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The Maine Economy—Through a Different Lens

William T. Knowles

The Maine Economy–Through A Different Lens

by William T. Knowles

William Knowles, a banker "from away" who has retired to Maine, gives us his thoughts about the state's economy, based on his reading, research, and conversations with a variety of Mainers. He structures his examination using four different "lenses," which he terms: comparisons (how does Maine compare with other states and regions), cultivation (economic development), capital (especially human capital), and culture. He challenges us to think about whether Maine's culture or belief system may be an important factor in restraining economic development.

INTRODUCTION

My wife and I moved here in retirement 11 years ago from another region, wanting to be closer to nature and further from an increasingly frenetic pace that—while exhilarating—had begun to take its toll after 35 years. And we couldn't be happier. Having vacationed here for several years during the 1960s, it is what we hoped for and expected.

That said, I discovered one curious factor about Maine I had not anticipated—the seemingly endless grousing about the state economy (on talk radio, in the press, and even in social conversation)—high taxes, sluggish growth, an aging population, the continuing loss of young adults, and so on.

After sufficient exposure to this, I was eager to learn what it was all about because it was in such stark contrast to the business climate we left, where growth seemed more or less assured and debate focused more on economic encroachment on the environment and on lifestyle. Of course these are the conditions which give rise to all of those cruel jokes and comments about New Jersey—like the person who asked me how the project to complete the paving of the state was coming along; or, when she entered college and our daughter was asked where she was from, and said New Jersey, the smart-aleck retort was, what exit?

I understand that with only 11 years here, still very much a person from away, I am entitled to nothing more than paying taxes and preferably keeping still about things that occasionally seem curious or irritating. But I thought, despite my lack of professional standing, readers might have some interest in the reading and digging around I have done over the past couple of years to help me understand the economic environment in which we now live, the differences that exist between state economies, how Maine stacks up, and further, what it is doing to grow and yet not become like the area we left, which is of course looked upon as the apotheosis of crowding, sprawl and growth run amok. Indeed, when your native state becomes an infinitive, to be used pejoratively, as in "to New Jerseyize," you know you should refrain from judgment and simply study how others do it.

Let me say at the outset that Maine has a very sizeable and gifted pool of professional talent in state government, private foundations, and the academic arena. They continually analyze and advise on how best to shape economic and tax policies, not only to make our economy more viable, but also to prevent what is happening, not just in New Jersey, but in other states as well, including, I'm afraid, areas of southern Maine.

So, if you will bear with me, I will share with you what I found to be a helpful structure for understanding our economy and putting things into a somewhat clearer perspective. The different lens I refer to in the title is used to examine comparisons, cultivation, capital, and culture.

- First, how do we stack up against other states and regions, and what really constitutes a fair comparison of our economy to others?
- Next, what are we doing to promote economic development in a way that won't overrun our lifestyles, with some comments on how effective these measures have been?
- Third, what does Maine bring to the table in terms of capital, especially human capital—its workforce—which is the key element to our future, as our national economy continues to shift away from historical reliance on natural resources and manufacturing into activities associated with the new knowledge or creative economy?
- Finally, what effect has Maine's culture had on our economic situation.

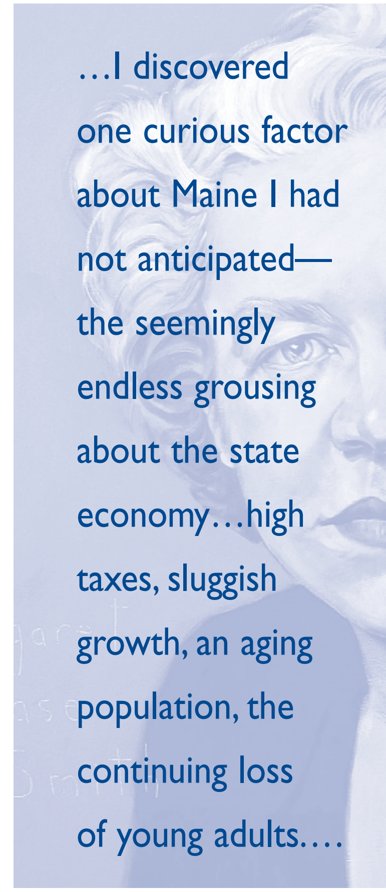
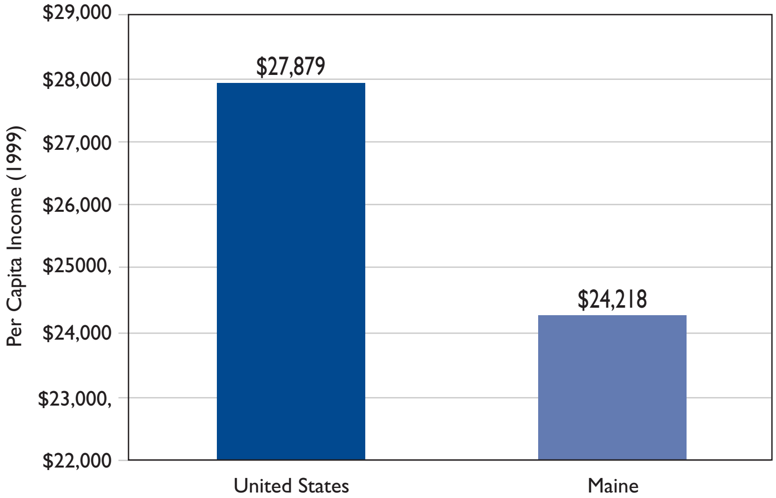
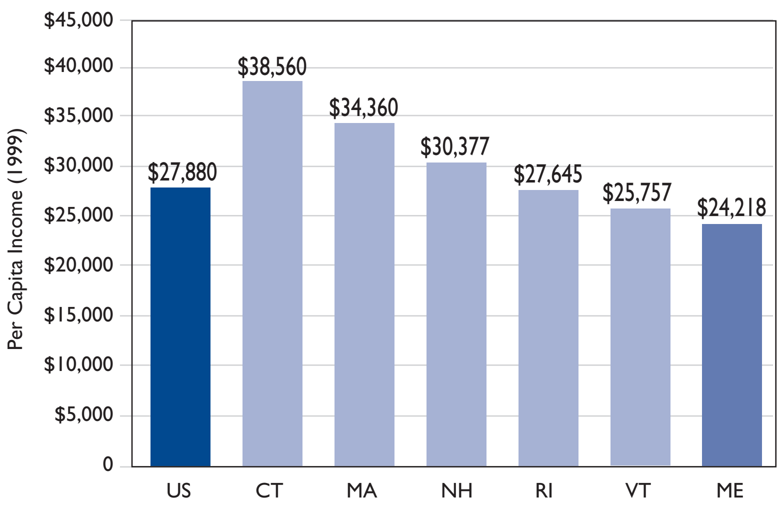


FIGURE 1: **Per Capita Income: United States and Maine**



Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA) Web site: http://www.bea.gov/bea/regional/reis/drill.cfm

FIGURE 2: **Per Capita Income: United States and New England States**



Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA) Web site: http://www.bea.gov/bea/regional/reis/drill.cfm

Despite pleadings not to get over my depth, I will take a crack at where all of this, woven together, might lead us over the next 10 or 20 years.

Let's begin with a quick rundown of what the Maine economy currently consists of, the key factors affecting it, and what our growth record has been. In all, Maine employs 650,000 of its 1,300,000 population and together these people produce a gross state product of about $38 billion. This ranks us 42nd in the country, roughly in line with Rhode Island and Idaho; and as having a larger economy than South Dakota, Montana and Wyoming. While that may sound reasonably good, the economic trend for Maine has been flat to generally downward in terms of per capita income growth over the past several decades.

The key factors that currently influence our economic situation are low population growth as well as an aging population, high government and infrastructure costs (reflecting our thin population density and large land area), high health care and electricity costs, very high overall taxes, and wide disparities in income throughout the state (although happily the gap here is not as wide as it is in some other states). All of this is starkly translated into a woeful lack of progress against a series of economic and social targets tracked continually by the Maine Economic Growth Council. It is an impressive piece of work and a worthy undertaking, but the story it tells is discouraging.

COMPARISONS

Clearly charts are the best way to show comparisons. All of the figures here represent per capita income measures, a widely accepted barometer of overall economic strength.

It won't come as any surprise that we lag the national economy by a significant margin (Figure 1). We are, after all, not like the U.S. economy. Increasingly, what drives the national numbers are the major metropolitan economies where high-priced services, specialty manufacturing, and new startups—many of them spin-offs from concentrated pools of academic research—command much higher salaries than can be paid in the more traditional industries that Maine has, which are being hammered by global competition.

The New England story reflects this same pattern (Figure 2). Connecticut, Massachusetts, Rhode Island, and New Hampshire all are higher than Maine and Vermont, in part because of the huge Boston economy, and in the case of Connecticut, the New York metropolitan region economy. So, again, we have an apples-to-oranges comparison. Maine, Vermont, and northern New Hampshire do not have the same kick from a big metropolitan engine.

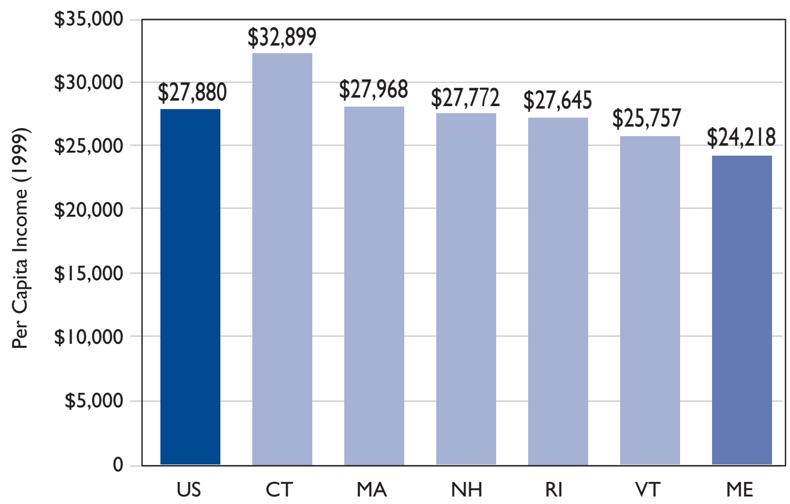
In Figure 3, we have removed the effects of the Boston and New York economies, moving closer to apples-to-apples. As this figure shows, things are more leveled out. Maine and Vermont are not unlike northern New Hampshire and western Massachusetts. Connecticut is still out ahead because, even with New York City removed, the New Haven-Hartford corridor is a big and growing economy, and I did not adjust for that.

In an effort to get a fair comparison let's adjust the lens yet again. This is a peer group of states I selected to compare with Maine. All are historically natural resource dependent, all are thinly populated, and all are in the same gross state product range.

The peer states, in addition to Vermont, are North and South Dakota, Montana, Idaho, Wyoming, and New Mexico (Figure 4). Here, Maine stacks up comparatively well. We do about as well with what we've got as these other states, some or most of which also have patterns of young adult loss, in-migration of retirees, tourism industries, and in the case of Idaho, a huge potato crop, as we do. Unfortunately, all of the other states in this group have higher income growth rates over the past 10 years than we do, so Maine continues to lose ground.

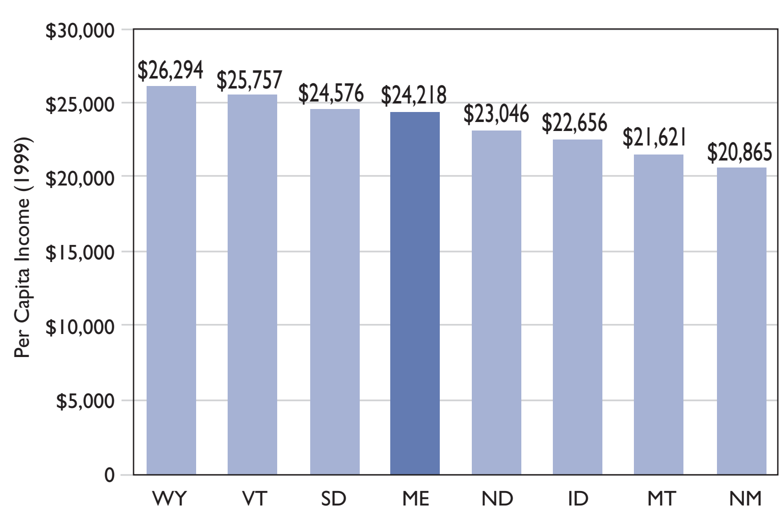
The final look through the lens is at Maine itself, because we are, as is often stated, two Maines—the traditional economy of western, northern and Downeast Maine, both natural resource and manufacturing, and an increasingly urbanized Maine running roughly from Sanford in the south to just above Bangor along I-95. To illustrate this difference, Figure 5 compares Cumberland County, our most economically vibrant, to the other counties in the state. Not surprisingly, there is a substantial difference. Indeed, one could make a strong argument that Cumberland and York counties are

FIGURE 3: **Per Capita Income: United States and New England States (Adjusted)**



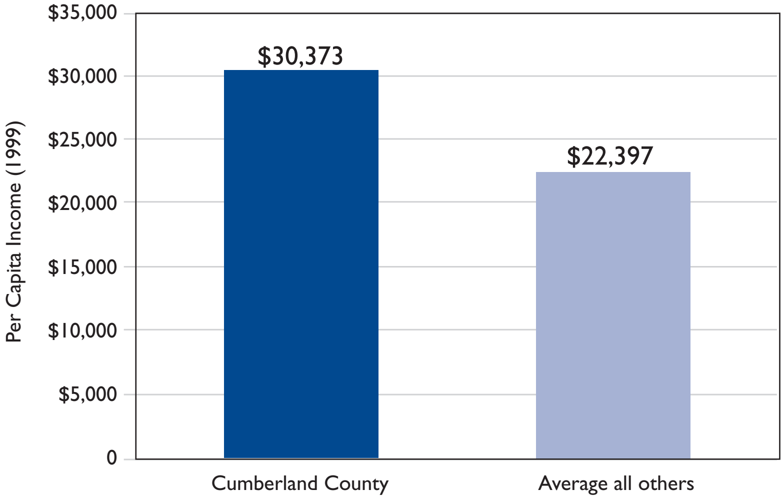
Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA) Web site: http://www.bea.gov/bea/regional/reis/drill.cfm. Numbers were recalculated based on state per capita income excluding some counties.

FIGURE 4: **Per Capita Income: Maine and Peer Group**



Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA) Web site: http://www.bea.gov/bea/regional/reis/drill.cfm

FIGURE 5: **Two Maines**



Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA) Web site: http://www.bea.gov/bea/regional/reis/drill.cfm

within the outer ring of the Boston orbit. As evidence of this, the 6:05 a.m. train from Portland to Boston every morning is packed with commuters.

In sum, these data suggest to me that we should not unnecessarily punish ourselves with comparisons that either do not or cannot tell the whole story. As we have seen, Maine as a whole looks somewhat similar to the other non-metropolitan areas of New England, and to some of the western states. Despite our shared historic and cultural heritage, we are really not at all like Connecticut or the areas around Boston. In short, New England is not a uniform regional economy just as Maine itself is not uniform within the state.

In our case we are a blend of an historic natural resource and manufacturing economy and a newer one based more on the service and knowledge businesses. I asked a friend, an economist, to sum up the Maine economic situation. In essence, he said, "Look, we are stuck with a low-wage, slow-growth, old-fashioned economy based on natural resources, which we really can't do much to improve further. This is still a significant part of our overall critical mass, so we can't expect major gains right away. In return, we have a wonderful quality of life."

CULTIVATION

I suppose when you are stuck economically, it is tempting to look for a quick fix—a casino, for example, or a deep water liquefied natural gas (LNG) port or even a new jail. But in terms of state economic development, it also obviously involves recruitment of other companies to move to Maine, as well as further investing in our traditional industries to make them more competitive in an increasingly difficult global setting. To be sure, it costs something up front, but in the long term, it is worth it.

Maine, in fact, has joined other states in doing both. Still, it turns out that recruiting and investing are only part of the recipe to create a truly successful long-term transformation. Most who have studied economic development agree that only with a fully coordinated program, applied consistently over time, will there be any chance at all of making real competitive gains. It is not simply a matter of getting legislative approval for tax and other incentives to slap on the table in soliciting an out-of-state prospect. Rather, it requires hammering out agreement internally among all the major constituencies to sustain a consistent statewide effort to build a more vigorous and diversified economic climate. The model held up is Ireland, which in the course of the past 30 years or so transformed itself from a backward, rural, economic "also-ran" into a powerhouse competitor within the European Union. It did so by getting long-term commitments from the political, business, labor and educational sectors to completely rebuild an outdated economy—tax incentives, outside capital investment, labor peace, and especially higher educational attainments.

Interestingly, many of the strengths Ireland built on are part of the Maine picture today: a good K-12 educational system, high computer literacy and usage, good telecommunications infrastructure and a quality of life many felt was appealing despite huge wage disparities and broad-based poverty in many areas. In essence, there were two Irelands (Dublin and all else) just as there are two Maines.

In talking with some of the people in Maine who are involved most closely with economic development, I found strongly held views that we have some attractive things to offer prospects for expansion or relocation, but we are lacking the consistent, high level coordination among the political, business, labor and educational sectors needed to create a long-term business transformation. This situation is made more difficult by on-again, off-again funding as biennial budget realities shift. Without that consistent effort, it is unlikely that Maine will have anything but episodic success in broadening and diversifying the business base.

In the day-to-day business of trying to recruit corporate prospects to Maine, we try to sell our good work ethic, certain tax and training incentives, a relatively inexpensive labor force, our telecommunications capacity, and lifestyle. Working against us is an overall perception of a cold, remote place, with a quality of life seen more in terms of natural beauty than educational achievement or cultural resources. Maine is viewed as a place with a poor rail system, only an average road network, only fair airline service at best, and, outside L.L. Bean, no real models of successful indigenous businesses. To the people who recruit for us, these are age-old perceptions that still stand in the way of our making real progress. In other words, we may project ourselves successfully to seasonal tourists, but we don't do well within the business community.

Vermont, and surprisingly New Hampshire, are viewed by outsiders pretty much the same as Maine, although New Hampshire has some edge because of its tax structure and, even more so, its proximity to Boston. Connecticut is said to be very aggressive, well-funded and relatively successful.

The outside views about Maine are almost always based on a kind of composite conception of our state overall, but those who know more about us recognize areas of southern Maine as being pretty fully up to speed in most respects. In fact, Richard Florida lists the Portland metropolitan region nationally as number three within its size class in his book, *The Rise of the Creative Class.* In it, he expounds on the concept of a new mix of economic and social models that are propelling key cities across the country.

If we turn from outside to inside cultivation, and examine how we try to nurture existing businesses, our record is stronger. While in the late 1990s Maine ranked 50th in per capita R&D expenditures, to its credit the legislature acknowledged the situation, set a goal to improve our ranking to no lower than 40th, and began to jump-start our in-state research in the areas of biotechnology, aquaculture, composite materials and information technology—all designed to increase business activities in these areas, and provide additional support to the University of Maine System by recruiting and helping to retain science faculty. The recent state bond initiatives are evidence of these policies, which are regarded as having been successful in helping existing businesses grow.

So, cultivation as we practice it is not so much a story of the political and business sectors failing to recognize the need to attract and nurture companies, as it is of not having a fully integrated economic development strategy with the means and legislative courage to consistently support it over time.

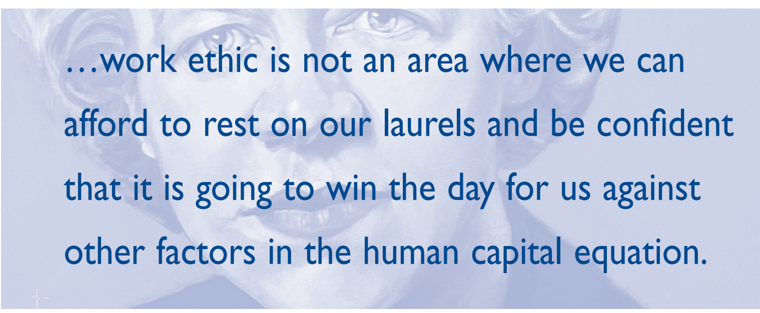
In short, Maine knows what it takes to do it correctly, and we do pieces of it well. It seems to me more a question of having too many pieces, players and programs, all well-intentioned, but lacking sufficient top-level coordination, popular support and follow-through, which is needed to replicate anything even approaching the success of Ireland. That required a national commitment and ours will require the same within the state.

One thing we can say with certainty is that economic development is not a quick-fix panacea. This is a long-term game that involves improving the key variables that will most impact our future: higher educational achievement and a larger skilled work force, combined with a good work ethic and a cultural underpinning conducive to change. Capital, and in particular human capital, holds the greatest promise of building a long-term base for economic success and competitiveness.

CAPITAL

Human capital, as I use the term, is the availability of the work force, its skills, educational attainments and work ethic—the factors that, especially now, in the growing knowledge or creative economy, clearly have the most influence on competitiveness, growth and achievement. Of course, physical capital is crucial, as is financial capital. But both can be secured, or built, within limits, certainly over time, and aren't as difficult to acquire as is human capital.

The key to Maine's future economic success—as it is for other states—is human capital. In the end, human capital is our most enduring and most important resource. How we nurture and develop it will determine our future competitiveness. Let's start with workforce availability, a very significant element in what makes up the composite human capital and a difficult issue for Maine.



Generally speaking, Maine for years had more workers than jobs. Supply and demand in the labor force kept wages low, which is a part of the reason young people left as far back as the mid-nineteenth century. In an inaugural address in the late 1860s, Governor Chamberlain identified three key issues for his new administration: abolish capital punishment, stem the outward flow of young adults, and increase the effectiveness of economic development efforts. It's a tough problem—not a new one.

At the moment, our productivity per worker is 80% of the national average, reflecting different job profiles as well as a lower application of technology. It is only 50% of the New England average.

Ironically, looking ahead, it is predicted that there will be a major reversal in Maine. Labor shortages instead of surpluses now seem a near certainty for the future, for several reasons. There is an aging population (with many skilled workers entering retirement), as well as insufficient young people coming along due, in part, to continued outflow, and a slowing birth rate (to say the least—it is the slowest in the country). Added to this, women in the workforce may have topped out because almost three out of every four now work, a relatively high percentage.

Moreover, Maine historically has been a bit chilly to outsiders, especially ethnic and racial minorities—groups that are helping to fuel many other economies. So, we can't look to the energy of diversity for any near-term improvement. We also lose in a second way because some of these "outside groups" supply a continuing source of young people who enter the labor force.

As we know, there is a growing need for more skilled people in an increasingly sophisticated knowledge economy, and if we do not have them, experts tell us we will not be seen as a desirable spot to locate or expand. Labor pool availability was cited as a major negative for Maine in two recent surveys of state business leaders, so we have to acknowledge a problem in this area. In short, availability of talented workers, a key component of human capital is, at best, a question mark for the future.

Next, turn to work ethic, long considered a cornerstone of our strength. A recent study of small business owners in Maine found work ethic slightly down the list of positive features of our economy. On the other hand, a similar survey of larger businesses found work ethic here to be better than in other states. To confuse things further, I was told that some years ago a study on the same subject, this time among Boston-based business leaders, found concerns, not only about the work ethic of Maine people, but about our highly touted quality of life.

Another factor that has a bearing on this is how we manage our workforce to get the most benefit from them, especially in low-end service jobs. In tourism, for example, a study by David Vail of Bowdoin College shows that many Maine employers often do not use best practices in managing people. They pay low wages, no benefits, and provide little training, so employees get discouraged, feel unmotivated and either slack off or quit. We end up importing people for these jobs. A good example is a local, well-known lobster house which, last summer, filled most of its cook and waiter jobs with young people from Belarus.

It is clearly difficult to connect these various dots and draw a firm conclusion. Perhaps it is best simply to acknowledge that work ethic is not an area where we can afford to rest on our laurels and be confident that it is going to win the day for us against the other factors in the human capital equation.

In terms of higher education and skill training, the scorecard is again a mixed bag. In K-12 educational attainment we congratulate ourselves on a high ranking. But as a recent study by Philip Trostel points out, if other states adjust their results for ethnic and racial minorities, which historically score less well, Maine's K-12 attainment is more middle of the pack.

It is beyond high school, however, where everyone acknowledges we still have a major problem. First, our SAT scores are the lowest in New England. We rank 39th nationally in attainment of bachelor's degrees, which reflects itself in lower per capita income. The bottom line—less education equals less income.

Further, it is well known that we have a serious problem in outflow of young adults, as we have for over 100 years. It turns out that we export roughly 50% of our traditional college-age students to out-of-state colleges and universities, and studies show that once they go, they rarely return.

Interestingly, our university system gets some high marks from many business leaders on matters related to economic development. Yet we underfund the system (as do other New England states). Such underfunding translates into relatively high in-state tuition, which, in turn, may deter some from going on to higher education. Moreover, while our developing community college system may be promising, we have to face another unpleasant reality—higher education is not as valued in Maine as in many other places. This is partly due to Maine's cultural values, but there are also plenty of data to suggest that the factors predicting college attendance are not altogether favorable in Maine.

In sum, Maine's human capital factors—labor force availability for the knowledge or creative economy, work ethic, and educational attainment beyond high school—don't seem promising at the moment. We have to ask ourselves if we can really make a solid case for future economic vitality based on where we now stand.

CULTURE

Finally, we need to consider the topic of culture, closely related to human capital, but deserving of further discussion in itself.

In a fascinating book entitled *Creating the Commonwealth* by Steven Innes, about the success of the Massachusetts Bay Colony (of which Maine was then a part), the author firmly makes the point that human capital and culture is what propelled the New England economy to become the most successful and productive in the country from 1700 to the present.

The author traces the changes in the region's economy from agriculture in the 1600s to trading in the 1700s, textiles and machinery in the 1800s and early 1900s, defense-related manufacturing after the war, and high technology in the run-up to the millennium. All of these made New England consistently the leading region in the country in per capita income. As we know, Connecticut is first, Massachusetts is third, New Hampshire is seventh, and Rhode Island is 17th. Even if Vermont and Maine are added in, which rank 25th and 34th respectively, New England still ranks as the number one region in the country in per capita income. Innes makes clear that this success is not attributed to abundant natural resources or physical endowments, but to human capital and culture. More specifically, he credits the Puritan "calling" and work ethic, the high premium put on frugality and investment, a belief in education and training and, finally, a strong sense of community as being the underlying reasons New England has flourished.

Therefore, if a society's value system, its culture, its manner of approaching commercial life was so determinative in our past, it's fair to ask what our current value system is in Maine, and how it may have affected economic development here over, say, the past 50 years. What are the things in which we place value? What is it we believe that characterizes us, and how how may this have influenced economic growth?

Let me first acknowledge that Maine, like all other states, is not a monoculture, but a blend of beliefs and values that have formed over time. This is an area where one must be careful not to indulge in stereotypes to try to make a point.

Rather obviously we have, within Maine, differing views and approaches to life. What we put stock in, what we believe in and teach our children varies widely. We regularly refer to "two Maines" to explain different economic profiles of regions of the state, and much the same probably holds true for our beliefs. Notwithstanding this, I concluded after being here a few years that within Maine there is a basic shared value system that has probably influenced economic development.

To get at this, and stay away from personal hunches, I asked a variety of people here, natives and people from away, clergy, business people, and professors, what they thought about Maine's cultural values. What I share with you is not at all statistically valid, but rather a composite of opinions in what is admittedly a murky, qualitative area.

What I heard are opinions that in Maine we are given to social insularity and to cautiousness about change. I think there is often wisdom in bumper stickers, and I especially like the one that says "Restore Boston, Leave Maine Alone."

According to my sources we are, as a people, fiercely independent, self reliant, egalitarian in nature, hardworking, and have a deep sense of community. We believe in keeping a tight leash on government, both state and local. At times we also have a tendency to be content with less than the highest standards in a number of areas—"What do you expect. This is, after all, Maine."

All admit to a rather pervasive frugality, and as Governor King once lashed out, we are inclined to traits of disparagement toward outsiders.

To take a somewhat different cut at this, and move away from simply listing habits and characteristics, it is worthwhile considering what two or three people I talked with felt might underlie our basic attitude toward economic development.

First, economic development in northern Maine is often looked upon with outright skepticism. A native of that region said that the area is essentially in perpetual recession, which has, over time, caused a mind-set that economic development, tried in the past, can't really improve things. Mills have opened, hopes have risen, and the mills have closed, creating anger and caution about something new.

Another observer from within the University of Maine System, but originally from away, has thought deeply about this, and his take is most intriguing. He believes that a major part of our economic problem derives from an historic sense of disempowerment. There is a perceived lack of entitlement to a seat at the tables of power, where we might be listened to, as together we try to shape an economic future. Instead, we have a traditional lack of self-esteem in the bigger economic arena—as not being leaders, but rather people who work for the leaders. Perhaps this is an extension of our having been employed for decades, if not centuries, by wealthy people who came here, not only for vacation, but to own and operate vast timber products businesses, electric utilities and textile mills. Many believe our sense of ourselves revolves more around our unparalleled natural beauty than it does around being a big leaguer in other respects. There is, if you think about it, something of a colonial quality to Maine seen in our continuing reliance on tourism, which accounts for the single largest proportion of our gross state product.

At the grassroots level, we have no deep history of labor unions, as, say, Pittsburgh does, which over time inspired pride through their ability to affect change. In short, my observer believes that Maine has some well-entrenched but unaddressed class issues that prevent us from feeling fully capable of shaping change and outcomes alone.

This is, I'm afraid, tough stuff to hear, and many may disagree, especially when reflecting with pride on Maine's military and political, environmental and social achievements that have made our state proud. Certainly Maine has produced a fair number of extraordinarily gifted people for the national stage.

I questioned these observations and opinions myself. I wondered, for example, how Ireland pulled itself up so smartly. The answer is plausible. Ireland, going way back, had a proud literary heritage and always a good sense of itself in education, where even technical school graduates feel prestigious, proud and able to contribute. But, in fairness, Ireland also found itself with its back against the wall economically. It simply had to change—time had run out, and this focuses attention like nothing else. We aren't at that point, but in time our tax burden may force us to look more favorably on development and change.

In the generalized view described here, Maine has a much more highly developed sense of its limitations than of its power. By extension, we might expect that kids growing up in Scarsdale, Greenwich, Garden City, Summit, Sewickley, Bloomfield Hills, or Winnetka, enter adult life feeling much more empowered to participate in changing our society than do our kids, with the exception of those from communities such as Cape Elizabeth, Yarmouth, Falmouth, or Kennebunk. Of course this is a gross generalization, but we need to ask ourselves if there isn't some truth in it.

I leave it to readers to judge whether there is validity here. If there is, can we simply ask ourselves if the value system underlying these behaviors and traits may have had some tempering influence on economic development? In fact, do we have a tendency to be overly satisfied with what we have, in particular our quality of life? Does this make us ambivalent about change that might compromise that perceived quality of life, or might cost very much? At the same time, do we have a kind of communal mindset that inhibits us from having a sense of confidence and empowerment to undertake a comprehensive, long-range commitment to rebuild this economy?

In my interviews I sensed quite a bit of agreement that Maine's culture or belief system may indeed have worked to restrain economic development over the years. Many would agree that a society's values can in fact create a kind of undertow that can find expression in a relative unwillingness to change or invest very much.

Most of those with whom I've talked feel these ingrained views need to be taken into account if, as, and when we try to develop a comprehensive program to truly address the troubling situation Maine faces—a likely scarcity of skilled workers, a huge educational gap, and a work ethic that probably still stacks up fairly well but which can't offset the other factors all by itself. In other words, our cultural heritage may very well turn out to be a significant force to be reckoned with as we discuss how to perk up our economic performance. It doesn't mean we should change our culture—we can't and probably don't want to. But we have to keep it in mind if we want to change the growth curve. To do that will require persuading a lot of people who heretofore have been skeptical, opposed or indifferent.

> …Maine's culture or belief system may indeed have worked to restrain economic development over the years…

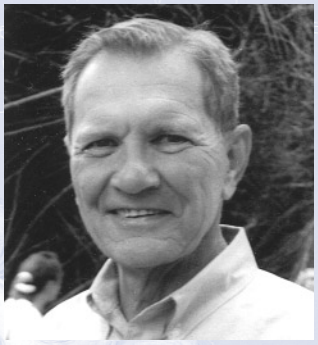
CONCLUSION

It would appear that we have a situation where our economy is still dependent on low wage, low margin, commodity businesses and service jobs so we can't expect much measurable progress in the Economic Growth Council rankings over the next 10 years. In the meantime, as we saw when we used the first lens, we continue to be competitive with other, similar economies, mostly in the West, although the income growth trend for Maine is lower than for the other comparison states..

Using the second lens, it is fair to conclude that we will continue to invest in our traditional businesses, seeking to add value and broaden markets, just as we also continue to try to recruit new companies to locate here, with some things in our favor and some holding us back.

I also believe in time that the handwriting on the wall will become so clear that we will put forward a much more coordinated, comprehensive and effective economic development and educational enhancement program, and that in the process we will begin to lay the groundwork for higher achievement and payoff down the road.

Drawing conclusions from using these other lenses it is perhaps likely that in 20 years Maine will be a more vigorous economic force. Ironically, what may give us an additional kick at that time are the very factors that up to now have tended to hold us back—a focus on quality of life and the environment, and a hesitancy to engage in growth for fear of exploitation.



William Knowles is former chairman and CEO of National Westminster Bank USA in New York, and retired to Maine with his wife Elizabeth in 1993. He has been active in a variety of community activities in Brunswick, and currently serves on the boards of Mutual of America, the Bangor Theological Seminary, and the Maine Center for Economic Policy.

If we can intelligently regulate growth over the next 10-20 years and not let ourselves become overrun with sprawl, we can, in fact, be one of the last frontiers where it is pleasant to both live and work, all of this coming at a time when it will be even more possible to work from home and not have to commute. But this is a big "if." It will require coming to grips with an acknowledged cultural impediment—a distaste for strictly enforced zoning codes and a tendency to settle for housing, commercial, and shopping developments that are not especially distinguished. Indeed, there are plenty of examples in southern Maine of flat-out, uninspired sprawl.

In coming years the pressure to grow, irrespective of codes and standards, will be immense. Only if we intelligently deal with such temptations will we lessen the risk that we "New Jerseyize" the place and get economic growth along with a decline in our revered quality of life. I think it is fair to conclude that we have our work cut out for us on a variety of fronts, no matter what lens we use.

INFORMATION SOURCES AND ACKNOWLEDGEMENTS

Since this was never intended as a scholarly work, I did not rigorously catalog my notes during the research phase.

The factual statements were extracted primarily from several articles appearing in the *Maine Policy Review* issues of 2000-2003. Sources also included publications of the Maine Center for Economic Policy and articles from the *Portland Press Herald, Brunswick Times-Record* and *Down East* magazine.

The paper also was informed by conversations with senior officials of Maine and Company; the Maine Center for Economic Policy; Professors David Vail and Michael Jones of Bowdoin College; Tony Brinkley, Marli Weiner and Joseph Conforti of the University of Maine System; and numerous friends, business people and clergy members whose opinion I value.

It also draws upon material presented in Muskie School lectures given by Charles Colgan and Marli Weiner in Fall 2003. Much of the statistical material used was derived from Internet sites, especially the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) and those of various government agencies, made available to me by Joshua Jones, a senior economics major at Bowdoin, and by David Vasdauskas of Newcastle, Maine.

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