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Truck Brokers: An Integral Part of Exempt Agricultural Commodity Movements

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TRUCK BROKERS: An Integral Part
of Exempt Agricultural Commodity Movements

Floyd D. Gaibler

Economic Research Service
U.S. Department of Agriculture

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TRUCK BROKERS: An Integral Part of Exempt Agricultural Commodity Movements, by Floyd D. Gaibler, National Economic Analysis Division, Economic Research Service, U.S. Department of Agriculture.

ABSTRACT

Transportation of fresh fruits and vegetables has been continually shifting from railroads to motor carriers over the last 15 years. Truck brokers have become increasingly important as a link between shippers and truckers by arranging transportation of commodities between production areas and market outlets. This report examines truck brokers who arrange movement of ICC-exempt agricultural commodities, their clients, the brokers' services, and the rate structure of the business.

Key Words: Truck brokers, Client truckers, Broker services, Trucking rates, Brokerage fees, Exempt traffic, Backhauls.

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PREFACE

In an effort to obtain information on the transportation and marketing patterns of ICC-exempt agricultural commodities, the U.S. Department of Transportation requested the U.S. Department of Agriculture to undertake jointly a nationwide study of exempt truck brokers. Findings of a national survey of exempt truck brokers were last published by USDA in 1962. The report was "The Role of Truck Brokers in the Movement of Exempt Agricultural Commodities," Economic Research Service, Marketing Research Report No. 525.

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SUMMARY

Truck brokers provide a link between shippers and truckers in the transportation of unmanufactured agricultural commodities between producing areas and market outlets. Interstate trucking of these commodities is exempt from economic regulations administered by the Interstate Commerce Commission (ICC).

Motor carriers have become the dominant mode for transporting perishable agricultural products, particularly fresh fruits and vegetables which accounted in the 1974 shipping season for more than 90 percent of total bookings for more than two-thirds of the brokers interviewed.

Interviews with truck brokers selected randomly nationwide found that 90 percent of total loads booked by them were unregulated and that 95 percent of their bookings moved interstate.

Truck brokers provided many services to shippers including checks on business reputations of new trucker clients, conformance with safety regulations, and routine safety of their vehicles and equipment. Truckers were also provided services by truck brokers. Among these were providing information concerning State regulations; assisting in completing forms required by State and Federal safety regulations and other laws; obtaining cargo, personal liability, and property damage insurance; and arranging for trip-leases to truckers having ICC-operating authorities for return hauls of regulated commodities.

Almost 90 percent of the truck brokers interviewed responded that ICC regulated carriers competed with exempt carriers for loads of exempt commodities.

Over two-thirds of the truck brokers reported truck rates for exempt commodities varied during the 1974 shipping season. In 1959, only 55 percent of the truck brokers reported any seasonal rate variation. Changing supply of and demand for transportation was the principal reason cited in both surveys.

Over 70 percent of the firms reported exempt carriers experienced difficulties obtaining backhauls to agricultural areas. Over one-half of the truck brokers reported trip-leasing was significant to exempt carriers, though many said that revenues derived from the loads were insufficient to cover operating costs of return trips.

Over 60 percent of the truck brokers reported exempt carriers experienced average layovers ranging from 1 to 168 hours during the peak shipping season. Less than 20 percent of the firms reported any layover time for ICC regulated, ICC contract, or private carriers.

TRUCK BROKERS: An Integral Part of Exempt Agricultural
Commodity Movements

Floyd D. Gaibler 1/

INTRODUCTION

Truck brokers act as negotiators between shippers and truckers in arranging transportation of unmanufactured agricultural commodities. These commodities are exempt from economic regulation when moving interstate by truck, and the carriers can enter and leave the business of trucking these commodities at will. The absence of carriers' obligations to serve a particular area or to shippers in general creates a potential for a constantly changing group of truckers.

Since unmanufactured agricultural commodities are exempt from rate, route, and service regulations by the Interstate Commerce Commission (ICC), unregulated (exempt), private (owned and operated by shippers for hauling their own commodities), and regulated carriers can provide for-hire service to shippers of these commodities. For-hire carriers often rely on truck brokers to locate cargo for their equipment in producing areas.

Regulated and private carriers use agricultural commodities primarily as backhaul cargo. ICC regulations permit hauling of regulated commodities in both directions, but return loads of regulated commodities are not always available. Other carriers of exempt commodities do not have authority to carry regulated cargo, except under trip-lease agreements with regulated carriers following an exempt commodity haul.

Many of the exempt commodities hauled by truckers are perishable fresh fruits and vegetables. Once harvested, they must be transported quickly under refrigeration to avoid spoilage. Seasonality of production varies among areas and years prompting shippers' reliance on brokers to arrange adequate trucking capacity to meet the harvest demand in a timely manner.

Over the years, there has been a continuing shift in the movement of fruits and vegetables from rail to motor carriers. Since 1959, the marketing year the last truck broker study was conducted by USDA, total loads of fresh fruits and vegetables have been decreasing while carload equivalents moving by truck have remained relatively stable (table 1). Truck share has increased from 62 percent to 84 percent over the 17-year period. Conversely, rail movements have declined from 38 percent in 1959 to 16 percent in 1975.

There are several reasons for the modal shift. Trucks are more flexible in moving rapidly to and from producing areas, as seasonal harvests begin and end. Trucks can usually provide faster and more reliable service than rail.

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Table 1--Total fresh fruit and vegetable unloads in 41 cities by mode, 1959-75

Year	Transport mode			Total
	Rail <u>1/</u>	Truck		
	<u>1,000 carload equivalents</u>			
1959	391	630		<u>2/1,021</u>
1960	382	587		969
1961	356	589		945
1962	341	589		930
1963	326	593		919
1964	321	592		913
1965	305	589		895
1966	314	523		836
1967	297	542		839
1968	265	537		802
1969	270	541		811
1970	248	566		814
1971	218	554		772
1972	202	536		757
1973	173	559		732
1974	160	578		738
1975	124	628		752

The sum of individual items may not equal the total because of rounding.

1/ Rail columns include boat and air.

2/ Total includes 39 cities instead of 41.

Source: U.S. Department of Agriculture, Agr. Mktg. Serv., Fresh Fruit and Vegetable Unload Totals, FVUS-5, various issues, 1959-75.

Table 2--Regional distribution of the population, sample, and respondents, 1974 truck broker survey

List	:Number : : of : :firms :	Distribution of firms regionally					
		: North : :Atlantic:	: South : :Atlantic:	: North : :Central:	: South : :Central:	: West : :	: Florida
		----- Percent -----					
	: No.						
Population	: 1,030	9.2	9.4	17.0	18.0	32.8	13.6
Sample	: 117	7.7	8.5	17.1	21.4	31.6	13.7
Respondents	: 52	9.6	5.8	19.2	19.2	30.8	15.4

Since perishables have a short shelf life, transit time is a critical factor. Also, providing reliable service insures the retailer an adequate supply without a large inventory.

This study was undertaken to provide a better understanding of the trucking and truck-broker industries operating in agricultural transportation, the commodity distribution patterns, and the problems involved in transporting exempt agricultural commodities. In addition, there has been concern that competition with regulated carriers and absence of backhauls may be impairing the efficient utilization of exempt-trucking cargo capacity. The study provides some insight about such conditions and impediments.

Number and Distribution of Truck Brokers

A total population of 1,030 potential respondents was identified from several trade organization lists. A random sample of 117 of these was drawn and 104 were located and interviewed. A significant number of those drawn for the sample had either gone out of business (14), or were not truck brokers (27). An additional 11 firms were brokers but did not provide information, leaving usable responses from 52 firms for analysis.

The relatively small initial sample and the large number of firms outside the truck-broking business raised concern that the respondents might not adequately represent the population of brokers serving agricultural shippers and exempt trucking. Regional distributions of the population, sample, and respondents from the survey are presented in table 2. Except for the South Atlantic, there is reasonably close correspondence between the three distributions. The small shares of the South Atlantic in all three distributions make it unlikely that national estimates are significantly affected by potential under-representation of respondents in that region.

There are marked differences in the regional distributions of truck brokers found in the 1959 and 1974 studies. The 1959 study developed a list of 825 names thought to be truck brokers. A mail survey of all these resulted in the location of 246 truck brokers. Of these, 195 were interviewed. However, the data were expanded to represent the 246 truck brokers located. The regional distribution of these in relation to the 52 respondents in the 1974 study is shown in table 3.

The large relative increase in the south central and western respondents from 1959 to 1974 was to be expected. Trucks originated 69 percent of the total fresh fruit and vegetables unloaded in 41 cities from the south central region in 1959, but more than 88 percent in 1974. In the western region, truck originations of fruits and vegetables increased from 39 percent in 1959 to 69 percent in 1974. In 1975, more than 80 percent of all U.S. fresh fruits and vegetables originated by truck.

The large relative decline in the Florida respondents from 1959 to 1974 was in part to be expected as a result of the relative increase for the south central and western respondents. However, the 15.4 percent of the 1974 respondents shown for Florida is only slightly lower than the 17.5 percent of truck unloads of fresh fruits and vegetables in 41 cities that originated in

Table 3--Regional distribution of responding truck brokers, 1959 and 1974

Respondents	: Number: of : firms	Distribution of firms regionally					
		: North : : Atlantic:	: South : : Atlantic:	: North : : Central:	: South : : Central:	: West :	: Florida
	: No.	----- Percent -----					
1959	: 246	11.0	8.9	18.7	12.2	16.7	32.5
1974	: 52	9.6	5.8	19.2	19.2	30.8	15.4

Table 4--Truck brokers' share of U.S. trucklot unloads of fresh fruits and vegetables, 1959 and 1974

Procedures	: 1959	: 1974
(1) Estimated number of brokers	: 825	624
(2) Number of brokers located	: 246	63
(3) Average loads per broker <u>1/</u>	: 787	1,332
(4) Estimated total loads of fruits and vegetables brokered <u>2/</u>	: 649,275	831,168
(5) Carlot equivalent unloads of fruits and vegetables nationally <u>3/</u>	: 1,927,154	1,392,987
(6) Carlot equivalent unloads of fruits and vegetables in 41 cities	: 1,020,662	737,637
(7) Expansion factor <u>4/</u>	: 1.888	1.888
(8) Carlot equivalents of truck unloads in 41 cities	: 629,985	578,129
(9) Trucklot equivalents of truck unloads in 41 cities <u>5/</u>	: 944,978	867,194
(10) Estimated national trucklot unloads <u>6/</u>	: 1,784,119	1,637,262
(11) Brokers' share of all trucklots unloaded <u>7/</u>	: 36.4%	50.8%

1/ Row 2 divided into 193,572 loads in 1959 and 83,923 loads in 1974.

2/ Row 3 multiplied by row 1.

3/ 1973 estimate of 1,381,662 unloads nationally made by James R. Snitzler Associates, Inc., times the ratios of 1973 to 1959 and to 1974 total carlot equivalents in table 1 was used to expand total unloads of fruits and vegetables nationally in 1959 and 1974.

4/ Row 5 divided by row 6.

5/ Row 8 times 1.5 (typical truckloads are about 40,000 pounds and average carloads in 1973 were about 60,000 pounds). Estimates for 1959 were unavailable.

6/ Row 9 multiplied by row 7.

7/ Row 4 divided by row 10.

Florida in 1974. At the same time, Florida brokers handled relatively less poultry, eggs, and grains than brokers in other regions.

These comparisons suggest that the 1974 sample respondents are reasonably representative of the 1974 truck brokers' population. Nonetheless, the small number of responding brokers in each of the regions makes it unreasonable to derive regional estimates as was done in the 1959 study.

BROKERED SHIPMENTS

Importance of Brokers in Agricultural Truck Movements

The surveyed truck brokers primarily arrange for loads of unregulated commodities moving interstate. Some loads destined intrastate also are booked. The 48 responding firms reported almost 89,000 loads booked in 1974. Of the total, 91 percent were unregulated commodities and 9 percent regulated. Almost 95 percent of the unregulated loads moved interstate; 96 percent of the regulated loads crossed State lines.

Results from the 1959 truck-broker survey revealed that almost all of the tonnage booked was agricultural commodities, with 96.4 percent of the total moving interstate. Over 80 percent of the interstate tonnage was transported by exempt carriers. The remainder was equally divided between common and contract carriers.

As expected, truck brokers were more active in scheduling shipments of fresh fruits and vegetables than they were for other exempt commodities. Truck brokers arranged an estimated 50.8 percent of the 1,637,000 truckloads of fresh fruits and vegetables unloaded in 1974. Similar estimation for 1959 shows that brokers trafficked only 36.4 percent of the fresh produce unloaded. Table 4 shows how these estimates were derived.

In evaluating the truck brokers' share for 1974 in relation to that for 1959, one must recognize that expansion factors for 1959 may not be correctly derived. The only information currently available about procedures in the 1959 study is that a list of 825 names was surveyed by mail. This resulted in locating 246 truck brokers. No further information about followup on nonrespondents to the mail survey, etc., is available. Thus, the tabulated calculation of the brokers' share of total truck movements of fresh fruits and vegetables in 1959 must be taken as a very tenuous estimate.

The list of 825 names in the previous survey was assumed to represent the population of potential truck brokers operating in 1959. However, the 1974 survey of 104 contacts from a list of 1,030 names revealed only 63 truck brokers. To estimate the 1974 population of potential truck brokers, the ratio of known brokers to the number of contacts was applied to the list of 1,030 names, yielding 624 brokers. Given that total trucklot unloads of fresh fruits and vegetables have remained fairly static since 1959 and that average loads booked per broker have increased 69 percent, it is reasonable to assume that the total truck-broker population has decreased somewhat since 1959. Thus the method used in deriving expansion factors for 1959 appears to be sound.

Data for making estimates for other exempt commodities are not available. Nonetheless, the following section suggests that truck brokers play a very minor role in transporting these.

Commodity Groups

Fresh fruits and vegetables accounted for 100 percent of exempt interstate cargo bookings for 46 percent of the truck brokers surveyed in 1974. Another 23 percent responded that 90 percent or more of their bookings consisted of fresh fruits and vegetables.

Of the 14 truck brokers who operated their own motor trucks, nine transported only fresh fruits and vegetables. Two firms reported more than 90 percent of their exempt interstate cargo loads were fruits and vegetables.

Other commodities booked by truck brokers included nuts, fresh and frozen poultry, fresh eggs, whole grains, and frozen fish and shellfish. Nuts were booked by nine firms, though the commodity accounted for no more than 10 percent of total bookings. Seven truck brokers booked fresh poultry; six, frozen poultry. One firm reported 70 percent of its total interstate cargo bookings consisted of fresh and frozen poultry. Trucks for fresh eggs were brokered by six firms. A total of nine brokers booked whole grains. One midwestern firm's bookings were 100 percent whole grains; another's was 50 percent. Frozen fish and shellfish were booked by 6 of the 52 truck brokers interviewed. Ninety-five percent of one firm's exempt interstate cargo bookings consisted of frozen fish and shellfish.

In addition, seven firms booked nursery produce including shrubbery, flower plants, and Christmas trees. Other commodities booked were dry beans, mulch, and powdered milk.

In the 1959 study, fresh fruits and vegetables accounted for more than 76 percent of the total bookings by truck brokers. Grain represented 9 percent; poultry, 4 percent; and eggs, 3 percent. Fish and shellfish accounted for slightly more than 2 percent of total commodities booked. Nursery stock comprised about 2 percent of all commodities. Less than 1 percent of the total commodities consisted of fresh milk and cream and live cattle in 1959 and none in 1974.

Five firms that operated motor trucks in 1959 hauled commodities other than fruits and vegetables. The major commodities were fresh and frozen poultry, fresh eggs, fresh fish and shellfish, and nursery products.

Monthly Booking Patterns

Of the 52 truck brokers interviewed, 16 responded that their exempt cargo bookings were fairly evenly distributed throughout a normal year. Volume of bookings in any one month over all of these brokers varied no more than 3 percentage points from an equal monthly distribution, i.e., not less than 5 percent nor more than 11 percent of annual bookings occurred in a single month.

May through August were peak months for booking fresh fruits and vegetables for 10 reporting firms. Most were located in the South Central and Western United States. Slack months were September through November.

Seven firms reported peak month bookings of fresh fruits and vegetables from December through May. Slack months were July through September. Most of these firms were located in Southeastern United States.

Two firms booked loads of fresh fruits and vegetables only from April to October. One firm booked loads only 4 months--September through December.

Of the 14 truck brokers hauling fresh fruits and vegetables in their own trucks, five reported annual monthly interstate trips were evenly distributed throughout the year.

Four firms reported January through May as peak months of interstate trips made by their own trucks. July through October were slack months.

Two truck brokers cited July to September as peak months of interstate loads hauled by their own motor trucks.

OPERATIONS OF TRUCK BROKERS

Seasonal Activity, Age, and Size of Firms

Of the brokers reporting in the 1974 survey, 43 operated their headquarters and branch offices full time, 12 months a year. Nine were in operation 6 to 11 months of the year. None operated less than 6 months. The median number of years they had been in business was 10. The range was from 1 to 41 years.

In comparison, the 1959 study revealed that the median number of years in business for 86 percent of the firms located was slightly lower, 7.7 years. It would appear that there was no major trend from 1959 to 1974 toward part-time operators. Major barriers to entry for new operators did not seem to exist, as indicated by the relatively low median years in operation in both years of study.

Of the total truck brokers reporting in 1974, 17 (33 percent) were one-man operations. In the 1959 study, 120 (49 percent) of the truck-broker firms were sole proprietorships.

The median number of full-time office workers was two per broker in 1974. One large firm reported 30 full-time office workers. The remaining firms ranged in size from one to eight office workers. Ten firms employed part-time office help only.

The size of firm in terms of volume of truckloads booked varied widely among the truck brokers surveyed. The total number of loads booked ranged from 70 to 7,861 per firm.

Of the brokers reporting, 12 (23 percent) booked between 70 and 500 loads in 1974; 14 (27 percent) booked 501 to 1,000 loads; 8 (15 percent), 1,001 to 2,000 loads; 8 (15 percent), 2,001 to 3,000 loads; and 6 (12 percent), over 3,000 loads.

Clientele Served

The number of shippers served by individual truck brokers ranged from 3 to 1,000. The median was 40 shippers. The most frequently mentioned group of shippers served by 35 truck brokers was packers, growers, and wholesalers. Chain stores and processors were served by 16 or about one-third of the brokers. Only nine reported serving farmer cooperatives. U.S. military camps were the sole shippers served by one firm. Two served farmers. One firm reported serving feedmills and feedlots transporting grains.

The number of trucker clients served by individual truck brokers varied widely, from 10 to 5,000. The median number served was 200. Of the 52 truck brokers reporting, 40 reported that they chiefly served exempt carriers. Only one reported serving regulated carriers exclusively. Eleven firms reported serving both exempt and regulated carriers.

Some truck brokers specialized in carriers operating a single type of equipment. Fifty firms served carriers having refrigerated equipment, primarily to transport fresh fruits and vegetables. Ten firms also served carriers operating dry vans, while six served opentop carriers. Watermelons, onions, and cabbage were the chief commodities hauled by these latter carriers. Fewer brokers had clients operating flatbeds, heavy haulers, and tankers.

When asked if any major changes in the types of truckers they serve had occurred in the last 5-10 years, 14 responded yes. The leading response of six truck brokers was that an increasing number of independent owner-operators were going out of business. Better equipment was another major change observed about truckers. Finally, five truck brokers cited an increase in regulated carriers entering the market to haul exempt commodities as a backhaul.

Only five truck brokers responded that any major changes had occurred in the types of shippers they served. The most frequent response was that shippers have become more organized and dependable and are shipping larger volumes.

Methods of Traffic Solicitation

Formal advertising and phone contacts were the most prominent methods of traffic solicitation. Fifty-one truck brokers used formal advertising. Directories of the fruit and vegetable industries and other industry publications were the most popular among truck brokers. Over two-thirds of the respondents used these media. The yellow pages were used by about 30 percent. The Packer, a weekly trade newspaper, was another medium cited. Forty-seven brokers also used phone contacts to solicit traffic.

Only six respondents used relay stations, i.e., truck stops, for soliciting bookings. Other means of soliciting loads were informal, such as personal contact and word-of-mouth advertising.

Only six firms responded that changes in their methods of solicitation had occurred in the last 5 to 10 years. However, many of the respondents stated that more traffic was being solicited through informal means than in the past.

Trucking Operations

Only 14 (27 percent) of the 52 respondents operated motor trucks in interstate commerce in 1974. In contrast, 54 percent of the truck brokers in the 1959 study operated their own equipment as for-hire carriers. Of the 185 semi-trailers owned by truck brokers in 1974, 140 were refrigerated (table 5). The remaining trailers were opentop carriers, vans, or flatbeds. Truck-tractors numbered 158 units. The median number of semi-trailers per truck broker was eight; truck-tractors, seven. Straight trucks were also operated by two firms. In the earlier study, truck brokers owned or leased an average of nine semi-trailers and eight truck-tractors.

Of the total truck brokers operating motor trucks, only one held and exercised ICC common carrier (truck operating) rights for the interstate hauling of regulated commodities. A larger proportion, 12 percent, of the truck brokers surveyed in the earlier study held ICC-operating rights.

A total of 8,052 loads were hauled in trucks owned by truck brokers in 1974 (table 6). Over 81 percent of this traffic moved interstate. Slightly more than 77 percent of the total loads were moved for the brokers' own accounts, while the remaining 1,800 loads moved under trip-lease arrangements with regulated carriers.

Table 5--Number and type of trucks operated in interstate commerce by truck brokers, 1959 and 1974

Item	1959 ^{1/}		1974 ^{2/}	
	Straight: trucks	Semi- trailer	Straight: trucks	Semi- trailer
Total trucks	0	1,195	3	185
Refrigerated	0	NA	0	140
Other special equipment	0	NA	0	1
Tractors	--	1,076	--	158

NA = not available.

^{1/} Responding brokers numbered 132.

^{2/} Responding brokers numbered 14.

Table 6--Number of semi-trailer loads hauled in truck brokers' own trucks and percentage moved interstate, 1974

Item	Truckloads hauled	
	Number	Percent moved interstate
For own account	6,225	81.0
Under trip lease	1,827	82.5
Total <u>1/</u>	8,052	81.3

1/ Based on 12 responding brokers.

TRUCK BROKER SERVICES AND FEES

Services to Shippers

New Trucker Client Check

Among the major services provided to shippers by most truck brokers is a reference check of potential trucker clients. Brokers inquired about truckers' business reputation; type and mechanical condition of tractor, trailer, or other equipment; and where relevant, their regulatory status.

Of the 52 brokers surveyed, 46 checked truckers' business reputations, 45 checked type and condition of equipment, and 25 inquired about regulatory status.

A character reference check was commonly made with previous employers or other truck brokers. Brokers ascertained the type and condition of the units by visual inspection. Inquiries were made by brokers to insure that carriers had proper licenses and other authorities to haul specific commodities. A check was also made in States that require carriers to be bonded to transport particular commodities.

Routine Safety Checks

Almost 79 percent of the truck brokers surveyed in 1974 made visual inspection of vehicles (table 7). Only 38 percent made mechanical or other inspections in 1974, such as proper cooling and temperature checks of refrigeration units.

Safety checks of vehicles have become more prevalent than in the past. In 1958, 58 percent of the truck brokers located made visual inspection of vehicles hauling loads. Only 22 percent made mechanical inspections. Miscellaneous checks were made by only 2 percent of the total surveyed.

Safety Regulations

Of the truck brokers interviewed, almost 58 percent checked their trucker clients for valid driver's licenses (table 7). About 33 percent inquired about the driver's medical certificate.

Table 7--Truck brokers making routine safety checks on drivers and equipment, 1959 and 1974

Item	1959		1974	
	Yes	No	Yes	No
Visual inspection of vehicles	142	104	41	11
Mechanical inspection of vehicles	54	192	20	32
Other inspection of vehicles	5	241	19	33
Valid driver's license	143	<u>1</u> /100	30	22
Medical certificate	NA	NA	17	35
Maximum driving time	103	<u>1</u> /139	21	31
Driver logs maintained	97	<u>1</u> /146	10	42
Supply safety regulations	41	<u>1</u> /200	3	49
Safety regulation information available	NA	NA	13	39

NA = not available.

1/ Remainder of firms did not respond.

Some 40 percent of the truck brokers checked the driver's familiarity with Federal requirements for maximum hours of driving. About 19 percent checked driver's logs.

The 1959 study reported that 58 percent of the firms checked for valid driver's licenses. Almost 42 percent checked the driver's knowledge of Federal requirements for maximum driving time. Nearly 40 percent of the firms checked whether drivers were familiar with Federal requirements for driver's logs.

Services to Truckers

Federal and State Regulations

Only 6 percent of the truck brokers surveyed in 1974 supplied copies of Federal safety regulations to drivers. However, 25 percent had information on safety regulations available for drivers who requested it. In the earlier study, 17 percent supplied copies of Federal safety regulations to drivers.

Many of the truck brokers made information available to truck drivers regarding State regulations for the specific trips. Almost 52 percent provided information on request concerning gross axle weight limitations. Another 19 percent always supplied the information (table 8). Over 73 percent provided drivers with State requirements on vehicle length restrictions. Over 65 percent of the truck brokers interviewed provided information on State Public Utility Commission (PUC) operating authority requirements.

However, only 6 percent of the truck brokers regularly assisted truckers in filling out forms to comply with State and Federal regulations. About 40 percent provided the service on request. Almost 54 percent never provided assistance.

Information on State fuel use, ton-mile and/or axle-mile taxes on trucks was made available on request by 46 percent of the truck brokers. Only 10 percent always supplied the information. Information on vehicle license requirements was provided by more than one-half of the brokers. In 1959 the percentage of firms supplying truck drivers information on State regulations was somewhat similar. Between 72 and 77 percent of the truck brokers then provided information concerning weight and length limitations, operating authority requirements, fuel-use and ton-mile taxes, and vehicle license requirements.

Other Services

In addition to providing State regulation information, other types of services were provided for truckers. Among these were obtaining cargo, personal liability, and property damage insurance, providing bookkeeping services, and assistance on trip-lease arrangements.

Of the 52 brokers surveyed, 49 never provided bookkeeping services to client truckers. Two brokers provided the service on request, while one always offered the service.

Almost 60 percent of the truck brokers never assisted truckers in making trip-lease arrangements with regulated carriers. About 29 percent provided the service only on request. Only 12 percent always assisted truckers.

The percentage of firms assisting truckers in completing State and Federal regulation forms and providing bookkeeping services has remained at almost the same level since 1959. In that year, almost 43 percent assisted truckers in filling out forms while only 6 percent provided bookkeeping services.

More than 38 percent of the brokers interviewed always obtained cargo insurance for client truckers (table 8). Over 71 percent, however, never obtained personal liability and property damage insurance for clients.

In some instances, brokers not only obtained insurance on request but also required that truckers carry insurance. Whether such requirements are services to truckers or shippers cannot be clearly decided.

Personal liability and property damage insurance.--Over 44 percent of the truck brokers surveyed required client truckers to carry personal liability and property damage (PL and PD) insurance when hauling loads booked by them (table 8). However, 52 percent did not require truckers to carry the insurance policies. In many instances, of course, brokers knew that State requirements applied, relieving them of specific responsibility in this respect.

Nonetheless, almost 42 percent of the truck brokers carried PL and PD insurance to cover trucker clients. Six percent of the firms occasionally carried insurance for trucker clients.

Of the truck brokers interviewed, 65 percent provided PL and PD insurance policies to cover their own firms, which gave them some protection against actions brought against their trucker clients. Almost 31 percent carried no insurance policies while 4 percent did occasionally.

Table 8--Services provided by truck brokers for trucker clients, 1974

Item	Always	: On request : : or : : occasionally:	Never
Gross axle weight limitations	10	27	15
Vehicle length limitations	9	29	14
PUC operating authorities <u>1/</u>	7	27	18
Fuel use, ton-mile, and/or axle-mile taxes	5	24	23
Vehicle licenses	5	25	22
State-Federal regulation forms	3	21	28
Other State requirements	2	1	49
Obtain cargo insurance	20	13	19
Obtain PL and PD insurance <u>2/</u>	6	9	37
Bookkeeping services	1	2	49
Trip-lease arrangements	6	15	31
Require PL and PD insurance <u>2/</u>	23	2	27
Carry PL and PD insurance for truckers <u>2/</u>	22	3	27
Carry PL and PD insurance for own firm <u>2/</u>	34	2	16
Require cargo insurance	46	4	2
Carry blanket cargo insurance	45	1	6

1/ PUC = State Public Utility Commission.

2/ PL = personal liability, PD = property damage.

Almost 60 percent of the firms located in 1959 carried personal liability and property damage insurance to cover truckers with whom they booked loads. This compares with 42 percent in 1974.

The amounts of personal liability and property damage insurance most frequently cited in the 1974 study were \$50,000, \$100,000 and \$300,000 policies.

In 1959, several firms did not indicate the amounts of personal liability and property damage insurance they carried. The most frequent amounts cited though were \$100,000 per person for each accident, \$300,000 total for each accident, and \$50,000 property damage.

Cargo insurance.--Over 88 percent of the truck brokers surveyed always required client truckers to carry cargo insurance on loads booked by them (table 8). Only 4 percent never required truckers to carry cargo insurance.

Of the brokers interviewed, almost 87 percent carried their own cargo insurance policy on loads they booked. Only 12 percent did not carry their own separate policy.

Cargo insurance policies that client truckers were required to carry ranged from \$1,000 to \$50,000. Few, if any, exempt commodities are valued at as much as \$50,000 per truckload, so this level of cargo insurance perhaps was required for those truckers hauling regulated commodities. Five brokers required trucker clients to have \$1,000 to \$4,999 cargo insurance per load; 13 brokers, \$5,000 to \$9,999; 23 brokers, \$10,000 to \$19,999; and 7 brokers, \$20,000 to \$50,000. Two brokers did not specify any amounts. The median range of coverage required by the reporting truck brokers was \$10,000.

Truck brokers who carried cargo insurance policies in their own accounts also revealed a wide range of coverage. Policies ranged from \$2,500 to \$500,000 with 4 brokers having from \$1,000 to \$9,999 per load: 11 brokers, \$10,000 to \$14,999; 11 brokers, \$15,000 to \$29,999; 6 brokers, \$30,000 to \$49,999; and 7 brokers, \$50,000 or more. Median range of coverage was \$20,000. Seven other firms carried insurance but did not state amounts and two reported no cargo insurance was carried in their own names.

In 1959, about the same proportion (84 percent) of the truck brokers carried their own blanket cargo insurance. The high value and perishability of the commodities prompted most firms to provide sufficient protection against losses regardless of policies carried by client truckers.

Cargo insurance policies carried by truck brokers in 1959 ranged from \$1,000 to \$35,000 with the amount most often carried being between \$5,000 and \$7,500.

Operating Expense Advance

All of the truck brokers interviewed in 1974 extended credit or gave "advance money" to client truckers for their immediate operating expenses. The average size of the advance was \$375. The median percent of client truckers receiving advances yearly for 1972-74 was 75, 70, and 62.5 percent, respectively. The percent of clients of individual brokers receiving advances for each of the 3 years ranged from 1 to 100 percent.

Eleven firms reported the number of trucker clients receiving advances decreased more than 10 percent over the 3 year period. Rising fuel prices and operating expenses increased the size of needed advances to the point that truck brokers were unable to extend credit to all client truckers.

Brokerage Fees

Booking Loads

Most brokers charged 8 percent of the truckers' revenues to book loads of agricultural commodities. Sixty percent of the truck brokers interviewed cited this figure. Another 25 percent charged 10 percent for booking loads. Only one firm charged 7 percent and two, 9 percent. Four firms did not respond.

In the 1959 study, most firms charged 7 percent for booking loads of agricultural commodities. Five percent was the next most commonly cited charge. Only one-fifth of the firms surveyed charged 10 percent or more.

Advancing Money

Of the total brokers interviewed, over 46 percent made no separate charge for advancing money for operating expenses. About 40 percent of the truck brokers specified 2 percent of revenue as their fee for advancing money to trucker clients. Only three firms charged 1 percent. Four did not respond. The most common charge was 8 percent of the revenue for booking of loads without an advance and 10 percent with an advance. Several firms charged 10 percent with or without any advance money.

In 1959, the predominant charge used by truck brokers for advancing money for operating expenses was 2 percent of gross freight receipts. Over one-third of the firms reported they made no separate charge for the service.

Methods of Collecting Brokerage Fee

Of the 52 truck brokers surveyed 47 responded that the shipper or receiver pays the transportation charges to the broker who in turn pays the trucker after deducting the brokerage commission. For three firms, the shipper or receiver paid the truckers, and the truckers then paid the brokers their commission. One firm responded that the broker and trucker were paid separately by the shipper or receiver. One firm did not respond.

Over 70 percent of the firms located in 1959 collected their brokerage fee by deducting it from transportation payments which they received directly from shippers. More than 9 percent received their commission from the trucker after he was paid by the shipper or receiver. Another 7 percent stated that the broker and receiver were paid separately by the shipper or receiver.

ECONOMIC FEATURES OF EXEMPT TRUCKING

Trucking Rate Variation

More than 69 percent of the truck brokers interviewed specified that trucking rates for hauling the same exempt agricultural commodities between the same points varied during the shipping seasons. The median percent of rate variation reported was 13 percent for all respondents. The range was from 1 to 100 percent.

Of the 36 truck brokers reporting variations in trucking rates, 31 specified the reason for the variations was the supply of and demand for equipment, especially during seasonal peaks of the fresh fruit and vegetable harvests. Availability of backhaul for trucks, which is part of the demand picture, was also cited as a cause. Round-trip loading appears to increase truckers' costs only slightly over costs of one-way loaded round trips. Thus, when round-trip loads are available, the revenues needed on the perishable hauls decrease.

Fewer firms, around 55 percent, in 1959 reported that rates varied during the shipping season. Results reported in that study indicated an average range in rates of 33 cents per 100 pounds on shipments to nine major markets. The smallest range reported was 2 cents per 100 pounds while the largest range was \$1.15.

The supply of and demand for trucks also was cited most often by truck brokers as the reason for rate variation in 1959. Other reasons given included competition at market points for incoming commodities, differences in rates quoted by truckers and shippers, and rate variation occurring for some commodities but not for others.

Competitive Position

Of the total truck brokers interviewed 46, or 88 percent, responded that ICC-regulated carriers were competing vigorously with exempt carriers for loads of exempt commodities. Only five firms reported no competition. One firm did not respond.

Of the 29 firms answering "yes" and elaborating further, 25 reported that regulated carriers enter producing areas and underbid or cut rates of exempt carriage if necessary to obtain loads of exempt commodities. According to the brokers, they use exempt commodities as a backhaul to areas where regulated loads are available.

Reliability and Stability

From a national standpoint, truck brokers considered most exempt carrier clients reliable. Of the 52 firms interviewed, 49 responded that, on the average, 90 percent of their exempt carrier clients were reliable, and 8 percent were somewhat reliable. Only 1 percent were considered somewhat unreliable. Another 1 percent of the clients were felt to be unreliable.

It is reasonable to believe that truckers who have hauled from particular producing areas for several seasons develop some direct shipper contacts and bypass brokers for at least some of their loads. Thus, the ages of trucker firms utilizing broker services in booking loads may be significantly lower as a group than the ages of all trucking firms hauling exempt commodities. Fourteen firms provided estimates of the number of years exempt carrier clients have been in business. The number of exempt carrier clients who were thought to have been in business more than 20 years was significantly less than for those in business a shorter time. Of the truckers cited as clients by the brokers responding, the total number of clients who had been in business more than 20 years numbered 371; more than 15 but not more than 20 years, 824. Those in business more than 5 but not more than 15 years totaled 1,486, while the number operating as exempt carriers 5 years or less was 808.

According to the truck brokers interviewed, the longest period of time any exempt carrier had been in business was 41 years.

Backhauls

Forty of the 52 truck brokers interviewed responded that exempt carriers experience problems in obtaining backhaul loads. Particular problems exist for East to West moves. East-west traffic is primarily regulated commodities, causing regional traffic imbalances. Availability of exempt commodity loads to backhaul are scarce particularly during the off-season. Only four firms replied that no backhaul problems existed for exempt carriers. Eight truck brokers did not respond.

Over 60 percent of truck brokers responding said that trip-leasing with regulated carriers was significant to exempt carriers as there were usually few or no exempt commodities to backhaul. However, several firms reported that fees received by exempt carriers were very low, barely covering operating expenses for the return trip.

Of the total truck brokers interviewed, 29 reported that some long-term carriers of exempt commodities hold operating rights from State Public Utility Commissions or from the Interstate Commerce Commission. Most of the firms responded that intrastate operating authority for hauling agricultural commodities was compulsory in only a few States.

Average Layover Time

For long-haul truckers, there are tradeoffs between returning empty to usual origins or awaiting backhaul loading so as to utilize an inexpensive capacity on the return trip. Some truckers apparently are not inclined to hold equipment and drivers away from usual origins for more than momentary periods. Others will layover for extended periods if necessary to obtain loads.

Layover time varied among types of carriers and the season. During the peak shipping season, layover time was significantly less than during the slow shipping season.

Of the 52 truck brokers interviewed, 32 reported exempt carriers experienced average layovers ranging from 1 to 168 hours during the peak shipping season. The median was 24 hours. Three firms reported no layover time. Sixteen did not respond to this question. During the slow shipping season, 29 truck brokers reported average layover time for exempt carriers ranged from 2 to 168 hours. The median was 72 hours. Seven firms reported exempt carriers experienced no layover time.

Fewer than 10 firms reported any layover time for ICC regulated, ICC contract, or private carriers. More than 60 percent of the truck brokers surveyed reported that 90 percent or more of their exempt cargo bookings were hauled by exempt carriers, thus the low response. During the peak shipping season, the median range was 24 hours for all the above carriers. In the slow shipping season, it increased to 72 hours.

Of the total firms interviewed, 37 reported using regulated carriers to haul exempt cargo bookings. However, 22 reported that regulated carriers transported 10 percent or less of total bookings. One firm did not respond. Only 21 firms responded that they arranged exempt cargo bookings with private carriers. Of the 21 responding, 15 reported that private carriers hauled 10 percent or less of the total bookings.

Layover time was not reported by type of carrier in the earlier study. However, truck brokers reported average layover time seasonally. During the busy shipping season, truckers experienced average layover of 13 hours before the truck broker could acquire loads in 1959. The range was from 11 to 17 hours, much less than reported in the present study. During the slow shipping

seasons the average layover time increased to 57 hours. The range widened from 32 to 100 hours, but again was much less than during the 1974 shipping season.



