

Latest Attempt At A National Freight Transportation Policy



■ Trade and Transportation

By Thomas O'Brien

In May of this year State Senator Alan Lowenthal introduced Senate Joint Resolution (SJR) 33, which requests that Congress adopt a national freight policy as a component of the next federal transportation bill. It also directs the U.S. Department of Transportation to implement the provisions of that policy.

SJR 33 makes the point that California's 11 public ports do not receive regular federal assistance or benefit from a fair percentage of the \$8 billion in U.S. Customs revenue or harbor maintenance taxes generated in the state. It also reminds us that California's voters have made an investment in statewide goods movement infrastructure through the Proposition 1B bond initiative. But, given the benefits of California trade to the nation as a whole, a national freight policy that identifies a regular and rational funding stream for projects of national significance would be welcome. That will be the hard part.

Lowenthal's resolution is a sign of frustration in a state that has certainly benefitted from the

explosion of global trade in the past decade but has also borne a disproportionate share of the cost – environmental and otherwise - of ensuring that the rest of the country gets goods from Asia in a timely and cost effective manner.

Recent history suggests, however, that even if we do get a national freight policy, it may do little to change the way projects are funded. A 1990 Statement of National Transportation Policy and a 1997 National Freight Policy Framework demonstrated the increasing importance of international trade to the national economy, but couldn't quite end the constant battle between the federal government, the states and the private sector over how to finance trade-related infrastructure projects.

And if you go back further than that, you'll see a similar story. Peter Bernstein's fascinating history of the Erie Canal, "Wedding of the Waters," tells the story of another state trying to convince Washington of the need to invest in infrastructure of national significance. In the early part of the 19th century, it was not just a matter of competitiveness. It was a matter of survival. The State of New York and canal proponents argued that opening up the "west" would not only bring goods to market faster than ever before; it would tie people together and ensure the economic sustainability and political viability of the young nation. Virginians like Thomas Jefferson made a similar argument about a proposed canal system stretching west from the Potomac.

Lest we think public-private partnerships are a new thing, the Federal Government considered the potential for federal-state-private partnerships to finance not only the Erie Canal but roads as well. And the U.S. Department of Transportation's freight policy Web site offers this quote from Illinois Congressman Abraham Lincoln, whose concerns about uniting the nation apparently also included the movement of goods. Lincoln believed that federal investments needed to be concerned with "the surplus, that which is produced in one place to be consumed in another; the capacity of each locality for producing a greater surplus; the natural means of transportation, and their susceptibility for improvement; the hindrances, delays, and losses of life and property during transportation, and the causes of each."

And the national government has responded in various ways including the development of national roads, development and maintenance of navigable waterways, and through land grant programs that helped to subsidize the creation of national transport networks like the railroads. The federal government has also played a vital role as a regulator (and subsequent de-regulator) of industry segments like rail and trucking. The 1990 Statement of National Transportation Policy, called *Moving America: New Directions, New Opportunities* was significant in its call to eliminate the Interstate Commerce Commission's remaining economic regulation of trucking, interstate buses and rail passenger service, ferries, some pipelines, household goods freight forwarders, and freight brokers.

But it has never quite solved the complex problem that is the relationship between the federal and state governments and the goods movement industry. So in 1997 we had another proposed national freight policy framework "which emphasized that freight transportation needed greater attention by planning and development agencies," and that was needed "because it would be useful to state and local government to set out a framework for addressing freight transportation issues."

One of the eight key objectives was to "provide funding and a planning framework that establishes priorities for allocation of Federal resources to cost-effective infrastructure investments that

support broad national goals." In other words, Mr. Lincoln's natural means of transportation and their susceptibility for improvement remain an issue.

I'm not sure what Congressman (or President) Lincoln would think of stimulus funding or if Jefferson would view a rail network from Norfolk to Columbus as a worthy heir to a canal system linking the disparate parts of a nation in its infancy. But you would hope they would have some sympathy for the Senator Lowenthal's of the world still trying to figure it out.