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The Rural Transportation Dilemma: Questions and Answers

Profitability and Mobility in Rural America Successful Approaches to Tackling Rural Transportation Problems *Edited by William R Gillis, University Park, PA The Pennsylvania State University Press, July 31, 1989, 246 pages $24 95*

Reviewed by T Q Hutchinson

"Why is there so little research in transportation?" is a question often posed by my colleagues This book does not supply an answer but does demonstrate that the question remains valid From its title, one would suspect that the book is a handbook for commissioners of roads It is not Only 1 of the 14 essays deals with a grass roots, practical issue, salting roads Most of the others discuss the many transportation problems now confronting rural areas Not all of these directly affect agricultural producers Nor are the problems limited to movement of goods through marketing channels Transportation-related problems of rural community development and viability are also shown to exist One of the best essays deals with the lack of passenger service for the rural young and old and those physically, mentally, or economically disadvantaged Kidder states that while deregulation removed the cross-subsidies prevalent in passenger traffic, it also removed the service This has, to an extent, been replaced by narrowly targeted programs, which may aid the elderly but not the infirm, or the infirm but not the poor Deregulation has produced a set of fragmented, complex programs whose efficiency is subject to question

Most of the essays are good, some are better I particularly recommend those by Baumel and others, Chicoine and others, and Cornelius and Kidder

Some essays show the problems to be numerous and complex They also show that simple solutions are bounded by constraints, with none offering more than a partial answer to a narrowly defined issue

While some research results are presented, clearly most rural transportation questions remain unanswered For anyone wishing to journey in a nearly unexplored land, this collection is required reading With luck, the readers will render my colleagues' question irrelevant, and rural people and communities will benefit

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The papers include "Introduction The Relevance of Rural Transportation" by William R Gillis, "Extension Involvement in Rural Transportation" by Donald L Nelson, "Alternatives for Solving the Local Rural Road and Bridge Problem" by C Phillip Baumel, Eldo Schornhorst, and Wesley D Smith, Financing Rural Roads and Bridges Issues and Trends" by David L Chicoine, Norman Walzer, and Steven C Deller, "Deregulated Agricultural Transportation Problems and Issues" by James C Cornelius, "The Effect of Transportation Service on the Location of Manufacturing Plants in Nonmetropolitan and Small Metropolitan Communities" by Frank M Goode and Steve E Hastings, "Effective Transportation Management at the Firm Level" by James Beierlein, "Passenger Transportation Problems in Rural Areas" by Alice Kidder, "Movement of Hazardous Materials in Rural America" by Eugene R Russell, Sr , "Planning Rural Transportation Systems Applications of a Statewide Network Model" by Dean Linsenmeyer, Azzaddine Azzam, and Duane Olsen, "Adjusting to a Changing Transportation Regulatory Environment—The Case of Trucking-Exempt Commodities" by Wesley W Wilson, Gene C Griffin, Kenneth L Casavant, and Daniel L Zink, "A Short-Line Solution to Rail Branch Line Abandonment A Comparative Case Study" by Henry M Bahn, "Highway Salt Management" by Donald J White, "How Technology Transfer and Cooperative Extension Depasture Highways and Maintain Rural Roads" by Kate Skelton and Lynne H Irwin

The Book I Meant To Write

Regulation and Deregulation of the Motor Carrier Industry. *Edited by John Richard Felton and Dale G Anderson Ames Iowa State University Press, 1989, 209 pages, $24 95*

Reviewed by T Q Hutchinson

This is the book that I have always intended to write The topic is timely, the organization is logical Individual chapters are equally logical The writing is both clear and succinct, and it is well (while not excessively) documented

The topic is the Motor Carrier Act of 1935, which still exists in amended form The book can be viewed as a four-part whole (1) Events leading to the Act of 1935 (2) The constraints stemming from the act and a major revision in 1957 These constraints included restricted entry, relatively rigid rates, and a variety of exemptions to some or all of the rules (3) The administratively complex rules and the often inefficient industry that resulted from regulation Especially illuminating was the point that rate bureaus restrained rate reductions, not so much by collusive or overtly coercive behavior, but by reducing the competitive advantage of lower prices This is the best section and many insights are available (4) A preliminary assessment of the impacts of the substantial deregulation that took place in late 1980 caps the discussion

Many of the pieces contained in this work were published previously Bringing them together, however, adds to their value The book is any easy read, far easier than the task of tracking down a number of journal articles, proceedings, and monographs

For me, the book's highlight was its focus on the lightening of economic regulation in the late 1970's through administrative fiat Thus, deregulation has been as much a product of evolution as of legislative revoluton The point is also made that academic opinion was a powerful force in the deregulatory movement

While the book clearly reinforces my biases, it is the reviewer's prerogative to carp The first section lays out the relevant events leading to regulation, but does not deal with the goals of the regulators in more than a superficial way Based on conversations with and the writings of the academics (and others) who brought motor carrier regulation into being, I feel that a discussion of their beliefs and intentions would be useful Without an understanding of the overall goals of regulators, it is not possible to realize the extent to which motor carrier regulation fell short

Steeped in public utility theory, the involved academics attempted to constrain marketing of transportation services and control both inter- and intra-modal competition In return for loss of competition's potential benefits, motor carriers were promised, nearly guaranteed, a stated return on investment For public, single-product utilities with large startup costs, the approach remains at least moderately successful For multiproduct transportation suppliers with nominal barriers to entry, the process was much less successful It cannot, however, be deemed a total failure Motor carrier regulation has lasted about 45 years and has not yet vanished

The book also scans the influence of deregulation This is probably not the author's fault Deregulation brought the demise of data collection, so examining before and after conditions is difficult

The book tantalizes with hints that deregulation has not been a complete success Dempsey (*The Social and Economic Consequences of Deregulation 1988*) indicates that the trend toward consolidation during 1940-72 recommenced in 1982 By 1985, the 10 largest less-than-truckload carriers enjoyed 67 percent of the market While recourse to the Federal courts is available, such recourse is beyond the financial ability of most small shippers Our experience with deregulated airlines has not been entirely good either Many questions still remain

I recommend this book to other economists I think it contributes much, but if it does nothing else, it shows the policymaking influence of researchers for good and ill