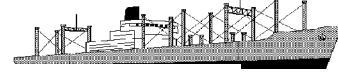




Rollin' On



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Hot Under the Collar: Competition, where art thou?

As the summer heats up, so is some of the public. Let's take a look at some of the hot buttons.

U.S. West/Qwest: It is not the best.

You've seen it in the news media, both newspaper and video (i. e. TV land). U.S. West has had innumerable service problems and, probably better said in some circumstances, breakdowns. Now U.S. West is proudly announcing its merger with Qwest, to be hereinafter known (at least until the next merger) as Qwest. Hopefully, the Oregon PUC will still closely monitor this troubled entity, however known. Still, if you're a monopoly and you don't give a hoot about the public and focus on the bottom line, you're not going to change your methods, at least not right away, if it's going to cost you money. Which brings us to . . .

Airlines

Complaints against airlines, for bad service and other such misdeeds, are at an all time high. Airlines will tell you that travel is up and also that those darn air traffic controllers are always messing things up. There is some truth to the former, maybe some to the latter, but it boils down to a lack of competition. Like many other industries, the airline industry is consolidating. Competition frequently cures service problems.

Ironically, the airline industry was deregulated quite some time ago, which created competition and which gave the travelling public real choices. Also like other industries, it is a victim of its own success. For comparison look at . . .

The Obligatory Disclaimer

This newsletter is for informational purposes, does not provide legal advice and does not create an attorney-client relationship.

LARRY R. DAVIDSON
Attorney at Law
1850 Benj. Franklin Plaza
One SW Columbia St.
Portland, Oregon 97258
(503) 229-0199
Fax (503) 229-1856
E-Mail: larry@rollin-on.com

Railroads

**Note: BNSF/CN Merger
Cancelled, Now to Plan B.**

I forget the numbers and am too busy now to look for them now, but there was a two digit number of Class I railroads when the Staggers Act became law. How many do we have today? And tomorrow? The STB, which hasn't seen a merger it didn't like, implemented a freeze a few months ago on mergers, not because the shippers wanted one, but because the other major railroads wanted a merger freeze after the BNSF and Canadian National merger proposal. The BNSF and CN have now cancelled their merger plans, and instead have agreed to share trackage rights. So the merger is off, but how cozy is their Plan B? You know, if it walks like a duck, quacks like a duck, looks like a duck, etc. While we're talking about freezing . . .

Ocean

No, the world's waters will not freeze over, but OSRA (Ocean Shipping Reform Act) of 1999, boosting competition, will undoubtedly cause (or has caused) consolidation. And last but not least . . .

Motor

We can watch as the LTL carriers and truckload carriers consolidate. Not just fuel surcharges are rising. (No equal time, I'm out of room.)

So is the answer regulation, deregulation, re-regulation or something else? Meanwhile, watch for more mergers.

New York Transportation

Last month our family visited New York where my wife's sister has lived for many years, most of the time in Brooklyn and Manhattan and now on Long Island. We all know that transportation systems are different there. The subway is packed, and trains are used for the longer commutes out into the burbs. An item that caught my eye was a tractor and lowboy trailer in Manhattan (midtown), chains and binders at the ready but no equipment or driver nearby. I didn't know if they were present for loading or unloading, since nothing was around for either activity. I know midnight specials and five finger discounts abound there, but how a trackhoe or other large equipment could disappear, even there, was beyond me. Unless another tractor-trailer stopped by.

I had to leave town before the rest of the crew, with my departure point near Madison Square Garden and destination JFK. That meant a cab ride. I figured the driver, a pleasant immigrant/Soviet Jew (you remember, "Save Soviet Jews, win valuable prizes") committed two or three dozen traffic infractions along the way, all of which blended in nicely with everyone else's traffic infractions.

Aboard the plane, we went first to one runway, then the NY pilot announced that we were about to get a tour of the airport as we took a one hour trip around to a different runway which looked remarkably similar to where we started. I think the pilot got confused and was looking for train tracks.

That's all for now. To shippers, carriers, agents and other third parties, keep the cargo rollin'!!

Short Bio

Admitted to the state bars of Oregon, Alaska, Florida and Massachusetts. Practicing law for over 20 years and emphasizing transportation law, business law and related