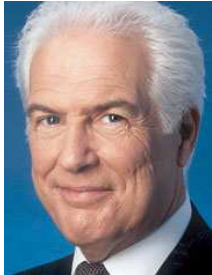


To keep freight rolling, Ill. has to grease the hub



Paul O'Connor is former head of World Business Chicago.

Springfield shenanigans are starting to starve a goose that lays golden eggs that have been a staple of Chicago's economic diet for 150 years.

A now-perennial failure to produce a state capital budget threatens the freight transportation infrastructure that has created industries, profits and employment here since we were the "stacker of wheat/hog butcher to the world."

Location and infrastructure built our economy, and location and infrastructure will make us competitive in a global economy — or not.

Greg Hinz's column ("Safe bet," *Crain's*, March 3) looked at the possibility that the Legislature might adopt its first capital budget since Gov. Rod Blagojevich took office. Estimated capital-project spending ranges from a wish-list high of \$25 billion to a bare-minimum low of \$3 billion.

Some \$100 million of that is needed to match \$100 million in already authorized federal support, thereby reinvigorating a \$1.5-billion upgrade of Chicago's continental-hub freight rail system. The six big freight railroads already have plunked down \$100 million, and the city of Chicago has committed \$30 million. But no state money means no federal match.

Even if all \$1.5 billion were already in the bank, our global freight hub would still be dangerously behind the curve. Chicago's transportation infrastructure is the heart through which North America's highest volumes of truck and rail freight pass, with the U.S. government projecting domestic freight tonnage growth in our region of 71% from 2000 to 2020.

International tonnage is another big driver, with global volume expected to double by 2020. As North America's top intermodal container handler, Chicago moves about 10% of the world's container volume.

The intermodal container is the box that carries to market European clothing, Asian televisions and American telecommunications gear. Chicago is New York's container portal to Asia and Los Angeles' portal to Europe. We are still in the sweet spot.

But we are about to choke. And if we do, the entire U.S. economy will get short of breath. In 1989, international trade accounted for 13% of U.S. gross domestic product. By 2000, trade accounted for nearly a quarter of GDP. By 2020, trade could well be one-third of GDP. That is globalization.

A rail-freight logjam threatens Chicago's low-cost and speed-to-market advantages. It threatens our large, middle-class employment in transportation, logistics and distribution, and in manufacturing. It increases expressway congestion. And

it encourages newly profitable railroads to divert capital and traffic away from Chicago to growing Sun Belt consumer centers.

If Springfield gets it together and invests in the always sure bet of infrastructure, these threats turn into opportunities. But jobs would have to be a higher priority than warlord politics.

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