CONTAINER CAST 17: I’M JUST A BILL

MAT: Welcome to ContainerCast, the trade and transportation podcast from the Center for International Trade and Transportation at California State University, Long Beach. I’m Mat Kaplan. Our guest is Dr. Thomas O’Brien, the CITT’s Director of Research and Research Coordinator for the METRANS Transportation Center at CSULB and USC. Tom, welcome back.

TOM: Thank you, Mat.

MAT: As we speak, the state of California is still in a lot of trouble because basically legislators and the governor can’t agree on a state budget and yet they are all aware of the enormous cost that will have to be paid by the state for their indecision. This is certainly not unique to California’s budget.

TOM: No, it just tends to be more dramatic here, the late night sessions, although I have to say it’s become routine, it’s almost to be expected that we never have a budget on time. I think the stakes though are just that much higher this year, including for the transportation industry, although that Prop 1B bond money is not getting out to fund the corridor improvements that we hope it would.

MAT: And maybe a good example of what happens at virtually every level of regulation and government, there’s something happening in September that is probably gonna shake up the goods movement industry in the U.S. one way or another; and I guess, once again, it means a lot of people having to come together.

TOM: That’s right, September 30th, the current surface transportation bill that sets the priorities and funds transportation projects at the national level, usually over a 5-year period, is set to expire. This bill with a catchy acronym, SAFETEA-LU, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users. (Are we out of time yet?) SAFETEA-LU expires and this is a five-year bill that actually was passed only 3 years ago because it was 2 years late. I think we’re likely to see more difficult negotiations this time around just because we don’t have the money and the needs are even greater.

MAT: Now why in the world (Yeah ok, there’s a good factor) but, a democratic president, democratic congress, in fact as of a few days ago, maybe a filibuster-proof democratic senate. “Why would you expect this to take so long?” he asked rhetorically.

TOM: Well, let’s start with one of the president’s top priorities which appears to be high speed passenger rail. I imagine the democratic congressmen and women and senators in states along the west coast or the east coast, or the Chicago-St. Louis corridor, which would likely get the funding for such a high-speed rail would be in favor of spending a lot of money to develop such infrastructure, whereas democratic leaders in states that would not benefit directly from the implementation of high speed rail corridors would have something else to say and would like to see the money go elsewhere, whether it’s road construction or the development of ethanol base alternative fuels for example.
MAT: From the Midwestern legislators.

TOM: Right, we’re all on the same page when it comes to the need to fund transportation. Once it comes down to the tough questions of which transportation priorities do we fund, consensus breaks down.

MAT: There’s another factor that you talked about here and that is all of these agencies that have a stake in this.

TOM: Right, I mean we still fund projects at the modal level, so the Department of Transportation has a host of modal administrations and the Federal Railroad Administration, Aviation Authority, Transit Administration, and all of these are gonna have their own priorities when it comes to reauthorization - or people hope it’s an entirely new bill, so “authorization” - but sure there’s gonna be a lot of in-fighting within the Department of Transportation itself, let alone the debates among different states or between different metropolitan areas.

MAT: And I counted just out of your column ten different agencies, not including the Department of Transportation itself. But then you’ve got others who you might think well, really how are they getting involved in the transportation discussion and yet they do, like EPA.

TOM: Right, the Environmental Protection Agency which you know is responsible for the Clean Air Act and Clean Water Act; and those regulations might dictate some of the standards that have to be developed in the implementation of transportation regulations or in the development of other new transportation infrastructure or alternative fuel standards or CAFE standards. All of these things are likely to impact where the priorities are and where we’re required to spend money. The same thing with Homeland Security: security regulations might have something to do with the way the Federal Aviation Authority spends money, how we develop our airport infrastructure - that sort of thing. So there is sort of a series of the domino effect at play, in that the decision made in one agency doesn’t just end in that agency. It has impacts all across the federal government and down on through the states and local governments as well.

MAT: Why do you think that goods movement in particular, the movement of freight may not have the prominence that it’s recently been given I suppose, as an example, in the current SAFETEA-LU bill?

TOM: Well, I mean freight has enjoyed a higher profile over the past two surface transportation bills but it still fails in comparison to other needs. It’s tough to argue for projects, like the Gerald Desmond Bridge in California, and argue that an improved bridge here improves the flow of goods and allows goods to get to the heart of America, even though it does.

MAT: At least it’s a bridge that goes somewhere.

TOM: Well that’s right but when it comes to the people in Missouri saying “Well, I don’t see the benefit of spending money on that bridge here, I want it for our own project
locally;” and that’s always the problem that freight has had, is having people in other parts of the country understand the positive benefits that accrue to everyone in this country by goods entering through southern California, but when it comes to spending money...

MAT: It’s just not sexy like a high-speed rail.

TOM: No, that’s true. And in some cases, the industry has been its own worst enemy because, while everyone wants to see the public sector contribute to the Gerald Desmond infrastructure that benefits the flow of goods, often that money comes with strings; and the goods movement industry hasn’t always welcomed that increased oversight or what comes with the public-private partnership. That certainly has been the case with railroads. It took a while for the ports to understand what benefit might come from working with the government in terms of spending dollars.

MAT: You said SAFETEA-LU was delayed two years. There must have been a cost to that. What happens this time around? How does this industry suffer - how does transportation suffer - by a delay in getting a bill like this passed?

TOM: There’s a lot of uncertainty. What ends up happening is you have recurring, continuing resolutions which fund the current programs but without establishing new priorities or sort of creating a blue print from where we go from here forward. It doesn’t address the difficult questions like, what are we gonna do with the national gas tax which hasn’t been increased since the early 90’s, and which may be bankrupt by the time this new bill has passed. If we don’t answer those questions, we’re really not solving any of the problems that we have before us, we’re just delaying them and that doesn’t benefit anyone.

MAT: I guess it’s not our place here to suggest that some of these agencies that you’ve enumerated be consolidated. What would you hope will happen in the next few months?

TOM: Well maybe, and in fact I should say that one of the things that’s been put on the table for this new bill is a sort of an overhaul of the Department of Transportation which would be interesting. But one thing that would certainly benefit I think the transportation system as a whole is to make it easier to fund projects across different modal administrations, so that by giving money to the Federal Railroad Administration it doesn’t automatically happen at the expense of the Federal Highway Administration; because you know, for example, a project that improves the intermodal flow of goods actually benefits both systems, the rail and the highway system, right? That stakeholders on both sides would benefit from projects where there is understood to be a benefit across the board.

MAT: Well let’s hope that this bill runs through and also perhaps any appropriate reorganization is more like high speed rail than a slow boat to China.

TOM: Right, although I hope if it’s done quickly, it’s as a result of thoughtful negotiation and not just because we want to get a bill before September 30th. That could be just as bad.
MAT: Amen to that. Thanks Tom.

TOM: Thank you Matt.

MAT: You just heard ContainerCast, where our guest has been Dr. Thomas O’Brien. ContainerCast is produced by the Center for International Trade and Transportation, a division of the College of Continuing and Professional Education at California State University, Long Beach, and in partnership with the METRANS Transportation Center. We’d love to hear from you, write to us at citt@ccpe.csulb.edu. We offer an outstanding selection of events, programs, and courses, including the Global Logistics Specialist program. Visit us online at www.ccpe.csulb.edu/CITT or call (562) 985-2872. That’s (562) 985-2872.