

## KEYNOTE ADDRESS

Karen Borlaug Phillips, Interstate Commerce Commission

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This conference is examining a really important issue, and I am very honored to be a part of it.

As you are all aware, of course, the transportation industries were deregulated in the late 1970s and early 1980s, starting with the Ford Administration. The Carter Administration got things rolling with a little help from some Republicans in Congress and some administrative reforms on the part of the Interstate Commerce Commission (ICC).

During the Reagan Administration, this pro-deregulation philosophy persisted with a couple more deregulation bills. What also came with it was a desire to reduce the role of government overall, not only in terms of what we are doing here at this conference--deregulation--but as general ideology, that we should be getting the government phased out and sized down. In addition, we have been faced with a mounting federal budget deficit which has called into question what functions we can expect the government to perform.

Given the current degree of regulation of our various transportation industries, the question arises, then, why do we even need transportation data? I think there are a number of reasons. First and foremost--although it may sound a bit like a cliché--the transportation industries do constitute a very important sector of our economy. Without transportation, things would grind rapidly to a halt. It is important that government decision-makers have accurate information on the performance, financial stability, and other factors pertaining to our transportation industries. We need these data in order to do our job right in terms of ensuring an efficient and effective transportation system.

In addition, I think it is important that we remember that these types of data are not important only for transportation decision-makers--the DOT, the ICC, and other agencies--but also for other types of government activities, for instance, tax policy. If we are considering imposing a gas tax, for example, the Senate Finance Committee and other people who are involved are going to need to know if the trucking industry can withstand it? What industry are we talking about? What size of an industry are we talking about in terms of the magnitude of revenues that would be generated? And, if we were to impose a gas tax, what might be the likely effect on that industry?

I think it is also useful for officials in the transportation industries themselves to have these data in order to be able to determine how they are doing relative to their intermodal and intramodal competition.

This will help them in their planning processes, as they assess possibilities for expansion or other opportunities.

Related to this whole concept is the need for this type of information on the transportation industries and how they are performing in order to assess the outcome of deregulation. During the legislative debate over deregulation in each of the industries--railroads, trucks, freight forwarders, everybody--a number of predictions were made as to deregulation's expected effects, and these were all very theoretical and based on sound economic theory, and as an economist, I thought they were just great. But how, in practice, is deregulation working?

I think, generally, most people believe that the various pieces of deregulation legislation have been a success, but the results have not been uniform either among industries or within them. You take the railroads. A number of railroads are doing very, very well; other railroads, not so well. We are seeing a lot of consolidation and merger activity that may or may not have been expected at the time the Staggers Act was being considered.

In the case of the trucking industry, we have a number of LTL carriers that are doing extremely well, and TL carriers as well. However, we have had a lot of bankruptcies. True, bankruptcies were assumed during deregulation. Did we assume there would be quite as many as there are now? I don't know.

But we need to know what, in fact, is going on. Were we right back in 1979-1980? So, as an academic matter of interest, I think it is very beneficial to have this sort of information for purposes of future endeavors and assessing how well the efforts of a decade ago really did work.

I think more importantly, however, for those who favor deregulation, at any rate, is that we remember that deregulation is not necessarily a final act. There has been some interest in Congress in recent years, for example, in re-regulating the airline industry. With respect to freight transportation, last year the so-called CURE bill was working its way through Congress, which would have, in effect, provided a fair degree of re-regulation of the railroad industry.

So I think, to ensure that the clock is not turned back, we must make sure there are sufficient data available on the performance and financial situation of our transportation industries. In addition, should any opportunities for further deregulation arise, it will be crucial that we have meaningful data in order to make the case for deregulation. I think this is particularly true

with respect to the motor carrier industry, where there are some deregulation efforts continuing at this time.

In the meantime, regardless of the future level of regulation, whether we want more deregulation or we want to go back or whatever, it is important that we know what in fact is going on out there in these industries so that we can make reasonable decisions. There are, of course, a host of other reasons, but this is the main direction, I think, in which we need to go.

So what is the problem? Under deregulation, many believe that the need for transportation data, at least the data collected by the government, has been greatly reduced if not eliminated. And as I see it, the argument is twofold. First is that since these industries are largely deregulated, we no longer need this type of information. For railroads, motor carriers, what have you, the degree of government intervention is greatly reduced from what it was 10 or 15 years ago. Do we really need to know that much about what is happening in terms of minute details of these people's performance?

Secondly, if somebody wants the data, they can be collected privately. Let's let the free market do it. Government is in a period of fiscal crisis here, let somebody else do it out there.

This issue was raised in one of the first cases in which I voted last year at the commission on motor carrier reporting requirements. To use this as an example of where the government's thinking is going in some cases, I think it is a good illustration.

There had been some interest within the commission, for some time, in reducing the roughly 50-page annual reporting requirement for trucking companies to only one page and, in addition, we would have eliminated reporting requirements for some of the smaller, Class II carriers and eliminated the Uniform System of Accounts as the measure we use for these data.

I am pleased that the commission chose not to take this action. In recognition of the need to reduce reporting requirements on these carriers, and the fact that the 50-page report contained a lot of data that no one really was using, we did reduce the 50-page requirement to 10 pages, not to one page. And we did this in cooperation with the trucking industry, who had some of their consultants develop a good 10-page document in terms of what types of data would be useful for the government to collect. In addition, we retained the reporting requirements for the Class II carriers.

I think it is very important for the commission to be able to monitor the activities of the trucking industry. As long as we have regulatory responsibilities over the trucking industry or in other cases such as railroads, freight forwarders, what have you, I think it is crucial that we know what is going on in these industries. For

that reason, I just could not go along with the one-page proposal.

In the future, we have other issues to look at. We have exemptions right now for some trucking companies from our reporting requirements. Should we in fact require these people to begin filings? We will be looking at a lot of these types of issues, I hope, in the future at the commission.

I think the ideological issue, though, with respect to data collection and whether somebody else should do it, not the government, is compounded by the fact that we are in the midst of a fiscal crunch with our mounting budget deficit. The government, therefore, is being forced to look at its data collection efforts more carefully to see if, on a cost-benefit basis, at least, it makes sense for us to be continuing to collect these types of data.

If you add to this the fact that the Office of Management and Budget does seek to reduce paperwork burdens and reporting requirements on the public, it makes it rather difficult to get the government involved--for instance, for agencies to get surveys cleared through the Office of Management and Budget.

When I was at DOT doing a lot of work on trucking deregulation, we tried to do a number of studies, and I am pleased to report that OMB was always very cooperative and we did get the survey instruments through clearance, but it was a difficult process. I think now, under the current regime and with current budget constraints, that the process may be more difficult. We need to be very careful to assess what types of data we really need so that if we only have one or two shots to get something through the clearance process we are going to come up with meaningful data.

I think we need to also keep this in mind because it is crucial that the government maintain a role in data collection. Sometimes, for confidentiality reasons due to the magnitude of the issue involved, or for other reasons, the government really is the only entity that is well suited to collect certain types of transportation data. For that reason, we need to make sure the government keeps a hand in that process.

This conference is exploring a critical issue--the whole concept of transportation data needs and resources. I, for one, am very pleased that the U.S. Department of Transportation has asked for information on this issue as a part of its National Transportation Policy Study, and I think the Transportation Research Board and the Transportation Research Forum are to be commended for conducting the conference as part of that process.

The topics that we will be exploring at this conference will cover a wide array of concerns. Judging from the program, I think that at the conclusion of the conference, we are going to have a much better sense

of what our transportation data needs really are, as well as, I hope, an accurate appraisal of how best to obtain these data given budget constraints and other concerns.

Again, I am very pleased to be a part of this conference, and I look forward to hearing the outcome of the discussions in the various sessions here. Thank you again very much for the opportunity to be here this morning.