

Scarcity Amid Abundance

By Mike Steenhoek

When driving Iowa's highways and county roads this time of the year and observing farmers harvest and store their grain, a number of words naturally come to mind: bountiful, abundant, productive. It is the time of the year that serves to remind how natural resources combined with diligence can create value for our communities, our state, and beyond.

Unfortunately, a more penetrating observation of Iowa and American agriculture brings to mind other, less affirming words: scarcity, inefficiency, waste. These words describe an underappreciated, but nonetheless tangible, reality impacting not only Iowa agriculture, but also our entire economy – our nation's transportation infrastructure, or lack thereof, is increasingly an obstacle to profitability and competitiveness.

Farmers have long understood how profitability is a function of growing quality products; adding value to those products by developing practical uses for them; and an expanding customer base. Not fully appreciated, however, is how agriculture's profitability is increasingly determined by our transportation infrastructure.

Put simply, it is not a question as to whether we can grow the best agricultural products in the world, because we can. And the question is not whether we have customers who want to buy our agricultural products, because we do. The question is whether we are able to get our products to our customers in a cost effective way. Unfortunately, the answer to that question is increasingly, "No."

Because of this concern, the Soy Transportation Coalition (STC) was recently established by the Iowa Soybean Association, six other state soybean organizations, the United Soybean Board and the American Soybean Association. The primary goal of the STC is to position the soybean industry to benefit from a transportation system that delivers cost effective, reliable, and competitive service.

The soybean industry, in particular, and agriculture, in general, has increasingly been confronted with the dual challenges of rising costs and declining service when transporting products to its customers. This is largely attributed to the fact that our nation is not making the needed investments in transportation to keep pace with the demands placed upon it.

Our nation's demand for freight movement is expected to increase by 60 to 70 percent over the next ten years. Although there is a strong correlation between the quality of our transportation system and economic growth, our nation currently devotes less than 1 percent of its gross domestic product to infrastructure.

Despite the glaring inadequacies and inefficiencies of our lock and dam system along our major rivers, our nation's political leaders have repeatedly been unable to allocate funding to update this critical component of our infrastructure.

The U.S. Government Accountability Office predicts that the Highway Trust Fund, the primary mechanism for financing federal highway and transit programs, can reach a negative balance as early as 2009.

Our nation's freight rail network, largely financed by the private sector, is becoming capacity constrained and responding by raising rates on its customers in agriculture and other industries.

While more transportation infrastructure funding is certainly needed, simply throwing more money at the problem is not necessarily the answer. How strategically we spend money is just as important as how much money we spend.

This is perhaps the most pronounced shortcoming of our nation's transportation funding process. The absence of a strategic framework for transportation results in a piecemeal, ad hoc approach that all too often results in wasteful, inefficient spending. It is not an accident that we build "bridges to nowhere." Lack of strategy begets lack of efficiency. Farmers and the American public deserve better.

The Soy Transportation Coalition will help add clarity and coherence to our nation's transportation decision-making process. Working with other agricultural groups and affected industries, the STC will ensure that the needs of Iowa increasingly penetrate the transportation debate.

There is a strong relationship between this multibillion dollar challenge and an individual farmer's wallet. When a farmer sells a load of soybeans, or any commodity, the price received is strongly dependent upon the efficiency of our transportation system in ultimately delivering that product. The more inefficient the system is, the less money farmers receive.

Farmers have deep and lasting roots in our rural communities. Because a dollar retained in a farmer's pocket is spent locally, it is perhaps the most strategic dollar in a small town. Transportation inefficiencies not only reduce the amount of money farmers receive, they reduce the amount of money retained in a local community. Therefore, one could argue that to care about rural economic development requires one to care about transportation.

So as Iowa's farmers conclude this harvest season, may we be mindful of how our agricultural abundance must be matched with a robust transportation system. After all, our transportation problems not only sap time from our busy schedules but also sap money from Iowa's economy.

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