

I. THE NATION SERVED BY FREIGHT

The Nation's 113 million households, 7.5 million business establishments, and 88,000 government units are part of an enormous economy that demands the movement of freight. The U.S. Gross Domestic Product (GDP) is expected to grow almost 3 percent per year, driven in part by a population that is expected to increase from 300 million people today to 380 million in 2035, resulting in even greater demands for freight transportation in the future.

Freight transportation has grown dramatically with the expansion of population and economic activity within the United States and with the increasing interdependence of economies across the globe. The U.S. population grew by 30 percent between 1980 and

TABLE 1-1. ECONOMIC AND SOCIAL CHARACTERISTICS OF THE UNITED STATES: 1980-2005

	1980	1990	2000	2004	2005	Percent change, 1980 to 2005
Resident population (thousands)	227,225	249,623	(R) 282,193	(R) 293,657	296,410	30.4
Households (thousands)	80,776	93,347	104,705	112,000	113,146	40.1
Median household income (\$2000)	35,057	38,257	41,990	40,468	NA	NA
Civilian labor force (thousands)	106,940	125,840	142,583	147,401	149,320	39.6
Employed ¹ (thousands)	99,303	118,793	136,891	139,252	141,730	42.7
Agriculture, forestry, fishing, and hunting (percent)	NA	1.9	1.8	1.6	1.6	NA
Mining	NA	0.5	0.3	0.4	0.4	NA
Construction	NA	6.9	7.3	7.7	7.9	NA
Manufacturing	NA	16.8	14.4	11.8	11.5	NA
Wholesale and retail trade	NA	14.7	14.6	15.0	15.1	NA
Transportation and utilities	NA	5.1	5.4	5.0	5.2	NA
Information	NA	2.9	3.0	2.5	2.4	NA
Financial activities	NA	7.1	6.8	7.2	7.2	NA
Professional and business services	NA	9.4	10.0	10.1	10.1	NA
Education and health services	NA	17.5	19.1	20.6	20.6	NA
Leisure and hospitality	NA	8.0	8.2	8.5	8.5	NA
Other services	NA	4.3	4.7	5.0	5	NA
Public administration	NA	4.7	4.5	4.6	4.6	NA
Business establishments (thousands)	NA	6,176	7,070	(R) 7,388	7,500	NA
Governments	² 81,831	³ 85,006	⁴ 87,576	NA	NA	NA
Gross domestic product (\$2000 millions)	5,161,700	7,112,500	9,817,000	(R) 10,703,500	11,048,600	114.0
Foreign trade (\$2000 millions)	631,335	1,168,168	2,572,000	(R) 2,832,692	3,013,471	377.3
Goods	467,359	836,787	2,027,800	2,236,538	2,393,053	412.0
Goods (percent)	74.0	71.6	78.8	(R) 79.0	79.4	7.3
Services	163,976	331,381	544,200	596,155	620,418	278.4
Services (percent)	26.0	28.4	21.2	(R) 21.0	20.6	-20.7

Key: NA = not available.

¹Based on the 2002 North American Industrial Classification System. Data for 1990 do not appear in the source document; they are estimated using the Bureau of Labor Statistics crosswalk from the 1990 Standard Industrial Classification system to the 2002 North American Industrial Classification System.

²1982

³1992

⁴2002

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Sources: Unless otherwise stated all data from: U.S. Department of Commerce, Census Bureau, *Statistical Abstract of the United States: 2007* (Washington, DC: 2007) and earlier editions, available at

<http://www.census.gov/compendia/statab/> as of May 31, 2007.

Median household income: U.S. Department of Commerce, Census Bureau, Historical Income Tables, table H-6, available at www.census.gov/hhes/income/histinc/h06ar.html as of May 31, 2007.

Business establishments: U.S. Department of Commerce, Census Bureau, County Business Patterns, available at <http://www.census.gov/epcd/cbp/view/cbpview.html> as of May 31, 2007.

Gross domestic product and foreign trade: U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts Tables, tables 1.1.5, 1.1.6, 4.2.4, available at www.bea.doc.gov as of June 12, 2007.

2005 while the economy, measured by GDP, more than doubled in real terms. Other indicators of economic growth such as employment and household income have also risen by 40 percent and 15 percent respectively. Foreign trade grew faster than the overall economy, quadrupling in real value between 1980 and 2005, reflecting unprecedented global interconnectivity.

TABLE 1-2. POPULATION AND GROSS DOMESTIC PRODUCT (GDP) BY REGION: 1980-2006

	1980	1990	2000	2005	2006	Percent change, 1980 to 2006
Resident Population (thousands)	226,549	248,789	(R) 282,217	(R) 296,507	299,398	32
Northeast	49,136	50,828	(R) 53,675	(R) 54,679	54,741	11
Midwest	58,868	59,670	(R) 64,502	(R) 65,936	66,218	12
South	75,372	85,454	(R) 100,573	(R) 107,552	109,084	45
West	43,173	52,837	(R) 63,467	(R) 68,339	69,356	61
GDP (\$ 2000 millions)¹	5,054,549	6,994,329	(R) 9,203,792	(R) 10,923,830	11,291,419	123
Northeast	1,107,283	1,604,121	(R) 1,957,791	(R) 2,287,913	2,351,861	112
Midwest	1,262,917	1,566,939	(R) 2,083,730	(R) 2,333,148	2,377,114	88
South	1,608,531	2,220,755	(R) 3,044,624	(R) 3,696,021	3,831,479	138
West	1,075,817	1,602,514	(R) 2,117,647	(R) 2,606,748	2,730,965	154
GDP per capita (\$ 2000)¹	22,311	28,113	(R) 32,612	(R) 36,842	37,714	69
Northeast	22,535	31,560	(R) 36,475	(R) 41,842	42,963	91
Midwest	21,453	26,260	(R) 32,305	(R) 35,385	35,898	67
South	21,341	25,988	(R) 30,273	(R) 34,365	35,124	65
West	24,919	30,329	(R) 33,366	(R) 38,144	39,376	58

Key: R = revised.

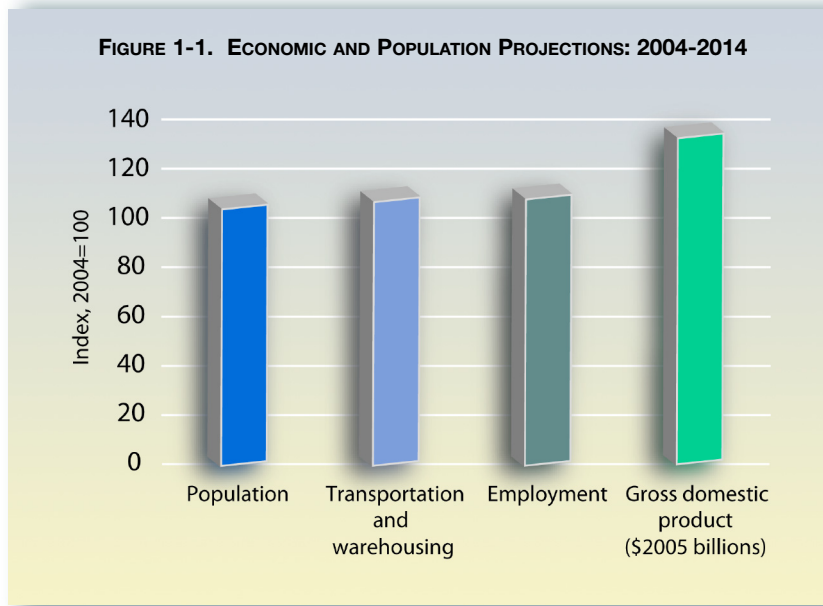
¹As of the October 26, 2006 release, the BEA renamed the gross state product (GSP) series to gross domestic product (GDP) by state.

The demand for freight transportation is spread throughout the United States by the distribution of population and economic activity as measured in GDP by State. While both population and economic activity have grown faster in the West and South than in the Northeast and Midwest, the growth in economic activity per capita has been highest in the Northeast.

TABLE 1-2. POPULATION AND GROSS STATE PRODUCT (GSP) BY REGION: 1980-2006

Sources: **Population:** 1980-1990—U.S. Department of Commerce, Census Bureau, *Statistical Abstract of the United States: 2004-2005* (Washington, DC: 2005); **2000-2006**—Ibid., Population Division, Annual Population Estimates, table 8, available at <http://www.census.gov/popest/states/NST-ann-est.html> as of June 7, 2007; **Gross State Product:** 1980-1990—U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, available at <http://www.bea.doc.gov/bea/regional/gsp/> as of June 11, 2004; **2000-2006**—U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, available at <http://www.bea.gov/bea/regional/gsp/> as of June 7, 2007.

Demand for freight transportation grows with increases in population and economic activity. The U.S. economy, as measured by GDP, is projected to increase by 39 percent and the U.S. population by 9 percent by 2014.



Transportation and warehousing employment is expected to increase by 12 percent over this period, about the same as employment as a whole.

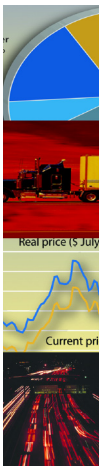


FIGURE 1-1. ECONOMIC AND POPULATION PROJECTIONS: 2004-2014
Sources: Population: U.S. Department of Commerce, U.S. Census Bureau, *Statistical Abstract of the United States: 2006* (Washington, DC: 2005), available at <http://www.census.gov/statab/www/> as of June 6, 2007.
Employment: U.S. Department of Labor, Bureau of Labor Statistics, *Employment by Major Industry Division*, 1994, 2004, and projected 2014, Table 1, Economic and Employment Projections, available at www.bls.gov as of June 6, 2007.
GDP: Congressional Budget Office, "The Budget and Economic Outlook: Fiscal Years 2005-2015," *CBO's Economic Projections for 2005 through 2015*, available at <http://www.cbo.gov> as of June 6, 2007.