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The Political Geography of Maine’s Economic Future: Cities and Their Metro Regions

by Joseph W. McDonnell

Abstract
Following a global trend that now has more than 55 percent of the world population living in cities and their metro regions, Maine’s economic and population growth are driven by our cities and the surrounding metro areas. The trend, however, will not meet Maine’s goal to attract a future workforce and reduce greenhouse gas emissions without regional solutions to housing, education, homelessness, climate adaptation, and public transportation. Meeting these challenges will require a loosening of attitudes about local control and an embracing of regional solutions to the critical issues inhibiting Maine’s economic growth. The political leadership of the state, cities, counties, and metro regions must develop new models to achieve greater density for affordable workforce housing and more public transit, including improved bus and new light-rail systems.

BACKGROUND
From its very beginnings, Maine’s identity has been tied to its rural regions—large unpopulated forests, farming and fishing communities, mountains and lakes, coastal islands, and miles of rocky shoreline. Its relatively sparse population supported this rural reputation, burnished by lobsters, blueberries, and wood products. LL Bean, Acadia National Park, and Katahdin at the terminus of the Appalachian Trail have all contributed to Maine’s reputation for rugged rural outdoor lifestyle and adventure.

Despite its renown as a rural state, Maine’s economic and population growth are increasingly driven by its cities. Cities and their metro regions are the only places in Maine experiencing population growth. As a Bangor Daily News (2015) editorial has noted, “Cities are the way of Maine’s future. Maine must embrace this reality. Maine’s rural character might distinguish us from other states, but its urban areas will more likely than not drive its growth. These urban areas need strong advocates who can make the case for policies that help it along.”

The rise of cities is not unique to Maine. Migration into cities follows a global trend that now has more than 55 percent of the world’s population living in cities. The United Nations projects that percentage will increase to 68 percent over the next 30 years (UN DESA 2018). Cities once had a reputation for noise, crime, poverty, and pollution—as places to escape from—but more recently they have become magnets that attract tourists, retirees, young professionals, and immigrants who seek the vibrancy of the city with its arts, education, restaurants, health care, and employment opportunities. Cities serve as the economic engines in most US states and benefit the entire state, including rural regions.

Maine has the distinction of having the oldest population of any state at 44.9 years on average, with deaths outnumbering births, and 12 of its 16 counties have an even older average population. Its sizeable baby-boomer segment has begun to exit the workforce and will continue aging into retirement over the next decade. Maine has the challenge of attracting a new generation to replace the retiring baby boomers as they leave the workforce. The millennial generation—both native Mainers and those from elsewhere—are attracted to cities and their surrounding regions, which is why the state’s economic future depends on its cities. Meeting the challenge of attracting and retaining new workers will require a loosening of attitudes about local control and embracing regional or metropolitan solutions to many of the issues inhibiting Maine’s economic growth.
THE DECLINE OF MAINE’S CITIES

The growth of Maine’s metro regions may be a recent development, but for much of Maine’s history more of its people lived in cities and mill towns than on farms and in rural regions. Maine’s cities were located on its coasts and rivers to facilitate shipping goods in and out of the region. Maine’s resource economy based on forestry, farming, and fishing relied on cities with deep-water ports to ship products to market, as did the state’s mills that produced textiles, shoes, paper, tanned hides, canned goods, and various wood products.

In 1836, Maine’s first railroad connected Bangor and Old Town, and soon thereafter rail lines began reaching all its cities, extending north to Montreal and south to Boston. The Portland Railroad Company’s 1909 map of its transit system and connecting lines displays a sophisticated urban mass-transportation system with rail and trolley lines that crisscrossed the Portland peninsula, looped into neighborhoods behind the Back Cove, and reached outer sections of the city. It then extended north, south, and west beyond the city boundary. Bangor and other cities had similar rail and trolley systems to transport people to and within cities and to bring timber, potatoes, and other goods to market.

In the middle of the twentieth century, local mills began to be sold to out-of-state owners who consolidated and closed many mills. By 1969, all 14 pulp and paper firms and 74 percent of manufacturers employing more than 500 employees were operated by owners with no ties to the state (Scontras 2017). The cotton mills in Lewiston, Biddeford, Saco, Waterville, and Augusta could not compete with newer mills in Virginia, Georgia, and the Carolinas with their cheap electric power, abundant low-cost labor, and state-of-the-art production facilities. Shoe manufacturers in Auburn, Portland, Bangor, and other cities could not compete with low-cost foreign producers.

As the US economy revived following World War II, Maine’s cities suffered economic and population loss as wartime ship building came to an end. Portland’s population fell by more than 20 percent from 77,600 in 1950 to 61,600 in 1980. During this time, Portland embarked on a project to construct a highway and a boulevard through the middle of its city, tearing down neighborhoods along the proposed route. Bangor’s population fell by 19 percent between 1960 and 1980, and it also took advantage of federal urban renewal funding to raze downtown buildings and construct a highway around the city (Scee 2010).

While railroads and trolleys served as the primary transportation system, cities remained the most attractive location for businesses and residents, which restrained suburban development, but when the automobile with its go-anywhere-at-any-time advantage became the preferred mode of transportation, the built landscape of the region changed dramatically. It did not matter that Maine’s cities had sophisticated mass-transit systems. By 1960, the trolleys in Portland and Bangor were long gone and most rails throughout Maine were abandoned, paved over, or turned into walking trails.

The destruction of Union Station in Portland in 1961 and its replacement by a strip mall marked the end of the railroad era and the symbolic decline of the city. Cities were deemed noncompetitive because of their lack of parking and easy automobile access. Malls and industrial parks sprang up on their outskirts. Businesses and retail stores saw greater opportunity by moving to the edge of the city or into the outlying communities where they could build large parking lots for customers and employees.

THE RISE OF THE SUBURBS

Mainers followed people in the rest of the country in exiting cities and moving to the suburbs. The public voted with its feet in favor of sprawling, car-dependent, low-density, and largely homogenous communities with single-family, detached homes on grassy lots. Land devoted to suburbs in Maine nearly doubled between 1950 and 2000 as the parents of the baby-boomer generation fled the cities for newly built suburban homes. Car usage around Portland increased tenfold in those same years.

The suburbs had extraordinary appeal in the postwar years—an escape from the proximity of apartment living and away from noise and crime, yet within a convenient drive into the city. The suburbs offered families an opportunity to build equity in a home rather than renting an apartment. Relatively inexpensive land outside cities and the deduction of the home mortgage and property taxes on federal income-tax returns provided an economic incentive too enticing to pass up. Federal subsidies for highways added to suburban development. The move to the suburbs left behind in the cities those who could not afford to buy
a home and a car. Such exclusivity benefitted suburban children with better schools focused on college preparation.

The suburbs remain attractive today for many of the same reasons that made them attractive then, as desirable places to raise a family with houses on park-like grounds, top-flight schools, and safe neighborhoods for children. Over the years, however, we have gained a more critical perspective about the suburbs and deeper insights into their disadvantages. For many, the homogeneity of the suburbs has become an undesirable feature of suburban life, with its isolation from people of different races, religions, colors, and socioeconomic classes. Suburbs have also come under sharp criticism for their damage to the environment, including their encroachment on farmland and forests. Suburbs with single-family houses on parts or even whole acres are neither an efficient nor an environmentally friendly use of land, with a ratio of 1 person per every 2 acres compared to cities with 3.5 persons per every 2 acres, a 350 percent more efficient use of land (Richert 2004).

During the period between 1960 and 2000, 80 percent of Maine’s growth came from the suburbs as land occupied by homes tripled but without a tripling of the population (O’Hara 2004). Suburban expansion has been criticized for wildlife endangerment, water and air pollution, traffic congestion, high energy consumption, and redundant government expenditures on schools, recreation facilities, roads, utilities, and fire and police protection (Richert 2004).

Perhaps the greatest downside of the rise of the suburbs has been the draining of valuable intellectual, social, and financial resources from cities. Many business leaders and other potential community leaders commuted into the city for work from their homes in the suburbs and were no longer engaged in the civic life of the city. Cities became burdened with educating the poor, providing social services for the homeless, and supporting their public infrastructures with a diminished population. Cities also suffered from the change in business ownership as many Maine businesses consolidated and became subsidiaries of larger national firms. Business leaders and owners were replaced with regional managers who rotated in and out of the city and region without lasting ties to the community.

Seventy years of suburban sprawl has left a lasting mark on the state that cannot be undone. Houses, highways, roads, schools, malls once built cannot be unbuilt just because we now recognize the negative consequences of a car-dependent society. It is not just our suburbs that are dependent on the automobile, but our cities, too, are overcrowded with cars from commuters and city residents. Maine, like many other states in the country, set in motion many years ago a way of living that is both unsustainable and hard to reverse.

Governor Mills has established ambitious goals for Maine to reduce its greenhouse gas emissions, including a 45 percent reduction by 2030 and an 80 percent reduction by 2050. More than half these emissions come from transportation, and it is only remotely possible that these reductions can be achieved by promoting the adoption of electric vehicles or mass-transit systems for sprawling suburbs. To meet these emission goals, the Portland Press Herald (2019) editorial board noted that we would have to reverse the trend toward suburban sprawl and design communities that eliminate the need for cars. This recommendation would be a significant step in the right direction and a formidable undertaking in response to development of the last 70 years that has transformed rural land into suburbs and made even our cities car dependent.

THE REVIVAL OF CITIES

Just as the rise of suburbs after the World War II seemed all but inevitable, two generations later the resurgence of cities became a worldwide trend, which has only strengthened over the past 20 years. After manufacturers left the city and trucks rather than ships or rails transported goods, cities had to reinvent themselves. The shift toward a service- and knowledge-based economy contributed significantly to the rebirth of cities. As urban scholar Edward Glaeser (2011: 15) explained: “The strength that comes from human collaboration is the central truth behind civilization’s success and the primary reason why cities exist.” Cities are the best form of communal living to nurture human capital. In an economy that rewards ideas and innovation, the dynamism of human proximity matters. The opportunity for many talented people to have face-to-face exchanges stimulates new ideas and new opportunities.

While the internet has made working at a distance possible, companies and their employees increasingly crowd into the same places, creating clusters of
competitors. This arrangement has advantages for both employers and employees; employers have a pool of qualified employees nearby to draw from while employees have more options from multiple employers. A young, talented workforce has been gravitating toward cities not just for jobs but for opportunities to meet other young people and for the stimulation of urban life. As young people marry later or not at all, they are attracted to cities rather than the isolation of rural or suburban communities. In the past young people might have moved to the job but now companies are moving to cities to be near talent. General Electric, McDonalds, Heinz Kraft, and Motorola Solutions in recent years moved their headquarters from suburbs to cities (Schwartz 2016).

Immigrants from foreign countries are also drawn to cities for their support communities, mass transit, social services, language education, career training, and job opportunities. Immigrants often come with education and an entrepreneurial spirit and are younger and have more children than the native population, which is forming the foundation for a future workforce for the state.

**METRO REGIONS**

The suburban communities around Maine’s cities today are integrated parts of larger metropolitan regions. We can no longer speak of the economy of Portland, for instance, without including its immediate neighbors: South Portland, Scarborough, Westbrook, Cape Elizabeth, and Falmouth, and even communities farther away such as Yarmouth, Freeport, Gorham, Biddeford, and Kennebunkport. Maine’s three largest cities—Portland, Bangor, and Lewiston/Auburn—are often referred to with the word greater before their names to acknowledge the geographic and economic extension of the city’s role and influence. The extension of cities into metro regions radiating from downtowns can be seen in the major cities in the world. Manhattan may be the best known of five boroughs that constitute New York City, but Brooklyn, Queens, Staten Island, and the Bronx are equally parts of the city. And New York extends out even beyond its city limits with an intricate mass-transit system that ties the larger metro region together.

Local control has been a defining characteristic of Maine’s political culture, but it may now limit the state’s capacity to take advantage of the worldwide trend that is driving economic growth. As the report *Greater Portland Tomorrow: Choices for Sustained Prosperity* concluded, the compelling challenges of the region—workforce, housing, transportation, education, homelessness, property taxes, and climate adaptation—are intimately connected and in need of regional integration. Despite the many state and local government offices, councils, and planning departments along with a host of nonprofit organizations, the report found the Greater Portland region was lacking an “institutional framework or setting wherein fragmentation among the many, ongoing efforts may effectively be organized and coordinated, and their public accountability assured” (Barringer et al. 2017: 30). The report’s insight applies not just to Greater Portland but to Maine’s other metro regions as well.

The issues inhibiting Maine from growing its cities cannot be resolved solely by the governments of its cities. They require participation from the state and the larger metro region and financial assistance from the federal government. These issues—attracting a workforce, building affordable workforce housing, and constructing light-rail and bus networks—depend on relaxing long-standing attitudes about local autonomy and receptivity to regional solutions.

Maine’s population growth in recent years has come largely from the Greater Portland region, which makes up a large portion of Cumberland County and includes the communities immediately surrounding Portland and extending north to Freeport, west to Windham and Gorham, and south to Biddeford/Saco. Aroostook County represents the most dramatic loss of population in the state from its peak in 1960 to the present and its contrast with Cumberland tells the story of the economic shift to metro regions (Table 1). The Greater Portland region accounts for one-fourth of the state’s jobs and 40 percent of the job growth since the Great Recession (Figure 1). Maine’s metro regions account for all the GDP (gross domestic product) growth in the state since the Great Recession of 2008. The metro regions have experienced significant GDP growth while the rural regions of the state have not yet recovered from their pre-recession levels (Figure 2).

**SUPERSTAR CITIES**

While cities have fared better than the suburbs or rural regions in the globalized, digitized, and automated economy, certain cities have prospered more than others. Boston, San Francisco, San Jose, Seattle, Austin, and
Raleigh have attracted a disproportionate amount of talent and innovative companies. The agglomeration of talent and competitors has been extraordinarily beneficial to these cities, but has contributed to the gulf in the country between winning and losing regions.

A recent Brookings report points out that just five regions in the country accounted for 90 percent of the nation's innovation sector growth from 2005 to 2017. But for all their success, these same cities suffer from unaffordable housing, uncontrolled homelessness, and unbearable traffic congestion stemming from rapid growth and land-use restrictions. The spillover from the rapid growth of the cities with the nation's most innovative firms has not gone to other domestic cities, but has tended to go overseas to Shanghai, Mumbai, or other emerging countries where firms find a talented workforce with lower salary requirements. The Brookings report called for a massive government investment in eight to ten potential growth cities with strong research universities to broaden the base of the country's innovation centers (Atkinson et al. 2019).

While Maine's cities are too small to become one of the cities named as an innovation center, they could benefit from the spillover effect from Boston. Portland, for instance, is a more livable and affordable city than Boston and only two hours north; Bangor has the advantage of its proximity to University of Maine, the Maine North Woods, the Penobscot River, and the Acadia National Park area. For Maine cities to be able to benefit from Boston's spillover, they will need leadership, a concerted strategy, and the addition of a large pool of talented workers. Maine's technology sector already accounts for 20 percent of the state's gross domestic product and 12 percent of the state's employees, but it has not yet reached a critical mass. The Northeastern University Roux Institute, a recently announced Portland-based graduate school and research center focused on artificial intelligence for life sciences and digital industries may provide the impetus for such a strategy, especially if other Maine educational institutions collaborate with Roux to build a ready supply of trained graduates.

### MAINE'S ECONOMIC DEVELOPMENT STRATEGY

Maine’s recently published 10-year economic development strategy focuses on people, talent, and innovation as the key ingredients for economic growth. It states,

In the 21st century, economic development is about investing in people and their communities. In order
to grow, communities need to attract and retain talent. Talent is the new currency. Maine is in competition with other states and the world to build and retain a creative and productive workforce, to attract knowledge industries, and to have a well-educated public that can make wise civic and policy decisions. (Maine DECD 2019: 20)

In response to the anticipated retirement of 65,000 baby boomers over the next decade, the state seeks to attract 75,000 new workers through a variety of strategies. The report does not explicitly point to cities as the likely location for this workforce, but it does point to “hubs of excellence,” around Bangor, Portland, and other populated communities with their convergence of talent, research and educational institutions, skilled workforce, and related businesses (Maine DECD 2019).

Michael LeVert and Catherine Reilly modeled the economic consequences of adding or failing to add workers to replace retiring baby boomers in the Greater Portland region. In their baseline model and considering births, deaths, and current patterns of migration, they projected a reduction of 4,700 jobs from current jobholders over the next 15 years, despite assuming an increase in labor-market participation by older residents. To achieve even modest labor-force and economic growth, they project the need for policies that double the current migration rate into the region (LeVert and Reilly 2017).

The state plan has identified programs to attract the 75,000 new participants to the workforce, but since baby boomers make up a disproportionate percentage of the population, the plan faces formidable headwinds. Maine’s most valuable export over the years has not been lumber, lobsters, or blueberries, but its talented young people who have seen the road to prosperity as I-95 South. Maine’s salaries lag the national average, and employment opportunities are limited, which makes retention difficult. To retain more young people, employers will have to become more competitive with their salaries and employer-funded educational opportunities, and the state will have to increase its student loan-forgiveness programs. Educational institutions and employers might provide smooth pathways to integrate students into the workplace during their postsecondary years. The state’s promise to “invest in our early care and pre-K system on par with how we invest in the rest of our educational system,” provides an innovative strategy to attract a workforce with young families to Maine and free up mothers to play a larger role in the workplace (Maine DECD 2019: 20).

The millennial generation places a high priority on lifestyle and work-life balance. How many young Mainers might stay in the state if they had an opportunity to live and work in Maine’s cities? To retain and attract young professionals, Maine’s cities and their metro regions will need affordable housing for its workforce. Portland has seen a boom in high-end gentrified housing, which has been attractive to retirees and those with wealth or high incomes. But many businesses hesitate to locate in the city
because the lack of affordable housing makes it hard to attract high-skilled labor. It is a chicken-and-egg dilemma that cannot be resolved without a strategy that builds affordable workforce housing. The market alone will not accommodate this need. State and metro governments will have to take aggressive steps to address the lack of affordable housing to prevent the state’s economy from backtracking for lack of workers. In the past, the federal government has supported such measures.

In response to the decline of the cities and the rise of the automobile 60 years ago, Portland and Bangor took bold steps to tear down old neighborhoods, destroy their mass-transit systems, and construct highways in and around the cities. We may today regret this accommodation to the automobile, which clogs streets, pollutes the air, and makes mass-transit much less affordable, but we cannot deny that city leaders took decisive action. Decisive steps today might find locations to extend the city perhaps near universities and medical centers and along major thoroughfares and bus routes to create new neighborhoods with a mix of housing, shops, restaurants, businesses, and pocket parks. These mixed-use, walkable city neighborhoods, advocated by urbanist Jane Jacobs, achieve density with an urban design that makes cities attractive places to live, work, and play (Jacobs 1961). The addition of workforce housing might not only attract young professionals and new Mainers, but it might convince long-distance commuters to move closer to their places of employment, reduce traffic and greenhouse gas emissions, and improve their quality of life. Such a plan would not be nearly as bold as the steps taken in the 1960s, but only by achieving greater density can metro regions justify building more robust mass-transit systems.

Since the Great Recession large cities have enjoyed considerably greater population and economic growth than medium-sized cities; medium-sized cities have enjoyed more growth than smaller cities; and smaller cities have enjoyed considerably more growth than rural regions (Muro and Whiton 2018). Size matters because of the agglomeration effect that clusters industries and employees with skills for those industries in the same place. As industries cluster, universities and community colleges can respond by creating strong programs in those areas to furnish industries with an ample supply of trained workers.

Maine’s economic strategy would best be realized by implementing policies that significantly increase the population of its cities and their metro regions. While it might seem counterintuitive to strengthen the state’s strongest regions, this strategy will likely yield the best result for the state as a whole (Arnosti and Liu 2018). In prosperous states, cities are economic engines that support rural regions. Curbing suburban sprawl and growing Maine’s metro regions by increasing their density with mixed-use neighborhoods and public transportation would be the best way to preserve Maine’s rural character.

THE COVID-19 PANDEMIC

In the spring of 2020, the COVID-19 pandemic brought much of the world to a halt as countries closed their economies and adopted shelter-in-place policies to curb the spread of the highly contagious coronavirus, which targeted the most vulnerable members of society—the elderly, the poor, and those with underlying health conditions. The sheltering measures curtailed the spread and limited the loss of life, but businesses, jobs, and government budgets suffered from a closed economy.

Maine’s tourism, retail, restaurant, and lodging industries have suffered greatly from the sheltering-in-place policy and the restrictions placed on visitors to the state. The state feared that tourists from New York, New Jersey, Massachusetts, and Connecticut—all COVID-19 hotspots—might bring the virus into the state, overwhelm its healthcare system, and force another shutdown of the economy. The closed economy also caused significant loss of income and sales tax revenue to state and local governments, creating a gaping hole in government budgets, which even with assistance from Washington, DC, will be...
hard to close without layoffs, service reductions, and tax increases.

By May 2020, Maine along with other states began to relax sheltering policies to revitalize the economy, hoping the outbreak might remain under control through testing and social distancing until a reliable vaccine and an antiviral medicine become available. The long-term effects of COVID-19 will largely depend on the depth and duration of the economic recession and the timeframe before the contagion rates decline due to a vaccine, an antiviral drug, or herd immunity. It is unlikely COVID-19 will reverse the gravitational pull toward cities in the long term. As the urbanist, Richard Florida observed in a piece in Foreign Policy: “Urbanization has always been a greater force than infectious disease” (Florida 2020). But a prolonged pandemic that heightens the fear of contagion and deprives people of the advantages of city living will surely disrupt the trend—even if only temporarily.

As long as the pandemic does not result in a lengthy recession or the need for continual sheltering at home, ambitious young people are likely to continue flocking to cities for jobs, education, culture, and opportunities to meet other young people. This age group has been the least affected by the virus. Older adults and those with underlying health conditions will be much slower to move into densely populated areas until long after the risk of contagion has passed.

Maine’s cities and metro regions may benefit from the pandemic as businesses look for alternatives to densely populated cities. COVID-19 may have mainstreamed work-at-home practices as sheltering in place and new technology has accelerated this trend, so Maine regions with strong broadband access may become attractive places to live for those escaping Boston and other large cities. The pandemic may accelerate the retirement of baby boomers who seek to avoid the health risks in certain environments. Workers permanently displaced by the COVID-19 shutdown will need retraining programs to prepare for new jobs. State officials will be under pressure to develop comprehensive workforce and economic development plans for the post-COVID-19 economy.

CONCLUSION

To grow the state’s economy, Maine will have to develop its metropolitan regions, taking advantage of the worldwide trend that is driving people into cities. This trend alone will not meet the state’s objective to attract a future workforce and reduce greenhouse gas emissions without regional solutions to housing, education, homelessness, climate adaptation, and public transportation.

The fallout from the pandemic will shape the policies of the state for the near future. A prolonged pandemic and lengthy recession will have devastating consequences not only for Maine’s cities but also for the entire state. While waiting for a reliable vaccine, Maine’s government officials ought to tackle the barriers that have inhibited its cities and their metro regions from reaching their full potential.

Seventy years of sprawling suburban development cannot be undone, but the state can take steps to change the built landscape for the future. Cities and their metro regions must attract a workforce to replace the retiring baby boomers to drive the state’s economic growth. The political leadership of the state, cities, counties, and metro regions must develop new models to achieve greater density for affordable workforce housing and more public transit, including improved bus and new light-rail systems.

NOTES


2 https:/ /population.us/me/portland/

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Joseph W. McDonnell is a professor of public policy and management at the Muskie School at the University of Southern Maine (USM.) He has recently coauthored two reports on Portland and the Greater Portland region: Growing Portland, The Case for Growth: Not Whether but How and Greater Portland Tomorrow: Choices for Sustained Prosperity. He came to Maine in 2011 to serve as dean of the professional schools at USM and subsequently also served as provost. Prior to coming to Maine, McDonnell served as dean of the business school at Stony Brook University in New York.