STRIKE! Independent Truckers Play Havoc With Agriculture

by B.E. Fichte

Editor's Note: Among other things, the truckers' strike emphasized agriculture's dependence (and vulnerability) on the transportation industry and the haphazard way we have gone about insuring adequate transportation at critical times. The following story is about that strike. It's a story of hunches, guesses, bungling and a few facts. Hard facts and concrete solutions were as hard to find as unleaded gasoline on Sunday. But it does explain the root causes, the incredible losses sustained by many in agriculture and the threat of still more, even costlier, strikes. It's a story that touches everyone in agribusiness, a situation that cannot and should not be ignored.

The big truck strike has ended. For now. What began in violence and confusion about June 10 started falling apart three weeks later. By July 5, most of the nation's 120,000 independent truckers were back on the road.

In between, truckers and their sympathizers disrupted fuel supplies through blockades, prevented motorists from entering service stations, blocked freeway traffic, paraded on

Back on the road. But for how long?

Abandoned in storage—and on the vine!

state capitols, shot and killed one of their own members, took pot shots at other truckers, created riots, caused food shortages, turned fruit and vegetable farms into disaster areas. Many truckers and farmers walked away physically exhausted, emotionally heartbroken and financially broke.

In the end, the truckers gained some temporary concessions, a few promises from state and federal officials. In turn, they issued a promise or threat: Unless significant progress is made toward helping solve their problems, we can expect another strike. Perhaps as soon as three months from now.

The strike was as spotty and disorganized as the independent truckers who own their own rigs. But the action was damaging enough.

Predictibly, consumers were pegged as the big losers by the city press. And we're almost certain to have significant price increases in many food products, whether or not they are warranted. This is particularly disappointing to economic strategists, because food prices had stabilized—even dropped the last month—helping cool the raging inflation. Now this could blow the lid right off the price index.

Hardest Hit

Largely ignored by the general press were those hardest hit by the strike—the agricultural producers who stood by and painfully watched their yearly income rot in the hot summer sun. Producers bit the bullet in these economic areas: Crops were left rotting in the field or disced under; delayed harvests caused lower quality and lower prices; increased freight rates (when available) caused buyer resistance, often forcing producers to take less for their crops than it cost to produce; and cut-backs in diesel allocations threatened summer and fall activities.

There were isolated—though significant—losses throughout the United States. But apparently the hardest hit growers were in California, Texas, Florida and the Carolinas.

At the peak of the strike, California growers were losing up to $4 million a day, according to Lawson Bartell, United Fruit Co., Fresno. There were severe losses in lettuce, potatoes, tomatoes and cantaloupes. Even so, most growers were "lucky," because the harvest was just getting in full swing when the strike ended. "It was settled in the nick of time. In another week it would have been disastrous," Bartell said. Cool weather enabled producers to hold vegetables in storage longer than usual.

Paid Dearly

Those who did get produce to market during the strike paid dearly. Rates skyrocketed, jumping from $3,000 to nearly $6,000 for shipping a load of lettuce from California to New York. Buyers resisted, forcing prices down at the grower level. Though supermarket prices were escalating because of increased freight rates, frustrated growers were forced to sell for less than it cost to produce the crop. (This price resistance, caused by higher rates, continued to worry growers after the strike ended even though rates had eased off considerably.)

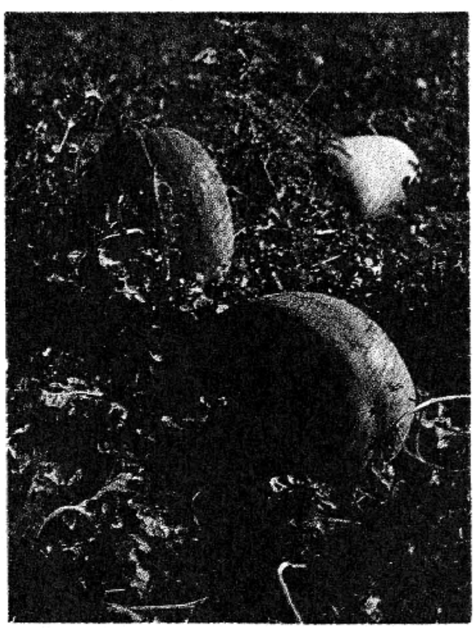
The strike caught the watermelon and potato harvest head-on in south Texas but came too late to cause much damage in the Rio Grande Valley. "The strike will be disastrous. It could cost us $30 million, state-wide," said Commissioner of Agriculture Reagan Brown. In Frio County in the South Texas Winter Garden area, one potato grower lost 700 acres valued at $1,000 an acre. Potato losses were also reported in Knox County in west Texas. At least 50% of Frio County's 5,000 acres of watermelons bleached and rotted in the hot Texas sun. The melon crop was valued at $600-$800 an acre.

Hands Were Tied

"During the peak melon harvest, our hands were tied. We just couldn't get trucks. We were loading out nine or 10 trucks a day when we normally would have been loading out about 40," said Wayne Copeland, Gerald Mann Produce, in Pearsall. When the strike broke, "Pearsall looked like truck city. We had truckers calling from all over the south and southwest. We've had plenty of trucks to get us through the honeydew harvest," Copeland said.

A by-product of the strike is the plight of the Texas wheat farmers, who could suffer the worst total loss of any commodity group. A bumper harvest was underway in early July and prices were excellent, above $4 a bu.—a most unusual combination. While most of the wheat crop is normally moved by rail, the truckers strike diverted some rail cars into other areas to take up slack; and lack of trucks to take some of the overflow from the above-average wheat harvest has created critical transportation shortages in the Panhandle.

Bleached and rotting in the hot sun.



On July 10, more than $5 million worth of wheat lay in the streets of Perryton in the upper Panhandle. "With the current allocation of rail cars, we'll soon have $25 million worth of wheat in the streets. At this rate, it will rot before it can be moved," said Ken Allen, Equity Elevators. Farmers are not paid for their wheat until it is safely stored.

Diesel Supplies Short

Diesel shortages also were reported in Texas. Some hay crops were lost in central Texas, and fuel distributors in west Texas reported sharp cutbacks in diesel supplies (partially because President Carter removed agriculture's fuel-exempt status and reallocated some of its fuel to the trucking industry). As grain sorghum and cotton harvests got underway in July in the Rio Grande Valley, farmers grew increasingly concerned about fuel supplies.

Most of the vegetable and citrus harvest was over in Florida when the strike hit. But it caught the north Florida watermelon harvest in full swing. "We probably lost 50% of the watermelon crop in that area. It just rotted on the vine," said Elmer Close, Florida Commission of Agriculture and Consumer Affairs. There were also spotty losses in limes and mangos.

Potato growers took a beating in North Carolina. Grower Vernon James, James Bros., Inc., at Elizabeth City, N.C., said at least 30% of the crop was lost. "Potato harvest was delayed two weeks. We probably lost 30% of the crop. Further, the market had dropped by 40% in early July." Pressure from increased shipping costs and quality deterioration caused by the delayed harvest were blamed for the sharp market decline.

All Hurting

Nearly all growers in his area are hurting James said. "No one will make money this year. We probably will lose at least $100 an acre on the crops we can harvest and market. The consumer will be getting food for less than it costs us to produce it," he said. Farther south, he said producers of beans, cucumbers and bell peppers suffered significant losses because of truck shortages.

He also is having trouble getting enough diesel. "We've been cut back by 10-15% from last year, and we're paying 88¢ a gallon. We're definitely concerned."

Beef and other meat producers and handlers were more fortunate. This time The ability to hold out until cooler space was filled helped get through the worst of the crunch. There were spotty shoratges some packing plants temporarily laid of workers until they reduced inventories, and some meat market managers who had difficulty getting beef had begun filling orders with other meat products. But the real crunch only lasted two or three days—and most suppliers have enough cooler space to get by.

No Significant Breaks

The delay in cleaning out the beef "pipeline" caused some inconveniences in the feed yards but no significant price breaks; it didn't last long enough for the "whiplash" to reach cow-calf producers.

Some purebred cattlemen, when asked about the strike, responded with alarming disinterest. "Even if it hits the commercial boys and feeders, it won't bother us," one said. (How quickly we forget! How quickly $2,000 commercial bulls make us forget we were selling many of them for cheap packer prices less than two years ago.)

Had the strike been more widespread and lasted longer, many beef market analysts agree, the "ripple" or "whiplash" would have struck everyone in the industry. If packers can't ship it out, they won't buy. If feeders can't move out their fats, they won't buy. If commercial producers can't sell (or move) their calves, they won't buy commercial bulls for high prices. The sizzling cattle market could go stone cold in a matter of weeks. The cattle market wreck of 1974-77 is a grim reminder of the simple fact that "we're all in this together."

Why It Happened

The strike was touched off when owner-operators had trouble getting diesel at what they considered fair prices. It's unlikely, however, that it ever would have gained much steam without the violence that began about June 10. Riots, vandalism and sniper fire that killed one trucker finally brought many of the big rigs to a standstill.

The striking truckers—120,000 independent owner-operators who belong to no unions, are not regulated by the Interstate Commerce Commission and who haul 95-99% of all agricultural perishables—complained loudly about high diesel prices. Justifiably. Since Jan. 1, diesel prices have increased by an incredible 41.4%.

But as quickly as the press picked up the strike, deeper, more brooding issues surfaced: The 55 mph speed limit, which truckers want changed to 65; higher rates to offset increased fuel costs; standardization of gross weight and trailer lengths in all states (to at least 80,000 lb. and 60 ft.); partial de-regulation of freight they are allowed to carry, which will help eliminate "running empty" on the back-haul. (Only agricultural produce is exempt or non-regulated. Other freight is regulated and can only be hauled by regulated carriers.)

Another Motive

Woven into the fabric of debate was another motive, perhaps even more complex, certainly more awesome in scope. The independent truckers are trying to destroy one of the hallowed systems in transportation—the cozy arrangement between the big regulated carriers, the Teamsters Union and the ICC, whose rules and regulations prohibit competition and help guarantee big profits.

Backed into a corner by all the commotion, President Carter finally made a gesture which supported the independents. He made some promises. Sen. Ted Kennedy joined him in proposing sweeping deregulation of the trucking industry, a move that has already mobilized the carriers and Teamsters into a single entity for a bitter fight. Most independents think the truckers and Teamsters will win. "The Teamsters just scare hell outa' politicians. They own too many of 'em," one independent spokesman said.

Normally a Felony

At issue is the way rates and regulations are set and administered. Essentially, this is done by the trucking companies, in secret, and presented to the ICC for review and approval. Said President Carter: "Collective rate making, also known as price fixing, is normally a felony. But the trucking industry has enjoyed special exemption from the antitrust laws." His proposed legislation would change that.

Obviously, all this rankles the independents who are not regulated. The only way they can haul regulated freight is to lease out to a regulated carrier, who takes a percentage of the gross, usually about 30%. The independent furnishes the truck, driver, and pays all expenses. The law also prevents an independent from hauling two consecutive regulated loads. He must find an exempt back-haul (agricultural produce), haul illegally or come back empty.

Back on the Road

State and federal governments made concessions and promises to entice the truckers back to work. Rates were increased dramatically in some areas. The government granted a 7% surcharge on diesel (though independents have no way to pass it through); states offered protection with National Guardsmen and established "safe corridors" patrolled by state police along major highways; several states temporarily lifted weight and trailer length limits; and President Carter promised to support legislation that would help standardize weight and length—to help truckers recoup increased fuel costs and to insure equitable distribution of available diesel (some at the expense of farmers to whom he had promised the same thing).

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Many of the truckers who stayed on the road, taking advantage of the high rates, did so with extreme caution. Said one: "I'm running the back roads with white flags on both fenders!"

A Profile of Problems

Besides lacking centralized organization and unity, independents are caught in a steadily tightening economic vice. A condition well understood by ranchers and farmers. Many are going broke. Truck repossessions are way up. One trucker gave us these annual operating costs for his rig:

New cost for tractor and trailer —$85,000
Interest and principal payment —$16,800 ($1,400 per month)
Fuel (based on 90¢ diesel, 100,000 miles driven a year and 5 mpg) —$18,000 ($1,500 per month)
Insurance—$7,200
Tires—$4,200
Road and fuel taxes—$4,000
Meals and motels—$4,100
Tolls—$1,200
Tickets and fines—$850

Independents claim regulated carriers, because of volume purchases, can buy both fuel and rolling stock much cheaper than they can.

To their economic woes, add the confusing and conflicting state and federal regulations, preferential treatment for the big carriers and Teamsters, and Dept. of Transportation rules regarding the amount of rest drivers must have.

Many independents admit they run illegally. "Money is my business. Time is money. I run as fast as I can and as long as I can so I can get where I'm going, turn around and start over," one driver said. Symptomatic of his volatile industry, he asked that his name not be used.

Who's to Blame

It would appear to be a classic confrontation between two fiercely independents: The trucker and the farmer. The trucker let crops rot in the field. President Carter broke his promise to farmers by taking away diesel and giving it to truckers—reasons enough to hold grudges. But that's not necessarily the case.

"Hell, the farmer and the trucker make this damn country go. We're in this together," said one trucker. "Take away

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either of us and see what happens!" If Washington bureaucrats don't understand his language, the farmers do.

Fred Barfield, a leading vegetable, citrus and cattle producer in south Florida, said, "Like the old saying goes, the squeaking wheel gets the grease. If you don't make noise, you won't get noticed. In a way, the truckers have the same problem the ranchers and farmers have. Nobody in government will pay any attention to us until a crisis occurs. You have to create a spectacle to get attention. It's too bad so many people have to suffer before you can get a fair hearing from your own government."

Legitimate Gripes

James, in North Carolina, agrees. "The truckers have legitimate gripes. Fuel costs and permits are harrassments and they are expensive. States should standardize their weight limits and permits. This just adds more expense and inconvenience. The government should listen to legitimate concerns...it should listen without forcing an industry to strike."

Of course, this mutual admiration and benevolence isn't universally shared. Reacting to sky-high rates being offered by growers in a desperate effort to save some of their vanishing crops, one trucker smirked: "I just love helping my fellow man...and making a big profit from him!" (His celebration was short-lived; within hours after the strike ended, shippers were beseiged with calls from truckers looking for hauls. Rates eased considerably.)

In the minds of the truckers and the producers, the oil companies shared top billing with the federal government as the chief culprits in the strike. "The oil companies are gëtting rich and farmers, truckers and consumers are paying for it," a major produce handler said.

Unanswered Question

There remains one critically important unanswered question: Why has diesel, a low-grade fuel, risen so sharply in price and become so short in supply? Up 41.4% in six months, a much steeper rise than gasoline prices. "Collusion" and "incompetence" are frequently heard explanations.

A militant independent trucking official called for nationalization of the oil industry. "The reason for the strike falls at the feet of the oil companies. These thieves are pushing this country into the worst recession it has ever seen," he said.

Nor has the Washington cadre exactly draped itself in glory. Only after impending crisis did President Carter and his staff indicate concern. The visionary congress sat on its collective hands, even voted down a Carter plan for a stand-by gas rationing plan to be imposed in case of a real emergency. Further, some of its strongest members are aligned with the Teamsters and trucking industry in opposing de-regulation.

Ample Warning

So far as the current strike is concerned, we had ample warning. Ignoring it was a colossal Presidential and congressional blunder. Flip back to 1974, the year of the last truckers strike. They asked for a 100% allocation of diesel fuel, a roll-back in diesel prices, a 5% surcharge on diesel, an audit of oil companies and a uniform 80,000-lb. weight limit. Some produce haulers shut down because of violence. Some food shortages developed. Rumors ran amuck. The entire script was written and distributed.

It wasn't read.

They handed us the carbon copy in 1979.

This time, perhaps, it will be heeded. Washington suddenly has a collective urge to act. Maybe because they have had to sit at long gas lines. Maybe because they found a few empty grocery shelves. Maybe the "heat" from back home is making them sweat. Maybe because their favorite oxen are being gored.

For whatever reasons, the time is ripe for change. The time is ripe for agriculture—and transportation—to make its presence felt, to protect its interests. We can't wait for another strike to get the transportation insurance we need to keep the food supplies flowing smoothly in America.

Two strikes in five years. We can't afford strike three!