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News and Commentary

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Reflections on Economic Development in Maine: Summary Comments Delivered at the 1995 Governors' Economic Development Conference

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Let me step back a bit from the more immediate deliberations and proposals regarding economic development in Maine today to take a longer view. Where have we been, where are we going, and what changes have occurred in our overall conception of how economic development might be encouraged in Maine? I have three general observations, followed by several more specific reflections on Maine's situation.

First, while it may not be wholly justified, there is now far greater consensus about Maine's economic development and appropriate strategies to pursue it, than there was a decade or even five years ago. (It has now been 15 years since I first became a board member of the Maine Development Foundation.)

Today, there is broader agreement about issues and problems regarding Maine's business climate and about the necessity to target a statewide strategy to particular sectors such as natural resources or tourism or telecommunications, a better sense of what state government can affect and what it cannot, a more farsighted understanding of issues surrounding international export and trade, a wider band of agreement between those advocating environmental protection and those focusing on business growth, and a more sophisticated strategic approach to assessing community and regional opportunities.

This broader consensus is the result of a less partisan political environment, changing attitudes among business and citizen groups, and the persistent and more effective planning efforts of groups such as the Maine Economic Growth Council, the Maine Chamber and Business Alliance, and the Maine Development Foundation.

The only major area of division or contradiction about development strategy seems to be between those who would emphasize long-run investments (education, infrastructure) and those who support special, targeted, financial incentives to attract (or retain) individual companies. It is an important debate that has not truly been joined in an effective manner.

My second observation relates closely to the first: there is today a much better understanding of Maine's special strengths as an environment for economic development. Efforts to duplicate strategies that work in New York or Minnesota or South Carolina may not work here. Similarly, rather than competing with Alabama for an automobile plant, there seems to be a growing awareness that other business sectors may find Maine attractive for reasons quite at variance with those available in Alabama. Most important is an increasing sense of Maine's comparative advantage that derives from special community or civic assets: low crime rates, an appealing natural environment, generally good schools, a social fabric that is not in tatters, a belief that problems can be solved. All of these assets are increasingly rare in America and of greater value in an era of business mobility.

In addition, we are doing a better job of developing sectors in which Maine has historic or peculiar advantage like: marine resources, Canadian trade, remote telecommunication centers, or service industry satellites of Boston. Also now widely recognized is that modern transportation, and even more emphatically, telecommunications capacity, can overcome Maine's historic geographical disadvantage.

Third, there is a much greater sense of optimism about our economic future. Considerable credit belongs to a governor who is a credible proponent of economic development. Governor King knows well that how we talk about our future is an important part of creating one. Honeymoons are enjoyed by all new administrations, but I find a widespread conviction that Maine may be on the right side of history and no longer at the end of the line, condemned by a psychology of "second rateness."

So I find an aura of optimism, agreement, even excitement, about Maine's economic prospects--even as the data suggest little cause for euphoria. At a time when Maine seems stuck in recession, a tenor of optimism, consensus, and singular possibility permeated most of the October 1995 Governors' Economic Development Conference.

I conclude with five observations that are part warning, part future agenda, and part professional tangent:

- 1) We need to be more self-conscious about our own clichés, versions of conventional wisdom, or panaceas. Like you, I have often repeated familiar testimonials to the "quality of our work force" and the "quality of life"--until I read a survey among Boston area businesses some years ago which indicated resistance to expansion into Maine because of the perceived negative quality of the work force and the anemic resources for quality of life. Another example: we need to recognize that "downsizing" or "restructuring" or "total quality management" can obscure more than inform about effective change. Finally, one of the keynote speakers at the Governors' Economic Development Conference, in claiming he was not a development expert, demurred with the comment: "But economic development is not rocket science." So right! It's much more complex, as is all social and human behavior.

- 2) We need to think more about economic development--and other policy areas--as New England regional agenda and not a state-by-state "go-it-alone" task. (The Corporation for Enterprise Development's grading study of "development capacity" might look quite different if New

England, as a whole, was graded rather than each state separately.) New England now comprises less than five percent of the U.S. population, wields markedly less national political power, and engages in interstate economic cannibalism that is extraordinarily counterproductive. By way of comparison, I understand that the Center for the New West (states in the Rocky Mountain region) has created a remarkably cohesive economic strategy focused on exports throughout the Pacific Rim.

3) Maine needs to address the implications and potential of a national workforce that in a few years will see women and people of color in the majority. Is Maine preparing itself for a new era where institutions are not dominated by white males, where emergent economic markets are far different from our own, and where the capacity to engage diversity will be a premium? In Maine, I would guess, much of our economic development future rests with small businesses headed by women.

4) Can we avoid much longer the implications of growing economic inequality in America? The U.S. possesses the greatest disparities between rich and poor of the 17 most developed, wealthiest economies. A majority of Americans have seen their standard of living decline since 1973, masked only by the growth of wage earners per family. I doubt that an economic strategy focused exclusively on "growth" will be a sufficient antidote.

5) Finally, I find in Maine a disturbing dichotomy between the business sector's rhetoric of support for more and better education and reality. To take only the case I know best: while the state's general fund revenue has grown 20 percent over the past five years, funding for the University of Maine System has declined by about four percent. Even the public schools have received increases that are only one-half of the increase in the state budget. For a state with an historic educational deficit, to undercut the one investment all parties claim is critical to our economic future gives pause.

Let me conclude, however, with a message of optimism. Maine enjoys both a belief and a reality that our problems are tractable. In many large and more urbanized locations, there is often a certain sense that change cannot happen, that political constituencies are unyielding, that a shared vision and strategy cannot be developed, and that new coalitions cannot be built. Maine is not immune from the forces of inaction. But, there is also a civic attitude that supports collaboration, involvement, and "working it out." That is a special asset that most states do not enjoy. Let's make sure we are as thoughtful as we are optimistic.

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