A bold voice for transportation workers

WRITTEN STATEMENT OF
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BEFORE THE COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON TRADE

"TRADE INFRASTRUCTURE FOR GLOBAL COMPETITIVENESS"

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On behalf of the Transportation Trades Department, AFL-CIO (TTD), and our 33 affiliated unions, I want to first thank Chairman Blumenauer and Ranking Member Buchanan for inviting me to testify before you today.

I would also like to extend a special thanks to Chairman Blumenauer for his tireless efforts to restore Ways and Means' jurisdictional focus on infrastructure – a topic that went nearly 10 years without a single hearing in this committee room.

Investing in American Infrastructure is an Investment in American Competitiveness

In the news and here in Washington, D.C., we most often frame discussions about trade in the context of creating or modifying international trade agreements. Those discussions have traditionally put working Americans in a defensive position. We fight to ensure good manufacturing and service jobs – the kind that prop up communities and ensure a chance at a middle-class life – are not sent overseas. We fight to ensure those jobs are not undercut by unfair or unenforced labor practices in countries like China or Mexico. We work tirelessly to claw back against false promises that opportunity and American competitiveness will trickle down to working families while wealthy CEOs sit in corporate boardrooms counting their profits.

But if we are serious about increasing U.S. trade, about bolstering our economy, and prioritizing America's workers, we need to be just as serious about investing in ourselves as we are about setting up international trade agreements. Investing in America's infrastructure is a real down payment in American competitiveness and America's workers. A down payment that we know will deliver results to our members and your constituents back home.

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This subcommittee in particular should know that we do not raise money to build highways, to maintain ports, to ensure the safety of our aviation system, or to build rail and transit systems simply for the sake of spending money. Instead, you know that if we want to have a 21st century economy—*if we want to be world leaders in trade and competitiveness*—we cannot risk falling behind by failing to make serious investments here at home. Investments, by the way, that much of the world is now outpacing us in making.

Of course, TTD's members design, build, operate, and maintain our infrastructure. But it is not just our members who suffer when we fail to make similar investments in our own transportation network. In 2018, the total value of American exports was nearly $1.67 trillion. If this Congress is interested in growing that number, lawmakers must take seriously the fact that the producers of those exports – our manufacturers, miners, farmers, and energy producers – rely on federally funded roads, bridges, rail lines, waterways, and sea and airports to move their goods. When their goods are delayed by easily solvable congestion on our highways, bottlenecks on railroads, or at inefficient air and sea ports, our economic competitiveness quite literally grinds to a halt.

By way of example, at the Soo Locks in Sault Ste. Marie, Michigan, only one lock—the Poe Lock, built in 1896—is capable of handling the large lake freighters used on the upper Great Lakes. One hundred percent of the iron ore mined in the United States comes through this one lock. If it were to fail for six months or longer, the U.S. Department of Homeland Security estimates a $1.1 trillion dollar economic impact on our country and 11 million jobs lost. Yet Congress forced this project to wait for years before finally approving funding for new construction, leaving American workers wondering if we were gambling on their economic wellbeing.

Consider also port truck drivers in Virginia, who come face to face with America's lack of infrastructure investment on a regular basis. Surges in containers from increasingly large ships regularly put the port over capacity, creating traffic jams that can be 13-lanes wide, 10-trucks deep, and take eight hours to clear. Port congestion not only means truck drivers lose out on pay, lessening their purchasing power and placing a strain on their communities, but it means the shipment of goods and raw materials to retailers, small businesses, and farmers is severely delayed.

In Chicago, which handles one-fourth of the nation's freight rail traffic, at-grade crossings of rail lines and roadways led to freight delays that could cause rail cars to spend 30 hours traversing the region, taking a huge toll not just on the movement of American goods but also on the city's commuters. Without the strong partnership of the federal government through the CREATE project, this bottleneck would have only grown worse and would have put a serious strain on this nation's economy.

I would be remiss if I did not also point out that trade relies on harnessing the ingenuity and unmatched ethic of the American worker. However, years of underinvestment has placed strain on working people like never before.

Hours-long commutes and unreliable or poor access to transit takes a serious toll on our economy and your constituents who power it every day. Whether it is the commuter who may spend as much as *one month* of their life sitting in traffic this year or the family who has to walk miles alongside a busy road in the dead of winter because the local transit system cannot afford to reach their apartment building, it is all of us who pay the true regressive price of underinvestment. This will only get worse as we place additional demand on our system, while at the same time federal, state, and local investments fail to keep pace.

We can talk report cards all we want. I can call this bridge an F and that transit system a C minus. We can, and too often do, talk about infrastructure in ways that that are important from an engineering perspective but nonetheless meaningless to working families back home: pavement condition, the structural integrity of bridges, on-mobile source emissions. But the previously provided examples are the real-world impact when this Congress fails to raise the money we need to invest in Americans and American global economic competitiveness

America's Transportation Workforce Stands Ready to Solve this Crisis

Our members are ready, willing, and able to operate the trains that connect communities all across our country. To modernize and move freight in and out of our ports. To make the most advanced aviation system in the world even more efficient. To build the infrastructure we need today for the demand we know is coming tomorrow.

But we sit here today, still trying to pay for a 21st Century transportation network on a 1993 budget. Still seemingly unwilling to make the difficult political choices that, frankly, we do not think are all that difficult.

From TTD's perspective, the policy solutions are no great mystery.

Highways, Transit, and Rail

We know that a user-fee supported system works when it generates enough revenue to meet our needs. But that is simply no longer happening with the Highway Trust Fund. Since 2008, Congress has transferred $140 billion into the Highway Trust Fund from the general treasury, and even then, it is just barely enough money to keep pace with current spending levels. Spending levels that do not even begin to address the larger investment gaps I have discussed today. Spending levels that we know must be dramatically increased if we are to compete in the world economy and provide mobility options that working families are calling for.

We have long supported efforts for a modest increase in the federal gas tax, which remains the most efficient and reliable means to raise revenue for our surface transportation network. Even if Congress imposed an extra twenty-five cents per gallon at the pump, it would only increase costs for some consumers by roughly $100 per year. But this calculation overlooks the fact that investing in American infrastructure will raise household income, by a recent estimate, to the tune of $1,400 per year.

We would also support any serious effort in this Congress to lay the groundwork for a transition to a mileage based user fee. As gasoline powered vehicles become more efficient and electric vehicles become more prevalent, contributions to the Highway Trust Fund will continue to dry up, leaving us back in the same position we are today. At a minimum, Congress should spearhead an immediate effort to dramatically expand the testing of a mileage-based fee.

While there has been increased support for intermodal funding in the surface transportation program through grant programs like BUILD and INFRA, this committee can also support freight rail by expanding responsible financing options. Increasing the cap on Private Activity Bonds for qualified highway and freight projects, for example, can alleviate major freight bottlenecks by leveraging real dollars for the development of intermodal facilities. To that effect, TTD proudly supports H.R. 2541, the Building United States Infrastructure and Leveraging Development Act. Not only does this common-sense bipartisan bill increase investment in highway and rail infrastructure, but it ensures these dollars come attached with strong labor protections.

Finally, if we are serious about supporting freight rail, we need trade agreements that will ensure fair competition in this sector. We are disappointed that the USMCA failed to address the problem of Mexican train crews operating across U.S. boarders without meeting the same qualifications we require of our own workers. At the same time, Mexico strictly prohibits U.S. crews from working south of the border. While we aggressively pursued a fix in the trade deal, this inequitable and unfair state of affairs remains in place.

Moving Goods by Air and Sea

In addition to our surface transportation efforts, we should not neglect the importance of waterborne commerce. We have called for two important reforms to the Harbor Maintenance Trust Fund (HMTF). The HMTF levies a tax on goods arriving via ship to U.S. ports and harbors and those funds are appropriated for critical port and harbor improvement projects. However, due to years of budget gimmicks, collected revenues have built up unspent, and have even been raided for purposes unrelated to port infrastructure. Legislation passed by the House earlier this year would finally allow $9B currently sitting idle at the Treasury to be spent on projects that enable our ports to be more competitive in a global marketplace.

More germane to the jurisdiction of this committee is the promotion of short sea shipping and the end of the duplicative application of the Harbor Maintenance Tax (HMT). The short sea shipping industry—the use of commercial maritime vessels for the carriage of commodities along American's seacoasts and inland waterways, can create good U.S. jobs, enhance sound environmental and energy policies and relieve congestion on existing highways, is a deeply underutilized shipping option in this country. However, any growth of this industry is stymied by the fact that the HMT is levied each time cargo reaches a port or harbor. In short, if a shipper pays the tax on imported cargo when it arrives in New York, and then moves goods to Baltimore on a second ship, they will be charged the tax a second time. However, if that cargo is transported by rail or truck to another U.S. destination, it avoids a duplicative HMT charge. This inequitable double taxation creates a significant economic disadvantage for shippers to use what could be a viable transportation option. We strongly supported the fix to this problem contained in H.R.5351, the Short Sea Shipping Act of 2019, introduced by Congressmen Higgins and Kelly. We appreciate their leadership on this important issue and hope the committee will take action to move this bill forward.

We in the labor movement are often highly critical of free trade agreements, for the reasons stated above. Yet one area of trade that has traditionally been successful is the trade in commercial aviation services through bilateral air services, or “Open Skies” agreements. With over 100 such deals in effect between the U.S. and countries throughout the world, the Open Skies regime has successfully expanded markets and created jobs as international service has grown. Yet this successful trade model is now under threat due to predatory “flag of convenience” airlines entering the market, and a complete lack of enforcement by federal regulators.

Flag-of-convenience airlines are subsidiary carriers established by a parent company in a nation other than its home country in order to take advantage of more lenient labor, tax, and safety laws. In doing so, these airlines undercut U.S. airlines and their workforces, and threaten our ability to compete on international routes. To remedy this, Reps. DeFazio, Larsen, Davids, Davis and Ferguson have introduced H.R. 3632, the Fair and Open Skies Act., which would ensure that flag-of-convenience airlines do not gain a foothold in the U.S. market. It would be fruitless to invest in our domestic transportation infrastructure if the very industries that the infrastructure supports are hollowed out by unfair competition. As this committee and Congress overall considers the wider scope of trade policy, enforcement laws such as H.R. 3632 must be a central part of the conversation.

Ensuring Strong Labor Protections for America’s Transportation Workforce

Finally, we know that jobs created by smart investments in transportation and infrastructure are good jobs that people can raise families on. This is because of both high union density in the transportation sector and because of the federal policies that have been associated with these investments. In particular, hard fought labor standards specific to construction and transportation have long been attached to the use of federal dollars, which has resulted in a high-road labor model and ensured a skilled workforce is utilized. These standards and other employee protections should be expanded and applied to future investments considered by this committee.

In addition, Buy America rules should be aggressively applied to federal infrastructure programs so that we can grow our manufacturing base as we seek to reverse decades of under-investment. It would be a grave mistake for the health of our nation attack these important laws or to undercut collective bargaining rights that are essential to the good jobs that can and should be created in this space.

America’s infrastructure used to be the envy of the world. Our parents and grandparents put their money and their hard work on the line so that future generations could enjoy the same economic opportunity they created for themselves. It is your turn in Congress, now, to show America’s working families that you are ready to meet the challenge that lies before you. To show our children the kind of courage and leadership that our parents dared to show us. The kind of leadership that inspired a nation to invest in the economic wellbeing of its people by building the Hoover Dam, the Panama Canal, the Interstate Highway System, rail lines that connected two coasts and everywhere in between, and air and seaports unlike any the world had ever seen.

We must not find ourselves back at this table in ten or thirty years asking what went wrong. Why we didn't seize the opportunity to harness the simple policy solutions before us today to promote American jobs and to ensure America's long-term economic wellbeing.

With that, I am happy to answer any questions.