

The Importance of the Transportation Sector in Regional Economic Competitiveness –Keeping Ahead of the Curve

Good morning.

I would like to extend my complements to the North Dakota Department of Transportation and the Upper Great Plains Transportation Institute for organizing this conference. There can be no doubt that the kinds of discussions you will participate in during this conference are critical to the economic vitality of the region. The leadership of Dave Spryncenatyk and Gene Griffin and their colleagues is remarkable and truly reflects their commitment to a healthy economy for the region. A special thanks is due to my friend Jack Olson for all his efforts in building bridges between the transportation and economic development sectors. The future is really about connecting and Jack is a master at it.

Three years ago the state and provincial departments of transportation worked together to examine how they could best contribute to the Northern Great Plains region's overall economic competitiveness. The working group looked at all aspects of the region's economy from agriculture to manufacturing to information technologies to energy to international trade. The results of that work are published in the report *Toward New Horizons*. Today I would like to share with you some of the findings of that report that can help set the stage for your work over the next day and a half.

First, I want to note that in all efforts to describe the future, predictions are subject to unexpected economic and political events, advances in technology, and the general unpredictability of human behavior. The most productive strategy to be successful in the future is, I believe, to identify the significant trends that are and will be impacting us, think through various scenarios about how those trends might play in the region or how we want them to play out, and then develop plans of action to adapt the Region's strengths to the changing conditions, and be ready to be in the forefront of the changes that are bound to occur.

One of the key findings of the Toward New Horizons project is that **the Northern Great Plains is an identifiable region**. We share common

history, geography, climate, economic bases and transportation links. On a dollars and cents level, an important finding of the report was that trade within the Region has grown significantly faster than trade outside the Region. Not only do we share history, but we are also our own best trading partners. One of the related global trends is sub-national regionalization based upon shared private sector economic interests.

A second key finding is that **transportation is crucial to the economic health of the Region**, and must be supported by federal governments at the same time that it is transforming itself from road construction to being multimodal in perspective and smart management driven. Clearly the global trend that impacts this region is the critical need for efficient movement of goods as a primary element of economic competitiveness versus such traditional competitiveness costs as labor or raw materials.

A third key finding is that **cooperation across boundaries—across state, provincial and national borders, across departmental jurisdictions, across industrial sectors—will be the dominant model for effective action in the 21st century**. Perhaps the most important recommendation to come out of the report is that the transportation sector in the region should continue to work together to mutual advantage and improved economic competitiveness. In other words the trend toward regionalization ignores our tendency to have border and boundaries and instead demands efficient economic functioning across the now out-of-date political structures.

Fourth, the information highway is essential to the economic health of the Region. High speed connectivity is the King's Highway of the 21st century. **Public investment in Information Technology infrastructure and training must continue at a high level**. Information technologies are and will continue to impact every element of our economic lives and the transportation sector will be dramatically impacted by the growth in use of information technologies. It is clear that a major global trend is movement of information about a good along with the good itself wherever it goes.

Finally, the changes that are pressing upon us in so many sectors are not just changes in quantity and speed. **The changes that we must adapt to in the next decade are deep systemic changes**.

Specifically, changes in global trading, environmental pressures, financing mechanisms, information technologies and business shipping practices are

all coalescing to cause deep systemic changes in the roles and organization of Departments of Transportations as well as the entire transportation sector. The role of Departments of Transportation is shifting from one of providing infrastructure for transportation and protection of that infrastructure in order to manage costs to one of a primary player in ensuring the region's economic competitiveness. This means that Transportation Departments will need to shift from modal silos and a highway focus to integrated intermodal planning and a multi-modal focus; from a design, build, and construct perspective to one of managing, operating, and monitoring performance; from a system design perspective that supports large, unscheduled movements and high inventory business practices to one that supports time-sensitive, scheduled, and expedited shipments and just-in-time business practices; and, from a go-it-alone approach with clearly delineated boundaries and responsibilities to one of building partnerships between public agencies and between public and private entities with everyone having shared responsibilities for promoting economic growth. Understanding this is especially important in our region where ground transportation, i.e. trucks, is the primary mode for getting goods to market.

In addition, the entire global transportation sector is becoming an integral part of protecting product quality and integrity, especially in such sectors as food, pharmaceuticals, electronics and aircraft parts. This means transportation systems, including the regulatory parts, need to be designed to assist in the movement of information attached to the goods being moved.

Finally, just as every other sector is being impacted by societal expectations regarding treatment of employees, protection of the environment, animal welfare, and public safety, so too will be transportation. You can expect to see global standards for employee working conditions and even wage rates, energy consumption and related air or water pollution, treatment of animals during transportation, and responsiveness to concerns about public safety. You may think this is a little nuts, but be assured it is going to happen. International protocols for the transportation sector are being considered and they will be developed by the private sector not by governments. Similar protocols are already being put in place for farmers, exist for food processors and are being considered for other sectors.

Let me offer a couple of specific recommendations that reflect the kinds of activities that the transportation sector could undertake to enhance overall marketplace efficiencies.

- Communication and planning coordination among agencies involved in economic development, trade, and agriculture and local units of government is essential, especially to collaborate on land-use planning, investment attraction activities, and other related challenges.
- Work together regionally to identify and enhance important intra-regional corridors.
- Work together regionally to prioritize major projects that would enhance regional commerce.
- Work together regionally to ensure efficient roadway corridor operations through coordinated regulatory and enforcement programs for commercial vehicle operators.
- In light of growing concerns about food safety, work together regionally to identify points in the system that might compromise food safety and develop an action plan to remedy these concerns.
- In light of the growing need for traceability systems in several economic sectors, work together regionally and cooperatively with the private sector to coordinate strategies for tracking and certifying product traceability, analyze trade and transportation policies which impact traceability, and develop a regional action plan to adopt uniform policies which support traceability systems.
- Work together regionally to identify state and provincial laws and regulations which present barriers to the smooth flow of commerce throughout and recommend changes to state and provincial legislatures and agencies to bring uniformity to freight flows across national, state and provincial boundaries.

Finally, I want to challenge you a little bit. Everything I have mentioned could be viewed as a problem to be solved. And certainly, they can be addressed as individual problems. But, as Peter Senge, author of *The Fifth Discipline*, says so well “The fundamental difference between creating and problem solving is simple. In problem solving we seek to make something we do not like go away. In creating, we seek to make what we truly care

about exist.” Said another way by Senge, “Problem solving is the busywork of people that have forgotten their purpose and vision.” So, is your task to be a part of creating the best transportation system for the region as part of a larger economic system? Or is your task simply to solve as best as possible any problems or inefficiencies in the system?

I would like to suggest that you as leaders in the transportation sector need to become leaders in the overall marketplace. The future economic success of this region is so closely tied to transportation that you can no longer be reactors to economic change. You can no longer be only problem solvers. You need to be leaders in identifying change and developing regional responses to it. You need to be leaders in creating a healthy economy for the region through your capacities in the transportation sector. Your leadership could make the difference between economic success and stagnation.