MISSED OPPORTUNITY | NUMBER 7

Move It: How the U.S. Can Improve Transportation Policy

U.S. Economic Growth, Infrastructure, Transportation, Jobs and the Economy

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America needs to start directing traffic.

The public sector spends north of $170 billion each year on transportation, and we'll need to spend even more to modernize our battered infrastructure.

But before we start writing more checks, we need to stop and think long and hard about transportation. Not only are we spending too little right now, but we're also not spending it wisely.

The nation lacks a clear-cut vision for transportation, and no way to target spending to make sure all those billions of dollars help achieve our economic and environmental goals. That means we have a lot of bridges to nowhere, with nobody making sure that these big investments generate enough returns to be worthwhile, or that they address any number of the large, thorny problems that are crucial to the well-being of the nation.

For instance, we do a great job of building new roads—since 2000, we've added enough new lane miles to circle the globe four times. Yet border crossings, crucial to our nation's exports, are chronically congested, and there's no concerted effort to help unblock them. Meanwhile, at the government's urging, companies are gearing up to produce large numbers of electric cars, but there is no assurance that drivers will have anywhere close to enough places to recharge them.

We can't afford to do this anymore, with the economy struggling and the nation trying to achieve a host of conflicting priorities. We want to be energy independent and go green. But we also want to boost exports, which means putting more trucks on the road to chug fuel and cough out carbon. We want the mobility that comes from cars and planes. But we also want to reduce the amount of energy expended when we travel.

Clearly, we need a new approach. Transportation needs to be put squarely in the service of the American economy. We must coordinate the efforts of the public and private sectors to make it easier to move freight, find ways to cut carbon emissions, integrate new technologies into daily commutes and connect workers to jobs that are far from their homes.

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The big question, of course, is how much it will all cost. And that's tough to answer right now. We have a lot of ideas for the types of new investments we want. But little attention is given to figuring out what may not be needed if we can find smarter alternatives, such as rerouting flights instead of building new airports.

With that in mind, here's a look at the national goals we want to achieve—and how transportation policy can—no, must—be rethought to achieve them.

Boosting Exports

The country needs to become more export-oriented for the future health of the economy. But right now there's no way to make sure that the nation's ports, border crossings and roadways are set up to accomplish that goal.

For one thing, there's far too little attention paid to making sure that traffic at border crossings moves swiftly. Our crossings into Mexico and Canada are routinely clogged, interrupting the flow of trade.

Consider the challenges facing Detroit—part of the largest binational trading corridor on the planet, linking the U.S. and Canadian auto industries and other sectors with highly integrated, transport-dependent, "just in time" supply chains and their smaller, more frequent shipments. Canada is our nation's largest trading partner, and Detroit's Ambassador Bridge is the No. 1 border point for commerce between the two countries.

It's a crucial corridor—but there are relatively few border crossings because of the Great Lakes. So traffic piles up at bridges and tunnels, with freight competing with passenger cars to get through tightened security checkpoints. Trucks also clog the roads of Detroit as they shuttle freight between ports and large distribution centers and warehouses.

The export problem isn't just a matter of insufficient infrastructure. States and cities routinely compete against one another for shipping activity instead of coming up with joint efforts that might benefit all the terminals in the region. Without an overall strategy, there's a duplication of efforts and a duplication of subsidies that hurts the economy, given scarce resources.

Collaboration is needed—between the federal government, states, metro areas, freight industry and shippers. We need to come up with a comprehensive plan that identifies the best ways to help the flow of freight.

The plan might identify the most important corridors for freight, for instance, and then target investments to improve safety, relieve bottlenecks and provide better access to ports. That might mean new roads leading to ports or, in some instances, truck-only lanes on existing roads.

Similarly, the U.S., Canada, and Mexico should also come together to study infrastructure needs at the land borders and along the corridors that link the two borders together.

For now, some states are coming up with innovative solutions on their own—solutions that could and should become widespread under a national transportation policy.

Back in Detroit, for instance, the national governments of the U.S. and Canada, along with lawmakers in Michigan and Ontario, are trying to build a new bridge across the Detroit River to help keep trade flowing—a plan that's awaiting final legislative approval. Meanwhile, the World Trade Bridge in Laredo, Texas, has introduced tags for electronic toll collection to speed traffic and reduce wait times.

Then, of course, there's the issue of competition between ports for shipping business. One way to ease that problem: Tell states their ports won't get any federal aid unless they work with their neighbors to boost business in the whole region.

And those agreements need to be carefully structured and policed to make sure they don't collapse—which happens all too easily. Consider the current mess involving Jasper Ocean Terminal on the Savannah River, the border between South Carolina and

Georgia. In 2007, the two states agreed to develop the terminal together, and create a special entity to own and operate it.

That's good. But what came later wasn't. After the governors who signed the deal left office, the terminal became a point of contention between the states. What happened? Georgia decided it wanted to deepen another one of its own harbors, a move that South Carolina sees as a challenge to its own facilities. So, South Carolina has stopped funding the Jasper facility unless the Georgia dredging plan is scrapped. Now, I ask you: How does any of this help get us closer to our national goals?

Getting Greener

Transportation for the next U.S. economy also needs to be low carbon—to boost air quality, give us greater energy security and unleash entrepreneurial activity around green technology. Yet the U.S. has been slow to address the problem—again, in large part, because there's no guiding authority making sure all of the players talk to each other and don't work at cross purposes.

Take electric cars. The Obama administration's goal to put one million electric vehicles on the road by the year 2015 is exactly the kind of ambitious, far-reaching goal we need at this moment. But where are drivers supposed to charge them? There are only about 1,000 public charging stations around the U.S. today. While the number is increasing, drivers aren't going to feel comfortable investing in a pricey new vehicle unless they're certain they can keep it powered up no matter where they go.

There are so few charging stations because the auto industry never got together with the government and came up with standards for them. There's no agreement about what they ought to look like or how they should operate.

The public and private sector need to come together on this issue. One spur to help them: the administration's proposal, currently working its way through Congress, to reward communities that invest in electric vehicles and infrastructure through a $200 million grant program.

Another flaw that keeps us from going greener: The rules governing transportation policy continue to favor roads over transit and other alternatives to traditional highway building.

Projects using highway dollars are subject to perfunctory review and enjoy a federal funding contribution of 80% or 90% of the project's cost. Transit projects, in contrast, are subject to a rigorous bureaucratic process and a federal contribution of less than half of the project cost. So, cities have a tendency to favor building new roads over mass transit—which means more pollution and often poor solutions to current economic and social problems.

We need equal treatment of all possible transportation projects, so cities don't have to give up on, say, transit systems that fit their needs and help us go green, just because they cost more than highways.

Adding Innovations

We have tremendous technology available that could help make transportation smoother and more efficient. Traffic signals that are centrally controlled by computer can optimize the flow of traffic. Electronic toll-collection tags let drivers pay without stopping. Changeable signs can provide information about the next bus or train, or rough traffic conditions ahead. Freeway-management centers are able to spot roadway incidents, dispatch service vehicles to clear accidents and get traffic moving again.

These technologies can help address myriad problems. For one, there's congestion, which is estimated to cost the U.S. nearly $200 billion annually in lost productivity and environmental impact. For another, better information about bad weather and traffic can help drivers avoid crashes and mitigate the $230 billion annual economic impact that comes from accidents. There are also indirect economic benefits to going high-tech—like spurring growth among companies that design and produce the electronic gear.

Yet the deployment of this smart technology in our roadways and transit systems is lagging. Only one-third of metropolitan buses are electronically monitored in real time, for example, and less than 1% of bus stops are equipped with electronic displays of traveler information for the public.

Part of the reason is that there's no incentive for cities to deploy these innovations, since transportation dollars aren't distributed based on performance. You don't get bonus money for having fewer accidents or delays on your roadways, or giving your commuters better information about delays.

To be sure, transportation agencies are feeling their own budgetary pressures and fiscal challenges, but these technological fixes are relatively inexpensive. Ironically, they are often cut in shortsighted attempts to save money.

We need to change the system to reward innovation and efficiency, and have a public-private partnership to get this kind of technology deployed across the country. In a sense, we just need to encourage more of what's already going on in some places. Already, public entities buy technology from private companies and put it in the field. And public entities share their data with companies to develop new technologies, such as systems that track buses on their routes. Give municipalities ample rewards for getting efficient, such as grants and tax breaks, and this back-and-forth will happen naturally.

One effort under way at the federal level could help these technologies along. The U.S. Transportation Department is working with public and private entities to come up with tools and metrics needed to deploy wireless technologies in cars and on roadways. The goal is to help on things like crash avoidance or sending drivers information about congestion to help avoid delays.

Connecting Workers With Work

Finally, we have to make it easier for people to get to their jobs. Lower-income households depend more on transit than other households to access labor-market opportunity, due to the high costs of car ownership. Transit does a good job of getting into low-income neighborhoods, but it doesn't do so well connecting those riders to jobs, particularly lower-skilled jobs.

In some metro areas, inner-city workers are cut off from suburban labor-market opportunities. In others, low-income suburban residents spend large shares of their income on owning and operating a car. Only about one-quarter of jobs in low- and middle-skill industries are accessible via public transit within 90 minutes for the typical metropolitan commuter, compared with one-third of jobs in high-skill industries. In Los Angeles, for example, 99% of low-income neighborhoods are served by transit. However, the typical resident can get to only 36% of jobs by transit.

We need to give those lower-skilled workers more mobility and access to opportunity—which means more transportation choices. Governments need to think differently about the problem, to look at where jobs and workers are and figure out creative ways to bring them together.

For an idea of the way ahead, consider Los Angeles. Under a far-reaching plan by Mayor Antonio Villaraigosa, the city will add and extend bus lines and create corridors to connect residential and commercial areas. The Westside Subway Extension will also include a station at Century City, one of the largest employment centers in the county.

Congress could help on projects like this by working with states to speed up approvals. For example, states with very strong environmental review and planning processes—such as California—should be able to waive steps such as the draft environmental impact statement that the federal government requires.

Another important step would be a national infrastructure bank. A quasipublic entity like the Tennessee Valley Authority or Amtrak, the bank would make loans to fund transportation projects that were important to the nation as a whole. It would have to not only further policy goals—as a federal agency would—but also demand from project sponsors the same assurances and rate of return that a bank would.

It is not a silver bullet, but if designed and implemented appropriately, it would be a targeted mechanism to make critical new investments on a merit basis, while adhering to market forces and leveraging the private capital we know is ready to invest here in the U.S.

The stakes are too high—for economic recovery and fiscal responsibility—to allow spending that does not result in real returns and put us on the path to long-term prosperity. But even in this moment of fiscal austerity and restraint, we need a playbook that stimulates job creation, takes advantage of private-sector entrepreneurship and financing, and puts us on a path to the Next American Economy. Transportation is a fundamental part of that.