



STATEMENT OF
EDWARD WYTKIND, PRESIDENT
TRANSPORTATION TRADES DEPARTMENT, AFL-CIO

BEFORE THE
SENATE SUBCOMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

ON
SURFACE TRANSPORTATION AND THE GLOBAL ECONOMY

April 16, 2008

On behalf of the Transportation Trades Department, AFL-CIO (TTD) I want to thank you for inviting me to testify this morning on surface transportation in the global economy. Our affiliated unions and their members across all modes of transport understand first-hand the severity of America's underinvestment in our transportation system and infrastructure. We also understand that if the United States fails to achieve and maintain a first-class transportation network, our ability to compete in the global marketplace will suffer, and the millions of businesses and workers dependant on a safe and efficient transportation network will be put at a competitive disadvantage. We simply cannot allow this to happen.

Investing in transportation creates and sustains millions of good jobs in this country and at the same time provides a critical ingredient for our nation's economic growth. We know, for example, that building and maintaining roads, bridges, rail lines, transit systems and ports puts millions of our members to work every day. Thanks to strong collective bargaining rights and prevailing wage laws, these are good-paying jobs, with strong benefits – the type of quality jobs that evade millions of Americans.

In a time when our national economy is in recession and millions of Americans are threatened by job loss, it is significant that transportation investments are a proven way to create jobs and stimulate the economy immediately. There are billions of dollars in projects already identified by state departments of transportation, transit and commuter rail systems, and Amtrak that can be implemented in short order. Earlier this year, the American Association of State Highway and Transportation Officials (AASHTO) documented more than 3,000 highway projects, worth \$18 billion, that could be started in 90 days.¹ The American Public Transportation Association (APTA) compiled a similar project list totaling over \$3.6 billion in ready to go transit needs.²

¹ Press release, "States Identify \$18 Billion in Projects "Ready to Go" to Aid in Economic Stimulus," American Association of State Highway and Transportation Officials, January 30, 2008, at http://news.transportation.org/press_release.aspx?Action=ViewNews&NewsID=161 (April 4, 2008).

² Legislative update, American Public Transportation Association, February 15, 2008, at www.apta.com/government_affairs/washrep/2008feb15.cfm (April 7, 2008).

Transportation Trades Department, AFL-CIO

888 16th Street, NW • Suite 650 • Washington, DC 20006 • tel: 202.628.9262 • fax: 202.628.0391 • www.ttd.org
Edward Wytkind, President • Patricia Friend, Secretary-Treasurer

Amtrak now owes its employees \$114 million in back pay, which should also be included in the next stimulus package. The myth that transportation spending has no immediate effect must finally be put to rest and I urge members of this Committee to insist on a robust infrastructure investment as part of any stimulus package considered by Congress.

The benefits of transportation investment extend well beyond the direct jobs created for workers throughout our economy. Bus and truck drivers depend on safe and efficient highways. Additional investment in transit and passenger rail will increase employment opportunities and provide mobility options to millions of Americans. Addressing congestion problems at ports will speed the delivery of goods to every corner of the country. If we want our domestic auto manufacturers to compete globally and if we want to create an environment in which U.S. manufactures can succeed, then a modern, efficient transportation system is essential. It is unrealistic to believe that America can remain the world's economic power if our transportation system continues to deteriorate and fall behind the transportation networks of our major competitors.

Good transportation policy and fair labor policy are compatible and essential partners in our laws and regulations. This marriage of federal transportation and labor policy dates back to the early 20th century. Whether the federal government is investing in mass transit and infrastructure, procuring contractor services or building a facility, the jobs and rights of workers involved in or affected by these activities have been protected by law. Every \$1 billion spent on transportation creates at least 30,000 jobs.³ To ensure that infrastructure investment produces good jobs that support working families, federal worker protections and labor standards must apply to all existing and new programs as well as innovative financing proposals. Specifically, Davis-Bacon provides job and wage stability for construction workers and Section 13(c) is essential to protect the collective bargaining rights of transit employees. These federal safeguards give workers a measure of security while permitting important government functions and services to be carried out consistent with the public interest and the nation's economic interests.

American global competitiveness depends on a comprehensive infrastructure investment strategy. Many of our international economic competitors are employing massive plans to improve and modernize their transportation systems. The U.S. must itself invest or suffer serious economic consequences. As we all know, the road to a modern China is paved with infrastructure improvements. China will invest \$200 billion in its railways between 2006 and 2010.⁴ Since 1990, it has built 33,000 miles of highways. By 2020, China plans almost 100 new airports and 190,000 miles of roads.⁵ These investments will lay the groundwork for long term economic growth for China. U.S. investment pales in comparison.

³ The U.S. Department of Transportation (DOT) estimates that every \$1 billion of federal highway investment supports 30,076 jobs, including the accompanying state match. Previously, DOT estimates placed the job creation number at about 47,500. "This Week in Washington," American Society of Civil Engineers. March 28, 2008, at http://www.asce.org/pressroom/news/grwk/event_release.cfm?uid=5051 (April 4, 2008). The dramatic decrease in this figure is the result of a significant uptick in input prices, including a 56 percent increase in asphalt costs and a 24 percent increase in the cost of diesel fuel, and the resulting loss in purchasing power of federal highway funds.

⁴ Rohatyn, Felix G. "Condition of our Nation's Infrastructure and Proposals for Needed Improvements," testimony, March 11, 2008, before the U.S. Senate, Committee on Banking Housing and Urban Affairs. Accessed April 8, 2008.

⁵ Ibid.

China is not alone in its willingness to make investments that advance its future global competitiveness. Smaller countries are equally committed to investing in the future success of their economies. Consider, for example, South Korea and Spain, which have gross domestic product (GDP) similar to that of New York State.⁶ South Korea has begun a massive investment in airports, rail, roads and transit as well as a plan to build a new \$50 billion city to serve as the nation's capital.⁷ Since 2000, Spain has budgeted \$120 billion for extensive infrastructure and public works development and has an additional \$200 billion earmarked through 2020.⁸ Those nations will be able to produce goods and services more efficiently and transport them to market more easily. They will also improve modern and efficient commuter transport networks that will far exceed America's. In this global economy America can ill afford to see their transportation system fail to meet the nation's economic needs.

In contrast to our competitors' investments, U.S. commitment to infrastructure improvements has been lacking for the last several decades. From 1950 to 1970, the U.S. devoted 3 percent of GDP to infrastructure spending. Since 1980, infrastructure spending has been reduced to 2 percent of GDP.⁹ The American Society of Civil Engineers conservatively estimates that we will need to invest an additional \$1.6 trillion in infrastructure over the next five years, or \$320 billion annually just to bring our current system into good condition.¹⁰

These problems are exacerbated by the significant shift in the burden of infrastructure spending away from the federal government onto states that, quite frankly, are not in a position to take on this financial burden. Given the current recessionary environment, the financial crises faced by states are well known and will make it even more difficult to identify state funding sources for vitally important transportation needs. From 1956 to 1977, the federal share of infrastructure spending increased from 17 percent to 40 percent. Since the late 1980s, the federal share fell to 25 percent. This shift in responsibility to the states is in part responsible for the shortfalls in maintenance and investment in all transportation modes. It is a primary reason why so many transportation infrastructure investments of national significance are not occurring.

Let me give another example of how this is happening today. In June, the Mexican government is expected to put out a request for bids to build and develop a \$4 billion seaport at Punta Colonet, which today is a Pacific coast farming community. The project, which may be completed as soon as 2014, is designed to compete directly with West Coast U.S. ports, particular LA-Long Beach. The plan is that once cargo is unloaded at the Mexican port, it will be shipped via rail into the United States.¹¹ Not to be outdone, Canada will spend \$3 billion in

⁶ In 2006, according to the World Bank, South Korea's GDP was \$888 billion while Spain's was \$1.2 trillion (see <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf>). During the same year, New York's GDP was \$1 trillion, according to the Commerce Department (see the Bureau of Economic Analysis' "Gross Domestic Product by State" database at <http://www.bea.gov/regional/gsp/>).

⁷ Urban Land Institute and Ernst & Young, *Infrastructure 2007: A Global Perspective*. Washington, D.C., 2007.

⁸ Ibid.

⁹ Sherle R. Schwenninger, *A Capital Budget for Public Investment*. In *Ten Big Ideas for a New America*. New America Foundation. Washington, D.C., February 2007.

¹⁰ American Society of Civil Engineers, *2005 Report Card for America's Infrastructure*. Washington, D.C., March 2005.

¹¹ Dickerson, Marla and White, Ronald D. "Mexico Planning a Big Splash with New Baja Port," *Los Angeles Times*,

port and rail improvements to speed shipments into the U.S and to take advantage of its close sailing distance to Asia. Transportation labor has long warned that so-called “cargo diversion” to foreign ports is a very real concern. We need to maintain the competitive viability of U.S. West Coast ports. If not, we will lose jobs at both the ports and the companies that depend on seaport activity and America’s national economy will suffer.

Mass Transit

The demand for mass transit is greater than this country has seen in generations. In 2007, Americans rode public transportation over 10 billion times, the highest level in 50 years¹² and a 31 percent increase over 1995.¹³ From 1993 to 2002, mass transit ridership increased 21 percent, a trend that is expected to increase 3.5 percent every year until 2028.¹⁴ Voter support for transit is growing as well. Since 2001, mass transit funding measures have passed about 70 percent of the time.¹⁵

But as the use in mass transit has soared, systems are starving for funds to cover maintenance and investment needs. Many have been forced to raise fares, cut service and borrow to cover maintenance needs. To maintain the current condition and service level, mass transit systems will need at least \$20 to \$35 billion annually through 2025.¹⁶ Current expenditures do not come close to addressing these needs. In 2004, mass transit capital infrastructure investment totaled \$13 billion. Service improvements will require an annual increase of approximately 130 to 240 percent, or \$30 to \$45 billion.¹⁷ For every \$1 billion spent on mass transit, over 41,000 jobs are created.¹⁸

March 25, 2008, at <http://www.latimes.com/business/la-fi-mexport25mar25.0.5935211.full.story>. (March 25, 2008). In addition, at Port Lazaro Cardenas, located in southern Mexico on the Pacific coast, terminal investors are investing \$200 million into expanding container ship capacity. Currently the port handles goods for the Mexican market. However, it could assume a greater share of the American bound cargo in the near future. The Mexican government has developed plans to upgrade the facilities with a new bridge and expand its docking facilities and customs stations. This port has existing rail links to the United States and can move containers to Houston in the same amount of time it takes to move items from the ports of Long Beach and Los Angeles. Weisert, Will, “Mexico, Top Private Investors Look to Revamp Pacific Ports South of Border,” *The North County Times*. April 4, 2006 at <http://www.nctimes.com/articles/2006/03/27/business/news/32606201319.txt> (April 9, 2008).

¹² Federal Highway Administration *2006 Status of the Nation's Highways, Bridges, and Transit: Conditions and Performance Report*. Washington, D.C., January 2007.

¹³ News release, “10.3 Billion Trips Taken on Public Transportation Ridership in 2007—The Highest Level in 50 Years; Ridership Increased as Gas Prices Remained High,” American Public Transportation Association, March 10, 2008 at http://www.apta.com/media/releases/080310_ridership.cfm (April 8, 2008).

¹⁴ Robert L. Reid, “The Infrastructure Crisis,” *Civil Engineering*, January 2008 at http://pubs.asce.org/magazines/CEMag/2008/Issue_01-08/article1.htm (April 3, 2008).

¹⁵ *Ibid.*

¹⁶ Robert L. Reid. *The Infrastructure Crisis*.

¹⁷ The projections of “costs to maintain” and “costs to improve” in 2006 Status of the Nation’s Highways, Bridges, and Transit: Conditions and Performance are somewhat lower: \$15.8 billion annually (in 2004 dollars) to maintain, based on projected ridership growth of 1.57 percent per year, and \$21.8 billion annually to improve, see Federal Highway Administration, 2006 Status of the Nation’s Highways, Bridges and Transit: Conditions and Performance. Washington, D.C., January 2007.

¹⁸ Extrapolation of figures from the Surface Transportation Policy Project: *Setting the Record Straight.*, at http://www.transact.org/library/decoder/jobs_decoder.pdf. Washington, D.C., Jan. 2004, which based its figures on \$1.25 billion in spending.

America lags far behind foreign nations in mass transit investment. The Beijing subway will be expanded from 70 to 335 miles in just over a decade, with 10 new subway lines. Shanghai plans to quadruple the size of its subway.¹⁹ The Paris Metro subway system is expanding as well. By investing in mass transit, these nations ease road congestion and offer environmentally sound transportation alternatives which increase their economic efficiency and global competitiveness.

Highways and Bridges

Every year, 700 billion vehicle miles are traveled on our highway network.²⁰ Current predictions are that by 2035, this number will increase to 1.8 trillion vehicle miles traveled on interstates and five trillion on all roads.²¹ Problems with road conditions cost U.S. motorists \$54 billion or \$275 per motorist annually.²² The average American spends 51.5 hours a year stuck in congested traffic.²³ Estimates vary for the annual cost of traffic congestion to the economy from \$63 billion²⁴ to \$78 billion.²⁵ The cost of fixing these problems will only grow if we continue to avoid responsibility. According to the Federal Highway Administration, annual expenditures of \$131.7 billion are needed to repair deficient roads, while \$9.4 billion is needed for bridges.²⁶

The economic benefits of highway construction are clear. For every \$1 billion spent on new roads and repair over 34,000 jobs are created.²⁷ New highway construction has a significant impact on an array of industries. The total number of jobs supported by highway investment – including construction-related jobs, jobs in supplier industries and jobs supported indirectly throughout the economy – rose about 12.5 percent, from 1.65 million jobs in 1997 to 1.85 million jobs in 2007 as a result of increased highway investment from all levels of government.²⁸

In contrast to American roadway and policy gridlock, many nations recognize that highway investment is necessary to enjoy long term economic competitiveness. The Chinese government is rushing to complete its new highway network, which will encompass 25,000 miles of road.²⁹ India has nearly completed a \$12 billion road venture to connect major urban areas. These projects will dramatically increase the efficiency of product delivery in China and India. Goods will arrive to their destination faster, using less fuel, when they are delivered using state of the art transportation systems. If the U.S. fails to address our own highway congestion and condition problems our economic standing will suffer serious harm.

¹⁹ The Urban Land Institute and Ernst & Young, “*Infrastructure 2007*.”

²⁰ Robert L. Reid. *The Infrastructure Crisis*.

²¹ Ibid.

²² American Society of Civil Engineers “America’s Crumbling Infrastructure Eroding Quality of Life,” at <http://www.asce.org/reportcard/2005/page.cfm?id=108>. Washington, D.C. March 2005.

²³ David Schrank and Tim Lomax, *The 2007 Urban Mobility Report*. Texas Transportation Institute, College Station, Texas, 2007.

²⁴ American Society of Civil Engineer, *2005 Infrastructure Report Card*.

²⁵ David Lewis, “America’s Traffic Congestion Problem,” The Hamilton Project, The Brookings Institution, April 2008, page 8.

²⁶ “A New New Deal,” *The Nation*, August 8, 2008, at <http://www.thenation.com/blogs/edcut?pid=221239>. (March 20, 2008).

²⁷ Extrapolation of figures from Surface Transportation Policy Project: *Setting the Record Straight*, which based its figures on \$1.25 billion in spending.

²⁸ “This Week in Washington,” American Society of Civil Engineers.

²⁹ The Urban Land Institute and Ernst & Young, “*Infrastructure 2007*.”

Rail

Rail capacity limits are creating significant delays. By 2020, freight rail traffic is estimated to increase 50 percent.³⁰ Freight railroads will need to invest \$175 to \$195 million annually, freight rail congestion costs \$200 billion – almost 1.6 percent of GDP.³¹ Most Amtrak trains use tracks owned by private companies, which means that freight bottlenecks also result in passenger rail delays.

Intercity passenger rail service investment needs total \$60 billion over 20 years. Amtrak has a backlog of \$4 billion in investment necessary just to avoid delays – freight delays alone cost Amtrak \$137 million in fiscal 2006.³² To be competitive in the future, the U.S. will need to invest in improving our national passenger rail system. There are 21 potential geographic corridors for expanding intercity passenger rail service in the United States.³³ Providing intercity rail service for each corridor will require an investment of at least \$3 billion a year over a 20-year period. Amtrak needs a long-term authorization bill to support fully funding taxpayers' investment in our national rail system. In addition, bonding mechanisms that provide a steady stream of funding for Amtrak must also be included in any reauthorization legislation. It is time to provide Amtrak with the multi-year and predictable federal investment necessary to ensure the passenger rail carrier's long-term viability.

Our foreign competitors are pouring money into rail. France spends 20 times more per capita on rail than the U.S. and boasts the best high-speed rail network in the western hemisphere. The TGV bullet train can travel at over 350 miles per hour to connect Paris to cities throughout France, Belgium, Britain and the Netherlands.³⁴ Japan has 1,243 miles of high-speed rail and plans to construct approximately 186 miles more by 2020. China has plans to construct more than 1,554 miles of track by 2020. Spain has plans for a high speed rail network linking all provincial capitals to Madrid. The United States lags far behind foreign competitors in high-speed rail service. We have about 190 miles of high speed track.³⁵ Here in America, we force Amtrak to scrape by on crumbs despite the fact that it provides a key solution to the mounting transportation needs of the nation.

Maritime Infrastructure

The state of port infrastructure provides a useful lens through which to view the multimodal nature of these problems. When ships offload containers at one of America's 361 seaports, the goods are distributed throughout the nation by truck and rail and, to a lesser extent, air and water.

³⁰ "America's Crumbling Infrastructure Eroding Quality of Life," American Society of Civil Engineers.

³¹ "A New New Deal," *The Nation*.

³² Colby Itkowitz "Freight Lines Cause Significant Trouble for Amtrak, Report Says" *CQ Today*, April 1, 2008 Washington, D.C.

³³ American Association of State Highway and Transportation Officials. *Vision for the Future of Transportation: New Dynamics Require New Strategies*. Washington, D.C., July 2007.

³⁴ "Infrastructure 2007." The Urban Land Institute and Ernst Young.

³⁵ *Ibid*.

95 percent of overseas trade is conducted at the nation's seaports. As such, these ports, and the rails and highways that link to them, play a key role in our national economy and our strategic approach to infrastructure.

Port capacity is suffering. Although container volume has grown at an annual rate of 7 percent, port expansion has not kept pace. The physical space for growth is limited by the amount of developable waterfront land. The use of larger containers is becoming more common to address the increase in shipping demand. As a result, there is an increasing call for the size of terminals to increase.

One way to address this problem would be to foster a domestic short sea shipping industry. Short sea shipping provides an environmental and worker friendly tool to address congestion problems. The utilization of commercial vessels for cargo carriage along our coasts can provide a cost-effective supplement to the rail and truck traffic that is pushed to capacity on many transportation corridors. The development of this transportation network would offer shippers an alternative means to transport the increasing volume of imported cargo. Furthermore, the domestic short sea shipping industry would be staffed by American mariners, and as such the development of this industry would contribute to job creation.

Conclusion

This nation has always depended on political leaders on both sides of the aisle that understood the inescapable link between the state of our transportation system and the health of our national economy. Our history is abundant with evidence of the necessity of federal investment in national infrastructure to foster economic prosperity and job growth in the face of new economic challenge and changes in the nation's transportation system and infrastructure needs.

In 1817, the New York state legislature authorized the construction of the Erie Canal to span the 360 miles from Albany to Buffalo. It opened less than 10 years later, easing the way for commerce and migration to the nation's western frontier. Investment in the canal provided access to new land, markets, jobs, products and resources.

In 1862, President Lincoln signed the Pacific Railroad Bill to cover the bulk of the cost of constructing the transcontinental railroad. The project was completed in 1869 when a golden spike was laid, marking the ceremonial completion of the nation's first transcontinental railroad. This project created a national rail transportation network, dramatically altering America's economy and inspiring new economic growth and prosperity.

In 1956, President Eisenhower signed the Federal Aid Highway Act to create our national roadway system, which was modeled after the German autobahn. In speaking about the network, President Eisenhower said "Together, the uniting forces of our communication and transportation systems are dynamic elements in the very name we bear – United States. Without them we would be a mere allegiance of separate parts."³⁶ This decision more than 50 years ago opened the door to mobility and economic development never before seen in America.

³⁶ Eisenhower, Dwight D. "Text of the President's Message Outlining His Roads Program," *The New York Times*. February 23, 1955.

In 1962, President Kennedy proposed the creation of a capital assistance program for mass transportation as private transit providers were on the brink of financial collapse. After President Kennedy's death, in 1964, President Johnson signed the Urban Mass Transportation Act into law. This was the first major federal public transportation program and led to major new investment in publicly owned transit systems around the country. This landmark decision to create a federal transit program has for four decades stood the test of time as today more than 10 billion American passengers ride public transit annually supporting about 350,000 good jobs.

Each of these federal investments paved the way to future economic growth. Together each of our modes of transport forms the backbone of the American economy. Our federal investment programs contribute to the nation's economic strength and America's standing in the world. And each required vision and foresight from our government and Congress.

Congress and the federal government have an opportunity to define this as the generation that rebuilt America. Transportation labor stands ready to do its part in making the case for improving, repairing, modernizing and expanding America's multimodal transportation system and infrastructure.

Thank you for providing us the opportunity to share our views with the Committee.