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A North American Transportation
Infrastructure Strategy

*Workshop on Canada's Role in
Gateways and Corridors*



Part I. Looking back...

- Transportation infrastructure in the US has historically been a private sector and local rather than national government responsibility
- National security reasons have produced exceptions, but not a fundamental change in this pattern



Transportation infrastructure strategy: Not a new idea... But always a hard sell

See , in 1808, Albert Gallatin's proposal for a National Road (Jefferson's Secretary of the Treasury). And a few years later, John Calhoun's cry: "Let us, then, bind the republic together with a perfect system of roads and canals. Let us conquer space."



Transportation remained primarily a private and state-local responsibility in the US

Steamship industry: built without government support

Railroads: after initial local government involvement (capital and regulation), private interests controlled the US railway industry

See difference with France, Prussia, Japan and Britain



Exceptions were the transcontinental railroad in the 1860s, the Alaska Highway during WWII and the creation of the Interstate Highway System in the 1960s. (Hint: Think National Security)



Part II: From East-West to North-South

- A North American economy
- From branch plants to North American divisions in the 1980s
- NAFTA a response to developments already underway in the North American economy



Intense post-(FTA) NAFTA growth

- Volumes increase but so also does deep, structural integration – complex cross-border supply chains
- Not trading partners – rather creation of an integrated North American production, supply and distribution system
- Bottom up growth, driven by markets, deregulation and corporate strategies



NAFTA and Transportation

- Focus mainly on regulatory harmonization
- Key failures to build more liberal regime
- Continuing issue in US of Mexican trucking

- No vision or design for a North American transportation infrastructure



NAFTA Working Groups

- **Land Transportation Standards Sub-Committee:** make more compatible the Parties' relevant standards-related measures on bus, truck and rail operations, and transportation of dangerous goods
- LTSS created working groups on Driver and Vehicles Standards, Vehicle Weights & Dimensions, Traffic Control Devices, Rail Safety and Dangerous Goods/Hazardous Materials Transportation



Initial Five-Year Plan for Increased Cooperation in the Field of North American Transportation Technologies

“..create and maintain a ‘knowledge base’ on transportation R&D in each nation; increase contacts between the three transportation R&D communities; identify gaps in existing transportation technology and R&D activities where successful efforts would bring benefits to all three nations; and develop collaborative research proposals that could successfully fill these gaps...”



Impact of NAFTA, Working Groups

- Limited impact – did not create a vision, work remained under radar screen
- Focus on regulatory harmonization, with little attention to infrastructure
- No NAFTA vehicle for identifying problems as they arise or for suggesting possible solutions



Part III. North-South Corridors

Growing awareness of impact of increased North-South movement of goods on transportation and border infrastructure and on competitive environment for cities and communities along the trade routes



Trade Corridors

- For dozens of cities and municipalities and firms, there is money to be made here. Being on a north-south channel means not only the opportunity to create new businesses that facilitate the flow, but also access to a whole new realm of opportunities for services, for cooperative ventures, for trade expansion
- Trade corridors driven by entrepreneurs: transportation users and providers, urban leaders and local governments

Sometimes, interesting private-public partnerships emerge



North American Trade Corridors



US highway legislation in the 1990s: Federal response to infrastructure needs

Washington did seek to respond to new north-south trade flows:

Intermodal Surface Transportation Efficiency Act (ISTEA) aimed at alleviating bottlenecks along highways and at border crossings

Create new North American “Super Corridors”

Three following bills during 1990s



Impact of Highway Legislation

- Congress rapidly increased the number of designated high priority corridors in subsequent legislation
- Highway funds were a pot into which Congressional etiquette encouraged everyone to dip his fingers: key role of earmarks
- Any sense of a coherent continental – or even national – plan evaporated in rush of demands by states, local communities and business associations for funds to build particular interests



Impact of Highway Legislation, II

What this story reveals, no surprise, is how difficult (outright impossible?) it is to build a rational, continental highway system from the bottom up

Organizing this process as a competition among Congressional districts for highway funds will not produce a rational blueprint for a continental system



Meanwhile, railroad developments

- Consolidation, elimination of excess capacity
- Improved efficiency
- But how much longer-term planning?

- And, open skies



Part IV. A changing environment

- 9-11 and borders
- Asian trade and gateways
- Also, the erosion of existing transportation and border infrastructure



Part V. Looking Forward

Transportation infrastructure a growing concern:

UPS CEO Mike Eskew: *“What’s shocking, quite frankly, is the inability of our transportation infrastructure to keep up with the normal day--to-day stresses imposed upon it... Our highways, waterways, railroads and aviation network are simply not keeping up with ordinary demands.”*



“Because the ability to compete and thrive in the emerging global economy now depends on the strengths of a nation’s freight system, this dynamic situation generates one crucial question: Can U.S. infrastructure handle the volumes and adequately extract economic value from goods movement? The congestion and delays in the U.S. freight system in 2004 would indicate that U.S. freight infrastructure is in crisis despite massive investment in certain elements” (Brookings Institution, 2006)



SPP and NACC

- Very limited focus on transportation
- SPP called for efforts to improve the safety and efficiency of North America's transportation system by expanding market access, facilitating multimodal corridors, reducing congestion, and alleviating bottlenecks at the border that inhibit growth and threaten our quality of life.
- Main focus on regulatory harmonization – no big picture or vision
- Few concrete recommendations



The erosion of North American transportation infrastructure A “perfect storm”?

Three forces are working together to erode the quality of the system and with it the competitive advantage the transportation system provides.



1. Over-reliance on aging infrastructures and traffic management systems in all modes



2. The weakness of local, national and North American governance processes for investment in transportation system upgrades



3. Public policy and regulatory barriers to effective adaptation of the transportation system



Elements of a North American Transportation Strategy

- A transportation strategy must rest on a clear vision of a continental, multi-modal transportation system that will meet North America's transportation, logistics and supply chain requirements over the next decades.
- Transportation systems can no longer be thought of primarily in national terms.
- Transportation systems cannot be viewed as separate silos – rail, road, water and air.
- Implementation is a critical element of a transportation strategy.



North American Transportation Infrastructure Competitiveness Research Council

- Impact of transportation infrastructure on North American competitiveness
- Build on existing foundation of transportation research by various institutions and government agencies
- Produce policy-oriented materials
- Build new constituencies

