

DEREGULATION OF TRANSPORTATION

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ISSUE DEFINITION

Transportation has been substantially deregulated over the last 5 years and there is talk of enacting legislation during the 98th Congress to further deregulate transportation or to restore some of the regulation that recent legislation has removed. This mini brief gives an overview of the deregulation already enacted into law, and some of the ideas being considered for further legislation. The brief also refers to some sources for further reading.

BACKGROUND

Airlines

The Airline Deregulation Act of 1978 (P.L. 95-504, 92 Stat. 1705) substantially reduced the amount of Civil Aeronautics Board (CAB) regulation of airlines. The Act allows airlines to enter new markets, expand or contract service, and exit markets, all without the approval of the CAB. Airlines can set fares on domestic routes without CAB approval. The CAB itself is scheduled to terminate completely on Jan. 1, 1985. Some CAB functions are scheduled to be transferred to the Department of Transportation, some to the Department of Justice, and others to the U.S. Postal Service.

[Further information is contained in U.S. Library of Congress. Congressional Research Service. Airline deregulation: an assessment (by) John W. Fischer, CRS Report No. 80-139 E, 60 p.; U.S. Library of Congress. Congressional Research Service. The troubled airline industry: 1982 (by) John W. Fischer, CRS Report No. 82-101 E, 32 p.; and U.S. Library of Congress. Congressional Research Service. Airline fares since deregulation (by) John W. Fischer, Issue Brief #IB83224, periodically updated.]

Intercity Bus Service

The Bus Regulatory Reform Act of 1982 (P.L. 97-261, 96 Stat. 1102) substantially deregulated intercity bus service. The Act removed restrictions on bus operating authority. Most antitrust immunity in setting rates is removed. Bus companies are allowed to enter new markets and to drop service in unprofitable ones with relative ease. Safety regulation is increased. The 1982 Act required the Motor Carrier Rate-making Study Commission to study various aspects of the intercity bus industry and its deregulation, and to report its findings to Congress by Jan. 1, 1984.

[More information on bus regulation is contained in U.S. Library of Congress. Congressional Research Service. The effect of bus deregulation on service to small communities (by) Stephen J Thompson, February 1982, 10 p.; and U.S. Library of Congress. Congressional Research Service. Summary of the Bus Regulatory Reform Act of 1981 (H.R. 3663) (by) Stephen J Thompson, March 1982, 5 p.]

Trucking

The Motor Carrier Act of 1980 (P.L. 96-296, 94 Stat. 793) substantially reduced the amount of regulation of trucking by the Interstate Commerce Commission (ICC). Entry and rates are still regulated by the ICC, and rates on joint-line traffic are still exempt from the antitrust laws. Rates on single-line traffic will become subject to the antitrust laws on July 1, 1984. Entry and ratesetting are much more a matter for individual trucking firms to decide than they were before the 1980 Act. The Motor Carrier Ratemaking Study Commission, established by Congress, recommended that joint-line, as well as single-line, antitrust immunity be terminated on July 1, 1984. Legislation would be required to carry out this recommendation.

[More information on trucking regulation is contained in U.S. Library of Congress. Congressional Research Service. Trucking regulation: prospects during the 98th Congress (by) Stephen J Thompson, CRS issue brief 76019, periodically updated; and U.S. Library of Congress, Congressional Research Service. Summary of the Motor Carrier Act of 1980 (by) Stephen J Thompson, CRS Report No. 82-72 E, April 1982, 9 p.]

Railroads

The Staggers Rail Act of 1980 (P.L. 96-448, 94 Stat. 1895) substantially deregulated the railroad industry. Railroads can now enter into long-term contracts with shippers. Railroads can change rates and service levels more rapidly than before, and with less oversight by the ICC. For example, unless a shipper can show that a railroad has market dominance over particular traffic, the ICC has no jurisdiction to determine whether the rail rate on that traffic is reasonable. Substantial, further deregulation of railroads is unlikely during the next few years.

[More information on railroad regulation is contained in U.S. Library of Congress. Congressional Research Service. Summary of the Staggers Rail Act of 1980 (by) Stephen J Thompson, CRS Report No. 82- 154 E, Sept. 28, 1982, 18 p., and U.S. Library of Congress. Congressional Research Service. CRS Review for December 1983. The Rail Industry and the Staggers Rail Act of 1980 (by) Stephen J Thompson.

Maritime

In contrast to the topics discussed above, the regulation of U.S. ocean shipping has not been substantially altered within the last 5 years. There is, however, a considerable amount of discussion about changes that might be desirable in regulation by the Federal Maritime Commission (FMC). For example, carrier agreements are exempt from the antitrust laws, but there are some safeguards against monopoly behavior and certain predatory practices. Carrier agreements are regulated by the FMC. Critics of current regulation claim that this antitrust exemption results in higher rates and reduced rate competition among carriers. Supporters say the exemption is important and should be retained. They say closed conferences should be allowed. Closed conferences are ratesetting groups of carriers that restrict membership in the conference.

[More information on the regulation of U.S. ocean shipping is contained in

U.S. Library of Congress. Congressional Research Service. Regulation of U.S. ocean shipping: background and considerations for reform (by) Lenore Sek, CRS Report No. 82-124 E, July 1, 1982, 34 p.; and U.S. Library of Congress. Congressional Research Service. U.S. ocean shipping: current regulatory proposals (by) Lenore Sek, CRS Issue Brief No. IB83121, regularly updated.]

Proposals Regarding Transportation Regulation

S. 48, introduced by Senator Packwood, would combine the CAB functions scheduled for transfer to the Department of Transportation and elsewhere on Jan. 1, 1985, with the functions of the ICC and those of the FMC. The new agency would be named the National Transportation Commission.

The Chairman of the ICC, the Reagan Administration, the Chairman of the Senate Committee on Commerce, Science and Transportation, and others, have recommended that there be further deregulation of transportation. The American Trucking Associations (ATA) and the International Brotherhood of Teamsters (IBT or Teamsters) both strongly oppose any further deregulation of trucking.

The ICC currently is continuing to deregulate aspects of trucking and rail transportation and, while there are those who oppose these ICC actions, there are others who propose relaxing trucking and railroad regulation further by changes in legislation.