

IMPACTS OF THE 1983 TRUCK STRIKE ON THE FLORIDA PRODUCE TRANSPORTATION SYSTEM

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The Florida produce industry demonstrated a surprising ability to make adjustments and thus the strike by truck drivers did not seriously disrupt produce shipments. Although, there may be long-term changes in the modes of transportation utilized by the industry in the future.

INTRODUCTION

On January 31, 1983, the Independent Truckers' Association (ITA) staged the third truck strike in less than 15 years (the other two were in 1974 and 1979). Given the perishability of their commodities, the product industry is particularly vulnerable to transport interruptions. Florida producers are among the most vulnerable to such actions not only because they are almost totally dependent on trucking, but because the majority of these carriers are independents (Beilock and Fletcher). Little, however, is known about the degree of seriousness of such actions on the product industry or about the techniques used by the industry to alleviate the impact.

In April 1983, a study was initiated to evaluate the impacts of the truck strike on the Florida produce

industry. The study assessed the transportation situation immediately preceding the strike; examined strategies used by shippers, receivers, and brokers in preparation of the strike; and evaluated the short and long run impacts of the strike on Florida's produce industry. Particular emphasis was given to the impact of the strike on the modal split of produce movements. This article reports the results of that study.

METHODOLOGY

In order to assess the effects of the strike, data were collected from four principal sources:

1. Mail survey, in April 1983, of all 823 Florida produce shippers listed in the 1983 Blue Book. Forty-eight were not deliverable and 173 were completed and returned for a response rate of 22 percent.
2. A phone survey, in April 1983, of all Florida-based produce truck brokers listed in the 1983 Blue Book: 81 of 93 brokers were interviewed for a response rate of 87 percent.
3. Shipment and rate data from secondary sources (literature citations 2, 3, 4, 6 and 7).
4. Interviews with railroad personnel.

MARKET CONDITIONS AT TIME OF STRIKE

At the time of the strike, produce shipments were averaging about 70,000 tons (roughly 3,260 truckloads) per week, and expectations were that shipment volumes would remain close to this level until mid-March, when shipments would begin to rise to a May-June peak. Florida, in general, was in a surplus transportation supply situation for two reasons. First, excessive rains, especially in South Florida, had slowed harvesting operations. In addition, in an attempt to attract produce traffic away from motor carriers, the Seaboard System Railroad had instituted the Orange Blossom Express (OBE), a unit, trailer-on-flatcar (TOFC) train transporting produce from Florida to the Northeast six days a week. At the time of the strike, produce shipments for all TOFC (OBE and others) ranged between 700 and 1,255 tons (about 35 to 57 truckloads) and, as has been historically true for Florida, the large majority of these movements were radishes.

SHIPPER AND BROKER STRIKE PREPARATION STRATEGIES

Shippers and brokers were questioned about measures taken to prepare for the strike. Sixty-three shippers (36 percent) report taking action to prepare, while 105 shippers (61 percent) made no preparation. Only 23 percent (21) of the brokers reported taking any prestrike action. The large number taking no action is thought to be due to perceived inability to prepare; or discounting the chances for, or severity of the impending strike; or confidence that the firm would be able to adjust after the onset of a strike. For shippers, a strong relationship was found between preparing for the strike and increased rates during the strike (significant at the .01 percent level). This suggests that shippers (not) taking action had correctly judged that they would (not) be affected.

Of those shippers taking action, 26 (41 percent) reported that they had reduced their picking operations. Eighteen shippers (29 percent) stated that they had attempted to sell an increased amount prior to the strike. These are reasonable strategies as both would serve to reduce warehouse inventories. The remaining 30 percent of shippers taking actions did not specify the measures taken.

Nineteen of the brokers surveyed reported taking special steps to prepare for the strike. These measures included contacting truckers to encourage them to stay on the job; prearranging loads and drivers, often with a view toward taking care of their regular customers first; organizing carabans or arranging for daylight runs and safe fuel stops; shifting more of the burden to in-house trucks and not guaranteeing times of delivery.

OVERVIEW OF THE STRIKE

Proportion of Truckers Striking

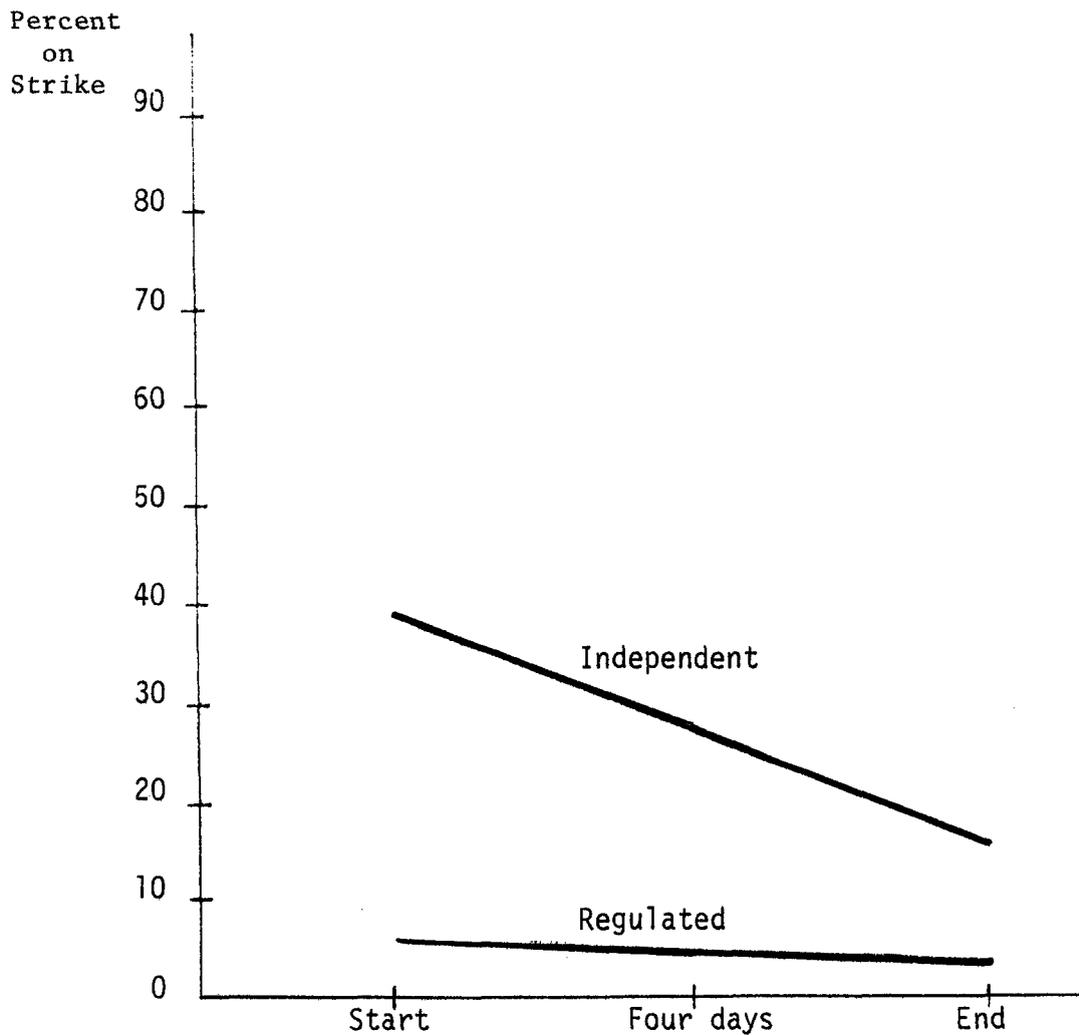
Half the shippers and 84 percent of the brokers reported work stoppages by any of the carriers which they commonly employ struck. As might be expected, brokers reported a lower percentage of regulated than independent truckers out on strike (significant at the 5 percent level). An average of 5 percent of regulated truckers struck whereas 37 percent of the independents went on strike. By the end of the strike, only 15 percent of the independents and 3 percent of the regulated carriers were still on strike (Figure 1).

Shipment Amounts During the Strike

Total Shipments

Contrary to expectations, the total weight of produce shipped during the periods immediately preceding, during, and after the strike were consistent (Figure 2). In fact, total shipments during the three-week period encompassing the strike (January 24 - February 13) actually exceeded that of any other three-week period

FIGURE 1: PERCENT OF CARRIERS STRIKING IN FLORIDA AT SELECTED POINTS IN TIME DURING THE STRIKE.



from December 1982 through March 1983. This is thought to have been caused, in part, by receivers stocking heavily in an attempt to minimize the impact of a prolonged, or increasingly effective strike. (Several shippers noted that their customers bought usually large quantities as a protective measure.)

Shipments by TOFC

Possibly the most important development during the strike was the increased usage of TOFC. Two weeks prior to the strike, TOFC shipments averaged about 100 tons per day, or between one and one and a half percent of total

shipments (Figure 3). Although this represents an increase of 80 percent over shipments by TOFC in 1982, these amounts were still very small and, as previously mentioned, TOFC had not yet captured a significant share of the traffic of any commodity other than radishes. Save for radishes, less than one half of one percent of any commodity was being shipped by rail. In three of the six weeks prior to the strike, the only commodity transported by TOFC was radishes (Figure 4).

Shortly before the strike, the Seaboard System Railroad instituted a major promotional campaign. This, coupled with efforts of shippers to position

FIGURE 2. TOTAL FRESH FRUIT AND VEGETABLE SHIPMENTS FROM FLORIDA, DECEMBER 31, 1982 - MARCH 27, 1983 (EXCLUDING OVERSEAS EXPORTS).

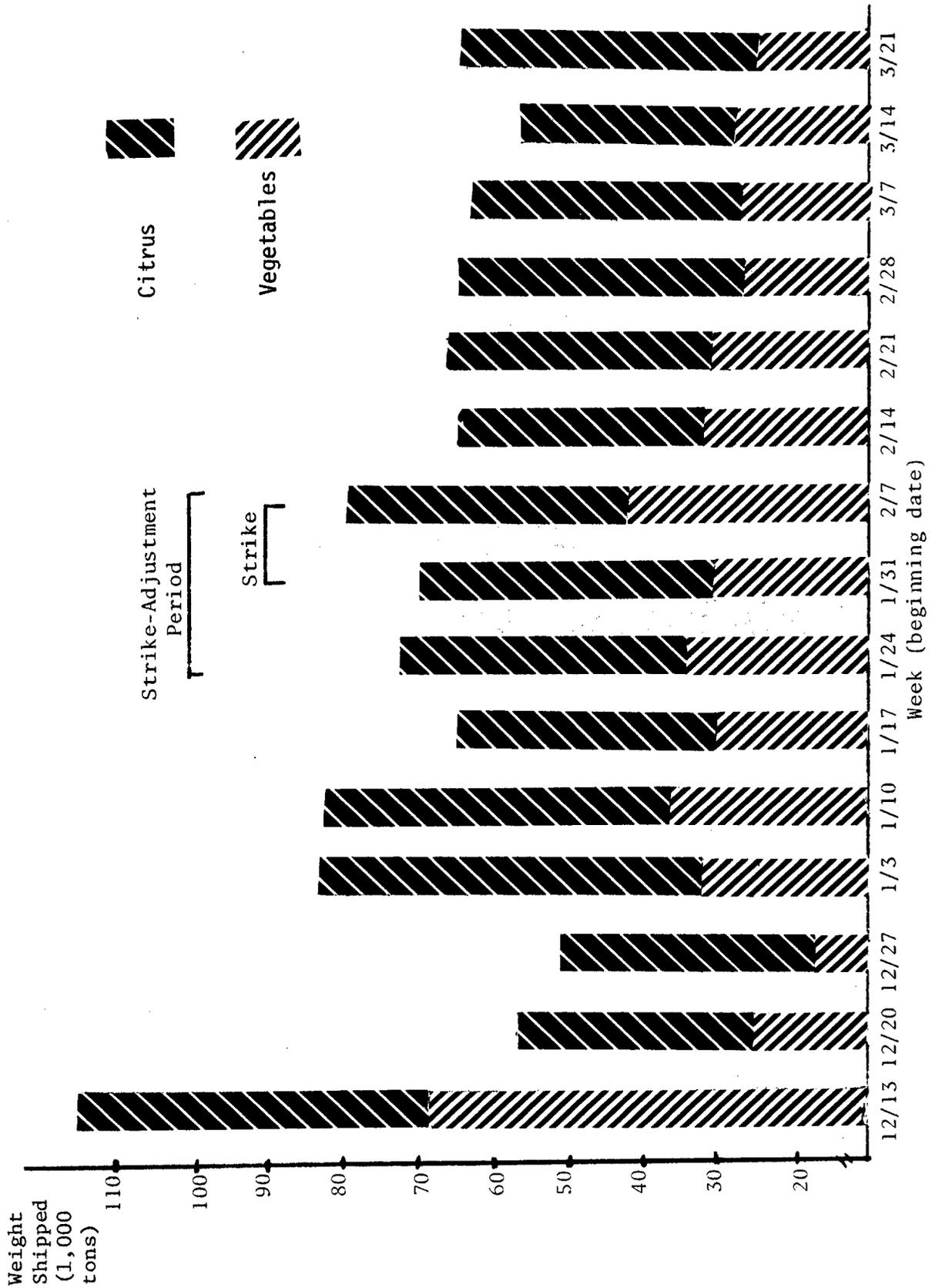


FIGURE 3. TRAILER-ON-FLATCAR TOTAL FRESH FRUIT AND VEGETABLE SHIPMENTS FROM FLORIDA, DECEMBER 13, 1982 - MARCH 27, 1983.

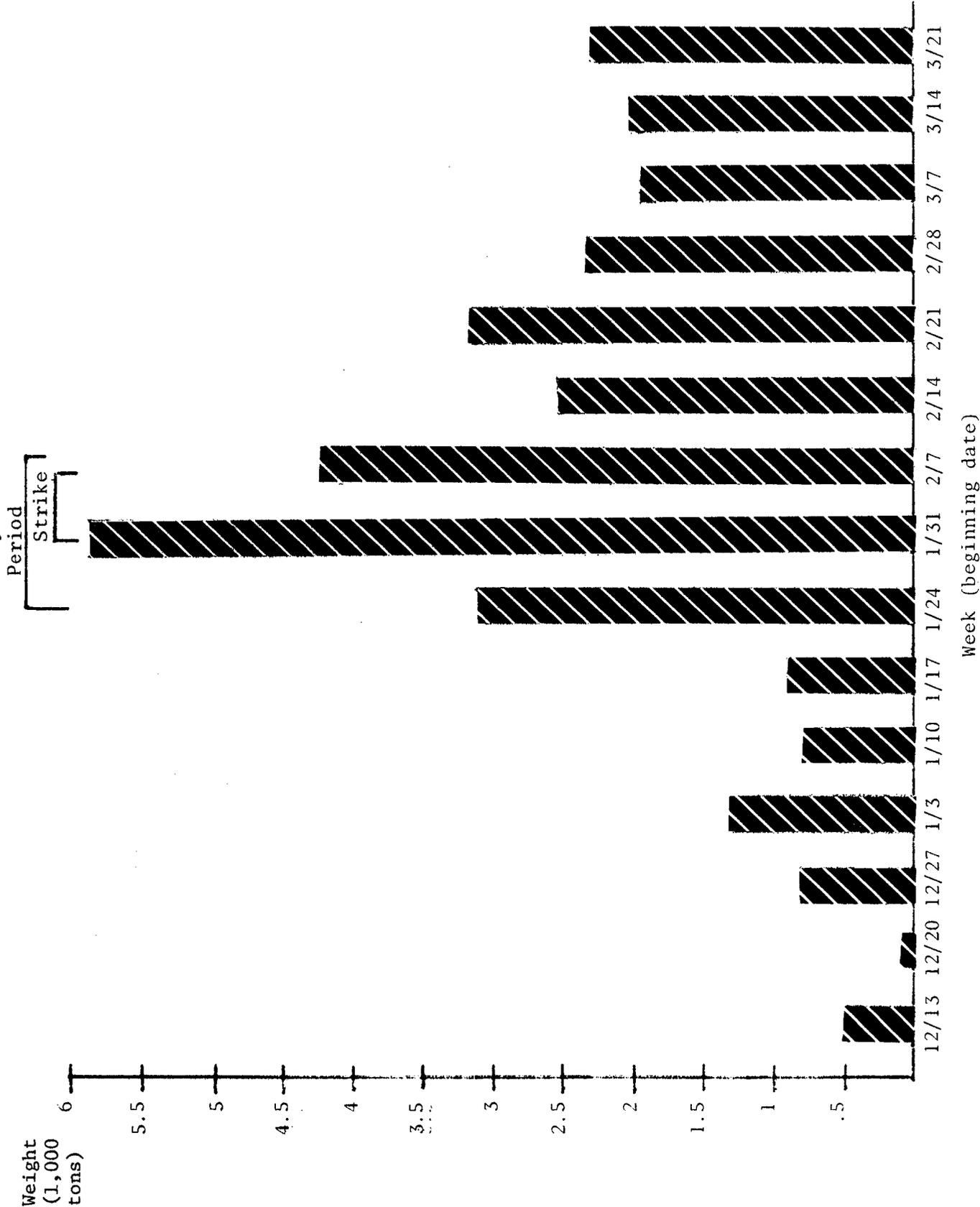
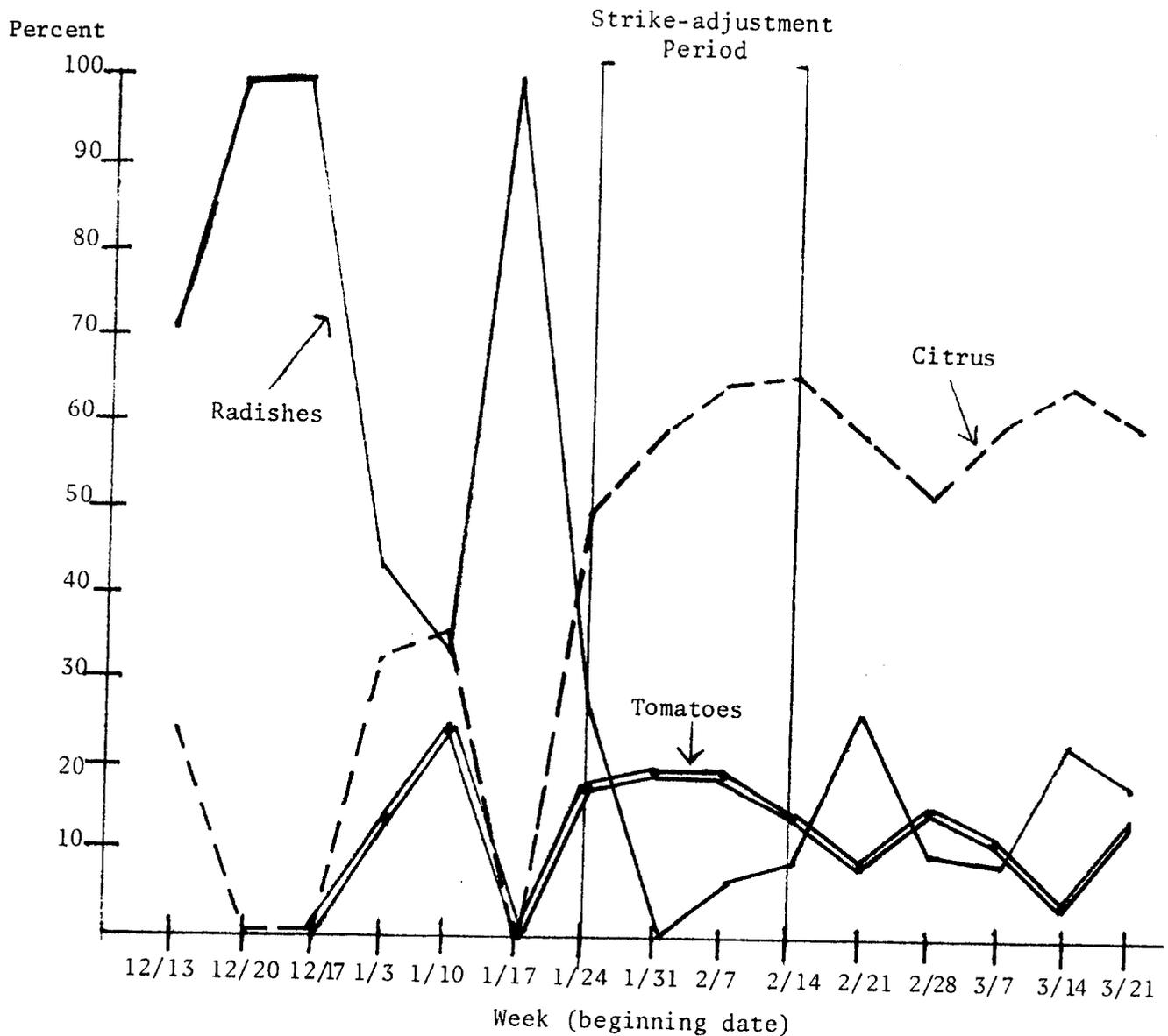


FIGURE 4. PERCENT OF SHIPMENTS BY TRAILER-ON-FLATCAR THAT WERE CITRUS, RADISHES, AND TOMATOES



themselves for the strike, led to a fourfold increase in TOFC shipments in the week prior to the strike (Figure 3). During the strike, TOFC shipments reached a rate of 850 tons per day, or nearly 10 percent of total shipments. Moreover, the proportion of total TOFC shipments that were radishes plummeted from 100 percent to 35 percent (Figure 4).

averaged about five hours to secure a truck to carry a load. Seventy percent of the brokers could arrange carriage to any area with a phone call, and only 10 percent reported taking longer than a day. During the strike, the average time increased to about 16 hours to arrange a load to the Northeast or Midwest, and 12 hours to the Southeast (all increases significant at the 1 percent level).

Time to Arrange Carriage and Lost Orders

Prior to the strike, brokers

Shippers were asked to report the longest delay in arranging carriage during the strike by region. The responses

averaged 1.3 days to the Northeast, 1.0 day to the Midwest, and .33 days to the Southeast. The differences in maximum delay between the Southeast, on the one hand, and the Northeast and Midwest, on the other hand, were significant at the 1 percent level. This pattern is consistent with that noted by the brokers. Thirty-one percent (50) of the shippers and 28 percent (23) of the brokers reported losing orders due to transportation difficulties. Forty-two percent of the shippers and 60 percent of the brokers reported that the orders they lost had been destined to the Northeast. By contrast, only 12 percent of the lost shipper orders and none of the lost broker orders had a Southern destination.

Brokers were questioned with regard to per box freight rates for citrus and tomatoes before the strike, during the first four days of the strike, and during the final week of the strike. The results are presented in Table 1. Except for tomatoes going to Chicago, the average rates reported by brokers rose during the first four days of the strike. For citrus going to New York and Chicago, this increase was significant at the 5 percent level. By the end of the strike, rates had declined somewhat, though not to their prestrike levels. These declines are thought to be due to an easing of the truck supply situation as truckers returned to the job.

SHORT-TERM EFFECTS

As has been described in the previous section, the truck strike did little to prevent produce from making its way to market. It did result in

somewhat elevated truck rates, lengthened time necessary to arrange carriage, and increased share and absolute amounts of produce shipped via TOFC. All but the last effect appears to have been temporary. After the strike, truck supplies again outstripped demand and by early March, rates had nearly returned to their pre-strike levels.

LONG-TERM EFFECTS

Truckers

The stated purpose of the truck strike was to bring about a change in the taxes resulting from the Surface Transportation Assistance Act of 1982. Most prominent among these are a severalfold increase in the federal road use tax and a 5 cent increase in the federal fuel tax. On February 10, 1983, ITA called off the strike in return for a vague promise that Congress would review the relevant taxes. It appears doubtful, however, if any substantial changes will be made.

Many truckers were hurt financially by the strike. First, they lost revenues from loads foregone by striking. Several brokers indicated that some owner-operators were forced out of business due to the strike. Second and possibly more damaging, the image of the truckers was hurt, both in terms of the political power they are perceived to wield and in terms of reliability of service. The latter may have convinced some shippers and receivers that there is a need to diversify shipments into private motor carriage and rail (TOFC).

TABLE 1. RATES REPORTED BY BROKERS FOR TOMATOES AND CITRUS BEFORE AND DURING THE STRIKE (DOLLARS PER BOX OR CRATE).

Destination	Citrus			Tomatoes		
	Before	After 4 days	End	Before	After 4 days	End
New York	1.26	1.41	1.38	1.20	1.35	1.35
Chicago	1.25	1.41	1.37	1.30	1.30	1.25
Atlanta	.96	1.10	1.04	.91	1.08	1.03

The Railroad

As described above, during the strike produce shipments by TOFC increased dramatically and the variety of commodities carried greatly expanded. What is more significant, however, is that after the strike, TOFC shipments did not slide back to prestrike levels. Examination of three periods demonstrated the shift in shipments. The three periods are the six weeks prior to the week before the strike (the prestrike period), the three weeks encompassing the strike (the strike-adjustment period), and the following six weeks (the post-strike period).

During the post-strike period, average weekly shipments rose to 2,411 tons (four percent of shipments) from the 700 ton average per week of the prestrike level (one percent of shipments) (Figure 4). Growth in TOFC shipments would be expected if total shipments were growing; however, during the three periods, total produce shipments were stable or slightly declining (Figure 2). Citrus shipments, which showed the largest increase in TOFC shipments, also decreased in total shipments in the post-strike period. Moreover, regardless of the growth pattern of total shipments, the increase in the percentage of total shipments carried by TOFC suggests that shippers and receivers were switching from motor carriers to TOFC.

The mix and variety of commodities carried by TOFC increased markedly in the post-strike period relative to the pre-strike period (Figure 4). The continued use of TOFC after the strike for shipping high valued, damage-prone commodities, such as tomatoes, underscores the fact that shippers have been pleased with the quality of service offered. The traditional dominance of radishes and potatoes in TOFC shipments from Florida was, in part, because of the ability of those commodities to withstand longer-than-truck transit times, rougher handling, and lack of monitoring which was commonly associated with TOFC services. However, the insti-

ution of the Orange Blossom Express offered shippers a level of service comparable to trucking. Forty-seven shippers reported using the Orange Blossom Express during the strike. Eight (17 percent) rated the performance as better than trucking, 33 (70 percent) the same as trucking, and 6 (13 percent) worse than trucking.

SUMMARY AND CONCLUSIONS

The truck strike did not seriously disrupt the Florida produce industry. The industry demonstrated a surprising ability to make adjustments. To the extent that shippers resorted to TOFC service, the railroads were helped. It appears that some of the gains made by TOFC during the strike are long-term. The ability to transfer some of the burden to TOFC has weakened trucking's market power over the produce industry. The value of having such alternatives has not been lost on shippers and receivers.

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