Dear Attendees,

First off, thanks for taking the time to read and comment on my paper and talk. After years of being an attendee, I’m extremely thankful to give a paper before this group.

My talk will consist of three interrelated parts. First, I will give some background on my project, how this paper fits into my broader work, and some of the larger overarching questions which led me to this study of deregulation. Next, I will spend roughly 20 minutes on the paper itself. Finally, I will spend the last half of the talk connecting how firms and labor alike responded to a deregulated environment.

I intend to further develop this paper and eventually publish it as a stand-alone piece and would appreciate comments on how to further develop the paper.

Thanks,
Jesse

Deregulation Discourses and Regulatory Reform in American Transportation, 1974-77

by

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 “I have today signed into law S. 2245, the Motor Carrier Act of 1980…[which] will bring the trucking industry into the free enterprise system, where it belongs,” remarked President Jimmy Carter before Congress. “This is historic legislation. It will remove 45 years of excessive and inflationary Government restrictions and redtape. It will have a powerful anti-inflationary effect, reducing consumer costs by as much as $8 billion each year.”[[1]](#footnote-1) With the Motor Carrier Act of 1980, the Carter Administration accomplished what proved to be a legislative impossibility less than a decade earlier when the Ford and Nixon Administrations failed to push similar legislation through Congress. [[2]](#footnote-2) Carter’s rhetorical link between regulation and inflation is particularly perplexing given that the economic conditions of stagflation persisted throughout the 1970s, which both prompted heavy-handed government intervention in the way of the Nixon Administration’s Wage and Price Controls in the first half of the decade, and in turn worked as a catalyst for the state’s retreat from heavy-handed economic intervention towards the later half.[[3]](#footnote-3) By the late 1970s, deregulation initiatives enjoyed broad-based, bi-partisan support for what Carter’s chief inflation tsar, economist Alfred Kahn, argued of was “…the elimination of burdensome (and often just silly) government restrictions that impose costs on the economy far greater than their benefits.”[[4]](#footnote-4) This significant shift from political impossibility to widespread bipartisan support for deregulation reveals that widespread support for a general market mediated approach offers a far more complicated history than the somewhat flattened explanations offered by the business counteroffensive, conservative ascendance, or decline of liberalism theses would indicate.[[5]](#footnote-5)

Eariler critiques of regulation can be traced to John F. Kennedy’s message to Congress urging for, “greater reliance on the forces of competition and less reliance on the restraints of regulation,” and his call for the end of, “A chaotic patchwork of inconsistent and often obsolete legislation and regulation.”[[6]](#footnote-6) Though Kennedy’s address to Congress failed to usher through the Transportation Acts Amendments of 1962 and 1963, the Kennedy Administration’s support of the ill-fated legislation opened up the political possibility of regulatory reform and legitimated arguments against regulation.[[7]](#footnote-7) But the legislative failure of significant regulatory reform from the 1960s to the mid-70s indicate that arguments for market mediated, rather than state managed approach, remained a political impossibility until the mid-to-late 1970s.[[8]](#footnote-8) Kennedy’s call, however, sparked off a series of conferences, studies, and papers sponsored by various think tanks and foundations to examine the costs of regulation in the mid-to-late 1960s.[[9]](#footnote-9) This flurry of academic activity in economics and policy circles garnered attention from a wide array of well-positioned individuals in both industry and government, including policy makers, bureaucrats, and administrators within regulatory agencies.

By exploring how regulators and policy makers alike responded to critiques against regulation, and how some, such as Interstate Commerce Commission (ICC)’s Daniel O’Neal, attempted to mitigate criticisms through reform, we gain a clearer understanding not only of how these arguments took shape and influenced policy from the academy, think tanks, and government positions, we also gain a better understanding how regulators themselves responded to and attempted to undercut mounting political pressure and damning criticisms by advancing reform within their respective agencies. Indeed, ICC member and Commission Chairman during the Carter Administration, A. Daniel O’Neal, instituted a number of internal reforms, from increasing competition in the motor carrier industry to expanding zones exempt from regulation, in an effort to allay criticisms against regulatory institutions such as the ICC. Though some of these internal reforms did in fact increase competition in the tightly controlled industry, the combination of damning economic critiques, political pressure from individuals within the Nixon, Ford, and Carter Administrations, and extensive press coverage on the inflationary effect of regulation, generated enough public backlash and political momentum for law makers to dismantle most regulatory structures as one of several policy perceptions to check the decade long battle against excessive inflation.

**From the Ivory Tower to K Street**

Following Kennedy’s unanswered call to Congress for regulatory reform, the Ford Foundation provided a generous grant to the Brookings Institution to study the economic effects of transportation regulation.[[10]](#footnote-10) To that end Brookings, and later the American Enterprise Institute, provided institutional support for economists and policy experts to study the costs and burdens of regulation, which helped build the intellectual groundwork for economic arguments against regulation in the mid-to-late 1960s.[[11]](#footnote-11)

In particular, Ann Friedlaender’s work on freight transportation regulation, the product of a two day Brookings conference on regulation in late 1967, posed problems with the ICC’s regulatory oversight in transportation and weighed the economic cost of regulation against its social benefit and contrasted what she argued would be a more rationalized, efficient transportation system governed by market forces with the current regulated transportation system. Though earlier critical studies of regulatory agencies certainly existed, Friedlaender’s cost-benefit approach helped move these discussions from the academy to policy circles.[[12]](#footnote-12)

Although Friedlaender estimated that a, “policy that ended all rate regulations,” would reduce transportation costs by roughly, “$500 million a year,” she cautioned against complete deregulation and noted the ancillary social and economic fallout from total deregulation.[[13]](#footnote-13) “Trucking firms would be particularly hard hit,” she warned, “at best, many trucking firms would be forced into the relatively unprofitable short-haul, small size, irregular route service; at worst, many would be forced out of business.”[[14]](#footnote-14) Though Friedlaender admitted “the existing regulatory framework and policies have led to inefficiencies and social costs arising from a misallocation of transport resources that must be corrected,” she cautioned that against policy that could have a negative effect on demand, noting that “the losses accruing to specific income groups from such a correction must be minimized.”[[15]](#footnote-15) Though Friedlaender’s study warned of the collateral damage from full deregulation, her work set the tone for later analysis of the cost of regulation weighted against the social benefit. Her study also identified economic inefficiencies within a regulated sector, which helped undermine faith in regulatory institutions themselves.

Proponents of deregulation also drew from University of Chicago economist George Stigler’s groundbreaking 1971 essay *Theory of Economic Regulation.*[[16]](#footnote-16)In particular, Stigler posed some thorny questions concerning the behavior of the regulators, firms, and organized labor operating within a regulatory framework, and the effect this relationship had on competition, prices, and service within regulated industries. [[17]](#footnote-17) In this way, Stigler advanced an early iteration of what would become the theory of regulatory capture, or the concept that firms would work to secure favorable regulatory protections; once “regulation is acquired by the industry,” firms would use their political influence and power within the regulatory institution to employ the state’s coercive powers to design and implement regulation “primarily for its benefit.”[[18]](#footnote-18)

In the motor carrier industry, this included the power to restrict entry through ICC operating certificates and carrier status, and the ability to establish set prices through industry-staffed rate bureaus, which had been given Anti-Trust immunity from the Reed-Bullwinkle Act of 1948, which Congress passed over Truman’s veto.[[19]](#footnote-19) In effect, regulations, law, and court interpretations effectively cartelized the motor carrier industry. Though Stigler, and most other critics, admitted that barriers to entry and price-stabilizing proved necessary to protect both trucking and rail during the Great Depression, they argued that these protections had long since passed their usefulness as the industry matured, as “no even ostensibly respectable case for restriction can be made on grounds of economies of scale,” and most problematic for economists, rate bureaus “achieve more than competitive rates of return.”[[20]](#footnote-20) Thus, Stigler argued, regulation not only allowed the industry to be cartelized, but allowed labor and industry to collude and set rates, prices, and labor costs well above those that would exist from competitive market pressures. Though antecedents certainly existed in capture theory, Stigler put forth this articulation at a time when policy makers paid particular attention to any and all possible factors which could possibly contribute to inflation.

The most damning critique, however, came from economist and American Enterprise Institute affiliate Thomas Moore.[[21]](#footnote-21) Though Friedlaender, among others, estimated the cost of regulation of surface freight, Moore’s paper, first circulated at 1971 Brookings conference on regulation, drew on historical data from a US Department of Agriculture (USDA) study from the mid-1950s when a court ruling temporarily exempted frozen fruits, vegetables, and poultry from ICC regulation. The relatively brief period of exemption gave Moore the necessary data to draw a contrast between regulated rates and those subject to competitive market pressure.[[22]](#footnote-22) According to USDA study when exempted from ICC oversight, shipping rates for frozen fruits and vegetables declined by 19%, while rates for frozen poultry declined by 33%. These statistics allowed Moore to posit, “if regulation [in the motor carrier field] were abolished…trucking rates would decline on average of 20 percent.”[[23]](#footnote-23) In terms of macroeconomic effects, Moore estimated that, “it would not be unreasonable to expect that elimination of [surface freight] regulation would result in a savings to the economy, in terms of resources, as high as $10 billion a year,” a stunning departure from Friedlaender’s estimate of 500 million.[[24]](#footnote-24) Moore’s study not emphasized the economic costs of regulation with far more gravity than Friedlaender’s, Moore’s was able to base his estimates off of historical data.

But while Friedlaender cautioned against the potential detrimental effects that industry and labor alike would face in a deregulated environment, Moore posed competitive pressures as a benefit, noting that, “…profits could only absorb a small portion of the decrease, cost reductions [in rates] would have to absorb most…”.[[25]](#footnote-25) Thus, according to Moore, deregulation would cause rates to decline and the consumer, shipper, and industry would ultimately benefit, while the motor carrier industry would have to make do with lower rates. But Moore’s picture of deregulation seemed to gloss over the relationship between rates and a firm’s variable costs, including labor, equipment, maintenance, infrastructure, and profit. Under Moore’s competitive market system, firms would be rewarded not for service, fair compensation to employees, and safety, rather those that could cut costs to the bone would gain the ultimate competitive edge in offering lower rates.

Though Moore’s study initially meant to serve as a policy outline in support deregulation generally, and the Nixon Administration’s ill-fated Transportation Regulatory Modernization Act in particular, Moore’s attention to the cost regulation imposed on society helped garnered attention from a wide array of pro-competitive bureaucrats and policy makers.[[26]](#footnote-26) However, since the ICC, and other regulatory bodies, functioned as an arm of Congress, rather than an Administrative Department, those in favor of deregulation needed to build public awareness to apply pressure to Congress to pass legislation. The need for public support was not lost on those ideologically opposed to regulation. As Hendrik Houthakker, member of Nixon’s Council of Economic Advisors, noted, “Once consumer interests are adequately represented, the advantages of regulation to the regulated industries themselves may well disappear, and the basis for an extension of competition, which is the ultimate protector of consumer interests, may be laid.”[[27]](#footnote-27) This view advanced by economists from relatively influential positions within the Administration clashed with those put forth by regulators, industry, and labor, though both tended to couch their arguments under the guise of protecting consumer interests and maintaining the best transportation system in the world; deregulation-minded officials grounded their arguments in cost, inefficiency, and waste, while those in favor of regulation grounded their arguments in equity, service, and stability.

“During my years I spent with Senator Magnuson’s Senate Commerce Committee, the Committee was confronted with no issue that generated more heat and less light than the continuing controversy over whether to deregulate, expand regulation, or otherwise change course in our regulation of interstate transportation,” noted ICC Commissioner Daniel O’Neal in an address before the ICC Practitioners meeting in 1973, roughly one year after the Department of Transportation (DoT) unsuccessful attempt to usher through sweeping regulatory change with the Transportation Regulation Modernization Act.[[28]](#footnote-28) “This debate, vital as it is, has been waged in relative obscurity, out of the hearing and viewing range of the vast majority of Americans – even of many whose daily lives are largely involved with transportation.”[[29]](#footnote-29) O’Neal acknowledged that, “a number of respected members of the academic community have endorsed the principle of deregulation,” and that their views, “have been given strength and form through positions advocated by the President’s economic advisors,” the Anti-Trust Division of the Department of Justice (DoJ), and the Department of Transportation (DoT).[[30]](#footnote-30) Given that these arguments had moved from the fringe of economic circles and relatively isolated individuals within the Administration to some nominal support, O’Neal pragmatically warned fellow regulators against taking a hardline defensive position, noting that as public officials, their agency, “should only exist to the extent that it benefits the public,” and should generally be receptive to criticism, rather than double-down on an indefensible position.[[31]](#footnote-31) O’Neal’s somewhat pragmatic approach to regulation indicates that he was attuned and sensitive to mounting criticisms and more willing to enact reforms than his more “conservative colleagues in the ICC.”[[32]](#footnote-32) And O’Neal did just that. Throughout his relatively brief tenure with the ICC, first as a commissioner during the Nixon Administration, then vice chairman, and finally as chairman during the Carter Administration, O’Neal enacted a number of internal reforms intended to increase competition, drive down rates, and remove bureaucratic red tape as a way to stave off full deregulation and mitigate criticisms.

**Stagflation, The Public Interest, and the Roots of Regulatory Reform**

 Eight months after delivering a, “rather coolly,” received address before the American Enterprise Institute’s Conference on Federal Transportation Policy, entitled, ‘No Clamor for Deregulation – Should There Be?’, the ICC’s Daniel O’Neal noted that his position “no longer seemed as solid.”[[33]](#footnote-33) Though O’Neal noted that the “strong collective advocacy of continued regulation,” of most regulated carriers made him, “a little uneasy,” the 38 year old commissioner centered his criticisms on the slew of myopic studies on the costs of regulation, which O’Neal noted, serve as an “article of faith for many economists.”[[34]](#footnote-34) While economists’ studies tended to have a singular focus on efficiency and waste, O’Neal noted, they generally failed to understand how regulation considers an, “examination of the entire economy,” and account for deregulation’s broader effects on “plant dislocation, employee displacement, [and] social costs.”[[35]](#footnote-35) O’Neal reiterated his scathing attack on economists in a letter to Senator William Proxmire, noting that, “most economists concentrate their attention on improving carrier efficiency, and while this is one of the concerns of regulation, it is only one concern.”[[36]](#footnote-36) But O’Neal’s somewhat pragmatic approach and holistic view of regulation failed to win converts.

 At the same AEI conference, economist and special economics assistant to the DoJ’s Anti-Trust Division Attorney General, George Eads, noted in a somewhat frustrated tone, “if reduced regulation is ever to become more than a gleam in economists’ eyes, it must have the strong support of both the shippers and the traveling public…what is required is a slow but systematic attempt to undermine the notion that regulation in some way protects the consumer from big business.”[[37]](#footnote-37) Eads went on, invoking Stigler’s *Theory of Regulation*, adding that, “the public has to be shown over and over again that regulation primarily serves the interests of the regulated and that whatever equity it produces usually is purchased at a high cost to the consumer.”[[38]](#footnote-38) Indeed, by shifting criticisms of regulation from an inefficient system mired with bureaucratic red tape, to a contributing factor to inflation allowed those in favor of deregulation to make a far more persuasive case to the policy makers, the press, and the public.

Less than a month following Nixon’s resignation, Gerald Ford convened a Summit Conference on Inflation, with separate meetings for labor and economists to explore the problem of inflation and advance solutions. In his report to the President, Arthur Okun included Thomas G. Moore’s memo of, “22 structural measures that would improve economic efficiency and the cost and price structure of the economy.” Moore’s memo was endorsed by such economic luminaries as Milton Friedman, Paul Samuelson, Paul McCracken, Herbert Stein, Walter Heller, among others at the summit. Only John Kenneth Galbraith and the AFL-CIO’s Nathaniel Goldfinger refused to sign on as they noted the structural measures in Moore’s memo were, “irrelevant to the problem of inflation.”[[39]](#footnote-39) In his typical acerbic wit, Galbraith hoped, “there would be general agreement that this list, considering the political possibilities and problems that he himself agrees on, has no relation whatever to the problem with remedying inflation.”[[40]](#footnote-40) Out of twenty-two suggestions, which ranged from eliminating retail price maintenance to phasing out Regulation Q, six recommendations specifically addressed the ICC’s oversight in rate bureaus, controlled entry, anti-trust exemptions, and operating authorities.[[41]](#footnote-41)

Whereas the Nixon Administration attempted to rein in inflation through a variety of means, from hard economic controls to attempts at regulatory reform, Ford took a far more ideologically pure approach to inflation. One month after the inflation summits, Ford issued executive orders 11821 and 11949, which required, “that all major legislative proposals, regulations, and rules emanating from the executive branch of the Government include a statement certifying that the inflationary impact of such actions on the Nation has been carefully considered.”[[42]](#footnote-42) The inflationary context was not lost on regulators like O’Neal.

In a talk before the Local and Short Haul Carriers National Conference, O’Neal addressed the concerns over regulation. “The subject [of deregulation] has become more current for one simple reason; regulation, by limiting competition, stands accused of contributing significantly to increased costs and therefore, to inflation.”[[43]](#footnote-43) Like the Kennedy and Nixon Administrations before him, Ford also unsuccessfully attempted to usher through a sweeping deregulation proposal.

But as deregulation as policy prescription gained support from vocal critics who framed regulation as a key contributor to inflation, they could draw upon studies which quantified the economic cost, could use public pressure from consumer groups and business interests, and look to others for vocal support for deregulation or significant regulatory reform. All of which helped apply pressure to regulators to institute internal reforms to mitigate problems associated with regulation. As sociologist Monica Prasad observed, the press also played a significant role in shaping public opinion on regulation’s effect on consumer purchasing power and business’s ability to remain competitive, and bringing the discussion on regulation from small circles of academics and policy makers to the general public.[[44]](#footnote-44) Perceptive regulators, like O’Neal, addressed unfavorable press in talks and remained acutely aware of public perception. In an early 1975 address in Boston, O’Neal noted that, “the almost unbelievably rapid slide in consumer confidence and expectations…has implications for the regulated transportation industry and those that depend on it for service.”[[45]](#footnote-45) Later in the talk, O’Neal connected the slide in consumer confidence and loss of faith in government institutions to unfavorable coverage in the press.[[46]](#footnote-46) “Transportation regulation costs the consumer a lot of money. If not deregulation, we need less regulation. That point has been made by metropolitan daily newspapers almost everywhere and is being made increasingly in the smaller weeklies. The *Reader’s Digest* has echoed it and ABC television news has put it in living color.”[[47]](#footnote-47) In an address dripping with sarcasm in Montreal less than a month later, O’Neal reiterated his views on unfavorable press coverage, “unless you’ve been on a nine month leave in Saigon you are aware of a flood tide of criticism running against regulation…One can only lament that the media has generally failed to take the time to understand or at least publish much objective news about regulation. The media, having discovered another institution to attack, pointed in that way by economists attempting to explain away an inflation they couldn’t understand and couldn’t stop, has made it very uncomfortable to be a regulator. At least two of the television networks in their all knowing all perceiving way have given the ICC a pretty good working over in living color.”[[48]](#footnote-48) There are several reasons for this. While Brookings made little to no effort to court journalists, the American Enterprise Institute took a far more active role in courting the press, circulating briefs and policy statements, and including them as participants in conferences.[[49]](#footnote-49)

 Thomas Moore’s 1971 Brookings study received considerable press and attention as one of the key scholarly works against transportation regulation. In an eight page scathing cover story on regulation in a 1975 issue of *Business Week,* the authornoted that since Moore’s estimates were, “quoted so many times and in such high places, including by the Council of Economic Advisors and by Senator Taft, that they have gained much credence.”[[50]](#footnote-50) O’Neal also took note of Moore’s oft cited statistics and extensive coverage and called into question the soundness of his data and findings. In a letter to Senior Agricultural Economist for the USDA, Robert Bryne, O’Neal noted that, “Thomas Moore has gained nationwide attention and obtained incredible mileage out of that piece of work which doesn’t make the slightest effort to place in context the work of others which he relied upon totally without any or very little original research of his own. Instead, he has made some gross assumptions…on the basis of limited information contained in studies which have some basic data problems.”[[51]](#footnote-51)

Even noted economists in favor of deregulation questioned the soundness of Moore’s work. Harvard economist John Meyer remarked, “I have to hand it to Tommy; he keeps his name in the headlines…But I really can’t see where he comes up with that much waste. I don’t think there’s anything like it.”[[52]](#footnote-52) Indiana University economist and vocal proponent of deregulation, George Wilson, noted that Moore’s study, “uses widely different and highly suspect techniques, woefully inadequate data, heroic assumptions and a series of guesses more or less ‘educated.’”[[53]](#footnote-53) While Wilson went on to note that he was, “painfully aware that these estimates may be well off the mark; that they result from several largely phony estimates based upon questionable techniques and assumptions,” he remained committed to advancing deregulation.[[54]](#footnote-54)

Despite these criticisms, Moore’s figures remained an oft cited statistic in arguments against regulation. The pitched battle over the soundness of Moore’s figures continued until the late 1970s, largely waged between ICC Commissioners and their Bureau of Economic Research, and the Council on Wage and Price Stability.[[55]](#footnote-55) In fact Moore doubled-down on his findings. In a paper delivered before the Western Economic Association Meeting in 1977, Moore noted that his findings first circulated at the Brookings Institution in 1971 were, “conservative because all the evidence suggests that the free market rate is more than 20 percent lower than existing rates.”[[56]](#footnote-56) By the mid-to-late 1970s, Moore also shifted his rhetoric about what groups would bear the potential costs from deregulation, noting that his more recent research found that, “organized labor was receiving rents equal to half the competitive wage and that owners of operating rights were receiving rents on the same order of magnitude. In 1972 the value of all rights was about $2.5 billion, the rents to Teamster members were $1.2 billion.” These rents, Moore identified, largely functioned as a, “form of transfer from consumers to these lucky individuals.”[[57]](#footnote-57) In this way, Moore fleshed out his claims to include a more overt anti-labor and regulatory capture rhetoric in a way his 1971 work did not, and expanded on his previously vague observation of shipping rates.

Regulatory Reform, Political Inertia, and the Path to Deregulation

At luncheon address for the Conference on Regulatory Reform hosted by the American Enterprise Institute in 1975, economist Paul MacAvoy was willing to concede that, “it is not at all apparent that microeconomic regulation is a major cause of inflation,” but scholarly studies, press coverage and vocal support from proponents of deregulation, “heightened awareness of prices has produced a suspicion of regulatory mechanism by which prices are determined.”[[58]](#footnote-58) Though, “the economic arguments for total deregulation are appealing,” MacAvoy noted, “immediate deregulation has not…been able to muster enough political support to be reflected in new legislation.”[[59]](#footnote-59) The political power wielded by those who benefited from regulation, a risk averse public and Congress, and the very divisive nature of deregulation – all served to stall the legislative possibilities of what MacAvoy and other like-minded economists had hoped would become a reality. But MacAvoy noted, “regulatory reform through internal changes should not be passed up.”[[60]](#footnote-60) By encouraging reform-minded individuals within regulatory agencies to advance the deregulation agenda from within, they could overcome what had been a political impossibility and advance the deregulation agenda.

Following Ford’s executive orders on cost-benefit analysis to accompany any new regulation or legislation, then ICC Chairman, George Stafford, met with the President to determine the best course to limit the ICC’s potential inflationary effects. The result was a Blue Ribbon Committee, a combination of administrative law experts and ICC staff who drafted thirty-nine recommendations to increase competition through eased barriers to entry and increased rate flexibility in an effort to bring the Commission in line with the President’s directives. To that end, the ICC initiated internal reforms, by approving an unprecedented number of new entrants throughout the mid-to-late 1970s, and significantly expanded commercial and terminal areas in 1975, which legal experts Daniel Baker and Raymond Greene noted was “one of the more significant and controversial decisions that has been issued by the Interstate Commerce Commission.”[[61]](#footnote-61)

Commercial and terminal areas, which dated back to the Motor Carrier Act of 1935, functioned as zones exempt from ICC oversight. The ICC functioned as an arm of Congress in regulating interstate commerce and transportation of goods from international trade.[[62]](#footnote-62) Though larger motor carriers offered support during hearings before the Commission, “short haul carriers argued that the proposed expansion would be tantamount to deregulation which would open the expanded exempt areas to rigorous competition and to the financial detriment of existing, authorized carriers.”[[63]](#footnote-63) Expanded commercial zones and terminal areas, coupled with near open competition through new entrant and operating certificate approval, exposed a once tightly regulated transportation sector to competition. As early as 1978, Baker and Greene noted that, “the most immediate and expected reaction is growth and expansion of unregulated local carrier service in deregulated zones,” who gained a competitive edge through non-union labor. Non-union firms paid wages roughly, “sixty percent of …regulated short-haul carriers employing union drivers.”[[64]](#footnote-64) By significantly altering exempt areas and easing barriers to entry, the Commission significantly altered the competitive landscape of the motor carrier industry and helped advance some of the goals of deregulation-minded critics through administrative short of legislation.

Before the Common Carrier Conference in 1978, O’Neal addressed the recent controversial changes to the ICC’s regulatory structure, noting that, “I know many truckers are not going to agree with me. But in my judgment, the Commission has not moved precipitously to scrap the existing regulatory system. However, there has been a movement. The Commission has in the past two years interpreted its existing regulations and precedents to favor easier entry into the trucking industry.”[[65]](#footnote-65) Though internal reforms were largely meant to address mounting criticisms against the ICC and other regulatory bodies, they significantly altered what had been a tightly controlled industry, and forced unionized firms and organized labor to contend with increased competition from non-union carriers and those who contracted independent owner-operators who gained a competitive edge by operating on lower variable costs and in turn offering lower rates. By instituting a number of reforms intended to encourage competition in the motor carrier industry, reduce bureaucratic red-tape, and altering regulation, O’Neal’s somewhat pragmatic approach as Chariman won support from those in favor of deregulation. But he was not without critics.

In an address before Syracuse University’s Salzberg Transportation Institute, Teamsters President Frank Fitzsimmons voiced his concerns over the recent changes in the ICC under O’Neal’s tenure as Chairman. “I see by your programs that yesterday you heard the Chairman of the Interstate Commerce Commission,” Fitzsimmons remarked before his audience. “It is no secret that his view of deregulation and mine are at opposite ends of the spectrum. If you doubt that for a moment, consider that I called upon the President of the United States to ask for the resignation of Daniel O’Neal.”[[66]](#footnote-66) Fitzsimmons went on to note that, “In the opinion of our union, even if there were some solid basis for deregulation, the risk to the lives and livelihood of our members, and for that matter, the lives of anyone using intercity highways, is so great that deregulation by legislation should be rejected and the ill-advised deregulation by administrative action should be rolled back.”[[67]](#footnote-67)

Though O’Neal’s administrative reforms did in fact expose the motor carrier industry to increased competition, and threatened the livelihood of both regulated industry and unionized truckers alike, his response to the mounting criticisms throughout the mid-to-late 1970s can be seen not necessarily as an individual interested in dismantling regulatory structures, rather his approach was to mitigate criticisms in a somewhat pragmatic manner by instituting internal reforms short of full-on deregulation, and in some cases advocated for expanding regulation and ICC oversight.[[68]](#footnote-68) At a meeting with Jimmy Carter in early 1979, the President advised O’Neal to, “…get the actions going now on regulatory reform; the management team is now in place to bring about regulatory reform.”[[69]](#footnote-69) Though O’Neal’s internal administrative reforms attracted some support from vocal proponents of deregulation, these changes also worked as a catalyst for legislative change.

Before the ICC Federal-State Motor Carrier Workshop in 1979, Carter’s inflation tsar and former head of the Civil Aeronautics Board, Alfred Kahn, noted, “I accepted my present job because regulatory reform is one of the principal elements of the President’s anti-inflation plan, and promoting it is one of my central responsibilities…I have taken full advantage of the license the President gave me to roam the entire economic landscape in search of areas marked by costly, senseless regulation; among them I can think of none in which the opportunities for doing some real good are as exciting as in motor carriers today – thanks in important measure to the pioneering efforts the ICC has already undertaken under Chairman O’Neal’s excellent leadership.”[[70]](#footnote-70) Kahn also drew upon Moore’s study to make a point about the relationship between regulation and inflation, noting, “it seems to me unconscionable at any time, but particularly in these times, for government regulation to contribute to inflation…”[[71]](#footnote-71)

Howard Cannon, Chairman of the Senate Committee on Commerce, Science, and Transportation, had a different appraisal of O’Neal’s work as Chairman. In his address before the same conference, Cannon noted that, “there is a widespread belief that the Federal Bureaucracy is completely out of touch with the rest of the country and oblivious to the wishes of Congress. I can assure you,” Cannon remarked, “that within Congress there is a deep sense of frustration about our ability even to keep appraised of what the massive Federal Bureaucracy is doing, much less provide adequate guidance along the way.”[[72]](#footnote-72) Turning attention to the ICC specifically, he noted that he had, “a very real idea of the frustration that the Interstate Commerce Commission must feel in having to administer a statute that has been virtually unchanged in the past 44 years.” Remarking on the recent administrative changes, Cannon stated that he did, “not believe that the ICC should embark upon a course of action to redefine completely and unilaterally our national transportation policies,” but Cannon, and other proponents of deregulation found, “the more recent trend of the Commission…to be a positive one.”[[73]](#footnote-73) Perhaps most telling of the significant shift in political alignment and broad based bi-partisan support for deregulation was Cannon’s commitment to have legislation on the desk of the president by June 1, 1980.[[74]](#footnote-74)

Though Cannon and Senator Edward Kennedy helped usher through significant legislative change with the Motor Carrier Act of 1980, the political possibilities for such legislation had failed in earlier attempts despite similar economic conditions, ample research to draw from, extensive media coverage, and well-positioned vocal critics in the academy and in government. The situation is made more complex given that some of the key architects of deregulation legislation in the mid-to-late 1970s, like Alfred Kahn, Howard Cannon, among others, supposedly claimed the mantle of New Deal Democrats yet advocated for a market-mediated rather than a heavy handed state approach to the economy. There are many factors to this. The Carter Administration took a colder approach to labor than even Nixon, and though the Teamsters and the American Trucking Association jockeyed for far more toothless reforms, they ultimately failed to prevent the legislation. In fact, the Teamsters and the American Trucking Association fell in line and accepted a far more modest wage and benefit package during the 1979 bargaining round after Kahn threatened to “play a leading role (in trucking deregulation) if they (the Teamsters) break the standards;” the proposed trucking deregulation would be, “more drastic,” if they shattered the Administration’s wage and price guidelines.[[75]](#footnote-75) But the manner in which pragmatic regulators responded to criticisms of regulation offers a window into this shift.

By advancing significant regulatory reform through administrative change, regulators like O’Neal attempted to mitigate criticisms of regulatory agencies, while advancing significant regulatory reform short of legislative efforts to deregulate. If anything, this reveals that the roots of deregulation have a far more complicated history than outlined in existing historical narratives. By understanding how these arguments took shape and had been influenced by economic thought, how media coverage helped influence the public, regulators, and politicians alike, how well-positioned critics could advance the case for deregulation from the academy, think tanks, and in government positions, and how regulators themselves responded to such criticisms, we gain a clearer understanding of how these broader shifts took shape and helped open up legislative possibilities which had been a political impossibility in early administrations. We also gain a sense of how each side could situate their claims about regulation in the economic context of stagflation to advance drastically different agendas. Hindsight gives historians the benefit of knowing the broader effects of deregulation on once tightly overseen diverse sectors of such as transportation, banking, public utilities, and telecommunications. But understanding how these developments unfolded gives us a far clearer understanding the implications for policy and the political and economic contexts in which these developments take shape.

1. Jimmy Carter: “Motor Carrier Act of 1980 Statement on Signing S. 2245 Into Law. ,” July 1, 1980. Online by Gerhard Peters and John T. Woolley*, The American Presidency Project*. http://www.presidency.ucsb.edu/ws/?pid=44689. [↑](#footnote-ref-1)
2. Transportation Regulatory Modernization Act, 92nd Congress, Senate Bill 2842; Motor Carrier Reform Act, 94th Congress, House of Representatives Bill 10909. [↑](#footnote-ref-2)
3. For Nixon’s Wage and Price Controls, refer to Herbert Stein, *Presidential Economics: The Making of Economic Policy from Roosevelt to Reagan and Beyond* (Washington: American Enterprise Institute, 1994), 164–68, 176–80; Allen Matusow, *Nixon’s Economy: Booms, Busts, Dollars, and Votes* (Lawrence: University of Kansas Press, 1998), Chapters 8-10; Benjamin Waterhouse, “Mobilizing for the Market: Organized Business, Wage & Price Controls, and the Politics of Inflation, 1971-1974,” *Journal of American History,* vol. 100, no. 2 (2013), pp. 454-78; Samir Sonti, “The Politics of Inflation in the Nixon Administration, 1969-1974,” unpublished paper in the author’s possession; Benjamin Waterhouse, *Lobbying America: The Politics of Business from Nixon to NAFTA* (Princeton: Princeton University Press, 2014), Chapter 4. [↑](#footnote-ref-3)
4. A. Daniel O’Neal Papers, 1973-1979, box 16, folder, “ICC Federal / State Motor Carrier Workshop, Reston, VA October 22-24, 1979,” Hoover Institution Archives. [↑](#footnote-ref-4)
5. The author of this paper largely agrees with Martha Derthick and Paul Quirk, who argue that think tanks and policy research organizations served as an intellectual incubator for economists who advanced their ideas in these organizations, the academy, and used their positions in the Council of Economic Advisors, Council on Wage and Price Stability, and a variety of regulatory and Administrative posts where they could advance their position against regulation. Kahn himself served on the Civil Aeronautics Board during the Carter Administration, which he dismantled during his tenure as Chairman. This argument differs from those put forth by recent historians, such as Benjamin Waterhouse, who argue that, ‘the decline of liberal and progressive politics and the ascent of a business-oriented, neoliberal political culture,’ emerged, ‘as the result of specific efforts by a diverse set of conservative activists… executives, managers, public affairs experts and trade association directors who claimed to speak for the collective interests of the American Business Community.’ The fact that most of the regulated businesses and trade associations, and labor, favored regulatory oversight acts to complicate this grand narrative. Even investors with Chase-Manhattan Bank favored stability in regulated industries, A. Joseph Debe, “Investment Aspects of the Trucking Industry,” *Financial Analysts Journal* (July-August 1965), 73. Refer to Martha Derthick & Paul Quirk, *The Politics of Deregulation* (Washington: Brookings Institution, 1985), 36-37; Waterhouse, *Lobbying America,* pp. 2-3. This is not to say that there was not a significant rightward backlash against the social and cultural policies of liberalism, rather support for Keynesian hard economic controls characteristic of the New Deal coalition frayed throughout the 1960s and 1970s. In this way, the author agrees with Judith Stein, who contends that, “The weakness of the liberalism of the 1960s was not its ambitious social goals, as has so often been asserted. It was that liberalism lacked an economic blueprint to match its social agenda,” quoted from Judith Stein, *Running Steel, Running America: Race, Economic Policy, and the Decline of Liberalism* (Chapel Hill: University of North Carolina Press, 1998), 198; and Matthew Lassiter, who argues, “The new political history has inadvertently replicated some of the blind spots of the liberal consensus school that it supplanted, especially through a linear declension/ascension narrative that has conflated the fate of the New Deal with the political triumph of the New Right. …The interpretations of political history have tracked too closely to the red-blue binaries of journalism and punditry; … the recent pendulum swing has overstated the case for a rightward shift in American politics by focusing too narrowly on partisan narratives and specific election cycles rather than on the more complex dynamics of political culture, political economy, and public policy…What really destroyed the New Deal order was the widespread discrediting of Keynesian economics during the long recession of the 1970s, the bipartisan embrace of the financial sector and the deregulatory turn that accelerated during the Carter administration, and liberalism's subsequent failure to uphold the promises of security and upward mobility at the heart of the postwar social contract,” quoted from Matthew Lassiter, “Political History Beyond the Red-Blue Divide,” *Journal of American History,* vol. 98, no. 3 (2011), pp. 760-61. [↑](#footnote-ref-5)
6. John F. Kennedy: "Special Message to the Congress on Transportation," April 5, 1962. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. http://www.presidency.ucsb.edu/ws/?pid=8587. Kennedy’s criticisms of transportation regulation largely stemmed from the Special Study Group on Transportation Policies in the United States, *National Transportation Policy,* Preliminary Draft of a Report Prepared for the Senate Committee on Interstate and Foreign Commerce (1961), referred to as the Doyle Report, and James M. Landis, *Report on Regulatory Agencies to the President-Elect* (December 1960). President Johnson echoed Kennedy’s concerns and in an address to Congress noted that, “the costs of a transportation paralysis in the years ahead are too severe. The rewards of an efficient system are too great. We cannot afford the luxury of drift--or proceed with ‘business as usual.’” Lyndon B. Johnson: "Special Message to the Congress on Transportation," March 2, 1966. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. http://www.presidency.ucsb.edu/ws/?pid=28114. [↑](#footnote-ref-6)
7. Transportation Acts Amendments, 1962, Hearings before the house Committee on Interstate and Foreign Commerce, 87th Congress, 2nd session; Transportation Acts, 1963, Hearings before the House Committee on Interstate and Foreign Commerce, 88th Congress, 1st session. Ann Friedlaender makes the point that legislation failed largely due to an overrepresentation of regulated industry and labor, out of the forty-three persons who testified in 62, only six represented shipping and consumer interests. In 1963, only eight out of sixty represented interests favorable to consumers and shippers. Refer to Ann Friedlaender, *The Delima of Freight Transportation* (Washington: Brookings Institute, 1969), 163-64. [↑](#footnote-ref-7)
8. For deregulation as one of several policy prescriptions to rein in inflation during the Carter Administration, refer to Derthick & Quirk, *The Politics of Deregulation*; *The Carter Presidency: Policy Choices in a Post New Deal Era,* eds. Gary Fink & Hugh Davis Graham, (Lawrence: University of Kansas Press, 1997); Marc Allen Eisner, *Regulatory Politics in Transition* (Baltimore: Johns Hopkins Press, 2000), 170-92, 199-200; *The Oxford Encyclopedia of American Business, Labor, and Economic Policy, Vol. 1,* ed. Melvyn Dubofsky,(Oxford: Oxford University Press, 2013), 198. [↑](#footnote-ref-8)
9. Derthick & Quirk, *The Politics of Deregulation,* pp. 36-39; 56. [↑](#footnote-ref-9)
10. Though initial critiques of regulation came from economists in the late 1950s and early 1960s these arguments remained politically marginal. Funding and support from the Ford Foundation, Brookings Institution, and later the American Enterprise Institute on Public Policy Research helped mainstream these fringe arguments and helped build a cadre of economists to attack regulatory structures. Derthick & Quirk, *Politics of Deregulation,* pp. 36 [↑](#footnote-ref-10)
11. For example, “Issues in Freight Transportation Policy,” conference held at Brookings Institute, 14-15 December 1967; “Regulatory Reform: A Conference on Government Regulation,” conference held at the American Enterprise Institute, Washington, D.C., September 10-11, 1975; “Symposium on Deregulation,” *Indiana Law Journal*, vol. 51, issue 3 (1976). See also Derthick & Quirk, *Politics of Deregulation,* pp. 36-39; Ann Friedlaender, *The Dilemma of Freight Transport Regulation* (Washington: Brookings Institution, 1969), vii-viii, 175-189; *Regulatory Reform: Highlights of a Conference on Government Regulation, held in Washington, D.C. on September 10-11, 1975* (Washington: American Enterprise Institute, 1976). The American Enterprise Institute Conference on Regulation included outspoken advocates of deregulation such as Ralph Nader, Hendrick Houthhakker, Paul MacAvoy, James Miller III, Thomas Moore, Ann Friedlaender, Daniel O’Neal, Ronald Reagan, and Antonin Scalia. [↑](#footnote-ref-11)
12. For early critiques of regulation refer to, John Meyer, Morton Peck, John Stenason, and Charles Zwick, *The Economics of Competition in the Transportation Industries* (Cambridge: Harvard University Press, 1959); Richard Caves, *Air Transport and Its Regulators* (Cambridge: Harvard University Press, 1962); Harvey Averch & Leland Johnson, “Behavior of the Firm under Regulatory Constraint,” *American Economic Review*, vol. 52 (December 1962), pp. 1052-69. [↑](#footnote-ref-12)
13. Friedlaender, *The Dilemma of Freight Transport Regulation,* 165. [↑](#footnote-ref-13)
14. Friedlaender, *The Dilemma of Freight Transport Regulation,* 164-65. [↑](#footnote-ref-14)
15. Friedlaender, *The Dilemma of Freight Transport Regulation,* 174. [↑](#footnote-ref-15)
16. According to Google Scholar, as of May 30, 2016, Stigler’s article was cited an astonishing 10,282 times. [↑](#footnote-ref-16)
17. Behavior refers to the behavior and the relationships between the regulators, firms, and organized labor under a particular regulatory agency. Stigler’s main contribution here is a more articulated theory of regulatory capture. George Stigler & Claire Friedland, “What can Regulators Regulate? The Case of Electricity,” *Journal of Law & Economics,* vol. 5 (October 1962), pp. 1-16; George Stigler, “Theory of Economic Regulation,” *Bell Journal of Economics and Management Science*, vol. 2, no. 1 (Spring, 1971), pp. 1-21. See also, *Chicago Studies in Political Economy,* ed. George Stigler (Chicago: University of Chicago Press, 1988); Sam Peltzman, “George Stigler’s Contribution to the Economic Analysis of Regulation,” *Journal of Political Economy,* vol. 101, no. 5 (October 1993), pp. 818-32. For other important works, refer to, Richard Posner, “Natural Monopoly and its Regulation,” *Stanford Law Review*, vol. 21 (1968), pp. 548-643; Alfred Kahn, *The Economics of Regulation* (Cambridge: MIT Press, 1971); Richard Posner, “Theories of Economic Regulation,” NBER Working Paper Series, no. 41 (May 1974); Richard Posner, “The Social Costs of Monopoly and Regulation,” NBER Working Paper Series, no. 55 (September 1974); Sam Peltzman, “Towards a More General Theory of Regulation,” NBER Working Paper Series, no. 133 (April 1976). [↑](#footnote-ref-17)
18. George Stigler, “Theory of Economic Regulation,” pp. 3. Left-leaning historian, Gabriel Kolko, advanced a similar argument in Gabriel Kolko, *Railroads and Regulation, 1877-1916* (Princeton: Princeton University Press, 1965). [↑](#footnote-ref-18)
19. Though economist John G. Shott put forth the argument that 80th ‘Do-Nothing’ Congress bowed to pressures from the powerful railroad and investment banking lobby to pass the Reed-Bulwinkle Act over Truman’s veto, the Congressional record heard a broad array of testimony and support for the bill and gives us a different view of the past. According to the Report of House Committee on Interstate and Foreign Commerce (July 1947) “The Bill has the virtually unanimous support of all those directly interested in transportation, including commissions, both federal and state, charged with the responsibility of regulating transportation, carriers of all kinds, and shipper throughout the country, including industrial, agricultural and livestock interests.” Charles L. Dearing, “Reviewed Work: *The Railroad Monopoly: An Instrument of Banker Control of the American Economy* by John G. Shott,” *American Economic Review,* vol. 41, no. 3 (June 1951), pp. 498-501. See also Marc Allen Eisner, *Regulatory Politics in Transition* (Baltimore: Johns Hopkins University Press, 2000), 191; Mark H. Rose, Bruce E. Seely, & Paul F. Barrett, *The Best Transportation System in the World: Railroads, Trucks, Airlines and American Public Policy in the Twentieth Century* (Philadelphia: University of Pennsylvania Press, 2010), 112-13. [↑](#footnote-ref-19)
20. George Stigler, “Theory of Economic Regulation,” pp. 4-6. [↑](#footnote-ref-20)
21. Thomas Moore, *Freight Transportation Regulation, Surface Freight, and the Interstate Commerce Commission* (Washington: American Enterprise Institute, 1972). Moore later served on Reagan’s Council of Economic Advisors from 1981-85, and as a Senior Fellow for the Hoover Institute. [↑](#footnote-ref-21)
22. Moore, *Freight Transportation Regulation, Surface Freight, and the Interstate Commerce Commission,* pp. 72-73. [↑](#footnote-ref-22)
23. Moore, *Freight Transportation Regulation, Surface Freight, and the Interstate Commerce Commission,* pp. 73; 79. [↑](#footnote-ref-23)
24. Moore, *Freight Transportation Regulation, Surface Freight, and the Interstate Commerce Commission,* pp. 79; Friedlaender, *The Dilemma of Freight Transport Regulation,* 165. [↑](#footnote-ref-24)
25. Moore, *Freight Transportation Regulation, Surface Freight, and the Interstate Commerce Commission,* pp. 79. [↑](#footnote-ref-25)
26. Moore, *Freight Transportation Regulation, Surface Freight, and the Interstate Commerce Commission,* pp. 86-93; Derthick & Quirk, *Politics of Deregulation,* 37-38; Albert Karr, “Relaxing Regulation: A Broad Transportation ‘Program of Nixon’s Would Aid Rails, Trucks, and Perhaps Consumers,” *Wall Street Journal,* 2 August 1971, drew on the USDA deregulation case specifically. Moore testified before Congress during hearings on the DOT’s Transportation Regulatory Modernization Act. [↑](#footnote-ref-26)
27. Staff Reporter, “Nixon Adviser Urges Consumers to Tackle Regulated Industries,” *Wall Street Journal,* 21 April 1970. [↑](#footnote-ref-27)
28. A. Daniel O’Neal Papers, 1973-1979, box 2, folder, “ICC Practitioners – Third Annual Meeting, Hotel Washington, Nov. 16, 1973,” Hoover Institution Archives. [↑](#footnote-ref-28)
29. A. Daniel O’Neal Papers, 1973-1979, box 2, folder, “ICC Practitioners – Third Annual Meeting, Hotel Washington, Nov. 16, 1973,” Hoover Institution Archives. [↑](#footnote-ref-29)
30. A. Daniel O’Neal Papers, 1973-1979, box 2, folder, “ICC Practitioners – Third Annual Meeting, Hotel Washington, Nov. 16, 1973,” Hoover Institution Archives. Aside from his address to Congress, Nixon fell short of offering anything but nominal support for the DoT’s legislation. Both labor and industry wielded a great deal of influence and organizational strength during the Congressional hearings on the proposed legislation. The some of the most vocal support came from the DoT’s John Volpe the CEA’s Hendrik Houthakker, and the special economics assistant to the Attorney General of the DoJ’s Anti-Trust Division, George Eads, a vocal critic of regulation. [↑](#footnote-ref-30)
31. A. Daniel O’Neal Papers, 1973-1979, box 2, folder, “ICC Practitioners – Third Annual Meeting, Hotel Washington, 16 November 1973,” Hoover Institution Archives. [↑](#footnote-ref-31)
32. Albert Karr, “The Regulators: Proposals to Reform Federal Commissions Are Heard More Often,” *Wall Street Journal,* 12 November 1974; Derthick & Quirk, *The Politics of Deregulation,* pp. 71-73. Derthick & Quirk note that once O’Neal succeeded George Stafford as Chairman of the ICC, he made deregulation a ICC goal. While the author agrees with this view to an extent, Derthick & Quirk ignore the ways in which O’Neal remained committed to some form of regulation, while facing mounting pressure from President Carter and well-positioned persons within his Administration, members of Congress, and well-connected economists and policy experts all of whom advanced the position of reduced regulation as a potential solution to inflation. Thus it appears Stafford was conservative in the sense he resisted structural change, O’Neal took a more pragmatic approach to regulation, and O’Neal’s successor, Darius Gaskins was ideologically opposed to any and all forms of regulation. [↑](#footnote-ref-32)
33. Henry A.S. Van Daalen of the Common Carrier Conference noted O’Neal’s reception before the AEI in a letter to O’Neal dated 8 April 1974; Public Statement noted in a memo dated 12/3/ 1974. A. Daniel O’Neal Papers, 1973-1979, box 2, folder, “AEI Conference, ‘Federal Transportation Policy, 2/15/1974,” Hoover Institution Archives. [↑](#footnote-ref-33)
34. A. Daniel O’Neal Papers, 1973-1979, box 2, folder, “AEI Conference, ‘Federal Transportation Policy, 2/15/1974,” Hoover Institution Archives. [↑](#footnote-ref-34)
35. A. Daniel O’Neal Papers, 1973-1979, box 2, folder, “AEI Conference, ‘Federal Transportation Policy, 2/15/1974,” Hoover Institution Archives. [↑](#footnote-ref-35)
36. Letter from Daniel O’Neal to William Proxmire, US Senate dated April 16, 1974, A. Daniel O’Neal Papers, 1973-1979, box 2, folder, “AEI Conference, ‘Federal Transportation Policy, 2/15/1974,” Hoover Institution Archives. [↑](#footnote-ref-36)
37. George Eads, “Economists versus Regulators,” presented at “Perspectives in Federal Transportation Policy, American Enterprise Institute, February 14-15, 1974. A. Daniel O’Neal Papers, 1973-1979, box 2, folder, “AEI Conference, ‘Federal Transportation Policy, 2/15/1974,” Hoover Institution Archives. Eads would later serve as director for the Council on Wage and Price Stability. [↑](#footnote-ref-37)
38. George Eads, “Economists versus Regulators,” presented at “Perspectives in Federal Transportation Policy, American Enterprise Institute, February 14-15, 1974. A. Daniel O’Neal Papers, 1973-1979, box 2, folder, “AEI Conference, ‘Federal Transportation Policy, 2/15/1974,” Hoover Institution Archives. Richard McLaren, head of the Justice Department’s Anti-Trust Division, also a vocal critic of regulation. Staff reporter, “Anti-Trust Chief Lashes ICC, Urges an End of Regulation Over Most Transportation,” *Wall Street Journal,* 29 July 1971. [↑](#footnote-ref-38)
39. Ron Nessen Papers, box 4, folder, “Conference on Inflation (1974) summary (2),” Gerald Ford Presidential Library. See also, James Gannon, “Uphill Battle: Ford’s ‘Summit’ Faces a Staggering Array of Economic Problems,” *Wall Street Journal,* 4 September 1974. [↑](#footnote-ref-39)
40. Transcript from Summit Conference on Inflation September 1974,” in Gerald Ford Presidential Library, Council of Economic Advisors, Box 54, Folder, "Summit Conference on Inflation 23 September 1974 – Economists.” [↑](#footnote-ref-40)
41. Ron Nessen Papers, box 4, folder, “Conference on Inflation (1974) summary (2),” Gerald Ford Presidential Library. Ford’s Consumer Goods Pricing Act of 1975 repealed the Miller-Tydings Act of 1937 and the McGuire Act of 1952 effectively eliminating retail price maintenance. Regulation Q was slowly phased out throughout the early 1980s with Carter’s Depository Institutions and Deregulatory Monetary Control Act. Okun endorsed only two of the twenty-two proposals, dealing specifically with monetary policy. [↑](#footnote-ref-41)
42. Gerald R. Ford: "Executive Order 11821 - Inflation Impact Statements," November 27, 1974. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. http://www.presidency.ucsb.edu/ws/?pid=23905. Executive Order 11949 extended the Inflation Impact Statements until December 31, 1977. The Carter extended and expanded the Inflationary Impact Statements. Jimmy Carter: "Anti-Inflation Program Statement Outlining Administration Actions.," April 15, 1977. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. http://www.presidency.ucsb.edu/ws/?pid=7356. [↑](#footnote-ref-42)
43. A. Daniel O’Neal Papers, 1973-1979, box 4, folder, “Local and Short Haul Carriers National Conference, San Francisco, CA, 15 October 1974,” Hoover Institution Archives. [↑](#footnote-ref-43)
44. Monica Prasad, *The Politics of Free Markets: The Rise of Neoliberal Economic Policies in Britain, France, Germany, and the United States* (Chicago: University of Chicago Press, 2006). The author disagrees with Prasad’s findings - that there was a significant shift from pro-consumer in the early 1970s to a pro-business frame by the end of the decade. Though business competitiveness does not appear until the second half of the decade, cost to the consumer and to the economy remain a through line. [↑](#footnote-ref-44)
45. A. Daniel O’Neal Papers, 1973-1979, box 4, folder, “Transportation Club of New England, Boston, MA 18 February 1975,” Hoover Institution Archives. [↑](#footnote-ref-45)
46. To be sure, the combination of Nixon’s Watergate Scandal, the prolonged Vietnam War, and the New Left’s criticisms of bureaucracy all helped undermine the public’s faith in government. [↑](#footnote-ref-46)
47. A. Daniel O’Neal Papers, 1973-1979, box 4, folder, “Transportation Club of New England, Boston, MA 18 February 1975,” Hoover Institution Archives. [↑](#footnote-ref-47)
48. A. Daniel O’Neal Papers, 1973-1979, box 5, folder, “Motor Carrier Lawyers Association Annual Conference, Montreal, Canada, 23 May 1975,” Hoover Institution Archives. NBC’s Tom Brokaw and Floyd Kalber, and ABC’s Harry Reasoner ran segments on deregulation in 1974-75. Vanderbilt Television News Archive, http://tvnews.vanderbilt.edu/ [↑](#footnote-ref-48)
49. Gregg Easterbrook, “Ideas Move Nations: How Conservative Think Tanks Have Helped to Transform the Terms of Political Debate,” *The Atlantic Monthly* (January 1986). [↑](#footnote-ref-49)
50. Staff Writer, “Transportation: Freedom from Regulation?,” *Business Week,* 12 May 1975, 74-86. [↑](#footnote-ref-50)
51. Letter from Daniel O’Neal to Robert Bryne, Senior Agricultural Economist – Transportation, US Department of Agriculture, dated 20 February 1976. A. Daniel O’Neal Papers, 1973-1979, box 5, folder, “American Movers Conference – Annual Convention, New Orleans, LA,” Hoover Institution Archives. [↑](#footnote-ref-51)
52. Staff Writer, “Transportation: Freedom from Regulation?,” *Business Week,* 12 May 1975, 78. [↑](#footnote-ref-52)
53. George Wilson, “Economic Consequences of Motor Carrier Regulation,” paper delivered in Washington, D.C. 21 April 1975. A. Daniel O’Neal Papers, 1973-1979, box 5, folder, “Puget Sound Traffic Association Annual Meeting, Seattle, WA, 22 October 1975,” Hoover Institution Archives. [↑](#footnote-ref-53)
54. George Wilson, “Economic Consequences of Motor Carrier Regulation,” paper delivered in Washington, D.C. 21 April 1975. A. Daniel O’Neal Papers, 1973-1979, box 5, folder, “Puget Sound Traffic Association Annual Meeting, Seattle, WA, 22 October 1975,” Hoover Institution Archives. [↑](#footnote-ref-54)
55. Bureau of Economics, “A Cost Benefit Evaluation of Surface Transportation Regulation,” (Washington: Interstate Commerce Commission, 1976); “Council Urges ICC to Increase Efficiency in Trucking Industry,” CWPS-103, 29 September 1976; W. Bruce Allen & Edward Hymson, “Council’s staff report on ‘the Interstate Commerce Commission’s Staff Analysis of the Costs and Benefits of Surface Transportation Regulation,” CWPS-229, forward by William Lilley III & James C. Miller III, 19 January 1977; “Council Concludes ICC Regulations are Inflationary,” CWPS-247, 9 June 1977. [↑](#footnote-ref-55)
56. Thomas Moore, “The Cost of ICC Regulation,” paper delivered before the Western Economic Association Meeting, 1977, A. Daniel O’Neal Papers, 1973-1979, box 11, folder, “Western Economic Association Meeting, Anaheim, CA, 23 June 1977,” Hoover Institution Archives. [↑](#footnote-ref-56)
57. Thomas Moore, “The Cost of ICC Regulation,” paper delivered before the Western Economic Association Meeting, 1977, A. Daniel O’Neal Papers, 1973-1979, box 11, folder, “Western Economic Association Meeting, Anaheim, CA, 23 June 1977,” Hoover Institution Archives. [↑](#footnote-ref-57)
58. “Regulatory Reform: Highlights of a Conference on Government Regulation, held in Washington, D.C. on 10-11 September 1975,” edited by W.S. Moore (Washington: American Enterprise Institute, 1976), 12. The other noteworthy participants reads like a who’s who of neoliberals; Ann Friedlaender, Hendrik Houthakker, James C. Miller III, Thomas G. Moore, Ralph Nader, Daniel O’Neal, Ronald Reagan, Antonin Scalia, and Gary Seevers. [↑](#footnote-ref-58)
59. “Regulatory Reform: Highlights of a Conference on Government Regulation, held in Washington, D.C. on 10-11 September 1975,” edited by W.S. Moore (Washington: American Enterprise Institute, 1976), 13. [↑](#footnote-ref-59)
60. “Regulatory Reform: Highlights of a Conference on Government Regulation, held in Washington, D.C. on 10-11 September 1975,” edited by W.S. Moore (Washington: American Enterprise Institute, 1976), 13. [↑](#footnote-ref-60)
61. The ICC issued Ex-Parte No. MC-37 (sub-no. 26) to significantly expand commercial zones and terminal areas. Daniel Baker & Raymond Greene, “Commercial Zones and Terminal Areas: History, Development, Expansion, Deregulation,” *Transportation Law Journal,* vol. 10 (1978), pp. 171. [↑](#footnote-ref-61)
62. John George, “Federal Motor Carrier Act of 1935,” *Cornell Law Review,* vol. 21, issue 2 (February 1936), pp. 253; Daniel Baker & Raymond Greene, “Commercial Zones and Terminal Areas: History, Development, Expansion, Deregulation,” *Transportation Law Journal,* vol. 10 (1978), pp. 171-200. [↑](#footnote-ref-62)
63. Daniel Baker & Raymond Greene, “Commercial Zones and Terminal Areas: History, Development, Expansion, Deregulation,” *Transportation Law Journal,* vol. 10 (1978), pp. 186. [↑](#footnote-ref-63)
64. A. Daniel O’Neal Papers, 1973-1979, box 14, folder, “Regular Common Carrier Conference Board of Governors & Members, New York, NY, 31 October 1978,” Hoover Institution Archives. [↑](#footnote-ref-64)
65. A. Daniel O’Neal Papers, 1973-1979, box 14, folder, “Regular Common Carrier Conference Board of Governors & Members, New York, NY, 31 October 1978,” Hoover Institution Archives. [↑](#footnote-ref-65)
66. Frank Fitzsimmons, “Remarks from Frank Fitzsimmons, General President of the Teamsters,” paper delivered at the Salzberg Conference, New York, NY, 18 May 1979, A. Daniel O’Neal Papers, 1973-1979, box 15, folder, “Salzberg Transportation Institute, New York, NY, Syracuse University Salzberg Conference, 17 & 18 May 1979,” Hoover Institution Archives. [↑](#footnote-ref-66)
67. Frank Fitzsimmons, “Remarks from Frank Fitzsimmons, General President of the Teamsters,” paper delivered at the Salzberg Conference, New York, NY, 18 May 1979, A. Daniel O’Neal Papers, 1973-1979, box 15, folder, “Salzberg Transportation Institute, New York, NY, Syracuse University Salzberg Conference, 17 & 18 May 1979,” Hoover Institution Archives. [↑](#footnote-ref-67)
68. Before an audience of owner-operators at a conference sponsored by *Overdrive* magazine in 1978, O’Neal noted that the ICC had been working with Congress to draft legislation to combat some of the problems faced by the independent contractor, namely weight-bumping and lumpers. A. Daniel O’Neal Papers, 1973-1979, box 15, folder, “Overdrive/Truckers Convention, Washington, D.C., 28 July 1978,” Hoover Institution Archives. [↑](#footnote-ref-68)
69. Handwritten notes from a 30 January 1979 meeting with Carter, A. Daniel O’Neal Papers, 1973-1979, box 24, folder, “president meetings,” Hoover Institution Archives. The notes also include Carter noting that ‘7 commissioners works fine especially with two additional articulare supporters.” O’Neal’s notes raise the question, “Don’t we benefit the President more by continuing the present deregulation process?” and “presently it really doesn’t sound as if anyone knows what they are talking about and the President is not keeping a firm hand on policy.” [↑](#footnote-ref-69)
70. Alfred Kahn, “Remarks before the Federal/State Motor Carrier Workshop,” address delivered on 23 October 1979, A. Daniel O’Neal Papers, 1973-1979, box 16, folder, “ICC Federal/State Motor Carrier Workshop, Reston, VA 22-24 October 1979,” Hoover Institution Archives. [↑](#footnote-ref-70)
71. Alfred Kahn, “Remarks before the Federal/State Motor Carrier Workshop,” address delivered on 23 October 1979, A. Daniel O’Neal Papers, 1973-1979, box 16, folder, “ICC Federal/State Motor Carrier Workshop, Reston, VA 22-24 October 1979,” Hoover Institution Archives. [↑](#footnote-ref-71)
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