

subjected to cost-plus regimes, 0, from units run under fixed-price ones, 1. Finally, we crossed the two types of categories, speed class and subsidization mechanism, and for each of resultant groups we computed a mean cost distortion over the frontier. These values are reported in Table 6 (shadowed square), that also presents mean cost distortions by regulatory scheme and speed class regardless of their interaction (first row and first column, respectively), together with the percentage decrease in x-efficiency attainable by shifting from cost-plus to fixed-price regimes (*regulation effect*) and/or by improving operating conditions of the network (*speed effect*).

Table 6. Mean cost distortion over the frontier by regulatory scheme and average commercial speed class (time period 1996-1998)

Average commercial speed class	Subsidization mechanism			Regulation effect : (1 - 0)/0
	All Schemes	Cost-plus scheme [0]	Fixed-price scheme [1]	
All speed classes*	0.1349	0.1604	0.0916	-42.89%
Very low speed [SP _v]	0.1791	0.2076	0.1593	-23.26%
Low speed [SP _l]	0.1651	0.2058	0.0901	-56.22%
High speed [SP _h]	0.0983	0.1141	0.0432	-62.14%
Very high speed [SP _{vh}]	0.0692	0.1092	0.0242	-77.84%
<i>Speed effect :</i>				
(SP _l - SP _v)/SP _v	-7.82%	-0.87%	-39.65%	
(SP _h - SP _l)/SP _l	-40.46%	-44.56%	-52.05%	
(SP _{vh} - SP _h)/SP _h	-29.60%	-4.29%	-43.98%	

* Commercial speed classes have been defined in terms of brackets of average kilometers to the hour: SP_v ∈ [13, 17.3]; SP_l ∈ [17.4, 23.2]; SP_h ∈ [23.3, 31.4]; SP_{vh} ∈ [31.5, 45.5].

First of all, the entries in Table 6 clearly confirm that both network characteristics and regulatory constraints matter in determining x-efficiency of LPT firms: for a company facing medium levels of commercial speed, the introduction of high powered incentive schemes allows, on average, an efficiency recovery around 43% (first row-last column); similarly, more favorable traffic conditions for the LPT vehicles imply lower cost inefficiencies, with reductions which range from about 8% up to 40% according to