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# The Margaret Chase Smith Essay: Can Maine Prosper? Leadership, Research, and Partnership for Economic Growth

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## Can Maine Prosper? Leadership, Research, and Partnership for Economic Growth

by Yellow Light Breen<sup>1</sup>

A year and a half ago, I took a 50 percent pay cut and added three hours a day to my daily commute to start work at the Maine Development Foundation (MDF). I had to ask myself, “Are you really that crazy passionate about what MDF does?”

Yes, I am. MDF is a unique place—created nearly 40 years ago by the legislature, but designed to be independent of state government. Our membership and board of directors comprise an equal blend of for-profit and nonprofit organizations, as well as government. The latter includes two members of the governor’s cabinet. We’re a classic public-private partnership.

Our mission is to work on long-term economic development strategies for Maine across sectors. If it’s short term, someone else does it. If one sector can tackle it, they will. We only get involved when it’s thorny and involves the statewide picture. This fits my passion. I grew up in the rural Somerset County town of Saint Albans, but then having worked for both state government and a statewide company, I got to see every region of Maine.

We do many different things at MDF, but as we try to articulate what our programs have in common, we’ve boiled it down to three things: leadership, trusted research, and creative cross-sector partnerships.

### MAINE’S ECONOMIC CONTEXT

Maine’s economic situation requires both brutal honesty and unquenchable optimism, both of which can be found in *Measures of Growth*,

MDF’s signature product for 23 years.<sup>2</sup> A leader from Washington County who served on the original Maine Economic Growth Council told me, “You may take it for granted now, but at the time, the notion we could get a politically unfiltered view of what was really going on in the Maine economy was a rather elusive thing. So, don’t take this for granted.” Campaigns were won and lost based on partisan slants on how the economy was fundamentally doing and who could take credit.

I love the Growth Council’s “Vision” pictograph (Figure 1) because it speaks to a holistic view of the economy. We talk about the economy not for its own sake, but because it’s really about quality of life for Mainers. A strong economy supports that vision, but we also need a healthy environment and vibrant communities—all three together. It’s the delicate balance between the three that defines success and makes our work challenging and rewarding.

Where do we stand? First, the good news. *Measures of Growth* awards gold stars, and two this year concern environmental issues. Maine is consistently at 90 percent to 95 percent for high levels of water quality, while the nation lags at 30 percent to 45 percent. Our air quality is also high and improving. Maine’s environment is a signature asset. Finding economic opportunities while preserving quality of life is vital because clean water

FIGURE 1: **Vision: A High Quality of Life for All Maine People**

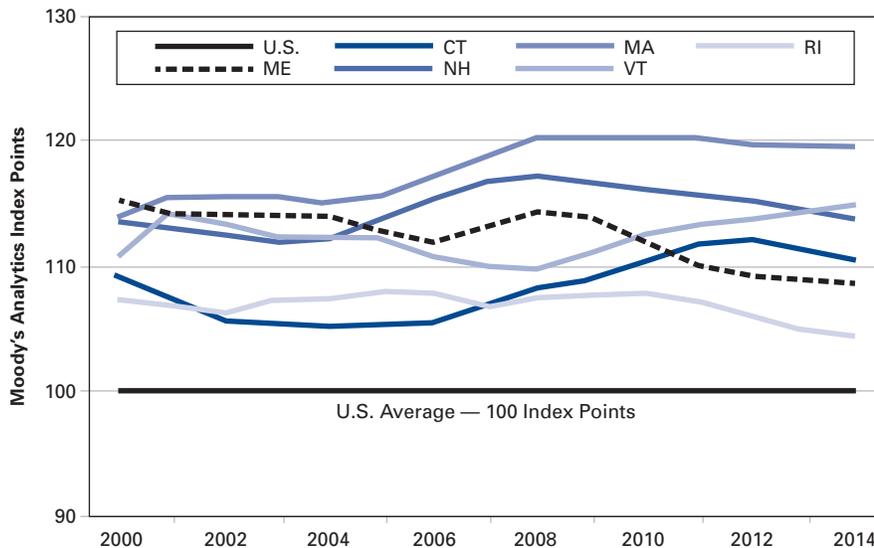


is one of the world’s rarest economic assets, even in North America.

Maine’s international exports have stood out recently, too, as they have grown even as national exports have dipped slightly.

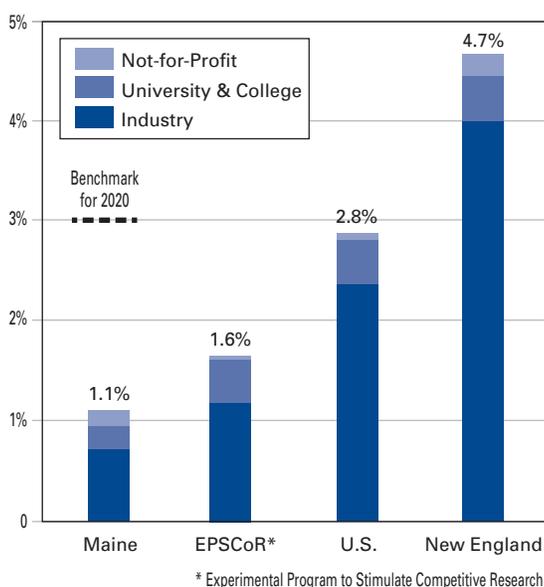
Last year, the council awarded a gold star to something that may seem surprising: the cost of doing business (Figure 2). Maine, we generally think, has notoriously high costs, but the trend for cost of doing business is down; from highest in New England, we’re now second lowest. That’s dramatic. And, unless you celebrate progress, you won’t continue the hard work to move long-term trends in the right direction. We are a high-cost state in a high-cost region in a high-cost country. We won’t have the lowest cost of doing business, but we can moderate it and exploit other assets.

FIGURE 2: **Cost of Doing Business, 2000–2014**



Source: Maine Economic Growth Council and MDF, *Measures of Growth 2017*.

FIGURE 3: **Total Percentage of GDP Spent Toward R&D in 2014**



Source: Maine Economic Growth Council and MDF, *Measures of Growth 2017*.

over the past 30 years. In the early 2000s, I went to Washington, D.C., to attend a ceremony at which Maine was recognized as the highest-performing state for K–12 education. We do a lot of things right, and Maine is still equal to, or slightly better than, the national average in K–12 education. But we also persistently trail the New England average in postsecondary (college) degrees by 15 percent. We’re in a high-cost region, but lag behind in higher education levels that could help drive higher productivity. It’s a huge ongoing challenge.

The other key red-flag issue is research and development (R&D) spending, which contributes to, and is reflective of, an economy’s level of innovation, the ultimate driver of most economic growth. Maine is at just one-third the national average (Figure 3). We trail our region dramatically, and we even trail other rural states. A National Science Foundation program targeting states with low basic R&D (such as Maine), called EPSCoR, tries to prime the pump. And Maine is behind even the EPSCoR states’ average!

Maine is fortunate to be home to some world-class nonprofit research institutions and performs comparatively well in the percentage of our total R&D that comes from this sector. However, the overwhelming majority of R&D spending comes from the private sector, so creating a business climate where investment can flourish is critical to raising this number.

I’ve done a lot of work on education reform, and we get trapped in a loop where people say, “Are you saying that everyone in our workforce needs a higher education degree?” No, but it was 30 percent in 2002, and when you throw in associate’s degrees and credentials, the research indicates that a thriving economy requires 60 percent of our workforce to have a degree, or significant

Now, the brutal honesty: red flags. They involve the overarching metric of value added per worker, or productivity. Maine is at the bottom, and for several years, we’ve been last in the nation. This rating partially reflects the economic sectors that predominate in Maine’s economy. Can we drive greater productivity not only in manufacturing or business services, but also in the tourism and hospitality sector?

There are two fundamental issues feeding into productivity: the education and skill level of our workforce and the innovation supporting our workers. I’m often asked whether Maine has a good educational system or poor one. Maine has made a lot of progress

industry certificate, by 2025—not 100 percent, but significantly higher than where we are now. We need to invest in our people, and we also need to create a climate for capital investment and innovation in the broader economy.

In fact, about 15 years ago, a study by Maine’s State Planning Office found that the only two variables that correlate well with prosperity differences among states were (1) the proportion of working-age residents with at least bachelor’s degree and (2) investment per worker in R&D.

What kind of programs or policy will promote these goals? How do we use leadership, research, and partnerships to move these insights into policy dialogue, systems change, and community change?

### STARTING WITH LEADERSHIP

A primary focus at MDF is leadership. The original goal of our Leadership Maine program was training 1,000 leaders, a milestone we passed last year. Taking 40 leaders each year—private-sector executives, directors of nonprofits, policymakers, administrators, and higher education leaders—the program emphasizes economic assets and opportunities across the state in different sectors.

Take last year’s journey: The research at the Jackson Laboratory, for instance, is extraordinary. There is no replacement for seeing it and hearing firsthand about oncology research and behavioral studies of mice that inform new treatments for autism. There is amazing stuff going on in Bar Harbor.

We visited the blueberry barrens. What’s a more traditional Maine industry? You can’t, by definition, do much to it, or it’s not a wild blueberry. Yet they’ve managed to quadruple productivity in 40 years. Dave Yarborough of the University of Maine has spent 43 years helping drive innovation. We met young University of Maine

graduates overseeing satellite-guided robotic systems that perform integrated pest management.

Research is helping bring back the shellfish industry and help it diversify as climate change pressure builds on lobsters. Can we create new revenue streams before it’s too late?

And, a new paper mill operation opened last fall Downeast, the St. Croix Tissue division of Woodland Pulp. The tissue market is growing across the developing world. Demand for newsprint and writing paper has declined, but demand for tissue is strong.

We saw the gigantic Bates Mill No. 5 in Lewiston, four acres per floor. It was slated for demolition until a young architect in Lewiston went to the city council and said, “This place defines the community in which we grew up. You need to give us a reprieve in order to create a vision.” Now they’re on the cusp of renovating the space and using it to anchor downtown Lewiston.

Innovation is everywhere: the ski industry, shipbuilding and boatbuilding, even modern wood heat systems. Good leaders encourage and drive innovation.

The 1,000 Leadership Maine graduates aren’t working together directly, but rather indirectly: we’ve created a dispersed network of people across the state who share insights and the ability to collaborate.

We perform the same role for the legislature, in our Policy Leaders Academy program. This isn’t a yearlong journey; we get only a few days. We took legislators recently from Bangor to Presque Isle to Millinocket to show them signature assets and challenges of communities struggling with change. Seeing all of this and hearing from local leaders firsthand is invaluable to their work as legislators. As one former legislator remarked, “If it wasn’t for MDF and the Policy Leaders Academy, state legislators would get no professional

development at all.” That’s a responsibility we take seriously.

### UNLEASHING HUMAN POTENTIAL

How do we work in partnership to unleash the potential of people across the state and not just those in leadership positions? It goes back to that fundamental: Invest in people and prosperity will follow.

MDF is part of Maine’s new Education and Workforce Coalition. We’re working with the higher education system, adult education, and employers, along with key support organizations. The fundamental premise: We have to do two things in the face of our demographic shifts. We have to sustain and grow our workforce, and we have to dramatically increase postsecondary education credentials, including industry certificates and on-the-job training, not just degrees. (A credential of value is anything that commands a wage premium 20 percent higher than a high school diploma alone.) We need 158,000 additional workers with credentials—a big number. We can, perhaps, generate half through systems already in place. A sea change will be needed for the other half.

We focus on adult workers, where our systems are weakest. Maine has a huge K–12 education system, with policy leadership from the Department of Education and the State Board of Education, but the adult education system isn’t really a system. It’s a scattered set of 100 sites, most managed by part-time employees. At least 75 percent of progress toward that big education-attainment goal will be from adults already in the workforce. Currently, employers and individual employees interact with dozens of collegiate institutions and navigate a variety of barriers to learning while living and working. How can our systems

be more intentional, easy to navigate, and quicker to support adult learners?

The workforce is not just a quality issue but also a quantity issue. While Maine may be the oldest state in the nation, we are at the leading edge of a worldwide challenge. Aging citizenry is also a huge problem in Europe and Japan and across the United States. It's just more dramatic in Maine. For the first time in more than a century, Maine has more deaths than births. But in the country's 50 largest metropolitan regions, none are adding population except through immigration. The idea we can grow our workforce without immigration is wishful thinking.

Maine is the oldest state demographically and getting older—not because our growth in the senior-citizen-age bracket is faster, but because we don't have enough younger people coming in. That's where immigrant populations can have the biggest impact.

You can boil down the statistics to this: Maine's working-age-to-senior ratio, 3:1 today, is projected to be 2:1 by 2032, just 15 years away. That's a crushing burden. We'll need to bring more people in and keep seniors working longer, some because they want to, some because they have to. And, we'll have to be a lot more productive. Each of us working in 2032 must generate more economic output, and we'll need more of us through increased immigration.

Our recent report, in cooperation with the Maine State Chamber of Commerce, is called *Maine's Labor Shortage: New Mainers and Diversity*.<sup>3</sup> It isn't about federal immigration policy, but about getting our fair share of international immigration that does occur. Maine's share is now smaller than New Hampshire's, smaller than Idaho's. How can we make Maine a welcoming and economically viable place for immigrants?

The percentage of foreign-born people in Maine now is 3.5 percent vs. 13.1 percent for the United States and 12.3 percent for New England. Yet half a century ago, Maine had a higher percentage of foreign-born people than the rest of the nation. So the idea that this need for immigrants is a break from our heritage is not true. It's also not true that we found it easier to welcome immigrants of the past. We weren't particularly welcoming to the Franco-Americans and Irish and treated them as second-class citizens. We've faced similar challenges before. Can we face them better and more humanely this time?

### UNLEASHING COMMUNITY POTENTIAL

Research, leadership, and partnership drive local economic progress too. MDF's Maine Downtown Center is part of the national Main Street program.

We work with dozens of communities. Return on investment is 23 to 1. Communities fully involved in this program spent about \$11 million over 13 years, about \$100,000 per community per year. They've attracted almost \$250 million in capital investment. More than 900 buildings have been rehabbed and 285,000 volunteer hours donated.

The magic comes from the grass roots. The national model requires three things: commitment from the municipalities, businesses, and residents. It sounds simple, but it's hard to create and even harder to sustain. There has to be financial investment from all three groups, and they must all be involved in leadership. The downtown group has to work on four elements and with equal vigor: organization to sustain the program; promotion through festivals, events, and marketing; infrastructure design, with facades, traffic patterns,



*Aerial view of a festival in downtown Skowhegan, one of the Main Street communities.*

waterfronts; and focused business attraction and assistance. Without all four elements, and all three sectors, it fails. Simple, but hard to do.

## UNLEASHING KEY SECTORS

A final big example of how MDF leverages research, leadership, and partnership has been our recent work with the forest products industry. This being Maine, I was at lunch one day when a top congressional aide, at the next table, said, “We might have a project that we need your help on.” The next week I had a conference call with staff from the entire congressional delegation, who collectively said, “We asked the federal government to come in, as they would after a natural disaster, to respond to the closing of six paper mills.” After a natural disaster, the federal government sends in a multiagency team and assesses all the available resources. Then they said, “We’re worried they’ll agree, and there will be no one to meet them. Will MDF coordinate?”

This project is a multiyear engagement to assess challenges, generate solutions, track progress, and hold each other accountable. It hasn’t been easy. The concentrated economic hit was along the Penobscot River. Statewide, it was a significant hit, but in the Penobscot region, it was exponentially worse.

From 2014 to 2016, Maine’s forest products industry lost more than \$1 billion in annual economic impact and more than 5,000 jobs. Despite these reductions, however, forest products is still an \$8 billion industry employing more than 30,000 Mainers directly and indirectly. How can we sustain this industry and drive future growth? The essence is to come up with a coherent and shared vision of what this industry could be and how it can fit into the global economy. Other states and countries are doing it, but Maine hasn’t.

MDF supported industry and community leadership in coming up with their own recommendations, which the federal agencies then included in their recent report.

Our goals:

- Sustain existing forest products businesses
- Attract capital investments and develop greater economic prosperity across the state for existing and new businesses
- Support revitalization of rural communities as places where people want to live, work, and visit

Together, we also developed nine priorities; several aim to create an industry-wide business plan, so when we’re advocating for policy change, targeting economic development incentives, or pitching the state to investors, we are advocating, targeting, and pitching in a coherent, focused way. Priorities for communities include dealing with brownfields and reuse of mill sites, along with diversifying and strengthening Maine’s rural economy. Although some towns will have a path still linked to the forest products industry, many will not. How will they diversify?

We’re really just getting rolling. Putting out a report doesn’t make anything happen. How do we leverage that key leaders come to, and stay at, the table and that the congressional delegation has been relentless in supporting us? We announced some new investments immediately, but many will take time.

Although we don’t know where the recent partnership between the University of Maine and the Oak Ridge National Laboratory in Tennessee will go, in five years it may be the single most important thing to emerge: an opportunity to be a manufacturing R&D hub for nanocellulosic wood fibers in industrial products we can’t now imagine.

It may include creating wood-based polymers for 3D printing of boat hulls, combining our international leadership in boat building with reinventing “wooden” boats.

Success involves flipping the narrative. One of the hardest things about working with the forest products industry is the impression that it’s dying. Why build a strategy or attract innovation for a dying industry?

Yet, Maine has competitive advantages. More than half its 17 million forested acres are certified as sustainably managed and harvested, the highest proportion in North America. So, part of flipping the narrative is seeing Maine’s forest resources in a different way. Trees are not just for traditional wood products. There is rising demand for bio-based products: chemicals, plastics, advanced materials, biofuels. Anything we make with hydrocarbons, we can make from wood fiber. The head of R&D for Sappi, one of the world’s largest papermakers, with two Maine mills, said, “We’re not in the business of making paper; we’re in the business of manipulating the cellulosic fiber of wood. We just happen to make paper today.”

It comes back to how we leverage leadership, trusted research, and creative cross-sector partnerships to move forward on challenging issues, some at a grassroots level, some at an individual level, and some at a complex macroeconomic level. How do we achieve our holistic vision?

## CIVILITY

Finally, I want to consider how we talk: civility. When I was two weeks into this job, I got a call from several legislative leaders. When we met, they talked about the Policy Leaders Academy and said, “It’s great and valuable, but it’s even more necessary we have tools to work together across partisan divides.

There are some great national programs on civility and civil discourse. Will you help bring it to Maine?”<sup>4</sup>

We thought a few seconds and said, “Yes,” because we recognize that if we’re working on anything big and substantive, there has to be a sustainable consensus. Many efforts take five, ten, fifteen years to make progress. You need a big center and a center that can hold, so you need to be able to work together. State Treasurer Terry Hayes was there and had a lapel pin that said “Civility.” I coveted her pin and said, “I wish I had one of those.” When I got to the office the next morning, there was a note and the civility pin.

Several months later, I was talking to Senate President Mike Thibodeau, and he coveted my civility pin, asking, “Where can I get one of those?” I handed over my lone civility pin. We ordered 1,000 more because we figured every legislator and those who work with them should have one. We ran out, ordered 2,500 more, ran out again, and are handing out 5,000 more around the state.

Years ago, I was a college intern for Senator George Mitchell. One day, I helped serve as tour guide to a visiting group from the Knights of Columbus ladies’ auxiliary from Old Town. At the end, these women (median age perhaps 70) presented the majority leader of the US Senate with a petition urging him to oppose abortion. George Mitchell has long been a champion of reproductive rights and was then primary sponsor of the Freedom of Choice Act. Here were constituents urging him to take a position diametrically opposed. Yet I have never seen anyone more respectful, more cordial, and more committed to listening to and having dialogue about a difficult issue.

That says a lot about how the way we do this work really matters. How we model civility toward each other can

have a lasting impact. If we channel research, leadership, and partnership through the prism of civil discourse, we can work together to grow Maine’s economy. 🌊

#### ENDNOTES

- 1 Thanks to Douglas Rooks for editorial assistance.
- 2 The 2017 Measures of Growth is available at <http://www.mdf.org>.
- 3 *Maine’s Labor Shortage: New Mainers and Diversity* is available at <http://www.mdf.org>.
- 4 See for example, <http://nicd.arizona.edu/next-generation>.



**Yellow Light Breen** is president and chief executive officer of Maine Development Foundation. Breen’s passion is promoting

economic and educational opportunity for all Mainers regardless of geography or background. Breen has a diverse background in business, public policy, and law. He spent 12 years as an executive with Bangor Savings Bank. Prior to that, he was a senior official at the Maine Department of Education and an advisor to Independent Governor Angus King.