

the credit squeeze and deregulation. Some medium-sized firms, forced to go into the market to stay afloat, are getting money at 25 to 30 percent. If the interest rates remain at present stratospheric levels, as Volcker has promised, many concerns—including some of the weaker top 10, like McLean and Yellow—will go under.

“Given the poor profit margins generally,” said an analyst with a large New York bank, “even if people are getting their money at or below the prime, they cannot survive for long. It is really the banks’ decision about who makes it and who doesn’t.”

The undercapitalization is taking its toll on the highways. New rigs are not being bought, with sales of trucks normally purchased by regulated common carriers down by more than 10 percent over last year and 25 percent over 1979. Even worse, some companies are now skimping on maintenance costs. For example, where a firm might buy six sets of tires for its rigs, it now purchases three or four. These so-called economies lead to the increased breakdowns and accidents predicted in the LaRouche study. The carnage on the nation’s highways is already starting. Recent Department of Transportation surveys show a sharp increase in highway fatalities; the reasons offered in the press reports—faster speeds, smaller cars, and so on—ignore a key feature, namely, that truck-car accidents are up.

### Cutthroat competition

The LaRouche study had predicated that, under deregulation, a decline in industry profits would turn into an even greater decline in overall profitability through cutthroat competition.

This is now taking place. The largest carriers, trying to gobble up overall shrinking freight traffic, and small operators, trying to break into the market, have slashed posted rates by as much as 10 percent. Those carriers who cannot go along will be forced to sell their holdings dirt cheap—if they can find buyers. The routes they covered—in some cases the only routes in a given area—will not be picked up.

As has been the case with airline deregulation, profits are to be made only on the most-trafficked routes. As is also the case with airline deregulation, the apparent savings to consumers—in the case of trucking to shippers—is both temporary and illusory.

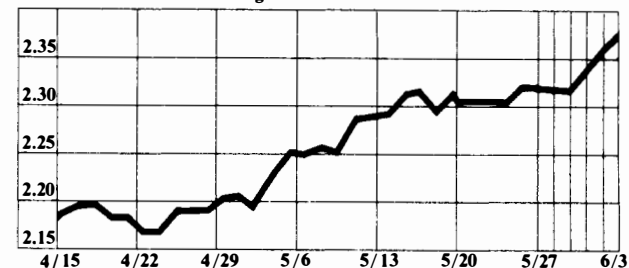
The same shippers who say they are benefitting from cutthroat competition will soon find themselves prey to an oligopoly of large trucking concerns who will survive the Carter-Kennedy deregulation experiment. They will set prices—formally unregulated, of course—by the same kind of informal arrangements that have rigged prices in the steel industry for years.

“In the end everybody will be paying more,” said an industry analyst, agreeing with the results of the LaRouche study.

## Currency Rates

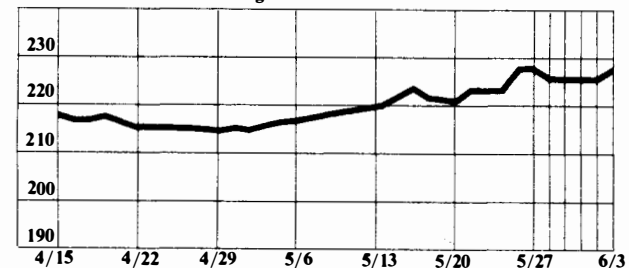
### The dollar in deutschemarks

New York late afternoon fixing



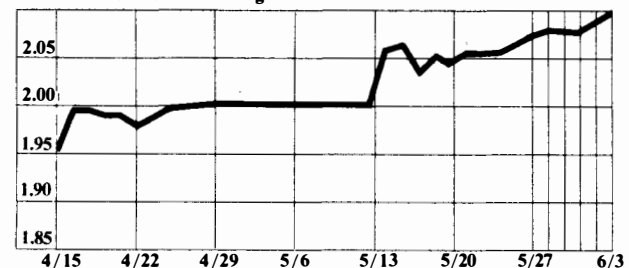
### The dollar in yen

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing

