

# **Oral Testimony**

**of John Engler, President and CEO**  
National Association of Manufacturers

*before the* Committee on Transportation and Infrastructure

United States House of Representatives

*Hearing on* Investing in Infrastructure: The Road to Recovery

**October 29, 2008**

**As delivered**

Thank you, Mr. Chairman Oberstar, Ranking Member Mica, committee members. Thank you for the opportunity today to come represent the National Association of Manufacturers (NAM) about infrastructure investment and economic recovery. We represent nearly 11,000 members (and) over 13 million men and women who work making and inventing things in America.

The adequacy and efficiency of our nation's transportation infrastructure underlies the very core of our economic prosperity. It helps keep our manufacturers competitive both domestically and internationally.

NAM members are predominantly reliant on motor carriers to deliver finished products to their customers, but many also rely on air freight to deliver time-sensitive and high-value cargoes, railroads for raw materials as well as finished products, the inland waterways for efficient and bulk-sized movements, and seaports for export to overseas markets.

So, we welcome today's hearing. Public investments that improve and modernize our transportation infrastructure at this time of great economic uncertainty will assist in the national recovery by – Mr. Chairman, as you spoke earlier – assisting steel mills in keeping going, cement trucks rolling, engine and equipment manufacturing lines moving, and Americans employed.

Eighty percent of our nation's freight, measured by value, moves across our roads, highways and bridges by truck. The deteriorating condition of our surface transportation infrastructure and an estimated \$78 billion cost associated with traffic congestion have a negative impact on the manufacturing economy beyond wasted time

and added fuel consumption. There's the fact that the cost of this congestion "tax" doesn't even tell the whole story.

An internal NAM study showed nearly 20 percent of our small and medium-sized manufacturers reported that they risk now losing a customer due to bottlenecks or other traffic delays that have worsened over the last five years.

And there are many more industries and NAM members. You're going to hear from Oldcastle Materials; Doug Black later on will testify they could use the assistance.

Additionally, we believe more federal transportation investment will be a great relief to the states, localities – we're hearing that testimony this morning – and even the federal agencies to make progress on transportation infrastructure projects that are "ready to go" and are critical, as Gov. Corzine mentioned, as part of an overall strategy for the economy.

At the same time, the condition of our nation's transportation infrastructure has reached a breaking point and we can't continue to defer critical maintenance and capacity-enhancing projects.

America's manufacturers believe strongly, as you do Mr. Chairman and Ranking Member, that we have an infrastructure crisis and we need a long-term 25-year strategy that goes well beyond the short-term fixes. The current revenue stream going into the Highway Trust Fund is unsustainable. The \$8 billion "fix" last month was necessary, but as we recognize only a temporary patch. We certainly appreciate all the work that went into that effort over a period of time at this Committee, in the Congress, and ultimately getting the signature.

However, we come here today because we certainly don't feel we have to wait for the surface transportation reauthorization in the fall. There's an opportunity now to provide the states with \$18 billion in critical funding for transportation infrastructure projects that Gov. Corzine testified to, and we are talking about and will throughout the day describe as "ready to go."

Although federal infrastructure investment by itself certainly cannot calm the financial markets – although maybe the news of this hearing yesterday jumped that market the 900 points, I'd have to rely again on Gov. Corzine to put it in its context for us – but there's no question that targeted funding to transportation infrastructure in a stimulus bill will provide a solid down payment to future investments and will have lasting economic benefits.

To ensure those benefits are realized, states should be held accountable for these projects – again, the Governor touched on that. We should not allow unnecessary red tape to prevent quick action.

In addition to highways and bridges, there are other opportunities. Along the inland waterways, which moves major energy and agricultural commodities for both export and domestic use, a billion to a \$1.5 billion federal investment would expedite 16 job-creating lock and dam projects that this Congress has already approved.

While the aviation sector anticipates one billion passengers as soon as 2015, right now we've got the right environment to undertake \$1 billion in airport construction projects that would support safety, security and projected capacity needs as well as, I think, consider fast-tracking our transition to a satellite-based air traffic control system.

Our global competitors already heavily invest. Anybody who watched the Olympics saw the progress in China. Now China's government recently announced they're going to allocate even more to infrastructure building in the wake of the downturn. Australia, a similar move there. Other countries, the same thing.

To keep U.S. business and manufacturers competitive, we're going to have to invest more than 2.4 percent of our GDP in public infrastructure spending. At the same time, I believe strongly that private investment must be welcomed and encouraged in this economic climate.

In closing, the NAM supports and believes the case is strong for the federal government to commit resources to transportation infrastructure projects that are ready to go and will provide meaningful, long-lasting public benefit to our economy.

We had a recent meeting in D.C. Ivan Seidenberg, the CEO of Verizon, gave this wisdom to the NAM's board of directors.

He said, "If there was a lesson in the Wall Street and financial services implosion, it's the importance of allocating capital to those things that really add value, build businesses and create wealth for American workers and investors."

Mr. Chairman, Mr. Mica, members of the committee, that's exactly what you're talking about. We appreciate the opportunity to testify today and look forward to your questions.

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