

## Transcript of Interview of Stephen Blank –North America Works

### II

### Conference (from recording)

December 2, 2006, 10:23 am.

Marriott Hotel, Harvest Room

Kansas City, Missouri

By A.J. Teegarden

November 30 to December 2, 2006 Kansas City, Missouri played host to the North America Works II Conference. The subject was the integration of transportation infrastructure in North America and people with global and financial transportation interests dominated the conference.

Stephen Blank, Professor of International Trade and Business at the Lubin School of Business, Pace University, NY, member of the Council on Foreign Relations, and 'architect' of the North America Works series, granted me an interview at the conclusion of the conference.

My questions are intentionally neutral.

Key:

-**AT** is A.J. Teegarden

-**SB** is Stephen Blank

Prior to recording:

AT- Is it permitted to record this?

SB - Yes.

**AT** – Is the immediate focus... outstanding conference, by the way...

**SB** - Thank you.

**AT** – In the press materials, it said you were the 'architect' of the North America Works Conference there, so I'll quote that?

**SB** – OK.

**AT** – OK. All right. So what do you think will be the immediate focus, uh, after this? Before, you said you don't want to lose what has been discussed. You don't want to lose what's been...

**SB** – The immediate focus is to put together a working group of transportation users and providers, to, uh; I would want the transportation users and providers, and the research community, together, to begin to lay out the parameters for a North American transportation study.

**AT** – All right.

**SB** – We have to create, ok, that's one; because this is, this is not a one shot, one report deal.

**AT** – All right.

**SB** - There's no simple answer.

**AT** – Well, it's a big country...

**SB** - OK, that's one. We have to create discourse, a dialogue, a conversation, among industries, among researchers, and government, about how to build infrastructure for the 21<sup>st</sup> century that is efficient and secure and adequate to carry the weight of the emerging North American economy. Uhm, we've come to the end of the free ride, where we just put more weight on existing assets. We have mended and patched and made due with...now it's not enough. We have to think about what comes next, and the only way to do that is to form a group, a network, of those people who know something about this, the users and providers and researchers, to find, uh, to look at this in many directions, to see what we're running into....

**AT** – The users being, typically, those who haul cargo...

**SB** - Yeah, the users being, like Ford Motor, or like, you know, Sears and Wal-Mart. The providers being the railroads, the air people, the cargo people, and so.

**AT** – We hear a lot of talk about railroads, where we talk about increasing rail - passenger rail.

**SB** – Well yeah, again, this is just freight. Passenger rail is an entirely different... (unclear)

**AT** – Just like Malcolm said. OK. Challenges ahead?

**SB** – A lot of people, a lot of interests, to get aligned. Business is competitive. The industry is competitive, between railroad companies and trucking companies, between railroads and truckers. Between the users and providers. Uh, how do we integrate a very large, existing, a very large research group, a transportation research group? It doesn't do much good for North America. How do we push these very large research efforts in a direction toward more collaboration? It's not that we're without any intellectual assets; we've got a lot of intellectual assets, all connected to (unclear words).

Second, how to get government to listen. Because transportation in North American has been at the trough.... (unclear), we're used to.... throwing money at various states and local areas without any rhyme or reason. How do we get government to listen? Seriously, we have to think, not about three national systems, but about a continental system.

**AT** – Uh, legislation was recently passed, to reduce, uh, to release money - the SAFETEA-LU.

**SB** – Yeah, yeah.

**AT** - Is that not enough?

**SB**– Probably not. Because of earmarks, not looking at it with the big picture. And no one is mandating, not in Ottawa, not in Washington, not in Mexico City, not anywhere, to think about a continental transportation system.

**AT** – So they're thinking more 'country wide', rather than North America...

**SB** – Thinking locally – the earmark mentality is local. It's a bridge here; it's an extension of a road there. There's no vision. And beyond that, there's no understanding of how important the transportation infrastructure is to North America. Because there is very little understanding of how deeply integrated our economies are. We have talked about 'trading partners'. We're not 'trading partners' – we are people building stuff together. And so, but what we say, because we're afraid of someone saying we're losing our sovereignty, it's very, it's very...

(Interruption by man saying "I'll be back." SB says "Ok.")

**SB** – So what we say is, so we say things aren't accurate, to protect our political image. And that's reduced, we haven't gotten educated as to what is going on.

**AT** – Uh, so you think the issue of, uh, protectionism comes up?

**SB** – Yeah, yeah, of course. I mean that's, when you think of trade, you think of protectionism. We have to think in terms of the, of our interdependency, but we don't want to talk about it.

**AT** –It's, uh, a touchy subject.

**SB** – It's a touchy subject.

**AT** – OK. The last one is 'hope for the future'...

**SB** – Well, if...Many people say, especially today, if we cannot, if we stay, if we continue in the same direction that we're going now, not maintaining increasing infrastructure, and not thinking about what we need for the 21<sup>st</sup> century, we may lose North American competitiveness to global decline.

**AT** – Lose to who?

**SB** – Well, to other competitors, whether it's China, or whatever. Uh, we may become less competitive in the global market.

**AT** – EU?

**SB** – EU, China, India...we'll see how it all plays out.

**AT** – How does APEC play into this?

**SB** – (Shaking his head) They're not integrated enough...We're talking about China.

**AT** – I read Robert Pastor's piece, he said it was 'four adjectives in search of a noun.'?

**SB** – Yeah, yeah, yeah.

**AT** – OK.

**SB** - Very good. Uh, I mean, so the danger is...

**AT** – Pithy...

**SB** – Pithy...in the global (unclear), the global, the world is more and more integrated. In North America, if we can't think in North American terms, we will, uh, we will lose it.

Second, and very important, unless we have a North American transportation strategy, a continental strategy, that also brings in Mexico, we will not get all the North American business. Particularly in the south of Mexico, where transportation infrastructure is so important. We are in danger of seeing Mexico split, between a wealthier north, in participation in the North American system, and a poorer south, that does not. That would be disastrous for Canadians and for doing more, (unclear), and that is very...

**AT** – This seminar, this whole conference, seemed to focus more on the north...

**SB** – That's right.

**AT** - ...than on the south.

**SB** – Well, one of the main people I wanted here was sick and couldn't come...

**AT** – Who's that?

**SB** – Raoul Rodriguez (spelling?)

**AT** – All right.

**SB** – But I think that's very important work. So we are challenged. (Is), the challenge, uh, to keep, to maintain our competitiveness, but also challenged to extend that, that North American competitive economy, to those groups not yet involved in it, in North America.

**AT** – There's vast economic disparity between the three countries. The top two seem to be doing better...

**SB** – Well, not arguably. Those who are doing well in the top, in all three countries, are doing well. If you go to Monterrey, if you go to Chihuahua, those cities in those parts of Mexico, they're doing very nicely. If you go to parts of Atlantic Canada, they're doing very poorly. If you go to northern Maine, they're doing very poorly. And not every (unclear). So the regional gap, so what happens is, as you develop a more integrated economy, those parts that are not in it, get further and further behind. So it's the two dimensions.

We have focused here on mainly, on finding a more efficient system, linking the equivalent (unclear – could be units), and that's been the main focus. The other side of this is, the transportation (unclear) is extending this, because transportation (unclear). I know that communication and education is there of course, too, but you can't do anything with that. So those are the two dimensions.

**AT** – OK.

**SB** – So, we have to think differently in the 21<sup>st</sup> century. It's that simple. We'll watch – will Mexico City be able to do this.

**AT** – So the focus is to think of the 'North American Continent'.

**SB** – Yes.

**AT** – The second one is to realize, or recognize, that any strategy that does not include Mexico is only looking at part of the picture.

**SB** – Well, and, uh, yes. Mexico, and well you see, there's parts of Mexico and parts, other parts, of North America, I said northern Maine, is the same. There has to be, you have to extend, to involve, all North America in this, in this economy.

**AT** – I'm in (live) Oklahoma - we talk about the disparities between us and Texas.

**SB** – Yeah.

**AT** – That's part of the reason I was here. Predominately. We've got the Trans-Texas Corridor south of us, Kansas City north of us – what's happening in the middle?

**SB** – Yeah. (Nods)

**AT** – Thank you very much. I appreciate your time.