

# **Economic Considerations Associated with the Proposed Freeway Corridor from Lubbock to Interstate Highway 10**

**Summary of Remarks**

*by*



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*to*

**Texas Department of Transportation  
Austin, Texas**

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# ECONOMIC CONSIDERATIONS ASSOCIATED WITH PROPOSED FREEWAY CORRIDOR FROM LUBBOCK TO INTERSTATE HIGHWAY 10

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- ✓ There is presently no viable corridor to capture trade and transportation activity from much of western Mexico. Currently, about \$6 billion in annual activity will flow through New Mexico and Arizona in the absence of a significant West Texas transportation linkage.
- ✓ Texas captures almost 50% of the production associated with US trade with the eastern segments of Mexico. Much of the manufacturing, service, and other activity associated with international trade is captured along the initial transportation corridor.
- ✓ A linkage to a viable Pacific port will substantially enhance the competitiveness of Texas in trade with East Asia and the Pacific Rim.
- ✓ Preliminary analysis by The Perryman Group indicates that the full potential of US trade with western Mexico will not be achieved in the absence of a viable western linkage to the Pacific port areas. Long-term economic growth throughout West Texas will be severely hampered if a major north-south highway corridor is not developed.
- ✓ Preliminary analysis by The Perryman Group indicates that the product concentration and capabilities between West Texas and western Mexico offer many opportunities for synergy in overall production.
- ✓ The proposed "La Entrada Al Pacifico" route connecting western Mexico with major transportation arteries (including Interstate Highway 35) represents an excellent opportunity to assure Texas a major share of the aggregate business activity emanating from the anticipated rapid expansion of commerce in western Mexico and emerging Asian countries.
- ✓ Preliminary linkage analysis by The Perryman Group also indicates that there is substantial potential for induced domestic traffic associated with the proposed extension of a freeway corridor from Interstate Highway 27 in Lubbock to Interstate Highway 10. The relative supply and demand

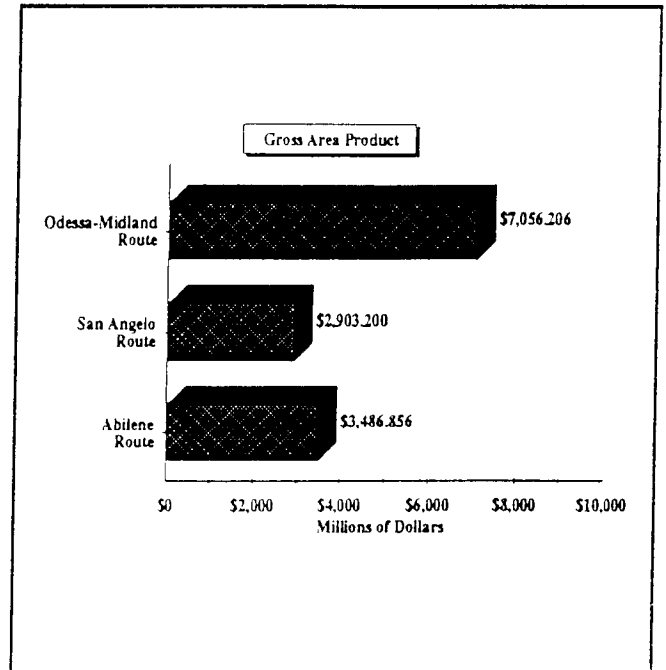
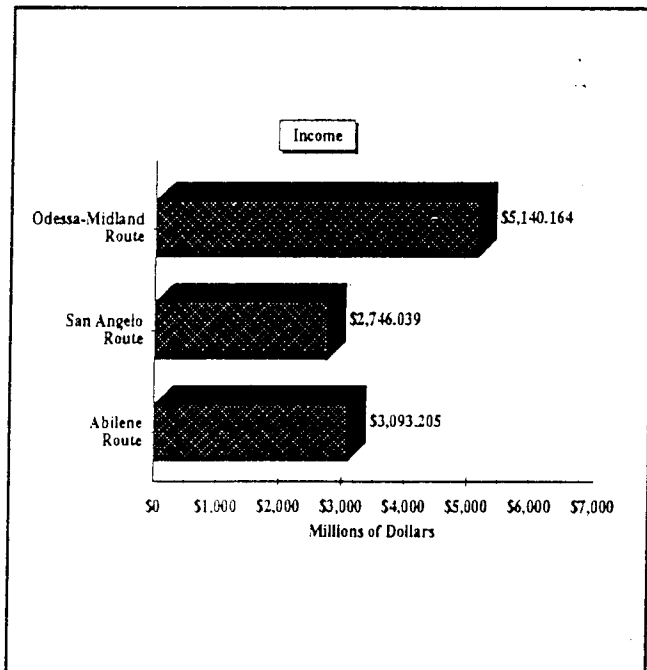
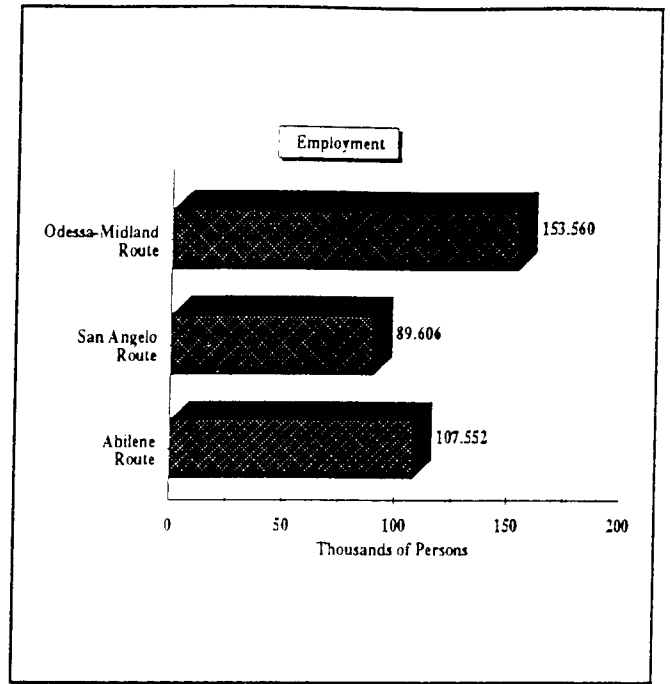
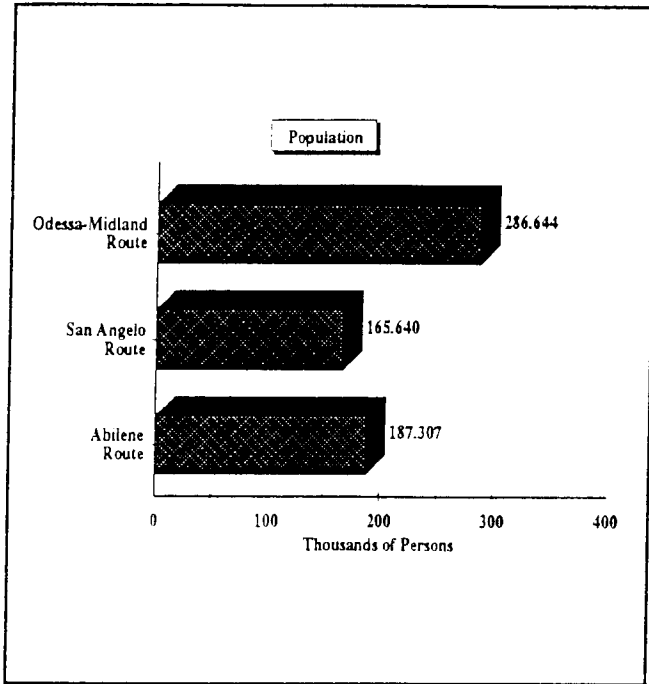
factors in each market reveal notable intrastate trade that can be fostered by an improved transportation system.

- ✓ The proposed Odessa-Midland Corridor offers far greater economic strengths from which to generate new activity than either of the other potential routes (San Angelo and Abilene). The Odessa-Midland Corridor is larger in terms of population, employment, output, income, and other measures of aggregate economic activity. (See attached illustration.)
- ✓ Employment along the Odessa-Midland Corridor exceeds that of the other two routes by 42.8% (Abilene Corridor) and 71.4% (San Angelo Corridor). Output (gross area product) is larger along the Odessa-Midland route by 102.4% (Abilene Corridor) and 143.0% (San Angelo Corridor).
- ✓ Preliminary linkage analysis reveals far greater intrastate trade potential along the Odessa-Midland Corridor than either of the other two proposed routes.
- ✓ The export base of the Odessa-Midland Corridor (\$3.406 billion in output) is almost twice as large as that of the other corridors combined. Export related employment in the Odessa-Midland Corridor exceeds that of the Abilene Corridor by 118.2% and that of the San Angelo Corridor by 28.2%. (See attached illustration.)
- ✓ The Net Export Capability along the Odessa-Midland Corridor is more than twice as large as the combined total of the other two corridors. (See attached illustration.)
- ✓ The Net Direct Export Employment along the Odessa-Midland Corridor (18,085 jobs) is approximately three times as large as that of the Abilene Corridor (5,449) or the San Angelo Corridor (6,051).
- ✓ A 1993 analysis of The Perryman Group reveals greater opportunities to capitalize on the specific provisions of the North American Free Trade Agreement (NAFTA) for Odessa-Midland than for either San Angelo or Abilene.
- ✓ A 1995 study by The Perryman Group on the role of Texas in the global economy reveals that the current economic impact of international trade in the Odessa-Midland Metropolitan Statistical Area (MSA) exceeds that of both the Lubbock and Amarillo MSAs and is greater than the combined total for the Abilene and San Angelo MSAs. (See attached table.)
- ✓ The importance of international activity in the Texas economy is rapidly expanding. A 1995 study by The Perryman Group finds that (1) the

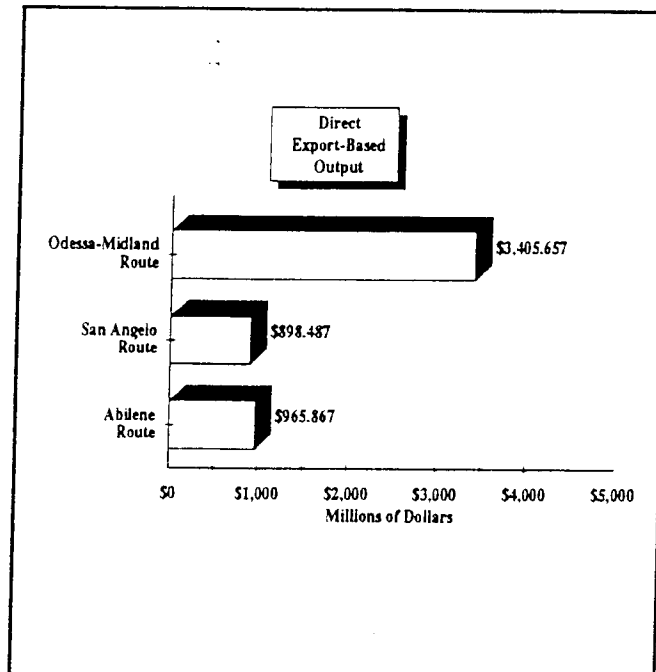
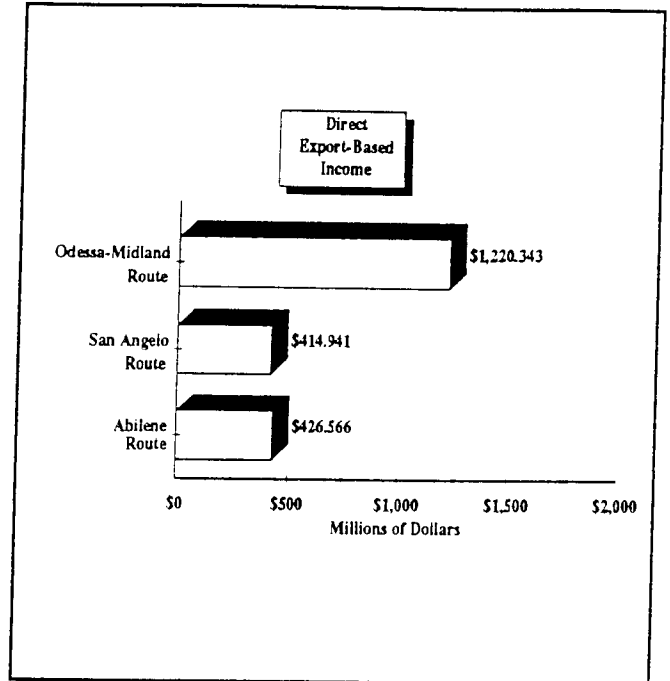
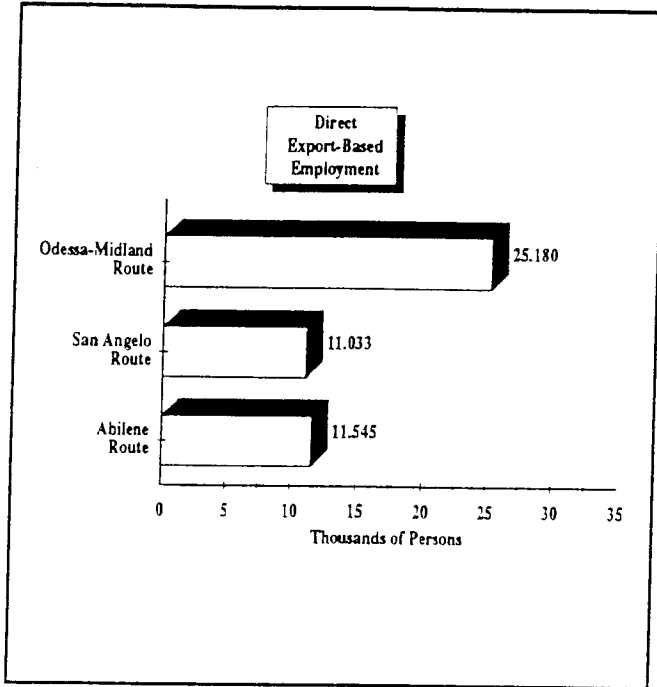
relative contribution of the global economy to Texas has more than doubled since 1987 and (2) two-thirds of the net new jobs created in Texas in the past six years has been directly or indirectly tied to expanding world trade. In other words, the future patterns in business growth will be very different from those of the past.

- ✓ While Texas has shown an excellent capacity for capturing transportation, distribution, and manufacturing associated with the recent expansion of trade in eastern Mexico, the performance with regard to the Pacific Rim has been disappointing. Despite the fact that Texas companies produce large quantities of the goods and services demand in Japan, Texas supplies only 4.1% of US exports to Japan. Similar statistics are observed in the other major Pacific countries.
- ✓ The likely upgrading and enhancement of Interstate Highway 35 and proposed improvements to the US Highway 59 Corridor will help to ensure that Texas maintains its competitive advantage relative to the major population and production centers in eastern Mexico. While the more eastern routes (either San Angelo or Abilene) may add to the state's competitiveness in eastern Mexico to a certain extent and are worthy of consideration on that basis, La Entrada Al Pacifico opens entirely new corridors and provides enhanced competitiveness in both western Mexico and all of Asia.
- ✓ Given a rapidly evolving economy, it would be totally inappropriate to consider the proposed corridor solely in terms of previous traffic flows. The extension of a freeway corridor from Interstate Highway 27 in Lubbock to Interstate Highway 10 must be analyzed not by what has been, but rather by what can be. Like many important infrastructure investments throughout recorded history, it must be reflective of the potential for the future rather than indicative of the patterns of the past. Viewed in this visionary, yet extremely pragmatic context, the linkage of western Mexico with West Texas through the Odessa-Midland area to Interstate Highway 35 becomes an essential stop in opening Pacific trade to Texas in a unique and highly effective manner. The implications reach far beyond Mexico and, in fact, extend to the rapidly emerging markets of East Asia and the Pacific Rim. La Entrada Al Pacifico is a project for tomorrow--and one that will fundamentally define the economic opportunities available to Texas in the 21st Century.

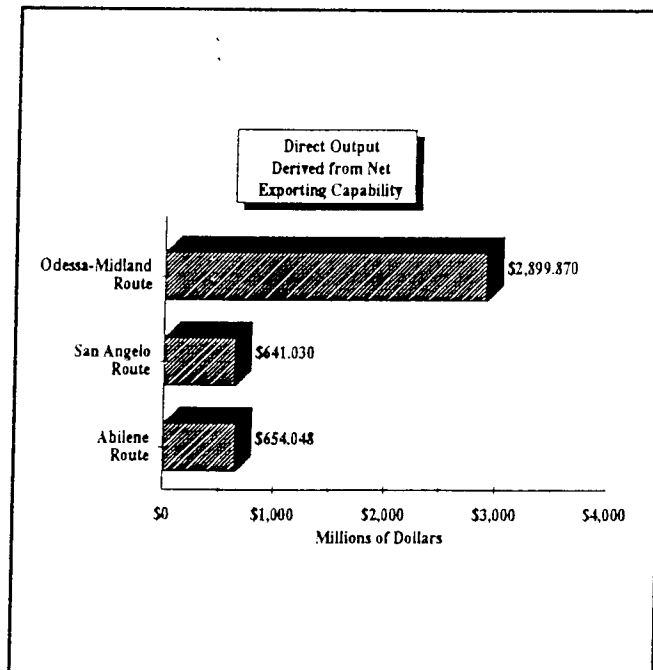
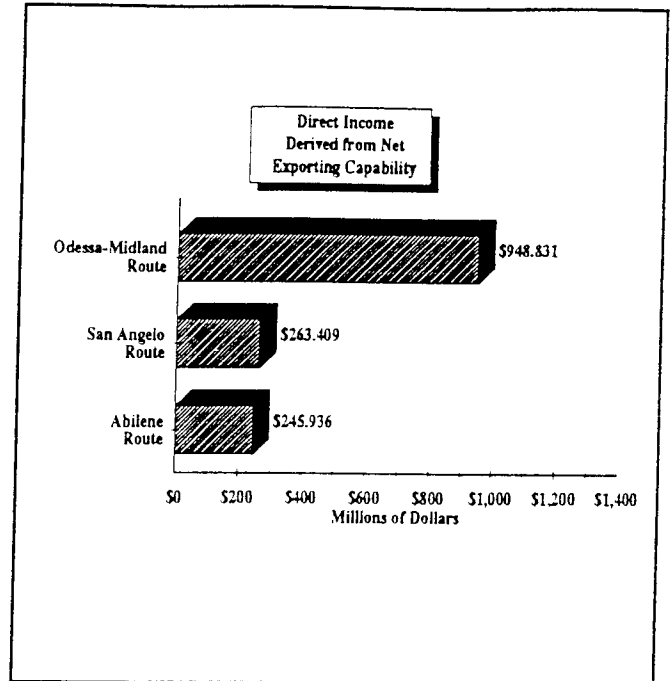
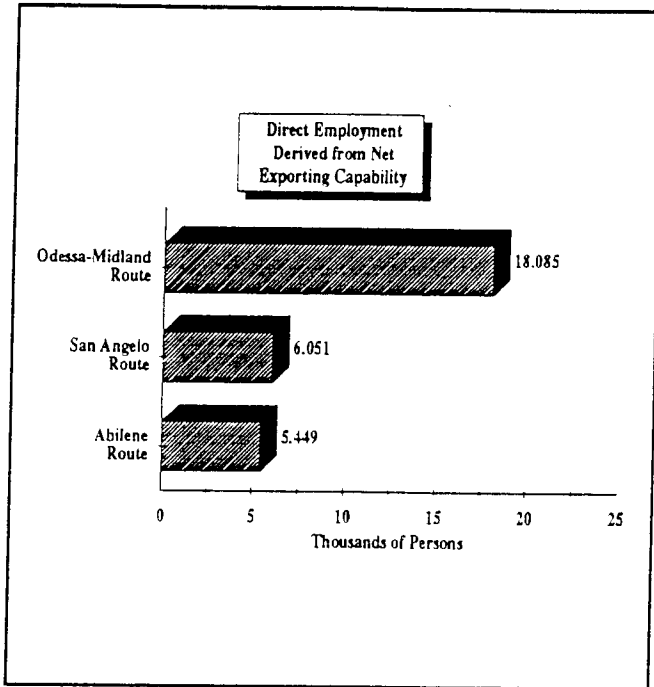
### The Relative Economic Activity Along the Three Potential Corridors for the Proposed Freeway Linkage from Lubbock to Interstate Highway 10



### The Relative Direct Export-Based Economic Activity Along the Three Potential Corridors for the Proposed Freeway Linkage from Lubbock to Interstate Highway 10



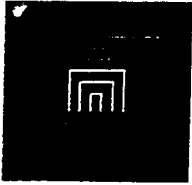
### The Net Exporting Capability Along the Three Potential Corridors for the Proposed Freeway Linkage from Lubbock to Interstate Highway 10



The Current Total Economic Impact of Export Activity in the Major Metropolitan Areas Along the Three Potential Corridors for the Proposed Freeway Linkage from Lubbock to Interstate Highway 10

Metropolitan Statistical Area (MSA)	Direct Trade Volume	Total Expenditures	Total Gross Product	Personal Income	Total Retail Sales	Total Employment
Odessa-Midland	\$479,909,479	\$1,445,277,774	\$673,792,822	\$395,404,973	\$151,331,304	13,305
Lubbock	\$385,921,750	\$1,207,473,375	\$577,637,945	\$345,936,228	\$131,968,100	11,967
Amarillo	\$261,137,435	\$798,844,703	\$346,188,205	\$196,121,659	\$74,748,113	6,981
San Angelo	\$225,294,967	\$689,743,611	\$300,926,624	\$195,858,927	\$75,033,791	6,917
Abilene	\$189,603,341	\$585,218,170	\$268,035,054	\$167,524,486	\$64,337,552	5,764

Sources: US Department of Commerce, Massachusetts Institute for Social and Economic Research (MISER), and The Perryman Group



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Dr. Perryman is Founder and President of Perryman Consultants, Inc., a large economic research and consulting organization with offices in Waco, Dallas, Houston, Austin, and Washington, D.C. He is widely regarded as one of the world's most influential and innovative economists. His complex modeling systems form a basis for corporate and governmental planning around the globe. His thousands of academic and trade articles and presentations span a wide variety of topics, gaining him international respect and acclaim. He has also authored several books, including Survive & Conquer, an account of the Texas economy during the turbulent 1980s, and The Measurement of Monetary Policy, a treatise on Federal Reserve activity. A popular speaker, he addresses hundreds of audiences throughout the world every year.



Among Dr. Perryman's numerous awards are (1) the Nation's Outstanding Young Economist and Social Scientist (National Science Foundation), (2) the Outstanding Young Person in the World in the Field of Business and Economic Innovation, (3) memberships in the World Hall of Fame and the Hall of Fame of Distinguished Americans, (4) one of the Ten Outstanding Young Persons in the World, and (5) the Outstanding Texas Leader of 1990.



He has been presented citations for his efforts from both the Congress of the United States and the Texas Legislature. He has recently been honored by (1) the Democracy Foundation for his role in promoting capitalism in mainland China, (2) the Asia and World Institute for his efforts to encourage international academic exchange, and (3) the International Institute for Advanced Studies in Germany for his contributions to the field of economic modeling.



Dr. Perryman authors the Texas Economic Forecast, a subscription service providing detailed projections of state business activity, and The Perryman Report, a newsletter offering forecasts, insights, and commentary on state, national, and international economic activity. He is the editorial advisor to The Perryman Texas Letter, a monthly synopsis of economic, social, and political events that impact Texas. Dr. Perryman also writes a weekly syndicated column entitled The Economist, which focuses on key international economic issues.

"A problem well  
stated is a problem  
half solved."

CHARLES F.  
KETTERING

Cited by major media and publications as "a world-class scholar" and "the most quoted man in Texas," Ray Perryman is an active participant in the state, national, and world economic scenes. He has been a member of dozens of federal, state and international task forces, served as editor of both academic and trade journals, and led conferences within the fields of economics, statistics, forecasting, modeling, and simulation. He is also a member of several corporate boards and serves as President of the Texas Manufacturing Technology Center.

Through both his professional and academic work, he has pioneered the concept of using timely and reliable economic information for a variety of strategic purposes. His studies have played a role in the creation and retention of hundreds of thousands of jobs. Dr. Perryman was recently honored by the Texas Legislature for his "tireless efforts in helping to build a better Texas."