



**BUILDING BACK BETTER  
IN COMMERCIAL ROAD TRANSPORT:  
MARKETS REQUIRE  
FAIR LABOR STANDARDS**

Motor Carrier Safety Advisory Council  
US DOT FMCSA

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# Introduction

- Former Teamster tank truck driver with ten years and more than three quarters of a million miles of over-the-road experience before and after deregulation
- I have been studying this specific issue for about thirty years
- **My experience and research show that recruitment, retention, and safety problems are economic, not technical**



# TRUCK DRIVER RECRUITING & RETENTION

- There is no truck driver shortage
  - Millions of people hold CDL but do not use it
  - New drivers are created and recruited all the time but carriers do not retain them
  - Drivers earn a piecework wage that looks good but they don't get paid for non-driving work
  - When they realize the big promises aren't real, they exit
- Delay and detention
  - Shippers avoid paying for loading, unloading, and detention time.
  - They will consume an infinite amount of a free good and this drives carrier revenue and driver earnings down
- Because they are paid so little, they are not treated with respect
  - They quit motor carriers as fast as carriers can hire
  - They quit the industry because it spits them out
- **Truck driving must become a good job again**



# TRUCKING BEFORE DEREGULATION

- Truck driving was a good job
  - Teamsters represented between 60% and 70% of the industry
  - National Master Freight Agreement covered employees of 500-600 trucking companies with a uniform contract
  - “Threat Effect” ensured that non-union truckers also were relatively well paid
- Health and safety
  - Teamster bargaining power protected CMV drivers from excessive hours
  - Union kept employers from forcing drivers to exceed HOS limits
  - Owner-drivers (a.k.a. owner-operators) regularly were Teamsters
    - The two-check system covered their labor and the lease of their trucks
    - As Teamsters their health insurance and retirement were paid
- Health and Welfare
  - Truck drivers’ benefits protected them and their families
  - Company-paid health insurance covered drivers and their families
  - Contributions to “health and welfare” funds generally ensured they could retire comfortably after around 25 years of work.



# TRUCKING AFTER DEREGULATION

- Timeline
  - Interstate deregulation began in 1977 and completed in 1980
  - Intrastate deregulation mandated in 1995 (& ICC & data abolished)
- Truck driving became a bad job quickly
  - Union density declined rapidly after 1980 (now <10%)
  - Earnings and benefits
    - Declined 1/3 in the first five years
    - Declined nearly 50% to the present
- Contracting seeks the weakest link in the chain
  - Subcontracting turned employees into dependent contractors
  - Dependent contractors are stuck in undefined territory
  - Lease-purchase contracts now turn truckers into debt peons
- Competition based on consumer welfare whipsaws carriers
  - Low wages and low contractor revenue undermine freight rates
  - This is the “race to the bottom”
- **Low freight rates undermine the labor market**



# WORKFORCE DEVELOPMENT BEFORE DEREGULATION

- Good jobs attracted good workers
- Common Carrier system for general freight favored complex system of city pickup and delivery as well as intercity highway driving
  - Intercity linehaul was “truckload”
  - Common Carriers also hauled mix of LTL and TL freight
- This system created a framework for “apprenticeship”
  - Workers started out on the dock
  - Progressed to yard movements and city work
  - Progressed from there to linehaul, which generally was night work
  - Workers bid for the work they preferred



# WORKFORCE DEVELOPMENT AFTER DEREGULATION

- Common Carrier system for general freight favored complex system of city pickup and delivery as well as intercity highway driving
- Combination of city P&D and intercity linehaul created a framework for “apprenticeship”
  - Workers started out on the dock
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  - Progressed from there to linehaul, which generally was night work
  - Workers bid for the work they preferred
- Hub and spoke systems declined
  - TL carriers evolved out of specialized and exempt sectors
  - TL carriers creamed TL work from Common Carriers
- Fixing this system will require careful analysis of industry structure



# LONG HOURS FOR LOW PAY

- Half of all truck drivers work more than 60 hours/week
- 20% work more than 4,000 hours per year
- **Most truck drivers earn little or nothing for non-driving labor**
- **Non-driving labor averages 25% of their work time**
- **Long hours and low pay lead drivers to quit**
- Why?



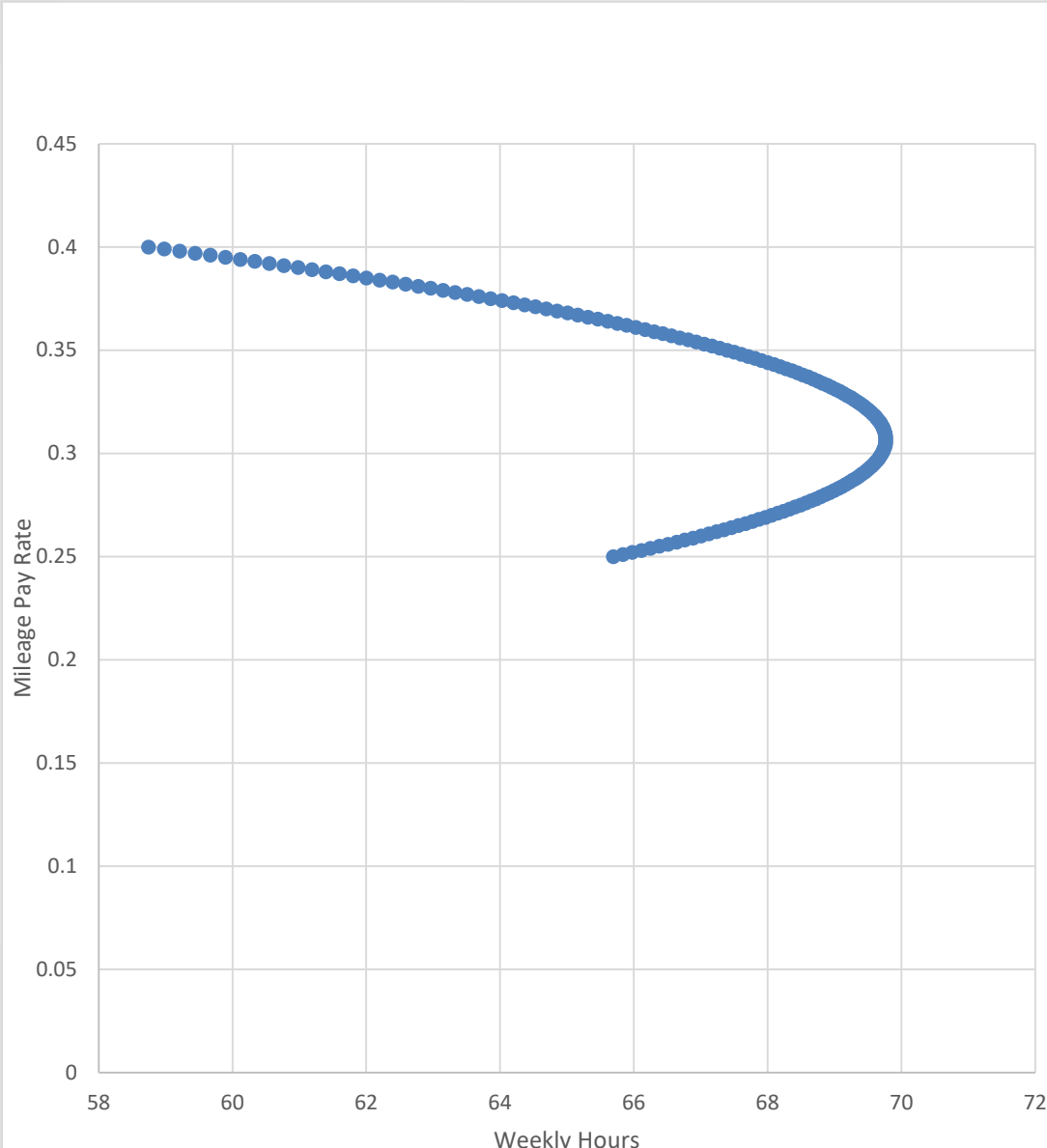


# TIME IS MONEY

- Basic labor economics
  - At a low pay rate, drivers will work as many hours as they need to work to hit earnings targets
  - Target earnings: the amount workers need to pay their bills
  - Workers will trade leisure for labor as their earnings increase
  - They will rest rather than work extra hours that damage their health, risk their safety, or keep them away from their families
- Decently paid truck drivers naturally reduce their hours to the legal limit
  - Research shows that rising wages do not lead to driver greed
  - The work is so damaging they will reject loads once they have reached target earnings



# LABOR SUPPLY CURVE FOR LONG-DISTANCE TRUCK DRIVERS



Drivers would work  
60 hours

- At 40¢/mile in 1997 dollars
- At 60¢/mile in 2017 dollars

**Higher paid drivers would**

- **Reduce hours of work**
- **Have better health and safety**
- **Stay with trucking and stay with their company**

# INSTITUTIONAL PROBLEM: CONFLICTING DEFINITIONS OF WORK

- **Wage and Hour Division of Labor Dept requires that employers pay for all work time**
  - DOL defines work as service to an employer
  - Workers expect their employer to pay for all work
  - This regulation governs the labor market
- **FMCSA allows employers to declare drivers off duty while keeping them on the job**
  - Off duty drivers do not get paid
  - These drivers' time does not belong to them
- **GOVERNMENT CAN FIX THIS**



# PROBLEM AND SOLUTION

- **Problem:**

- Historical gap between Dept of Labor and DOT
- Unionization before 1980 patched over the problem
- Truck drivers fell through the gap after 1980
- The problem spans both Departments

- **Solution:**

- Neither Labor nor DOT can fix it alone
- Labor and DOT must bridge the gap together
- Through interagency cooperation, the Dept of Labor and Dept of Transportation can rebuild the truck driver labor market



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# SUPPLEMENTAL RESOURCES

## Regulations

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  - <https://www.law.cornell.edu/cfr/text/29/chapter-V>
  - <https://www.law.cornell.edu/cfr/text/29/part-785/subpart-C>
- Federal Motor Carrier Safety Administration Regulations on Hours of Service for Drivers: <https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&ty=HTML&h=L&mc=true&=PART&n=pt49.5.395> and Guidance: <https://www.fmcsa.dot.gov/regulations/title49/part/395>

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The economic approach to workforce development as well as safety and health points the way to policy solutions.

**Fair Labor Standards will save lives, allocate resources efficiently, and grow the economy**

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