Introduction

WHERE DID ALL THESE BAD JOBS COME FROM?

Several months into my work as a trucker, I recorded the following notes in my audio journal:

5/18, 8:30 p.m.: I am stuck at a railroad yard in New Jersey just across the Hudson River from Manhattan. I got here around 6:30 after fighting rush hour traffic all the way from Long Island through New York City. When I arrived, the clerk said my company needed to fax my name, driver's license number, and company codes for the load I am picking up before he could process it. It took more than an hour and half for the evening shift dispatcher to fax the information. Why can't they have that stuff ready? Now I'm really screwed. According to government regulations I can only work one more hour today before I have to take a ten-hour break. The load is headed to Rhode Island and I was planning to make it to Connecticut tonight, and I still don't have the load. I don't think I will be able to find parking north of the city now, which means I've got to find a place near here tonight. And I'll have to fight traffic on the Cross Bronx Expressway tomorrow morning. That will cost me a lot of time, not to mention stress. *I hate that damn road.* Once again, the only one who isn't getting paid is me. My company's dispatchers are getting paid. The guy in the guard shack is getting paid.

5/18, 10:00 p.m.: My load is still not ready. I just backed my tractor between a couple of trailers in the yard. I am not allowed to stay here once I get the load, but I'm hoping the security guards won't give me any trouble for spending the night. Maybe they won't notice the truck or will lose track of how long I am here after the next shift change. I can't legally drive, and the only place I'll find to park now is on a nearby street. But that would be like putting out a "please hijack this truck" sign.[1]

These notes are from one of the many bad days I spent working as a long-haul trucker in the early stages of research for this book. That night I slept in a railroad yard without food or access to a bathroom. By the time I recorded the second note, I was dead tired and frustrated. Having started my workday at 6:00 a.m., I had spent sixteen hours driving through traffic, delivering and picking up freight, and waiting, but I would only be paid for the 215 miles I drove. At twenty-six cents per mile, I had earned a grand total of fifty-six dollars, or three-fifty per hour.

Hundreds of thousands of truckers experience days like this regularly, because they absorb the inefficiencies of the system that moves virtually all of the goods you and I consume. They crisscross the country for weeks at a time, living out of their trucks and working extremely long hours, often for little more than minimum wage. Why would truckers want that kind of job? The answer is that they don't. They want better working conditions and better pay.

This book explains why trucking jobs are so bad, why workers take them anyway, and why, when workers become dissatisfied, there is little they can do to solve the problem except find another line of work. It explains how companies can continue to get workers to do jobs—at least temporarily—on terms that they don't really want to accept. Of course, trucking is not the only industry in which American workers are finding it increasingly difficult to get a decent job or improve the one they have. What has happened to the trucking industry over the last few decades can tell us a lot about the dramatic rise in inequality in the US.

Truckers' working conditions and problems today have a precedent. In the early days of trucking, truckers often toiled long hours for low pay. But by the 1950s they had organized across much of the nation. Those collective efforts, along with government regulation of the industry, which began during the New Deal, made trucking good, well-compensated work. From the 1950s to the late 1970s, when the industry was deregulated, truckers were the best-paid and most powerful segment of the US working class.

In light of this history, and how bad things have become for so many truckers, I wondered: Why do today's truckers accept such conditions and pay? Why can't they achieve through collective action the situation truckers had in the past? So, in the winter of 2005, I left my low-paid but relatively comfortable life as a graduate student in sociology and became a long-haul trucker to begin answering those questions. I wanted to know how trucking went from being one of the best blue-collar jobs in the US to one of the worst, and what that transformation could tell us about the way labor markets work in the contemporary economy. I spent about two months training to learn how to drive a tractor-trailer and then almost four months working for a leading long-haul trucking company. I drove tens of thousands of miles across the eastern half of the United States hauling what is known as "general freight"—almost anything that could be put into a cardboard box or on a pallet and loaded into a fifty-three-foot-long "box" or "dry van" trailer. I worked, lived, and slept in my truck for weeks at a time, rarely leaving it for more than the time required to uncouple a trailer, take a shower, or grab the occasional hot meal. I typically worked either twelve or nineteen days at a time and averaged almost fourteen hours of work per day, for which I earned on average about nine-fifty per hour. On the worst days I worked as many as eighteen hours and made far less than minimum wage.

The harsh reality of working as a trucker taught me a lot. I learned how the work was done and began to understand a little about how the workers I encountered in my training, on the job, and at truck stops thought about it. I quickly learned that my fellow truckers pretty much agreed with my own take on things: the work was bad and the pay was worse. They wanted something better. Knowing in broad strokes the industry's history, I assumed that workers would consider unions a possible answer to their problems. But when workers commiserated—as we often did during the brief moments of human contact at loading docks and truck stops that randomly punctuate the long, lonely hours on the road—the topic of unions almost never came up. No, unions were not the solution on these workers' minds. Instead, many talked about the possibility of becoming an owner-operator, a self-employed trucker who owns their own truck.

At the outset of the project, I was aware that owner-operators existed, but I didn't immediately realize that many were working right alongside me. Other truckers hauling "dry vans" for large, long-haul companies like mine were doing exactly the same work I was, and I assumed that they were all employees. Owner-operators, I thought, wouldn't look like employees. I sometimes imagined them as popularly portrayed in movies: modern-day cowboys, complete with boots, oversized belt buckle, and hat, and driving trucks gleaming with chrome. As a sociologist, I suspected owner-operators would be mostly older, white men from rural areas where they were "born into trucking." I knew the cultural stereotypes were likely a caricature, but the academic literature on trucking gave little reason to doubt my demographic hunches. Furthermore, while I had some uncertainty about who owner-operators were, I had none about what they would *do*. On this the literature seemed to universally agree. Owner-operators had greater control over what work they did and how they did it, they were small business owners independent from companies, and they valued that independence. So I expected to see owner-operators on the phone dealing with freight brokers, cold-calling customers to find the best loads, haggling over prices and negotiating delivery times, and focused on hauling good-paying niche freight that rewarded the specialized skills, experience, and equipment that they supposedly possessed.

After just a few weeks of driving and meeting fellow truckers, however, I realized that owner-operators surrounded me, but could not be distinguished by how they looked, who they were, or what they did. Unlike independent owner-operators, who deal directly with customers or brokers to find loads, the owner-operators I was working alongside were contractors. These owner-operators owned or leased their own truck but then leased their services for a year or more at a time to a larger firm that provided them with freight to haul.

Though I could not initially find any significant differences between what contractors and employees *did,* as I talked with them at loading docks and truck stops I began to notice differences in *how they thought about what they did.* Some contractors seemed convinced that contracting was far better than being an employee, and it didn't take much to get them to say so. Experienced employees and contractors voiced the opposite view, but only when pressed on the issue. While I had no intention of studying contractors when I began this project, by the time I finished working as a driver I knew that I had stumbled upon a remarkable puzzle: here were workers with similar labor-market opportunities doing the same kind of work, often for the same company, but some wanted to be employees while others wanted to be self-employed. Why? Did contracting return more pay and control over work, as some claimed? If so, why weren't all truckers contractors, particularly the most experienced? Were different values and/or personal backgrounds the answer? Was it simply a matter of who had the financial means to buy a truck?

Immediately after my experience working as a trucker, I began visiting trucking firms and interviewing company owners and managers that used contractors. I started gathering statistical data on contractor and employee compensation and productivity, seeking to first determine why firms wanted to hire contractors. Then, to find out what workers wanted and got out of contracting, I began regularly visiting a large truck stop near the junction of two major interstate highways in the Midwest. There, from 2005 to 2007, I conducted in-depth interviews with an initial sample of seventy-five truckers. Of these, twenty-eight were working as contractors and another nine had done so in the past. In 2008, in the midst of fuel price spikes and labor unrest among trucking contractors, I conducted another twenty-five in-depth interviews with contractors and had informal conversations with several dozen more. (The reader interested in learning more about how I conducted my fieldwork, and who I interviewed and how, can find more information in the methodological appendix at the end of the book.) After the fieldwork and interviews I collected a wide range of other data from trucking Web sites, magazines, industry publications, and academic studies.

Altogether these data tell an important story about the rise of inequality in the US, and how deregulated labor markets disadvantage workers and benefit employers by allowing employers to shape the way that workers understand the costs and benefits of different employment relationships. In order to understand that story, we need to start with a bit of background about the trucking industry and its labor and regulatory history.

THE LONG-HAUL TRUCKING INDUSTRY

On any given day the US economy depends on the movement of more than *54 million tons* of freight worth more than $48 billion. That's about 350 pounds of freight for *every American every day*.[2] Though rail, barge, and pipeline play key roles, at some point nearly all of the goods you and I consume are moved by truck. As you can imagine, given the variety of goods being moved, the types of truck transportation vary widely. Some manufacturers and retailers own their own trucks and haul the goods they make or sell. These are known as private carriers. But for-hire carriers move the vast majority of freight.

For-hire carriers can be defined by the types of goods they haul, the quantities they typically carry, and how far and fast they move the freight, all of which determine the kind of equipment they use and how they organize the services they provide. Typically trucking companies specialize in freight that requires just one or a few of the dozens of kinds of trailers out there—regular box trailers, refrigerated trailers, flatbeds, tank trailers, and so on.

The distance the goods are moving is also important. Carriers that typically haul loads less than 150 miles are considered local, and those that travel greater distances are considered long-haul or over-the-road (OTR). The vast majority of long-haul carriers are truckload (TL) carriers, moving shipments that fill their trailers to capacity or approach the maximum weight of trucks allowed on most highways without a special permit (eighty thousand pounds).

This book focuses on the largest and most important kind of trucking in today's economy, long-haul TL trucking—particularly its general freight segment. General freight is anything that can be put in a box or on a pallet and loaded into an unrefrigerated trailer. For the most part, general freight truckload companies do little more than move a trailer full of freight from one loading dock to another; they rarely handle or process freight that requires special care or attention.[3] But the range and volume of goods—from steel coils to consumer electronics to beverages—that can be moved in this way is enormous. General freight carriers play a critical role, moving the majority of goods to and from nearly all of the ports, railroad yards, factories, warehouses, distribution centers, and large retail stores in the US.

Of the some 1.7 million tractor-trailer drivers in the US, roughly eight hundred thousand work for long-haul truckload carriers and six hundred thousand of those are employed by general freight carriers.[4] There are more than one thousand long-haul general freight TL firms that make more than $3 million dollars in revenue annually, and tens of thousands of additional carriers with one or just a few trucks that might compete in the for-hire segment. The high level of competition means low profits for most of these companies. In some years even medium and large general freight carriers have had average profits of less than 1 percent.[5] Very large companies, however, benefit from economies of scale in purchasing equipment and fuel, and in the ability to handle high-volume customers, and some of these do significantly better in terms of profit. Several dozen of these large companies, each of which employs thousands of the lowest-paid drivers, set rates that are the competitive standard for the entire general freight segment, while earning substantial profit.

Low carrier rates are the fruit of low wages and bad working conditions for drivers. The typical general freight driver lives out of a truck and is away from home for almost two weeks at a time. Though many of them put in hours equivalent to two full-time jobs or more, a new driver might earn $35,000 annually, while the average driver might earn around $45,000. If we count the total time they are required to be on the road, many of these drivers are earning less than minimum wage.

The combination of low wages and bad working conditions results in extraordinarily high turnover, typically averaging over 100 percent a year at large companies.[6] The best recent studies of turnover have focused on a unique set of data collected at a large firm similar to the one I worked for. I will call this firm "Federal." Steven Burks and his colleagues looked at the retention rates for more than five thousand drivers hired by Federal from September 2001 to the end of March 2005. Ninety-two percent of the drivers hired by Federal were inexperienced—that is, new to the industry. Within about ten weeks of being hired, 25 percent of the drivers had left the company. Half of those hired were gone by twenty-nine weeks. The authors suggest that these turnover rates are consistent with other industry data, a fact which indicates that "several hundred thousand people train for and try out this job each year, only to leave it within a few months, probably having incurred debt for training that most have little hope of repaying."[7] It appears that having enough inexperienced drivers available to fill TL carriers' eight hundred thousand or so seats requires training somewhere in the neighborhood of 150,000 to two hundred thousand drivers per year.[8]

Turnover is expensive. The cost of replacing a single driver varies by segment and carrier, but industry figures and academic studies suggest that turnover costs the industry as a whole several billion dollars annually.[9] In fact, carriers and their industry associations are almost constantly claiming that the industry is facing an imminent labor shortage. So why don't they fix the turnover problem by improving wages and working conditions? Because it is more profitable to manage the problem than to fix it.

Carriers know that being a long-haul trucker is so tough that wages would have to be much higher to retain drivers. In a 2011 survey, an industry consultancy asked trucking executives what drivers' wages would need to be to retain them more effectively. Almost 95 percent said that wages needed to rise above $50,000 a year. Sixty-five percent said that they would need to top $60,000. And almost a third said that they needed to be over $70,000.[10] In other words, these executives believe that they would need to nearly double the pay of drivers in order to solve their turnover problem.[11]

Instead of paying such high wages, companies employ a number of strategies to reduce problems related to turnover or shift the problems and costs to others. First, rather than operating training programs at their own expense, most carriers bring in a steady stream of drivers through public and private truck driving schools that charge workers for their training. A few of the largest carriers operate their own trucking schools and charge students around $4,000 to learn to drive a truck. If then hired, most of these workers sign a contract with a carrier stating that this debt will be forgiven if they work for the company for a year or so. If they quit before that time, they usually must repay the cost of training to the carrier, which most likely charges high interest on the debt. In other words, these workers work under a form debt peonage.

Once workers can leave without penalty, carriers prevent them from bidding up wages by using benchmarking companies to track wages and avoid paying above the market rate that others in the sector are paying.

As workers gain more experience—even just one or two years can make a huge difference—options at local, niche, or private carriers with better work routines and pay begin to open up. To retain these more experienced drivers, TL carriers and trucking media convince workers to become independent contractors, promising that contracting will be financially rewarding and give workers additional control over working conditions. But contracting ends up being even worse for most truckers than being an employee. Simply put, it allows carriers to pay the most productive drivers far less than they are worth for their labor and to shift much of the cost and risk of owning and operating a truck to them.

Without a doubt, these practices hurt the workers who are unfortunate enough to pass through the industry's revolving door. But we all pay the costs of trucking's dysfunctional labor market. Our tax dollars subsidize the costs of training the constantly needed stream of new drivers through worker training grants. And inexperienced drivers operate less safely and efficiently than experienced drivers, so the public pays the price by way of more highway accidents, higher insurance costs, and increased oil consumption and air pollution.

The industry and its advocates claim there is little they can do about their labor troubles. If they raise pay and improve working conditions, they say, they will be priced out of the market. They insist that their pay rates are simply the outcome of natural market processes of supply and demand, particularly as they compete for the business of increasingly large and powerful customers, like Wal-Mart.

But it's not that simple. Trucking companies have collectively developed a number of widespread and sophisticated labor supply and management strategies to ensure profit. These strategies keep wages artificially low, coerce workers to stay in the job longer than they want to, and shift risks and costs onto workers and the public. To begin to understand why, we need to look at the history of these jobs and how the current system of labor relations in the industry developed.

WHAT WENT WRONG FOR TRUCKERS?

Trucking jobs weren't always so bad. Hauling general freight, in particular, used to be one of the best blue-collar jobs in the US—until the late 1970s. That's when trucking's highly unionized labor force began losing control of trucking's labor markets, and the federal government began deregulating the industry. Deregulation led to complete deunionization of much of the industry, as employers responded to hypercompetitive conditions. Many companies went belly-up, and wages plummeted and working conditions deteriorated among those that remained, as new, low-cost firms emerged.

The history of trucking can be divided into three periods according to the way the state regulated the industry over time. The first, the preregulatory period, extended from the advent of motorized trucks in the early 1900s to 1935. The second, the regulatory period, began with the Motor Carrier Act of 1935, which authorized federal economic regulation of the industry under the auspices of the Interstate Commerce Commission (ICC). The third period began after a series of executive and legislative efforts, most notably the Motor Carrier Act of 1980, removed federal economic regulation.

These three periods represent fundamentally different state approaches to the industry's central tendency toward destructive competition—competition so severe that it undermines profitability to the point that it causes underinvestment by firms, industry-wide inefficiency, market instability, and poor service quality. According to economists, two factors cause this tendency. First, trucking lacks asset specificity: the capital investments required for trucking are not generally tailored to narrow or specific product markets, and trucks are, for the most part, cheap and interchangeable. This means that the barriers to entry into the industry are low, so when trucking is profitable new firms are able to enter the market and existing firms can increase capacity quickly.

Second, trucking is a derived-demand industry. That is, what trucking produces is entirely dependent on the immediate demand for its services from customers. Trucking firms cannot store what they produce for later sale. When demand slackens, some portion of their equipment, facilities, and labor will be immediately underutilized. When that happens firms may have strong incentives to keep the wheels rolling by cutting the rates they charge customers, even taking a loss on individual loads to maintain market share or generate revenue to cover fixed expenses and survive slack periods.

These two characteristics of the industry have always presented significant challenges. In the preregulatory period, collusive arrangements between trucking firms to limit entry and prevent rate-cutting, often enforced by strong worker organizations, occasionally allowed firms to overcome these problems. In the regulatory period, government regulation through the ICC restricted entry into markets by issuing a limited number of hauling authorities that gave certain firms the right to haul specific kinds of freight to and from particular geographic locations. Regulation also exempted firms from antitrust regulation and encouraged firms with the same hauling authority to collectively set rates by freight type and route to ensure a profitable environment for investment. However, just as in the preregulatory period, strong worker organizations were critical for firms to maximize profit during regulation, as I'll explain below.

Regulation had other important effects for labor as well. The terminal systems that existed during the regulatory period strengthened the position of labor relative to carriers. Because retailers were smaller and hauling authorities limited the types of freight and geographic reach of specific carriers, much regulated freight was shipped in less-than-truckload (LTL) size shipments, and the biggest carriers found it advantageous to develop terminals where small shipments could be combined and broken down. These facilities and the relationships between carriers they created provided an expanding set of interconnected leverage points for union organizing.[12] Quite simply, terminal systems gave unions the opportunity to disrupt shipments throughout whole companies and the firms they partnered with, once the union had control of one or more important terminals. At the same time, regulation gave carriers the means to pass additional costs of unionized labor on to customers through higher rates. But they could only do that if carriers with similar authorities were also unionized.

Throughout the preregulatory period, truckers struggled collectively to improve their pay and working conditions, and often enjoyed significant success in major cities. Under regulation, unionized truckers gained control throughout the US in every sector but the hauling of agricultural goods, which was always exempt from regulation. In the process they built the largest and most powerful union in American history, the International

Brotherhood of Teamsters (IBT). By the 1950s, the IBT had achieved better working conditions and pay for most truckers across much of the US. And by the 1970s IBT members were among the best paid blue-collar workers in the country, earning as much as 20 percent more than even unionized auto and steel workers.[13]

Much of the IBT's progress came between 1957 and 1967, when Jimmy Hoffa was the union's president. Without doubt Hoffa deserves much of the credit, but what he did was bring to fruition a set of strategies Teamsters had been using for more than half a century. What successful IBT leaders had almost always done was try to improve wages by increasing the profitability of the firms they worked for. They did this by reducing competition. As one academic study published the year Hoffa became IBT president concluded, "The IBT is unusually alert to the needs of the industry and has striven to strengthen the competitive position of trucking vis-à-vis other forms of transportation."[14]

Hoffa was important and innovative not so much in terms of strategy, but in terms of the magnitude of his goals. He wanted to gain national control over trucking's labor market, and in 1964 he did, when he successfully negotiated the first National Master Freight Agreement (NMFA). The NMFA set the wages and working conditions for 450,000 long-haul and local drivers working for hundreds of companies, including all of the most important companies in general freight trucking, the industry's most profitable and important sector at the time.[15] The agreement raised wages substantially for most truckers, particularly those in South and in low-paying areas of the Midwest. The 1964 NMFA was the outcome of years of careful planning and organizing by Hoffa to tame both labor and employers and create a centralized bargaining process that would set the standard for truckers' wages and working conditions across the nation until the 1980s.

Once Hoffa had organized the industry's employers within a national centralized bargaining system, he used his power to benefit both employers and workers. By reducing competition among trucking firms and disciplining labor, he was able to ensure both profitability and high wages, while protecting the industry from outside competition.

In the first major attempt at nationwide bargaining negotiation, in 1960–1961, the employers and union had started far apart. The employers put up resistance, but eventually the two groups agreed to a contract they believed was in their mutual interests. Arthur Sloane, an economist who interviewed trucking executives about the negotiations, concluded, "Their opinion is that the settlement stemmed basically from a competent presentation of the industry's problems to Hoffa by the employer negotiating team and (in the words of one manager) 'Hoffa's willingness to develop a program for solving these problems.'"[16]

Similarly, a husband and wife team of Harvard economists that Hoffa allowed to study his negotiations wrote:

> Without Hoffa's centralized power, the trucking operators would have to deal separately with each local over its limited geographical jurisdiction. . . . Trucking carriers are keenly aware of the plight of the closely-related railroad industry, where unions have historically impeded improved efficiency and technology. Consequently, many of them applaud Hoffa's progressive domination of the Teamsters, and are willing to pay the price.[17]

Larger carriers in particular came to favor multiemployer contracts with the union as enforcement vehicles. Sloane surveyed dozens of managers and owners of medium-sized to large firms and found that they respected Hoffa greatly; he even suggested that some of their opinions "bordered on hero-worship." Smaller carriers feared a one-size-fits-all approach, but saw a great advantage in the central control of a competent leader rather than potentially overreaching local leadership.[18]

Though Hoffa wanted the most comprehensive contract uniformly applied on the widest basis, he often tailored the nationwide agreement to meet the needs of specific employers. According to Sloane, Hoffa carefully considered appeals for conditions based on economic necessity. Over time he made more and more exceptions, and as the scale of bargaining grew, employers would have best of both worlds, "stability for their industry and individual dispensation from contractually imposed uniformity for themselves where this was genuinely warranted."[19] Once contracts were signed, Hoffa made sure they were strictly enforced. An employer told Sloane that Hoffa "honors his contract immaculately, even to the point of placing himself in political jeopardy."[20]

Hoffa's efforts not only raised wages, they also took wages out of competition by standardizing them. Uniform wages provided a hedge against companies seeking to lower pay rates and thus minimized legal and illegal rate competition. Major firms appreciated the IBT's ability to enforce rates and help to eliminate marginal carriers who could compete only by paying lower wages.[21] But Hoffa's influence over the industry and the benefits to the strongest carriers extended beyond this. To some extent he determined the number and size of firms in the industry. Hoffa could influence the investments companies made to expand or change their operations, and companies consulted him on plans, because if he wanted to, he could prevent mergers and acquisitions by putting political pressure on the ICC or by threatening to disrupt the supply of labor to companies.[22] In general, however, Hoffa preferred to work constructively with large trucking companies. If the number of companies was few, this would enhance profitability and create a more cohesive leadership among employers to address the industry's long-term problems. Hoffa used contract terms and union boycotts of nonunion carriers to eliminate less efficient firms.

Under regulation, higher wages also helped to raise profits and return on investment. The ICC would approve shipping rates that resulted in a 94 percent operating ratio (operating expenses as a percentage of revenue). So if labor costs increased, firms could receive a far better return on invested capital. Convincing regulators to approve an increase in shipping rates was an important part of Hoffa's strategy. When asked if he thought a strike was likely during a negotiation in 1962, Hoffa replied, "Only if we need one to convince the ICC to grant a rate increase."[23] Sloane concluded:

> By the readily acknowledged, if sometimes embarrassed admission of the trucking companies, Hoffa represented all of their labor cost interests better than these historically close-to-the-margin, mistrustful, highly individualistic, and zealously competitive operators could ever have done themselves. . . . He infused a once-chaotic industry with a great deal of stability and allowed it to prosper. Trucking was undoubtedly better off for there having been a Hoffa.[24]

Hoffa helped the industry to become more profitable than ever,[25] and it appears that most employers were not unhappy with their dependence on him. As Slone summarized: "If they viewed him as an autocrat (as most did), they also saw him as a benevolent autocrat, an enlightened unionist who had generally attempted to act in the best interests of trucking."[26] On the other hand, they were concerned about how such power might be used by others. Hoffa had gained employers' trust, but his sometimes ruthless approach to dealing with companies, fellow unionists, and the government had resulted in repeated scandals and numerous criminal charges. It was clear that Hoffa was at risk. Employers worried that Hoffa's potential successors did not possess the knowledge and relationships to control both employers and the internal politics of the union. As James and James put it at the time:

> While the formal bargaining structure in freight may well outlast Hoffa, his potential successors would play the leverage game differently—without the intricate strategies and subtle sophistication which characterize Hoffa's maneuvers—and therefore, not nearly so well. This is what made the struggle to get Hoffa so fascinating and extremely significant: for if Hoffa goes, the power balance will change, both between the union and its employers, as well as within the Teamster organization itself.[27]

Employers were right to be concerned. By 1962, legal troubles were mounting for Hoffa. He negotiated the first NMFA in 1964 under the cloud of a jury-tampering trial in which he was accused of bribing a grand jury. He set up Frank Fitzsimmons, the IBT vice president, as his replacement and hoped to control the union from prison if need be.[28] Despite the ongoing trial, which would ultimately lead to his conviction, the IBT's 1966 international convention was completely under Hoffa's control, and support for him among the membership was strong. As a demonstration of that support, the convention delegates quadrupled Hoffa's pay, which was already the highest of any union official in the US.[29]

But when Hoffa went to jail in 1967, after eventually being convicted of both jury tampering and misuse of the IBT's pension funds, things began to fall apart. In a bid to build support and head off challenges to his leadership, Fitzsimmons negotiated a big pay increase for truckers in the NMFA. He almost immediately began to give up the centralized control Hoffa had painstakingly achieved, restoring responsibilities to regional and local officials and hoping to build loyalty within the union in return.[30]

Instead Fitzsimmons lost control of powerful locals. The 1967 and 1970 NMFAs prompted major wildcat strikes, the first such rebellions within the IBT in its history. By the time Hoffa was pardoned in 1971 the union was imploding, as rebel rank-and-file groups appeared in almost every major city and power struggles consumed the leadership.[31] Leaders jockeyed to fill the power vacuum left by Hoffa by promising better contracts. From 1967 to 1973 this competition produced a 20 percent real wage increase for IBT members.[32]

But the IBT's success at the bargaining table was reducing the competitiveness of the unionized segments of the industry. This would have been unlikely under Hoffa, who "always cast a wary eye on the market and avoided pushing trucking wages too far in any segment."[33] The increased aggressiveness of the IBT drove up costs and prices and caused carriers and their customers to seek alternatives, such as building their own in-house trucking fleets.

By 1979 the biggest problem for union members and their employers was a rapidly declining share of freight and a corresponding drop in the number of truck drivers in the Teamsters—a 20 to 25 percent drop from 1967 to 1977.[34] Still, despite declining market share, profits and Teamster wages at regulated unionized companies were stronger than ever, with hourly wages 50 percent higher than for manufacturing workers.[35] These developments alienated supporters of regulation and hardened the resolve of the IBT's enemies.

Amid the sluggish economy and double-digit inflation of the 1970s, the IBT may have flexed its muscle too much and too frequently. The dramatic rise in IBT wages, the increased cost of trucking services, and the inefficiencies caused by regulation created significant political pressure to deregulate the industry. At the same time, the economic woes of stagflation were prompting policy makers to question government regulation in general. Advocates for economic deregulation were gaining ground rapidly, and they wanted to deregulate trucking as much as, if not more than, any other industry.

Conservative think tanks, economists, and politicians had been criticizing trucking regulation since passage of the Motor Carrier Act of 1935. New Dealers had argued that regulation was needed to ensure stability in the industry, but conservative economists suggested that regulating trucking the way that railroads were regulated made no sense, because unlike railroads, trucking did not tend toward monopoly. Trucking's low invest-