Introduction

The federal government has played a central role in the development of our nation’s infrastructure since the late 1700s. Our forefathers knew that in order for our fledgling nation to prosper, trade, and commerce had to thrive. So, the federal government invested in roads, locks, inland waterways, and harbors. As history has shown, these leaders got it right because not only did our nation’s economy thrive due to their wise investments; it grew into the strongest economy in the world.

Our nation’s intermodal transportation network continues to serve as the backbone of our economic security and competitiveness, as well as our quality of life. It facilitates the movement of people and goods and links our communities to each other and the world. It is the foundation of America’s economy.

While the U.S. transportation network remains the envy of the world, we are losing ground. Without a renewed commitment to providing the vision and leadership to rebuild and expand these systems, this situation will continue to get worse.

Our nation has a rich history of visionary leaders with a strong commitment to transportation infrastructure investments. The failure to continue those investments in our intermodal transportation system has begun to undermine the prosperity our nation has enjoyed as a result of their vision.

The current Administration and some of its Congressional supporters have unfortunately taken short-sighted, ideological approaches to addressing this situation, and we have seen a significant deterioration of the network as a result. Their ideological response to a looming crisis will not address our economic and mobility needs.

Bold vision and a commitment to rebuilding and expanding the intermodal transportation network are necessary to ensure the long-term global competitiveness of the U.S. This is not easy, particularly in the current political and legislative environment. But it is far too important to our nation’s future to allow transportation to become just another political issue.

Importance of the System

As our nation’s economy and population have grown, so has our dependence on our transportation infrastructure. This is particularly true for the growth in freight movement.

In 2002, U.S. freight carriers moved over 19 billion tons of freight valued at more than $13 trillion, and traveled over 4.4 trillion ton-miles over our transportation network.
U.S. Department of Transportation (“DOT”) estimates that by 2035, the volume of freight ship on the U.S. intermodal transportation system will increase to 33.7 billion metric tons, worth more than $38 trillion—an increase of more than 48 percent.

Commercial truck traffic has doubled over the past two decades. Trucks currently carry approximately two-thirds of the value of goods moved and 60 percent of the freight tonnage in the U.S. The DOT estimates that vehicle miles traveled by truck will increase more than 3 percent annually through 2020.

Advances in logistics have made our nation’s roadways real-time warehouses thanks to “just in time delivery,” which builds greater efficiencies and cost savings into the system by allowing businesses to order parts and inventory stock in smaller batches. The growth in congestion on the nation’s roadways threatens these efficiency gains.

The nation’s rail network has also experienced significant freight growth, and the U.S. DOT estimates that demand for rail freight tonnage will increase by 88 percent by 2035.

Ports and waterways continue to serve as vital links to trade—both international and domestic—and cargo shipments. The U.S. is the world’s largest trading nation, accounting for nearly 20 percent of the world’s total ocean borne trade. 95 percent of all U.S. foreign trade tonnage is shipped by sea. Over the next 20 years, the DOT expects U.S. foreign ocean borne trade to double. In addition, 14 percent of all intercity cargo shipments move by water. The Inland Water System receives goods valued in excess of $100 billion each year.

Many aspects of the nation’s transportation network are currently operating at or near capacity. With future trade volumes expected to more than double across all modes, it is clear that we need to develop a strategy and identify the resources to finance the development of the intermodal system that meets these needs.

Current Crisis

Despite the significant growth in use of our infrastructure, we are not making the investments necessary to bring these systems up to date, much less making the investments necessary to accommodate future growth. As a result, all of our transportation networks are at capacity or have exceeded capacity.

Because of this, we are dealing with congestion, and not just the traffic congestion we experience during our daily commutes. Our skies, railways, and waterways are also overcrowded, and this is hurting our economy.

According to the Federal Highway Administration’s “Freight Analysis Framework,” in 2002 approximately 11 percent of the National Highway System (NHS) roads “approached or exceeded their capacities, and 3.4 percent of the roadway links exceeded their capacities.” The report projects that by 2035, approximately 40 percent of the NHS roadways will approach or exceed capacities, and 25 percent of roadway links will exceed capacities.
U.S. DOT data also shows that, since 1980, vehicle-miles traveled (VMT) by passenger cars has increased by 50 percent, and VMT by commercial trucks has increased by nearly 100 percent. Highway infrastructure, as defined by the number of available highway miles, increased only 1.97 percent between 1980 and 2000.

The recently released 2007 Urban Mobility Report by the Texas Transportation Institute provides us with a grim illustration of the impact of this failure to invest in our surface transportation network. The wasted fuel and time translated into a total congestion cost of $78.2 billion in 2005—$5.1 billion higher than a year earlier. Overall, congestion in 2005 caused a total of 4.2 billion hours of travel delay that resulted in an additional 2.9 billion gallons of fuel being used while shippers, travelers, and commuters are stranded in traffic and not moving.

This congestion is also increasing logistics costs. According to the Council of Supply Chain Management Professionals, between 2004 and 2005, total logistics costs for U.S. companies increased by $156 billion. Transportation accounts for $744 billion of the $1.18 trillion in total logistics cost.

The largest portion of the transportation cost is for truck transportation. The logistics cost relating to intercity trucking reached $394 billion in 2005, up from $335 billion a year earlier. Total logistics costs accounted for 9.5 percent of the Gross Domestic Product in 2005, up from 8.8 percent in 2004.

Insufficient investment, and the resulting inefficiency in the system, has—and will continue—to undermine roadway networks and will have a significant impact on the nation’s economy and quality of life. This crisis is not just limited to highways.

Our nation’s rail infrastructure lacks the capacity to alleviate this crisis. In fact, over the past 75 years, the nation’s private railroads have significantly shrunk their networks by abandoning over 100,000 route miles of track.

* In 1930 the nation’s rail network was 249,000 route miles
* By 1957, the network had shrunk to 202,000 route miles
* 1970—176,000 route miles
* 2006—140,810 route miles

This shortsighted, profit-driven decision making is not in the public interest and has left the rail system incapable of handling existing freight volumes, let alone anticipated freight levels in the future. The nation’s ports, waterways, and related landside intermodal connectors are also ill-equipped to deal with the anticipated growth in freight.

One of America’s primary shipping routes is through the Panama Canal. When the Panama Canal was built in 1934 it was estimated that the maximum capacity of the canal would be 80 million tons per year. In 2005, traffic through the Canal was 279 million tons.
In addition, ocean carriers are building larger vessels, many of which are too large to fit through the Canal. Approximately 250 Panamax vessels are scheduled to be delivered to shippers through 2010. 150 of these vessels will have capacities of at least 8,000 twenty-foot—equivalent units (TEU). These vessels will require a minimum harbor and channel depth of 47.6 feet. Few ports can accommodate vessels of this size, which will lead to the further concentration of freight flows in fewer ports, placing greater stress on already overburden ports and port communities.

Our inland waterways are also suffering from similar inefficiencies. For example, a barge tow traveling on a round trip from Clinton, Iowa to New Orleans, takes 820 hours to complete its journey. New Orleans is the world’s most important grain export facility.

By comparison, Brazil, a major U.S. competitor in the international grain market, is mounting a massive soybean export facility at Recife, which is 2,500 miles further out in the Atlantic Ocean than New Orleans.

The international grain market is a highly competitive market on which grain moves on tight fiscal margins. Any additional time spent moving grains to export markets raises the cost of domestic commodities, which makes these products less competitive with foreign exporters.

The recently passed Water Resources bill authorizes the construction of seven new 1,200-foot locks on the Upper Mississippi River and Illinois Waterway System, as well as small-scale and non-structural navigation improvements. Approximately $2 billion is authorized for the navigation improvements. These new 1,200-foot locks will improve the overall efficiency of moving goods and services through the entire inland waterway system, and ensure that New Orleans and the U.S. remain leaders in the international grain market.

Authorization of the Water Resources bill is an investment in the nation’s economic future, not only in moving goods and services throughout the world, but in protecting and improving the lives and livelihoods of our citizens. The President has said that he will veto this legislation. We in the Congress will work to override this veto and make these important investments in the nation’s water infrastructure.

Airline travel has also increased. The FAA forecasts that airlines are expected to carry more than 1 billion passengers by 2015, an increase from approximately 744 million in 2006. The first half of 2007 has been the worst for airline delays since the BTS began keeping comprehensive statistics 13 years ago: through July, more than one in four flights were delayed. Long, on-board tarmac delays have increased by almost 49 percent from 2006 and delays of 5 hours or more have increased 200 percent. These experiences are unacceptable.

Airline travel has increased. The FAA forecasts that airlines are expected to carry more than 1 billion passengers by 2015, an increase from approximately 744 million in 2006. The first half of 2007 has been the worst for airline delays since the BTS began keeping comprehensive statistics 13 years ago: through July, more than one in four flights were delayed. Long, on-board tarmac delays have increased by almost 49 percent from 2006 and delays of 5 hours or more have increased 200 percent. These experiences are unacceptable.

One aspect of the nation’s transportation system that does not receive enough attention are the intermodal connections that are vital to ensuring the seamless connection of goods
and passengers between the various modes of transportation. The ability to efficiently transfer goods and passengers between modes is essential to the success of the overall transportation system.

Despite the importance of these connectors, the nation does not have a means to adequately invest in these facilities, and the U.S. DOT lacks the ability to sufficiently coordinate activities among the various modes to ensure these linkages are maintained to provide the highest level of service possible.

In ISTEA, Congress created the Undersecretary for Intermodalism. Yet since that position was established, we have not seen the type of focus and coordination we envisioned in creating that role. In the next surface transportation reauthorization, we will reevaluate the role and provide the necessary authority and resources to ensure that the U.S. DOT has a person with the status and authority to coordinate the activities of the various modes to achieve the most effective outcomes.

Public Sector Role in Developing the Intermodal Transportation Network

The public sector—federal, state, and local governments—has played major role in the development of the intermodal transportation network throughout our nation’s history.

One of the first acts of the 1st Congress was the “Lighthouse Act of 1789,” which authorized the construction of a lighthouse at the mouth of Chesapeake Bay, as well as the collection of duties to pay for this and other maritime projects (i.e. laying buoys, registering vessels, etc.) Since that time, the public sector has been very involved in the development of the nation’s transportation infrastructure.

In terms of highways and bridges, many focus on the Interstate Highway System -- one of the foremost engineering and construction feats in world history -- as the beginning of the large scale federal involvement in developing the nation’s roadway network. While the Interstate truly revolutionized our transportation network and ignited our economy, our nation’s public sector commitment to developing a road network to link our nation goes back well before the Interstate.

George Washington and Thomas Jefferson called for the development of a trans-Appalachian road to unify the nation by reaching western settlements. That route was authorized by Congress in 1806, and the “National Road” (Route 40) became the first federally funded road in U.S. history.

The public sector also played a major role in the development of canals. The most significant of these was the Erie Canal, which could not have been built without the financial assistance of New York State or the leadership and vision of then-Governor DeWitt Clinton.

At the time, many ridiculed this endeavor and dubbed it “DeWitt’s Folly.” However, history has shown the importance of the construction of this facility to the nation’s economic development and expansion. This 340-mile facility became the first
transportation route—other than the difficult overland route—between the Eastern Seaboard of the United States and the western interior, and reduced transportation costs by approximately 95 percent. It served to significantly increase trade throughout the nation by opening eastern and overseas markets to Midwest farm products and raw materials.

Although the nation’s railroads were and continue to be owned and operated by private entities, the construction of the rail network would not have occurred without the leadership and assistance of the Federal government.

This network was constructed and facilitated through federal land grants to the railroads. These land grants provided the railroads with the right-of-way and resources (financial and materials) to build and operate these networks. Between 1950 and 1871, the railroads received more than 175 million acres of public land—an area slightly larger than the state of Texas. Without the benefits of these land grants from the federal government, the nation’s rail network would never have been constructed.

The federal government has long been involved in promoting and developing the nation’s air service and infrastructure. This role continues today with the FAA’s operation of the air traffic control system and oversight of safety of airlines, pilots and airplanes. The FAA also provides grants to airports to develop their infrastructure through the Airport Improvement program.

Despite this long history of strong governmental leadership in advancing the development of the transportation system, many have forgotten the lessons of the past, and take our transportation network for granted. This system was not “given to us” as some have recently suggested. Rather it was built primarily by and with the assistance of the public sector at all levels. Failure to appreciate this fact will lead to continued deterioration of many aspects of the system and will allow for the continued fragmentation and balkanization of the network. This is unacceptable and is not in the interest of the nation.

Global Economic Competition

Other nations recognize the importance of a strong public sector leadership and commitment to infrastructure, and are not being complacent in developing their transportation networks. Acknowledging the advantages our nation has enjoyed because of our transportation systems, they are taking steps to develop and expand their networks to compete with us in the global marketplace.

In 1989, China had only 168 miles of expressway. By the end of 2004, China completed construction of nearly 22,000 expressway miles known as the National Transportation Highway System (NTHS). At an estimated cost of $150 billion, the NTHS has dramatically cut freight shipment times, critical to the Chinese economy’s rapid growth.

The new expressways have slashed trucking times between Beijing and Hong Kong from 55 hours to 25, and shortened the trip from Shanghai to Beijing from 31 to 14 hours.
According to the Asian Development Bank, overall highway investment accounted for 2.5 percent of the GDP in 2001 in China, compared to the average of 0.3 percent in the 1980s. In 2004, total U.S. highway investment was 0.65 percent of GDP.

In December 2004, the Chinese government announced the “7918 Highway Network” expansion to the NTHS. This national expressway construction initiative sets a goal of reaching over 52,000 total expressway miles by 2020, connecting all provincial capitals and cities with a population of over 200,000. That would exceed America’s now 46,000 miles of interstates.

India is also working to upgrade its national transportation system and improve freight flows. The Indian government implemented a $50 billion National Highways Development Project (NHDP) in 1999, a 15-year project to widen and pave nearly 25,000 national highway miles.

India has nearly completed the first of seven NHDP phases: The Golden Quadrilateral (GQ) Project Phase. The GQ is a 3,624-mile four-lane highway project, connecting the four largest cities of New Delhi, Calcutta, Chennai, and Mumbai. The World Bank estimates completion of the GQ phase alone saves some $1.5 billion per year on everything from fuel costs to more efficient freight delivery.

The European Union (EU) is also working to expand its intermodal transportation network. With freight transportation expected to increase by more than two-thirds in the EU between 2000 and 2020, the European Commission in 2005 identified 30 critical transnational multimodal transportation improvement projects, the 30 Priority Axes.

Targeted for completion by 2020 to provide sustainable economic development as part of the ‘Trans-European Transport Network’ (TEN-T), the 30 Priority Axes, which include road, rail, and waterway improvements, will require an investment of about $330 billion from both the EU and its member states, according to the Commission. More than a third of the prioritized projects are already under construction.

The TEN-T plan calls for expanding the existing road network by 2,976 miles and rail by 7,750 miles by 2020. Additionally, the plan calls for substantial upgrades on about 2,170 miles of roads, 7,626 miles of rail line, and more than 1,078 miles of inland waterways. Under this program, the total TEN-T network will include 55,490 miles of roads and 58,288 miles of railways, including around 12,400 miles of high-speed rail lines suitable for speeds of at least 124 mph. The inland waterway system will amount to 6,975 miles, including 210 inland ports, another 294 seaports, and some 366 airports.

Our international competitors are rapidly upgrading their transportation networks to meet the needs of the global economy. We must answer this challenge, and develop a new intermodal vision and commitment to providing the resources and tools to meet the needs of all modes of transportation. This vision will be critical to maintaining and strengthening the nation’s economic competitiveness.
Conclusion

Confronting the challenges facing the national transportation network will require a clear vision and a willingness of all levels of government to provide the resources and the tools to finance and develop the upgrades necessary to address current and future mobility needs. The significant progress the nation has made in developing and expanding its intermodal transportation network has been achieved with strong public sector leadership, vision, and commitment.

Yet, the current Administration is pursuing a very different approach by advocating privatization as the major solution to our nation’s transportation crisis. We recognize the role the private sector can and does play in the nation’s intermodal transportation network; however, this role is limited and must be part of a multifaceted approach to the development and operation of the transportation network.

The Highways and Transit Subcommittee has held hearings focusing on the role of the private sector in surface transportation. One of the key findings of those hearings has been that private investment and tolls will provide at most 8-9 percent of the resources necessary to maintain and upgrade our surface transportation network.

Despite this fact, this appears to be the only solution the Administration will consider to address this crisis. This is unacceptable, and their efforts to hold down investments in the nation’s infrastructure have hurt our economic competitiveness. I reject this ideological approach, which fails to heed the lessons of the past and will lead to the further fragmentation of this system.

Under my leadership, the Committee has approved legislation containing $104 billion in infrastructure investment—and we are just getting started. But this is not enough. We need to develop a system to provide the resources and the necessary prioritization to ensure that the needed investments are being made in the most efficient, cost-effective manner. That is why I believe that we need to develop a federal capital budget.

In the 1980’s, as chair of the Oversight Subcommittee of the House Public Works Committee, I held hearings and introduced legislation calling for the creation of a capital budget. This would provide the federal government with a means of financing and prioritizing federal investments in assets that provide long-term benefits—like infrastructure.

If we are going to address the current crisis and ensure the U.S. economy does not continue to lose ground because of our failure to keep pace with our infrastructure needs, we must develop a new vision and commitment to financing those needs. A federal capital budget will provide the framework to achieve this objective, and continue the long history of strong public sector leadership in financing, developing, and maintaining our nation’s transportation infrastructure.
Rep. Oberstar delivered these remarks October 8, 2007, at the sixth James L. Oberstar Forum, hosted by the Center for Transportation Studies and held at the University of Minnesota.