

# Too Many Truckers, Too Little Profit

**I**F YOU HAVE government regulation of business you have problems. If you don't have regulations you have other problems.

Congress enacted laws and the Interstate Commerce Commission issued regulations until the transportation industries were yelping for help. Then Congress acted to "deregulate" them and now spokesmen are saying they didn't want that much of that kind of help.

Farmers aren't the only businessmen plagued by surpluses. Because of deregulation there is a surplus of transportation. Planes are flying with empty seats in spite of cut-rate fares and semi-trailer trucks are carrying pickup loads of freight on the highways.

There is a surplus of freight haulers on most routes and in order to claim a share of business available many are slashing rates, resulting in losses and bankruptcies for some. At least 29 motor carrier firms went out of business last year.

Industry officials seem to be divided on what they want done. Some are appealing to Congress to reinsti-

tute regulations that would help keep rates up and competition down. Others favor letting free enterprise competition eliminate the inefficient, the uneconomical and the surplus.

"We probably will end up with about a dozen major transcontinental trucking systems and a number of regional carriers, such as Mistletoe, serving intrastate and local points," said Sidney P. Upsher, president of Mistletoe Express Service, which serves 2,300 points in Oklahoma, Texas, Kansas, Missouri, Arkansas and Tennessee.

Although the trucking industry has been deregulated, the Interstate Commerce Commission retains considerable authority. Since the summer of 1980 the ICC has granted over 50,000 additional carrying rights to existing carriers, creating substantial excess capacity.

In testimony presented to a congressional committee in December, the Regular Common Carrier Conference, a national trade organization of highway transportation firms, stated that 1982 was the

fourth year of economic recession for the industry and that trucking profits had been virtually eliminated.

In 1981, when operating revenue amounted to more than \$15 billion it was reported that the industry paid out an astounding 46.7 percent of operating income as interest. After-tax income for the year was 1 percent of revenues and only 5.0 percent of equity.

RCCC spokesmen said that since early 1979, carriers representing 14.1 percent of industry revenues have gone out of business and carriers accounting for an additional 35.4 percent of revenues are "candidates for failure."

Right now, multiple choice of carriers on most routes and reduced rates to get business have created a "shippers' market."

After the "shakeout" carriers which survive will adjust operations and rates to a profitable basis. This should mean adequate transportation to most points at higher rates but the good old American system of open competition will keep them from soaring.