



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

Motor Carrier Safety Advisory Council
US DOT FMCSA

JULY 19, 2021

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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**



RECRUITING AND 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
 - Carriers do not retain them
 - Drivers earn a piecework wage that may look attractive but...
 - They don't get paid for non-driving work
 - Zero pay for non-driving labor reduces the real pay rate
 - When they realize the big promises aren't real, they exit
- Delay and detention
 - Shippers avoid paying for loading, unloading, and detention time.
 - Shippers will consume an infinite amount of a free good
 - This drives carrier revenue and driver earnings down
- Drivers are not treated with respect because they aren't valued
 - They quit motor carriers faster than carriers can hire new drivers
 - They quit the supply chain industry because it abuses them
- **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 had reasonable earnings
- 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, family health insurance and retirement were paid
- Health and Welfare
 - Company-paid health insurance covered drivers and their families
 - Multi-employer retirement funds generally ensured they could retire comfortably after around 25 years of work
- Now there is no real retirement option



TRUCKING AFTER DEREGULATION

- Timeline
 - Inter-state deregulation began in 1977 and completed in 1980
 - Intra-state deregulation mandated in 1995 (ICC abolished; data followed)
- 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
- Why? Competition based on consumer welfare whipsaws carriers
 - Low wages and low contractor revenue undermine freight rates
 - This triggers the “race to the bottom”
- Contracting seeks the weakest link in the chain
 - Subcontracting turned employees into dependent contractors
 - Dependent contractors are stuck in legal and economic limbo
 - Lease-purchase contracts now turn truckers into debt peons
- **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
 - P&D was local and intercity linehaul was “truckload”
 - Common Carriers also hauled mix of LTL and TL freight
 - Contract Carriers dedicated to small number of clients
 - Truckload sector was small: long-haul was specialized and exempt
- 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
 - Linehaul generally was night and weekend work
 - Workers bid for the work they preferred



WORKFORCE DEVELOPMENT AFTER DEREGULATION

- Hub and spoke systems declined
 - TL carriers evolved out of specialized and exempt sectors
 - TL carriers creamed TL work from Common Carriers
 - Common Carrier sector shrank
 - Today's LTL sector is the remnant
- Interstate Commerce Commission (ICC) data quality declined
 - Responsibility handed to DOT Bureau of Transportation Statistics (BTS) after 1995
 - Under pressure from motor carriers, data collection ceased in 2003
 - Data on carriers and employment now is very limited
- 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
 - This is an average; some sectors have much more
 - Here I define “work time” according to FMCSA definition
 - It is very different from Dept of Labor definition
- Long hours and low pay lead drivers to quit
- Why?

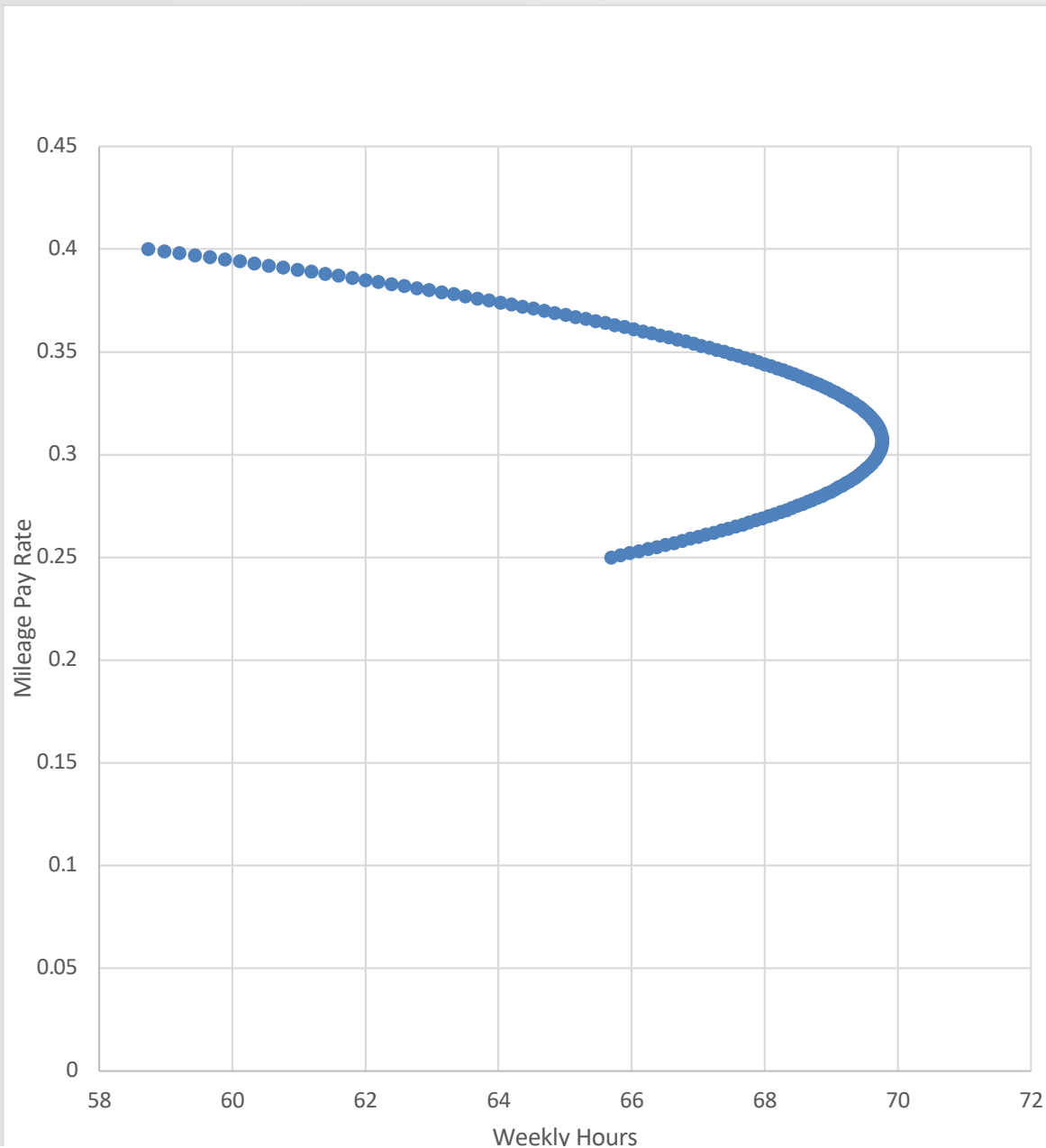


TIME IS MONEY

- 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**
- **Be easier to recruit and retain**
- **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 entire 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 DOL and DOT regulations
- Unionization before 1980 patched over the problem
- Truck drivers fell through the gap after 1980
- The problem spans both Departments

- **Solution:**

- Neither DOL nor DOT can fix it alone
- Labor and DOT must bridge the gap together
- DOL and DOT can rebuild the truck driver labor market
- Through interagency cooperation, they can fix “driver shortage” and workforce development problem



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SUPPLEMENTAL RESOURCES

Regulations

- Fair Labor Standards Act (FLSA)
 - <https://www.employmentlawhandbook.com/flsa/fair-labor-standards-act-time-suffered-or-permitted-to-work/>
 - <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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PRESENTATIONS

“Economic Incentives and Market Pressure:
Why Markets Require Safe Rates Regulation”

Senate Rural and Regional Affairs and Transport References Committee
Senate Standing Committee on Rural and Regional Affairs and Transport
Parliament of Australia; April 28, 2021

https://parlview.aph.gov.au/mediaPlayer.php?videoID=540464&operation_mode=parlview

“Economic Incentives and Market Pressure:
Reducing Unsafe and Unhealthy Work Hours”

Transportation, Warehouse, and Utility Council of NIOSH NORA
September 22, 2020; presentation begins at 16:00 minutes into the recording.

https://waynestateprod-my.sharepoint.com/:v/g/person/ai6896_wayne_edu/ES9TMm1Wso9CjPt-581CreEBMjEBzGIQxOfS2YS0IQCFrw

“Economics of Long Hours: Using Incentives to Change Behavior”

Working Time Society's 24th International Symposium on Shiftwork & Working Time
September 11, 2019

https://www.eiseverywhere.com/file_uploads/5bf599c679bb4aac68497c19b68d83ba_190911Belzer_EconOfFatigue.pdf



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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