

**Frank H. Beal**  
Executive Director  
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Frank Beal is executive director of Chicago Metropolis 2020. Previously, Beal worked at Inland Steel Industries for two decades, and was President and CEO of Ryerson/West, a subsidiary of Inland Steel. He was director of the Illinois Department of Energy and Natural Resources and special assistant for energy and environmental affairs for Governor James Thompson. He also served as deputy director of the Institute for Environmental Quality. Beal serves on the boards of the Alliance for Regional Stewardship, Business and Professional People for the Public Interest, and was appointed by Mayor Daley to serve on the Chicago Metropolitan Agency for Planning Board.

**National Surface Transportation Policy and Revenue  
Study Commission**

**Testimony:  
Frank Beal  
Executive Director  
Chicago Metropolis 2020**

**April 18-19, 2007**

Thank you for the opportunity to appear before your Commission. Your work is of critical importance to the nation.

I am here today, representing Chicago Metropolis 2020, an organization that was created by the senior business leadership of metropolitan Chicago. We are a private, not-for-profit organization. Much of our work centers on the transportation needs of the Chicago region.

We have, among other things, prepared a land use and transportation plan for the region as well as developed a plan for the future freight needs of metropolitan Chicago. We are actively engaged in promoting better planning, funding, and operation of the region's surface transportation system.

At the outset, I would like to compliment you for agreeing to hear from me and others on the program, who represent consumers of transportation services and assets. Too often the debate is dominated by the producers, the consultants, contractors, and their paid associations.

There have been four instances where our national government has stepped forward with a surface transportation program that has gone beyond maintenance of the status quo. You have an opportunity to recommend to Congress that they do something equally exciting.

The first exciting program was when our national government encouraged the entrepreneurs to tie our nation together by giving them public land to build a network of railroads that still connects us, and still contributes to our prosperity.

The second program was the road building era of the early 1900's through the 1950's. It was driven in part as a way of paving the dirt roads that farmers had to use to get their products to market. It soon became the American response to the automobile era.

The third, of course, was President Eisenhower's vision to create the Interstate System that allowed us to go coast to coast without a stoplight.

The fourth major breakthrough came with the ISTEA legislation of 1991 which began to open to the public what had essentially been a closed process. Further it was the critical point at which we recognized the unique transportation problems of our large and growing metropolitan regions.

All four of these initiatives had a demonstrable, positive effect on our economy and in fact each initiative was responding to the character of our economy at the time.

It is time for a new initiative, an initiative that responds to the fact that we are part of a global economy, and in the middle of the age of information. We need a transportation policy that recognizes the consequences of those two profound changes. These are important economic and technical changes that were of little consequence in the 1950.s, and were just glimmers when ISTEA was written.

The consequence of these changes is that we are moving more things, more frequently, and moving them longer distances. Because we can manage information more effectively, we no longer store huge amounts of stuff in warehouses for months at a time. That stuff is on a truck or train or ship or plane headed to our home or to a factory that carries no inventory. Because of globalization, the TV we watch is as likely to come from Korea as from a neighboring state. The highways and railroads have become mobile warehouses. Business has shifted the costs of holding inventory to the transportation system.

The recent growth in goods movement and the anticipated increase during the next few years has not been effectively recognized in national policy or practice.

The Chicago region is unquestionably the freight capital of North America.

- We have 6 Class I railroads.
- We have 7 Interstate highways
- We are a national air freight center
- Trucks and railroads move a trillion dollars of goods in and through the region.
- Only Singapore and Hong Kong handle more container units than we do.

That's the good news. We are hosts to a vibrant and critical part of the nation's freight system.

The benefits are real and appreciated. The burdens of this responsibility are equally real.

- Congestion in this region is costing us \$4 billion a year, and much of it is a result of goods movement.
- Much of the pollution in the region is a direct result of the number of trucks and trains delivering the goods.
- Our commuter rail system fights for track time with our freight rail system, creating added costs for both systems.
- Our research has shown that the three quarters of the need for new highway lane miles in the region will be the result of the demands of the trucking industry.

The Chicago region is providing a logistics service to the nation, while enduring the local burdens and shouldering much of the cost. We are, to some extent, subsidizing the costs of goods for the rest of the nation. This is not necessarily unique to Chicago. It is true in other regions that play a major role in goods movement. It is one of the unintended consequences of the global economy, the information revolution, and the failure of federal policy to adjust to new realities.

As the federal government considers, or reconsiders, its transportation policy it needs to do two things:

First, Congress needs to think comprehensively and nationally about the issue of goods movement. Our ports are overloaded and too many are inefficient. The rail lines that carry freight are in need of repair, expansion, and modernization. The highways that carry caravans of trucks are straining to the breaking point. In many metropolitan areas, the demand for new highways is driven more by trucks than cars. And, we can't forget the accelerating use of air freight. Federal policy needs to address all these issues in an integrated fashion. It needs to go beyond its timid foray into "projects of national significance" and recognize that some regions and corridors are playing a significant role in goods movement than others, and they need additional attention and resources.

Second, Congress needs to pay more attention to our great metropolitan, or mega, regions. Here the issue is not so much one of setting national policy as it is one of giving these regions the tools and financing they need to address their transportation issues. We need to give them the tools and flexibility to address their issues comprehensively. We have for too long doled out our limited resources in narrow categories or through earmarks or through pointless formulas. That has to stop.

Regions are the building blocks of the global economy. Regions are the units that are competing for investment dollars and the talented people that can turn investment into wealth and income. We have to give these regions the resources and encouragement to build transportation systems that attract investors and people. Too often the Federal government and the States treat the regions as poor, step-children. It is time that Federal policy and practice treated them as the core drivers of our national economy. The revolution begun with the enactment of ISTEA has to be completed.

Thank you.