

## Will Corridor H Help our Economy?

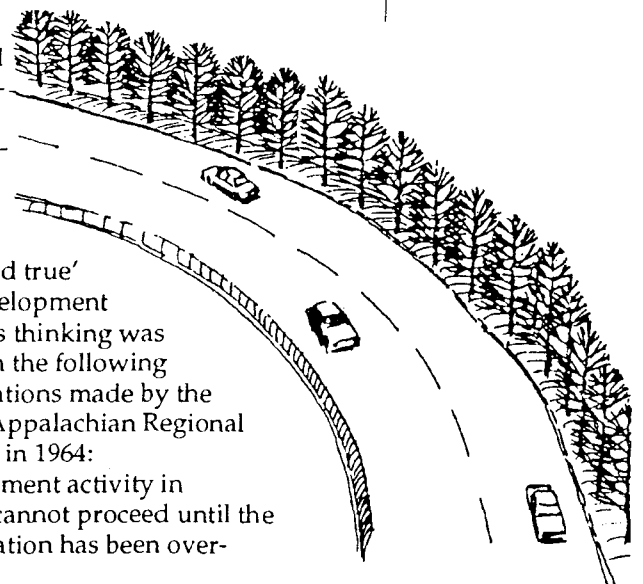
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New highways are often touted as a viable development strategy for rural communities experiencing economic distress. This idea has been around for ages and has been institutionalized in several federal regional development programs, most prominently the Appalachian Regional Commission (ARC), which was created to improve socioeconomic conditions in the Appalachian mountains. Corridor H, which is being planned to run eastward from I-79, through the Cacapon River basin to I-81 in Virginia, is one of the links remaining to be completed as part of the ARC's Appalachian Development Highway System.

To understand the ARC's decision to invest in rural highways, let us return to the atmosphere of the mid 1960s. The ARC was created in 1965 during an era of national economic prosperity in which the Appalachian region was lagging. Although the federal government was becoming increasingly involved in programs to combat urban and rural poverty, there were few

models to draw on. The decision to invest heavily in rural highways was influenced by several factors: (1) the perceived success of the Interstate Highway System, which was created in 1956, in stimulating rural economic development; (2) the perception that Appalachia was underserved by inter-regional highway systems; and (3) the political necessity that expenditures be spent on 'tangible' and 'tried and true' regional development projects. This thinking was embedded in the following recommendations made by the President's Appalachian Regional Commission in 1964:

"Development activity in Appalachia cannot proceed until the regional isolation has been over-



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come. Its cities and its towns, its areas of natural wealth and its areas of recreational and industrial potential must be penetrated by a transportation network which provides access to and from the rest of the nation and within the region itself...The remoteness and isolation of the region, lying directly adjacent to the greatest concentrations of people and wealth in the country, is the very basis of the Appalachian lag. Its penetration by an adequate transportation network is the first requisite of its full participation in industrial America."

Now, twenty-eight years after this declaration, little research substantiates such claims. However, the ARC has shown little inclination to acknowledge the discrepancy between the program's goals and its achievements. For instance, a 1982 issue of *Appalachia*, the public relations magazine of the ARC, plays up the alleged achievements of the program:

"With the planned Appalachian highway system now just over half completed, there can be little doubt that development has followed the highways...Appalachians who were children in 1965 see now as they enter adulthood how much closer they are to attaining the standard of living they want, in their own native region, than their parents would have believed possible. As the highway system comes closer to completion over the next ten years, its impact will surely continue to grow and the opportunities for their younger brothers and sisters and indeed their children will broaden with it."

No such thing has happened. In simple fact, new highways usually result in either no net change or accelerated decline of rural communities.

One of the implications of regional economic theory is that transportation costs are an important determinant of location and growth of industry. This information has been misconstrued to mean that transportation improvements will enhance the economic competitiveness of rural periphery regions. Research suggests, however, that regions without certain preexisting features are unlikely to experience much economic stimulation from transportation improvement. Specifically, regions which are already relatively developed, urbanized, and situated in close proximity to other major urban areas experience more growth than isolated rural regions.

Another thing to keep in mind is that growth does not necessarily mean 'net growth' and 'generative growth'. It can mean redistributive growth, which occurs when economic activity is merely transferred from one region to another. A classic example of redistributive growth can be observed in rural areas when new highways bypass communities previously serviced by the main thoroughfare. Development at the new highway interchanges is offset by the atrophy of Main Street. In contrast, generative growth is a net addition to national economic growth.

Regional economic theory also suggests that certain industries will be more 'sensitive' to new highways than others. The most sensitive industries tend to be those which serve local markets and highway traffic. For instance, retail trade, services, and certain types of manufacturing, finance, insurance, and real estate industries tend to be stimulated more by highway transportation improvements because the new highways play a large part in determining their market boundaries. It is important to realize that 'sensitivity' is not the same as growth. Many of these sensitive industries also prefer to concentrate. Firms in these industries often find that there are efficiencies to be gained by moving near other firms. New highways accelerate this concentration. This phenomenon is most noticeable in rural areas in the retail trade and services industries. Shopping malls, which commonly locate near small cities, are a common example.

Retail trade and service industries are also linked to the highways because firms accumulate to serve the increased highway traffic diverted from other channels.

Industries which are not affected by new highways tend to be those which export to more distant markets. These industries are usually more resource oriented and rely on alternative modes of transportation such as railroads or water. Farming, mining, heavy manufacturing, and public utilities are good examples.

With this information, what can we conclude about the effect of corridor H on economic growth in eastern West Virginia? First, the industries most likely to be stimulated are the service and retail trade industries. There will, no doubt, be growth in industries which cater to the increasing highway traffic. Second, locally oriented services and trade will decline in many areas, and grow in others. As I have said,

new highways stimulate a certain amount of spatial polarization. Since present urbanization is a key factor conditioning future growth potential, urban hubs such as Buckhannon and Elkins will be well positioned to take advantage of new economic development opportunities. Some of this new growth, however, will merely siphon off economic activity from less competitive towns along the highway's route (e.g., Parsons, WV).

And third, the zone along corridor H is likely to experience net negative economic impacts as a result of the new highway because of its inferior competitive situation compared to neighboring cities. Many firms will find it even more advantageous to locate in places like Clarksburg, WV and Harrisonburg, VA.

In sum, corridor H will not be what it is promoted to be. It cannot be argued that phenomenal economic development will follow the new corridor. More likely, the region will experience no or slightly negative economic impacts. There will be many economic losers in the transition, and the losers will likely exceed the winners when the smoke clears. The great irony is that many of the major beneficiaries will be located outside the corridor itself.

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