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Memorandum on Independent Owner-Operators
in the Trucking Industry

By Farrell Dobbs

In a letter to the editor Comrade Bill Onasch took exception to a remark I made during an interview that was printed in The Militant of February 22, 1974. The statement in question read: "Basically the independent owner-operators must be seen as workers who are required to provide their own tools as a condition of employment." Comrade Onasch disagreed with that characterization. He argued that, sociologically speaking, the independent owner-operators must be placed in the petty bourgeoisie.

At the time of the interview owner operators around the country were on strike, trying as best they could to tie up over-the-road trucking. They were pressing demands that were aimed essentially at the capitalist government. In those circumstances I thought it most appropriate to accent the positive factors in the struggle. Therefore, without saying so explicitly, I made the above characterization having in mind the primary component involved, which is, or should be, considered important by the labor movement: namely, individuals who own a single unit of equipment which they operate themselves. Other, more complex aspects of the situation were left aside, since they were not central to the conflict then going on.

Upon further reflection, especially after reading Comrade Onasch's letter, I have concluded that it is advisable to undertake more extensive clarification of the subject. We can expect that in due course the party will again have an opportunity to play a role in the Teamster movement. When that happens experience will show that there are contradictory sides to the independent owner-operator question. Those usually included under this catch-all definition cannot be classified in their entirety as workers, nor can all of them be lumped together on a sweeping basis as a petty bourgeois formation. Many can be listed as workers; others may be set down as petty-bourgeois aspirants to become small-fry fleet owners; and still others will be found to be in transition from one status to the other.

In an effort to throw further light on the matter I will undertake to sketch briefly the background history of the independent owner-operator phenomenon. I will also present an outline of the policies developed in this sphere by party comrades who played leading roles in the Teamsters years ago.

During the depression of the 1930s individually-owned trucks appeared in the transportation industry in every-increasing numbers. A major factor in this development was an intensive sales campaign by the auto corporations. Their caper was to induce the unemployed to buy themselves a job by buying a truck. Workers who could scrape up the down payment were allowed to meet the balance of the purchase price on a long-term installment basis. Incentive for such purchases was given by the federal government, which used individually-owned trucks on its "make work" projects of that period. State, county and city engineering departments followed suit, especially in connection with road work.

Comparable trends developed within private industry. Firms having their own fleets of trucks often kept a surplus of rigs on hand by hiring independent owner-operators, who usually found themselves payless--despite the time put in--when they were not actually hauling something. Fluctuations in business volume were thus compensated for at the expense of the owner-operators and to the profit of the fleet owners. Broker setups appeared in the form of companies that relied entirely on individual truck owners to move goods. In such cases virtually the entire overhead cost of trucking operations was shouldered upon the owner-operators, thereby impairing their capacity to earn a living. These and other practices of a comparable nature held sway in coal and ice delivery, construction hauling, motor freight and elsewhere in transportation.

Immediate profit-taking along the foregoing lines was not the only object the capitalists had in mind. Advantage was sought from ambitions that developed among independent owner-operators to expand their holdings and go into business for themselves. Illusions were fostered that such prospects were open to all individual owners, so as to trick them into identifying themselves with the problems of management. To the extent that the scheme worked divisions were sown between owner-operators and the drivers of company fleets. Unionization of the industry was thereby impeded; the laws of the open-shop jungle could better prevail; and the trucking bosses were able to wax fatter in all respects.

These dangers to both categories of drivers were further accentuated by misleadership within the International Brotherhood of Teamsters. Little attention, if any, was paid to the problems of the owner-operators. Although sporadic efforts were made to organize fleet drivers, IBT policy was so ill-conceived and so poorly-executed that not much headway could be made in that sphere either. As a result the union remained weak, at best, and in several important respects it was quite impotent.

Such were the prevailing conditions throughout the trucking industry when party members in Minneapolis began to win leadership influence within the IBT during the 1930s. In shaping our overall class struggle policy, close attention to the independent owner-operator question was included. On that score we began by taking full account of the realities of the existing situation. Drivers owning their own trucks had become a factor of major dimensions within the industry. To consolidate the union power they had to be brought into an alliance with the fleet drivers. Before that could be done, however, a course had to be developed that would serve the owner-operators interests.

Careful examination of all the factors involved convinced us that those owning one truck, who did their own driving, should be classified as workers. Proceeding accordingly, we set out to organize as many of these individuals as possible. They were then extended the democratic right to shape the demands that were made upon their employers. On that basis the union as a whole followed through by backing them in struggles to improve their take-home pay.

The validity of that policy was confirmed by the results that followed. In the major struggles of that period against the trucking employers generally, the union's owner-operator members served loyally. They both volunteered their trucks to transport pickets and shared in the picketing. A significant number of our casualties in battles with the cops were from among this category of workers. After the union had been consolidated they continued to play a constructive role. Like other members of the organization, they looked upon those of their own kind who took an antilabor stance as finks and sought to deal them lumps accordingly.

Our course had checkmated the divisive schemes of the bosses. In Minneapolis the truck drivers and allied workers had emerged as a power, and the union was able to march forward in advancing the interests of all its members.

These experiences became an important asset when we launched an organizing drive later on in the over-the-road industry. There we found an even more complicated situation concerning independent owner-operators. Firms holding carrier rights issued by the government employed many of these independents, paying them flat rates by the mile, ton or trip for rig and driver. It was truly a cut-throat setup. Diverse methods were used to heap inordinate trucking costs upon the owner-operators, thereby shaving down their earnings as drivers. At the same time devious patterns were woven to confuse the true nature of the employer-worker relationship and turn the individuals involved in an anti-union direction.

On top of that propaganda attacks were launched, especially by legal tricksters claiming to speak for the owner-operators, which were calculated to discredit the IBT campaign. One such blast came from David I. Lipman, who purported to head a "Truck Owners and Operators Association." Through an article in the December 1939 issue of the Transport Driver, a publication circulated among owner-operators, he sharply criticized Teamster Local 710 of Chicago. He charged the union with "lack of regard for the truckmen's interests" and claimed that the IBT had no right to represent his clients.

John T. O'Brien, then the head of Local 710, asked me to prepare a statement for the local in reply to Lipman. I did so and sent the draft to him on January 3, 1940. It contained a quite extensive account of the owner-driver situation in over-the-road trucking. Concerning the confused patterns of employer-employee relations in the industry, the statement said:

"The individual owner-operator is by the very nature of his position a composite in one degree or another of the two distinct factors in the over-the-road motor freight industry--the owners of trucks and the drivers. There is a more or less clearly defined category of individual owner-operators, and there are other categories called by that name but who are in reality something entirely different.

"There is the individual who owns one truck which he himself drives. Ordinarily he operates under lease in the exclusive service of one operating company. He represents the owner-operator type of driving service in its purest form and deserves the fullest measure of consideration for his special problems.

"It must also be recognized that even in this group there is a tendency to operate free-lance on a catch-as-catch-can basis. These individuals who operate in this manner are commonly referred to as gypsies, skimmers, wildcatters, etc., and are found hauling for one company today, another tomorrow, and the next day trying to drum up business as a one-man company. They are a serious problem to the industry.

"Even the most clearly defined type of owner-operator has a general tendency toward expansion, and the individual frequently becomes the owner of additional units of equipment. During this gradual process of accumulation he will first acquire one or two more pieces of equipment and will employ men to drive these while he continues as a driver of one of his units. As he continues to accumulate units he hires more and more men. This process transforms him into a combination owner-driver-employer.

"Finally he acquires enough equipment and hires enough men so that he must devote all or nearly all of his personal time to the problems of the management of his operations. He then is no longer in any sense a driver and is transformed into the status of an owner of trucks and an employer of men who does business with an operating company as a small fleet owner who hauls by sub-contract under a lease system. Yet he continues to pose as an individual owner-operator and is erroneously posed as such by many others. We thus arrive at the ridiculous circumstance whereby, assuming such an individual to be the employer of ten men, which is not uncommon, the group is referred to as eleven individual owner-operators instead of being identified as an employer and ten employees which is the true state of affairs.

"Occasionally a small fleet owner succeeds in acquiring the necessary operating certificates and permits and enough direct accounts to enable him to abandon his service under lease to an established operating company and to launch his own company. This action, which represents the realization in fact of the secret ambition of every 'gypsy' individual owner-operator, brings into the full light of day the true nature of the employer-employee relationship between the small fleet owner and the men who drive his trucks.

"It now becomes clear how many operating companies have cleverly devised a scheme whereby they obtain driving service at sub-standard wages. The drivers are held in a state of continuous confusion by the ever-changing employment and equipment ownership relations between the drivers and the small fleet owner on the one hand and between the small fleet owner and the operating company on the other. The operating company evades all responsibility for employment relations with the drivers by hiring through the small fleet owner, who in turn far too frequently pays for driving service at varying sub-standard wage rates by a wide variety of methods."

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With reference to the scope of Teamster jurisdiction in dealing with this situation, the answer to Lipman asserted:

"A man who owns the truck which he drives is merely an employee who is required to furnish his own tools as a condition of employment. He has a full legal right to be represented by a labor organization. The IBT will not relinquish this right, nor will it permit the issue to be confused by parading in alleged individual owner-operators who are in reality something entirely different. The true nature of these masqueraders has already been carefully defined above. . . .

"Those who are genuinely interested in the problems of the men who drive motor freight trucks across the highways will recognize that the IBT is approaching the problems of the individual owner-operators with the same serious consideration that it gives to the problems of the employed drivers (drivers employed on company-owned fleets -- FD). The proper place for the individual owner-operator to get effective results is in the ranks of the IBT, shoulder to shoulder with the employed drivers."

An area committee, composed of representatives from key local unions, had been set up to lead the Teamsters' over-the-road campaign, to which Lipman and his kind were opposed. In dealing with the owner-operator question the committee had a clearly formulated perspective from the outset. The aim was to require leasing companies to pay individual owner-operators the cost of operating their equipment, plus its replacement value, plus the union scale as drivers.

It will be noted that the union was concerned only with the cost of operating the equipment, not with helping to secure any profit from the operation. If we had supported any notion of earning a profit on the vehicle itself, impetus would have been given to the petty bourgeois aspirations inherent in the ownership of trucking equipment. Our aim was the opposite. We viewed the equipment simply as tools the individual owner-operators had been required to provide in order to get jobs as drivers. Our object was to make the leasing companies pay for the use of those tools, as though they were the owners. That would reduce their advantage down to having the owner-drivers buy the equipment initially, and there wouldn't be much percentage for the operating companies in such an arrangement. To the extent that we could succeed in that course, the trend toward an increase in the use of owner-operated rigs could be reversed; and a healthier situation could be established, with trucking firms again using their own fleets, operated by drivers paid on a regular wage basis.

In striving toward that goal we were aided by gains registered in securing higher wages and better conditions for fleet drivers. Those accomplishments were noted by the owner-operators, many of whom began to realize that they, too, would be better off as fleet drivers. As matters stood then and there, however, they needed immediate help to secure the cost of operation of their equipment. In the rebuttal of Lipman's allegations, union policy on this matter was described as follows:

"Payment for equipment service has been computed in a wide variety of forms, consistently to the benefit of the operating company and to the detriment of the owner-operator.

"Whatever the declared rate may have been, an elaborate system of deductions made the real earnings something considerably less. Almost all of the hazards of the road, including cargo damage and equipment layovers, not to mention personal layover expense, were transferred by the operating company onto the shoulders of the owner-operator. Fake charges for 'spotting,' 'backup,' 'inspection,' etc., further reduced his income until the owner-operator received very little actual compensation in the form of earnings which could be taken home to meet the household expenses.

"The IBT has again in this case sought to attack the problem at the root. Equipment service must now be paid for the full mileage operated, and there can be no deductions by the operating company for any reason whatsoever. A statement of legitimate charges may be presented to the owner-operator. However, if they are not legitimate he protests in advance of payment and is no longer in the position of trying to get money refunded which was improperly withheld from his pay.

"The operating company is now required to provide insurance, certificates, permits, travel orders, out-of-state vehicle tax, bridge tolls, etc., and to pay any legal charges involved if these are not properly provided. The owner-operator has been freed from the gouging methods of those companies which made compulsory the purchase of gasoline, oil, tires, repairs, etc., through a company agency, with an unearned profit extracted by the company at the expense of a further reduction in the owner-operator's earnings."

Apart from the cost of equipment operation, the union required that individual owner-drivers enjoy the same wages and conditions as all other drivers. That category of earnings had to be paid separately from money received for rental of equipment. This made it harder for the leasing companies to cheat the individual owner-operators. Concerning the latter point especially, a passage in the reply to Lipman outlined the union's approach to the situation. It stated:

"The International Brotherhood of Teamsters has sought through the new Area Over-the-Road Contract to correct this condition by placing employment responsibility where it rightfully belongs--on the shoulders of the operating company, which is now held responsible for the driver's wages, social security tax, compensation insurance, etc., regardless of whether he is employed by the operating company or through a small fleet owner.

"Not least in importance in the general problem is the driver who is given a paper title to the truck by the operating company, usually on a deferred payment plan, and is then paid as an individual owner-operator, not as a legitimate business relationship, but as a subterfuge to escape the payment of the union wage scale.

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"Thus we find that while there are men who drive as actual individual owner-operators and who have a real employment problem, there are other categories incorrectly referred to as owner-operators who vary, in different shades, from the truck driver who is being cheated out of his just compensation by the subterfuge of a fake truck sale, to the individual who is in reality a small fleet owner and an employer. If we intend to be logical we must begin by recognizing that the first problem for the individual owner-operator is to identify the malpractices committed in his name by the operating companies and then join hands with the employed drivers for their mutual protection."

As can be seen from this sketch of the earlier situation, progress was being made in shaping a viable policy toward independent owner-operators in over-the-road trucking. But the process was suddenly cut short when the Trotskyists were witch hunted out of the IBT in 1941.

Since then the Teamster bureaucracy has reversed the trends we had set into motion. Democratic procedures used by the union's area committee in the pre-1941 period have been replaced by dictatorial methods in the present-day IBT conferences. More concern is shown for the wishes of the employers than is manifested toward the needs of the workers. The problems of the fleet drivers are neglected in manifold respects. At the same time there has been an increasingly pronounced growth of the independent owner-operator category; and the union officialdom appears to have little inclination and even less ability to cope with the situation.

As a result the owner-operators are ceasing to look upon the IBT as the organization through which they can undertake to alleviate the difficulties now confronting them. Those who remain members of the union are tending to organize themselves into factions, which act independently of the Teamster bureaucrats and, to an increasing extent, in cooperation with non-union groups of owner-operators. Formations of the latter kind are springing up in various parts of the country. Cut loose as they are from trade union influence, factors that cause individual owner-operators to dream of becoming small fleet owners assume greater weight in the shaping of their policies. The negative aspects of that outlook serve to create a situation in which the interests of all over-the-road drivers are impaired; and that happens at a time when the union has become enfeebled because of bureaucratic misleadership.

Under those circumstances it becomes possible for the big trucking firms to mount a major attack on the IBT by maneuvering to intensify the hostility of owner-operators toward the organization. To the extent that they may succeed in promoting such anti-union bias, every worker behind the wheel of a truck, owner-operators and fleet drivers alike, will be the ultimate victims. Only the bosses will be the gainers.

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This danger can be averted through a shift in union policy toward application under modern conditions of the basic course that was being shaped prior to 1941. That would block the bosses from splitting the owner-drivers away from the organized labor movement. Instead, the catch-all formation presently known as independent owner-operators could be separated into its component parts. Individual owner-operators could be brought back into effective alliance with the drivers of company fleets. Small fleet owners, who masquerade under the designation "owner-operators," could be sorted out and placed in the employer category where they belong. Class lines within the industry would again become much clearer; and the workers would be in a better position to fight collectively in defense of their mutual interests.

Objective potential for such a turn in union policy is manifested in diverse, confused forms within the present opposition to the Teamster bureaucrats. What the situation now requires is the shaping of a course of action in support of the workers' just demands, aimed in the first instance at the bosses and their government. Within that framework steps can then be taken to oust the IBT bureaucrats from office, establish democratic procedures within the union, and make it a fitting instrument to serve the workers' cause.

Achievement of those ends requires an oppositional formation based on a class struggle program and capable of using class struggle methods. The party should be on the alert for realistic openings to help get such a movement started.

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