40 Years of Transportation Deregulation

Airlines, Railroads, Trucking, Intercity Buses
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3 INTRODUCTION
Transportation Economic Regulation in Practice
John W. Fischer
The year 2018 marks the 40th anniversary of the passage of the Airline Deregulation Act of 1978. In the four years following the legislation, Congress and the Carter administration also deregulated the railroad, trucking, and intercity bus industries. Although it took a bit longer, both the Civil Aeronautics Board (CAB) and Interstate Commerce Commission (ICC) were sunned. In this theme issue of TR News, experts from various segments of the transportation field examine how deregulation has played out over the intervening 40 years and what this experience portends for the future.

9 U.S. DOT and the Regulatory Challenge
Jeffrey N. Shane

10 Impacts of Airline Deregulation
Robert Peterson
Airline deregulation created the groundswell for additional deregulation in the transportation industry. The changes in aviation regulations and business practices were dramatic, with significant transformations occurring almost from the signing of the Airline Deregulation Act. Impacts included airline bankruptcies, lost jobs, and service realignments—as well as increased service, lower fares, and greater access to air travel for more Americans. In contrast to some views held at the time of deregulation, safety also has improved over time.

18 Air Service to Small Communities in a Deregulated Industry
Richard Golaszewski and Frank Berardino

20 Airline Deregulation at 40: Airport Perspective
David Byers

22 Perspective on Two-Score Years of Railroad Deregulation
Robert E. Gallamore
The railroad industry was regulated by states and by ICC late in the 19th century. By the time freight and passenger rail were deregulated in the 1970s and 1980s, a century’s worth of rules and rate structures had to be undone. Efficient and capable leadership—as well as a major bankruptcy—helped to propel deregulation forward and, eventually, set the stage for the rebirth of a modern and fiscally healthy railroad industry.

28 Surface Transportation Board: Its Creation and Role in a Deregulated Environment
Francis P. Mulvey
By 1982, nearly every mode of transportation had been deregulated—but in a few cases, particularly freight rail, some regulation was deemed necessary to avoid monopolies and other noncompetitive practices. Congress created the Surface Transportation Board (STB) in 1995, which regulates the movements of bulk commodities such as coal, grains, and chemicals; water carriage between U.S. ports and territories; and the movement of nonenergy products in pipelines. The article examines the continuing function of STB and its role in surface transportation industries.

33 Trucking Deregulation
Edward H. Rastatter
The total deregulation of freight trucking spanned several presidential administrations, finally concluding with intrastate trucking deregulation enacted in 1994. ICC had micromanaged carrier entry and rates since before World War II, but arguments against deregulation included concerns about truck safety and service to small communities, whereas the arguments for deregulation included better service, lower prices, and technological innovation. This article discusses how these competing arguments have played out in actual experience.
40 Effects of Deregulation on the Intercity Bus Industry
Joseph Schwieterman

The better service, expanding markets, and innovations that followed deregulation in other transportation industries initially eluded the intercity bus and motor coach industry. Perceptions of bus travel, competition with other transportation modes, and persistent intrastate regulation contributed to a decline in bus travel—but technological advances and other factors have revitalized the industry in recent years.

43 Second Chances: Regulation and Deregulation of Taxi and For-Hire Ride Services
Bruce Schaller

Taxicabs remain the most-regulated transportation sector in the United States, whether via entry, service, or fare controls. Of the localities that experimented with deregulation, most soon returned to regulating taxi services. The rise of ride-hailing apps, however, is prompting major changes, with effects not only on the taxi industry but also on public transportation and urban planning.

46 The Self-Driving Car Future

49 POINT OF VIEW

The Unfinished Business of Transportation Deregulation
Dorothy Robyn

Although deregulation removed price and entry controls in most transportation industries, economic and other types of restrictions remained in some areas—among them aviation and surface transportation infrastructure. This article discusses possible market-based and other reforms that can advance the benefits of deregulation in the years ahead.

ALSO IN THIS ISSUE:

55 TRB Highlights
Gick Named WTS-DC Member of the Year

56 Profiles
Rail policy expert Robert E. Gallamore; Director of the University of Maine’s Margaret Chase Smith Policy Center Jonathan Rubin

58 Bookshelf

60 Calendar

COMING NEXT ISSUE

The July–August issue of TR News examines 20 years of research and TRB activities on alternative contracting methods (ACM) and success stories from implementing research innovations. Explored are pioneering tools and contracting techniques used by state departments of transportation such as Georgia and Colorado, along with tested project delivery methods, selection tools for transit, international alliancing, using ACM for risk sharing and transfer, benefits of early contractor involvement, and risk-based quality management for design–build projects. Success stories also are presented for a variety of different contracting methods, offering insights and guides for future construction projects.

Construction of the Intercounty Connector (ICC), an 18-mile, six-lane toll highway linking two Maryland counties. Its design and construction were managed by the Maryland State Highway Administration, which delivered the $2.6 billion project with separate design–build contracts procured in four phases.