

ATLANTIC INSTITUTE FOR MARKET STUDIES
BREAKFAST WITH MICHAEL GALLIS

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Part 3

The International Northeast Corridor: Eliminating a cul-de-sac in the global network

MR. GALLIS: It's very interesting when we talk about Atlantica because I was on a program with the Ambassador to the U.S. from New Zealand. And he talked about being in Maine and he said, The problem for you people in Maine is you're just bad off; you haven't hit bottom. We in New Zealand hit bottom. We went bankrupt. He said in 1950 New Zealand ranked with Switzerland as having the two highest standards of living in the world. By 1994, we were broke. He said we hit bottom. We made several realizations: One is we did it to ourselves. Two, no one was going to help us. And three, as a result of the first two, we had to, in fact, get ourselves back up.

He said, the problem with you is you just complain all the time. He said, once you've hit bottom is when you really have to do something about it; you can't just complain about it anymore. He said, we complained all the way to the bottom, but once we're at the bottom, we realized we better do something about it because we're broke.

He said a second thing. He said, in Maine, what's the problem? He said, we turned it around. He said, I'm 9000 miles from North America; I'm 14,000 miles from the European Union. Would I love to be where you are? He said we would give our national right arm to be where you are. Think of where we are relative to the world economy. You're in the middle of the biggest market in the world or connected directly to it.

Now this is North America and we've all seen this image and it illustrates a very interesting thing. Where's the national boundary line? You know that first image I showed you of Connecticut and the urban economic network and the political boundaries. Where are the boundary lines? Now you think there would be something obvious, you'd see the Canadian border and the Mexican border, you can't see it.



And it's interesting to me. Look at Canada, look at this. I wouldn't have expected that. Out there it's as cold as it could be. I can't believe there are people living out there. But that whole midwest ridge just pushes right up into Canada like a continuous network. It's very interesting. And along the east coast it's more confined, right, more confined and it drops off quickly as you go north of here. And south you can see the same line with continuous urban economic networking.

So where we are today, three countries now struggling with how to put this together?

Here we see Halifax, here we see the population, dense city, and as a result we can trace Canadian road systems, but we cannot trace the density patterns of Canadian information, US information a little bit differently figured. But this needs to be put together in terms of population density but here you can see the point, the Boston-New York.

And then we look at population changes, at least in the US portions, the brighter colours are growing, the red is growing and here that's the Maryland state line there and you see that that's growing southeast, not as fast-growing and the purple areas are actual population loss. You see out in Maine here. But when you draw this -- take this line out across the map this is Columbus, this is Indianapolis, this is Chicago. Look at how much fast growth is taking place there. And I dare to say in the Canadian side here, in the Toronto, area perhaps through Montreal you'll see that same high growth, although it's been low growth on the US side, although it begins to look different as you get into the Atlantica there.

So we looked at these trade patterns and we drew the trade corridors and we said here comes NAFTA and we drew this for our project in New England to talk about the key problem because with the integration of a continental grid, the Hudson River became the east coast of North America, Halifax became a mid-west feeder port and this entire area north of New York south of Halifax became what we call a cul-de-sac in the global network. A cul-de-sac in the global network. And that's a one-way flow in and an empty flow back out, making New England much higher costs of doing business, which

becomes a huge barrier to future economic growth. And instead it becomes one of our biggest problems.

And here we show the concept of the east/west coming out of Halifax and a corridor that would link to Maine, northern New England, into Montreal and then down towards Toronto. So the way to pull that is to begin to link these resources and begin to ask ourselves are there new corridors that could begin to produce new kinds of wealth both on the Canadian and US side.

So I'll just share with you quickly, and just show you how we do such a thing, this is a project we just did in New Jersey. Same problem. New Jersey, New York, Philadelphia. We go back to 1945 where the cities were, there were tiny, really rural environments. Through stages of suburbanization the strategy was to create a corridor linking Boston, New York and city centres called the Northeast Corridor, the Amtrack, the I-95. Suburban expansion goes outwards from the cities. Hartford gets left behind. The beltway era, urban beltway, pushes cities further out, the northeast corridor link.

But in 1990 something very different happened and I think it's important for Atlantic Canada. It's no longer just a series of corridors along this corridor, but now it became Harrisburg, Scranton, Wilkes-Barre, Allentown, and here what I call the NAFTA hub, a giant lattice, because under e-commerce, rather than moving up the corridor these inland centres became key distribution points because you could now distribute from Harrisburg into New York into Philadelphia and into Washington-Baltimore. The reason for that is because of e-commerce. This consolidated into one gigantic market forming an entirely new structure.

How is it linked to the north and how is it connected inland, becomes part of the issues of where we fit in here, going from Halifax down towards New England. This is the biggest economic corridor in North America.

So we traced all transportation modes by air and by sea, by Amtrack, transit, we call it the transportation network. This is ocean shipping through the Boston port, New York port, including Boston International, JFK and Newark. You can compare Boston to Newark and you can see how New England is losing its international connectivity and new role that Halifax is going to play.

So it's strange that in this era what we are seeing is then a loss of connectivity to world markets to New England. So here we talk about the global hub and then we talk about the NAFTA hubs forming entirely new transportation structure serving this regional and asking ourselves then how would we connect.