A MAINE MANIFEST
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by Richard Barringer

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This treatise was prepared on behalf of The Allagash Group by The Huron Institute of Cambridge, Massachusetts. It is based on research conducted during the summer and fall of 1971 under the direction of Richard E. Barringer in collaboration with Carl H. Gotsch, Arthur M. Johnson, and Basil J.F. Mott.

The other individuals who assembled the research materials and developed the ideas in the book include:

Robert H. Blumenthal  Thomas J. Burke
Geoffrey Faux            Jon F. Dawson
Ronald T. Luke          Michael G. Hopkins
Christina W. O'Bryan    Joanne P. McGeary
Edward W. Potter        Richard E. McHugh
and                     Otis B. Tholander

Christina O'Bryan held this revolving group together with charm and wit and grace. Special credit goes to Carl Gotsch for much of the economic analysis, to Ronald Luke for the land bank idea, and to Geoffrey Faux for the community development corporation materials. The origins of the ideas and proposals in the book are, however, well hidden in the remoteness of the many staff discussions and papers from which they emerged. In a real sense, then, this book belongs to all these people.

We are indebted to the many private citizens and public officials who shared with us their thoughts, experiences, and resources in the hope that Maine would be the beneficiary. Too numerous to name, they must remain anonymous except in our gratitude.

Without the gentle hammering and dogged persistence of John N. Cole this book might never have been written. All complaints about its existence should be addressed to him personally. Responsibility for its argument and content is, of course, my own.

Richard Barringer
July 1972
“Would you tell me, please, which way I ought to go from here?” asked Alice.

“That depends a good deal on where you want to get to,” said the Cat.

*Lewis Carroll,*
*Alice in Wonderland*
INTRODUCTION

Maine is at a crossroads. On the one hand, its economy is in the throes of change and the effects are felt everywhere — inland and along the coast, in the factory and on the farm, in every aspect of what has come to be valued as the distinctive and proud Maine way of life.

At the same time, the very sources of the present pain point to new and productive opportunities for Maine. In the long run those opportunities can revitalize Maine's economy and society on Mainers' own terms, to the direct benefit of themselves and of their children.

But no change is without its costs. The people of Maine cannot keep every prerogative and every privilege of their traditional way of life and still realize the benefits of these new opportunities. They cannot have it both ways. Nor will the choice remain forever. It is theirs only for the while; otherwise it will surely be made for them by economic forces beyond their present control.

And as it happens, only some new ways of doing things will suffice to the opportunities at hand. New ways of organizing to develop Maine's most precious resources — its people and its land. And new attitudes on the part of Mainers toward themselves, toward others, toward their land, and toward its proper use.
INTRODUCTION

Halting steps have been taken in Maine toward these new institutions and new attitudes. But even where the issues themselves seem clear, simple and effective choices are not now available to the people of Maine. Words defy translation into deeds and clear commitments are denied even those villains of contemporary rhetoric, "the comfortable few." In fact, confusion and conflict have prevailed both privately and publicly, and no little disappointment and even despair.

This is a book about the issues and choices before all the people of Maine. It is addressed to them. Its purpose is to suggest positive measures for the development of Maine's resources on Maine's terms. The proposals it contains have not been explored in every detail nor should they have been. There is no intent here to tell Mainers what to do with their state, but only to suggest how they might regain control of the state's future which has slipped away from them.

Mainers need not sit by and bemoan the deterioration of their traditional economy and their natural environment. Nor need they make a stark choice between the enjoyment of their surroundings and an acceptable standard of living. Maine's future has too often (if not for long) been posed in just those terms. Both economically and environmentally it is the wrong choice, one that admits no solutions, perpetuates conflict and suspicion, and frustrates the best intentions of leadership. But it is virtually the only choice that could have been posed in Maine's present institutional setting. Only once policies are adopted to change that setting will the choices themselves change.

Make no mistake, though: even if these ideas meet with enthusiastic approval, it will still take a great deal of hard work to implement them and realize their benefits. The notion of people and states developing their resources on their own terms and for their mutual benefit has great potential. It is a credible prospect, however, only if the people of Maine feel free to submit personal interests to a clear notion of the common good, to build institutions that can realize that good, and to organize their lives around them.

These will be new institutions that belong irrevocably to the people of Maine and guarantee the benefits of development and non-development alike to them and to all who value Maine for its own sake. Institutions that can hammer out acceptable decisions about the uses of Maine's land. Institutions that will allow Mainers to participate in those decisions where they mean most — close to home.

Maine is well-equipped for the effort. Its people begin from a personal pride in work itself, a profound sense of time and sense of place, and an abiding commitment to the survival of one another and their way of life. And Maine the state begins from a position outside the mainstream of industrial America. It begins unencumbered by many of the ills and rigidities of a society that has passed it by and now wants and needs what was left behind. It begins with its land.
Maine: An Analysis
Maine has never been a lavish provider. Even in its heyday as supplier of raw materials and foodstuffs to an expanding America, it yielded a living only to hard work, perseverance, and ingenuity. And today, as the backwater of a vast industrial system, Maine participates more fully in the fruits of economic bust than of boom. From the very beginning, Maine’s children have left for more hospitable climes, for a better chance at the opportunity, abundance, and prosperity of America. Their parents wished them well. And through it all, the land — its fields and forests and waters — returned enough in currency and in kind to make a hardscrabble existence for those who stayed behind.
Thus the "Maine way of life" maintained itself from generation to generation as long as there were enough low-skill jobs in Massachusetts' and Connecticut's factories to absorb the natural growth in Maine's labor force; enough local activity and jobs to support the numerous rural communities around which life was organized, and the few public services they provided; and access for all, by purchase or permit, to the natural wealth of the land and its harvests of sustenance and pleasure.

Table 1. Maine Growth, 1940 - 1970

<table>
<thead>
<tr>
<th></th>
<th>1940</th>
<th>1950</th>
<th>1960</th>
<th>1970</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (ooo's)</td>
<td>847</td>
<td>914</td>
<td>969</td>
<td>992</td>
</tr>
<tr>
<td>Total Personal Income</td>
<td>444</td>
<td>1087</td>
<td>1820</td>
<td>3235</td>
</tr>
<tr>
<td>(million $)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditures by State</td>
<td>31</td>
<td>71</td>
<td>238</td>
<td>468*</td>
</tr>
<tr>
<td>and Local Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(million $)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total State Property</td>
<td>685</td>
<td>819</td>
<td>2139</td>
<td>3397</td>
</tr>
<tr>
<td>Valuation (million $)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from Manufacturing</td>
<td>101</td>
<td>290</td>
<td>415</td>
<td>684</td>
</tr>
<tr>
<td>(million $)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from Vacation/</td>
<td>98</td>
<td>135</td>
<td>283</td>
<td>540</td>
</tr>
<tr>
<td>Travel (million $)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Consumer</td>
<td>59</td>
<td>100</td>
<td>123</td>
<td>161</td>
</tr>
<tr>
<td>Price Index</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1950 = 100)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*1969
Sources: U.S. Department of Commerce
U.S. Department of Labor
Maine Department of Economic Development
Something new has happened in the last generation, however, in Maine and the nation at large. That something is economic growth, more widespread, rapid, and pervasive than has ever happened before, anywhere. In Maine, as elsewhere, it has deposited a host of problems, sensitivities, and expectations that could hardly have been anticipated a generation ago and now defy our powers of comprehension, much less solution.
MAINE: AN ANALYSIS

A few things are clear, however. First, the economic growth of the past generation has created a problem where none existed before — poverty. What was once an acceptable state of affairs in Maine has become an issue about which something should or must be done — not by just anyone looking for a worthy cause, but by government itself.

Second, that growth has occurred to a significant extent at the direct expense of the natural environment and the privacy of Maine’s citizens. Where once resources might be exploited or destroyed without doubt of the benign consequences for man, another problem has been thrust into public consciousness — pollution. Again, because no private citizen possesses the array of powers necessary to dispose of the problem, government is looked to for the answer.

Finally, the economic growth of the last generation has, by nature’s perversity, not necessarily occurred in ways that accommodate to the existing organization of Maine’s local governments and their revenue base. Like everywhere else, government expenditures have grown apace with personal income in Maine, and hence the need for public revenues. For the most part that growth has been paid for by property taxes, especially at the local level. And while the need for these increased revenues has been universal throughout Maine, the recent economic growth of the state has been not nearly so widespread. It has occurred in concentrations, so that a relatively few local governments have enjoyed the preponderance of its tax benefits. The rest have been left to pursue revenue-raising policies that encourage increasingly intensive use and neglect of land, its sale by residents who no longer can or will bear the burden of its ownership, and its development by any party who will add appreciably to the municipal property valuation.

These three aspects of Maine’s growth — poverty, pollution, and the pressures of growth on individuals and government alike — are related by at least one thread that is particularly enlightening. During the 1950s and 60s, social scientists and politicians in what were considered the underdeveloped nations observed the unexpected phenomenon that has since come to be known as “the revolution of rising expectations.” It seems that the social processes set in motion by economic growth — the loosening of traditional relationships between the “haves” and “have-nots,” the widening of the narrow margin by which most people formerly managed to survive — serve only to whet most people’s appetites for more and to increase the demands they make upon the government to deliver it.

Traditional aspirations or hopes, modest enough to seek some discernible improvement in living conditions from one generation to the next, translate into expectations that real improvement in one’s lifetime is not an unreasonable thing. In fact, the denial of that improvement itself becomes the unreasonable thing, a denial of one’s
legitimate rights. And so the expectation translates into a demand for exceptional performance by the economic and political system and by those who would control it — the business elite and the government. For its part, government requires certain powers in the economy in order to stimulate any growth at all — powers of taxation, land-taking, resource use, currency alignment, and so on. In a democracy, it makes promises about its ability to deliver in return for these powers.

Here are the makings of a vicious circle or, more properly, a vicious spiral: in order to foster growth, the government makes commitments to produce; in the act of producing, it creates expectations that it can produce more and so increases the pressures on itself to do more, to grow more, to be more; and if it fails, it runs the risk of denying people what they have come to see as a natural right, of undermining its legitimacy and popular support, of turning itself out of office and its constituency into a despondent people with "no hope for the system."

What does this experience abroad mean for Maine? And what is the key to the vicious spiral?

First, it is clear that all Americans have been as much prey in the last decade to the revolution of rising expectations as has any peasant in the villages of Asia, Africa, or Latin America. Sustained by the euphoria of a generation of accumulating things and by the rhetoric of its political leadership, the American people have come generally to expect that all that is ugly, offensive, or objectionable about life may be defined, quantified, categorized, and disposed of as a "problem." Vietnam has surely taught us that this may not be so in international relations where we have only "marginal levers of power" to take hold of things. But here at home, once we turn to it, there is surely no problem that is not of man's making and is not therefore within his capacity for solution if only he has the "will." (This way of looking at things, of course, assumes that God does not exist.)

In Maine, things are different only by a degree that is probably measured by its slower rate of economic growth — 45th among all the states during the 60s. For almost two decades now, the stock in trade of Maine's state politicians has been the promise of jobs and income for their constituents — not just any jobs, but good jobs with a decent wage, working conditions, and future. A variety of policies were adopted and agencies created to this end and, sure enough, the economy grew. As Mainers new and old became intolerant of the environmental costs of growth, state policies were more recently adopted to control these costs. Now the jobs must be clean, as well.
The result is that when in 1971 a poll of Maine voters asked "who has primary responsibility for insuring the availability of enough jobs with reasonable pay for the people of Maine?", their response was: local government, 4 percent; federal government, 6 percent; private business, 8 percent; state government, 32 percent; each of these sectors equally, 26 percent; and all others, 23 percent.* Virtually one out of three Maine voters saw state government bearing the responsibility for precisely what their elected leaders had promised all along they could deliver.

Not an unrealistic expectation, one might say, if the promise is a reasonable one. But is it? Does state government in fact have the leverage or the power ever to deliver on that promise? Is the economy of which Maine is part something that is or can be responsive to state government, given the tools that are or might be available to it? Or is the promise of state government for these two decades an unrealistic one that serves only to raise false expectations, to undermine its own credibility, and in the long run, to disserve its interests when it goes to the people for delegated powers that really could make a difference to the future of Maine, its economy, and its environment?

The vicious spiral of rising expectations may be broken only at that level where the modest expectations Mainers are most comfortable with are reconciled with the reasonable and realistic promises of their leaders.

What are reasonable and realistic expectations for the performance of Maine's economy and public institutions? There are some indications available from theory and practice. Not enough to provide all the answers for Maine, surely, but enough to light the way.

**MAINE AS A STATE**

Mainers have long amused themselves that in politics, "as Maine goes, so goes the nation." Tables 2a and 2b indicate, however, that in economics the opposite is true to a disarming extent: as the nation goes, so goes Maine. In public discussion of Maine's economic woes, a great deal has been made of the shift in Maine's income structure away from primary manufacturing industries toward service-type employments. These figures suggest that the shifts occurring in Maine's income sources reflect nothing more or less alarming than very basic change in the employment and income structure of the nation as a whole. And this proclivity of Maine's income sources to mirror those of the nation has not changed over time. As the nation has changed so has Maine.

In 1970 one might have predicted Maine's income sources from those of the nation with 96 percent accuracy, and from New England's with 93 percent accuracy. In 1950 these figures were virtually the same. (The difference between the national and regional figures reflects Maine's slightly greater differentiation from the New England economy than from the nation as a whole.) What they indicate is the remarkable linkage or interdependence between Maine and the larger economy of which it is part. This interdependence is typical of a trading economy built upon exports and imports of goods, as opposed to a self-sufficient economy whose production and consumption linkages are primarily internal.

Maine's extreme degree of interdependence with the nation suggests two things. First, the best indicator of Maine's economic future is the national economy itself. It is the large forces and trends at work in the national economy that set the basic framework within which Maine operates and must maneuver for its advantage and welfare. Second, Maine's freedom to maneuver within that framework may be built only upon its own natural advantages for trade. Maine is being
<table>
<thead>
<tr>
<th></th>
<th>1940</th>
<th>1950</th>
<th>1960</th>
<th>1970</th>
</tr>
</thead>
<tbody>
<tr>
<td>farm</td>
<td>7.7</td>
<td>8.0</td>
<td>5.4</td>
<td>3.0</td>
</tr>
<tr>
<td>mining</td>
<td>0.1</td>
<td>0.2</td>
<td>0.1</td>
<td>0.06</td>
</tr>
<tr>
<td>contract construction</td>
<td>1.6</td>
<td>2.4</td>
<td>3.5</td>
<td>4.1</td>
</tr>
<tr>
<td>manufacturing</td>
<td>22.7</td>
<td>26.7</td>
<td>22.8</td>
<td>21.1</td>
</tr>
<tr>
<td>trade (wholesale &amp; retail)</td>
<td>10.4</td>
<td>10.9</td>
<td>10.9</td>
<td>10.3</td>
</tr>
<tr>
<td>finance, insurance &amp; real estate</td>
<td>2.0</td>
<td>1.7</td>
<td>2.1</td>
<td>2.5</td>
</tr>
<tr>
<td>transport, communications &amp; utilities</td>
<td>5.4</td>
<td>5.2</td>
<td>4.9</td>
<td>4.0</td>
</tr>
<tr>
<td>services</td>
<td>5.6</td>
<td>4.7</td>
<td>5.3</td>
<td>6.9</td>
</tr>
<tr>
<td>government</td>
<td>9.9</td>
<td>7.9</td>
<td>13.4</td>
<td>13.5</td>
</tr>
<tr>
<td>other industries</td>
<td>0.22</td>
<td>0.36</td>
<td>0.49</td>
<td>0.21</td>
</tr>
<tr>
<td>proprietor's income (non-farm)²</td>
<td>10.4</td>
<td>10.2</td>
<td>9.2</td>
<td>7.4</td>
</tr>
<tr>
<td>property income³</td>
<td>19.6</td>
<td>14.2</td>
<td>13.1</td>
<td>13.8</td>
</tr>
<tr>
<td>transfer payments⁴</td>
<td>4.5</td>
<td>7.5</td>
<td>9.1</td>
<td>12.8</td>
</tr>
</tbody>
</table>

1. Total personal income is that received from all sources before direct personal taxes. Columns do not add to 100% as they include worker's contributions to social insurance programs, and exclude supplementary labor income such as contributions to pensions and group insurance programs.

2. Proprietor's income measures the earnings of unincorporated business enterprises, professional practitioners, partnerships, producer cooperatives, and others in self-employment.
### TABLE 2a.
Total Personal Income: Percentage by Source

<table>
<thead>
<tr>
<th>Source</th>
<th>U.S.</th>
<th>N.E.</th>
<th>Me.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentile Change in Share of Total Income 1950 - 1970</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>farm</td>
<td>-.66</td>
<td>-.73</td>
<td>-.63</td>
</tr>
<tr>
<td>mining</td>
<td>-.50</td>
<td>-.40</td>
<td>-.70</td>
</tr>
<tr>
<td>contract construction</td>
<td>+.14</td>
<td>+.35</td>
<td>+.71</td>
</tr>
<tr>
<td>manufacturing</td>
<td>-.10</td>
<td>-.23</td>
<td>-.21</td>
</tr>
<tr>
<td>trade (wholesale &amp; retail)</td>
<td>-.08</td>
<td>-.07</td>
<td>-.06</td>
</tr>
<tr>
<td>finance, insurance &amp; real estate</td>
<td>+.31</td>
<td>+.27</td>
<td>+.47</td>
</tr>
<tr>
<td>transport, communications &amp; utilities</td>
<td>-.19</td>
<td>-.15</td>
<td>-.23</td>
</tr>
<tr>
<td>services</td>
<td>+.43</td>
<td>+.62</td>
<td>+.47</td>
</tr>
<tr>
<td>government</td>
<td>+.50</td>
<td>+.36</td>
<td>+.71</td>
</tr>
<tr>
<td>other industries</td>
<td>-.07</td>
<td>-.29</td>
<td>-.42</td>
</tr>
<tr>
<td>proprietor’s income (non-farm)</td>
<td>-.37</td>
<td>-.26</td>
<td>-.27</td>
</tr>
<tr>
<td>property income</td>
<td>+.12</td>
<td>+.01</td>
<td>-.03</td>
</tr>
<tr>
<td>transfer payments</td>
<td>+.50</td>
<td>+.45</td>
<td>+.71</td>
</tr>
</tbody>
</table>

3. Property income consists of dividends, rental income, and personal interest income.
4. Transfer payments are income not resulting from current production, as retirement and social security benefits and military pensions.

Source: U.S. Department of Commerce
carried along on an economic wave that is virtually impervious to its influence on the nation's terms. Only positive measures to develop its own unique resource endowment will in the long run differentiate Maine from the dominant pattern of economic growth in the nation as a whole. The alternative to pursuing growth on others' terms is to lead from strength on one's own.

Table 2b.

<table>
<thead>
<tr>
<th>TOTAL PERSONAL INCOME BY SOURCE: RELATIONSHIPS</th>
<th>Correlation Coefficient (r)</th>
<th>Determination Coefficient (r²)</th>
<th>Maine Income Autonomy (1 - r²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income by Source, 1970</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States &amp; Maine</td>
<td>.98</td>
<td>.96</td>
<td>.04</td>
</tr>
<tr>
<td>New England &amp; Maine</td>
<td>.96</td>
<td>.93</td>
<td>.07</td>
</tr>
<tr>
<td>Income by Source, 1950</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States &amp; Maine</td>
<td>.98</td>
<td>.97</td>
<td>.03</td>
</tr>
<tr>
<td>New England &amp; Maine</td>
<td>.97</td>
<td>.94</td>
<td>.06</td>
</tr>
<tr>
<td>Change in Income Sources, 1950 - 1970</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States &amp; Maine</td>
<td>.67</td>
<td>.45</td>
<td>.55</td>
</tr>
<tr>
<td>New England &amp; Maine</td>
<td>.80</td>
<td>.64</td>
<td>.36</td>
</tr>
</tbody>
</table>

Note: r indicates the extent of the relationship between the two variables; r² indicates the amount of variation in the one variable explained by the other; 1 - r² indicates the amount of variation in the one variable not attributable to the other. Here 1 - r² indicates the autonomy of the income-producing forces operating in Maine, apart from those prevailing in the U.S. and New England economies.

What Table 2a obscures are the severe human costs of rapid economic change. People are not plastic creatures adaptable on ready notice to new production requirements, nor are the social institutions around which they organized their lives in a less frantic time not long ago. In the short span of two decades, farming's share of Maine's total income has declined by almost two-thirds, while government employment’s share has increased slightly more. The skills required for a livelihood in each are hardly transferrable, nor are the rewards and satisfactions that accrue to the individual and his community alike. While manufacturing has declined only moderately as a source of personal income in this period, Maine's traditional industries have generally fared much less well than many recent arrivals that require new skills, new life styles, new places of residence, and often new people to displace the old.

What looks from afar like an economy in search of a new equilibrium among its productive resources translates up close into a painful and costly process of human dislocation and distress. That process is not a matter of heightened expectations but of honest hardships and
"The fine house, the beautiful harbors and islands, yes. But Maine is a museum of another kind, a collection of the deserted and abandoned, a preservation of the feel of long, catatonic winters. Its exhibitions tell of no money and nothing to buy anyway, of nothing to do and no place to go. It preserves the face of lack, of minimum, the bottom – the pure, lost negative . . . With the poor, and all of us, the truth is found in the rusting, immovable car."

Elizabeth Hardwick
“In Maine”
real suffering. And the fewer the skills and resources at one’s disposal — that is, the poorer one is as an individual and a community — the more painful and costly it is. No wonder those in Maine who have little resist blandishments to further change, to risk what remains to support their way of life, to forego whatever opportunities exist to make a better living for themselves. It is very human indeed, however objectionable the results may be to others.

In 1960, the federal government’s economic forecasters predicted a 50 percent growth in real economic output for the national economy in that decade, and they came within a hair of being correct. For the current decade, they have predicted about 58 percent growth, and there is no good reason to doubt that figure even given the current recession. But Maine, like many developing countries, provides vivid testimony to the fact that growth that is tied to a strict formula of increased productivity, of intensive use of labor-saving techniques and polluting technologies, creates at least as many problems as it solves.

The philosophy that has dominated national economic policy since World War II has assumed that growth itself, based upon increased productivity, is both necessary to economic survival and the best index of social well-being. Its standard is per capita income. But in Maine, as elsewhere, that philosophy has failed to cure unemployment even while it has tended to distribute its income benefits to higher income groups.

During the decade of the 60s, one hundred thousand residents of Maine — mostly members of younger and low-income families — left to seek employment elsewhere. The rejoinder is that a higher rate of growth in Maine might have absorbed these persons into Maine’s own work force. But even in that industry that witnessed the greatest amount of capital investment and greatest rate of return in Maine during the 60s — pulp and paper — employment had a net decline for the period. And during the years 1967 - 1970, when Maine enjoyed its greatest growth, the number of families making over $10,000 annually increased four times as fast as the number of families under $3,000 declined.

On a cultural level, the notion of growth by which this nation has so long abided is a vital element in the folkways and attitudes and assumptions that bind the nation together as something more than a collection of strangers. It is, in fact, among the most fundamental of them. The idea of perpetual, unceasing growth is the firmament by which the current distribution of goods and income is maintained in this country: so long as the whole pie is getting bigger all the time, all of us can expect more just by sticking around to collect it. And how much of it each of us gets who hasn’t all he wants or needs depends only upon his ability to squeeze whatever he can out of what he’s got for his own.
At present the richest one-fifth of Americans receive 41 percent of all the nation's annual income, while the poorest one-fifth receive 6 percent — barely one-seventh as much. So long as there is a distribution of goods and income among the nation's people that is not satisfying to a significant number of us, one will be unable — short of oppression — to deny the less well-off the opportunity to get ahead, to find an acceptable standard of living for themselves. To establish their credibility, no-growth advocates must first pay their dues. These will be paid only by a demonstrated commitment to a more thorough-going redistribution of income than this nation has known to now, and to the creation of an economic system in which all people share more or less equally in both the costs and the benefits of economic activity.

If the Maine economy could be stopped in its tracks and sustained in its present state, there is enough personal income available for each household to receive more than $9000 annually before current taxes and $6000 after, on an equal income basis. But is that either possible or desirable? Stopping economic growth altogether means stopping social and economic change, desirable and undesirable alike. Change itself is inevitable and unavoidable; it is the stuff of life. The economy converts this change into profitable, productive opportunities for society. At the same time, the economy has its own momentum that generates social change, good as well as bad.

The proper question to be asked therefore concerns not growth as such, but the kind of growth that can and will be acceptable to Mainers. The open questions are the quality of growth and the terms on which it will occur in Maine, at what cost, and to whose benefit.

The answers to those questions are not to be found in short-term, big-bang, or quick-fix economic remedies. At any given moment Maine is too closely tied to the larger economy of which it is part for them to make anything but a modest quantitative difference. As Table 2b suggests, it is only over a period of decades — as from 1950 to 1970 — that one is able to find room for Maine to maneuver as an economic entity with independent character of its own. Only a long-term view of things provides a realistic framework within which to consider Maine as a viable and distinctive economy on its own qualitative terms.

What, then, can Maine do to shape the destiny of its economy and society? Where is its room for choice in the long run?
As the various governmental roles in our economy have sorted themselves out in the last century and especially the last 40 years, few effective powers have been left to state government to stimulate economic activity of any kind. States have none of the really critical levers that may be used for this purpose by sovereign nations, such as exchange rates to control terms of trade, tariff barriers to protect infant industries, taxes large enough to make a critical difference to the profit structure of entire industries, or borders that control the flow of capital and skilled labor.

Further, Article IV, Section 2 of the U.S. Constitution provides that "citizens of each state shall be entitled to all the privileges and immunities of citizens of the several states." This clause was intended to guarantee to all Americans equality of rights that might be denied them by states jealous of their local ways, local privileges, and local riches. From it, the principle has been firmly established that every American citizen enjoys the same rights to hold property, engage in business, practice professions, and enjoy liberties possessed by citizens of any state into which he goes. No restriction may be placed upon "outsiders," their freedom, or their activities that citizens of a state are not willing to assume for themselves.

On the other hand, a corporation is legally an artificial person rather than a citizen, and does not possess directly the rights of citizenship. A corporation of one state is not guaranteed the constitutional right of doing local business in another state. It receives that right only by the permission or by the general law of the state into which it goes. The terms under which corporations may engage in business are matters which the framers of the Constitution saw as a rightful concern and prerogative of every state government; and the right to do business, one to be granted, denied, or rescinded corporations as they do or do not meet the terms of the state and its laws.

States can therefore regulate the terms and effects of economic activity through its chartering powers and such agencies as public utilities commissions, environmental protection agencies, and so on. But regulation is not stimulation, and there is mounting evidence from the railroad industry and the public utilities that rate regulation is as much a dead hand upon whatever it touches as it is the fabled "handmaiden" of these industries. And whatever else it accomplishes, regulated control of the technological processes used in production increases production costs enough to undermine the marginal industries that characterize rural areas, without furnishing employment alternatives. Indeed, as responsible industry and civic officials are now pressed to action by pending federal deadlines for pollution control, it is becoming painfully clear that the technologies required to meet legislated standards will be far more costly than anyone had anticipated just a few years ago.
At the same time, states may compete with one another for industry through the provision of revenue bonds, tax holidays, useable land tracts, sewage systems and highways, and other like items referred to as industrial "overhead." But this is an increasingly competitive game in the United States as virtually all states pursue the grail of a "clean," light, "balanced" industrial base for rapid economic expansion. It is what mathematicians like to call a "zero-sum" game: with a fixed number of industries to go around at any given moment, one state's gain is another's loss. And so the several states, in pursuit of growth, intensify the competition to undercut one another's appeals, with no guarantee that once the inducements offered "footloose" industries have been exhausted they will not promptly pick up their manufacturing facilities and locate elsewhere. It is a strategy that, in the absence of basic appeal to industry on the basis of lasting competitive advantage, invites economic blackmail.

Where does Maine stand presently in terms of such lasting competitive advantage?
In terms of its present connections outward to large markets, Maine stands at the very end of the nation's line. It is the last outpost of a region in which economic growth has lagged behind the national average for over a decade. During the years 1967 - 71 alone, Massachusetts lost more than one hundred and ten thousand manufacturing jobs. Farther away, New York and Pennsylvania have had similar experiences reflecting their low competitiveness in retaining and modernizing traditional industries such as textiles, leather products, and so on. Only the growth of service industries and their favorable, concentrated mixes of high-technology industries have kept the net downward shifts in employment in these states from being greater.

In general, manufacturers considering the northeast find relatively few easily exploited natural resources, high production overhead costs for heating fuel and electrification, and high transportation costs in for unfinished product and out to consumer markets. In return, they are offered the inducements of low wages and tax concessions that further depress workers' take-home pay after taxes. The farther one proceeds into the northeast region, the more is this the case, until one reaches Maine where investment in plant equipment was one-third less than the national average for each production worker during the decade of the 1960s, and manufacturing wages in 1969 were one-fourth less than the national average as a result.

Maine's experience virtually since the turn of the century has been typical of a lagging region in a growth-oriented economy. As the natural advantages it enjoyed in basic industries such as agriculture, leather, and textiles have been undercut by domestic and foreign competition, its decentralized population and social organization have run headlong into the tendency of modern, technology-based industry to grow in concentrations. Everywhere throughout the
### Table 3. New England Population, Income, and Taxes, 1970

<table>
<thead>
<tr>
<th>State</th>
<th>Population 000's</th>
<th>Per Capita Income</th>
<th>Households under $5,000</th>
<th>Households over $10,000</th>
<th>Per Capita Income Growth 1960-70</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>000's</td>
<td>$</td>
<td>%</td>
<td>$</td>
<td>%</td>
</tr>
<tr>
<td>United States</td>
<td>203,185</td>
<td>3,921</td>
<td>28.4</td>
<td>3,921</td>
<td>35.1</td>
</tr>
<tr>
<td>New England</td>
<td>11,847</td>
<td>4,277</td>
<td>19.7</td>
<td>4,277</td>
<td>39.6</td>
</tr>
<tr>
<td>MAINE</td>
<td>994</td>
<td>3,257</td>
<td>28.1</td>
<td>3,257</td>
<td>28.7</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>738</td>
<td>3,590</td>
<td>24.5</td>
<td>3,590</td>
<td>16.6</td>
</tr>
<tr>
<td>Vermont</td>
<td>445</td>
<td>3,465</td>
<td>30.4</td>
<td>3,465</td>
<td>30.5</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>5,689</td>
<td>4,360</td>
<td>18.1</td>
<td>4,360</td>
<td>39.5</td>
</tr>
<tr>
<td>Connecticut</td>
<td>3,032</td>
<td>4,856</td>
<td>16.1</td>
<td>4,856</td>
<td>46.4</td>
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<tr>
<td>Rhode Island</td>
<td>950</td>
<td>3,902</td>
<td>24.6</td>
<td>3,902</td>
<td>36.3</td>
</tr>
</tbody>
</table>

**Note:** # indicates rank among New England states

* 1969

+ measured by the share of all state and local taxes raised by the local property tax, 1969.
<table>
<thead>
<tr>
<th>Total Tax Burden Per Capita*</th>
<th>Tax Burden Per Dollar Income*</th>
<th>Tax Burden on Local Property+</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>#</td>
<td>$</td>
</tr>
<tr>
<td>1,059</td>
<td>.308</td>
<td>38.7</td>
</tr>
<tr>
<td>1,187</td>
<td>.317</td>
<td>50.0</td>
</tr>
<tr>
<td>865</td>
<td>6</td>
<td>.309</td>
</tr>
<tr>
<td>948</td>
<td>4</td>
<td>.292</td>
</tr>
<tr>
<td>931</td>
<td>5</td>
<td>.306</td>
</tr>
<tr>
<td>1,221</td>
<td>2</td>
<td>.324</td>
</tr>
<tr>
<td>1,363</td>
<td>1</td>
<td>.318</td>
</tr>
<tr>
<td>1,088</td>
<td>3</td>
<td>.306</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>New England</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MAINE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>New Hampshire</td>
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<tr>
<td></td>
<td></td>
<td>Vermont</td>
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<tr>
<td></td>
<td></td>
<td>Massachusetts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Connecticut</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rhode Island</td>
</tr>
</tbody>
</table>

Sources: U.S. Department of Commerce
Maine Department of Economic Development

CLARK'S PATENT DROP AXLE DELIVERY WAGON,
Manufactured by HIRAM CLARK, Augusta, Me.
world, in fact, industrial growth since World War II has generally tended toward concentrations of productive energies and resources that sustain themselves, if at all, through private and public reinvestment in themselves.

These growth centers have certain relative characteristics that distinguish them in infancy and as they mature from lagging regions: dense populations as a source of labor; large investments in the skills and well-being of their people; large public investments in overhead items such as roads, sewage systems, cultural facilities, and so on; intricate transportation linkages to resource supplies and markets; sophisticated production techniques and ready access to institutions for further research and development of this technology; and above all, perhaps, a complex network of people and institutions to gather and make profitable use of information concerning new investment opportunities and production techniques.

Lagging regions, on the other hand, are characteristically endowed with few natural resources, low investment in human capital, little capacity to develop technology, unfavorable location with respect to national markets, and local markets too small to exploit the economies of scale in modern technology. In general, except for specific opportunities based upon a unique resource endowment, lagging regions are unattractive to investors, and investment capital flows from them to areas of greater growth.
Surveys of the advantages of rural areas for industrial development have cited the stability and low wages of the labor force, the availability of large tracts of land at relatively low prices, and easy access to recreation for employees. At the same time these areas offer small labor pools, low levels of social services, scant opportunity for desirable contacts with competitors and supporting business services, economically insignificant consumer markets, transportation problems that increase production costs and delay returns to investment, and the frequent mistrust of industrial growth among local leaders and businessmen who fear its threat to the status quo of low-level politics and low-level wages.

All of these factors together support the general finding nationally that industries that have left metropolitan areas in the past two decades have been characterized by stagnation and decline, while healthy, expanding industries have sought out concentration for its numerous advantages. Vigorous, well-managed firms anticipate paying their own way in this setting, and don't rely on inducements such as tax breaks to make the difference in their profit and loss calculations. Those who do — for example, many firms attracted into the Mississippi Delta region in the last decade and not a few to Maine — have usually failed or created one-industry towns, to the town's ultimate detriment through desertion or its implied threat.

By its very nature the growth center pre-empts growth in the surrounding area or "hinterland" upon which it draws for its sustenance of labor, capital, and resources. Its transportation network creates a hub through which all goods flow between regions; its communications network and concentration of commercial and financial institutions mean that major investment decisions for the entire region, including the hinterland, are made there; and its accumulation of capital, technical knowledge, and trained work force contribute to stagnation in remote areas and their narrow dependence upon extractive industries.

The growth center is a product of economic forces that contribute both to the efficient production of society's goods and to the decay of remote communities. The investment it requires, both publicly and privately, is so great as to preclude its occurrence except where the signs of self-generating growth and capital accumulation are already present. At the same time, dynamic growth centers themselves grow by spreading out into areas where signs of capital accumulation and profitable investment opportunities are present. These "spread effects" favor existing local overhead such as schools, hospitals, and, especially, transportation systems.
Table 4. Maine Industrial Plant Growth, October 1967 - March 1971

<table>
<thead>
<tr>
<th>Region</th>
<th>New Plants</th>
<th></th>
<th>Plant Expansions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plants %</td>
<td>Jobs %</td>
<td>Plants %</td>
<td>Jobs %</td>
</tr>
<tr>
<td>Corridor</td>
<td>64.9</td>
<td>81.4</td>
<td>62.8</td>
<td>70.7</td>
</tr>
<tr>
<td>Southern</td>
<td>22.5</td>
<td>18.4</td>
<td>26.5</td>
<td>43.0</td>
</tr>
<tr>
<td>S. Central</td>
<td>28.8</td>
<td>29.9</td>
<td>28.3</td>
<td>18.0</td>
</tr>
<tr>
<td>N. Central</td>
<td>13.6</td>
<td>33.1</td>
<td>8.0</td>
<td>9.7</td>
</tr>
<tr>
<td>Inland</td>
<td>15.0</td>
<td>5.2</td>
<td>20.4</td>
<td>20.6</td>
</tr>
<tr>
<td>Western</td>
<td>10.0</td>
<td>3.6</td>
<td>5.3</td>
<td>4.6</td>
</tr>
<tr>
<td>Upland</td>
<td>0.0</td>
<td>0.0</td>
<td>1.8</td>
<td>0.4</td>
</tr>
<tr>
<td>Northern</td>
<td>5.0</td>
<td>1.8</td>
<td>13.3</td>
<td>15.6</td>
</tr>
<tr>
<td>Coastal</td>
<td>20.1</td>
<td>13.4</td>
<td>16.8</td>
<td>8.7</td>
</tr>
<tr>
<td>Mid Coast</td>
<td>8.8</td>
<td>3.6</td>
<td>7.9</td>
<td>4.8</td>
</tr>
<tr>
<td>Bay Area</td>
<td>7.5</td>
<td>8.8</td>
<td>6.2</td>
<td>3.1</td>
</tr>
<tr>
<td>Eastern</td>
<td>3.8</td>
<td>1.0</td>
<td>2.7</td>
<td>0.8</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>TOTAL GROWTH</th>
<th>POPULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plants %</td>
<td>Jobs %</td>
</tr>
<tr>
<td>Corridor</td>
<td>63.8</td>
<td>76.3</td>
</tr>
<tr>
<td>Southern</td>
<td>24.9</td>
<td>30.4</td>
</tr>
<tr>
<td>S. Central</td>
<td>28.5</td>
<td>24.1</td>
</tr>
<tr>
<td>N. Central</td>
<td>10.4</td>
<td>21.8</td>
</tr>
<tr>
<td>Inland</td>
<td>18.1</td>
<td>12.6</td>
</tr>
<tr>
<td>Western</td>
<td>7.3</td>
<td>4.0</td>
</tr>
<tr>
<td>Upland</td>
<td>1.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Northern</td>
<td>9.8</td>
<td>8.4</td>
</tr>
<tr>
<td>Coastal</td>
<td>18.1</td>
<td>11.1</td>
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<tr>
<td>Mid Coast</td>
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<td>4.2</td>
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<tr>
<td>Bay Area</td>
<td>6.7</td>
<td>6.0</td>
</tr>
<tr>
<td>Eastern</td>
<td>3.1</td>
<td>0.9</td>
</tr>
</tbody>
</table>

Source: Maine Department of Economic Development
This is what has happened in Maine in recent years. Maine is the hinterland of the Boston-New York area. The growth it has experienced to offset the decline of its traditional industries has for the most part occurred as the result of spread effects outward from this area. If one draws a line marking the townships ten to twenty miles either side of the Maine Turnpike, as in Figure 4, one might imagine a Kittery-Bangor axis or "corridor" connected to the Northeast and
the nation by that transportation link. In 1970, the corridor area contained 65.4 percent of Maine’s population, almost two-thirds. Yet 76.3 percent, or more than three-quarters, of all the production jobs created in Maine in the growth period 1967-70 were in that corridor. Moreover, of the jobs created in brand new plants as opposed to existing plant expansions, fully four out of every five were within the corridor area. The “inland” area containing 17.7 percent of the population had only 12.6 percent of the jobs created by growth, and only 5 percent of the brand new ones. And the “coastal” area, with 16.9 percent of the people, had but 11.1 percent of all the jobs created. The net effect has been serious depopulation of Maine’s more remote counties during the decade of the 60s: Washington County, population down 9.3 percent; Aroostook, 12.8 percent; Piscataquis, 6.3 percent, and so on.

So here is Maine, an industrial hinterland in its own right, spawning its very own hinterlands within the state. This is not surprising. Except for its forests, Maine is not generously endowed with industrial raw materials. Unstrategically located and lacking some of the public facilities industry requires, it offers low wages for a stable and productive work force in compensation. At the same time, modern economic growth presupposes what might be called a hierarchy of growth centers and their hinterlands. Portland moves as a satellite within Boston’s orbit; and Portland has a hinterland to draw upon for its own sustenance and expansion as a more modest growth center.

As elsewhere, therefore, there is precious little prospect for other than concentrated growth in Maine as far as the market forces go in the region and nation to which it is attached. What can be done? How does Maine take advantage of having been left behind?
All prosperous regions and nations once were poor. And the processes by which most grow to prosperity are not dissimilar. At the start, a market demand exists for some commodity of which the region has a relatively abundant supply. Purchases of that commodity yield income to its developers which, if they are fortunate, gets them beyond mere survival and leaves some savings left over. The savings are then available to spend on luxury items, to squander, or, critically, to reinvest in the productive economy of the region itself. This reinvestment, if successful, yields further income and savings that invigorate the local economy and pay for the kinds of overhead that will stimulate more and different kinds of productive activity. As the process accelerates, the region becomes a magnet to the capital and labor that sustain growth.

Profit and savings are critical to growth, as well as the continuing opportunity for productive investment locally. In the first instance, however, growth is a bootstrap operation that occurs where there are already signs of capital accumulation. The overhead, amenities, and fancy frills that sustain growth tend only to come after those first signs are nurtured. They come if regular arrangements have been made to take advantage of the local resources, to see to its use in ways that do not exhaust its supply, and to maintain private and public reinvestment in the local economy and society. Private investment is required because that represents income from the marketplace of industry and commerce, the primary institution around which we have organized our economic life. And public investment, from taxes on income, because there are those overhead items required to sustain growth that no private investor or group of investors finds it profitable to undertake on their own. In the nineteenth century, these were such facilities as canals and schools. In the last generation they have become a wide array of services including highways and schools. Tomorrow, there will be other things and, surely, schools.

Most growth regions have been founded upon one or two areas of “leading” economic activity. For New York and Chicago, the key was their geographical location as centers of commerce and finance; for Louisiana and Texas, petroleum; and for Massachusetts in the 1950s and 60s as its textile industry declined, the combination of technical knowledge and light manufacturing capacity. Maine, too, has had its “leading sectors” in the past — long timber, ship building, pulp and paper — but none of these has produced sustained growth for the state as a whole. In this respect, Maine’s experience may be likened to that of the South as a whole before World War II.
Sustained growth does not automatically follow upon profitable activity. The key is reinvestment, the recycling of profits back into the region. Traditional Maine and the South, as hinterlands to the nation, generated profits for investment only into the same narrow industrial base locally, into corporate interests in other parts of the nation, or into other profitable investment opportunities in the nation’s high growth areas. Locally, control of the narrow economic base yielded control of the political system, highly favorable corporate tax policies, and low levels of public investment in facilities that might have generated more diverse economic activity.
Today there exists the basis for another leading sector for development in Maine: the demand for its land for both industrial and recreational use. That demand is the most significant economic occurrence in Maine in over one hundred years, since the invention in the 1860s of mechanical processes for converting low grade wood pulp to paper. Whether or not that demand will be converted into the clear opportunities it presents for Maine is presently an open question. The opportunity is to take hold of the demand for its land and to realize the benefits of its development for the people of Maine on terms that are acceptable to them.

The crucial question is whether or not the institutions now available in Maine are adequate to the task. Presently the burdens of property taxes, of generally low incomes, and of declining rural industries combine to produce the kind of willy-nilly development that will destroy the very resource itself and the sources of its attractiveness to its major market.
PROSPECTS FOR GROWTH

Before we turn to the implications of the demand for Maine's land, it is worth considering what the foregoing discussion portends for Maine's overall development in the foreseeable future.

In terms of industries that produce for national markets, Maine will continue to grow primarily in concentrated areas along the Kittery-Bangor corridor. The only real obstacle to this growth is the pattern of small land-holdings in the area at a time when industry seeks relatively large tracts for development. Otherwise, producers of easily transported products for national and international markets will find a relatively abundant supply of low wage, high skill workers whose productivity is above the national average.

A recent survey for a leading Boston bank indicated unusual growth potential for the coming decade in these New England industries: lumber and wood products, including furniture; electrical and non-electrical machinery; fabricated metal products; and printing and publishing. These are all industries that, in terms of the value of manufactured product, showed outstanding advances in Maine between 1966 and 1970. For example, the two largest productive industries in Maine by this standard are paper and food, and their allied products. Between 1966 and 1970, the value of the paper industry's manufactured product grew by 24 percent, and that of the food industry by 18 percent. During the same period, lumber products grew by 41 percent, electrical machinery by 53 percent, fabricated metals by 58 percent, and printing and publishing by 34 percent. One would expect, then, that Boston bankers will show marked interest in investments in these Maine industries in the coming months and years. And inasmuch as these industries will be producing for export to the nation and the world, their growth will naturally occur in the corridor except where another location offers particularly favorable advantages for production.
This brings us to Maine’s other real comparative advantage for modern industry, its deep water ports. Here the prospects are much less clear, both in terms of what is economically viable and popularly acceptable to the people of Maine. What is certain is that Maine has the only deep water port capability on the east coast for handling the deep-draft supercargo vessels now being built for wet and dry bulk goods. At the same time, the conversion of port possibilities to profitable port facilities with land and air linkages is an enormously expensive proposition, one that is certain to result in their concentration in but one or two sites. What is most important from Maine’s point of view is that its deep water constitutes a unique economic advantage that cannot inexpensively be matched. It is therefore a precious resource, the effective exploitation of which will yield savings to its developers. The terms of that development, as well as a fair share of those savings, represent a considerable part of Maine’s leverage over its total economic future.
The great source of demand for Maine's land outside of manufacturing is, of course, for recreation and leisure uses. In this connection, Maine is a worthwhile investment precisely because it was left behind the nation's growth pattern. Fresh air, clean water, and unspoiled land, once relatively abundant in America, now constitute marketable commodities for Maine. And while Maine is scarcely pristine-pure, it is still virgin by the standards of the American northeast.

Oddly, Mainers don't care to know much about the mounting swarms of vacationers who now visit their state each year. The result is that no one does. Not who they are, where they go, why they come, how long they stay, almost nothing. A few things seem clear, though: their numbers, now 5.5 million annually or six times the native population, are increasing at a rate of ten percent each year, even while public facilities for them increase only imperceptibly. And of these, more than two-thirds come to the coastal area down through Bar Harbor, creating massive new sources of people-pollution, commercial and residential overdevelopment, and seasonal income for the entire local area.

The most extraordinary thing about this activity is its magnitude, as well as the fact that it has pushed its way into Maine by demand forces rather than being pulled by any massive campaign of solicitation. Maine's promotional efforts in tourism are at a lower level now than they were five years ago. This is a market that has come to Maine, bringing personal income that grew at a rate of 8.2 percent per year throughout the decade of the 60s, making vacation travel the fastest growing industry in Maine. Today it supplies about one of every five dollars of personal income in Maine.

The most ominous thing about this activity is that it harbors the seeds of its own destruction. Seventy million Americans now live within twenty-four hours of Maine, and by the year 2000 that figure will have grown to a hundred million. As the four- and three-day week increase in popularity among the clean industries of the Northeast, the pressing questions for Maine will become not whether land development for recreation and leisure uses will occur or can be profitable, but whether the state possesses institutions and controls adequate to keep the profit motive from literally destroying Maine's most profitable resource.

In their eagerness to claim its benefits while wishing away its costs, Mainers have denied the fact that vacation travel or recreation/leisure activity itself comprises an industry, as much as manufacturing or fishing, with its own general requirements, economic opportunities, financial limitations, and growth potentials that are subject to use and abuse alike. If one organizes within that industry for seasonal, low paying employment opportunities, that's exactly what one gets. And if one provides no alternative to the disorganized, cottage industry model of every man for himself with any means at hand, one ought not to be surprised at its objectionable results.
Experience by quality operators elsewhere in New England and the country demonstrates that profitable recreation/leisure developments are built upon intensive use of facilities in concentrated areas, on a four-season basis. Only this kind of use realizes the industry's economies of scale sufficiently to justify large investments. This means development built not upon the universal accessibility of fast-food establishments but upon concentrations of vacation homes and condominiums, of commercial and entertainment facilities, of motel and hotel accommodations for short and long term use. It means both winter and summer recreational opportunities for the casual visitor to Maine, the second-home buyer, and the host of Americans who seek relief from urban sprawl and pleasure in rural retreat.
The base of this industry is second-home development. Second homes employ local labor in their construction and maintenance. Their residents patronize local business and service facilities (to the annual extent of about $2000 per household in Maine at present). The multiplier effects of this spending stimulate local growth in light manufacturing and agriculture. And perhaps as important to Maine, these people stay awhile and take an interest in the well-being of the local community and the preservation of its resources. *

Studies indicate that the most important factors in the selection of a second-home site are the reliability of snow for winter sports and the proximity of water for summer’s purposes. Inland Maine lies directly within the most reliable snowbelt in the eastern U.S. It harbors at least ten mountains with development potential for professional-level skiing, scores of mountains of family-skiing proportions, and literally thousands of miles of ready surface for the nation’s second-fastest growing winter sport, cross-country skiing. At the same time, the 1.5 million acres of inland water in its 2500 lakes and 500 rivers constitute 63 percent of New England’s total. And while its winter snow cover is not as reliable as inland Maine’s, the coast’s combination of non-pareil summertime resources and modest winter facilities is now being tapped in no significant way for its year-round potential.

Maine’s limited experience in this industry suggests that the primary impediment to profitable development is the relative inaccessibility of Maine’s prime recreational areas. One simply cannot get there easily. Not that hardy folk such as skiers are necessarily deterred by distance. They came five hundred thousand strong to Aspen, Colorado, during the 1970-71 season, two thirds of them from out of state. On the average, their trip took three hours by air and another four hours by car. Maine, on the other hand, drawing as it does primarily upon the population of the Northeast, literally funnels its visitors away from its vast inland resources and onto its frequently overburdened coast. Skiing Maine may be pleasurable; but to get there, the easiest route is often through New Hampshire and its own excellent facilities.

The one overhead item that must therefore be regarded as a prerequisite to the expansion of economic opportunities in Maine is access by road, rail, and air to inland Maine’s recreational resource. This is simply the public investment required to attract substantial private investment to inland Maine, to establish Maine’s prior voice in how and where it shall occur, and to lay Maine’s claim to a fair share of its returns.

Between them, manufacturing and recreation/leisure industries now account for two of every five dollars of personal income in Maine. Their future in Maine, the questions of whether, where and how they will grow, will turn upon the availability of Maine’s land for their use. This is Maine’s leverage over its future: a land that once seemed limitless in its capacity to absorb man’s natural and industrial wastes, and now is often subjected to demands that clearly threaten its destruction. For the sake of Maine’s people, the land must be developed. And for its own sake, as both a natural and an economic resource, it must be conserved, preserved, restored, enhanced.
Clearly, Maine’s present institutions are unequal to the difficult task of melding these conflicting demands. The private market has long since demonstrated that the profit motive alone is a powerful but rapacious developer of land resources. Maine citizens themselves, long accustomed to their property rights as their sole means of capital gains, have indicated time and again their disdain for zoning devices to inhibit overdevelopment. Maine’s local governments generally possess neither the financial resources, the legal jurisdiction, nor the professional competence to come to grips with the combination of developmental and environmental problems they confront. And the state agencies presently involved are structured along adversary lines — as lawyers are wont to do — in ways that are diabolically productive of inaction where these twin demands of economic development and environmental protection meet.

Yet, if this analysis is correct, Maine’s unique location and resources decree that its future will turn at precisely the point where land development and environmental protection meet: in order to curb the rapacious development of its environment, Maine must generate income alternatives — it must grow economically; to generate growth, Maine must rely upon the land and its productiveness as a leading sector for development; and in order to sustain growth, it must maintain that land in a state of high quality as a unique asset. From Maine’s point of view, economic development is good ecology, and environmental protection is good economics.
In the face of this, Maine requires a strategy to control the cost and benefits of economic activity where the prevailing market demands meet its primary resource supply; a strategy built upon the use and consumption and renewal of its lands for both manufacturing and recreation/leisure purposes. This strategy will require no little amount of skillful and intelligent planning: how to acquire, organize, make available, and develop Maine's resources so as not to destroy them in the process; how to disperse the increasing numbers of visitors to Maine with minimum disruption to the local scene and life; how to keep the profits of development in Maine for reinvestment in both the economy and the environment; how to distribute the benefits of development among its wage-earners, employers, investors, and people as a whole. The answer to none of these questions is immediately apparent. They are, in fact, precisely the kind of questions that will and should always provoke conflict and controversy. If it is fortunate, Maine will develop institutions that can absorb that conflict, resolve it, and implement decisions that are acceptable in the common good and productive of the general welfare.

"The water in the harbor then must have looked the way it did now on the offshore islands — green and sparkling, so you could see the bottom in it a long way down.... Now the harbor was shiny with old oil and gray with scum.... Last year the flats had to be closed to clamming because of the poison waste. In summer, even the flounders you caught were soft with it."

Ruth Moore
Candlemas Bay
No amount of planning is ever enough, however. Life resolves its dilemmas in action. And economic life resolves its dilemmas in the market. The key to Maine's present ills is the narrowness of its available markets at the end of the nation's line. The antidote is to open Maine up for the development of new markets; to relieve pressures that are unsupportable by providing alternatives; to put in place the overhead that will make development possible on one's own terms, rather than stopping it altogether or forcing it to occur only on someone else's.

This means what might be called a preferred growth strategy for Maine:

- to open one or two carefully chosen port facilities on the coast for export and import purposes;
- to facilitate manufacturing growth along the corridor and in those few places where a unique resource endowment makes production profitable;
- to organize and plan markets in the recreation/leisure industry especially that will otherwise be controlled by national operators with large resources at their disposal;
- to restrain coastal overdevelopment for tourism;
- to open inland Maine from the south on a carefully selective basis, both to stimulate its own growth and to relieve the pressures on the coast;
- to open Maine to nearby Canadian markets in Quebec City and Montreal for both manufactured goods and recreational activity; and,
- to keep most of Maine as it is, preserved intact for future generations of Mainers and Americans.

An adequate strategy for Maine is only one that incorporates the resources and potential, equally, of the inland, corridor, and coastal regions. There is no strategy for the development of one that is adequate in itself. To consider the future of the coast without considering the magnetism of the corridor to manufacturing and the potential of the inland region for relieving the people-pressures on the coast would be shortsighted indeed. To plan the use of the corridor area without acknowledging the importance of its linkages to the vast timber resources of the inland region and the deep-water potential of the coast would be unrealistic. And to anticipate the development of the inland region overnight or on a wholesale basis, without its continued and perhaps growing reliance on corridor industries for employment, would be naive. As much as Maine's lot is cast with the nation, so is that of each of Maine's regions and communities cast with the state. Their futures are bound together inextricably by customary, legal, and economic imperatives alike.
There is no quick-fix remedy that will easily alter the total income picture in Maine, or the net outmigration of its labor force and youth. The tide of events is too strong, the current too swift. Where, then, does one start toward the future? If Maine the hinterland is presently ill-equipped to the task at hand, where does it break into the circle of growth on its terms? How does it go about establishing policies and institutions that are appropriate to Maine's unique location and resources, as well as acceptable to Mainers and supportive of their own preferred way of life? Over time, the answers lie only in institutions that can subsume the difficult questions of growth and non-growth, of economic development and environmental protection, of personal freedom for its own sake and personal restrictions for society's advantage and one's own.

In keeping with the scale of Maine life, they should not be big institutions. But national events require that they be strong. The size and strength of the national economy and the trend toward corporate mergers and concentration indicate that they must be strong if they are to curb developments that ignore Maine's interests and obliterate its uniqueness.

The proposals in the second half of this paper are designed as a system of reinforcing parts to cope with those events on Maine's terms. Their purpose is to attack the circle of growth at a number of points and to admit the issue of quality into considerations of Maine's economic future. They are the vehicles of a preferred growth strategy for Maine.

The proposals begin with a consideration of property taxes. For it is not the private ownership of Maine's land that is its current despoiler. It is more likely the combination of Maine's limited income opportunities and excessive property taxes. Their burden forces decisions that might otherwise be avoided. Only once that burden is relieved, if at all, will Mainers be free to take hold of their resources, to sort out their alternative uses thoughtfully, to involve themselves in the decisions among those choices, and to share one and all in the costs and benefits of the consequences.
SMITH & GARDINER,
MANUFACTURERS AND DEALERS IN
CARRIAGES AND SLEIGHS
Maine:
Some Proposals
"The barn and straggling row of outbuildings, were leaning this way and that, mossy and warped: the blinds of the once handsome house were broken; and everything gave evidence of unhindered decline from thrift and competence to poverty and ruin."

Sarah Orne Jewett
The Landscape Chamber

Between 1950 and 1970 personal income tripled in Maine. At the same time, state and local government expenditures rose from less than $80 a year for each man, woman, and child to almost $500 — a six-fold increase. Annual expenditures for highways — with virtually no addition to the stock of 21,000 miles existing in 1945 — increased seven times; health and welfare funds for a population that has grown only nine percent since 1950 increased 250 percent; school costs, while enrollments at the elementary and secondary level expanded by less than 50 percent, increased more than six times; and in higher education it was nine times.
Mainers have paid for these government expenditures with their taxes; and while their total tax burden often seems onerous, it is not exceptional by comparison to other states. In terms of total tax burden for every dollar of personal income, Maine ranks right in the middle of New England and the nation: third in New England and twenty-seventh in the United States, at thirty-one cents on the dollar.

The crucial question for Maine’s future is not so much the total amount of taxes raised as the measures used to raise them. The great burden of this growth in public expenditures has been carried by the local property tax that now yields virtually one out of every two tax dollars raised by Maine government. Under the weight of soaring educational costs, property taxes grew 9.1 percent a year in the decade of the 60s. In this regard the Mainer’s tax burden not only mirrors the plight of the property owner and renter throughout the nation, it exceeds it by a good margin. Virtually everywhere in the nation the local property tax is the principal source of support for elementary and secondary education. Nationally, local government’s share of the total cost is 55 percent, slightly more than half. In Maine, however, local government’s share stabilized between 1967 and 1969 at 66 percent, fully two-thirds the cost. The difference between Maine and the rest of the nation is made up of the other states’ greater contributions in support of local education.

In its spiraling excess, the property tax has become a positive incentive to the impoverishment of Maine’s people, the despoliation of its land, and the frustration of its leadership. For the low income person who would keep his land, it has meant as much as ten percent of his annual income going to property taxes. For everyone it has meant savings to be realized by both neglect of property and its more intensive use through subdivision and commercial development. For most local government officials it has meant hot pursuit of industrial and commercial development of any kind, whatever the merits of alternative land uses. And for state officials it has meant general local opposition to any plan to assemble the sites suited to modern industrial, commercial, and recreational development.

What prospects and opportunities are there for relief from this burden? They are of two kinds, by way of revenue transfers from the federal and state governments, and administrative procedures for reform.
"Fishermen have trouble making money; then someone offers them a high price for their shack on a point of land. The fishermen don’t care about the view: they take it for granted. So they sell and move into a trailer."

Cap’t. George Jennings, Camden, 1972
First, the matter of revenue transfers. At the federal level, Maine government already is somewhat of a favored recipient, having received 18.5 percent of all its state and local revenues in 1969 from the federal government. The New England states as a whole, by comparison, received 16.3 percent; and all the states of the Union, 16.7 percent. Under President Nixon's revenue-sharing plan of 1971, Maine would have received 24 million of the total five billion dollars involved, approximately five percent of its current public expenditures. This would not be enough to cover their present annual growth, much less to reduce their present burden.

Most recently there has been talk of a national "value added tax," a form of sales tax, to relieve the property burden of local education. At the proposed level of 2.5 percent on virtually all manufactured goods this tax would yield about 16 billion dollars nationally, enough to relieve one-third the cost of local education if all funds actually reach the local level. If enacted — and this is hardly certain, as it is full of controversy in both its mechanical details and philosophical implications — this plan would transfer funds to state government for redistribution to school districts only in response to local government's reforming the inequities and injustices of local property taxes. What is likely is that some modest level of local property tax relief will be forthcoming from the federal government within the next several years that is directly tied to the issue of reform: no reform, no relief.
At the state level, the Maine legislature passed a Revenue Sharing Act of its own during the 1971 session, to distribute four percent of all corporate, personal, and sales tax income to the cities and towns by means of a formula based on population and property tax base. On the average, this act will relieve four percent of the current cost of local education, and three percent of the local property tax burden. While it will increase the state’s share to one-third the cost of education, it will still leave Maine’s local governments to pay more than 60 percent of the cost of education from the property tax, ten percent more than the national average.

This suggests that Maine will be hard-pressed to ignore the recent wave of state supreme court rulings — in California, Minnesota, New Jersey, Texas, and others — of the unconstitutionality of the local property tax as the principal source of local education funds. These rulings, following quickly upon the California precedent, affirm the belief that education is the very lifeblood of our society and of each individual’s opportunity in it. This belief is substantiated in the requirements for education imposed upon each of us by the state, and by the level of expenditures we invest in education. The courts ruled that the educational opportunity of each citizen ought not, therefore, to depend upon anything but the wealth of the state as a whole. Just as an individual’s address may not determine the weight of his vote, so too ought it not to determine the limit of his children’s educational opportunities.

The California decision was based upon statistical evidence from the two communities of Baldwin Park and Beverly Hills. The numbers involved are simple and powerful. Under standard assessment procedures, Beverly Hills has fourteen times as much assessed property valuation for each student in its school district as does Baldwin Park. The result is that even while Baldwin Park taxes itself more than twice as heavily as does Beverly Hills for education ($54.80 per 1000 as opposed to $23.80 in 1969), its school district has less than half as much to spend on each of its pupils than Beverly Hills’ ($577 for each child as opposed to $1232). By trying twice as hard under the present school-funding system, Baldwin Park gets less than half as far to meet the educational needs of its children than Beverly Hills.

This same corrosive situation applies in Maine. Table 5a, organized by counties, indicates that as property wealth decreases in Maine, the tax burden generally increases even while educational attainment decreases. Or, conversely, as property wealth increases, the tax burden generally decreases while educational attainment increases.
Table 5a. Wealth, Taxes, and Education by Maine County, 1968 - 69

FRANKLIN

CUMBERLAND

ANDROSCOGGIN

HANCOCK

KNOX

LINCOLN

KENNEBEC

YORK

MAINE (all counties)

available educational wealth
property tax effort
educational attainment

SAGADAHOC
Available Educational Wealth
(as measured by property valuation per student in thousands of dollars: total municipal property valuation for the county in 1968 divided by the number of its elementary and secondary students in 1969.)

Property Tax Effort
(as indicated by the average tax rate per $1000 valuation: total municipal property taxes assessed divided by the total municipal property valuation for the county, 1968.)

Educational Attainment
(as indicated by the percentage of the county's high school graduates enrolled in post-high school education, 1969.)

Number in parenthesis indicates rank among all counties on that variable.

Sources: Maine Department of Education
Maine State Bureau of Taxation
MAINE: SOME PROPOSALS

For Maine as a whole, as shown in Table 5b, the relationships among these factors are both obvious in part and distressing in sum. The strongest relationship is that between available educational wealth and property tax effort: the more local property wealth is available, the lower the tax effort that need be made to support education. The poorer the county the greater must its tax effort be, in general. Franklin County, with the highest property valuation per student, has the lowest average tax rate. Piscataquis County, on the other hand, with the lowest valuation, mounts the greatest tax effort of all.

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<tr>
<th>strength and direction of relationship</th>
<th>nature of relationship</th>
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<tr>
<td>Available Wealth &amp; Property Tax Effort</td>
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<td></td>
<td>(higher wealth —&gt; lower effort)</td>
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<td>(lower wealth —&gt; higher effort)</td>
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<td>(lower effort —&gt; higher attainment)</td>
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<tr>
<td>Property Tax Effort &amp; Educational Attainment</td>
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<td>(higher wealth —&gt; higher attainment)</td>
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<td>r = -.91</td>
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<td>r = -.33</td>
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<td>r2 = .11</td>
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<td>r = +.43</td>
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<td>r2 = .18</td>
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Note: r, the correlation coefficient, indicates the extent of the relationship between the two variables; the sign indicates the direction of the relationship. r2, the determination coefficient, indicates the amount of variation in the one factor explained by the other. The maximum possible value for each — perfect correlation — is 1.00.

At the same time, the burdensome tax rates do not generally pay off in terms of educational attainment. Despite its top ranking tax rate, Piscataquis stands next to last in the number of graduates it sends on to higher education. Cumberland, sixth from the bottom in tax effort, ranks first among the sixteen counties in educational attainment. And Franklin County, with the lowest tax rate of all, ranks fifth from the top in attainment. The positive relationship is not, as one would hope, between tax effort and educational attainment, but between available educational wealth — the size of the property base available for each student — and educational attainment. Cumberland's base — and that of Franklin and Androscoggin and Knox, as well — is simply large enough that it may tax itself more modestly while achieving greater educational results than, for example, Piscataquis, Waldo, Oxford, and Washington Counties.
Relief of the burden of local educational costs is a matter that recommends itself doubly to Maine, therefore, both in terms of social justice — the equal opportunity of its children — and of environmental protection — the moderate and benign use of its land. But relief does not and should not mean assumption of the total financial burden. For with the burden go the responsibility and the power to make policy. And there is today more than ever good reason to keep both fiscal responsibility and policy-setting as close to the local level as possible. The one is still the most effective check upon educational expenditures, while the other remains the best way to attain responsiveness in educational policy to the wishes of those who pay the bills.

State government could meet these several objectives by assuming two-thirds of the costs of local education that currently fall to state and local government, leaving one-third to be borne by local government. This would, in general, at once relieve one-half the burden of property taxes throughout Maine, by a matching grant of two dollars from the state government for every dollar raised locally for educational costs. Because no state dollars will be made available that are not matched by local taxpayers, fiscal responsibility is maintained at the local level by every citizen who is jealous of his tax dollar. No new level of government is required either to plan the distribution of these funds or to monitor their spending. And if and when events in the area of education funding sort themselves out at the federal level, Maine’s state government would, as one of the nation’s leaders in this regard, anticipate relief of approximately one-half the burden it would assume under this funding plan.

Where is the money to come from? The amount of which we speak is scarcely insignificant — some 50 million dollars annually, the same contribution the state now makes to local education. Are Maine’s children and Maine’s land together worth it? If so, the money will not come from windfall sources. Inasmuch as the benefits of equal education and sound land use practices are truly indivisible, to be enjoyed by all, Maine’s investment in them is properly a “bootstrap” operation to be paid for by all its citizens, each on the basis of his ability to share the responsibility.

This suggests that the cost of limited property tax relief be borne primarily by the state’s personal and corporate income taxes. That this may be done without strain is suggested by the fact that the state’s personal and corporate income taxes — each pegged at the lowest rate among all of the New England states having them — yielded more than 33 million dollars in 1970. Vermont, for example, with what is considered the most broadly based and well designed tax structure in all New England, has an effective tax rate of 2.6 percent on personal incomes of $10,000. Maine’s is 1.5 percent at that income level. During the 1960’s, Vermont ranked 10th among all the states in personal income growth while Maine was 45th. So Vermont’s higher income tax did not make it unattractive to growth.
Again, Maine's corporate profits tax rate is presently four percent, while Vermont's is six and Connecticut's is fully eight percent. Connecticut's fortuitous location for industry and unusual reliance on manufacturing for income (42 percent) surely dictates much of the difference in its rate. Yet it had the highest rate of manufacturing growth in all New England between 1960 and 1970. The comparability of Maine and Vermont in their dependence upon manufacturing income (33 and 30 percent, respectively) suggests that a corporate profits tax for Maine more akin to Vermont's would make no difference in its attractiveness to industry. For firms with an honest competitive advantage in Maine, it is a very good place to do business indeed.
If the present analysis of Maine's economic strengths is correct, the property tax will surely be a dynamic source of revenue for Maine far into the future. From both a political and economic point of view, that revenue might best be spent precisely to preserve, maintain, and restore the resource from which it derives — the land. Property taxes to clean up and enhance the natural beauty of Maine, to plan and implement the thoughtful, benign use of Maine land in the interest of all its residents, are an investment in the value of every property owner's stake in Maine.

The property tax is wisely retained in Maine, therefore, even as its burden is mercifully relieved. Yet no amount of simple relief will curb its incentives to abuse.

For property tax relief from any source — state or federal — to be effective it must be accompanied by reform of its procedures and elimination of both its inequities upon persons and its inconsistency with the current pattern of industrial growth in Maine. The inequities suggest uniform assessment procedures that assure fair treatment of those with little or no representation in local government, such as the poor and seasonal property owners. The industrial growth, which seeks concentration as its natural expression, clearly suggests the removal of the property tax, its supervision, and administration from the local to the regional level. And, one step further, it points to the sharing in each region's growth of every city and town within the region.

Minnesota recently enacted a program that appears well-suited to Maine's current and anticipated needs in this regard. Referred to as *revenue-base sharing*, it works entirely within the framework of existing local government and distributes among them the benefits of growth throughout the region of which each is part. By guaranteeing every unit of local government a fixed and fair share in the growth of the revenue base of the entire region regardless of where it occurs, this plan makes reasonable land-use planning possible without regard to municipal boundaries. And it goes a long way as well to eliminate the advantage commercial and industrial interests have under the local property tax at the home-owner's expense.

How does it work? First, all of the present property tax base in every city and town within the region is kept as its own, forever. From the commencement of revenue-base sharing forward, however, each locality retains only some fixed percentage (say, 50 percent) of the additions to the property tax base within its borders. The remainder of that tax base growth becomes available to be shared areawide, among all the governments in the region. In return, the locality is compensated with its own share in the total growth of the area tax base built up by every city and town in the region. That share is based upon a formula of municipal population adjusted for current property valuation, so that poorer communities receive slightly more than the more richly endowed. Importantly, all increments to the areawide tax base are assessed on a standard, equal basis by a regional board of assessors.
Unlike simple revenue-sharing plans, this tax program moves beyond tax relief to real tax reform. It achieves this without threatening the existence of local government which, whatever its adequacy to today’s problems, remains the only one that most Americans can recognize and deal with in a meaningful way. It reforms even while it maintains full fiscal responsibility at the local level: no tax dollar is levied by any local government against the areawide tax base that is not also levied against its own. And above all, it gives every community a stake in the thoughtful preservation and development of the common resources on which all depend for their future.
"Visitors remember the Maine coast as edgings of fine point-lace, going back, row on row, towards New Hampshire hills or the local mountains which come down to take a look out over the sea. They recall it as wild evergreens, fir and spruce and cedar and hemlock, with feathery white pines behind. The houses are surrounded by wilderness, the forest comes up to the back doorsteps. They recall the whippoorwills singing in the apple orchard at night. It is a fact that Maine is mostly forest still."

Robert P. Tristram Coffin  
Captain Abby and Captain John

If tax policy is an opening wedge into Maine’s future, it is just one element in a strategy for shaping the future to Maine’s design. Many difficult issues remain if land use is to be the leading sector for Maine’s economic and social well-being: how to convert the demand for land into significant income and investment opportunities for Maine; how to preserve most of Maine from piecemeal development, and all of it from aesthetic degradation; how to assemble for development selected parcels of land with great income potential; how to make the proceeds of development available for reinvestment in sustained growth and in pressing local needs such as housing and health care; and not least, how to develop the many skills needed to take advantage of Maine’s new opportunities and control their inevitable costs.
For Maine to capitalize upon its land, it must first know. There is no alternative. It must know — as well as it can at any moment — the costs and effects of various kinds of land development, the mechanics of putting them into place, the benefits that follow from their operation, the techniques that may be used successfully to glean those benefits and to relieve their costs. It must begin the continuing task of learning from the experience of its land use, of sorting out the various pressures upon it from present and anticipated uses, and of developing specific remedies to cope with those pressures.

The object of that learning is, properly, the development of a land-use plan for all of Maine’s prime development areas, especially the inland and coastal shorelands. No single action will be more important to the future of Maine. If it is effective, that land-use plan will constrain the kinds of short-sighted development that neither exploit the full value of Maine’s land nor return to it with interest the value taken from it. It will provide large and small investors alike with a climate of reasonable certainty about the acceptable limits of land use — a climate that now is sadly lacking from Maine’s point of view. And if it is informed by experience and by Maine’s growing knowledge of itself, it will be a flexible, evolving instrument that changes with the needs of Maine’s people and with the pressures on Maine’s land.

At the same time, it is now apparent that without some agency to serve the public’s direct interest in Maine land, Mainers themselves will be increasingly closed off from the land even while the large tracts suitable for modern industries become generally unavailable. Both these prospects result from what might be called the “privatization” of Maine land that has accompanied its soaring cost and hastening subdivision. Everywhere in Maine outside the vast forest holdings of the private paper companies, the large family tracts that characterized traditional Maine are vanishing. And as they go, so goes the access they always provided to Maine’s fields and waters. In their place stand increasing numbers of “No Trespassing/No Hunting” signs, and numerous title-holders where once there was but one. The result is that Maine citizens are now being deprived of a heritage they feel is rightly theirs to share. And the land tracts that are suitable for large investments are being concentrated in fewer and fewer hands.

These developments suggest the clear need for a new institution in Maine’s public domain that will serve as a repository for lands held in public trust for preservation and development alike. They point to the idea of a land bank for Maine that will act as the permanent trustee of a precious public inheritance and plan its use along lines of sound estate management.
What will a land bank do for Maine? The idea is simple enough: land acquisition, land planning, and land use in the public interest, on a permanent basis. The three roles complement one another and, proceeding together, can provide a unique focus for all those interested in Maine's land, as well as a unique vehicle for stimulating limited, controlled growth on Maine's terms.

A land bank will, on a continuing basis, actively seek to acquire title and rights to Maine land, and to invest those rights forever in the people of Maine. Of primary interest will be land of special importance to the economic and social future of Maine. But all of Maine is involved in that future and is properly the concern of a land bank charged with preserving land use options for Maine.

The basic limit upon a land bank's ability to acquire title to land will be its funding. Confiscation of private property, except for limited purposes under eminent domain, is unconstitutional in Maine and elsewhere in the nation. The possibility exists of constitutional amendment as knowledge and understanding are gained of the destructive effects of various private land use practices in Maine. That may in fact be the only recourse if lesser incentives cannot be designed to curb some of their present excesses.

For most of its assets, however, a land bank will be left to the resourcefulness with which its staff pursues other, lesser rights in Maine land and to the confidence and trust that Mainers develop in it as an institution. Recently, for example, the state of Oregon placed its entire Pacific coastline — from mean low to mean high water — into the public domain, to preserve it forever from commercial over-development and to halt its steady foreclosure to Oregon's citizens. This action gives the people of Oregon the present and future opportunity to patiently consider the many demands upon its shoreline, and to sort them out in a land use plan that takes into consideration the needs of all and the limits of the coastal resource.

Another example is based upon the legal device of easements — the purchase or acquisition of limited rights in the land of another. For more than a generation the state of Wisconsin has solicited permanent easements on private property to secure limited rights for planned public use. It now holds hundreds of thousands of acres under easement for hunting, nature trails, access roads to water, flowage for rivers and streams, protection of wetlands, and so on. Other easements, acquired in the context of overall land use planning, specifically preclude certain kinds of objectionable development on the land. For just the cost of their administration and maintenance, these are rights held forever in the name of the people of Wisconsin. Meanwhile, the property remains in the hands of its owners on the local tax rolls.
Similarly, a land bank will act as trustee for lands privately bequeathed or granted the people of Maine with or without restrictions on their use — for wildlife preservation and sanctuary, for public recreation, for productive development, and so on. The central idea, whatever the details, is to create a highly visible, credible, and permanent repository of land that is held forever as a public trust for the people of Maine, their welfare, and enjoyment.

The second concurrent role of a land bank is long-range land use planning for Maine’s preservation and development. This does not mean deciding which streets in each city and town are to be made available for commercial, industrial, and residential development. That is properly a local responsibility. Rather, it means that there will be a public agency charged with explicit responsibility for taking a long-term view of the inherent value and potential of Maine’s land, and for sorting out its several desirable and acceptable usages in wilderness preservation, public recreation, manufacturing development, recreation/leisure communities, experimental activities like aquacultural research, and so on. It will then be able to turn over carefully chosen lands on a leasehold basis to responsible individuals and organizations for development on Maine’s own terms.

In practice, a land bank will do two kinds of land use planning. First, it will be responsible for developing and updating on a continuing basis a state-wide land use plan that concentrates upon areas of intensive use, and upon the development of policies to relieve that pressure. Those policies must and will involve certain restrictions upon individual rights in property. It cannot be otherwise for the common protection of Maine’s resources. One measure recommends itself, however, that has had little usage to now in Maine: compensated regulation.

The trouble with zoning, as Mainers see it, is both its permanent and confiscatory natures. It forever deprives one of full use of a capital asset: all is lost while nothing tangible is gained. Compensated regulation, on the other hand, provides public payment in return for a degree of personal regulation that is re-evaluated at regular intervals. In the context of a socially beneficial land use plan, the private property owner may keep his land under restricted usage in return for income, while the public interest in his land is protected and reconsidered at regular intervals — say every ten years or so.

These general land use considerations will lead to a second planning role for the land bank: the selective opening up of Maine so it may at once control and take best advantage of current market demands, and the detailed planning of sites for various industrial, commercial, and recreation/leisure developments.
"It was a beautiful road: a road for health and rest and peace of mind: a priceless possession to be cherished and forever held in trust for the descendants of those who laid it out and made it possible. It was the essence of Maine; the gateway to the great and beautiful Maine wilderness to the north and east . . . . Today it is a road rich in the effluvia of clams in batter, frying doughnuts, sizzling lard: in tawdriness, cheapness, and bad taste, but in little else."

Kenneth Roberts
Roads of Remembrance

So long as Maine hasn't the competence to plan selected sites for development, as well as the capability to assemble land parcels for their location, it will remain at the mercy of others' limited knowledge, limited resources, and narrow profit requirements. However, once having explored the alternatives available; having committed itself to the development of overhead items such as roads, airports, and sewage systems; and having decided how it prefers to divide up development responsibility among local businessmen and larger national operators who may be better equipped, Maine will be in a position to stipulate the terms of its own, preferred development.
With knowledge of the costs and benefits of specific sites to both Maine and the private developer, a land bank will be able to solicit bids from various developers and to evaluate them in terms of the standards it would apply: environmental protection and architectural compatibility; fixed rental payments for the use of the land; covenants to use Maine materials and workmen in the construction and operational phases alike; the quality of the development team as judged by its past performance, and so on.

In return for compliance with these terms, a land bank will offer sites that are suitable for profitable development and protected from commercial encroachment and overdevelopment. It will offer capitalization from Maine’s two guaranteed loan agencies, the Maine Industrial Building Authority and the Maine Recreation Authority. It will provide access to other state agencies whose cooperation and assistance will be essential to sound, profitable development. And, importantly, it can offer savings up to 10 to 15 percent on construction costs by formulating its own safe building codes that make best use of current technology.

To assemble these sites, a land bank must be invested with eminent domain authority, for use in accordance with Maine law. In return it offers the assurance that its land takings are invested not in private profit but in the people of Maine; not for others to live off the land as principle, but for Mainers to live off its income. The device by which this is accomplished is the leasehold, the sole basis on which the land bank might make its lands available for any private use.

For the residential user, leasing arrangements would extend a life estate in the property, with the certain prospect that the land and its improvements may be passed on at will to one’s direct lineal descendants. Otherwise, as the estate lapses, the land bank will recover the property at the fair market value of its improvements. This policy is now practiced in a number of federal land preserves, notably the Cape Cod National Seashore. There, residents are well pleased with the protection it affords their homes and their families from encroachment by the Cape’s rapid commercialization.

From the responsible developer’s point of view, leasehold arrangements make good economic sense. Because rent is a tax-deductible business expense, leaseholding land for development is preferable to its outright purchase. It reduces taxes and so increases profits. And from Maine’s point of view, leaseholding retains permanent public ownership of improved land and control over its future use. For accounting purposes, the profitability of land development today is calculated not on return to investment forever, but only over some fixed period of time—usually 30 to 40 years. The terms of leasing may therefore be arranged to allow investors to recover the useful and profitable life of their improvements. At the end of that time the site improvements become the property of the land bank, with lease extensions contingent upon the...
current value of the land and its improvements, as well as its best cur-
rent use for Maine as a whole. And all the while, those improvements
remain productive assets for income and property tax purposes in Maine.

Finally, the leasehold policy will enable a land bank to scale the
level of development activities to the capabilities of local businessmen
and entrepreneurs in Maine. Only very large corporations can today
assemble the capital necessary for land planning and development
with a long time horizon. A land bank may, in effect, subsidize local
Maine businessmen by absorbing the capital costs of long term plan-
ning for them, by dividing large development efforts into locally
manageable pieces, and by giving preference to local corporations
and businessmen for their development.

I

f these are the benefits of a land bank, what are its costs? As flesh
takes form on this skeleton, it is unlikely to be an inexpensive
vehicle of Maine's interests. How is it to be paid for? And even then, if a
land bank is successfully built in Maine, how is its power to be con-
trolled by the people of Maine? The two questions are not unrelated.

The typical response of state governments in the last generation
to the need for overhead facilities such as harbors, airports, turnpikes,
and so on, has been to create an authority, endow it with land taking
and bonding powers, and commission it to live off its users' fees. More
often than not these ventures have been successful in the narrow econo-
mic sense: they have built and operated their facilities, serviced their
debt, and shown a profit that has underwritten improvements and ex-
pansion. At the same time, that success has generally proved the source
of enormous bureaucratic power, political influence, and public dis-
dain. The broader political requirements that are now imposed upon
these authorities — in terms of the increasing number of public values
to which they are expected to be sensitive — have come into direct
conflict with the narrow economic calculations upon which they built
their power — profitability, income, and jobs. The source of this con-
fusion is the fusion in these authorities of land use planning and acquisition
powers with direct responsibility for land development and financial
solvency. While people's attitudes toward land use change, the impera-
tives of profitability remain. And so the clash of wills and interests.
To be acceptable now and to remain flexible in the future, a land bank must not depend upon the profits of land development for its own income and survival. Its mission is far broader than profit, and so its underwriting must be independent of it.

In the long term, a land bank may expect to live in part off the rental income from its leases, to pay at least for its land use planning role from reasonable fees on the land it makes available for development. But what of start-up costs? And what of the continuing costs of land acquisition? In terms of start-up costs for an original, creative program to deal with chronic land use problems that plague the nation as a whole, funding is likely to be available on a limited basis from both private foundations and the federal government. But only its aggressive and imaginative pursuit will capture this money. For example, in the area of federal funds for transportation and highway planning in general — which will be needed to determine how and where to open up the state’s resources — Maine now does the least well on a per capita basis of all the New England states.

Again, it may be possible to involve the federal government’s limited assistance in land acquisition, much as was done with the Allagash Wilderness Waterway. Even more recently, the federal government purchased 547,000 acres of swampland in Florida from 21,000 private individuals and corporations at a cost of $156 million. The land is now designated the Big Cypress National Fresh Water Reserve, and its management permanently entrusted to the state of Florida. It will remain forever a controlled, public recreation area open on a limited access basis to hunters, campers, and fishermen.

Presently in Maine, as the economics of the pulp and paper industry change, the large paper companies are considering alternative uses for the vast forest holdings which far exceed their demand for wood pulp. As the recreational potential of that land grows, along with the demand for lumber for first and second homes, considerations of its several uses will surely become more complicated. One possible eventuality is that as the tax assessment on these lands increases with their income potential, it will become profitable for the paper companies to present gifts of land to the state in return for lumbering rights limited to their anticipated needs. The charitable donation will yield a savings on their federal taxes of forty cents on every dollar value of the gift. The cost would, in effect, be underwritten by the federal government. Or alternatively, even now as some companies consider divesting themselves of excess land holdings, the federal government might be exhorted to a similar purchase to the one it made in Florida, of portions of the last great forest land in the Northeast.

It would not be unreasonable to devise certain taxes in support of a land bank that would be aimed specifically at tourists and vacationers to Maine. They will be as much its beneficiaries as will Mainers. Seasonal rates on the Maine Turnpike, heavy tolls on campers and trailers, entry fees for travelers into Maine’s airports, increased meal
and lodging fees, all come to mind in this regard. But none of these may be levied on outsiders without imposing them upon Mainers as well. So their application must be carefully considered beforehand — both to clarify their impact upon Mainers and to assure that visitors to Maine become not the hapless victims but the willing supporters of a Maine worth working and paying for.

When all is said and done, it is Mainers, part-time and full-time alike, who will bear the lasting cost as well as the permanent benefits of a land bank. Its purpose is to preserve and enhance the value of all Maine land for all time. It is appropriate that the principal burden of its operating costs be borne by those who gain principally from its operation — the property owners — and by the property tax. If the property tax burden in Maine is significantly relieved and reformed as suggested earlier, the cost of a land bank will be no hardship upon it. Maine's current local property valuation exceeds four billion dollars. Each 25 cents of tax rate levied on that base yields one million dollars in revenue. A one dollar per thousand assessment upon all property in Maine will yield four million dollars annually for a land bank and its programs of land acquisition and land use planning for all. Five dollars will yield twenty million. And fixed at any such rate over time, its source of funding will appreciate to meet rising costs along with the very land values it will be protecting and promoting.

Lastly, there is the question of the control of a land bank, of its responsiveness to the wishes of the people of Maine. There are no guarantees in this earthly realm. But there is experience from which to learn. Like the Teapot Dome scandal of the 1920's, when the Secretary of a relatively obscure Department of the Interior leased publicly owned oilfields in Wyoming and California to private developers without competitive bids. A Senate investigation of the affair in 1923 resulted in the Secretary's resignation; and subsequent criminal proceedings yielded convictions on charges of bribery (the Secretary) and jury tampering (the oil company). In 1927, the oilfields were restored to the federal government by a decision of the Supreme Court.

So public accountability is the answer — accountability at every stage of planning and operation to the people of Maine and to their elected officials. With this in mind, a land bank might best be organized as a elected officials. With this in mind, a land bank might be organized as a highly visible, independent public corporation charged explicitly with the trusteeship of Maine's public lands. Its director would be appointed by the governor who must account for its performance at each election time. Its recruitment and hiring practices would be free of the encumbrance and ready excuse of civil service regulations. Its operations would be organized both at the state level for administrative purposes and at the regional level for land use planning purposes. Its decisions involving resource uses would be made only after public hearings within the regions involved. And councils might be established of the chief elected officials in each local community in the region who, sitting together, would have veto power over all land bank development projects and land takings within their region.
At some point in the democratic process, after all the informed deliberation and popular participation, decision-making responsibility cannot be denied. If purposeful action is needed, decisions must rightly (or even wrongly) be made. If a man dislikes the manner of his elected representation, he rightly is obliged to suffer its incompetence or else to work to remove it from office. And if a man commits his life to a community, he rightly has a final voice in how its resources shall provide.
COMMUNITY DEVELOPMENT CORPORATIONS

"If Americans are to become really at home in America, it must be through the devotion of many people to many small, deeply loved places... We are not yet at ease with our land."

Elizabeth Coatsworth, Maine Memories

There is in Maine, among those who have been there awhile, a wisdom that is as central to their way of life as anything else: the implicit understanding that even in his independence, man depends for survival. Like rural people everywhere whose grip on survival has long been a narrow one, Mainers have organized their social life and personal relations around the certain fact that one day every man will need his neighbor’s help to make it through hard times. Even as they cherish freedom and independence, Mainers avoid conflict that might strain the bonds of survival for one and all. They seek what grounds there are to work together for mutual benefit.
Today, many of Maine's local communities are literally disintegrating under the stresses of change. Beyond the normal, anticipated exodus of their youth and future leadership, they now are plagued by the demise of Maine's traditional industries and their hastening conversion from labor- to capital-intensive production. The dire impact of these events on Maine's traditional economy, as well as its fearful susceptibility to national recession, are illustrated in Table 6. Many of the firms involved are unlikely ever to recover from 1971, especially in leather and textiles where there was one layoff for every two jobs available. The undermining effects of foreign and domestic competition have long since paved the way for this watershed in their history. What, then, is the future of these communities?

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<th>Table 6. Employment in Maine's Traditional Industries, 1960-70</th>
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<tr>
<td>Agriculture</td>
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<td>Paper and Paper Products</td>
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<td>Lumber and Wood Products</td>
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<td>Food and Food Products</td>
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<td>Railroads</td>
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<td>TOTAL</td>
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Note: In 1960, these eight industries provided 37 percent of all the jobs in Maine. In 1970, they provided 29 percent.
* monthly average number of jobs
# number of first payments for unemployment compensation benefits, 1971.
+ 1967 figure, maximum for the decade.
@ no unemployment compensation benefits available.
Source: Maine Employment Security Commission

For its part, statewide planning and development activity can reasonably be expected to focus only upon the large, long term investment opportunities available to Maine. These will produce concentrations of job income and tax revenues for Mainers as a whole. But what of the opportunities for profit and development that present themselves locally as the Maine economy changes? Will Maine's people be able to take advantage of them? Have they the skills and the resources to take advantage of new market demands as they occur?
It is increasingly clear that the forces at work in Maine's beleaguered communities are beyond the strength and will of isolated individuals to cope with in ways that are at once profitable and unobjectionable. The opportunities they present demand resources that often can come only from the organized efforts and collaboration of many persons. Again, then, Mainers are finding that their personal freedom to live as they will is built not upon narrow, selfish pursuits but upon shared responsibility for a common good.

Virtually all the collaborative efforts among Maine's communities at present are found in planning agencies whose purpose is to control the effects and meet the requirements of haphazard economic growth, rather than to stimulate acceptable economic activity and to maximize its benefits to Maine communities. Happily, there is a form of economic organization that can advance precisely those positive interests now unattended to. It is the community development corporation.

The purposes of community development corporations are the same as those of the General Motors Corporation or any other organization directed to a goal: to pool the resources of investors and managers and workers so they may mount larger and more efficient enterprises than any could separately; and to make the profits of that activity available for reinvestment in their own needs or in other profitable enterprises, as they see fit. In this case, however, the primary goal of the organization is not narrow profit but the economic and social well-being of the community as a whole, as its members are given the light to see that well-being.

The Massachusetts Bay Company of New England's first permanent settlers is an early example of the community development concept. Its original asset was a royal grant of land between the Charles and Merrimack Rivers, extending westward indefinitely to "the South Sea." After 1629, its charter was entrusted completely to the settlers of the colony, each having one vote in its policy decisions regardless of how much he had invested in its enterprise.

Today there are successful imitations of this idea scattered throughout the country. The Northeast Oklahoma Community Development Corporation profitably operates a precision machine shop, a transformer repair facility, a small electrical manufacturing firm, and an upholstery shop, while a mushroom growing business and three more light manufacturing firms are in the planning. Another corporation in Durham, North Carolina, has a modular housing plant in operation and several supermarkets. In Philadelphia, a community development corporation sustains two manufacturing firms, a seventeen-store shopping center, and a chain of supermarkets, as well as a related nonprofit corporation that has put up needed new housing
in the area. And in inland Maine a community that recently lost its sole industry has organized to take advantage of the spillover demand for its winter sports facilities from nearby New Hampshire.

The essential idea of this kind of corporation is the enrichment of the community in which it is organized and the sustained development of the business and social life of the community as a whole. This is achieved by the opportunity it provides to decide where the profits from local development shall be allocated: to employees’ wages; to pressing social needs like housing, health care, recreational facilities, and so on; to the expansion of healthy, profitable enterprises; to the overhead requirements of new businesses, like research into new product markets; to dividends on the stock held by its investors; or, in the usual case, to some combination of all these.

Otherwise, it is not unlike other corporations chartered by the state. It generally sells shares in its ownership, has a board of directors and an organization that sustains its operations, pays the usual taxes on its profit-making ventures, and is empowered to engage in all those activities that combine judiciously to yield a profit on investment. These normally include the powers to buy, sell, lease, and develop land, to borrow capital, to operate enterprises, to enter partnerships, to create subsidiary corporations, and so on.

As a particular kind of corporation, however, the community development corporation has unique features. As a community entity, it is a corporation based primarily in one geographic area with control of its policy decisions vested primarily in the residents of that area. Whatever form the community development corporation takes in practice — and there are several possible — two features of its organization are basic to its design. The first is that majority control of the policy making apparatus of the corporation — its board of directors — is vested in the residents of the community itself. If the corporation is to serve their interests, for better or worse, it can be no other way. This is the source of its accountability and its responsiveness. Second, votes among stockholders in the corporation on matters to which they are privy — such as the election of officers — are distributed on a one man-one vote basis, regardless of the size of one’s stockholdings. If the corporation is to engage the loyalty and interests of the individual members of the community, it can be no other way. This is the source of its support and its strength.
How does a community development corporation work in practice to achieve these objectives, at once novel and ancient? Typically, the successful community development corporation is organized as a private corporation to engage in profitable activities. (Its nonprofit activities — such as a community hospital or recreation center — are organized and operated through a related nonprofit organization.) The corporation sells stock in its ownership which anyone may purchase at a modest cost. In both the Oklahoma and North Carolina examples mentioned earlier, common stock is sold at five dollars a share. The stockholders then elect the corporation’s board of directors who, in turn, select its full time chief executive, approve and disapprove its investment decisions, and set general policy for the corporation. The executive director is responsible for overseeing the daily operations of the corporation and for its staffing, including persons with the technical skills to plan profitable businesses and assemble financing for them. Each business operation that is launched has its own management distinct from the development corporation itself.

All of this, of course, sounds very much like the structure of any modest business development enterprise. The crucial difference is at the stock purchase and directors’ election stages. There, stock is divided into class A and class B varieties, possibly pegged at different market values. Class A stock is available only to residents of the community in which the corporation is organized, and its holders elect, say, two-thirds of the board of directors. Class B stock, available to anyone inside or outside the community, elects one third of the board of directors and has first claim on stock dividends declared by the corporation. Thus, control of at least a majority of the board of directors of the corporation is retained by the members of the community on a one man-one vote basis, while a reasonable incentive is maintained for larger investments in the corporation’s profitable activities by insiders and outsiders alike. Control over the all-important decisions concerning reinvestment of profits stays within the local community.

What, then, does a community development corporation do in practice? First, it does feasibility and planning studies to identify specific investment opportunities and profitable enterprises. Service facilities, manufacturing plants, commercial enterprises, and so on — all are eligible. Having selected an appropriate site, the corporation arranges financing for development and operation of the enterprise. It locates local individuals and organizations to participate in the development and its operation. It organizes the training of individuals who will be responsible for its operation. It selects contractors and subcontractors for the development stage and oversees the construction. And when the business is in place, the corporation is responsible for operating it or for turning it over to another operator, keeping a share of the equity for itself as credit capital for future operations.
Thus, the businesses of a community development corporation may be owned wholly or in part by its investors. It may enter partnerships with local private developers or even national ones to assume the burden and responsibility of parts of the operation they are better equipped to handle — the construction of a specialized plant, the construction and operation of the motel end of a marina-summer resort complex, and so on. Or it may choose to sell or rent its retail sites and operations to independent local businessmen to encourage their growth. The possibilities are no less than those available to any well-managed, imaginative development corporation. The limits are its resources of experience, competence, and funding. With the gathering momentum of those resources, however, the community development corporation becomes a focus for investment capital, entrepreneurial talents, and productive ideas within the local community, an organizing vehicle for opportunities that otherwise remain unavailable to it.

What opportunities are available for community development corporations in Maine? Large development projects would be inappropriate for them to start with. Yet the prospect that Maine’s future is inextricably linked to the demand for four season recreation/leisure facilities and for industrial and commercial sites suggests that community development corporations start from them as one base of their competence and resources. Even if modestly at first, they can translate those demands into locally owned and operated service and recreational facilities of all kinds, and into locally owned and controlled land tracts for commercial development.

At the same time, Maine’s limited local markets and resources recommend the community development corporation as the vehicle for local manufacturing industries and handicrafts; for buyer and consumer cooperatives in farming, fishing, and elsewhere; for experimental enterprises such as aquacultural research and cattle farming, which is now enjoying a renaissance in New York state for local and regional markets; and so on.

In each of these areas the community corporation can increase normal returns to investment by taking advantage of the profits of "vertical integration." Local manufacturing industries, handicrafts, and farming, for example, are everywhere handicapped in their development by the separation of processing and marketing operations from the original product manufacture or harvest. No product reaches the consumer without having passed through these intermediate stages, and most often the greatest price mark-up and profit are realized there. Community development corporations can take advantage of those profits for their members by planning projects from the start that integrate processing and marketing techniques into their operation.
If community development corporations are appropriate to Maine's character and opportunities, two compelling questions remain: at what level within the Maine community would they best be organized; and how are they to be financed?

For the most part, the development of Maine's resources will be accomplished by private individuals and corporations acting in their own behalf within the limits laid down by Maine's law and regulatory agencies. If the community development concept is to be successful on its own terms, it is critical that its organization and financial structure be soundly based in Maine's economic, environmental, and fiscal realities. Community development corporations that fail generally do so for lack of managerial competence and adequate technical skills in business planning and finance. It would be imprudent to dilute the limited pool of skills Maine has in these areas too thin for effect.

Similarly, it is important that community development corporations in Maine be organized along lines that generally absorb the environmental considerations involved in their operation. Those considerations, from any manageable planning perspective, are regional rather than local in nature.

Finally, the social and economic problems of Maine's communities — jobs, housing, pollution control, education, transportation, and so on — scarcely respect local boundaries. Nor do the opportunities for jobs and income that avail themselves in a changing Maine economy. Community investment and reinvestment decisions will best be made, then, if they are informed by the needs and interests of Mainers that exist irrespective of narrow local boundaries.

Each of these considerations suggests that Maine's community development corporations be organized basically along regional lines, with allowance for the regional corporations to devolve specific opportunities onto local corporations as they arise. Just where they are organized, along what specific lines, is a matter properly left to Mainers themselves, to their sense of the identities of interest within Maine's geography, to their preferences about how and where to invest their resources, and to their prejudices about what kinds of resource development are acceptable to themselves.
And how are these institutions to be financed? In the long run, community development corporations may only be considered bootstrap operations — the result of community efforts to employ their own resources and skills in ways that will sustain the community as a healthy, viable, independent entity. Within a matter of a few years after its establishment a community corporation must be expected to show a profit and, over time, to support itself from the profits on its operations. It is not a charity but a vehicle for putting resources to work to generate and sustain economic growth where it is needed and wanted.

But what of start-up costs? How is it to get off the ground and pay for its staff salaries and up-front investment and operating costs? Presently there is little alternative to a grant or its equivalent to sustain the planning and feasibility studies necessary before any operating venture is undertaken. Limited funds are now available from both the federal government and the large private foundations to support nascent community development projects, though hardly on a massive scale. The Ford Foundation has spent five million dollars a year of late on community economic development projects around the nation, and is about to increase that commitment to twelve to fifteen million dollars annually. At the federal level, several bills have recently been introduced in the Congress to establish urban and rural development banks in support of community-based businesses. The impetus for them is the decay that now characterizes all of America's central cities and rural areas. The short term prospects for these bills are uncertain, though the distant prospects are more promising.

The stock offerings mentioned earlier will constitute a modest source of operating funds for the development corporation. At the same time, they are a very visible and dramatic opportunity for Maine's summer residents to invest directly in the economic health of their own Maine communities. Debentures might be sold — obligations against future profits — and possibly even municipal bonds, offered by consortiums of the local communities involved in support of their own regional development enterprises. Other sources of credit in Maine include the loan guarantees of the Maine Industrial Building Authority and the Maine Recreation Authority; the Development Credit Corporation of Maine, a moribund credit pool among Maine's private lending institutions in support of small business; and the Small Business Administration and the Economic Development Administration of the U.S. Department of Commerce.

All of these agencies might be tapped to get more favorable terms of credit than might be available to a strictly private developer operating in Maine. This is necessary, inasmuch as the return to investment in a community development corporation is lowered at first by the breadth of the economic and social goals it embraces.
There is a cost attaching to learning and experience, to preference for local materials, to training unskilled persons for new employments, to the non-exploitive use of land and aesthetic design of its improvements. In dollar terms that cost translates into lower return to investment in the short run and community strength and stability in the long run.

Given these long term advantages, it is in the interest of Maine's government to promote community economic development efforts, not so much in cash as in kind. For even before there is the prospect of profitable activity by a community development corporation there is the requirement for organizational assistance, for technical assistance, for planning assistance, for marketing assistance, for all the many skills that contribute to the planning and organization of any profitable economic venture. Without them, no community development effort can get off the ground.

This suggests that the state's Department of Commerce and Industry develop a program of technical and financial assistance to community development enterprises on a priority basis, just as it now provides this assistance to all businesses considering location in Maine. This Department is the product of Maine's recent administrative reorganization and includes the several agencies most pertinent to community development efforts: the State Technical Services Program, the Maine Industrial Building Authority, and the Maine Recreation Authority.
A Maine community development agency might draw upon and coordinate their resources, at first to provide planning assistance and seed money to community development corporations and, over time, to create an investment pool or development bank specifically geared to their particular financial requirements. Meanwhile, this agency would become a repository of Maine’s and other states’ growing experience with community enterprises, their funding sources, experience in different ventures, and so on. And just as important, it would be the community corporation’s advocate within government for breaking through red tape and establishing the coordination among agencies that is essential to any successful land development project today.

Not the least important of those agencies might, of course, be a land bank. The sources of possible collaboration between it and the community development corporations are many, indeed: technical assistance in land use planning, assistance in site selection and land acquisition, partnership on specific development projects, leasehold agreements on land sites that reflect the financial constraints of community corporations, and so on. Together — the one creating income and investment opportunities for Maine and scaling them to manageable size for Maine businesses, the other undertaking some of their development on behalf of Maine’s communities — a land bank and community development corporations might become strong partners in Maine’s future on its own terms.
"The years from 1820 to 1880 were the only years when the State of Maine was able to keep her smartest children home and give them all something to do, and not have to breed them for states farther west, Illinois and Michigan, Wisconsin and Minnesota, Oregon and Washington. Those states had to look elsewhere, during that spell, for good farmers and fishermen and boatbuilders and lumbermen, and not rob the Maine cradle of its best lumbering and fishing babies."

Robert P. Tristram Coffin,
Captain Abby and Captain John

The only distinctive and viable Maine on its own terms lies in the long term. And in the long term, the key to Maine’s well-being will be much less land and investment capital than knowledge and skills. No amount of land and capital can compensate for ignorance of how to combine them to produce sound income and investment opportunities. Yet limited amounts of land and capital can yield profitable returns to imagination, knowledge, and skill. Land and capital together are potential opportunity, made real by the skillful application of knowledge. And income opportunities once realized create skills and experience that are available to develop further opportunities.
If Maine is to take hold of events to its own advantage, Maine people will require a host of technical and managerial skills at many levels. It will need scores of land use planners, water and timber resource planners, recreation and wildlife managers, hotel and resort managers, small businessmen and managers of all kinds, financial analysts, lawyers and engineers with specialties in land use practices, and so on. And surely these skills will not be restricted to the professional level: wilderness guides, park and forest rangers, a host of skilled tradesmen and service facility operators, all will be needed.

In the first instance, however, it is the more technical skills that are required to generate opportunities for Maine. Indeed, one of the sorry lessons of the federal manpower training programs of recent years is that few things are more disillusioning than to train a man into a skill for which there is no demand in the marketplace. So the relationship between skills and opportunities is not so easy as it first seems: not all skills generate their own opportunities, while all opportunities demand specific skills for their creation.

Where is Maine to get the vast array of technical skills to generate and sustain income opportunities from its land on a continuing basis? In the short term, they are available in limited numbers both within Maine and without, to be attracted to its opportunities by imaginative leadership. Vermont in the 1960s demonstrated that lower salaries are no barrier to professionals seeking a real alternative to the dominant pattern of the nation's growth. Land use planners, engineers, and lawyers by the dozens settled in Vermont in that decade, attracted by its potential for a different outcome for America. Their presence has made the difference in placing Vermont in the forefront among New England states in the areas of land use planning and environmental protection.

Within Maine, the private business sector has never been unresponsive to its civic responsibilities. Perhaps more than most, Maine's own businessmen recognize the intimate relationship between the health of their companies and the well-being of their communities. Today businessmen everywhere are encountering demands for performance that conflict directly with the traditional assumptions of what business can do. What private business does best is to produce under the discipline of a profit measure — hiring, firing, investing, and selling on the basis of contributions to that measure. The profit resulting from that discipline benefits the community in general through income and taxes, goods and services. To make any more specific contribution than that, business as an institution requires profit incentives that reward desirable performance and penalize the undesirable.
No higher task exists for Maine government today than to design tax and resource use policies that will stimulate the positive participation of business in solving Maine's economic and environmental problems. Government control of business activity is, in the long run, a costly and inefficient approach — especially as compared to business' energetic pursuit of the public good on its own terms.

For its part, the business community could make its greatest contribution to Maine's future less by its traditional philanthropy than by exploring creative ways to achieve private profit and public good at the same time. How, for example, can the materials immediately available in one of the nation's great forests and one of the world's largest cement plants be brought together with modern technology to produce sound, attractive housing at a reasonable cost and profit in Maine? In the answer to that question lies more private and public good for Maine than in any number of civic committee assignments.

Whatever the efforts of other institutions, however, the knowledge and skills required to develop society's resources thoughtfully and to generate income and investment opportunities from them on a continuing basis can come only from the university.

The University of Maine today has the deserved reputation of being one of only two public institutions in Maine that really work. (The other is the State Highway Department which, like public works agencies everywhere, has fallen into some disrepute with the gentry.) An original land grant college, the University has in general built itself upon the best of the land grant traditions: broad public access, public service, and practical education.

At the moment all of the nation's universities are seeking new directions in which to fulfill their purpose, if only because of the new financial constraints upon them. Gone for good are the halcyon days of the 1960s when no expenditure seemed too extravagant or unwarranted, no program too luxurious or irrelevant to support itself if it could. Those were the days when it was all too easy for any university to drift aimlessly, producing college graduates for their own (and their parents') sake, allowing its staff to pursue narrow professional concerns of personal advancement rather than any directly responsive public role.

These sins may be forgiven a richly endowed private university with a tolerant alumni constituency. But where the university's constituency is represented by a harried state legislature, the wages of sin are more binding. In its last session the Maine Legislature evidenced reluctance to continue the liberal funding it has provided the University in the last decade. Perhaps the greatest part of this reluctance is the growing feeling that Maine's expenditures for higher education go largely to create a skilled labor force for the rest of the nation. A 1968 survey indicated, for instance, that 71 percent
of the graduates of the University's premier college of technology were living and working outside Maine 20 years after graduation. Of course, this figure obscures both the attractiveness of the college to residents of other states and the fact that most of those 71 percent are native Mainers who have found better lives for themselves elsewhere as a result of their education. One suspects that is why their parents supported the University in the first place.

Like private business, universities are now being asked to perform some of society's work for which they are ill-equipped and even incompetent. It is perhaps the price they are paying for the affluence and prestige with which society has endowed them in recent years. But if the business of business is business, the business of the university is knowledge, its learning and teaching. And this alone, with appropriate incentives, is what a university is competent to deliver in the long run.

If the analysis presented in this paper is correct, there is a new and literally indispensable role for the University to play in creating the knowledge and the skills to take hold of economic events in Maine, to convert them to income opportunities, and to fill the opportunities with trained people who are sensitive to the limits of Maine's resources. Those events cut across economic and environmental and cultural considerations in Maine. The knowledge and skills they demand scarcely respect traditional academic boundaries...
and professional jurisdictions. And, not least, the sources of federal and foundation support for university needs today more than ever favor neither those traditional boundaries, nor research unrelated to society's needs, nor slavish duplication of academic programs appropriate to other times and places.

These several considerations recommend the creation of a distinct Maine studies program within the University, designed as a continuing focus and vehicle for Maine's own needs in the broad reaches of land use planning, land management, and community development. Its purpose will be to maintain the tradition of the land grant college in this new time for Maine — as the major source of intellectual leadership and technical resources for the people of Maine to achieve their social and economic goals.

To accomplish that purpose today, a program is required that is multidisciplinary in its approach to problems, innovative in its curriculum design and extension services to the community, financially independent of the present academic divisions within the University, and organized on each of its campuses with specialties in the different skills required for the development and protection of Maine's resources. It would become known in the first instance not for the universality and purity of its concerns but for their usefulness and responsiveness to Maine's economic and environmental problems; and beyond that, for what Maine's answers to those problems have to say to the rest of the nation and the world.

What might be the agenda of a Maine studies program? Over time it will change with the needs of Maine itself. But in terms of the forces now operating in Maine there are some priorities that stand out.

In research, there is a long list of hard questions to ask about the benefits of various public investments in Maine land, and the costs of private investments. These are questions scarcely asked to now in Maine. In the public sector the sole question is too often, simply, how much will it cost? And in the private sector, how much will it make? Seldom if ever is the other side of these questions considered fully. In exploring these and other issues, a Maine studies program would become the principal source of intellectual support to a land bank, whose critical information needs were discussed earlier. Knowledge is expensive. For reasons of economy alone, the task must fall largely to the University to gather the experience of Maine's land uses, to evaluate their results, and to create specific new knowledge, new techniques, new policies, and new legislation to guide Maine's economic development and environmental protection.

In teaching, the task is to develop a program that will enable Maine's youth to learn something important about what is happening in Maine, and to do something necessary for its future. Maine
has much to learn and much to teach, and hardly all of it is in schools. Perhaps Maine is the appropriate place to break out of the passive mode of education prevailing in the nation’s universities and to build a program based upon the ancient journeyman-apprentice arrangement of teachers and students together mastering useful crafts for society’s needs.

No better vehicle exists anywhere than the traditional extension program, organized anew to deliver planning, financial, managerial, organizational, and marketing skills to Maine’s local governments, community development corporations, small businesses, and so on. And no better training ground exists for Maine’s youth to prepare for positions of full time responsibility for Maine’s future.

Nor need this program engage the energies and commitments only of Maine’s youth. Maine’s greatest untapped resource in both the areas of training and technical services is the growing legion of retirees, natives and immigrants alike, whose lifetimes of experience exceed all that is available elsewhere to Maine. How much of that experience might be put to training and technical advice in occupations that are supportive of sound land use is a question that needs to be asked — for Maine’s sake and its retirees’, as well.
DEMONSTRATION

PROJECTS

. . . . but there is
An ancient cellar there and stones
that bear
The mark of fire which once meant
a home.
And men may come again. The
place is lonesome,
But men may want a lonesomeness
again . . . .
The island lies there ready for the
day,
The gulls are keeping it till man
returns.

Robert P. Tristram Coffin,
"The Island", Salt Water Farm

Things are out of hand in Maine. The pace of recent events has
captured it unprepared to cope with them and their effects. This
is not surprising. Change has always been something that happened very
slowly in Maine, if at all. Now the size and momentum of national
forces are such that there is precious little Maine can do about their
basic character. What it can do is control the terms under which
those forces operate in Maine, and maneuver for its own preferred
advantage within the demands they impose.
Today economic growth and change are borne along by resources that are beyond the command of individuals in Maine. Only social institutions acting on behalf of Maine's people and accountable to them can do the job at hand. Only they can buffer the drastic effects in Mainers' personal lives of rapid economic change. Only they can curb the costs of growth and harness its benefits for Maine as a whole.

The policies proposed in this paper include:
- a property tax program organized at the regional level in Maine;
- a land bank operating at the state and regional levels;
- community development corporations organized at the regional and local levels; and
- a Maine studies program organized throughout the state's public university system.

Their purpose, together, is to develop the strength and competence to take hold of events in Maine and bend them to Maine's purposes and advantage.

Events have their own force and momentum, however, that are largely impervious to reason and analysis. That is what makes policy and the promises of policy makers so untrustworthy. If these proposals are responsive to Maine's present needs, what one may expect is that they will provide a framework within which events will occur to Mainers' net benefit and advantage. And if they are effective, they should demonstrate this in one or two limited, modest applications in practice.

Wherever the "green revolution" has been successfully introduced in the poor nations of the world, for example, it has required that a large number of new institutional connections be made, as well as demonstration projects to show local farmers that these new connections will work to their advantage. In addition to the improved seed varieties that are the essence of the green revolution, an ample supply of water, fertilizer, and information about their correct application must be present. These require that adequate credit and extension services be available. And once the crop is harvested, sufficient marketing capacity must exist to prevent price declines that will destroy incentives to grow the crop the following year. This, in turn, requires that transportation and distribution facilities be in place before the crop is in. And so it goes, the connections multiplying outward until there is a system that supports the innovation as a whole. Failure to comprehend each of the links and to coordinate them all means failure for the venture as a whole.

Similarly, the place for Maine to begin developing its competence in land use planning and management is in one or two carefully chosen demonstration projects. On these sites, all the institutions involved can be brought together, their connections explored, their weaknesses corrected, and their strengths reinforced.

How is the site to be acquired? How is it to be developed, by whom, and for what uses? How is construction to be financed?
Who is to build it? Who is to operate it? How are its profits to be distributed and reinvested? What controls can a land bank exercise wisely and unoppressively? How much advantage of the operation can be taken by a regional or local development corporation? How much assistance can the university provide in planning the development, preparing for its operation, and analyzing its results?

All of these questions and more must be answered in the context of real market demands on real Maine land. Those answers will create knowledge and competence for the several institutions involved that will subsequently serve Maine's interests at large. They will provide firm evidence about the compatibility of sound profit considerations and strict aesthetic and environmental standards in Maine land development. And if the evidence is favorable, these projects will be models for all subsequent public and private development in Maine.

In 1971 Sears Island was the subject of heated controversy over the location of an oil refinery on its highlands. A professional survey of the island indicates that its landform, soils, plant materials, water table, and visual amenities all recommend its development as a residential and recreational community. With deep water on both sides and terrain that is suited to year-round recreational activities, Sears Island affords a perfect opportunity for Maine to explore acceptable income alternatives to both heavy industry and rampant commercialism in the Penobscot Bay area. Connected directly to the mainland by a passable causeway, it is a virgin oasis in the very heart of Maine's tourist country. It is close to airport facilities at Belfast and Bangor and fine skiing facilities at Camden. And across Stockton Springs Harbor is deep water surrounding Cape Jellison and its rail connection over Bangor and Aroostook tracks to the Canadian Pacific Railway. This linkage provides the possibility for dry cargo port facilities tied into the same development project.

Away from the coast, the great forest tracts of Maine — their wilderness, lakes, streams, and mountains — remain Maine's greatest resource for the future. Their restricted ownership and general inaccessibility have kept them largely undeveloped to now, and their income potential virtually unknown except for timber and pulp purposes. Once it is established, the thoughtful development of their greater potential will demand a degree of public-private cooperation that is without precedent in Maine.

Today Scott Paper Company is exploring alternatives to wood pulp operations on its 850,000 acres of land around Moosehead Lake. Moosehead is already connected to Montreal and Quebec City by the Canadian Pacific Railway. A collaborative development effort between Scott and a Maine land bank could provide a singular occasion to open Maine's inland resources on a limited, controlled basis, to plan their alternative uses carefully, and to share the costs and benefits fairly among all the people involved.
Scarcely a dozen years ago the preeminent student of New England's politics remarked that "in few American states are the reins of government more openly or completely in the hands of a few leaders of economic interest groups than in Maine. [The lumber and power interests], combined with the textile and shoe manufacturers have done more than merely 'influence' Maine politics; 'control' is probably a more accurate term."* He could not foresee the coming decline of Maine's traditional industries, the changing economic circumstances in which Maine would soon find itself, and the new consciousness among Mainers of the severe costs of large corporate power and unbridled growth.

Today Maine testifies to the fact that the power of vested interests is vastly exaggerated compared to the gradual encroachment of ideas. Not in the near run, surely, but sooner or later it is ideas that make the difference in how people live. We are all the captives of some defunct philosopher. Yet each of us prefers to go to hell his own way. That's what the struggle is all about.

If Maine is going to hell anyway, it may as well go on its own terms. And if it is not, it will be because Mainers themselves took events in hand, did what was necessary to turn them to their advantage, and somehow built a highroad for others to emulate between the excesses of exploitation and regimentation alike.

Once upon a time not long ago, three generations of Maine craftsmen wrought from raw pine, oak, pitch, and iron the worthiest, most appealing sailing ships the world had yet seen. With one eye to commerce and one to nature, they built vessels that deflected harsh forces to human purposes and attained a level of art in the process. Not overnight, but one keel, one mast, one good ship at a time.

**SUGGESTED READINGS**

The interested reader may pursue many of the issues and ideas raised here in these sources:

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<td><strong>land use planning and practices</strong></td>
<td><em>Toward a More Effective Land-Use Guidance System: A Summary and Analysis of Five Major Reports</em>, by David Heeter. Report number 250, American Society of Planning Officials, 1313 East 60th Street, Chicago, 1969. $6.00.</td>
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A MAINE MANIFEST...

being a list of particulars concerning the economic resources of Maine...
... together with a compendium of remedies to convert those resources to sound income opportunities for the worthy inhabitants of that region...

Beginning with a disquisition upon Maine's present state of economic health and how that health relates to the condition of the Mother Nation... all preceding a most discerning account of certain valuable resources in Maine which, if properly cultivated, can bring a considerable measure of financial and environmental independence to Maine...

Followed by diverse commentaries on the quality and desirability of Maine land, that most treasured of natural assets... together with some musings upon the inability of the state's governing institutions to turn that asset to the greater benefit of Maine and its native population...

All of which leads the esteemed reader to certain noteworthy proposals, modestly made, together being knit into a design for preferred economic growth in Maine... along with sundry arguments that if these proposals are implemented, the profits and protections to Maine's land and people will not be inconsiderable...

Remedies, too, are offered to relieve the onerous burden of property taxes in Maine... to maintain the value of Maine's land for its several desirable uses... to give the people of Maine a choice among those uses and a stake in their consequences... and to engage the public university in the timely husbanding of the state's resources and the like instruction of its youth...

Whereupon it is finally submitted that the diverse connections among these several devices may best be established upon one or two selected sites in Maine, where all may observe at leisure the wisdom and felicity of their construction...

For which the entire volume provides numerous charts, graphs, data, references, bibliography, and miscellaneous observations and niceties... all of which affords the most meticulous reader every necessary assurance that what he may purchase for one dollar and a half is indeed worth considerably more.