The deregulation transformation

Transportation Labor Issues and Regulatory Reform. Edited by James Peoples and Wayne K. Talley, San Diego, CA, Elsevier, 2004, 234 pp., $97.95 /hardback.

Deregulation's effect on compensation and working conditions is still a subject of debate, largely because of difficulties in data analysis. Beyond simply increasing competition, the industry deregulation that began in the late 1970s would have an impact on transportation employees for the next 30 years. In *Transportation Labor Issues and Regulatory Reform,* James Peoples and Wayne Talley present nine studies that try to evaluate the impact of deregulation in the face of technological advances and structural change.

This is the tenth volume in a series on research in transportation economics. Though a number of years have passed since the first volume was first published, the editors have provided a valuable resource that presents a wide range of analyses both in terms of scope and depth. With much historical information, this book provides a rich backdrop to understanding all the forces that have shaped the recent evolution of the transportation sector.

In the first study, a researcher examines BLS workplace injury data in the railroad, trucking, and commercial aviation industries. Noting limitations inherent in the available data, the author also cites a major obstacle caused by SIC coding changes: "The haphazard growth of the courier business over the past 30 years, with some major firms developing from an aviation base and some from a trucking base, led to a major continuity break in 1996." Beyond an analysis of published BLS numbers, this study examines alternative measures of safety conditions, such as injuries per unit of output. These measures are viewed against various determinations of productivity. Among the findings are that the railroad rate of injuries per ton mile was less in the 1990s than in the 1970s. And, when the other transportation industries are compared with manufacturing, the data suggest that "safety outcomes have not worsened." The author concludes, "Only in railroads does there appear to be any linkage between deregulation and workplace safety." The safety picture in that industry had already started deteriorating in the 1960s, explains the author. Deregulation led to a "financial renaissance" of sorts, improving productivity and working conditions to an extent.

"Determinants of driver safety are not limited to driver compensation, driver attributes and occupational demands of drivers," claim the authors of the second study in this collection. They add another factor—financial performance of trucking firms. In addition to BLS data, this study uses data from the Signpost National Survey of Driver Wages, the Department of Transportation (DOT) Motor Carrier Management Information System, and Motor Carrier Financial and Operating Statistics (MCFOS). Although they found no systematic differences in crash rates based on financial performance, the authors did find a relationship between safety and small-firm liquidity.

In determining the impact of technology in the motor freight industry, the authors of the third study describe the work life of an over-the-road driver. The authors use data from the Sloan Foundation Trucking Industry Program (TIP) Driver Survey: "We investigate these possibilities by examining the relationship between these factors and effective mileage rates, annual miles, and apropos of work intensification, hours worked per week and violations of the hours of service regulations." Included in this analysis is information about variation in wages, work hours, fatigue, turnover and quit rates, as well as union affiliation. The overall conclusion of this study is that technology has improved productivity and earnings but intensified and lengthened the workday.

How did airlines try to beat the competition in the face of deregulation? To lower costs, they increased employment of part-time workers, increased workloads, and increased hours, according to a different study in this collection. These moves helped delay significant wage declines until the 1990s—quite a few years after deregulation began in the industry in 1978. This study summarizes key air transportation economic indicators, and it supplies a lengthy list of carrier bankruptcies. With an in-depth analysis of pilots, flight attendants, and mechanics, the study demonstrates that "Deregulation has not affected occupational employment equally." The authors also point out some of the less-obvious effects of deregulation; for example, layoffs led to cockpit crew assignment variation, a factor that can increase pilot error. The authors additionally examine productivity measures, including revenue passenger miles (RPM) per employee (the number of miles flown by revenue generating passengers divided by the number of employees). In discussing working conditions, the study authors note that air transportation has always had "fairly high injury rates relative to manufacturing, but, in recent years, airline rates have risen over time to relatively high levels while manufacturing has been steadily declining." The authors note that increased productivity has come at a price of safety, but the findings leave a number of questions. They conclude: "In many ways, the seas of deregulation still appear as unchartered today as they did 25 years ago."

Another study describes how technologies helped redistribute employment opportunities among occupations and among industries. This change has implications for productivity measurement. Looking at occupational employment, the author notes a decline in truckdrivers employed by manufacturing and retail trade and an increase in air transportation and business services (third party logistics). This shift leads the author to suggest, "It may be more appropriate to consider productivity in transportation not in industry-specific terms but in the context of supply chain performance."

Did deregulation create a stronger link between compensation and firm performance? In an analysis of the earnings of trucking executives, researchers use MCFOS data to test theoretical models. "The responsiveness of pay to profitability and to firm size remained as it was before deregulation." Nevertheless, the authors note an increase in executives' earnings alongside a "steady slide in drivers' earnings." A separate analysis of low- to mid-level managers' pay finds no significant change in earnings resulting from deregulation. The authors of that study hypothesize that managerial quality has increased. Though the data also suggest the improvement of some quality measures, such as education and experience, this reviewer was left asking, what about other measures, such as employee turnover or staff sentiment?

In the final study of this volume, the editors examine truckdriver earnings and employment in port cities. To help the reader understand why shipping deregulation stimulated container cargo growth at port cities, Peoples and Talley provide a concise history of modern cargo transport. In 1955, with the creation of SeaLand came the first international voyage of a container ship: "Containerization radically altered cargo handling tasks as capital was substituted for labor," explain the editors. Dock workers, as a result, faced reduced demand. Deregulation allowed for intermodal, rather than just port-to-port, rates, and it increased the demand for intermodal truckdrivers. Thus, deregulation helped stimulate growth in port cities by realizing the positives of containerization—efficiencies, lower rates, and quality improvements: "Shipping deregulation has not only led to an increase in the wages of owner-operators at port cities, but also to an increase in their employment at these cities."

This collection demonstrates that capturing the effect of deregulation on airline transportation is a much different challenge than capturing its effect on the trucking or maritime industries; logistics, management structures, technologies, productivity measurements, and major occupations vary significantly among the transportation industries. Despite this diversity, labor issues, with compensation and working conditions first and foremost, have provided the common fuel for the deregulation debate.

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