

## Transportation Systems: Finding The Right People With The Right Knowledge



### ■ Trade and Transportation

*By Thomas O'Brien*

I recently returned from the annual meeting of the Transportation Research Board (TRB) in Washington, D.C., a gathering of 10,000 people who work in all aspects of transportation. In meetings and presentations, I heard researchers, practitioners and policy makers from vastly different places talk about similar pressures: the economy, the environment, and finding the right people with the right knowledge and skills to build and maintain world-class transportation systems. These include transit, highways, bridges and even supply chains.

I was constantly reminded that, as author and NY Times columnist Thomas Friedman wrote, the world is now flat. Friedman's book looks at the major social, economic and technological forces driving globalization and that require U.S. companies, schools, and individuals to compete with not only those in the next town or another state but on the other side of the world.

Supply chains often get overlooked as a transportation system but one of the factors that has served to flatten the world is the use of information tools that make possible just-in-time transportation, inventory and distribution. They integrate manufacturers, shippers and retailers along extended supply chains across time zones and oceans.

We don't need to be reminded of that here, the home of the nation's largest port complex and numerous industry segments that serve international trade. But it may be worth reminding ourselves just what constitutes a comparative advantage in a flat world. Friedman argues that three things matter first and foremost: the right infrastructure; the right education and knowledge skills to allow people to innovate; and the right governance structure and policy measures that allow countries, companies and individuals to keep pace with rapidly changing economies.

Friedman is concerned with gaps that are emerging between the U.S. and places like China, India and Eastern Europe where increasingly outward looking policies combine with infrastructure investment and an emphasis on developing science, math and engineering skills to create a society better prepared to confront the challenges of a flat world. Part of what drives innovation in those places is a lack of complacency, a desire to not only get "in the game" but to determine the rules of the game. The distinctions between the First, Second and Third Worlds are not so clear anymore.

In Washington, I couldn't help but think about the question of complacency as I sat in a session on the impacts of the expansion of the Panama Canal on U.S. trade. The Canal is currently undergoing a \$5 billion expansion designed to deepen and widen entrances, channels and the lakes whose waters are used to raise and lower vessels in the locks. Currently, the Canal can handle ships carrying a maximum of 4,400 twenty-foot equivalent units (TEUs). Once the project is completed in 2014, the Panama Canal will be able to handle vessels carrying nearly 13,000 TEUs and provide an alternative all-water route between Asia and the east coast of North America.

The experts, including a representative from the Panama Canal Authority, talked about related developments in port infrastructure and in value added services which would make canal transit even more of an attractive option for ocean carriers and shippers. New facilities are being developed not only in Panama; there was also mention of projects like the Heartland Corridor which will improve rail transit between ports in the southeastern U.S. and major transshipment centers like Columbus, Ohio, and Chicago. The point was that there are a number of major efforts underway which could combine to dramatically shift trade patterns.

What wasn't mentioned was Los Angeles-Long Beach, except in reference to the perception that our local ports are creating an unfriendly climate for trade through the use of container fees. That's it. Nothing about the productivity of our ports, our large local market, our well developed (albeit stressed) infrastructure, our system of trade related services and our labor force, all of which have given Southern California a competitive edge. Even the discussion about container fees glossed over how and why they are assessed, and failed to mention that exemptions to the fees exist. And it's not that the question of environmental issues didn't come up. In fact, the representative from the Panama Canal Authority argued that the Shanghai-New York route via Panama may actually have a smaller carbon footprint than other routes, including the one over land via the west coast of the U.S. No reference to

the role played by this region and the state in making goods movement an environmental issue in the first place.

The economy has certainly given everyone reason to rethink the importance of trade to the livelihood of the region. But as I sat in that room in Washington, I wondered more about the bigger questions surrounding the role of Southern California in a flat world with fluid supply chains. It's not just what comparative advantage we enjoy as a region with deep-water ports. It's more a question of what drives us to compete in the first place and, once that's clear in our own minds, how we demonstrate that to the rest of the world. For a long time, we have helped determine the rules of the game. In Washington, for at least a moment, I had a brief glimpse into a world where we weren't even invited to play.

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