

THE IMPACT OF TRUCKING DEREGULATION ON SMALL  
COMMUNITIES: A REVIEW OF RECENT STUDIES

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## SUMMARY

As the Congress deliberates proposals to deregulate interstate trucking, key decisions will turn on the economic effects such changes can be expected to bring about in rural areas. Critics of deregulation maintain that truckers cannot make money in small communities; they argue that small rural communities receive adequate, reasonably priced trucking service today only because truckers are compelled by the Interstate Commerce Commission (ICC) to serve them and to finance the associated losses out of profits earned in serving larger, more lucrative towns. The critics fear that deregulation would bring severe economic dislocation to small towns.

Two recent studies reviewed in this paper reached disparate conclusions as to the likely effects of trucking deregulation on small towns. This review finds that the preponderance of the evidence suggests that only minor disruptions would occur in small towns in rural areas, chiefly because current regulations are not effective in guaranteeing the provision of such service today. Less than 20 percent of freight destined to small communities travels in trucks regulated by the ICC, and many carriers certified to serve such places do not presently do so. Carriers that serve small communities appear to do so because the service is profitable. Carriers charge extra to cover extraordinary costs, and specialize in operating techniques that enable them to make service to small towns profitable. The carriers now serving small towns generally do not also serve large centers of population, and thus most cannot draw upon profits elsewhere to subsidize small rural communities.

In conclusion, about 10 percent of regulated carriers now serving small rural communities would discontinue service if the ICC were divested of its regulatory power. This means that approximately 2 percent of all trucking (regulated and unregulated) to small communities might be withdrawn following deregulation. The percentage of service that would be discontinued could be smaller if carriers that are now profitably serving small communities expand their services into areas from which other carriers withdraw. Alternatively, if carriers respond by raising rates rather than discontinuing services, then the majority of such increases will likely be concentrated on about 2 percent of shipments by trucks.



## I. INTRODUCTION

To promote greater competition in the trucking industry, the Congress is considering legislation that would give truckers wider discretion in the choice of which routes to serve and how much to charge. 1/ This proposal has been criticized by many who feel that it would disrupt the trucking industry and the shippers who rely on it.

Although only one-fifth of truck shipments to small communities currently move by regulated, for-hire trucks (the remainder moving by private trucks or nonregulated carriers of small packages or agricultural commodities), regulated trucks nonetheless provide crucial freight service to small communities. Indeed, nearly a tenth of all shipments by regulated trucks are bound for non-metropolitan places with a population of 5,000 persons or fewer. 2/ Any significant disruption of trucking service to small communities could thus have serious consequences both on regional economies and on the national economy.

A controversy has arisen over the extent to which deregulation of trucking would actually alter the availability or price of trucking service to small communities. Opponents of deregulation argue that some small towns get adequate service only because the ICC obligates carriers to serve rural areas. They maintain that, through its rate-making policies, the ICC compels motor carriers to finance the losses incurred in serving small communities with profits earned in serving more lucrative large communities. Proponents of trucking deregulation 3/ reply that such subsidies are minimal, and that carriers currently serving small communities do so because such service is profitable, not because they are forced to serve.

Several recent studies have analyzed the extent and profitability of trucking service to small communities and have reached sharply divergent conclusions concerning the effects of deregulation. The purpose of this paper is to examine the evidence of these studies--particularly those conducted by Policy and Management Associates, Inc., and the American Trucking Associations, Inc.



## II. REVIEW OF STUDIES

In 1977, the Senate Committee on Commerce, Science and Transportation commissioned Policy and Management Associates, Inc. (PMA), to study the possible impact of regulatory reform on service to small communities. PMA surveyed shippers and the motor carriers serving them. It concluded that trucking services in small communities would not deteriorate following deregulation, and that rates would probably remain stable. 4/

The PMA conclusions contradict those reached by the American Trucking Associations, Inc. (ATA), in 1976. 5/ Basing its findings on a national survey of 3,438 trucking companies, the ATA concluded that less than half the common carriers would offer regular service in small communities following deregulation. In addition, the ATA published a critique of the PMA report, criticizing sharply its methods of data collection and analysis and questioning its findings. 6/

The disagreements between these two studies stem from three differences:

- o Variations in the definition of "small community";
- o Differences in assumptions about the extent to which truckers currently serve small towns; and
- o Divergent estimates of the profitability of trucking services presently available to small communities.

### Definition of "Small Community"

Some of the disagreement as to how deregulation of trucking service would affect small communities comes from significant differences in the definition of a small community. PMA defines small communities on the basis of location and population, as cities, towns and villages in the continental United States located outside Census Bureau Standard Metropolitan Statistical Areas, (SMSAs) with a resident population of 1,000 to 25,000 residents. In excluding small communities within SMSAs, PMA argues that such communities are not independent but are essentially parts of nearby larger communities. While communities with less than 1,000 persons are obviously small, PMA omitted them because of a shortage of staff time and resources, and also because towns with less than 1,000 persons are not listed in most state commercial directories. 7/



In its critique, the ATA objects to the PMA definition on three counts. First, the ATA objects to population as a basis for delimiting the areas most adversely affected by reform proposals. It argues that differences in the economic base and the trading patterns of communities (factors that influence trucking costs) are more important to carriers in deciding which markets to serve than are numerical differences in population. Second, ATA argues that businesses in small towns located at the fringes of SMSAs might experience no less isolation than communities located outside SMSAs, and should not, therefore, be excluded. Third, ATA maintains that the exclusion of places with less than 1,000 residents limits the sample as a basis for drawing inferences about small communities generally. These three objections are discussed below.

Population as a Basis for Defining Small Communities. Generally speaking, the lower the population of a small community, the more inconvenient and difficult-to-serve it is likely to be, for two reasons:

- o The volume of freight demand is directly correlated to town size, as shown in Table 1;
- o Small communities receive far more trucking traffic than they ship, forcing some trucks to leave empty. 8/

These relationships tend to hold for places with up to 5,000 residents, but much less so for larger communities. As shown in Table 1, smaller towns generate freight and freight revenues, that are less than proportional to their populations. The ATA survey of 3,438 carriers in 1976 finds that truckers view freight markets of less than 5,000 persons as considerably less attractive than larger towns ( See Table 2).

Low population appears to provide a reasonable index of difficult-to-serve communities. In its inclusion of places with up to 25,000 residents, therefore, the PMA sample represents both attractive and unattractive rural freight markets.

Exclusion of Small Communities at the Fringes of Metropolitan Areas. All the communities studied by PMA lie outside SMSAs, which the Census Bureau delimits using county boundaries. In principle this seems reasonable, since towns within metropolitan areas generally benefit from good trucking services supplied in nearby large centers. The ATA argues that this excludes from the PMA sample all remote communities at the fringes of large, irregular-shaped counties.



TABLE 1. DAILY TRUCK SHIPMENTS AND REVENUES IN SMALL COMMUNITIES, BY SIZE OF COMMUNITY, 1972

Community Population Size	Shipments per Day	Shipments per Thousand Residents per Day	Revenue per Day (1972 dollars)	Revenue per Thousand Residents per Day (1972 dollars)
100- 1,000	3.0	7.5	118.91	297.20
1,000- 2,500	11.1	7.0	452.32	285.20
2,500- 5,000	31.9	9.1	1,305.96	372.50
5,000-10,000	72.2	10.3	3,222.98	459.70
10,000-25,000	179.6	11.9	7,596.91	504.70

SOURCE: 1972 Continuous Traffic Study as given in Policy and Management Associates, Inc., The Impact on Small Communities of Motor Carriage Regulatory Revision, (June 1978), and Interstate Commerce Commission, Regulatory Reform's Potential Costs For Small Communities: Draft Report, (January 1980).



TABLE 2. MINIMUM SIZES OF COMMUNITIES THAT CARRIERS SAY  
THEY WOULD SERVE AFTER DEREGULATION a/

Population	Percent of Carriers That Would Maintain Regular Service after Deregulation (cumulative)
Under 5,000	45.9
5,001-10,000	73.3
10,001-20,000	87.0
20,001-30,000	92.8
30,001-40,000	94.6
40,001-50,000	96.4
Over 50,000	100.0

SOURCE: American Trucking Association, Small Town Blues, (1975).

a/ If your company were not required to serve any community it does not wish to serve, as a rule of thumb, what would be the smallest size community in terms of population to which you would offer regular service?



Instead of defining metropolitan areas on the basis of whole counties, the Rand McNally Company defines them to include only those areas outside a city that are contiguous to it or that rely heavily on the city for essential services. 9/ Using this definition, Rand McNally data show that the number of non-metropolitan places with population ranging from 1,000 to 25,000 is approximately the same as the number recorded in the Census (See Table 3). Thus, within the range of population adopted by PMA, the exclusion of places within SMSAs does not appear to exclude many small communities.

Exclusion of Non-Metropolitan Small Communities with Less Than 1,000 Residents. Through its omission of places with less than 1,000 residents, PMA ignores 29,400 such communities (Table 3), representing 49 percent of all Americans living in towns with populations under 5,000 persons. Towns with fewer than 1,000 persons typically generate less trucking business than larger areas (Table 1), and are probably more isolated from main trucking routes. This means that the overall PMA sample is more representative of easier-to-serve, more profitable rural communities than of costly, inconvenient-to-serve communities.

In conclusion, the most workable definition of a small community for purposes of examining trucking regulatory reform is probably any non-metropolitan community with less than 5,000 persons. The PMA definition differs from this by including communities with 1,000 to 25,000 persons and by excluding towns of less than 1,000. This tends to underrepresent difficult-to-serve small communities, thereby underestimating the potential disruption of small community trucking service following deregulation.

#### Extent of Trucking Service Currently Available in Small Rural Communities

In order to determine what effect deregulation of trucking service would have on small communities, it is necessary first to focus on the extent of regulated trucking service that is actually available now.

Most of the trucking service available to small communities is not provided by carriers regulated by the ICC. On the contrary, private carriers, exempt agricultural carriers, and unregulated small-package carriers provide an estimated 80 percent of the trucking service (on the basis of ton mileage) currently available to small communities. 10/ In assessing the potential impact of deregulation on small communities it is important to realize that the trucking services involved represent only a small fraction, albeit an economically crucial one, of all trucking services available to small communities. Nor do all of the regulated carriers who provide the remaining 20 percent of trucking service to small communities actually serve all of the communities that they are chartered (and therefore



TABLE 3. NUMBER OF SMALL COMMUNITIES OUTSIDE METROPOLITAN AREAS

Population Size	Census <u>a/</u>	Rand McNally <u>b/</u>
100- 1,000	9,515	29,428
1,000- 2,500	3,232	3,363
2,500- 5,000	1,425	1,340
5,000-10,000	896	811
10,000-25,000	538	497
Total (1,000-25,000)	6,091	6,011
Total ( 100-25,000)	15,606	35,439

a/ U.S. Census of Population, 1970.

b/ Rand McNally Commercial Atlas, 1978. This is a more appropriate source for identifying small communities.



legally obliged) to serve. This is because motor carriers are not required to inform the ICC if they fail to serve communities listed in their operating license. 11/ Rather, shippers must complain to the ICC before it interferes. If a carrier wishes to avoid serving a small community entirely, it may simply not market its services there; shippers in the affected communities are unlikely to complain. 12/

One way to determine how well trucking firms currently serve small communities would be to review data on shipper complaints to see whether shippers in small communities make a disproportionate number of such complaints. Unfortunately, the complaints process can be complex, costly, and time-consuming and may discourage shippers from complaining, particularly small-volume rural shippers. 13/ Rather than complain, many shippers appear to seek alternative trucking service, such as nonregulated small package specialists or private carriage. Alternatives to common carriage tend to suffice for remote rural places that authorized common carriers refuse to serve. 14/ In 1979, only a small number of complaints came from rural shippers (less than 300 from the 15 most sparsely settled states). Most of them were resolved by the ICC, but not necessarily by compelling carriers to serve at a financial loss. The local ICC office often addresses shipper complaints by seeking out alternative carriers, or by encouraging informal pooling of carriers. 15/

To investigate the incidence of service failure, the PMA study asked 265 carriers advertising service in 100 small communities to specify the level of service they supply to those places. The results, summarized in Table 4, suggest that a substantial number of carriers do not serve the small communities appearing on their operating certificates. The smallest towns studied (1,000 to 2,500 residents) were not served by 18 percent of the respondent carriers. As would be expected, this fraction increases with decreasing population size, suggesting that service failure occurs even more in towns of less than 1,000 persons. 16/ In short, existing regulations do not force all eligible carriers to serve.

This conclusion finds support in several other studies. A study of small towns in Wyoming indicates that more than half the carriers holding a certificate to serve small communities actually do not provide them with any regular service. 17/ This fraction rises to 60 percent in the smallest town studied. Similar investigations of small towns in the Inland Northwest 18/ and in the states of Kentucky, Nevada, and New Mexico 19/ uncovered a similar pattern of service failure (See Table 4). In fact, the PMA study appears to find less service failure than that identified in Wyoming, and in the Inland Northwest. PMA probably understates the overall incidence of service failure, however, through its omission of towns with less than 1,000 residents and its inclusion of towns with more than



TABLE 4. PROPORTION OF TRUCKERS AUTHORIZED TO SERVE SMALL COMMUNITIES WHO ACTUALLY DO SO--FROM FOUR STUDIES

Study	Area Studied	Size of Town	Percent of Carriers Certified Who Serve
Breen et al, 1979	Inland Northwest	500-1,200	57
DOT, 1979	Nevada, Kentucky, New Mexico	700-2,000	25-50
PMA, 1977	Continental U.S.	1,000-2,500	82
Federation of Rocky Mountain States, 1975	Wyoming	2,101-5,161	40-60

SOURCES: Policy and Management Associates, The Impact on Small Communities of Motor Carriage Regulatory Revision (July 1978); Federation of Rocky Mountain States, Motor Common Carrier Freight Rate Study for Nine Western States (May 1975); Dennis A. Breen and Benjamin J. Allen, Common Carrier Obligations and the Provision of Motor Carrier Service to Small Rural Communities (July 1979); Department of Transportation, A Study of Trucking Service in Six Rural Communities (November 1979).



5,000 residents. The net effect of this approach is to produce a sample of small towns that focuses away from the most difficult-to-serve communities and toward the more lucrative small community markets. Thus the incidence of service failure would probably have been greater if a sampling approach emphasizing smaller, more costly-to-serve towns, had been used.

Three additional factors suggest that the PMA finding might understate current service failure. 20/ First, one-third of all the carriers surveyed by PMA did not respond to the questionnaire provided them. Non-reporting carriers might well provide a lower level of service than those who did respond. Second, the PMA report questioned the carriers directly about service provided even though carriers probably have an incentive to exaggerate the service levels they supply. Finally, the PMA report tried to estimate the percentage of carriers advertising in a given town who actually serve it. But not all carriers with operating authority in a given town actually advertise, particularly if they would rather not serve.

In conclusion, it would appear that the incidence of service failure among carriers authorized to serve small towns lies within the range established in the studies of Wyoming, the Inland Northwest, and Nevada, Kentucky, and New Mexico; as a rule of thumb, 40 to 50 percent of carriers obligated to serve small rural communities probably do not do so.

### The Profitability of Small Community Service

Given the high incidence of service failure among regulated carriers, truckers now serving small communities do so either because the service is profitable, or from a moral commitment to honor their legal service obligation. The question of profitability is dealt with below in two steps: first, by enumerating the factors that appear to make trucking service to small communities particularly viable; and second, by reviewing survey and other analytical data on how trucking companies view the desirability of such service.

Factors Affecting the Profitability of Small Community Service. Many believe that small rural towns are unprofitable to serve by truck because low freight volume and poor balance of inbound and outbound shipments make rural service inefficient and costly. Not all trucking costs increase in out-of-the-way places, however. For example, platform handling costs and per-mile running costs may not be affected by remoteness. Moreover, some carriers can offset the potential disadvantages of serving small towns and make the service profitable by taking steps such as the following: 21/



- o Reductions in the Frequency of Service--Only 46 percent of carriers serving small towns do so daily, while 69 percent of carriers serving towns of 10,000 persons to 25,000 persons offer daily service. Conversely, small towns receive a much greater proportion of weekly and monthly service than larger towns ( See Table 5). The PMA study suggests that shippers in small communities are generally satisfied with such arrangements.
- o Peddle Runs--"Peddle runs," in which trucks call on a relatively long list of shippers or receivers with infrequent trips to terminals, can help reduce trucking costs in small communities. Recent experience suggests that peddle runs are a popular method of serving small communities. 22/
- o Extra Charges--The imposition of special charges called "arbitraries" (to cover extraordinarily high costs of serving remote areas) over and above basic charges allowed by the ICC rate structure, is another means applied by carriers to make small community service profitable. In some areas, such extra charges appear to be a common practice. 23/ Nationwide, as much as 13 percent of all truck shipments in towns of 1,000 to 5,000 persons may involve arbitraries (Table 6).
- o Operating Advantages--Less congestion in rural areas, and more flexible employee practices, may help carriers reduce some of their operating costs below those they experience in large communities. While the effects of less congested roads and more flexible labor practices are not precisely documented, these factors probably help to offset some of the apparent inefficiencies of trucking service in small communities.

Case studies 24/ of several highly successful small-town carriers show that they succeed not by earning high profits in large population markets but because they specialize in serving small markets, using the techniques described above. Similarly, the Federal Trade Commission 25/ finds that carriers tend to specialize in either short-haul or long-haul service, but not in both. Most trucking service to small communities is short-haul, suggesting that only limited opportunities exist for carriers to support unprofitable service to small communities from profits on long-haul routes.

Truckers' Assessments of the Desirability of Serving Small Communities. An assessment of the profitability of small town trucking service may be based on two kinds of evidence: surveys of truckers as to their views about small-town service, and an examination of trucker applications for new or expanded small-community routes.



TABLE 5. FREQUENCY OF TRUCKING SERVICE PROVIDED TO SMALL COMMUNITIES, BY POPULATION AND PERCENTAGE OF RESPONDENTS

Population Size	Daily	Three to Five Times Weekly	One to Two Times Weekly	Monthly
1,000 - 2,500	46	24	18	12
2,500 - 5,000	51	25	15	9
5,000 - 10,000	50	27	12	17
10,000 - 25,000	69	16	8	8

SOURCE: Policy and Management Associates, The Impact on Small Communities of Motor Carriage Regulatory Revision (June 1978).



TABLE 6. PERCENTAGES OF SHIPMENTS MOVING UNDER SPECIAL CHARGES TO SMALL COMMUNITIES IN 1976

Population Size	Percent
1,000- 5,000	13.0
5,000-10,000	10.6
10,000-25,000	9.4

SOURCE: Continuous Traffic Survey, 1976, in Interstate Commerce Commission, An Evaluation of Charges that Regulatory Reform Will Degrade Small Community Motor Carrier Service (February 1980).



The PMA survey explored whether truckers were likely to discontinue service to small communities by asking them:

Do you generally regard your traffic to and from this community as desirable?

The majority answered that the service was desirable; the fraction tended to increase as community size increased. 26/

The PMA results also show that, in the smallest places studied, an average of four authorized carriers found serving the communities to be worthwhile. By comparison, 13 or more carriers generally found it worthwhile to serve towns of 10,000 to 25,000 residents (See Table 7).

In its 1976 survey, however, the ATA found that only 46 percent of all authorized carriers would offer regular service in towns of 5,000 persons or less if regulations were lifted, as against the PMA finding that 75 to 85 percent of the carriers serving towns of 1,000 to 5,000 residents found the service desirable. This conflict appears to stem from the fact that many currently authorized carriers do not actually provide service. At present only 40 to 50 percent of carriers authorized to serve small towns actually do so. Assuming that these were among the carriers in the ATA survey who indicated they would not offer service after deregulation, this implies that between 77 and 92 percent of carriers actually providing service in small towns would continue to do so under deregulation. That is, when carriers who do not currently provide service are removed from the ATA sample, the ATA results suggest that even fewer truckers would drop out of small-community service than the PMA results suggest.

Likely continuation of trucking service to small communities following deregulation is also suggested by numerous applications to obtain new or expanded authority to serve such places. The Council of Economic Advisers (CEA) recently completed a survey of applications to the ICC for new authority over an eight-month period from October 1978 to May 1979. 27/ It reports that new authority has been granted to serve literally hundreds of small towns and rural routes. Generalizations based upon new applications are complicated, however, by the high legal costs associated with applications for new or expanded authority--costs that may deter new applicants. In addition, only 73 places of 5,000 persons or less are documented in the CEA study. The CEA ignored offsetting abandonments because, as noted above, these are difficult to identify inasmuch as carriers can simply reduce service frequency or fail to advertise. Recognizing that there are 30,000 small communities of less than 5,000 persons in the United States, the application for new authority to serve 78 of them (without netting out



TABLE 7. PERCENTAGES OF RESPONDING MOTOR CARRIERS CON-  
SIDERING SERVICE TO SMALL COMMUNITIES DESIRABLE,  
AND AVERAGE NUMBERS OF RESPONDENTS PER COMMUN-  
ITY, BY SIZE OF COMMUNITY

Population Size	Percent of Carriers Considering Service Desirable	Average Number of Motor Carriers per Community Considering Service to That Community Desirable
1,000- 2,500	75.0	4.1
2,500- 5,000	85.0	7.4
5,000-10,000	84.0	11.1
10,000-25,000	93.0	13.4

SOURCE: Policy and Management Associates, The Impact on Small  
Communities of Motor Carriage Regulatory Revision (June  
1978).



abandonments) does not necessarily indicate that trucking service to small communities is increasing 28/

Further evidence that trucking service to small communities is profitable can be inferred from sales of operating rights. These rights--which grant permission to offer service as well as an obligation to do so appear to trade at positive prices. 29/ That is, sales of these rights do not reveal instances of carriers paying to be relieved of their obligation to serve. On the other hand, the sales appear to be relatively few, and the average price is only \$15,000. 30/ This suggests that, while potentially profitable, small towns are generally not highly sought-after markets for truckers.

### III. CONCLUSION

The studies reviewed above suggest that rural towns of up to 5,000 persons represent those that are the costliest, and most difficult for regulated trucking to serve. But it does not appear that deregulation of trucking would lead to large-scale discontinuation of service or to greatly increased rates in such communities. There are three reasons for this conclusion. First, carriers that are currently authorized to serve small communities are often able to avoid doing so if they wish. Second, carriers can apply a variety of operating techniques to make service to small communities profitable. Carriers currently serving small communities do apply such techniques and appear to be generally profitable. Third, many rural communities already pay truck rates commensurate with the costs of serving them, leaving little reason to suppose that rates would increase as a result of deregulation. Carriers serving rural communities tend to be a specialized segment of the industry, using operating techniques that are uniquely suited to small towns. Most do not serve high-volume routes between large cities, and hence they are unable to subsidize their services to small towns with the profits from other routes, as many opponents of deregulation have claimed. Instead, such truckers currently charge extra rates to cover the extraordinarily high costs of serving out-of-the-way places.

Taken together, these factors imply that about 10 percent of regulated carriers now serving small rural towns would discontinue service under deregulation. This implies that approximately 2 percent of all trucking to small communities might be withdrawn following deregulation, since regulated trucking represents only about 20 percent of all trucking service to small communities. The fraction that would be discontinued could be less than 2 percent if some of the many carriers that are now profitably serving small communities expanded their operations into areas from which other carriers withdraw. The rate increases that might be experienced by this 2



percent cannot be projected accurately, but that they would not be very great is indicated by the fact that many carriers are able to offer profitable services at the existing regulated rates, or at extra charges that already make the service profitable.



- 1/ See, for example, Senate Bill S. 2245.
- 2/ James H. Lauth and Others, Background Paper on The Agricultural Trucking Exemptions and Other Agricultural Trucking Problems, U.S. Department of Agriculture, December 1977. Data refer to in-bound freight in non-SMSA towns of 5,000 or less based on Nationwide Truck Commodity Flow Study. Corresponding data on the fraction of traffic originating in small communities were not available.
- 3/ See, for example, Executive Office of the President, Council of Economic Advisers, Testimony of Charles L. Schultze, Chairman, Before the Senate Commerce Committee, Tuesday, June 26, 1979, and Testimony of Alfred E. Kahn, Chairman Council on Wage and Price Stability, Before the Senate Committee on Commerce, Science and Transportation, June 26, 1979.
- 4/ Committee on Commerce, Science and Transportation, United States Senate, The Impact on Small Communities of Motor Carriage Regulatory Revision, July 1978.
- 5/ American Trucking Associations, Small Town Blues, July 1976 (second printing).
- 6/ American Trucking Association, Analysis and Critique of: Policy and Management Associates, Inc., "The Impact on Small Communities of Motor Carriage Regulatory Revision" (April 1979).
- 7/ Conversation with G. O'Donahue of Policy and Management Associates, January 1980.
- 8/ Sixty-one percent of small community small shipment traffic is inbound, while only 40 percent is outbound. This contrasts to metropolitan area related shipments where 46 percent inbound compares to 54 percent outbound shipments applies on average. See Interstate Commerce Commission, An Evaluation of Charges that Regulatory Reform Will Degrade Small Community Motor Carrier Service, February 1980.
- 9/ Rand McNally Commercial Atlas, 1978.
- 10/ U.S. Department of Agriculture, op. cit.
- 11/ PMA, op. cit.



- 12/ Dennis A. Breen and Benjamin S. Allan, Common Carrier Obligations and the Provision of Motor Carrier Service to Small Rural Communities (July 1979).
- 13/ For example, costs are incurred in the time the shipper might spend waiting for formal resolution of a problem.
- 14/ K. Borlaug and Others, A Study of Trucking Services in Six Rural Communities, U.S. Department of Transportation, (November 1979).
- 15/ ICC, op. cit.
- 16/ PMA, op. cit.
- 17/ Federation of Rocky Mountain States, Motor Common Carrier Freight Rate Study for Nine Western States (May 1975).
- 18/ Breen and Allan, op. cit.
- 19/ Borlaug, op. cit.
- 20/ ICC, op. cit., February 1980.
- 21/ R.L. Banks, Economic Analysis and Regulatory Implications of Motor Common Carrier Service to Predominantly Small Communities, (1976). See also ICC, op. cit., February 1980.
- 22/ See for example, Virginia State Corporation Commission, Division of Motor Carrier Regulatory Planning and Control, Deregulation of Motor Carriers--Is it in the Best Interests of Virginia's Rural Communities? (1979).
- 23/ Federation of Rocky Mountain States, op. cit.
- 24/ R. L. Banks, op. cit.
- 25/ Federal Trade Commission, Petition of the Federal Trade Commission to Re-open the Record for Purpose of Receiving Newly Discovered Evidence (December 18, 1979).
- 26/ In its critique of the PMA report, the ATA questions the validity of the findings reported above. The ATA argues that questioning carriers about the "desirability" of service to small towns leaves open the question of profitability. This is true. On the other hand, the term profitable is itself open to many interpretations, and probably means something different to each carrier. For example, a carrier might



view a market as profitable, but not worth his while serving if the revenue would not contribute to some minimum fraction of overhead. For this reason, a more general term is needed, one that illicitly an indication of whether the carrier regards the service as worth supplying, aside from any particular earning standard. Terms like "worth serving" or "desirable" might better meet this need than the term "profitable."

27/ Op. cit., (June 26, 1979).

28/ ICC, op. cit., February 1980.

29/ Michael Pustay and Others, The Impact of Federal Trucking Regulation on Service to Small Communities, U.S. DOT, Contract DOT-OS-70069.

30/ ICC, op. cit., January 1980.

