hauling. One carrier estimated that 90 per cent of his revenues was from local freight transportation.

Characteristically, the outcry of the carriers handling a good percentage of local freight was that their wage rates were too high compared to the carrier hauling a large portion of intercity or long haul freight. This is manifested by comparing the percentage of labor costs to total revenues for carriers doing mainly local hauling and for carriers doing mainly intercity hauling. Labor costs as a percentage of total revenues for local haulers ranged between 60 per cent and 70 per cent, with one carrier going as high as 74 per cent; for carriers in long haul work, this percentage ran between 40 per cent and 50 per cent. The local carriers offer several reasons for this high wage cost of handling local freight. The primary reason is that in local hauling a great deal of time is required for loading and unloading a truck. Secondly, the guaranteed-daily-wage effect on local hauling has been to force the cost of local freight up due to the relative difficulty with scheduling local hauling. In addition, much of the local freight hauling has some connection with moving goods to and from the waterfront, where, because of the method of handling freight, a truck can be tied up for an extra two or three hours.

The carriers handling local freight are also subjected to added competition from one-and-two-truck firms operating only in the Boston area. Such smaller firms, not required to be licensed by the I.C.C., are able to quote much lower rates for two reasons: first, the firms do not usually have to pay union wages, and secondly, the firms are not subjected to the rates quoted for I.C.C. carriers.

The plea from the local carriers is that the type of hauling - local vs. intercity - should be taken into consideration when Union contracts are negotiated. As the situation presently stands, many carriers are hauling local freight and losing money with every load they carry. The solution of the local carriers to the problem: a separate contract for wages for local freight hauling.

E. Comments on Wage Rates, Productivity and Fringe Benefits

All carriers maintained that the wage rates of the industry are too high and are "rising faster than productivity of the employees." All maintained this theory, but only three of the carriers had a method of indicating productivity or what the carriers thought to be productivity. The remainder of the carriers merely judged productivity "through their managers and through their own eyes".

The three carriers having a scheme for measuring productivity use similar methods. Basically, the idea is to determine the revenues generated and the costs associated with the operation of a truck. Then a <u>crude</u> measure of productivity, and all of the carriers agreed that it is crude, is the ratio of revenues to costs for a particular truck. Finally, a plot of the above ratio versus wage rates indicates a relationship between "productivity" and wage rates. Using this method of measurement for productivity, the three particular carriers showed me plots of productivity versus wage rates which indicate that productivity is not keeping pace with wage increases. The carriers were also quick to note to me that they had corrected and accounted for increases in maintenance costs.

According to the unamimous opinion of the carriers, the high wage rates and high fringe benefits are having two effects on the operations of the industry. First, wage rates and fringe benefits reflected through freight rates are cutting seriously into the profits of the industry. The over-all operating ratio of the individual carriers for the last few years is cited to support this point. Secondly, wages and benefits are promoting the purchase of trucking equipment by present customers. This second point is very acute for carriers whose business is associated with three or four big accounts. As the carriers point out, "once we lose one or two of these big accounts, we are in serious trouble."

F. Comments on Technological Change

The general reply to questions involving technological change was that there have not been, and are not presently, enough technological changes in the industry to get a proper view of union policy on such changes. Carriers generally agree that the Union has been somewhat reluctant to accept changes at first, e.g., the fork lift truck, but after time the Teamsters' Local has usually consented to the change.

One illustration which indicates the union's complete refusal to accept a change is the new highway system. Today the New York trip requires seven hours, on the average, for one way. In the past, the trip required ten to eleven hours.

The Union today still requires that the carrier pay for the New York trip at a ten to eleven-hour rate rather than at a seven-hour rate. This union policy is also true for trips to other major cities in the area. Carriers with a lot of long-haul business are quite disturbed with the above union policy for trip rates. Such carriers maintain that the refusal of the union to permit pay for long hauls at new rates is making the carriers non-competitors with other means of transportation, especially the railroads.

To illustrate the relative lack of interest of many carriers in potential use of devices to help speed up freight delivery, an example of the limited use of radio by carriers follows. As pointed out earlier, many of the carriers handle a lot of local freight which requires excessive pickups and delivery. It seems so obvious that the radio which has been used in other industries and in other capacities to a similar work advantage - speeding up pickup and delivery - might be used by many carriers. It also seems obvious that the use of the radio by carriers for local freight should save precious time because it would permit a truck to pick up and deliver goods without returning to the office for instructions. In addition, radios can be used for giving instructions to trucks on medium haul trips. Yet, of all the carriers interviewed, only one used such a setup. The comments of the carriers not using a radio system about the advantages and savings of it were that the system would only be profitable for the very large carriers and that they had never heard of any of the carriers using radio. (To show how wrong the carriers can be, the sole firm using a radio has twenty-five trucks, does approximately $300,000 in business, and, according to the owner, has effected labor savings of 5 to 8 per cent with the use of the radio.)

G. Comments on Strike Power of Union

The general opinion of the strike power of the union is that the power is too great for the industry. Although a few concede that a strike in the trucking industry is no different from a strike in other industries, others maintain that there is a great gap between the freight industry and other industries. This latter group points to the fact that the trucking industry is a service industry, one for which there is no adequate substitute. The railroad industry, they assert, is only an adequate substitute for long hauls; the railroads cannot provide sufficient service for local hauling.

Through the use of "playing one carrier against another", the union has succeeded in putting the industry at the "mercy of union demands". Two illustrations of this union practice were cited in many instances. First, the union has to its advantage the fact that many of the larger carriers are heavily financed through bank loans and notes. The larger carriers, because of loan payments, seem to concede readily to the union on strike issues. In addition, many of the smaller carriers are also in financially precarious positions and must yield to union pressures to get trucks operating and obtain much needed revenues. Secondly, in recent years the union has permitted, during strikes, outside trucking firms to operate within the jurisdiction of Local 25. This practice has led to a great deal of "stealing" of business by the non-local carriers, much of which is never regained. For example, in the major strike of 1955 Local 25 permitted two carriers of substantial size from New York City to operate in the Boston area. The two carriers picked up so much business that they both established terminals in this area. It has been estimated that one of the carriers establishing a new terminal has picked up $500,000 in business in the area since 1955.

Carriers argue that an operator cannot afford to stay out on strike unless all carriers remain on strike because once one carrier returns to work, that carrier begins to steal business of carriers still on strike. And once business is lost it is hard to recapture because it is a service business, and one carrier can perform the service as well as the next.

The contention of the small carriers is that they haven't a chance against the union individually and that their only hope is to band together. But after they band together, the small carriers are still helpless unless the larger carriers also go along with them.

To replace the outright strike power of the union, carriers would like to see a modification of the present policy. Before a strike is permitted, the union and representatives of the carriers should plead their case for and against a strike before an unbiased arbitration committee, which will determine whether a strike is justified. If the committee decides that the union has just cause to strike, then this same committee should conduct a secret-ballot strike vote of the individual workers to determine whether the employees want to strike or wish to continue working.

H. Comments on Union Shop Policy of Teamsters

The comments, pro and con, on the union shop were split about fifty-fifty. Several carriers were not in favor of the policy because the policy states, in effect, "that some men - leaders of the union - want to be paid tribute before a person can continue to work for a trucker." The biggest fault found with the union shop policy was the policy's disastrous effect on a worker's incentive and individuality. According to this argument, the individual becomes "non-existent" when he has to join a union to work. Usually the men work at the pace of the slowest worker in the group. Many of the carriers stated that whether to join the union should be up to the discretion of each worker; others comment that since a worker is to get the benefits of the union, the employee should join. If all employees did not join the union, there would only be additional friction in the firm between union members and non-members.

The present policy of membership, although disliked, is said to be much better than the old policy of a closed shop. The big advantage of the present policy over the preceding one is that the current policy over the preceding one is that the current policy permits carriers to hire a person of their own choice and not a person already in the union. In the past, the group which the union tried to push-off on the employers, when employees were needed, was the "worst from the viewpoint of productivity and trouble-making".

One change which carriers would like to see in the membership policy of the union is an extension of the thirty-day trial period to sixty or ninety days. Carriers feel that a lengthening of the trial period would permit the employer to more accurately determine whether a worker fits into the firm or not.

With reference to the thirty-day period before employees have to join the union, employers have developed an interesting practice. Until employees join the union they do not receive any company benefits and are not placed on the company seniority list. Although all carriers would not admit the point, a good percentage of the owners indicated that employers have instigated the practice of laying off many "trial-employees" after twenty-nine days of work, thus preventing such employees from being placed on the seniority list. As I understand it, there is now a regular group of employees who shift from one company to another, after working for one firm for a time less than thirty days.

I. Comments on Union Effect on Incentive to Expand

The trucking business is one that displays an indication that economies of scale can be gained through enlargement and expansion of a business. It would seem quite logical that the smaller firms would be enthusiastically attempting to reap the benefits of enlargement through expansion of their present facilities. But the majority of the small firms in the trucking industry do not display this enthusiasm. I am quite certain that there is more than one reason or element in the industry dulling this aggressiveness. However, one reason which appears to be having a deleterious effect on expansion is the Teamsters Union.

There is a feeling among the smaller firms that after a certain "point", which varies depending on the firm, there is no reason to expand further. Two reasons are cited for this feeling. First, above this certain point, an employer seems to lose control of his business from a financial viewpoint and secondly, an employer seems to gain a lot of additional headaches from labor and the union. "Sure", one of the carriers cites, "I can double my profits but I would have to quadruple my business." "I do not see what is in it for me except a little extra money and a lot of extra headaches, especially from labor." Most carriers are willing to expand their businesses as new customers appear in their territories, but few are willing to seek to merge and buy up additional territorial rights.

Carriers also cite the fact that their firms could take on a lot of extra business now, but labor costs are so high that a majority of the extra business would be non-profitable. One carrier cites the guaranteed daily wage as a detriment to his expansion. He claims that he could add three trucks to new routes obtained but would only need the men on the routes for four to five hours. However, the employers have to guarantee the workers eight hours, which sends the wage bill to such an amount that the business becomes unprofitable.

J. Comments on Featherbedding

Featherbedding operations do not seem to have hit all of the carriers. Still, such operations seem to be very bothersome with some carriers. Complaints are given of three featherbedding techniques which operators maintain are very costly. First, there is the practice of requiring two men on an operation which no longer needs two men because of modern leading methods. To illustrate, take the example of two men on a tank truck hauling liquid sugar. Certainly there is no need, this particular carrier stated, for two men on such an operation. The policy is a carryover from the days when all sugar was sent in packages. Or, take another illustration. Through modern loading techniques many goods are now palletized whereas in the old days such goods had to be loaded piecemeal. Today there is no need for a helper on such operations, and the practice of requiring a helper on such trucks is merely making such jobs non-profitable.

The second practice of featherbedding has to do with what is known as "dropping a box" or leaving a trailer at a particular customer's operation to be loaded over night or during the day by the customer. If a carrier does drop a box, the carrier must charge the customer, in addition, for the use of a tractor and the wages of a driver for the tractor even though the driver and tractor are not required on the job, and may not be required for a day or so. This practice places an unwarranted impediment on carriers having large customers. Not only is it extremely costly for the customer, carriers say, but since the customers are large enough to ship trailer-loads, the customers begin to think about buying their own equipment and doing their own shipping.

The third practice of featherbedding is one that requires two men on a truck when there is at least one piece of goods above a certain specified weight (which varies according to the particular commodity). Employers complain of the fact that there may be only one such item which is overweight, yet the helper must remain with the driver for the entire trip, even though the helper may be needed only once on the trip. This practice is extremely costly when a truck is out on a trip for the entire day. Again, the practice pushes the cost of shipping freight up and makes many shipments non-profitable, carriers say.

K. Comments on Advantages and Benefits of the Union

Most of the employers agree that the union has raised the standard of living of employees. In addition, the union, it is agreed, has effected fairer treatment of employees and practically eliminated employee discrimination. However, today the employers think that the union has lost much of its usefulness, has become "money hungry", has become impractical by trying to organize any "body of employees", and is not concerned with individual problems.

Carriers in general feel that one big advantage that the union has brought along with employee organization of the industry is a standardization of wages and rates. This standardization (subject to the arguments given previously in "Comments on Wage Rates, Productivity and Fringe Benefits") has theoretically introduced a common base other than price from which carriers can operate. That new base is service to the customer.

On the other hand, carriers feel that the union has made the industry extremely cost conscious. In addition, the union has, carriers feel, forced the industry to do some much needed thinking about how to increase the efficiency of operations. Employers also voiced the opinion that the union has been a big factor in forcing marginal employers out of existence. But carriers also claim that the union is creating many new marginal operators who cannot profitably incorporate into their firms the ever-increasing union wage demands.

L. Comments on Competition within the Industry

The big feature in competition within the industry today is service, service and more service. The carrier who can give the customer adequate service gets the customer's business and keeps the business only as long as the carrier continues to provide good and uninterrupted service. Once service is discontinued, for one reason or another, the business is likely to go to a second carrier, quite willing to give the service required. The one phase of competition which carriers cannot fight adequately is illegal rate cutting which goes on within the industry. Comments will be made on illegal cutting of rates in a later section.

Competition is keen from all segments of the trucking industry - common carriers, contract carriers and private carriers. Undoubtedly, competition will remain as lively as it is today as long as the present number of carriers remains within the industry. As competition grows keener, a number of carriers can be expected to leave the industry.

Of all forms of internal competition the rise of private carriers seems to be that which is the greatest challenge to the position of the general commodity carriers. This point is illustrated by the new surge of truck sales and truck rentals to manufacturing firms. According to carriers, the reason for this increase in private truck sales and rentals is the increased cost of transportation brought on by the increased wage demands of the union.

The expansion of private carriers is not to be carried to its logical conclusion - that all freight business will eventually be handled by private carriers. With an expanding economy, common carriers can be expected to handle more and more freight. What the private carriers will do, however, is to increase the cost of freight handling for common carriers. Private carriers will do this by removing much of the business having a large volume associated with it from common carriers. This particular business holds down the over-all cost of freight handling.

Carriers who deal mostly in local freight hauling will always have their own competition problems with the one- and two-truck freight haulers. The very small truckers are able to bid down the price of local freight hauling because they are not required to pay union wages or charge commission freight rates, since these intrastate truckers are not required to be licensed by the I.C.C.

Externally, railroads with their various schemes of piggybacking loom as the major competition. Carriers only seem to be concerned with the competition of railroads on long hauls - over 200 miles. On trips under 200 miles, employers say that railroads cannot provide the service desired by customers. Certainly the only saving in cost, truckers note, can come on the longer haul.

M. Comments on Federal Regulation of Labor

Although carriers in general stated that they were not qualified to appraise the Federal regulation of labor, all carriers expressed the view that the secondary boycott clause should be eliminated from the Taft-Hartley Labor Act. With the permission of the Federal government, through Taft-Hartley, the local union is able to include within its contracts a clause which states that Union employees shall not be forced to enter firms under jurisdiction of other labor unions, which are engaged in labor controversies. In addition, Taft-Hartley permits the so-called "hot cargo clause". (Note should be made of the fact that the legality of the hot cargo clause is currently in a state of flux. The Supreme Court is presently involved in some key decision-making on this particular question.) The hot cargo clause states that Local 25 employees shall not be forced to handle goods of truckers under jurisdiction of other locals that are engaged in labor disputes.

Both of the above contract clauses, carriers claim, are "axes" which are being held over the head of the industry and can be enforced upon the industry at the discretion of the Union. Carriers claim that this discretionary power is unwarranted.

N. Comments on Regulation of the Industry by the Interstate Commerce Commission

The general attitude of the carriers toward the I.C.C. appears to be favorable. Most of the employers agree that the I.C.C., through its powers to restrict entry into the industry, has taken the edge off the old competitive feature of the industry - "cut-throat" pricing. The I.C.C., carriers state, has added stability to the industry and converted the trucking industry into a service-type industry. Although some carriers feel that the price for the present stability within the industry (gained through restrictive entry) is a lower rate of innovation and new ideas, there are a few employers who think that since the industry is regulated and therefore income is somewhat restricted through preset freight rates, carriers are forced to develop innovations which will cut industry and firm costs.

There is a feeling among the smaller carriers that both wage increases and freight rate increases are more suitable to the larger carriers. The smaller firms maintain that the larger firms, because of the great volume of freight handled, are able more easily to incorporate lower freight rate increases and higher wage rate increases than the smaller firms. On the other hand, as a carrier pointed out to me, if you talk to a big-volume carrier that carrier will indicate that there is no such discrimination on rates; the difference in prosperity between the large carrier and small carrier is determined by whether the carrier handles a majority of long-haul or short-haul freight. Small carriers feel that the answer to the freight rate and wage rate problems lies in more consideration by the I.C.C. of the small carrier's problems and more representation of the small carriers on I.C.C.'s committees and rate bureaus.

Another fault which all carriers find with the I.C.C. is the delay in time of freight rate increases. Carriers maintain that as soon as the union gets a wage increase the increase becomes effective immediately, yet the carriers cannot petition the I.C.C. for freight rate increases until after wage increases go into effect. Even after petition is made, a period of six months to a year or more usually elapses before increases are granted.

Carriers connected with "sick" industries find their business dwindling quite rapidly. As such operators put it, "the only way to stay alive is to get new business." But, the I.C.C. does not permit a carrier to get new business unless a carrier is given a right to haul new commodities. Under the present I.C.C. policy, the Commission makes no distinction between whether applicants for new routes are in "sick" industries or not. Small carriers maintain that this distinction should be made in order to protect carriers presently in the industry.

A final plea from small carriers has to do with a revision of I.C.C. merger policy. Presently, small operators feel that the I.C.C. is catering to the larger firms on this question. One carrier points to the fact that he has had a merger petition before the I.C.C. for two years and merely received a few comments from the I.C.C. that the merger is still undergoing study. Yet, two large mid-western carriers decided to merge and were permitted to do so within six months.

O. Comments on Employer Co-operation

Carriers agree that their biggest problem is not dealing with the union, but dealing with themselves. "For if the carriers could learn to respect and trust one another, 90 per cent of the problems developing with the union would be automatically solved."

Why can't the carriers as a group become as strong as the union? This question is asked time and again by individual carriers and by the Employers Group of Boston.

The answer seems to be a conglomeration of industry characteristics which have developed and evolved as the industry developed. One characteristic which has always been with the industry is the financially weak carrier, both large and small. The big carriers have note payments to make, and the little carriers want to stay in business. So one or two such carriers sign the new union contract, and all carriers sign the contract. And many times, as one carrier put it, firms which are not in a financial predicament will sign the union contract just for the selfish reason of stealing business from other carriers.

Another industry characteristic is that of corruption. Truckers have always been prone to illegal tactics, and carriers maintain that the proneness still exists today. Perhaps the worst element of this corruption is that which involves carriers and union members in illegal pay-offs. One carrier summed up the situation very nicely when he said: "There is no honor among thieves."

Since the development of the trucking industry, there has been a basic mistrust of one operator of another. No one seems to be able to give any reason for it, except that mistrust is an inherent characteristic of the industry. As one might expect, this mistrust leads to a great deal of animosity and hypocrisy among the employers. Some think the answer lies in the fact that the employers are uneducated and cannot appreciate the problems which the industry faces, and as a result are only worried about the problems which they face individually. Others feel that the carriers are just unable to communicate with one another at meetings. Still others feel that the problem is the usual one of apathy.

P. Comments on Corruption within the Industry

Corrupt and illegal operations within the industry seem to be centered on two activities: rate cutting and employer-union payoffs. Illegal rate cutting, employers informed me, is accomplished in one of the following ways. First, a carrier may bill the customer prior to shipment for a certain poundage of goods. When the carrier sends a truck to pick up the goods, the customer will have an amount of goods in excess of the poundage noted on the freight slip. Secondly, the carrier may bill the customer prior to shipment for a certain commodity which has a specified freight rate. Upon actual delivery, however, the customer will ship a commodity which has a higher commodity freight rate. I am told that all rate cutting has to be done in one of the above methods. Any other scheme will be noticed by the Commission, if the Commission decides to check company records.[1]

[1]All of the carriers admitted that rate cutting now goes on within the industry. Yet, after telling me that the practice existed, all of the carriers, save one, emphatically stated that their firm, of course, was not one of the culprits. Their reaction was justified, naturally. After all, why should any carrier trust me with such information.

The lone "honest" carrier said quite frankly that he was not afraid to admit that he was using rate cutting to keep some of his business. He stated that he felt that many carriers were doing it and that other carriers were trying to steal his business by the very same method. In effect, he feels that he is being forced to cut rates.

Employer-union payoffs, according to carriers, although not as prevalent as rate cutting, nevertheless exist. Such payoffs take two forms: first, to business agents and secondly, to stewards. Payments to agents and stewards usually take place because the carrier is breaking some contract clause and does not want it reported to the union.

Another form of illegal operation is carried out through the payment of wages. Some carriers, I am told, still manage to get away with paying an employee a weekly wage, while having the employee work more than forty hours. Although this scheme is not too prevalent, carriers maintain that it still is practiced by smaller operators.

Carriers also feel that some operators are using trucking companies as a front for illegal activities being conducted elsewhere. I have been told of one such operator in this area. There certainly could be others.

Naturally all of the above activities within the industry tend to lend little harmony to the already strained relationships existing among employers and between employers and the union.

CHAPTER V

Conclusions and Problems for Further Study

A. Conclusions

The purpose of this study has been to determine what the effects of the Teamsters' Union are on the operations of small trucking firms. The method of analysis used to attack the problem has been subjective. To the extent that the conclusions are based on this method of analysis, they are not as sharply defined as one would like to make them. Also, the number of firms interviewed in this study obviously limits the amount of confidence that can be placed in any conclusions given. Although the study has not revealed a set of irrevocable conclusions about the Union's effect on the small carrier, it has, on the other hand, raised many questions and revealed many interesting areas for further study.

Results of the analysis show a strong indication that the union has two sources of power. First, there is the source of power which might be called causal factors, i.e., factors which operate within the industry to strengthen the union's position. The lack of employer co-operation, the use of over-all contract negotiation, corruption and the effects of competition are all examples of this type of power. Secondly, the union has inherent power because of the type of industry that it operates within and because of the method of operation of the union. Examples of this inherent power are respectively the strike power and membership policy of the union. Thus these two sources of power permit the union to exert force on the industry, particularly on small carriers. Before discussing some of the effects of the power on the employers, each of the above areas will be examined.

One of the major factors by which the union gains a lot of power is the lack of employer co-operation in facing the union on important issues. Regardless of the source of attitude among the carriers, I firmly believe the remark made to me that 90 per cent of the carriers' troubles with the union would be eliminated if employers could learn to cooperate. My opinion as to this lack of co-operation is that it exists primarily because of the corruptive nature of the industry, and secondly because of the lack of education, which might overthrow the corruption. One point is certain - as long as the carriers continue to display their short-sightedness by not cooperating with one another, union problems will remain more complex than such problems would otherwise be.

Another reason for lack of employers' co-operation is the fierce internal competition which exists within the industry. There is every reason to believe that this competition will not slacken in intensity during the coming years, especially in view of the fact that many carriers will be attempting to increase volume and gain economies of scale, to counteract rising costs. Two forms of external competition for all truckers in general are on the rise. One is piggyback operations of the railroads and the other is the rise of private carriers. Piggyback competition will only be effective on long hauls - in excess of 200 miles; whereas private carrier competition will cut into all types of freight hauling. Carriers probably will eventually tie in with major railroads, if piggyback operations can be shown to save enough money. The rise of private carriers will probably push up the over-all cost of general commodity freight hauling. The reason for this increased cost is because private carriers will remove business which has a large volume associated with it, leaving the general commodity carriers with all of the piecemeal work. As noted previously, the piecemeal freight is much more expensive to haul than large-volume freight.

Another very big source of union stability is caused by the over-all contract negotiations which the union imposes on the industry. The small carriers attribute to this union policy an increased cost[1] of operation placed predominantly on the small carriers. The reason for this predominance is the fact

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[1] I say increased cost of operation because the effects of over-all contract negotiations, as listed in a previous section, although not direct increases in cost of operation indirectly increase costs of operation.

that the majority of the business of small carriers is characteristically associated with one industry or with one or two firms within an industry. What is needed to eliminate this effect are more locals which would be concerned with individual industry problems. Where this solution is not feasible because of the relatively small amount of freight within the industry, individual carriers should be permitted to ask their employees to sever relationships with the Teamsters Local and to join the major union of that industry. To prevent this same problem from recurring, employers, through the Employers Group Association, should seek to educate non-unionized carriers' employees to enter a union which will not severely hamper a carrier's operations.

The final factor which contributes to union strength is the corruption which exists within the industry. Why is the industry noted as a front for corruptness? The answer lies in the evolution of the industry. The persons who originally were involved in the industry maintained illegal side operations and such operations have been carried forward. Even today operators themselves seem prone to practice activities which, although not illegal, are definitely in my opinion malpractices. One example of this is the newly developed practice of operators of hiring a person and then purposely firing that person before he is put on the union seniority list. Since employees are not admitted to the union until a trial period of thirty days is completed satisfactorily with an employer, I feel quite certain that the idea behind this employer tactic is to mitigate union power by hampering union membership. As long as carriers are prone to illegal activities, I can see no way for them as a group to effectively fight the union.

The preceding factors which contribute heavily to the union's strength become even more forceful when added to the inherent power of the union. The biggest such power is the strike. Because of the exposed nature of the employers' operations, the union is able to wield a good deal of control over the employers by the threat of strike. Again, this power has no greater force against the smaller carrier than the larger carrier. The problem concerning strikes can be solved by two means. First, all employers, large and small, must band together so that the carriers will become as strong as the unions during contract negotiations. Secondly, employers and the union will find it to their advantage to introduce machinery which will decrease the number of strikes and provide orderly processes for settling many disputes arising during the life of a contract.

Additional power is gained by the union through its strong membership policy. All carriers agreed that the present membership policy - union shop - of the union was infinitely better than the old policy of a closed shop. The arguments against the union shop, it seems to me, are mainly of a philosophical nature. The effects of such a membership scheme by the unions have been no different than in any other industry.

The carriers' pleas for an extension of the thirty-day trial period to sixty days is a valid plea, if it is made for the reason given. However, if the carriers are just looking for an extension of their present malpractice - the firing of employees after twenty-nine days to keep the employees off the seniority list, I am not in favor of granting the extra time. In my opinion, the first thing that the carriers must do to show that they are sincere in seeking the extension in the trial period is to eliminate their present malpractice. Perhaps the best way to accomplish this elimination is through the Employers Group.

As a result of the strength of the union, carriers are being seriously effected by many union policies. One of the most serious effects is coming from the seniority program of Local 25. If seniority is strictly enforced and employers are not allowed to discharge older workers as they become inefficient, it seems possible that carrier operations can become more costly as they become less efficient. The fact that many of the workers employed will reach the upper age limit of their usefulness at one time will accentuate the problem. The effect of this policy may possibly force some carriers to operate at a loss or force the carriers out of business. In my opinion, what is definitely needed is an examination of the seniority policy by both the carriers and the Union to determine how seniority can be modified to decrease its potential effect on the operators and still maintain adequate old-age protection for union members.

The extension of seniority policy into other areas of operation, such as job preference, also appears to be increasing cost of operation in some cases. To mitigate the effect of job preference on the employers and still provide the advantage of job preference to employees, a better system of determining whether an employee is qualified for a job is needed.

The effect of seniority on small carriers does not appear on the surface to be greater than this same effect on large carriers. Rather, the problems associated with seniority are industry problems and not problems of segments of the industry.

Another factor affecting the small carriers is the high rate of local freight hauling. There is no question that local freight hauling is more expensive than intercity freight hauling. One need only look at the operating ratios for carriers doing both types of hauling to see how much more costly local freight hauling is. In addition, the labor cost for local hauling is much higher. This leads me to the definite conclusion that there should be a separate contract for local hauling. The small carriers hauling local freight need this separate contract so that they can more adequately compete with the one- and two-truck, non-licensed operators.

The discussions concerning wage rates and productivity have left me with no specific conclusions as to whether productivity is keeping pace with increasing wage rates or not. One problem which has been predominant in any attempt to correlate wage rates and productivity is how to measure productivity. It is not enough to use personal observation, which is usually biased depending on which side one represents, as the criterion. What is needed before any definite conclusions can be drawn is a set of criteria to evaluate productivity. These criteria can then be applied to individual carrier operations over a period of time to obtain a proper perspective of productivity as a function of wage rates.

Wage rates and fringe benefits are rising in the industry. It has not been within the scope of this study to determine how the trucking industry wage rates and fringe benefits compare to other industries. My feeling is that they are out of line with other industries since increased wage rates and benefits are forcing freight rates up to a point where profits are being seriously decreased, and are inducing present customers to purchase trucks to do their own freight hauling. This is a problem which all carriers face; but to the extent that a majority of the business of the smaller carriers comes from one or two major accounts, this problem is more severe for the small carriers.

Although technological change has not been too predominant lately in the industry, it creates one of the most important problems for union policy. When technological progress takes place, its benefits can be realized by the public, the operators or the employees. Such benefits can appear as lower prices, higher profits or higher wages.

In the early years of the industry, there was a good deal of technological change. The benefits of the early changes were divided between the public and the employees, through decreased rates and increased wages. As more changes appear it will be interesting to see how the benefits will be shared. With the rising cost of operation, it seems to me that the carriers should be allowed to reap some benefits (through increased profits) through any additional technological progress.

One factor is evident to me about the attitude of small carriers toward technological innovation. The small carrier is quite lazy, and dependent upon someone else, to do any thinking on his own. Characteristically, the replies to my questions on this subject were that "if the big carriers do not use it, how can I."

Among the small carriers there is a pessimistic feeling about the advantages, from a union-management relations point of view, of expanding and adding capital to their present enterprise. There also seems to be an inherent feeling among the small carriers that economies of scale can be gained up to a certain point and after that a carrier merely creates jobs. A good test for this would be to interview larger carriers and get their opinions of this observation. Ideally, a statistical study of all sizes of carriers would be the best way to approach the observation. However, to what extent these feelings can be separated from other attitudes which might also have an adverse effect on additional investment of capital in the business is a question that cannot be answered.

Featherbedding practices have not been too frequent in the industry. But, to be sure, there have been some. Such practices only do one thing - increase the cost of operation. The schemes of featherbedding hit all types of carriers and all sizes. On the other hand, the practices seem to be employed more in local operations than in intercity operations. Since small carriers are predominantly in local transportation, featherbedding has increased the cost of operation of small carriers.

The general benefits of the union, as expressed by the carriers, have been what one generally hears the benefits of the union are. To me, the biggest benefit of the union has been the stability of the industry, brought about by standardization of wage rates and freight rates. This standardization has brought about a common base of operation - service to the customer. In addition, it has brought about an extremely cost conscious set of operators who realize that the more efficient they make their operation, the more profit they will make.

In addition to the above effects, the carriers are subject to an outside force which operates within the industry. That outside force is the Interstate Commerce Commission. The Interstate Commerce Commission's policy toward carriers is not as clear as it could be. The I.C.C. should instill some scheme whereby carriers would not have to wait as long as they now do for freight rate increases after wage rate increases have gone into effect. The present I.C.C. policy is certainly depriving all carriers of much needed revenue and taxing carrier profit margins very heavily. The I.C.C.'s policy on hauling rights should be re-evaluated so that consideration is given to carriers - generally small carriers - that find themselves losing business from one particular industry. If the I.C.C.'s policy on commodity rights is changed, there would be fewer weak carriers in the industry and the employers as a group would be strengthened. Finally, the I.C.C. should reorient its policy on mergers such that the policy is not one favoring one group of carriers - particularly the large carriers. The above changes in I.C.C. policy in general would favor all carriers, but also would help small carriers to become more stable.

In summary, the trucking industry is still relatively young and during its life has witnessed a phenomenal growth. There is every reason to believe that the growth of the industry is not completed and that the future will witness considerable expansion. The number of firms operating within the industry is large, and consequently many of the individual enterprises are small in terms of business volume, number of employees and invested capital. There is reason also to believe that the size of the individual firm will increase, and the number of firms within the industry is likely to decrease due to union regulation of wage rates and Interstate Commerce Commission regulation of entrance into the industry.

The small carriers' answers to my queries lead me to believe that the present local's seniority policy, method of over-all industry contract negotiations, lack of consideration for whether firms mainly operate locally or between cities, policy on wage rates, and a few subtle schemes of featherbedding are increasing operating costs for the small carriers above what such costs are for the larger carriers. In turn, the high operating costs reflected through high freight rates are forcing many customers to purchase trucking facilities and do their own freight hauling, preventing small carriers from adding much needed revenues to their volume, and causing many small carriers to operate their enterprises at a loss. To the extent that such cost increases are preventing the small carriers from responding to changing conditions affecting the operation of their firms, the union is hampering the flexibility of operation of the small carriers.

However, the study has revealed that the industry is complex and many factors in addition to the union enter into the decisions affecting the operation of a trucking firm. Carriers are plagued with a lack of employer co-operation. If carrier co-operation could be increased, there is every indication that the efforts of the union would be greatly mitigated. The industry is still suffering from corruptive forces operating within the firms and between operators and the union. As long as carriers persist in cutting rates illegally and entering into illegal "side agreements" with the union, the chances of greater co-operation among the carriers and between the carriers and the union are slim. In addition, the regulatory policy of the Interstate Commerce Commission is such that the small carriers feel that the Commission is discriminating against the small operators in the industry. To the extent that these other forces are operating within the industry and seem to influence the decisions of the operators, such forces may be having an adverse effect on the carrier operation. Moreover, many of the adverse effects of the union may be overestimated and enlarged due to the presence of the other forces.

Of course the validity of the above conclusions is dependent upon the honesty and integrity of the operators interviewed. I personally believe that the problem areas discussed exist and are not merely "creations" of the carriers. My chief reason for this belief is that all of the carriers expressed deep concern with many of the aforementioned problems.

B. Problems for Further Study

The study has revealed the following areas for further work:

1. A study of the organization of employers should be undertaken to try to isolate and define the problems involved in getting employers to cooperate. In addition, a program designed to educate the employers in the industry with the problems they face as a group and the problems they face as individuals might be undertaken.

2. A study of the aims and goals and policy of the local Teamsters Union should be made. Such questions as "what rationale lies behind Local 25's policy?"; "To what extent is the local policy a promulgation of the International Teamsters Union?"; "To what extent is the policy the philosophy of local officers?"; might be looked into.

3. A study of the regional policy of the Interstate Commerce Commission should be made to define and isolate what the Commission's effect is on local carriers. In addition, the question of authorizing freight rate increases should be investigated.

4. There appears to be some evidence that there is an optimum size that a carrier should seek to be. A study should be undertaken to determine what criteria, both statistical and subjective, can be used to determine such an optimum size, if this optimum actually exists.

5. A study of the policies of the rate bureaus should be undertaken to determine how such bureaus operate, who influences them more, large or small operators, and the role of the rate bureaus in the trucking industry.

6. If seniority is strictly enforced and employers are not permitted to discharge older workers as they become inefficient, it seems possible that the industry may be faced with very serious problems as many of the younger men reach old age.

This problem is particularly acute in this industry where manual labor plays a great role in the efficient operation of a firm. Therefore, a study should be made to determine what alternatives might be feasible substitutions for the current seniority policy.

7. Although difficult, a study should be made of the role that corruptive forces have played in the development of the industry and the part such forces are currently playing. Another study might be undertaken to see what could be done to combat the illegal activities, e.g., rate cutting, of the operators.

8. The carriers feel that because they are involved in a service industry the union operating within the industry should have its (union) powers curtailed. A study should be made comparing union operation in other service industries to union operation in the trucking industry.

9. There should be a study undertaken to determine what type of contract negotiations might be used in place of over-all contract negotiations. Such a study should carefully determine, if possible, the extent to which union strength might be diminished.

10. A study should be made of the over-all wage rate structure of the industry, with particular emphasis on whether there should be two different rates for local freight hauling and intercity freight hauling.

11. A study might be undertaken to determine to what extent increased costs in the trucking industry have influenced businesses to purchase freight hauling facilities and to do their own freight hauling.

APPENDIX

TABLE I*

FREQUENCY DISTRIBUTION - INTERCITY COMMON CARRIERS OF GENERAL FREIGHT FOR UNITED STATES AND NEW ENGLAND-MIDDLE ATLANTIC AREA FOR 1954.

Characteristic	Percentage of Number of Carriers United States Total	New England Middle-Atlantic
Number of Carriers	1120	391
Operating Revenues ($1,000)		
Less than 400	18.7	19.2
400 to 699	22.0	29.9
700 to 999	12.9	14.3
1,000 to 2,499	22.8	21.5
2,500 to 4,999	13.8	9.0
5,000 or more	9.8	6.1
	100.0	100.0
Operating Ratio (percent)		
Less than 90.0	4.1	2.8
90.0 to 94.9	16.7	11.0
95.0 to 99.9	53.7	54.2
100.0 to 104.9	20.1	25.6
105.0 or more	5.4	6.4
	100.0	100.0
Ratio: Current Assets to Current Liabilities (ratio)		
Less than 0.5	3.8	2.8
0.5 to 0.9	24.1	26.6
1.0 to 1.4	29.5	32.0
1.5 to 1.9	18.5	18.4
2.0 or more	24.1	20.2
	100.0	100.0
Ratio: Labor Cost to Operating Revenues (percent)		
Less than 20.0	3.3	2.6
20.0 to 29.9	3.7	3.6
30.0 to 39.9	11.2	11.3
40.0 to 49.9	29.8	24.5
50.0 to 59.9	41.3	46.2
60.0 or more	10.7	11.8
	100.0	100.0

*Blue Book of the Trucking Industry, Transport Research, Inc., Washington, D.C., 1955, p. viii.

TABLE II

INTERCITY COMMON CARRIERS OF GENERAL FREIGHT FOR 1954

dollars, miles, tons, shipments in thousands-add 000	United States Total	New England
Number of Carriers	1,120	130
Operating Ratio (%)	97.1	98.3
BALANCE SHEET ITEMS		
Current Assets	341,315	21,382
Cash	103,654	4,762
Receivables - Net	155,443	11,571
Carrier Oper. Property-Net	448,428	29,597
TOTAL ASSETS	875,880	54,424
Current Liabilities	232,732	17,726
Long-Term Obligations	213,417	12,913
Insurance Reserves	1,504	105
Injuries, L and D Reserves	11,556	568
Other Reserves	3,515	79
Capital	129,922	8,770
Surplus	250,531	11,404
NET WORTH	380,453	20,174
OPERATING REVENUES	2,358,009	135,323
Freight Revenue-Intercity	2,330,614	133,350
Truck load	804,205	32,300
Less truck load	1,340,977	72,930
Frt. Rev-Local Cartage	19,911	1,370
Intercity tpn-other class IMC.	3,550	359
Other operating revenue	3,885	244
TOTAL EXPENSES	2,289,891	133,044
NET Operating Revenue	68,117	2,279
Net Carrier Operating Income	67,424	2,165
NET Income BEFORE Taxes	55,962	1,360
NET Income AFTER Taxes	28,308	401
PRIMARY OPER. ACCOUNTS		
MAINTENANCE Expense	245,601	14,507
Supervision	9,574	508
Repairs, Service-Rev Equip.	167,964	9,956
Line Haul	139,068	7,629
P and D	22,336	1,177
TIRES and tubes-Rev. Equip.	52,800	2,994
Line Haul	46,262	2,402
P and D	4,115	235
All Other	15,212	1,049
TRANSPORTATION Expense	1,076,305	59,733
Supervision	29,453	2,217
Drivers and Helpers	576,188	38,547
Line Haul	317,777	17,624
P and D	235,517	16,601
FUEL - Rev. Equip.	99,443	6,753
Line Haul	81,840	5,105
P and D	12,840	747

TABLE II (Continued) *

dollars, miles, tons, shipments in thousands-add 000	United States Total	New England
OIL - Rev. Equip	5,461	336
Line Haul	4,392	259
P and D	775	30
Purchased transportation	330,971	8,649
All other	34,686	3,231
TERMINAL Expense	366,099	19,152
Supervision	109,169	5,040
Platform Employees	177,887	10,072
All other	79,038	4,040
TRAFFIC Expense	84,123	4,808
Supervision	49,226	2,741
All Other	34,907	2,067
INSURANCE and Safety Expense	115,668	8,179
Supervision	10,717	380
PL and PD	41,107	3,443
Workmen's Compensation	15,484	1,569
CARGO loss and damage	35,126	1,857
Fire, theft, collision	7,402	669
All other	5,824	261
ADMINISTRATIVE Expense	176,974	13,559
Supervision	88,528	7,365
All other	88,460	6,194
DEPRECIATION Expense	102,190	6,611
Line Haul - Frt. Equip.	68,494	4,019
P and D	9,728	432
TAXES, Licenses - Operating	128,722	7,260
Gas, fuel and oil	48,881	3,066
Line Haul	40,249	2,316
P and D	5,620	332
Vehicle Licenses and Fees	44,766	1,433
Line Haul	36,731	1,034
P and D	4,941	183

*Blue Book of the Trucking Industry, Transport Research, Inc., Washington, D.C., 1955, p. xii.

TABLE III

LOCAL COMMON CARRIERS OF GENERAL FREIGHT FOR 1954

dollars, miles, tons, shipments in thousands-add 000	United States Total	New England
Number of Carriers	212	6
OPERATING RATIO (%)	96.9	100.2
BALANCE SHEET ITEMS		
Current Assets	28,601	327
Cash	8,338	110
Receivables - Net	14,310	150
Carrier Oper. Property-Net	29,008	277
TOTAL ASSETS	73,790	696
Current Liabilities	15,064	148
Long-Term Obligations	8,774	49
Insurance Reserves	65	-
Injuries, L and D Reserves	608	1
Other Reserves	425	40
Capital	18,179	226
Surplus	26,694	226
NET WORTH	44,873	452
OPERATING REVENUES	143,588	1,791
Freight Revenue-Intercity	32,863	700
Truck load	2,963	-
Less truck load	2,815	-
Frt. Rev-Local Cartage	106,331	1,026
Intercity tpn-other class IMC	1,524	-
Other operating revenue	2,870	65
TOTAL EXPENSES	139,144	1,795
NET Operating Revenue	4,444	4
Net Carrier Operating Income	4,412	4
NET Income BEFORE Taxes	5,464	9
NET Income AFTER TAXES	3,435	9
PRIMARY OPER ACCOUNTS		
MAINTENANCE Expense	16,276	174
Supervision	729	10
Repairs, Service-Rev Equip.	11,275	101
Line Haul	1,700	40
P and D	4,385	16
TIRES and tubes-Rev Equip	2,447	23
Line Haul	437	5
P and D	854	3
All other	1,835	40
TRANSPORTATION Expense	72,517	931
Supervision	3,564	45
Drivers and Helpers	55,846	760
Line Haul	7,414	135
P and D	25,453	168

TABLE III (Continued) *

dollars, miles, tons, shipments in thousands-add 000	United States Total	New England
FUEL - Rev Equip	5,255	68
Line Haul	740	14
P and D	2,117	12
OIL - Rev Equip	331	2
Line Haul	52	1
P and D	136	-
Purchased transportation	4,290	31
All Other	3,207	25
TERMINAL Expense	10,868	128
Supervision	2,257	21
Platform Employees	6,390	79
All Other	2,219	28
TRAFFIC Expense	3,112	60
Supervision	1,553	36
All Other	1,559	24
INSURANCE and Safety Expense	6,138	110
Supervision	246	-
PL and PD	2,687	41
Workmen's Compensation	1,396	36
CARGO loss and damage	1,210	18
Fire, theft, collision	313	3
All Other	285	12
ADMINISTRATIVE Expense	14,545	213
Supervision	8,307	139
All other	6,238	74
DEPRECIATION Expense	7,037	86
Line Haul - Frt Equip	746	-
P and D	2,189	16
TAXES, Licenses - Operating	8,838	97
Gas, fuel and oil	2,491	29
Line Haul	316	7
P and D	575	-
Vehicle Licenses and Fees	3,614	17
Line Haul	421	4
P and D	781	-

*Blue Book of the Trucking Industry, Transport Research, Inc., Washington, D.C., 1955, p. xiii.

TABLE IV

UNITED STATES TOTALS FOR 1954

dollars, miles, tons, shipments in thousands-add 000	Grand Total	Intercity	Local
Number of Carriers	2,615	2,163	452
OPERATING RATIO (%)	96.9	96.9	97.4
BALANCE SHEET ITEMS			
Current Assets	595,059	527,164	67,895
Cash	190,290	171,067	19,223
Receivables - Net	284,996	248,710	36,286
Carrier Oper Property-Net	713,842	655,807	58,035
TOTAL ASSETS	1,481,839	1,319,827	162,012
Current Liabilities	397,779	358,403	39,376
Long-Term Obligations	305,910	288,954	16,956
Insurance Reserves	2,685	2,544	141
Injuries, L and D Reserves	16,800	15,827	973
Other Reserves	5,555	4,779	776
Capital	276,208	230,912	45,296
Surplus	426,584	374,325	52,259
NET WORTH	702,792	605,237	97,555
OPERATING REVENUES	3,811,435	3,499,792	311,643
Freight Revenue-Intercity	3,476,180	3,397,281	78,899
Truck Load	867,810	864,416	3,394
Less truck load	1,366,308	1,363,182	3,126
Frt Rev-Local Cartage	265,961	45,663	220,298
Intercity tpn-other class IMC	29,983	26,309	3,674
Other operating revenue	30,606	21,834	8,772
TOTAL EXPENSES	3,693,488	3,389,866	303,622
NET Operating Revenue	117,947	109,926	8,021
Net Carrier Operating Income	117,190	109,134	8,056
NET Income BEFORE Taxes	108,871	96,010	12,861
NET Income AFTER Taxes	60,117	52,131	7,986
PRIMARY OPER ACCOUNTS			
MAINTENANCE Expense	406,072	370,360	35,712
Supervision	14,921	13,313	1,608
Repairs, Service-Rev Equip	275,706	251,393	24,313
Line Haul	203,199	197,665	5,534
P and D	29,875	23,467	6,408
TIRES and tubes-Rev Equip	86,945	81,210	5,735
Line Haul	67,770	66,147	1,623
P and D	5,767	4,474	1,293
All Other	28,021	23,936	4,085
TRANSPORTATION Expense	1,877,245	1,719,743	157,502
Supervision	51,970	44,591	7,379
Drivers and Helpers	912,004	792,765	119,239
Line Haul	479,377	461,117	18,260
P and D	287,006	245,070	41,936

TABLE IV (Continued)*

dollars, miles, tons, shipments in thousands-add 000	Grand Total	Intercity	Local
FUEL - Rev Equip	169,957	158,636	11,321
Line Haul	122,517	119,897	2,620
P and D	16,768	13,565	3,203
OIL - Rev Equip	9,375	8,632	743
Line Haul	6,767	6,569	198
P and D	1,022	818	204
Purchased transportation	661,523	650,724	10,799
All other	71,846	63,859	7,987
TERMINAL Expense	446,272	422,716	23,556
Supervision	123,929	119,285	4,644
Platform Employees	201,375	188,032	13,343
All other	120,937	115,370	5,567
TRAFFIC Expense	109,879	103,135	6,744
Supervision	60,609	57,508	3,101
All other	49,279	45,636	3,643
INSURANCE and Safety Expense	183,857	170,010	13,847
Supervision	14,007	13,521	486
PL and PD	73,508	67,553	5,955
Workmen's Compensation	25,591	22,102	3,489
CARGO loss and damage	48,723	46,232	2,491
Fire, theft, collision	12,676	11,964	712
All other	9,323	8,610	713
ADMINISTRATIVE Expense	291,734	258,072	33,663
Supervision	150,600	132,756	17,844
All other	141,023	125,205	15,818
DEPRECIATION Expense	172,600	157,014	15,586
Line Haul - Frt Equip	101,171	98,462	2,709
P and D	13,630	10,433	3,197
TAXES, Licenses - Operating	207,730	190,179	17,551
Gas, fuel and oil	78,848	73,880	4,968
Line Haul	54,110	53,225	885
P and D	6,728	5,927	801
Vehicle Licenses and Fees	74,113	67,348	6,765
Line Haul	49,679	48,678	1,001
P and D	6,258	5,180	1,078

*Blue Book of the Trucking Industry, Transport Research, Inc., Washington, D.C., 1955, p. xv.

TABLE V

FIVE-YEAR AGGREGATES OF CLASS I MOTOR FREIGHT CARRIERS FOR 1954-1953-1952-1951-1950

Commodity Groups	Operation and Maintenance Expenses							Other Expenses					
	Equipment Maint	Transportation	Terminal	Traffic	Insurance and Safety	Administrative and General	Total O and M Expenses	Depreciation Expense	Depreciation Adjustment	Amortization	Oper Taxes and Licenses	Total Expenses	No. of Carriers
United States Totals													
ALL CARRIERS													1,815
1954	356,427	1,640,694	414,559	98,142	161,684	248,806	2,920,312	146,430	d7,702	121	182,204	3,241,410	
1953	379,984	1,712,152	413,912	90,163	176,998	246,445	3,019,654	137,434	d6,569	85	168,569	3,319,173	
1952	346,217	1,514,007	365,715	78,368	158,815	215,257	2,678,379	125,053	d5,481	141	149,533	2,947,625	
1951	319,096	1,336,086	301,288	66,992	142,159	189,289	2,354,910	116,094	d4,680	108	128,788	2,675,053	
1950	263,573	1,189,973	256,106	57,230	124,850	161,140	2,052,872	93,929	d3,171	136	108,920	2,311,102	
INTERCITY CARRIERS													1,508
1954	327,366	1,511,452	393,997	92,663	150,471	221,409	2,697,358	134,073	d7,355	113	167,785	2,992,019	
1953	348,750	1,579,770	394,138	84,976	164,649	219,444	2,791,727	125,128	d6,313	83	154,649	3,065,274	
1952	316,354	1,391,295	347,252	73,719	148,164	190,973	2,467,757	112,764	d5,246	140	136,596	2,712,011	
1951	290,241	1,219,026	285,099	62,789	132,680	166,865	2,156,700	104,344	d4,328	105	116,977	2,451,514	
1950	239,630	1,085,063	241,470	53,615	116,401	142,035	1,878,214	83,437	d3,007	126	98,521	2,114,253	
LOCAL CARRIERS													307
1954	29,061	129,242	20,562	5,479	11,213	27,397	222,954	12,357	d 347	8	14,419	249,391	
1953	31,234	132,382	19,774	5,187	12,349	27,001	227,927	12,306	d 256	2	13,920	253,899	
1952	29,863	122,712	18,463	4,649	10,651	24,284	210,622	12,289	d 235	1	12,937	235,614	
1951	28,855	177,060	16,189	4,203	9,479	22,424	198,210	11,750	d 352	3	11,811	223,539	
1950	23,943	104,910	14,636	3,615	8,449	19,105	174,058	10,492	d 164	10	10,399	196,849	

TABLE V (Continued)

GENERAL FREIGHT - Intercity													903
1954	233,884	1,004,232	348,472	77,946	108,510	161,452	1,934,496	94,935	d4,939	97	121,778	2,146,424	
1953	249,921	1,032,628	349,282	70,801	117,241	159,914	1,979,787	88,465	d4,193	12	110,622	2,174,693	
1952	225,797	917,889	307,445	61,116	107,219	139,727	1,759,193	79,018	d2,901	24	97,969	1,933,303	
1951	202,169	790,721	251,174	52,071	94,504	120,332	1,510,971	71,571	d2,861	48	82,378	1,725,610	
1950	164,640	709,027	215,153	44,771	82,649	102,149	1,318,389	55,402	d2,063	54	68,799	1,486,121	
GENERAL FREIGHT - Local													153
1954	14,183	62,268	9,169	2,541	5,235	12,057	105,453	5,955	d 177	7	7,681	118,919	
1953	15,416	64,614	8,646	2,341	5,810	11,868	108,895	5,888	d 123	1	7,230	121,891	
1952	14,091	58,221	7,866	2,008	4,975	10,581	97,742	5,740	d 108	-	6,542	109,916	
1951	13,863	56,205	7,045	1,828	4,470	9,871	93,282	5,533	d 130	1	5,969	105,753	
1950	11,663	50,808	6,229	1,582	4,050	8,620	82,952	5,023	d 70	8	5,280	93,843	
REGION TOTAL GENERAL FREIGHT Intercity Carriers NEW ENGLAND													116
1954	14,863	59,116	19,031	4,504	7,857	12,964	118,335	6,572	d 659	3	7,239	131,490	
1953	15,577	57,599	18,145	4,106	7,996	12,152	115,575	6,359	d 308	2	7,017	128,645	
1952	14,443	50,815	15,993	3,597	6,843	10,964	102,655	5,690	d 289	2	6,329	114,387	
1951	12,505	46,280	12,765	3,093	5,975	9,851	90,469	5,361	d 251	9	5,316	103,330	
1950	11,690	42,117	11,305	2,750	5,521	9,023	82,406	4,499	d 225	4	4,557	93,112	

TABLE V (Continued)

LOCAL CARRIERS NEW ENGLAND													
1954	55	328	56	34	38	88	599	27	d 2	-	34	658	2
1953	55	297	38	37	40	80	547	24	-	-	31	602	
1952	56	296	29	36	34	77	528	28	-	-	31	587	
1951	55	307	31	39	29	74	535	27	d 1	-	28	588	
1950	49	260	29	35	24	75	472	25	d 2	-	22	517	

d - deficit or other reverse item.

TABLE V (Continued)

Commodity Groups	Operating Ratio	OPERATING REVENUES					Net Oper Rev	OTHER		NET INCOME BEFORE INCOME TAXES
		Total Revenues	Freight Revenue		Other Class I Motor Trptn	Other Oper Rev		Income	Deductions	
			Intercity	Local						
United States										
Totals										
ALL CARRIERS										
1954	96.7	3,351,298	3,088,763	218,212	20,426	23,858	109,879	18,042	24,935	103,014
1953	96.0	3,457,835	3,183,395	225,628	25,091	23,721	138,662	15,507	23,764	130,405
1952	95.4	3,088,435	2,835,944	209,130	21,933	21,428	140,810	16,810	22,000	135,620
1951	95.2	2,809,605	2,567,902	202,887	19,836	18,962	134,552	14,157	18,309	130,400
1950	93.1	2,483,258	2,265,413	183,605	19,061	15,179	172,156	13,320	14,495	170,981
INTERCITY CARRIERS										
1954	96.7	3,094,594	3,025,249	34,089	16,842	18,375	102,566	11,875	22,894	91,575
1953	95.9	3,194,673	3,120,781	34,543	22,393	16,956	129,399	9,443	21,843	116,999
1952	95.4	2,843,737	2,778,721	30,622	19,145	15,249	131,726	11,022	20,162	122,586
1951	95.2	2,575,882	2,516,108	30,238	17,026	12,510	124,368	8,235	16,358	116,245
1950	92.8	2,277,480	2,221,473	29,253	16,680	10,074	163,227	7,721	13,123	157,825
LOCAL CARRIERS										
1954	97.2	256,704	63,514	184,123	3,584	5,483	7,313	6,167	2,041	11,439
1953	96.5	263,162	62,614	191,085	2,698	6,765	9,263	6,064	1,921	13,406
1952	96.3	244,698	57,223	178,508	2,788	6,179	9,084	5,788	1,838	13,034
1951	95.6	233,723	51,812	172,649	2,810	6,452	10,184	5,922	1,951	14,155
1950	95.7	205,778	43,940	154,352	2,381	5,105	8,929	5,599	1,372	13,156

GENERAL FREIGHT Intercity										
1954	96.9	2,214,753	2,191,737	16,937	2,070	3,980	68,320	6,581	16,342	58,569
1953	96.1	2,261,866	2,238,266	16,354	3,196	4,050	87,173	5,466	15,471	77,168
1952	95.2	2,029,801	2,007,513	15,170	3,408	3,710	96,498	7,472	14,637	89,333
1951	95.2	1,812,937	1,793,094	13,937	2,203	3,703	87,327	4,545	11,786	80,086
1950	92.9	1,599,563	1,581,282	13,424	1,681	3,176	113,442	4,126	9,040	108,528
GENERAL FREIGHT Local										
1954	96.5	123,197	29,168	90,522	1,163	2,344	4,278	1,811	943	5,146
1953	96.3	126,622	28,729	94,595	1,137	2,161	4,731	1,880	729	5,882
1952	96.7	113,708	24,208	86,471	1,142	1,887	3,792	1,842	721	4,913
1951	96.3	109,872	23,430	82,986	1,069	2,387	4,119	2,154	827	5,446
1950	95.6	98,152	21,182	74,113	920	1,937	4,309	1,748	587	5,470
REGION TOTALS GENERAL FREIGHT Intercity Carriers NEW ENGLAND										
1954	98.2	133,855	131,747	1,501	118	489	2,365	345	1,144	1,566
1953	97.8	131,509	128,856	1,958	194	501	2,864	229	1,078	2,015
1952	95.1	120,290	117,872	1,959	130	329	5,903	196	947	5,152
1951	97.5	105,983	103,482	2,108	129	264	2,653	335	700	2,288
1950	94.3	98,771	96,269	2,128	111	263	5,659	314	638	5,335

TABLE V (Continued)*

LOCAL CARRIERS NEW ENGLAND										
1954	99.7	660	123	494	-	43	2	-	2	-
1953	98.7	610	107	480	-	23	8	-	2	6
1952	98.7	595	93	492	-	10	8	-	3	5
1951	93.3	630	127	497	-	6	42	-	3	39
1950	93.7	552	86	461	-	5	35	-	1	34

* The Red Book, Transport Research, Inc., Washington, D.C., 1955, pp. ii-iii.

TABLE VI

FIVE-YEAR OPERATING RESULTS - 1954-1953-1952-1951-1950

Commodity Groups	Ratio to Total Operating Revenues - %											Operating Ratio	No. of Carriers
	Operation and Maintenance Expenses							Other Expenses					
	Equipment Maint.	Transportation	Terminal	Traffic	Insurance and Safety	Administrative and General	Total O and M Expenses	Depreciation Expense	Depreciation Adjustment	Amortization	Oper Taxes and Licenses		
United States Totals													
ALL CARRIERS													1,815
1954	10.6	49.0	12.4	2.9	4.8	7.4	87.1	4.4	d 0.2	-	5.4	96.7	
1953	11.0	49.5	12.0	2.6	5.1	7.1	87.3	4.0	d 0.2	-	4.9	96.0	
1952	11.2	49.1	11.8	2.5	5.1	7.0	86.7	4.1	d 0.2	-	4.8	95.4	
1951	11.4	47.5	10.7	2.4	5.1	6.7	83.8	4.2	d 0.2	-	4.6	95.2	
1950	10.6	48.0	10.3	2.3	5.0	6.5	82.7	3.8	d 0.1	-	4.4	93.1	
INTERCITY CARRIERS													1,508
1954	10.6	48.8	12.7	3.0	4.9	7.2	87.2	4.3	d 0.2	-	5.4	96.7	
1953	10.9	49.4	12.3	2.7	5.2	6.9	87.4	3.9	d 0.2	-	4.8	95.9	
1952	11.1	49.0	12.2	2.6	5.2	6.7	86.8	4.0	d 0.2	-	4.8	95.4	
1951	11.3	47.2	11.1	2.4	5.2	6.5	83.7	4.2	d 0.2	-	4.5	95.2	
1950	10.5	47.7	10.6	2.4	5.1	6.2	82.5	3.6	d 0.1	-	4.3	92.8	
LOCAL CARRIERS													307
1954	11.3	50.4	8.0	2.1	4.4	10.7	86.9	4.8	d 0.1	-	5.6	97.2	
1953	11.9	50.2	7.5	2.0	4.7	10.3	86.6	4.7	d 0.1	-	5.3	96.5	
1952	12.2	50.2	7.5	1.9	4.4	9.9	86.1	5.0	d 0.1	-	5.3	96.3	
1951	12.3	50.1	6.9	1.8	4.1	9.6	84.8	5.0	d 0.2	-	5.1	95.6	
1950	11.6	51.0	7.1	1.8	4.1	9.3	84.9	5.1	d 0.1	-	5.1	95.7	

TABLE VI (CONTINUED)*

GENERAL FREIGHT- Intercity													903
1954	10.6	45.3	15.7	3.5	4.9	7.3	87.3	4.3	d 0.2	-	5.5	96.9	
1953	11.0	45.7	15.4	3.1	5.2	7.1	87.5	3.9	d 0.2	-	4.9	96.1	
1952	11.1	45.2	15.1	3.0	5.3	6.9	86.6	3.9	d 0.1	-	4.8	95.2	
1951	11.2	43.5	13.9	2.9	5.2	6.6	83.3	4.1	d 0.2	-	4.5	95.2	
1950	10.3	44.2	13.5	2.8	5.2	6.4	82.4	3.5	d 0.1	-	4.3	92.9	
GENERAL FREIGHT- local													153
1954	11.5	50.6	7.4	2.1	4.2	9.8	85.6	4.8	d 0.1	-	6.2	96.5	
1953	12.2	51.0	7.0	1.8	4.6	9.4	86.0	4.7	d 0.1	-	5.7	96.3	
1952	12.4	51.2	6.9	1.8	4.4	9.3	86.0	5.0	d 0.1	-	5.8	96.7	
1951	12.6	51.1	6.4	1.7	4.1	9.0	84.9	5.1	d 0.1	-	5.4	96.3	
1950	11.9	51.8	6.3	1.6	4.1	8.8	84.5	5.1	d 0.1	-	5.4	95.6	
REGION TOTALS GENERAL FREIGHT Intercity Carriers NEW ENGLAND													116
1954	11.1	44.1	14.2	3.4	5.9	9.7	88.4	4.9	d 0.5	-	5.4	98.2	
1953	11.8	43.9	13.8	3.1	6.1	9.2	87.9	4.8	d 0.2	-	5.3	97.8	
1952	12.0	42.2	13.3	3.0	5.7	9.1	85.3	4.7	d 0.2	-	5.3	95.1	
1951	11.8	43.8	12.0	2.9	5.6	9.3	85.4	5.0	d 0.2	-	5.0	97.5	
1950	11.8	42.7	11.4	2.8	5.6	9.1	83.4	4.6	d 0.2	-	4.6	94.3	
LOCAL CARRIERS NEW ENGLAND													2
1954	8.3	49.7	8.5	5.2	5.8	13.3	90.8	4.0	d 0.3	-	5.2	99.7	
1953	9.0	48.7	6.2	6.1	6.6	13.1	89.7	3.9	-	-	5.1	98.7	
1952	9.4	49.7	4.9	6.1	5.7	12.9	88.7	4.8	-	-	5.2	98.7	
1951	8.7	48.8	4.9	6.2	4.6	11.7	84.9	4.4	d 0.2	-	4.4	93.3	
1950	8.9	47.1	5.3	6.3	4.3	13.6	85.5	4.6	d 0.4	-	4.0	93.7	

d - deficit or other reverse item.

*The Red Book, Transport Research, Inc., Washington, D.C., pp. iv-v.

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