

Zanetti Monday Missive 2021.11.15 Keep On Truckin'

“Looks like we got us a convoy.” Verse from CW McCall’s 1976 Trucker Protest Song, *“Convoy.”*

Last week’s *“Take This Job and Shove It”* missive must have struck a chord. I received several responses recommending where to go next with respect to America’s labor issues.

So, let’s dig even deeper into what is going on out there. And let’s focus on a profession we desperately need to run smoothly---trucking.

American Trucker magazine recently ran an article entitled, *“Trucking Is Short 80,000 Drivers, Here’s Why.”*

80,000!? What?! That seems like a lot of drivers to me.

Now, according to American Trucker, these are some of the reasons why:

- By law, commercial truck drivers must be at least 21 years old. But by age 21 most non-college bound workers have selected a trade. Within a few years of high school, they are through their apprenticeship

programs. They are gaining confidence in their career. Thus, driving often becomes a second (or fall back) choice.

- To back this up, truck driving schools say the average student's age is 35. That is a late start for a second career.

- This magnifies what is already a problematic demographic issue. The average truck driver's age has been rising since 2005 and is well over 50.

- Next, thousands of older drivers have had it with the Covid mandates/restrictions. These new requirements were layered on top of an already heavily regulated industry.

- Additionally, legalizing marijuana has had predictable consequences. over 70,000 drivers have tested positive and are on "prohibitive" status.

- Oh, and while women make up over 50% of the overall workforce, only 8% of drivers are women. So, do not look for relief there.

- Finally, don't get truck drivers talking about America's infrastructure.

You get the picture.

But as the late-night TV ads say, "*But wait, there's more!*"

Medium.com ran a fascinating article by Ryan Johnson, a 20-year truck driving veteran. He relayed what is happening on the ground. Here are some of his more salient points.

He asked, “*Why is there only one crane for every 50-100 trucks at every port in America?*”

Next, at every port there are three stops. The “in” gate. The container pick-up point. Then the “out” gate. Each stop can have a 1-8(!) hour wait time. So, yes, you can spend all day just picking up your load.

Oh, and ports do not provide restrooms for truckers! And, yes, the stories are legendary at how they cope with this.

Union drivers (about one-third of truckers) are *paid by the hour*, so they don’t mind waiting.

Independent drivers, however, get *paid by the load*. Whether it takes 8 hours (or 3 days) to complete a load, the independent gets paid the same. These drivers cannot afford to wait all day to get through the “in” gate. Thus, the “independents” are avoiding ports and are working in the middle of the country instead.

But not all is running smoothly there either.

Rail yards are having the same issues as the ports. Both BNSF and Union Pacific have intermittently shut down operations because containers were piling up at the warehouses and the rail yards.

And don't forget the empty containers that must be returned. It is now common to find containers dumped on the side of the road because the ports and rail yards have no room.

Additionally, thousands of international containers (think China) arrive with products not palletized. So, workers are needed to do the backbreaking work of taking the container's contents and palletizing them for domestic shipment.

And these "heavy lifter" employees are the poster children for the *Take This Job and Shove It* movement. Who would want that job under current conditions?

Moreover, the regulatory requirements continue to grow like mushrooms after a summer rain. Think RFID tags, port registrations, TWIC (Transportation Worker Identification Credentials) from the TSA, as well as the port, railyard, State, and trucking-company requirements. Any misstep gets you fined---or fired.

Is it any wonder drivers are fleeing?

So, when President Biden said the port issue was solved via 24/7/365 operations, the truck drivers guffawed. Clearly, no fundamental analysis had been done.

From the boots-on-the-ground view, the typical truck driver's take goes something like this:

- The owners make all the money.
- A driver's typical workday is 12-14 hours, with no benefits...unless you are union.
- The governmental burdens are either redundant or counterproductive. They are meant to collect fees for bureaucrats--- or to spite drivers.
- Plus, dozens of needless regs do not keep the public safe. Rather, to the contrary.
- No one up or down the supply chain wants to fix (or better said, pay to fix) the problems.
- The declining infrastructure makes the job treacherous and dangerous.
- And politicians (both sides) are more concerned with sound bites than actual solutions.

So, why bother driving a truck? Why indeed?

So, what does this mean to you as investors?

Everything above can be fixed. But at a price. That means additional costs by both government and private industry. Those costs will be passed on to you.

There is only so much "elasticity" in the average American's budget. At some point, inflation will bite harder. Belt tightening

will ensue. That means fewer purchases. That means less velocity in trade and lower company profits. That means more “money-printing” by the Fed to pick up the slack.

I know this is repetitive, but inflation is going to be with us for a while.

Signed, Your Nothing-Says- “Stop-Climate-Change”-More-Than-400-Private-Jets-And-85-Car-Motorcades-Converging-On-A-Swanky-Scottish-Resort-With-Food-Flown-In-From-All-Over-The-World Financial Advisor,

Greg

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