

UNITED STATES GENERAL ACCOUNTING OFFICE

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STATEMENT OF
HENRY ESCHWEGE, DIRECTOR
COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION
BEFORE THE
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE
ON
STATUS AND IMPACT
OF
THE MOTOR CARRIER ACT OF 1980



MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

WE WELCOME YOUR INVITATION TO DISCUSS OUR EARLY ASSESSMENT OF THE STATUS AND IMPACT OF THE MOTOR CARRIER ACT OF 1980. BECAUSE THIS IS EARLY IN THE DEREGULATION PROCESS AND WE HAD A LIMITED TIME FRAME TO MAKE OUR INQUIRIES, WE WOULD CAUTION AGAINST DERIVING OVERALL DEFINITIVE CONCLUSIONS FROM THE INFORMATION WE WERE ABLE TO OBTAIN. AS PART OF OUR WORK WE OBTAINED THE VIEWS OF REGULATED CARRIERS, OWNER-OPERATORS, SHIPPERS, AND ASSOCIATIONS REPRESENTING THESE GROUPS IN ARIZONA, CALIFORNIA, DELAWARE, MARYLAND, PENNSYLVANIA, AND TEXAS. WE ALSO MET WITH ICC OFFICIALS AND PERFORMED LIMITED REVIEW WORK AT ICC HEADQUARTERS AND FIELD OFFICES.

COMPETITION HAS INCREASED BUT
EFFECTS ON ECONOMIC EFFICIENCY
AND SMALL COMMUNITIES ARE UNCERTAIN

THE MOTOR CARRIER ACT OF 1980 HAS INCREASED COMPETITION IN THE TRUCKING INDUSTRY, BUT ITS FULL EFFECTS ON OVERALL ECONOMIC EFFICIENCY AND ON SERVICE TO SMALL COMMUNITIES ARE STILL UNCERTAIN. BECAUSE ICC BEGAN EASING ITS ENTRY POLICIES PRIOR TO THE ACT'S PASSAGE AND RECENT ECONOMIC CONDITIONS HAVE ADVERSELY AFFECTED THE TRUCKING BUSINESS, IT IS DIFFICULT TO SEPARATE THE EFFECTS OF THESE FACTORS FROM THOSE OF THE ACT.

COMPETITION HAS INCREASED

VIRTUALLY ALL THE SHIPPERS, CARRIERS, AND ASSOCIATION REPRESENTATIVES WE CONTACTED AGREED THAT COMPETITION HAS INCREASED. THEY ATTRIBUTE THIS TO THE ACT'S EASED ENTRY PROVISIONS AND TO ICC'S LIBERAL ENTRY POLICIES.

PRIOR TO THE ACT, ICC COULD DENY A CARRIER OPERATING AUTHORITY IF AN EXISTING CARRIER COULD SHOW IT WOULD SUFFER ECONOMIC HARM IF THE NEW CARRIER WERE TO ENTER THE MARKET. NOW A NEW CARRIER NEED ONLY TO SHOW IT IS FIT, WILLING, AND ABLE TO PROVIDE CERTAIN TYPES OF SERVICE, SUCH AS SERVING A COMMUNITY NOT REGULARLY SERVED BY A COMMON CARRIER, OR SHIPPING FOOD FOR HUMAN CONSUMPTION. FOR OTHER TYPES OF SERVICE, THE CARRIER MUST ALSO SHOW THAT THE PROPOSED SERVICE WILL SERVE A PUBLIC NEED. ECONOMIC HARM BY ITSELF IS NO LONGER A BASIS FOR DENYING AUTHORITY. INSTEAD, A PROTESTING CARRIER MUST SHOW THAT THE PROPOSED SERVICE IS INCONSISTENT WITH THE PUBLIC INTEREST.

ANOTHER FACTOR LEADING TO INCREASED COMPETITION HAS BEEN ICC'S LIBERAL ENTRY POLICIES, WHICH STARTED SEVERAL YEARS BEFORE THE ACT WAS PASSED. IN FISCAL YEAR 1976, ICC APPROVED APPROXIMATELY 70 PERCENT OF ALL APPLICATIONS FOR PERMANENT OPERATING AUTHORITY. THE APPROVAL RATE INCREASED APPRECIABLY SINCE THEN AND REACHED 97 PERCENT IN FISCAL YEAR 1980, WHEN THE MOTOR CARRIER ACT WAS PASSED. DURING THE FIRST 6 MONTHS OF FISCAL YEAR 1981, ICC APPROVED ABOUT 96 PERCENT OF THE APPLICATIONS.

INCREASED COMPETITION HAS COME PRIMARILY FROM EXISTING FIRMS EXPANDING THEIR OPERATIONS, RATHER THAN FROM NEW FIRMS ENTERING THE MARKET. FROM JULY 3, 1980 TO MAY 30, 1981 ICC RECEIVED 17,364 APPLICATIONS FOR OPERATING AUTHORITY. ONLY 2,456 OF THESE (OR ABOUT 14 PERCENT) WERE FROM NEW CARRIERS.

CARRIERS WE TALKED WITH TOLD US THAT PRICE COMPETITION HAS INCREASED CONSIDERABLY SINCE THE ACT'S PASSAGE. LARGE SHIPPERS SAID THEY ARE NOW ABLE TO COMPARE VARIOUS PRICE AND SERVICE COMBINATIONS OFFERED BY CARRIERS AND CAN NEGOTIATE PRICES TO OBTAIN LOWER RATES.

EFFECTS ON ECONOMIC EFFICIENCY ARE UNCERTAIN

CARRIERS TOLD US THAT AS A RESULT OF RISING OPERATING COSTS AND REDUCED RATES THEY ARE ENCOUNTERING FINANCIAL DIFFICULTIES. ALTHOUGH THE 1980 OPERATING REVENUES OF 98 OF THE NATION'S LARGEST COMMON CARRIERS INCREASED BY 3.2 PERCENT, NET OPERATING INCOME INCREASED BY ONLY 1.6 PERCENT AND NET INCOME DECLINED BY ABOUT 9 PERCENT COMPARED WITH 1979. DATA COMPILED BY ONE RATE BUREAU SHOWED THAT ITS MEMBERS' OPERATING

COSTS ROSE FROM 91.7 PERCENT OF OPERATING REVENUES IN 1978 TO 94.5 PERCENT IN 1980.

POOR ECONOMIC CONDITIONS AND THE MOTOR CARRIER INDUSTRY'S WRITE-OFF OF WORTHLESS OPERATING RIGHTS MAY HAVE AFFECTED CARRIERS' EARNINGS. ACCORDING TO A SURVEY CONDUCTED BY THE AMERICAN TRUCKING ASSOCIATION'S REGULAR COMMON CARRIER CONFERENCE, 1980 FREIGHT TONNAGE DROPPED 20 PERCENT FROM THE 1979 LEVEL AND NEARLY 23 PERCENT FROM THE 1978 LEVEL.

PROVISIONS OF THE ACT RELATING TO GATEWAY RESTRICTIONS, CIRCUITOUS ROUTES AND CONTRACT CARRIERS PROBABLY HAVE PRODUCED MORE EFFICIENT USE OF FUEL AND TRUCKS. HOWEVER, IT IS DIFFICULT TO DETERMINE THE MAGNITUDE OF THIS EFFECT LARGELY BECAUSE OF THE LACK OF DATA.

IMPACT ON SMALL COMMUNITIES IS UNCLEAR

IT IS NOT YET CLEAR HOW SMALL COMMUNITIES HAVE BEEN AFFECTED BY THE ACT. SOME MAJOR CARRIERS HAVE DISCONTINUED SERVICE TO SMALL COMMUNITIES. HOWEVER, SMALLER CARRIERS HAVE REPLACED THEM IN SOME CASES. PRELIMINARY RESULTS OF AN ICC SURVEY INDICATE THAT SERVICE TO SMALL COMMUNITIES HAS REMAINED THE SAME OR IMPROVED. THE ICC SURVEY INCLUDED FACTORS SUCH AS ON-TIME PERFORMANCE, SERVICE AVAILABILITY, AND FREIGHT LOSS IN MEASURING CHANGES IN SERVICE. ICC DID NOT INQUIRE ABOUT THE COST OF SERVICE--A FACTOR WE BELIEVE IS IMPORTANT IN ASSESSING THE IMPACT OF THE ACT ON SMALL COMMUNITIES. SOME TRUCKING INDUSTRY OFFICIALS TOLD US THAT SMALL COMMUNITIES PROBABLY ARE NOW PAYING A HIGHER PRICE FOR SERVICE.

PROVISIONS TO AID OWNER-OPERATORS
ARE NOT HAVING THE DESIRED IMPACT

YOU SPECIFICALLY ASKED THAT WE INQUIRE HOW PROVISIONS OF THE MOTOR CARRIER ACT APPLICABLE TO THE OWNER-OPERATOR WERE BEING IMPLEMENTED. THESE PROVISIONS WERE INTENDED TO (1) MAKE IT EASIER FOR NEW TRUCKING COMPANIES, SUCH AS OWNER-OPERATORS, TO OBTAIN OPERATING AUTHORITY, (2) ELIMINATE PROBLEMS ASSOCIATED WITH ORAL CONTRACTS IN THE MOVEMENT OF EXEMPT AGRICULTURAL COMMODITIES, AND (3) ELIMINATE COERCIVE LOADING AND UNLOADING PRACTICES ENCOUNTERED BY OWNER-OPERATORS AND OTHER CARRIERS.

ENTRY PROVISION

OWNER-OPERATORS HAVE NOT SHOWN MUCH INTEREST IN APPLYING FOR THEIR OWN OPERATING AUTHORITY. OF AN ESTIMATED 200,000 OWNER-OPERATORS IN THE UNITED STATES, AS OF APRIL 30, 1981, ONLY 92 HAD APPLIED FOR AUTHORITY TO HAUL THOSE COMMODITIES WHICH ONLY REQUIRE THAT THE APPLICANT BE FOUND FIT, WILLING, AND ABLE TO SERVE. ICC HAS NO DATA ON THE NUMBER APPLYING FOR AUTHORITY UNDER A SECOND CATEGORY, WHICH REQUIRES THE CARRIER TO MEET A FITNESS TEST AND TO SHOW THAT THE PROPOSED SERVICE WILL MEET A PUBLIC NEED. ICC OFFICIALS TOLD US, HOWEVER, THAT THERE WERE VERY FEW SUCH APPLICATIONS.

OUR INQUIRIES DISCLOSED THAT OWNER-OPERATORS:

- DO NOT WANT THE BURDEN OF COMPETING FOR BUSINESS AND MANAGING THEIR OWN OPERATIONS WHICH WOULD BE NECESSARY IF THEY HAD AUTHORITY,
- HAVE DIFFICULTY IN OBTAINING THE SHIPPER SUPPORT NEEDED TO OBTAIN AUTHORITY UNDER ONE OF THE TWO ICC CATEGORIES FOR PERMANENT AUTHORITY,

--DO NOT KNOW HOW TO APPLY AND ARE NOT AWARE OF THE
BENEFITS OF HAVING THEIR OWN AUTHORITY, AND
--MUST APPLY FOR AUTHORITY THAT IS TOO SPECIFIC AND
INFLEXIBLE AS TO THE TYPE OF COMMODITY AND POINTS
OF ORIGIN AND DESTINATION.

WRITTEN CONTRACTS FOR EXEMPT
AGRICULTURAL COMMODITIES

SECTION 16 OF THE ACT DIRECTS ICC, IN COOPERATION WITH THE DEPARTMENT OF AGRICULTURE, TO REQUIRE BY REGULATION, WHERE APPROPRIATE, THE USE OF WRITTEN CONTRACTS FOR THE INTERSTATE MOVEMENT OF EXEMPT AGRICULTURAL COMMODITIES AND FOR RELATED BROKERAGE SERVICES. UNDER EXISTING TRADE CUSTOMS, SOME AGRICULTURAL COMMODITIES, SUCH AS FRESH FRUITS AND VEGETABLES, ARE MOVED UNDER ORAL AGREEMENTS. HOWEVER, IF A DISPUTE ARISES, THE EXEMPT CARRIER, SUCH AS AN OWNER-OPERATOR, CAN NOT DOCUMENT THE TERMS IT HAS AGREED TO WITH THE BROKER, SHIPPER, AND RECEIVER. WHEN PAYMENT IS MADE THE OWNER-OPERATOR OFTEN HAS NO CHOICE BUT TO ACCEPT WHAT THE RECEIVER OFFERS. THE CONGRESS BELIEVED THAT USE OF A WRITTEN CONTRACT WOULD PROTECT OWNER-OPERATORS FROM SUCH ABUSES.

ICC HAS NOT DECIDED WHETHER WRITTEN CONTRACTS ARE APPROPRIATE. EARLY THIS YEAR, ICC AND THE AGRICULTURE DEPARTMENT CONDUCTED A SERIES OF MEETINGS IN SEVEN CITIES, HEARING TESTIMONY FROM SHIPPERS AND RECEIVERS AND SOME OWNER-OPERATORS. THE AGRICULTURE DEPARTMENT ADVISED ICC IN APRIL 1981 THAT IT OPPOSED THE USE OF WRITTEN CONTRACTS BECAUSE IT WAS CONVINCED SUCH CONTRACTS WOULD RESULT IN SERIOUS PROBLEMS FOR THE FRESH PRODUCE INDUSTRY AND WOULD NOT PRODUCE MEANINGFUL BENEFITS

TO THE OWNER-OPERATORS. THE DEPARTMENT DID NOT SPECIFY THE TYPE OF PROBLEMS IT ENVISIONED. ICC HAD NOT MADE A DECISION ON THE USE OF WRITTEN CONTRACTS, AS OF JUNE 12, 1981.

ASSOCIATION OFFICIALS REPRESENTING MOST OF THE FRESH FRUIT AND VEGETABLE INDUSTRY TOLD US THAT ORAL AGREEMENTS ARE NEEDED TO SAVE TIME AND MOVE GOODS RAPIDLY. THE NUMBER OF PARTIES INVOLVED, WHICH COULD INCLUDE A SHIPPER, PRODUCE BROKER, TRUCK BROKER, TRUCKER AND RECEIVER, WOULD MAKE IT DIFFICULT TO GET THEM ALL TOGETHER TO SIGN AN AGREEMENT. WE WERE TOLD THAT SOMETIMES THE RECEIVER IS DESIGNATED AFTER THE COMMODITIES ARE IN TRANSIT.

ON THE OTHER HAND, A REPRESENTATIVE OF AN OWNER-OPERATOR ASSOCIATION TOLD US THAT WRITTEN CONTRACTS ARE NEEDED TO PROTECT THE OWNER-OPERATOR FROM ABUSES CONCERNING COMPENSATION AND DISPUTES OVER LOADING AND UNLOADING RESPONSIBILITIES.

LUMPING

SECTION 15 OF THE ACT STATES THAT A SHIPPER OR RECEIVER MUST PROVIDE OR PAY FOR ANY LOADING OR UNLOADING ASSISTANCE THAT THEY REQUIRE A DRIVER TO USE. THE SECTION IS INTENDED TO ELIMINATE COERCIVE LOADING AND UNLOADING PRACTICES. OWNER-OPERATORS ARE SOMETIMES FORCED TO HIRE HELPERS AT THEIR OWN EXPENSE TO LOAD OR UNLOAD EVEN THOUGH THEY PREFER TO AND ARE CAPABLE OF PERFORMING THE WORK THEMSELVES. THESE "HELPERS" ARE CALLED "LUMPERS." AT SOME LOCATIONS, IF THE DRIVER REFUSES LUMPING SERVICES, THE DRIVER MAY HAVE TO WAIT SEVERAL HOURS TO UNLOAD, AND RISK DAMAGE TO PERISHABLE GOODS, AND IN SOME CASES, BE SUBJECTED TO PHYSICAL VIOLENCE. ACCORDING TO AN ICC OFFICIAL

LUMPING ABUSES OCCUR MAINLY DURING UNLOADING AND ARE MOST COMMON IN THE MEAT AND FRESH FRUIT AND VEGETABLE INDUSTRIES.

WITH THE EXCEPTION OF TEXAS, OWNER-OPERATORS AND OWNER-OPERATOR ASSOCIATIONS IN THE STATES WE VISITED TOLD US COERCIVE LUMPING PRACTICES ARE CONTINUING AND THEY HAVE SEEN LITTLE CHANGE IN SUCH PRACTICES SINCE THE ACT WAS PASSED.

ICC TOLD US THEY ARE ABOUT TO BEGIN A STUDY OF THE MOTOR CARRIER INDUSTRY'S LOADING AND UNLOADING PRACTICES, AS REQUIRED BY THE ACT.

ICC HAS REDUCED ITS EFFORTS
TO CONTROL UNAUTHORIZED CARRIERS

ICC BEGAN REDUCING ITS ENFORCEMENT EFFORTS TO IDENTIFY AND PROSECUTE UNAUTHORIZED CARRIERS HAULING REGULATED GOODS IN 1977. FOUR CARRIERS ASSERTED THAT A SUBSTANTIAL AMOUNT OF ILLEGAL HAULING EXISTS. FOR EXAMPLE, ONE MOTOR CARRIER TOLD US THAT THE NUMBER OF ILLEGAL CARRIERS HAS INCREASED SUBSTANTIALLY IN THE PAST FEW YEARS PRIMARILY BECAUSE OF A LACK OF ICC ENFORCEMENT. ANOTHER CARRIER ESTIMATED THAT 20 PERCENT OF THE REGULATED GOODS HAULED ARE TRANSPORTED BY CARRIERS WITHOUT AUTHORITY. AN ICC SURPRISE ROAD CHECK OF 233 CARRIERS IN ARIZONA IN FEBRUARY, 1981, FOUND THAT ABOUT 15 PERCENT WERE ALLEGEDLY CARRYING REGULATED GOODS WITHOUT AUTHORITY.

THE EVIDENCE WE OBTAINED IS NOT SUFFICIENT TO ESTABLISH A CAUSE/EFFECT RELATIONSHIP BETWEEN ICC'S REDUCED ENFORCEMENT EFFORTS AND THE NUMBER OF VIOLATIONS THAT ARE OCCURRING. HOWEVER, THE COMMITTEE SHOULD BE AWARE THAT AN INCREASED NUMBER OF CARRIERS MAY BE OPERATING ILLEGALLY. ALTHOUGH

THE MOTOR CARRIER ACT HAS MADE IT EASIER FOR CARRIERS TO OBTAIN OPERATING AUTHORITY, THE LEGAL REQUIREMENT FOR AUTHORITY TO CARRY REGULATED GOODS STILL EXISTS AND THE ICC CONTINUES TO HAVE THE RESPONSIBILITY TO ENSURE THAT THE LAW IS PROPERLY ENFORCED.

PROBLEMS WITH THE FUEL SURCHARGE

THE MOTOR CARRIER FUEL SURCHARGE PROGRAM IS EXPERIENCING NUMEROUS PROBLEMS WHICH APPEAR TO BE IMPOSSIBLE TO CORRECT. AN ICC TASK FORCE WHICH REVIEWED THE PROGRAM RECOMMENDED THAT IT BE ELIMINATED.

THE FUEL SURCHARGE PROGRAM WAS ESTABLISHED AS AN EMERGENCY PROGRAM IN JUNE 1979 TO ENABLE REGULATED MOTOR CARRIERS AND OWNER-OPERATORS TO PROMPTLY RECOVER RAPIDLY INCREASING FUEL COSTS WHICH WERE NOT COVERED BY BASE FREIGHT RATES. THE SURCHARGE RATE EFFECTIVE FOR THE WEEK BEGINNING JUNE 12, 1981, WAS 18.5 PERCENT FOR TRUCKLOAD AND 3.1 PERCENT FOR LESS-THAN-TRUCKLOAD SHIPMENTS.

MAJOR PROBLEMS WITH THE PRESENT SURCHARGE PROGRAM INCLUDE:

- BASING THE SURCHARGE ON A PERCENTAGE OF SHIPMENT CHARGES RATHER THAN ON ACTUAL FUEL USED CAUSES INEQUITIES TO OWNER-OPERATORS, CARRIERS, AND SHIPPERS. FOR EXAMPLE, VARIATIONS IN SHIPMENT CHARGES FOR DIFFERENT TYPES OF FREIGHT RESULT IN DIFFERING SURCHARGES FOR SHIPMENTS WHICH USE THE SAME AMOUNT OF FUEL.
- ICC'S RULES FOR APPLYING THE FUEL SURCHARGE FORMULA ARE INCONSISTENT. ALTHOUGH THE TRUCKLOAD FUEL SURCHARGE RATE IS BASED ON THE RATIO OF FUEL COSTS TO FREIGHT

REVENUES OF OWNER-OPERATORS, ICC ALLOWS CARRIERS WHO USE THEIR OWN DRIVERS TO USE THE TRUCKLOAD RATE EVEN THOUGH THE CARRIERS' FUEL COSTS MAY BE LOWER. ACCORDING TO ICC OFFICIALS, A LARGER CARRIER'S FUEL COSTS COULD BE LESS BECAUSE THE CARRIER CAN BUY FUEL IN BULK QUANTITIES AT DISCOUNT PRICES WHILE AN OWNER-OPERATOR CANNOT. ICC REQUIRES HOWEVER, THAT OWNER-OPERATORS RECEIVE THE HIGHER TRUCKLOAD SURCHARGE RATE EVEN WHEN HAULING LESS-THAN-TRUCKLOAD TRAFFIC. --PUBLISHING THE UNIFORM SURCHARGE RATE WEEKLY DURING PERIODS OF RAPIDLY RISING FUEL PRICES ENCOURAGES THE MOTOR CARRIER INDUSTRY TO UNIFORMLY ADOPT THE FULL RATE, THEREBY AGGRAVATING INFLATIONARY PRESSURES. IN ADDITION, PROGRAM POLICIES THAT ENCOURAGE UNIFORM PRICING FRUSTRATE THE 1980 ACT'S OBJECTIVES AND ICC'S CURRENT POLICIES OF ENCOURAGING INDIVIDUAL, RATHER THAN COLLECTIVE, RATE ADJUSTMENTS AND LESS ICC INVOLVEMENT.

IN MARCH 1981, AN ICC INTEROFFICE SURCHARGE TASK FORCE CONCLUDED THAT THE SURCHARGE PROGRAM COULD NOT BE MADE TO WORK FAIRLY. THE TASK FORCE RECOMMENDED THAT THE COMMISSION ELIMINATE THE PROGRAM AND ALLOW CARRIERS 90 DAYS IN WHICH TO FOLD THE SURCHARGE INTO THEIR RATE STRUCTURE AND TO NEGOTIATE NEW AGREEMENTS WITH OWNER-OPERATORS TO OFFSET FUEL PRICE INCREASES. ICC OFFICIALS TOLD US THAT THE FINAL DECISION REGARDING THE SURCHARGE PROGRAM WILL PROBABLY BE MADE AFTER THE NEW ICC CHAIRMAN TAKES OFFICE.

OWNER-OPERATORS AND OWNER-OPERATOR ASSOCIATIONS WE CONTACTED GENERALLY FAVORED RETAINING THE PRESENT FUEL SURCHARGE PROGRAM AND OPPOSED FOLDING THE SURCHARGE INTO THE RATE STRUCTURE. THEY OPPOSED INCORPORATING THE SURCHARGE INTO THE RATE STRUCTURE BECAUSE THE OWNER-OPERATOR THEN WOULD RECEIVE LESS THAN FULL COMPENSATION FOR FUEL COSTS. THEY ASSERTED THAT SINCE THE OWNER-OPERATOR'S LEASE AGREEMENT WITH THE CARRIER SPECIFIES THAT THE OWNER-OPERATOR WILL RECEIVE A SPECIFIC PERCENTAGE OF THE PUBLISHED RATE, THE CARRIER LEASING TO THE OWNER-OPERATOR WOULD RECEIVE THE BALANCE OF ANY INCREASED RATE.

SOME OWNER-OPERATORS TOLD US THEY MIGHT STRIKE IF THE SURCHARGE PROGRAM IS ELIMINATED AND THEY ARE NOT ADEQUATELY COMPENSATED FOR THEIR FUEL COSTS. ACCORDING TO THE PRESIDENT OF ONE INDEPENDENT OWNER-OPERATOR ASSOCIATION, MANY OWNER-OPERATORS ARE IN FINANCIAL DIFFICULTIES BECAUSE OF REDUCED RATES CAUSED BY COMPETITION AND POOR ECONOMIC CONDITIONS. THE SURCHARGE NOW COMPRISES ABOUT 20 PERCENT OF OWNER-OPERATOR REVENUES. THIS OFFICIAL ASSERTED THAT MANY OWNER-OPERATORS COULD NOT AFFORD TO OPERATE IF THE SURCHARGE WERE ELIMINATED.

CONCLUSIONS

--TO SUMMARIZE AT THIS EARLY STAGE OF DEREGULATION THERE ARE STRONG INDICATIONS THAT, AS THE CONGRESS DESIRED, THE TRUCKING INDUSTRY IS MUCH MORE COMPETITIVE THAN BEFORE THE ACT. IT IS TOO EARLY TO ASSESS THE FULL IMPACT OF THE ACT ON OVERALL ECONOMIC EFFICIENCY AND ON SERVICE TO SMALL COMMUNITIES.

--OWNER-OPERATORS, TO DATE, APPARENTLY HAVE NOT BENEFITED
TO THE EXTENT CONTEMPLATED BY THE MOTOR CARRIER ACT.

--THERE IS CONCERN, ALTHOUGH NOT CONCLUSIVE, ABOUT ICC'S
REDUCED ENFORCEMENT EFFORTS AND ITS IMPACT ON THE
NUMBER OF CARRIERS OPERATING ILLEGALLY.

THIS CONCLUDES MY STATEMENT. WE SHALL BE GLAD TO RESPOND
TO YOUR QUESTIONS.