

Intermodal Program Key to Global Success

As the global economy expands and supply chains extend, the government needs to develop an integrated transportation policy.

By Gil Carmichael



In October 1973, I was a highway lobbyist and aspiring politician. My early career path all began to change with the energy crisis that occurred that year and into 1974. The oil embargo and subsequent high gasoline prices during that period turned off the lights on our 20-year-old interstate highway system. I began to realize that the Western world had built its entire economic system on a cheap fossil fuel that we knew was a finite commodity.

Slowing our cars to 55 miles per hour, as the government recommended back then, achieved two short-term benefits: It saved gas, and it saved lives. That simple new "transportation policy" did not cost us a thing; but it also did not address the longer-term problem of relying largely on foreign crude oil for our energy-based economy and lifestyle.

With growing national concerns over our global oil dependency, President Gerald Ford and Congress in 1974 formed the National Transportation Policy Study Commission, to which I was appointed. We were charged with the task of helping to determine the country's transportation policy needs for the year 2000—a full 26 years out! After three years of hearings and studies around the country, I had changed my position from highway lobbyist to a strong supporter of rail technology.

It became clear during the commission hearings that our way of life, wedded to the oil-guzzling automobile and truck, would present continuing socio-economic problems for the United States if we did nothing to change it. It also became clear that of all the transport modes, the steel wheel on rail was the most fuel-efficient manner in which to move freight and people. With today's advances in railroad and

terminal operations, a train can move a ton of freight nine times farther on a gallon of diesel fuel than a truck can.

This superior fuel efficiency is why today we see our nation's railroads struggling to meet the capacity demands of their customers. Ironically, the railroads' one-time archenemy, the trucking industry, is now one of the rails' largest customers. The reason: The truckers can buy space on the railroads at wholesale rates and still charge customers a fair retail price thanks to the cost effectiveness of long-haul intermodal rail.

In 1989 I was appointed Federal Railway Administrator and began traveling around the country and the world talking to people and looking for transportation solutions that would positively affect the nation's economy. In doing so, I became even more convinced that the nation's transportation industry required a fuel-efficient and integrated means of moving freight—one that was not dependent solely on over-the-road transport and foreign oil. The freight transportation modes and terminals were beginning to work together. More versatile containers, articulated double-stack railcars, and emerging computer technologies were all advancing the state of intermodal transportation. Yet 15 years after the oil embargo sent a strong message to the United States, the voice of federal government was still nowhere to be heard.

Today, with a vastly growing global economy and extended supply chains, we can wait no longer for aggressive government action. Unfortunately, most of the ministries of transportation around the world still function from a modal point of view. In the United States, Congress and the Department of Transportation (DOT) remain uncertain how to establish a coherent transportation policy for the 21st century. DOT remains organized into the fief-

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doms of highways, waterways, airways, and railways. Capitol Hill still doesn't recognize the need for a strong, well-financed, nationally integrated intermodal transportation program.

Some Encouraging Signs

There are, however, some encouraging signs of a renewed effort to establish an integrated transportation network (albeit with most of the initiatives coming from the private sector). The potential for this integration reminds me of what happened when we connected all the computers and created the Internet. In fact, I think that eventually it may be more significant for our global economy.

Ocean carriers, railroads, and ground transportation are

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beginning to work more closely together to "hand off" freight, from one mode to another through improved rail and port terminals. What's evolving is a customer-driven, truly intermodal transportation system that is "ethical"—that is, doesn't waste fuel, is more environmentally friendly, and when properly designed, can be low cost, very safe, and secure. It is this multimodal transportation system that enables the container to serve as virtual "warehouses in motion" and explains how Wal-Mart and Dollar General Stores can charge lower prices even in the face of oil prices reaching \$60-\$70 per barrel.

Real-World Examples

Let's look at some of the specific initiatives underway. The BNSF Railway is within 90 miles of completing a double tracking rail project from Los Angeles to Chicago. And, in the South, railroads have built large rail/truck/container yards in three important transportation hubs:

- CSX and Norfolk Southern have built two new 600-acre facilities in Atlanta.
- The Union Pacific has finished a huge inland container yard for the Port of Houston in South Dallas, next door to the BNSF Alliance Facility in Ft. Worth.
- CSX is proposing a 1,250-acre integrated logistics center in Florida that would be largely financed by the state.

One of the most important new developments is a new joint venture between the Kansas City Southern and Norfolk

Southern. This venture, called the Meridian Speedway, is a 400-mile stretch between Meridian, Miss., and Shreveport, La. The Speedway is being double tracked with long rail sidings that will double or triple rail speed and capacity in this corridor. It will also connect the large intermodal yards in Dallas and Atlanta and will provide the Norfolk Southern a beautiful connection with the Union Pacific at Shreveport. Meridian is the junction of three railroads and three four-lane highways. A 1,400-acre intermodal logistics park being built at the Meridian end of the speedway will serve the entire Deep South. This gateway also is in close proximity to the Ports of Savannah, Mobile, and New Orleans. The Meridian Speedway and logistics park could become the premier North American link between Mexico, the Southeast, the Northeast, and Canada. As such, it could be a key facilitator in improving our global links in world trade.

Finally, several states are beginning to wake up and realize the wisdom of partnering with the railroads and private sector to accelerate the growth of an integrated intermodal infrastructure in their respective states. All of these initiatives are a good start, but they require a stronger commitment from the federal government.

New Federal Policy Needed

We have spent billions of dollars on our highway system since the 1950s, only to produce a small amount of extra capacity while simply shifting road congestion from one place to another. A new federal policy could produce a "tax-exempt railroad bond program" to finance the upgrading of the railroad right-of-ways connecting all of our major cities. With this impetus, it's likely we could build at least 20,000 miles of grade-separated, GPS-controlled, high-speed intercity corridors within 10 years. If the railroads could start moving their container trains at 80-90 miles per hour on these corridors, it would be very simple to safely run passenger trains at 110-125 miles per hour within them as well.

We have a huge railway network that connects all the cities in North America. It is bought and paid for. The demand for an integrated intermodal transportation infrastructure is there. What we need is bold government leadership on this issue and an imaginative, responsive, and coordinated national transportation policy with adequate funding. With this kind of commitment, we can act on the real opportunities to solve our national transportation problems—and in doing so successfully, we'll strengthen the links between our national system and the global market beyond.