Testimony of

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Good morning. My name is Rolf Lundberg, and I am the Senior Vice President of Congressional and Public Affairs for the U.S. Chamber of Commerce. The U.S. Chamber is the world's largest business federation representing over three million businesses and organizations of every size, sector and region.

It was an honor for the Chamber-led Americans for Transportation Mobility coalition to co-host the Commission's field hearing in New York in November. And over the course of your regional field hearings and meetings in Washington, DC, you have heard perspectives from many of the Chamber's members. Carriers, transportation infrastructure providers and users have testified to the problems they confront today and predict for the future.

The Chamber is here testifying on behalf of the business users of America's transportation system. That is not to say that the Chamber is ignoring the importance of transportation infrastructure investment to our member companies that are responsible for designing, building, operating, maintaining and financing infrastructure, or that passenger transportation is something the Chamber does not value. In fact, local chambers in particular are very active in promoting investments in transportation infrastructure and services in order to make their communities attractive places for business development. However, today we have been asked to provide the "user's perspective" and will emphasize just how critical it is that the Commission's final report addresses the needs of the businesses that ship goods using roads, rails and intermodal facilities.

The Need

The U.S. faces no shortage of crises—real or imagined—at the dawn of this new century. Anyone with an ax to grind or an agenda to push characterizes their issue as a "crisis" that requires immediate attention and usually lots of money. The term is so overused it almost becomes meaningless. However, real crises exist that, if not met, will have profound impact on quality of life and the nation's ability to compete in a global economy. Transportation infrastructure is one of those real crises.

Simply put by the Chamber's chairman and President of Caterpillar USA, Gerry Shaheen, at the New York field hearing: "transportation in this country is breaking down."

At the same hearing, Ken Andrews, Dow Chemical, also a Chamber member, said, "There is fundamentally a growing imbalance of transportation demand versus available supply."

In Memphis, TN, Doug Duncan, CEO of FedEx Freight and a Chamber member, accurately summed up the Chamber's interest in infrastructure investment, "I'm afraid if things don't turn around soon, we'll begin turning the clock back on many of the improvements that these supply chains have made and begin to restrain commerce instead of support commerce."

The Federal Highway Administration's (FHWA) recent report, "An Initial Assessment of Freight Bottlenecks on Highways," supports the situation accurately. "If the U. S. economy grows at a conservative annual rate of 2.5 to 3 percent over the next 20 years, domestic freight tonnage will almost double and the volume of freight moving through the largest international gateways may triple or quadruple…Without new strategies to increase capacity, congestion… may impose an unacceptably high cost on the nation's economy and productivity." In fact, U.S. Chamber of Commerce President and CEO Thomas J. Donohue has been proclaiming this message across the country.

Vision and Federal Role

From the myriad hearings and meetings I suspect that you are aware of the problems. You know that this country's current approach to delivering transportation infrastructure is not set up for today's robust economy or the economy of the future.

Manufactured goods move in and out of the U.S. within a logistics framework that uses roads and rails, not to mention pipelines and inland waterways. The supply chain is viewed from initial point of origin to the final destination. Domestic and international cargo movements are planned and organized as a logistics system. However, the planning, construction, and financing of infrastructure has been separated by public and private entities and has focused on individual locations and modal stovepipes.

So what can we do about it? The vision and the means of implementing it will be more complicated than in the "get the farmers out of the mud days" of the early 1900s, or the "drive coast to coast without a stoplight" days of the Interstate era. It is even more complex than what I will refer to as the "TEA era," which started with the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991. ISTEA and its successors provided record levels of funding, emphasized state and local decision making, encouraged public participation in planning processes and focused greater attention on the relationship between infrastructure and the environment. The TEA era also recognized the need to look beyond roads, as evidenced by the "I" in ISTEA for "intermodal." However, the unintended consequence of the TEA era was the end of an easily identifiable, straightforward cohesive national vision with the federal government having a strong role.

Chairman Quinn, in Memphis, you said that "we have to address… this entire transportation network as a system. It should be a seamless network that when we turn the switch on, it works just like our power grid does."

The Chamber agrees and believes that this next era in surface transportation requires a multi-modal and intermodal vision that supports competition in the global economy and places the federal government in an important role. Overall, achieving the vision will require substantial resources, and the federal government needs to be part of that solution.

Every level of government must step up to the plate and make commitments to expand capacity either through better utilization or additional infrastructure.

The federal government bears a part of the responsibility, in particular, when assuring that:

- National needs are met.
- Legacy assets, including the Interstate Highway System, are maintained and improved to ensure continued nationwide connectivity.
- Utilization of existing networks is maximized.
- Infrastructure investment is aligned with the needs that arise from the global economy, trade policies, and the flow of interstate commerce. There is a federal role in prioritizing investing in new capacity and operational improvements in global gateways and trade corridors.

In addition, the federal government's participation is critical to:

- Working through difficult intergovernmental relationships;
- Providing resources for complex, multi-state or multi-jurisdictional projects; and
- Encouraging the public and private sectors to pursue innovations that improve infrastructure performance, financing or development.

What can the federal government do specifically with regard to a freight transportation system? Roger Sklar, director of Inbound Supply Chain Operations for Nike, Inc. outlined some policies while testifying in Memphis that I would like to again highlight for you today. This is certainly not a conclusive list, but a good start:

- Improve road connections between ports and intermodal freight facilities and the national highway system;
- Improve the ability of railroads to efficiently and reliably move cargo between ports and inland points;
- Develop a national intermodal transportation network so that cargo can flow at speed among multiple alternative routes; and
- Help prioritize infrastructure improvements of long-term network plans as projects of national significance and the reserve funding for such projects.

The Chamber is not calling for a one-size-fits-all approach. It is still important to maintain local decision-making, especially as communities determine their own character and decide how best to serve their traveling citizens. After all, the problems of Seattle are not necessarily the problems of Thermopolis, Wyoming, or of Peoria, Illinois. But regardless of location, the national imperative is the same. As Glen Weisbrod, President of Economic Development Research Group, said at the New York hearing in November, "…our economic well-being and economic growth depend on maintaining access to relevant suppliers and markets, and the nature of those access needs are continuing to shift dramatically as both markets and suppliers change."

Funding

Next is the question of funding. The Chamber believes the following:

- Investments are required in multimodal transportation infrastructure at levels that meet needs, increase capacity, reduce congestion, and improve efficient, safe, sustainable movement of goods and people.
- Congress must adopt a focused federal transportation policy framework and program structure to guide surface transportation investment.
- Fuel taxes are currently the simplest, fairest and most effective way to fund surface transportation infrastructure investment.
- Other revenue strategies can broaden the base of payments into the Highway Trust Fund in both the near and long terms.
- Revenues derived from transportation infrastructure or transportation activities should be dedicated to transportation investment, and
- Public-private partnerships are not a substitute for systemic user-fee based funding.

That said you are bound to ask, "Will the Chamber support increasing user fees on fuel?" The Chamber is acutely aware of the short-term crisis in the Highway Trust Fund as well as long-term investment questions. The Chamber has not taken, and will not take, a position on a hypothetical gas tax increase or any other mechanism for increasing transportation funding. Such a decision is premature. The Chamber will evaluate the issue once substantive proposals have been set forth.

In the meantime, the Chamber will address the capacity increases needed in the near term by encouraging public and private partners to make investments to provide speed, reliability, and cost-effective service to businesses and citizens.

Conclusion

Commissioners, the Chamber is constantly encouraged to "bring the business community to the table" when it comes to promoting transportation infrastructure investment. The Chamber believes that leadership on this issue is an important priority.

The Chamber is committed to raising the visibility of transportation infrastructure on our members' policy agendas through a new initiative called "Rebuilding America." The Chamber is particularly focused on corporations that typically consider transportation in the context of business operations but do not routinely engage with us in promoting investment in transportation infrastructure.

Without a compelling vision that is focused on results and includes providing the infrastructure components needed for cost-effective, reliable, fast transportation of goods, a majority of these corporations will not come to the table. If the politics of equity and earmarks appear to be driving investment decisions, it will be difficult to motivate Chamber members to spend time and other resources on engaging in the public debate – regardless of the fact that the very issues this Commission is grappling with are essential to their productivity and the economic health of the country.

It is a national interest – and indeed one of the federal roles – to ensure that our nation's transportation system and investments as a whole support participation in the global economy. Build that vision, and the Chamber will generate the support for making it a reality. Thank you for the opportunity to testify today, and I am happy answer any questions that you may have.