
Readings

of particular interest

The Faults of No-Fault

"Insurance, Liability, and Accidents: A Theoretical and Empirical Investigation of the Effect of No-Fault Accidents" by Elisabeth M. Landes, in *Journal of Law and Economics*, vol. 25, no. 1 (April, 1982), pp. 49-65.

Between 1971 and 1976 sixteen states enacted "no-fault" laws restricting drivers' legal liability for damages arising from auto accidents. No-fault laws provide that up to some threshold of damage, each driver's financial losses will be reimbursed by his own insurance company.

The purpose of no-fault is to curb the high administrative costs of litigation by keeping all but the most serious cases out of court. Economic theory, on the other hand, predicts that limiting liability for damages will lead to a different kind of cost, by reducing drivers' incentives to exercise care. Since, under no-fault, drivers do not bear the full costs of reckless behavior, theory predicts that the enactment of no-fault laws will be followed by higher accident rates and greater accident losses.

The magnitude of this effect has been uncertain, however, and proponents of no-fault have argued that the savings in court costs outweigh any tendency toward more frequent accidents. Elisabeth Landes in this paper examines both the theoretical and the empirical relationship between no-fault and the frequency of auto accidents. Using a mathematical model of the way individuals choose how much care to exercise in driving, Landes demonstrates that if all losses were insurable, a compulsory insurance system could act as a substitute for a liability rule, so that a no-fault plan would not necessarily result in greater accident losses. Not all losses, however, are insurable; such intangible, noneconomic losses as "pain and suffering" are not reimbursed by insurers and can be recovered only if damage

suits are permitted. Because no-fault laws limit compensable damages to economic damages only, Landes hypothesizes that they will indeed cause greater accident losses, even when insurance is compulsory.

Landes also hypothesizes that the effect of no-fault on accidents will be smaller where the insurance industry is concentrated. The reason is that, under no-fault, careless drivers impose costs on other drivers' insurance companies. As the insurance industry becomes more concentrated, it can more easily cooperate to charge these careless drivers higher premiums so as to reflect the costs they impose on insurers as a group. Individuals will thus "internalize" more of the externalities created by no-fault, which will induce them to drive more carefully. Where insurance is voluntary, however, this effect may not take place, since careless drivers who are not greatly risk-averse may choose to go uninsured rather than pay the higher premium.

Landes then submits both hypotheses to an empirical test. Because the sixteen states that adopted no-fault plans between 1971 and 1976 vary in the degree to which they restrict liability, they provide a natural data set for regression analysis. The degree to which liability is limited in each state is measured by three variables. One is the threshold of medical expenses below which an injured party may not file suit. (New Jersey's weak no-fault law, for example, has a threshold of only \$200, while Minnesota's has a threshold of \$2,000.) The second variable is the same threshold deflated by an index of local medical care prices in that state. The third is the proportion of 1979 insurance claims in each state in which the injured party was barred from bringing suit by the state's damage threshold. Landes also includes appropriate dummy variables in her regressions to represent the effects on accident rates of such factors as the age composition of a state and changes in the price of gasoline.

Using statistics on fatal accident rates in the fifty states for the years from 1967 to 1976, Landes is able to estimate the actual effect no-fault has on the accident rate. With the exception of the states with the weakest no-fault laws—those whose damage thresholds were very low—no-fault seems to have a positive, statistically significant effect on fatal accident rates. Further, the magnitude of this effect increases with the stringency of the law: a medical expense threshold of \$500 implies an increase in fatal accidents of about 4 percent, while a threshold of \$1,500 implies an increase in fatal accidents of more than 10 percent. These results suggest that the states which enacted no-fault plans between 1971 and 1975 suffered between 376 and 1,009 additional fatal accidents as a result.

Landes's results also support her hypothesis concerning the interaction between insurance industry concentration and the effect of no-fault on accident rates. Using two measures of market concentration, she finds the effect of limited liability on fatal accident rates to be weaker when the level of industry concentration is higher.

Farmland Losses: A Groundless Concern?

"The Urbanization of Agricultural Land: A Review of the National Agricultural Lands Study" by William A. Fischel, in *Land Economics*, vol. 58, no. 2 (May 1982), pp. 236-259.

The National Agricultural Lands Study (NALS) was established in 1979 by the Department of Agriculture and the Council on Environmental Quality to study the conversion of farmland to urban or other built-up uses. In its *Final Report*, issued in January 1982, the NALS charged that the conversion rate more than doubled between the 1960s and the 1970s, from around 1 million to more than 2 million acres a year. Projecting this trend into the future, the report expressed concern that the nation's supply of agricultural land might eventually prove insufficient to meet demand, at least at current prices. It recommended that federal, state, and local governments take steps to preserve agricultural land, primarily by restricting the

growth of suburban and rural housing development.

In this paper William Fischel, professor of economics at Dartmouth College, argues that (1) the data on which the NALS based its alarm vastly overstate the true rate of urban development of rural land; (2) the market process already gives sufficient weight to preserving adequate farmland, making government intervention on this account unnecessary; and (3) the policies urged by the NALS will most likely harm the well-being of American households by giving parochial local interests specious reasons to restrict development.

Fischel's critique of the NALS figures takes three paths. First, the methods that local Department of Agriculture functionaries used to define and catalog urban and built-up land in the 1970s were significantly more inclusive than the methods used in the 1960s. Those methods may also have varied greatly from state to state, to judge by some of the anomalies in the data: South Dakota more than doubled its reported "urban land area" despite its low rate of population growth, while Kansas and three other states had *negative* reported rates of urbanization.

Second, the NALS report's claim that the rate of urbanization doubled in the 1970s is not borne out by data on construction. Home building increased only 12 percent and new road mileage only 13 percent from the 1960s to the 1970s. Moreover, evidence suggests that the houses built in the 1970s used less land on average.

Third, aerial photos indicate that the level of urban development is far below what the NALS claims. Data from U.S. Geological Survey high-altitude mappings of urban and built-up land are available for four states. The Department of Agriculture figures exceed the Geological Survey figures by 29 percent in Pennsylvania, 41 percent in West Virginia, and 74 percent in Florida. Only for Kansas (where the department had shown a decline in urban land area) did the two sets of data approximately agree. Moreover, a study for the department's own Economic Research Service by Kathryn Zeimetz and others found that from 1960 to 1970 urbanized land increased by only 23 percent in the fastest-growing large counties in the country—compared with the NALS estimate of a 47 percent increase in urban land *for the en-*

tire country in the period 1967–1977. Fischel concludes that “the figures used by the NALS overstate the conversion of rural land by a factor of two and quite possibly by a factor of three or four.”

Even if urban development were proceeding at the rate the NALS claims, Fischel says, there would still be no cause for alarm—if only because the “baby boom” generation is now passing the peak age for household formation. If every family of four in the United States were housed at the suburban “sprawl” density of one home per acre, only 3 percent of the U.S. land area—not counting Alaska—would be taken up. “Urbanized areas,” which housed about 58 percent of the U.S. population in 1970, take up about 1.2 percent of the U.S. land area. The author reviews three economic models of the process of rural land development, examining such factors as the alleged irreversibility of development, government subsidies for suburban sprawl, speculation, “leapfrogging,” and the “impermanence syndrome.” He concludes that none of these factors has an important effect on the amount of land available for agriculture now or in the future.

There are, of course, real conflicts among users of land. Suburban residents, for example, often object to the insecticides and noisy machinery associated with farm use. (Fischel notes the irony that environmentalists have been in the forefront of support for “right-to-farm” laws that prevent agricultural pollution and noise from being attacked in the courts as nuisances.) But in Fischel’s view these disputes do not require federal or even state intervention, since their effects are largely localized. He believes that artificial nationalization of these issues of land use is seriously harmful. Even when the battles are fought exclusively at the local level, suburbanites who have already “got theirs” find the “protection” of farmland a nearly perfect means of excluding newcomers. But if farmland preservation is turned into a false national issue, the inequitable possibilities of exclusionary zoning are vastly expanded. Reports that the country is running out of farmland have already had a significant influence on state and local zoning and land use decisions—an effect that Fischel believes has needlessly harmed people who want to live and work in new developments, and consumers in general.

Mergers and Concentration: The Empirical Evidence

Mergers in Perspective by Yale Brozen (American Enterprise Institute, 1982), 88 pp.

“If nothing is done to check the growth of concentration,” to quote a 1948 Federal Trade Commission report, “the giant corporations will ultimately take over the country.” The commission’s warnings about the dangers of unchecked mergers did not go unheeded: in 1950 Congress passed the Celler-Kefauver amendment to the Clayton Act, which prohibited corporate acquisitions “where . . . the effect of such acquisition may be substantially to lessen competition, or tend to create a monopoly.” Despite the narrow scope of its prohibition, the amendment greatly stimulated federal antimerger enforcement. The difficulty of determining what constitutes an anticompetitive merger led the Department of Justice and the courts to rely on market share standards. Eventually, in 1968, the department published explicit merger guidelines that established market share thresholds above which mergers would be challenged. (See Joe Sims and William Blumenthal, “The New Era in Antitrust,” p. 25.)

Yale Brozen, professor of business economics at the University of Chicago, here challenges the notion that merger activity has an appreciable or lasting effect on concentration. He finds that horizontal mergers have not caused concentration to increase and that conglomerate mergers have had no effect on aggregate concentration or on the number of firms in particular industries. Moreover, says Brozen, much evidence supports the view that conglomerates enjoy economies not available to firms operating separately and that mergers are an intrinsic part of the process by which productive resources come to be used efficiently. Because of the gains from mergers and the loose connection, at best, between mergers, concentration, and losses due to monopoly power, the author advocates basing merger policy on the underlying economics of industry structure instead of the arithmetic of market shares.

Even though merger activity continues to be substantial, Brozen finds little support for the view that the U.S. economy is becoming more concentrated, either in particular indus-

tries or in the aggregate. For example, the percentage of shipments made by industries with four-firm concentration ratios above 60 percent rose from 20.9 in 1935 to 21.8 in 1972, but then fell to 19.8 in 1977, according to Census Bureau data. (Because the Bureau used a different number of industrial categories in 1935 than in 1972, the actual percentage probably declined over that period.)

Aggregate concentration, or concentration in the economy as a whole, is often alleged to be increasing because of lax conglomerate merger policy. It has, however, shown no clear trend. The percentage of shipments accounted for by the 200 largest industrial companies rose from 41 to 45 percent between 1937 and 1977, but the share of shipments for the 50 largest industrials fell from 28 to 25 percent over the same period. And, Brozen notes, imports are playing an increasing role in the market for manufactured goods, which makes effective concentration lower. Assets are more concentrated than sales, but manufacturing assets are a relatively small fraction of total assets. A broader measure is that of all nonfinancial corporations: the 200 leading firms of this type held 57 percent of all nonfinancial assets in 1933, but the figure has declined steadily to 39.5 percent in 1975.

Interestingly, the 1948 FTC report's claim that economic concentration was rising, which helped bring about the Celler-Kefauver amendment, cannot be substantiated by the figures,

as many contemporary observers noted at the time. Although more than 2,000 firms were absorbed through merger between 1940 and 1947, 62 percent of them in horizontal mergers, average four-firm concentration fell from 41.8 percent in 1935 to 39.7 percent in 1947. (It fell still further to 38.4 by 1977.) The most notable development in industry concentration since then, apart from the stability of the figures as a whole, is the tendency of highly concentrated industries to become less so and less-concentrated industries to become more so. Of industries with four-firm concentration ratios above 50 percent in 1947, about two-thirds declined in concentration by 1977.

Brozen says that these and other statistics support the view that the long-term structure of an industry is determined by overriding economic forces, not by who buys whom. Yet policy makers often presume that blocking mergers will advance the vague ideal of deconcentration. The courts, for example, have frequently barred acquisitions on the theory that would-be acquirers would otherwise enter the industry on their own. This presumes, Brozen says, that the motive for entry is the desire to move into a specific line of business. Recent empirical work strongly suggests, however, that the motive for conglomerate merger is often to acquire a poorly managed firm, usually at a substantial premium, and then rejuvenate it. Moreover, firms that become targets in acquisitions tend to have suffered previous declines in their stock market value relative to other firms.

Sometimes mergers lead to savings because firms can carry out some processes internally better than they can through the market. The sharing of proprietary information, for example, can be conducted within a firm when it would not be risked with outside firms. Also, legal costs per dollar of sales are substantially lower for large firms, which suggests that large firms substitute internal mechanisms for complex or risky transactions. If the net gains from increased firm size are large, but acquisitions are made impossible, concentration will arise through other means. Some firms will be

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Bob Englehart—The Hartford Courant

run out of business, and society will incur the needless expense of duplicating their assets, either through the internal expansion of one of the surviving firms or through new investment by a diversified firm.

Brozen says the "negligible" effect of mergers on long-term concentration should generally not outweigh their demonstrated capacity to increase efficiency. He advocates a neutral policy, one that neither hinders vertical, conglomerate or most horizontal mergers, nor artificially encourages them.

A Price Tag on Jet Noise

"Charges to Control Aircraft Noise" by Donald C. Cell, in *Environmental Policy Implementation*, edited by Dean E. Mann (Lexington Books, 1982), pp. 157-171.

Like other forms of pollution, the noise that airports inflict on their surrounding neighborhoods is now subject to direct "command-and-control" regulation. The Federal Aviation Administration has promulgated noise standards for aircraft under the Noise Control Act of 1972, which specifies that each standard is to be "economically reasonable" and "appropriate" for the particular type of aircraft or aircraft engine involved. Such airports as Washington National have imposed curfews on night operations under pressure from groups of local residents.

Donald Cell, professor of economics at Cornell College in Iowa, maintains that aircraft noise is a good candidate for an "emissions-fee" approach, one reason being that "the cost of acquiring the information needed to administer aircraft-noise charges would be unusually low." Cell offers sample schedules of noise charges, developed by the now-defunct Council on Wage and Price Stability, that he says would be easy to implement and likely to lead to significant savings.

Cell begins with an account of the reasons economists tend to favor emissions-charge schemes. Only the "polluters" themselves, who in this case are airlines and airports, know how to reduce noise most inexpensively. The best way of achieving any given reduction is likely to be a mix of measures such as buying new air-

craft, rescheduling flights, and using outlying airfields. If an airline must pay a sliding fee based on the amount of damage its noise inflicts on nearby residents, its management will pick the cheapest means to reduce noise, and will pursue the reduction to a point below which the cost to the airlines would exceed the value to the neighbors.

Command-and-control regulations sometimes seek to mimic this sort of efficiency by "fine-tuning" the rules to take into account costs and benefits. Logan International Airport in Boston, for example, discourages passenger traffic at night more than freight traffic, on the view that the former is generally cheaper to reschedule than the latter. The FAA aircraft standards, likewise, vary according to an aircraft's number of engines, weight, and date of design and construction. Yet such discrimination among classes of aircraft or flights, while of some help, still fails to minimize costs. The problem is that both the costs and the benefits of reducing noise vary greatly within the classes that the regulations have been able to distinguish. The cost of noise-dampening gear may be justified if a given craft is to be used for night service between big cities, but not for day service between sparsely settled points. Some late-night passenger trips may be worth their cost in noise and some late-night freight shipments may not.

"Economic theory," Cell notes, "distinguishes between two efficiency goals: promoting the least expensive methods of abatement and achieving the right level of abatement." To determine the right level of abatement, it is necessary to come up with some estimate of the harmful effects of noise. One such measure is the difference in property values between homes near airports and similar homes located elsewhere. Arguably, the difference represents the valuation that average homeowners actually place on quiet; had the homeowners living near the airport really placed a higher valuation on quiet than that difference, they would presumably have willingly paid the premium needed to live elsewhere. The Council on Wage and Price Stability in 1977 calculated for twenty-three airports the total loss of rental value of surrounding property due to noise, and divided it by the number of airline takeoffs and landings during the year. The highest resulting average cost per operation was \$196.67 for New

York City's La Guardia Airport. Costs were also high for the other New York City airports and Logan in Boston. At the low end was the Portland, Oregon, airport, with a typical noise cost of just 82 cents per operation, and Dulles near Washington, with a cost of \$5.64.

Noise charges would vary not only from airport to airport, of course, but from flight to flight. Acoustical experts have developed a subjective measure called "effective perceived noise" that takes into account the loudness, duration, and shrillness of the sound made by an aircraft. According to FAA data, the effective perceived noise emitted by ten types of aircraft in use during the mid-1970s ranged on this index from a low of 92 for a Boeing 737 on take-off to a high of 116.8 for a Boeing 707 (without "retrofitted" noise-control gear) on landing. Cell says that a fee schedule should make airlines pay for all noise they make that is deemed to contribute significantly to raising the local noise level above the tolerable threshold. The council's illustrative calculations for Logan International Airport show that for day flights an aircraft with an effective perceived noise index of 97 or less would not exceed the threshold and would thus pay no fee. Above an index of 97, charges would rise rapidly. A plane would pay \$41.09 if it ran at a noise index of 100, \$216.79 at a noise index of 112, and \$433.61 at a noise index of 117. Night noise would be twelve times as costly as day noise, so that the fee for a plane with a 117 index landing at night would be \$5,202.48.

Cell concedes that some might consider such a charge scheme flawed "because noise monitoring is still imperfect, because the day-night differential is somewhat arbitrary, because not all airports that have a noise problem may be induced to adopt the same rate of charge per unit of noise, and so forth." But, Cell says, "any noise-control policy that aspires to cost-effectiveness must cope with [the] same problems. . . . [S]uccess is a matter of degree."

On the positive side, Cell contends, there are three reasons why noise charges should prove relatively easy to implement. Noise is largely confined to the immediate vicinity of the airport, the methods for monitoring noise are well established and inexpensive, and each airport would need to settle accounts with only a handful of companies.

Public Regulation and Private Enforcement

"Public Programs and Private Rights" by Richard B. Stewart and Cass R. Sunstein, in *Harvard Law Review*, vol. 95, no. 6 (April 1982), pp. 1193-1322.

The courts have created a number of different remedies to allow private persons to prevent unlawful acts by government agencies. If an agency tries to regulate a private person who is allegedly polluting, for example, that person can go to court to test the legality of the regulation. If an agency fails to prevent pollution, courts have sometimes allowed private persons to file suit to compel the agency to act. Courts have also allowed private persons to bypass the agency and sue the alleged polluter directly (the so-called private right of action). And, in a series of decisions, the courts have held that private persons have a constitutional right to a hearing when they are deprived of certain statutory benefits, such as payments under state welfare programs.

These various remedies are usually studied separately, but they pose some common problems that make them all highly controversial. When courts create private rights of action, for example, they may allow private persons to circumvent a public enforcement system, disrupting the agency's ability to make law and policy and undermining political controls on enforcement.

In this article, Professors Stewart (of Harvard Law School) and Sunstein (of the University of Chicago Law School) analyze these different remedies in an effort to develop a general theory to explain judicial creation of remedies for faulty regulation. They emphasize that judicial creation of such remedies raises serious separation-of-powers questions, and that private remedies may sometimes interfere with regulatory programs. Nonetheless, they argue that judge-made remedies are a justifiable response to the disruption of the constitutional structure caused by the creation of administrative agencies that combine traditionally separated powers and are often not subject to effective electoral control. In these circumstances, the authors maintain, private remedies can serve as a "second-best" substitute for the original safeguards achieved by the constitutional system of checks and balances.

In particular, Stewart and Sunstein examine private remedies as means of securing three of the purposes served by regulation: protecting private entitlements, expanding production or "efficiency," and advancing public values through an open and democratic policy-making process. They attempt to show that each of the various private remedies is meant to promote one of these three basic goals. As a result, they maintain, the creation of such remedies is a justifiable exercise of judicial power. While acknowledging that it would often be preferable for Congress or the executive branch to assert greater control over regulation, the authors conclude that judge-made private remedies are frequently desirable because they simultaneously improve the administrative process and promote some of the goals that underlay the original constitutional framework.

Utility Rates: Two Case Studies

Regulatory Politics and Electric Utilities: A Case Study in Political Economy by Douglas D. Anderson (Auburn House, 1981), 191 pp.

Douglas Anderson, associate professor at the Harvard Business School, seeks to "take a fresh look at regulatory behavior" by examining state regulation of electric utilities from 1968 to 1978. He concludes that the "capture" theory of regulatory behavior is inadequate to explain the recent history of utility regulation, and that a broader typology of regulatory behavior is needed.

To be sure, there is an element of "capture" in the origins of regulation in the industry. It is part of "the folklore of regulation," Anderson says, that state laws regulating public utilities were passed over the utilities' strenuous objections. In fact, power company executives were "committed to the concept of state regulation" on the grounds that it would provide "absolute stability of our securities and protection from unnecessary competition," as an official of the Southern California Edison Company put it. In addition, utilities preferred state regulation to dealing with municipal regulators or risking municipal ownership of utilities.

Even after regulation had been in place for some years, it was still no threat to utility in-

terests. Regulators promoted electricity usage through rate structures in which the unit cost of electricity declined with increased usage. This led to rapid growth in demand, which paved the way for utilities to build larger generating plants and reap savings from economies of scale. With stable or declining rates and reliable service, smaller consumers had little reason to pay attention to utility regulation, and planning and pricing decisions were largely left up to the industry.

In the late 1960s and 1970s, that began to change. Under the spur of inflation and higher fuel prices, the utility industry deluged state regulatory commissions with rate hike requests. Only three states had carried out general rate reviews in 1963; that number rose to 19 in 1969 and 114 in 1975. Some states granted fuel adjustment clauses, which let utilities pass along escalating fuel costs without an additional hearing. Electricity rates rose 90 percent nationwide from 1970 to 1975. At this point other interested groups began to enter ratemaking proceedings in force. Environmentalists and Federal Energy Administration experts favored rates that varied according to the time of use and the marginal cost of production. Both groups hoped to reduce the demand for electric power, the first as a way to avoid building new power plants, the second as a way to conserve energy. Consumer groups, meanwhile, began to organize campaigns to stop rate increases. They too sought to revise the system of declining volume rates—not in order to make each customer pay the marginal cost of service, but in order to make commercial and industrial users subsidize smaller residential users through "lifeline" rates.

The author details two case studies in which state ratemaking took very different directions: New York, which adopted marginal-cost-based electric rates, and California, which adopted "lifeline" rates. In New York, the political struggle for rate reform was led by the commission's chairman, economist Alfred Kahn. Kahn first won the support of the commission staff, many of whom were engineers new to economic ways of thinking. Then, after the commission had been brought to approve the general idea of marginal-cost pricing, it took up a specific request by the Long Island Lighting Company to restructure the rates it charged its largest commercial and industrial

customers. By then utilities, environmentalists, residential customers, and FEA experts were all supporting marginal-cost pricing, but Kahn still had to win the approval of large industrial users. The eventual rate structure approved for Long Island Lighting was a compromise of marginal-cost principles: it was agreed that no class of consumer would have to pay more than it had under the old ratesetting method. Even though the new rate structure did not differ greatly from average-cost pricing, it was considered a major innovation.

In California, rate revision took a much different path. Leonard Ross, Governor Jerry Brown's first appointment to the California Public Utility Commission, behaved as a "political entrepreneur," Anderson says, in leading an effort on behalf of lifeline rates. Paying no heed to the commission staff's opposition to the scheme, he devoted his energies to developing external support from coalition groups claiming to speak for the poor and elderly, residential consumers, labor unions, and environmentalists. Eventually the commission was persuaded to endorse the plan, and lifeline rates were subsequently approved in September 1975 by the California legislature.

New York, Anderson says, is an example of a "bureaucratic" style of regulatory behavior. Ongoing staff involvement and cooperation is needed to formulate and implement a marginal-cost pricing policy, which means that internal organizational harmony is essential. California, on the other hand, is an instance of "entrepreneurial" regulatory behavior, the author says. A lifeline rate structure, unlike marginal-cost pricing, takes little effort to manage once it is installed. Thus it is suited to an "issue campaign" strategy in which the marshaling of outside pressure takes the place of internal agency support. Neither state, he adds, is an example of "capture," since in both cases regulators faced more than one active external pressure group.

The summary of Social Regulation: Strategies for Reform included in our last issue (May/June 1982, pp. 54-55) omitted mention of one of the authors, Michael H. Levin of the Environmental Protection Agency, who contributed the chapter entitled "Getting There: Implementing the 'Bubble' Policy." We regret the error.

A Green Light for Trucking Efficiency

(Continued from page 42)

ed in getting restrictions removed from their authorities, leaving them freer to shorten circuitous routes, to serve intermediate points on those routes, and to haul a more broadly defined group of commodities. All of this, of course, increased efficiency and competition.

A Summary of Effects

The net result of administrative and legislative reform is a more competitive and more efficient industry, with lower prices (rates) and better service for consumers. While some part of the lower rates may be attributed to the economic downturn, the loss in the value of operating rights and the unprecedented increase in independent rate proposals are strong evidence that the downturn is not solely—indeed, is not mainly—responsible. The amount and quality of service to small communities seems to have risen, and increases in entry and new authority grants signal a less concentrated industry.

It will be several years before we can make a complete assessment of the long- and even short-term effects of trucking regulation reform. But the weight of the evidence seems to support the arguments made by the outside observers, that regulatory reform would benefit consumers—in other words, would benefit society as a whole. It is our belief that the burden of proof is squarely on those who would argue the contrary. ■

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