



Will Independent Truckers Survive the Cost of Diesel?

Think you've got it tough? Spending up to \$80 bucks to fill your tank with gasoline?

Consider my husband's numbers.

Last May it cost Wid \$800 to fill up his big rig with 300 gallons of diesel fuel. As I write, it costs him \$1,200 — that's over \$4 per gallon for an 18-wheeler that gets 7 miles to the gallon. *Ouch!*

For the past three years, Wid, fulfilling a longtime dream, has worked as an over-the-road trucker. Like the fella in the Johnny Cash song, he's "been everywhere, man," criss-crossing the country umpteen times.



First he worked as a company driver for Covenant Transport (the back of every Covenant truck carries a sign reading: "It is not a choice. It is a child."); now he's an owner-operator with Landstar Ranger. Despite the dangers of highway travel and the onerous government regulations (truckers are required to keep a daily log book and random inspections are not uncommon), Wid loves owning an orange, white, and green Peterbilt 387, which he calls *El Don*. He's hauled everything from clothing to vegetables to tires. He's also partial to trucking's masculine, no-frills culture, although a number of team drivers are husband and wife duos who own state-of-the-art tractors that double as RV's.

According to the U.S. Department of Labor, over 3 million Americans work as truck drivers; small-business carriers account for more than 90 percent of the industry.

But in the current sagging economy, independent truckers and mom-and-pop operations are struggling to survive.

Land Line, a business magazine of professional truck drivers, reports sobering news from one Donald Broughton, a transportation analyst with Avondale Partners, LLC. Broughton revealed that 42,000 trucks — or the equivalent of 935 companies — went out of business in the first quarter of 2008, due to the "inability of fuel surcharges to keep up with the constantly rising fuel prices." The majority of those that went belly-up were small companies.

It's not just a lone analyst delivering the gloomy forecast. The buzz, via CB and Sirius Satellite radio and at the truck stops, is also pessimistic. Drivers have become nostalgic for the 1980s when the cost of fuel was low and the rates for hauling freight were high. (Freight rates have remained stagnant for years.) Others are taking it to the streets. Last month Truckers and Citizens United, a grass-roots movement, organized a convoy to our nation's capital to protest fuel prices.

The high cost of diesel fuel has caused brokers and agents to add a fuel surcharge to the customer's shipping cost. However, unbeknownst to the customer, the extra amount he's paying for shipping, supposedly to help pay for the diesel fuel, is sometimes partially or entirely pocketed by dishonest agents or brokers who do the billing, as opposed to being passed on to the truckers who, like Wid, actually pay for the diesel fuel.



Written by **Isabel Lyman** on May 1, 2008



But Washington is starting to listen a little. Senators Olympia Snowe (R-Maine) and Sherrod Brown (D-Ohio) have introduced the TRUCC Act, which guarantees that 100 percent of fuel surcharges be paid to those people who shoulder the burden at the pump.

The senators' effort is praiseworthy, but they, like most in Congress, are still the problem, not the solution.

Thom Holmes, an Oklahoma-based petroleum engineer, thinks that government mandates make diesel fuel more expensive than gasoline. "I believe it is due to the provisions in the Clean Air Act (the federal initiative aimed at controlling air pollution) that require numerous additives to be in the diesel fuel to make it burn cleaner. This is basically the same reason that gasoline in California is always highest in the lower 48 states, because that state has extremely high air emission quality standards."

According to the American Petroleum Institute, federal excise taxes are greater for diesel fuel (24.4 cents) than for gasoline (18.4 cents), which is another reason for the higher prices. Further, the Institute notes that the demand for highway diesel has risen at triple the rate of gasoline.

Should present economic realities drive Wid from trucking, he has options. He has worked in academia and manufacturing, and he has advanced degrees in engineering. But many of his fellow owner-operators have truck and mortgage payments, young families to feed, and no second career to fall back on. If these independent truckers have to give up their entrepreneurial lifestyles, they will likely return to driving for large companies, where other people dictate their schedule and earning potential.

It's disheartening to imagine that Big Business, with its penchant for cheap labor and outrageous profits, could have a complete monopoly over trucking.

A vital American industry is experiencing, as they say in CB lingo, a 10-33.*

*emergency

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