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Meeting with President
and Frank Fitzsimmons
Wednesday, March 19, 1975



Fitz - Murphy - money money

THE WHITE HOUSE
WASHINGTON

Let's get into that legislative

Bob [unclear] R.R.

March 18, 1975

MEETING WITH FRANK FITZSIMMONS

Wednesday, March 19, 1975
11:30 A.M. (20 minutes)
The Oval Office

From: Phil Buchen

Regulatory
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proposal
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committee
for the

to see
Sasha

John Murphy
Fitz

I. PURPOSE

You requested this meeting as one of a series with labor leaders.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: You last met with Frank Fitzsimmons on December 18, 1974.

The following are specific subjects he might wish to discuss with you:

- Economic Condition of Trucking Industry. Generally, truck freight is down about 20% compared to a year ago. Construction and related materials are down from 13 to 20%, carriage of motor vehicles is down 30% and grain and farm products are down approximately 20%. There has been a small increase in coal and metals; otherwise, everything else is down. Despite an 8% rate increase in January, the total revenues for the trucking industry were down 22% in February and 17% in March. There is beginning to be a seasonal pickup in the carriage of food but the situation still appears to be fairly grim.
- Department of Transportation Regulations. There are three regulatory actions which have recently been taken by DOT that concern the Teamsters: First, the new regulations implementing the change in the 1974 Highway Act, which you signed in January, permitting an increase in the size and weights of trucks, have been promulgated by DOT but are somewhat restrictive. DOT took this position primarily because of

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strong opposition from such lobbyists as the American Automobile Association and others, along with a move in Congress (lead by Edward Koch, D-NY, and 33 co-sponsors) to repeal the increase in its entirety. The Teamsters do support a safety-related amendment to the size and weight provision, limiting the amount of increased weight on the front axles to 10,000 pounds. However, if Congress does pass an amendment to the Highway Act, it likely will repeal the weight and size increase to the detriment of the trucking industry. Thus, our position of no amendments is probably the safest.

Second, the Teamsters are generally against strict enforcement of the 55 mph speed limit which DOT is implementing at your instruction.

Third, the Department has "hours of service" regulations, issued for safety reasons, which only permit ten hours of consecutive work in any fifteen-hour period. The Teamsters want to increase this to eleven or twelve hours and DOT does have it under review, but we understand they are likely to decide against the Teamsters.

- ° Deregulation. The DOT/OMB proposal to deregulate the motor carrier industry is currently being circulated among Federal agencies. No doubt word has leaked out on this and the Teamsters are indicating some opposition because they view it as resulting in a reduction in industry profits.

B. Participants. Frank Fitzsimmons, President of the Teamsters Union

John Dunlop, Secretary of Labor

Staff: Mike Duval

C. Press Plan: White House Photo only.

III. TALKING POINTS

- I recognize that the two major points in my State of the Union Address impact directly on your activities:

First, the trucking industry has been severely impacted by rising prices and general economic conditions.



The inventory liquidation now going on is especially hard on the industry. We are expecting an upturn in the economy during the summer, and the trucking industry should be among the first to benefit.

Second, your industry has been greatly affected by the increase in the price of diesel fuel. The only way we can gain control over the price we have to pay for our oil, is through aggressive implementation of the energy plan I have proposed to Congress. As you know, I am considering tilting some of the impact of my proposal into gasoline and away from other petroleum products, including the diesel which you use in many of your trucks.

A key component of my plan is strict enforcement of the 55 mph speed limit. One of the ways I've tried to offset the reduced productivity this means to the trucking industry is by an increase in the size and weights of trucks. That is why I supported that provision of the 1974 Highway Act.



THE WHITE HOUSE
WASHINGTON

March 19, 1975

TO: JIM CANNON

FROM: MIKE DUVAL D

For your information X

Comments:

I prepared this for the briefing
paper for the President's meeting
with Secretary Coleman.



OFFICE OF THE VICE PRESIDENT
WASHINGTON, D.C.

JMC
REMINDER

You wanted to see Jerry Jones
and Jim Connor.



TALKING POINTS - MEETING WITH SECRETARY COLEMAN

- DOT Regulatory and Administrative Philosophy. The Department exercises tremendous power over State and sub-State governments, as well as the private sector.

EXAMPLE: EPA's catalytic converter

Many of DOT's regulations impose tremendous costs on consumers and can have major impacts on the profitability of businesses.

EXAMPLE: DOT's truck anti-skid brake regulations will raise the cost of trucks and trailers 5-7%. (This is under review in coordination with the Council on Wage and Price Stability, but the rule was adopted on January 1. The Domestic Council staff is monitoring the review.)

I have attempted to do something about this problem, government-wide, by requiring an Inflation Impact Statement be prepared before any Federal regulation is issued. I am quite serious about this, and I want the analysis to be honest and done in time so that we can make a decision not to go forward if the economic costs outweigh the benefits.

Another area in which your Department directly affects the lives of countless people concerns the decisions which you are required by statute to make concerning whether to go forward with various public works projects. This ranges from approval of highways and bridge replacement to the building of airports and transit systems.

I believe that we need to strike a far better balance between various national objectives, including developing energy facilities and other job-producing activities, versus our desire to protect the environment. Although many of the environmental laws which passed in the early '70s contain goals and objectives which I strongly endorse, I think the deck has become stacked against the forces for progress and development. It is far easier to stop a project than to build it.

COMMENT: We recommend that you do not specifically refer to I-66 in your discussion of the growth/no-growth issue.

- Bankruptcies. One of the major problems that your Department faces is the bankruptcy and pending bankruptcy of several major transportation companies. I understand you are reviewing the progress of the United States Railway Association and its Preliminary System Plan to provide

rail service in the 17 States of the Northeast and Midwest. The saga of the Penn Central bankruptcy is providing an excellent example of what happens when government neglect and over-regulation forces a major industry out of business. There is no doubt that the Federal taxpayer is going to pay a heavy price.

We have received, here at the White House, over 300 calls requesting financial assistance for the Rock Island Railroad, which I understand has just filed for bankruptcy. I support your position of declining to support direct Federal financial help but offering to work with the ICC and others to continue to provide rail service and do everything else possible to aid the employees of the company.

That same kind of sensitivity will be needed as we continue to work on the problems of Pan American and other airlines that are in trouble. I want to be certain that we show sympathy and compassion for the owners and employees of these companies in financial difficulty, but at the same time, do everything possible to limit Federal financial exposure except in the most extreme cases.

- Legislation. On Monday, I transmitted to the Congress the aviation legislation, which is a good package. I appreciate your memo on this subject and the compromises you were able to work out with the Congress.

I understand that the Rail Transportation Improvement Act will be ready for transmission, probably by Friday of this week. This is the first piece of my overall program to seek fundamental reform of the regulatory practices which govern the economics of the entire transportation industry. I hope you will move quickly on other legislative proposals concerning motor carriers and aviation.

The Highway bill is also nearly ready for submission. The Governors I have recently conferred with are anxious to support our proposal of allowing the States to pick up 1¢ of the gas tax. However, the proposal to extend the Trust Fund only for the Interstate System will be very controversial. You will need to work closely with Bob Jones and Bill Harsha on the House Public Works Committee and Jennings Randolph and Howard Baker in the Senate.

Concerning mass transit, I know that there will be pressure for new legislation, especially in light of the energy problem. I worked very hard in the closing days of the 93rd Congress to get the Mass Transit Act passed. That Act will provide \$11.8 billion over the next six years for mass

transit, and this represents a major increase in Federal funding. I do not believe we need more funds but, rather, that Act must be administered vigorously, but carefully, by your Department. We must not get into another situation like the Washington Metro system which results in massive overruns and a commitment of more taxpayer dollars to one city than we possibly can afford.

EXAMPLE: Metro was originally expected to cost \$2.3 billion and the current estimate is \$4.5 billion to complete the entire system.

[March 1975]

that without it, farm prices will rise as farmers withhold production. But opponents argue that the legislation will cause prices to rise "astronomically." Farm-state representatives would do a service to their constituents by assenting to a more modest increase in price-support levels.

Midwest Papers

Robert J. Wagman and Sheldon Engelmayer, North American Newspaper Alliance, San Diego: A \$300,000 home in California is being built for Teamsters President Frank Fitzsimmons by a land company that has received more than \$50 million in Teamsters' pension fund loans. Fitzsimmons is a fiduciary, or trustee, of the Teamsters pension fund, which could make the building of the home a violation of the new Employee Retirement Income Security Act, which became effective January 1.

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