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# Pre-Meeting Proceedings\*

*McVey, Pautsch, Fren & Bammel  
Agricultural & Transportation  
Infrastructure Issues in the 21st  
Century*

## Transportation Research Forum

34th Annual Meeting

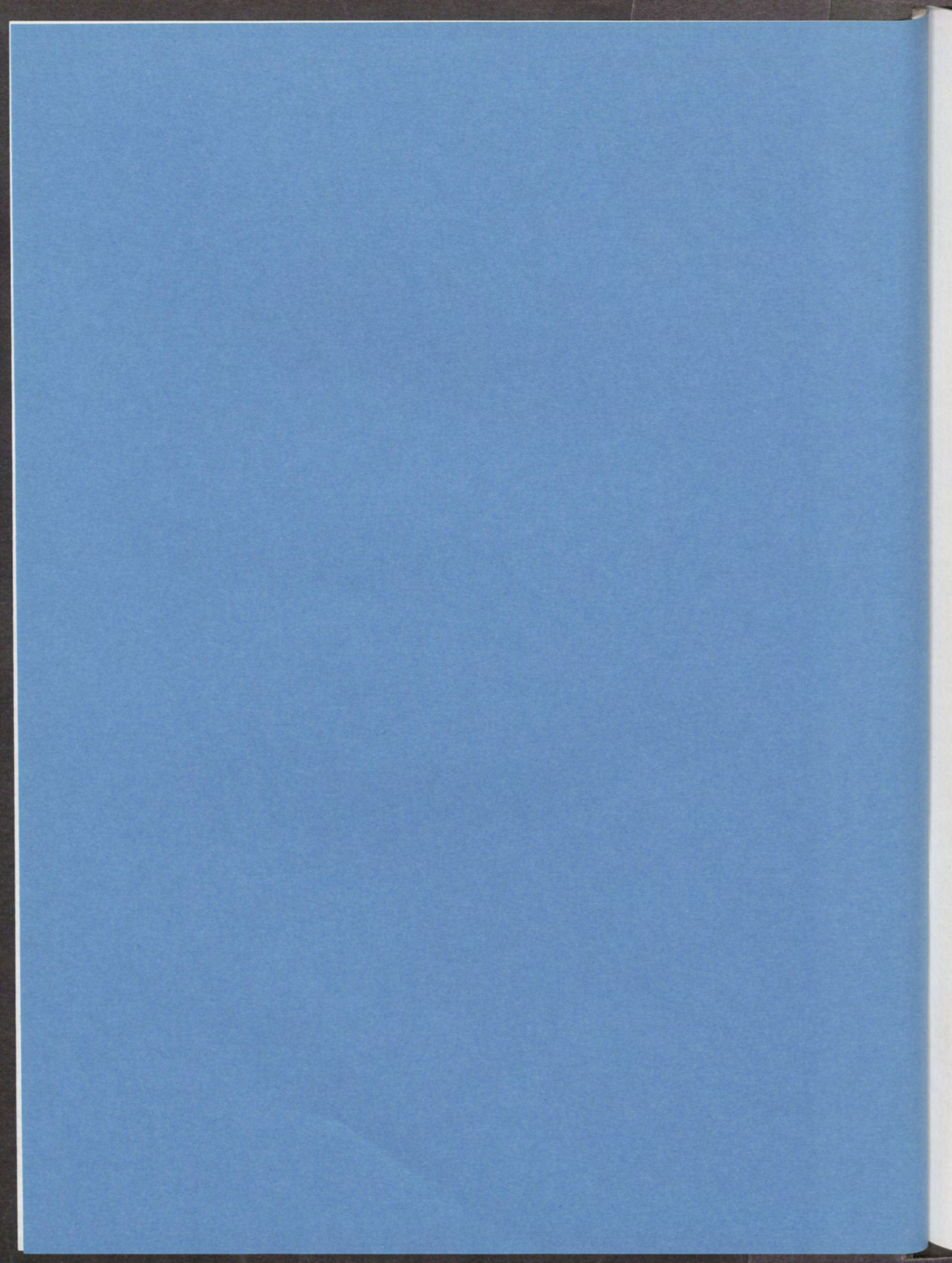


Editor:  
Russell B. Capelle, Jr.

October 21-23, 1992  
St. Louis, Missouri

\*"The St. Louie Book"

**SECTION 4**  
**ROBERTS - WINDLE**



**Comments on  
"The U.S. Motor Carrier Industry  
Long After Deregulation"**

for Presentation to the  
**Transportation Research Forum**  
34th Annual Forum  
Saint Louis, MO.

by  
Dr. Paul O. Roberts  
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Washington, DC  
May 1992

## Background

A recently released report by the ICC Office of Economics<sup>1</sup> was initiated by ICC Chairman Edward J. Philbin, who requested that a report be prepared which reviewed the status of the trucking industry and addressed lingering concerns regarding the structure and performance of the industry in a deregulatory environment. The report prepared by the ICC staff had three major sections:

1. Policy Evaluation
2. Industry Overview - Statistical Highlights
3. Industry Overview - Competitive Environment

The sections on Policy Evaluation and Statistical Highlights suffer from a lack of appropriate information on which to base conclusions, and incorrect perception of the changes in the structure of various markets and their causes, as well as faulty set of computations based on those misperceptions. This paper has been prepared to point out some of the problems and to provide better information on which to base policy conclusions.

### Gains From Deregulation Are Widespread

The U.S. Department of Transportation<sup>2</sup> alleges that the savings to the public from deregulation are in the order of \$10 billion. It amounts to a savings of approximately \$1.6 billion per year discounted at 8% per year over a 20 year period, which is only 2.16% of the approximately \$74 billion revenue currently earned annually by ICC carriers. The Brookings Institution<sup>3</sup> suggests that the savings to the economy is from \$20 billion to \$65 billion. This would require an annual savings of \$10 billion dollars, which is almost 14% of current annual revenues -- a completely unbelievable amount.

The higher figure suggests that before deregulation efficient carriers within the industry could have operated with an operating ratio of 0.865 and kept the profits. None were seen doing so. In fact, since deregulation only a few of the most efficient truckload carriers have been able to achieve operating ratios in this range, J.B. Hunt being the most notable. And, Hunt was able to sustain this level of profitability for only a very few years. Other carriers have quickly adopted Hunt's modus operandi and forced him to give up this level of profits.

Achieving this level of savings to the economy also required that virtually all of the regulated carriers were either inefficient and have now been replaced, or that many carriers existed which had operating ratios in the eighties, but which have been forced to give up their profits in order to preserve their market share. Neither appears able to support the savings estimated by Brookings.

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<sup>1</sup>The U.S. Motor Carrier Industry Long After Deregulation, The Interstate Commerce Commission, Washington, DC, March, 1992.

<sup>2</sup>Department of Transportation, The Impact of State Economic Regulation of Motor Carriage on Intrastate and Interstate Carriage, May 1990, p.i.

<sup>3</sup>Winston, et al., The Economic Effects of Surface Freight Deregulation, The Brookings Institution, Washington, DC, 1990 p. 5.

Whatever the figure, the savings which the public has realized has come about as the consequence of two interrelated factors -- 1) changes in the structure of the industry which allow some carriers to achieve economies of scale and force smaller carriers out of business and 2) changes which allow non-union carriers to perform transportation that was previously provided at higher cost by unionized carriers.

The one single group that has paid the highest price for deregulation has been organized labor. Deregulation presented an opportunity to begin to de-unionize the trucking industry, and that is what has happened. The thrust toward de-unionization had already begun before the Motor Carrier Act was passed. Truckload carriers in particular had learned that they could reduce costs by using owner operators to handle direct truckload movements and some had figured out how to expand their operating authority shipper by shipper using reduced truckload rates based on these lower costs.

It was however, an administrative change, the decision of the ICC to grant 48-state operating authority to all comers, that made deregulation the powerful force for change that it has become. With 48-state authority wholesale entry into the trucking business was now possible. In the longhaul truckload sector of the industry it led to the rapid growth of innovators like J.B. Hunt, who pioneered the use of nonunion company drivers and super efficient operating practices. This sector grew very rapidly by "feeding" on the high cost truckload traffic previously carried by LTL carriers.

There were also big changes in the LTL sector which resulted from the decision by the Commission to allow virtually free grants of 48-state operating authority. Forty-eight state authority allowed the invasion of one LTL carrier's territory by another. In fact, they all invaded one another's territory. Only the strongest carriers have survived. The weaker carriers have retreated into niches or declared bankruptcy. The practice of interlining freight between carriers, which was widely practiced prior to deregulation was rapidly discontinued. Carriers either decided to carry freight all the way to the destination, or shippers decided to tender their freight to a carrier that did. Carriers used their economies of scale to grow. The smaller, disadvantaged carriers died and their freight was used by the strong carriers to become stronger.

The question of the existence of economies of scale in the motor carrier industry still continues to confuse and mislead us. Some argue that there are no economies of scale, or that what laymen incorrectly call economies of scale, should really be referred to as economies of density. Whatever we call them, there are enormous advantages to being big. The reasons have to do with the use of the hub and spoke system of carrying freight in the LTL industry and to the repositioning advantages of large carriers in the truckload sector.

The major point is quickly illustrated by reference to the airline industry. No air carrier can afford to provide exclusive service for the people in your neighborhood to all of the points in the country to which they might like to travel, whenever they wish to go. But, by gathering up all of the people in the city who wish to travel on a given day, a carrier can fill planes to a few of the larger destination cities and can therefore offer direct service to those cities. For the literally thousands of other points to which direct service cannot be offered, the airline can offer service through a connecting hub which concentrates traffic on each of the contributing legs. The inbound leg to the hub carries

all of the traffic outbound from the origin city which is traveling in the general direction of the destination. The second leg carries the traffic inbound to the destination from all of the origin cities. The hub and spoke structure allows aggregation over space.

The hub and spoke approach can also be applied to the freight system. In the case of parcels, Federal Express began operations in 1966 with a single hub in Memphis through which all intercity shipments were routed. The concentration of all traffic into and out of a single hub allowed affordable next-day parcel service to be established between all cities in the U.S. As the system has grown, additional hubs have been established and some direct connections are now possible. The hub and spoke concept is not new. The LTL industry has always used the hub and spoke system. In fact, the motor carriers may well have inherited the concept from the railroads. Obviously, it has been used in railroads as long as there have been railroad freight marshaling yards.

The important point, for this discussion is that up to the point that direct service can be provided between the markets, the more markets the carrier serves, the more end points in the market can be aggregated and the denser the carrier's traffic between any two points. The hub and spoke system works best for "thin" markets. Because interactions between economic entities tends to drop rapidly with increasing distance, the markets that can typically support direct service between origin and destination terminals tend to cover regions of one to several contiguous states. As a consequence, the LTL industry has tended to divide naturally into transcontinental LTL carriers and regional carriers. It has been an old wives tale within the industry that any manager that tried to mix the two operations was destined for bankruptcy. The operation of a successful carrier in the two types of markets is clearly different. The hub and spoke network operated by transcontinental carriers tends to be of a different scale than that of a regional carrier. For both however, it is important to be "dense" in the markets that are served because that improves service and reduces costs over the line haul legs in the hub and spoke network.

Economies of scale also exist in the truckload sector. Here, the advantages realized by the larger carrier are twofold. First, all else being equal, a larger carrier has more loads terminating in an area than a smaller carrier and consequently has a higher probability of having equipment available to serve a good customer. The large carrier is also more likely to serve all points. The shipper makes one call to the large carrier to handle all his truckload shipping needs. The shipper receives premium service and is willing to pay a premium price. The smaller carrier is less likely to have equipment available when the shipper calls, and is less likely to serve all points, which tends to further "dilute" his service. He must therefore, discount his price. From the shipper's point of view he can make many calls to many different truckers before he finds a low cost carrier which has equipment available, or he can make a single call to the larger, high-service premium -priced carrier.

Secondly, the larger trucker, with more equipment available in a region has to move his empty equipment a shorter distance to reposition it for the next move. The repositioning distance goes down approximately as one over the square root of the number of terminations in a given area. Since repositioning affects the loaded mile ratio of the carrier, it directly affects the cost of providing service.

For our purposes the important point is that for LTL operations using a hub and spoke system, the area served and the size of the carrier are important ingredients in the ability to aggregate traffic. And, for truckload operations size directly impacts costs of repositioning. Thus, **Big is Beautiful**. The most successful carriers in today's trucking systems are the big carriers. This holds at both the national and the regional levels, starting with UPS as the biggest carrier in the industry.

Thus, it was the lack of enforcement by the ICC of the Motor Carrier Act which set the stage for change in the industry, not the wording of the MCA itself. To date, the public has benefited enormously in those industries where gains to the shipper have been passed on to the buyer from the changes that have taken place in the motor carrier industry. The ICC indicates that studies have shown that the savings from deregulation have, in fact, been passed on to the public. I have no doubt that they have, and that the nation as a whole is more competitive because of the lower freight charges and the higher levels of freight service which now exist. I, for one would not like to see the clock turned back to the practices that existed prior to 1980. There is also no doubt in my mind that these gains have come largely to the disbenefit of organized labor, to the smaller LTL carriers and to poorly managed truckload carriers.

However, to admit that some good has come out of the changes that have taken place to date is not the same as saying that we should allow deregulation to be carried to its logical extreme -- the completely unregulated industry. Because of the tremendous advantages to being large, there is a clear threat if the industry is too concentrated.

### **Threat of Concentration**

The trucking industry as a whole has grown at a rate which exceeds that of growth in the economy overall. From 1979 to 1989 the industrial production index grew by only 27 percent, while trucking as a whole grew by more than 80 percent. However, not all segments of the trucking industry grew by the same amount. Parcel revenues increased by a factor of 3.15, longhaul truckload revenue by 4.92 and LTL revenue actually declined to 0.97 of its 1979 figure when measured in current dollars. Loaded longhaul movements by LTL carriers in 1989 were less than half those in 1979.

Clearly, this decline in LTL traffic was not entirely attributable to a shift in shipment sizes by the shipping public, though there probably was some of that, but was rather a diversion of traffic to other segments of the industry, mainly UPS and longhaul truckload carriers. UPS has raised the upper limits on the largest shipments which it will accept to 150 pounds and has placed no limit on the number of individual shipments that it will carry between and individual consignee and consignor. It has also priced more competitively. Truckload carriers are willing to price individual truckload movements substantially below those for the same truckload movement handled by an LTL carrier at their standard LTL tariffs. Consolidators, using truckload carriers for the linehaul portion of the movement may have accounted for a portion of the total shift away from LTL. As a consequence, the LTL sector has shrunk dramatically.

At the same time, the largest carriers in the LTL sector of the industry have grown dramatically. In 1979, Roadway, Consolidated Freightways and Yellow reported revenues of \$2.75 billion. In 1989, these same three carriers reported revenues of

\$5.920 billion, -- a 2.5 times increase. Similar increases are observable by the most successful individual carriers in the regional markets. This would appear to confirm that there has been substantial concentration in the industry.

The ICC argues that there has been little concentration in the LTL industry. They point out that though few new LTL entrants have been observed that there is "lots of entry in LTL if you know where to look." They cite "the geographic expansion by existing LTL firms into each others territories", "the newly formed subsidiaries of existing LTL firms" and "the expanded operation of truckload, small package, package express and air cargo carriers". The first two of these entrants are precisely the devices by which a hub and spoke carrier gains the advantages of market coverage to be able to realize economies of scale. The third, includes package carriers, mainly UPS, which is using its existing market coverage, its hub and spoke network and its already commanding economies of scale to further increase its market share. The only true new entrants are the consolidators using nonunion truckload carriers to further de unionize the industry.

To show that the industry is unconcentrated when subjected to the normal tests applied by the U.S. Department of Justice they compute the Herfindahl-Hirschman Index (HHI) for the LTL industry. They state that:

*"This measure of concentration has several attractive features. All else equal, the measure rises as the number of firms in the market falls. In addition, all else equal, it rises as the sizes of firms in a market become more unequal. It thus provides more and better information on the possibilities of collusion and anticompetitive price leadership than simple 4-firm or 8-firm concentration ratios. And, the measure is relatively insensitive to whether good data are available on the small, fringe firms that may exist in the market being examined."*

Their computation uses revenue information from the annual reports of 107 Class I common carriers of property. The result, using total operating revenue, is 760. The Department of Justice guidelines state that markets with an HHI of less than 1000 are characterized as unconcentrated. They therefore conclude that the LTL industry is unconcentrated.

The problem is that their definition of what constitutes a market is faulty. Longhaul carriers operate in different markets than shorthaul carriers. And, different shorthaul carriers operate in different shorthaul markets. St. Johnsbury's markets in New England and the Mid-Atlantic is not related in any way with Viking's markets on the West Coast. Placing both carriers in the HHI computation with Roadway is mixing three separate markets. Roadway's market is the one served by other transcontinental carriers. Defining the market in a rigorous way is difficult. Ultimately, each city pair is a separate market and it would be necessary to know the revenue earned by carriers in that particular traffic lane. However, one simple test which helps to identify transcontinental carriers is the length of haul. Carriers with average lengths of haul of less than 1000 miles can hardly be considered to be transcontinental carriers. Using only carriers with average lengths of haul which exceed 1000 miles the HHI is 2359, which suggests that there is significant concentration. There are only 6 firms with average lengths of haul greater than 1000 miles left. It is not surprising therefore, that the four firm concentration ratio is 80 percent. See Figures 1 and 2.

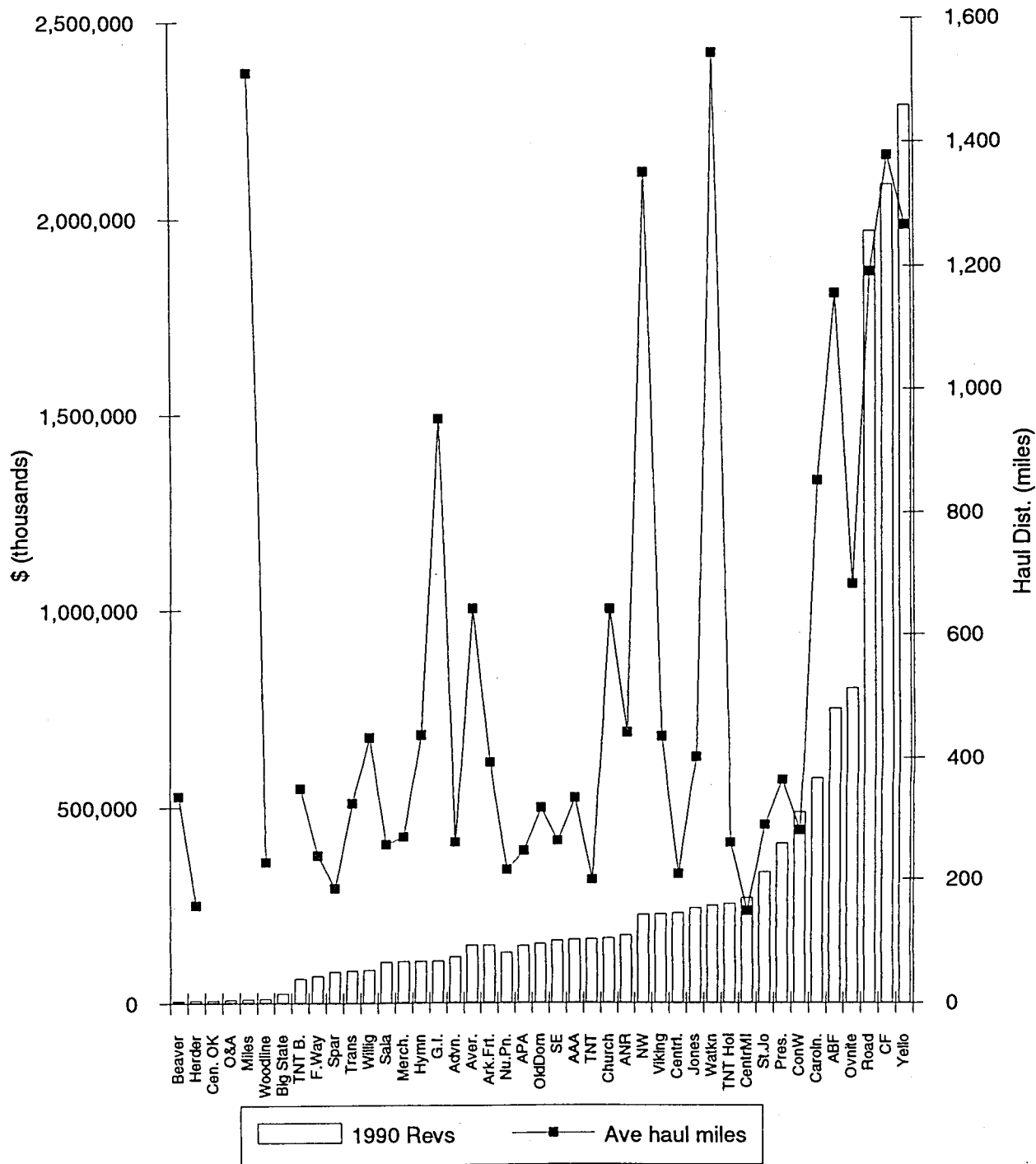
Figure 1

1990 Revenues and Average Lengths of Haul for Selected ICC-Regulated LTL Carriers

Carrier	Headquarters	1990 Revs	Ave haul miles	Revs of Transcon Carriers	%	HHI for Transcon Carriers	4-Firm Concentration	Revs of SW Carriers	%	HHI for SW Carriers	4-Firm Concentration Ratio
Western Tex-Pack Inc.	Fort Worth, TX	596	491					.596	0.08	0.01	0.08
Turnpike Transit, Inc.	Tulsa, OK	2,954	157					2,954	0.42	0.17	0.42
Midway Motor Freight Lines	Little Rock, AR	4,571	163					4,571	0.65	0.42	0.65
Beaver Express Service, Inc.	Woodward, OK	5,704	338					5,704	0.81	0.65	0.81
Herder Truck Lines, Inc.	Weimar, TX	6,277	158					6,277	0.89	0.79	0.89
Central Oklahoma Freightline	Tulsa, OK	6,561						6,561	0.93	0.86	0.93
O&A Tex-Pack Express, Inc.	Lubbock, TX	6,965						6,965	0.98	0.97	0.98
Miles (Herman) Trucking, Inc.	El Paso, TX	9,599	1,517					9,599	1.36	1.84	1.36
Woodline Motor Freight, Inc.	Russeville, AR	10,883	230					10,883	1.54	2.37	1.54
TNT Bestway Texas(Blg State)	Dallas, TX	23,100						23,100	3.27	10.67	3.27
TNT Bestway	Phoenix, AZ	60,404	351					60,404	8.54	72.96	8.54
Fore Way Express, Inc.	Wausau, WI	67,469	241								
Spartan Express, Inc.	Greer, SC	78,596	187								
Transus, Inc.	Atlanta, Ga	80,370	327								
Willig Freight Lines	San Francisco, CA	81,367	436								
Sala Motor Freight Line	Houma, LA	102,553	259								
Merchants Fast Motor Lines	Ablene, TX	103,168	272					103,168	14.59	212.85	14.59
Hyman Freightways, Inc.	Mounds View, MN	103,637	439								
G.I. Trucking Company	La Mirada, CA	103,815	951								
Advance Transportation Co.	Milwaukee, WI	114,289	262								
Averitt Express	Cookeville, TN	142,657	642								
Arkansas Freightways	Harrison, AR	142,952	395								
New Penn Motor Express, Inc.	Lebanon, PA	125,025	216								
A-P-A Transport Corp	North Bergen, NJ	141,852	248								
Old Dominion Freight Line	High Point, NC	147,319	319								
Southeastern Freight Lines	Columbia, SC	154,422	265								
AAA Cooper Transportation	Dothan, AL	157,863	335								
TNT Red Star Express Lines	Auburn, NY	158,873	200								
Churchill Truck Lines	Chillicothe, MO	160,999	641								
ANR freight System, Inc.	Denver, CO	169,031	444								
Northwest Trpt. Service	Commerce City, CO	223,054	1,354	223,054	2.96	8.74					
Viking Freight System, Inc	San Jose, CA	223,495	436								
Central Freight Lines, Inc.	Waco, TX	226,418	209					226,418	32.02	1,025.19	32.02
Jones Truck Lines, Inc.	Springdale, AR	239,946	402					239,946	33.93	1,151.35	33.93
Watkins Motor Lines, Inc.	Lakeland, FL	246,551	1,545	246,551	3.27	10.68					
TNT Holland Motor Express Lin	Holland, MI	250,870	261								
Central Transport, Inc.	Warren, MI	265,263	148								
St. Johnsbury Trucking Co.	Holliston, MA	331,883	290								
Preston Trucking Company, Inc	Preston, MD	404,564	363								
Con-Way Transportation Svcs.	Portland, OR	484,838	281								
Carolina Freight Carriers	Cherryville, NC	572,222	852								
ABF Freight System Inc.	Fort Smith, AR	750,892	1,157	750,892	9.95	99.05					
Overnite Transportation Co.	Richmond, VA	801,832	683								
Roadway Express, Inc.	Akron, OH	1,965,196	1,192	1,965,196	26.05	678.41					
Consolidated Freightways	Portland, OR	2,080,784	1,378	2,080,784	27.58	760.56					
Yellow Freight System	Overland Park, KS	2,278,540	1,267	2,278,540	30.20	912.00					
		13,812,098		7,545,017	100.00	2,469.43	93.78	707,146	100.00	2,481.11	89.08

Figure 2

Revenues and Average Haul for Selected LTL Carriers



Likewise, for regional carriers, only carriers operating in the same region should be included. If one identifies as many carriers as possible operating in the Southwest, the HHI computed for this marketplace is 3059. The four-firm concentration ratio is 100 percent. Other regional markets appear likely to demonstrate the same concentrated feature.

Concentration has about run its course in the transcontinental LTL markets. There are only three big carriers left and no room left to grow, unless one of the three stubs its toe. All are looking for corporate growth in other segments of the trucking industry.

The same concentration phenomena is occurring in each of the regional markets. The largest have scale economies though they are less than those held by LTL transcontinental carriers and by UPS. If they are well-managed, they can use these scale economies and the resulting economic efficiencies that flow from them to grow further. Similar concentration is occurring in the truckload sector, though it is not as pervasive as that fueled by the natural economies of scale that occur with hub and spoke type consolidation networks.

### **Never-Ending Transition**

The ICC argues that the changes in the industry allowed by deregulation actually occurred very quickly and that what is being observed now are merely changes in technology and changes in customer demand. They may be right. If they are not, the U.S. faces some rather major consequences of continued deregulation. Economies of scale exercised by network hub and spoke carriers will eventually reduce the number of carriers to the point that the surviving carriers are natural monopolies. This would be unfortunate.

### **Statistical Highlights**

Statistics concerning transportation, and particularly trucking, in the United States are ambiguous, misleading and unorganized. The last comprehensive survey of movements by all modes of transportation was gathered by the U.S. Bureau of the Census in 1977 in the Commodity Transportation Study. That census was far from complete. It reported movements from the manufacturing sector only and omitted shipments from agriculture, mining, wholesale and retail trade and imported goods.

Even the data prepared from the annual reports submitted to the ICC by those carriers which are required to report has been degraded, as carriers are allowed to file late, filed incomplete reports, or in some cases not file at all. As a consequence, even the total revenues of all ICC carriers is not known exactly, but must be estimated. Information concerning the various segments of the market can be obtained only by manipulation of the data that is available.

To fill the statistical void, Transmode has used data available from several separate sources to prepare both a cross section and a time series database which covers all segments of the trucking industry the sources were:

- The 1987 Truck Inventory and Use Study (TIUS)
- The National Motor Transport data Base (NMTDB)
- The Financial and Operating Statistics (F&OS)

The 1987 TIUS serves as the overall framework for the cross section database. It is a statistically controlled, stratified random sample of individual vehicle characteristics, drawn from the vehicle registration records of each of the states. Each observation carries with it an expansion factor, which when applied to the observations allows the result to be aggregated to obtain an estimate of the universe of all trucks in the U.S. Details of the movements performed by the vehicles contained the database can only be inferred from the other data bases. The detailed information available from the NMTDB on individual trips performed by a single truck allows us to add detail to the annual truck mileage traveled in each of eleven trip mileage blocks. Information on revenues, vehicles and miles traveled for those ICC carriers reported by the F&OS in certain of the industry segments, allows us to develop information on the remaining segments. The resulting cross section for 1987 is summarized in Figure 3.

The time series database uses additional information drawn from the 1982 TIUS and from the FHWA's National Highway Statistics. The resulting time series from 1979 through 1989 is shown in Figure 4. Certain length of haul aggregations of the data allow various segments of the industry to be examined over time. These aggregations focus on the following length of haul mileage blocks.

- Local - private and state-regulated carriers which principally provide service on trips of less than 50 miles from home base.
- Shorthaul - carriers providing service on trips of 50 to 200 miles in length
- Longhaul - carriers providing service on trips of greater than 200 miles in length

These aggregation have utility in understanding what has been happening to the trucking industry over the period since deregulation.

### **What Has Happened Since Deregulation**

Examination of the time series associated with each of the market segments in the trucking industry reveals a number of interesting trends.

- The industry revenue has grown by a factor of 1.80 in current dollars from 1979 to 1989, an average rate of growth of over 7 percent annually.
- The parcel segment, which accounted for only 2 percent of total industry revenue in 1979, now accounts for more than 3.6 percent, a 315 percent increase over 1979 revenues.
- LTL revenues actually shrunk by 1.5 percent measured in current dollars. Whereas in 1979 they accounted for almost 10 percent of industry revenues, by 1989 this figure had fallen to only 5.2 percent of the total.

Figure 3

## Summary Prepared from 1987 TIUS and NMTDB

## Summary from 1987

	Number Vehicles	Payload Weight	Load Ratio	VMT Total	Loaded Miles
ICC-LTL	152,674	12.50	0.75	6,907	5,180
ICC-Truckload	313,282	16.98	0.74	24,122	17,783
Non-ICC	239,849	10.35	0.66	9,833	6,517
Private	3,291,117	5.19	0.64	50,648	32,476
Total	3,996,922	9.41	0.68	91,509	61,956

## VMT by Length of Haul (Millions)

	Off<50mi	<200mi	<400mi	<1000mi	>1000mi	Total
ICC-LTL	1,385	1,374	1,391	1,701	1,056	6,907
ICC-Truckload	2,439	5,702	5,731	5,894	4,354	24,120
Non-ICC	3,198	3,640	1,924	641	429	9,832
Private	25,964	16,548	5,612	1,544	980	50,648
Total	32,986	27,264	14,658	9,780	6,820	91,508

## Trips by Length of Haul (Millions)

	Off<50mi	<200mi	<400mi	<1000mi	>1000mi	Total
ICC-LTL	39	8	3	2	1	53
ICC-Truckload	72	34	15	7	2	130
Non-ICC	84	19	4	1	0	109
Private	680	89	13	2	0	784
Total	876	150	36	12	4	1,077

## Tonmiles by Length of Haul (Millions)

	Off<50mi	<200mi	<400mi	<1000mi	>1000mi	Total
ICC-LTL	16,755	16,658	16,932	21,799	14,174	86,319
ICC-Truckload	38,889	91,804	95,412	102,532	80,838	409,475
Non-ICC	30,435	36,759	20,480	7,904	6,225	101,804
Private	128,582	88,224	31,091	9,129	6,056	263,082
Total	214,661	233,446	163,915	141,364	107,294	860,679

## Tons by Length of Haul (Millions)

	Off<50mi	<200mi	<400mi	<1000mi	>1000mi	Total
ICC-LTL	670	133	56	34	9	903
ICC-Truckload	1,556	734	318	360	50	3,018
Non-ICC	1,217	294	68	81	4	1,665
Private	5,143	706	104	118	4	6,075
Total	8,586	1,868	546	593	68	11,660

## Revenues by Length of Haul (Billions)

	Off<50mi	<200mi	<400mi	<1000mi	>1000mi	Total
ICC-LTL	9	4	3	4	3	23
ICC-Truckload	13	10	8	6	4	42
Non-ICC	15	6	2	1	0	24
Private	129	27	7	1	1	166
Total	167	47	19	13	8	254

Figure 4

## Time Series Summary of U.S. Trucking

## Long Haul Moves(millions)

	LTL	TL	PVT	Total
1978	11.19	5.00	9.92	26.11
1979	10.62	7.70	11.28	29.59
1980	8.26	13.12	13.27	34.66
1981	7.47	14.07	13.60	35.13
1982	6.34	16.27	13.80	36.40
1983	6.05	16.86	13.17	36.08
1984	6.06	18.83	13.40	38.30
1985	5.37	23.35	14.80	43.52
1986	5.34	26.79	15.82	47.95
1987	5.08	29.57	16.31	50.96
1988	4.86	31.72	16.44	53.02
1989	4.74	34.04	16.62	55.39
1990	4.63	35.82	16.52	56.97

## Revenues (millions of dollars)

Year	LTL/ups	LTL/tl	LTL/tl	Longhaul	Shorthaul	Longhaul	Shorthaul	LOCAL	Totals
				TL	TL	PVT & Non-ICC	PVT & Non-ICC		
1978	2,700	8,931	4,986	2,988	18,470	7,090	19,354	87,273	151,791
1979	3,320	9,807	5,550	4,639	19,661	8,149	22,002	89,156	162,284
1980	3,940	10,183	4,777	7,972	17,983	9,689	23,165	92,287	169,996
1981	4,620	10,823	4,571	8,563	21,389	9,947	23,519	96,943	180,374
1982	4,890	10,549	3,571	9,918	17,074	10,115	25,920	97,915	179,952
1983	5,000	10,938	3,302	10,306	18,960	9,686	29,028	110,949	198,169
1984	5,500	11,909	3,134	11,538	22,266	9,887	30,826	125,124	220,185
1985	6,500	11,649	2,586	14,340	21,462	10,947	31,006	129,575	228,066
1986	7,607	11,558	2,615	16,492	22,334	11,742	31,500	138,074	241,922
1987	8,029	12,367	2,257	18,248	22,730	12,135	33,163	144,320	253,249
1988	9,395	12,550	2,148	20,692	24,583	13,099	34,466	151,607	268,541
1989	10,452	13,029	2,105	22,825	25,120	13,701	36,309	163,058	286,598

- Longhaul truckload carriers grew to 492 percent of the 1979 figure. Shorthaul truckload grew by only 128 percent. Together, this segment accounted for almost 17 percent of trucking industry revenues in 1989.
- Longhaul private carriers<sup>4</sup>, which accounted for 5.0 percent of the industry's revenues in 1979, now account for almost the same percentage (4.8 percent). Its revenue has grown by 168 percent.
- Shorthaul private carriers<sup>5</sup>, which accounted for 13.6 percent of industry revenues in 1979, now account for 12.7 percent of the total. Its 1979 revenues grew by 1.65 times.
- Local trucking<sup>6</sup> (primarily private) grew by 183 percent from 52 percent of all revenues to 56 percent of the total.

The big winners were obviously the longhaul truckload segment and the parcel segment. The big loser was the LTL segment. It has lost its truckload traffic to the longhaul truckload segment and its smaller shipments to the parcel segment. Shorthaul truckload revenues have grown at a rate slightly below the figure for the industry as a whole. Private carriage as a whole has grown faster than the industry in the local segment and more slowly in the longhaul and shorthaul segments.

## Conclusions

The ICC report concludes that because they found no evidence of concentration in the trucking industry that it was safe to complete the process set into motion by the Motor Carrier Act and to completely eliminate regulation. One could conclude from the figures presented here that the one segment which has clearly lost ground since deregulation is the LTL sector. Something clearly needs to be done. It is hard to believe that further deregulation is the answer.

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<sup>4</sup>This aggregation includes exempt carriers over 200 miles.

<sup>5</sup>This aggregation includes exempt carriers and state-regulated movements between 50 miles and 200 miles.

<sup>6</sup>This aggregation include all carriers except ICC carriers.