The Canal Corridor as an Idea and Physical “Spine” for Connecting the Upstate Economy

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The Historic Legacy - Interconnection

1894 Railroad map of NY
Why Did Upstate Lag the U.S. in the Past 20 Years?

- Massive loss of routine manufacturing jobs
- Economic growth in the U.S. depended on population growth (migration) and consumption, particularly driving the housing market.
- Utility and airline deregulation raised costs to businesses (especially small businesses) and individuals. Service declined.
- Taxes were high relative to consumption boom states, such as Florida and Nevada.
The Search for Economies of Scale Pushed Jobs and Population into Megaregions
What Trends May “Reposition” Upstate?

- Increased emphasis on regionally-based exports, especially in advanced manufacturing but also high-value health, education, and services
- Fuel costs will encourage shorter supply chains for agricultural and manufactured products. Upstate may be more central, less peripheral.
- More emphasis on rail and water transport, less on trucks
- Our diverse economies look more “sustainable” and healthier in the emerging policy environment.
Upstate Metro Economies are among those “least touched by the recession”

BusinessWeek.com ranked US metro economies using data from the Brookings Institution’s MetroMonitor study based on:

1. Job Growth
2. Gross Metropolitan Product (GMP)
3. Home Prices Change
4. Unemployment Change

Four upstate NY cities made the top 40 list

- **Stable home prices**
- **Recession-resistant jobs: health care, education, government**
- **Diversified economies**

- **Rochester – overall rank = 20**
  - 3.1% growth in home prices
  - 8.4% unemployment – up 3.1 points
  - GMP down 5% from 2007 peak
  - Ranked #10 in overall job growth

- **Buffalo-Niagara Falls – overall rank = 21**
  - 3.7% growth in home prices
  - 8.9% unemployment – up 3.3 points
  - GMP down 4.1% from 2007 peak
  - Diverse employment base, including debt collection

- **Syracuse – overall rank = 27**
  - 3.4% growth in home prices
  - 8.6% unemployment – up 3.2 points
  - GMP down 6.4% from 2007 peak
  - Wegman’s, SU, Lockheed Martin, St. Joseph’s Hospital

- **Albany-Schenectady-Troy – overall rank = 28**
  - 0.8% growth in home prices
  - 7.3% unemployment – up 2.5 points
  - GMP down 5.3% from 2007 peak
  - SUNY, capitol, technology sector

- Business Week - October 22, 2009
What Are the Limits to North-South Metro Regionalism?

- It limits potential for developing inter-regional markets for products and services.
- It perpetuates competition over resources among cities with now smaller populations.
- It works against cross-regional coalitions that could enhance the market potential for firms across Upstate (by improving distribution access and investing in supply chains).
WE NEED TO BUILD ECONOMIES OF SCALE!
Why the Canal Corridor?

- A physical, historical reminder of the virtues of interconnection and of Upstate New York’s role as the “Silicon Valley” of the 19th century.

- Enhancement of the Canal since the early 2000s through its National Park status.

- The basis for a West-East vision and regional identity.
A 1990s Attempt to Make the Canal An Economic Development Corridor: What Did We Learn?

- Investment in tourism can play a more complex role, interacting with other sectors of the economy, contributing to local quality of life and attracting investment and a high skilled workforce.

- Investment across the corridor can stimulate cooperation among communities, and non-profits and foster regional planning.

- Investment has to mandate governmental cooperation and communication or it is undermined by local political “credit taking” behavior.

- Assistance from people with a sense of the bigger picture makes a positive difference.
The Northern Way: A 2004 British Inter-Regional Effort

Includes eight major conurbations in the North of England, from Manchester and Leeds in the Northwest to Newcastle in the East and three regional development agencies.

Key themes: transport, connectivity & skills
Major Advantages and Challenges

Advantages
• A stronger voice for the regional cities and their businesses at the national government level
• Visibility for the “Pan-region”

Challenges
• Difficulty in aligning incentives and identifying areas for cooperation
• Regions at different stages of economic development
• Making local decisions work with pan-regional objectives
• Neglect of small business needs
• Limited autonomy/accountability
A (Tentative) Canal Corridor Regional Agenda

- Identify the assets that metro-regions have individually and in common and how they could be enhanced by, for example, building supply chains for advanced manufacturing.
- Align incentives to enable cooperation and with an eye toward innovation as well as cost saving.
- Reduce inter-regional competition and consequent waste of resources.
- Form coalitions to influence state policy that could build broad regional strengths.
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