

Nostalgia isn't a Strategy

Perry B. Newman
President, Atlantica Group LLC
04 February 2011

Commentary originally published for Maine Ahead magazine



Candidates for political office often play to our desire to remember the past with a sense of nostalgia. That's why we see so many television advertisements with gauzy images evoking memories of the good old days, the days when life was simpler, a man's word was his bond, and we all knew our neighbors. Here in Maine, campaign nostalgia usually involves romanticizing the days when kids in the County were excused from school to harvest potatoes or when a young man could be assured of a job in the mill upon graduation from high school.

None of those commercials point out that in mid-20th-century Maine, our per capita income was just 83% of the national average (today it's over 90%) and life expectancy in Maine was 44th out of the 50 states (today it's 26th).

Most of us know deep down that we can't go home again. Things change. It's understandable for a worker—any worker—to feel unsettled and at risk these days, but

retreating to a romanticized past is not the answer. Thus I was taken aback during the fall gubernatorial campaign when several candidates, including our new governor, hearkened back to the heyday of Maine's agricultural, forestry, and fishing industries and expressed a desire that they once again become the drivers of the state's economy.

Quite apart from the fact that Maine's economy fared worse vis-à-vis the other states back in the 1960s than it does today, and ignoring for a moment the fact that we live longer today than we did back then, is there any reason to think that agriculture or forestry is the answer to our current economic challenges?

Take agriculture. The average size of a farm in Maine, according to the U.S. Department of Agriculture, is 166 acres. What's more, 62% of all Maine farms cover less than 100 acres. Nearly 70% of Maine farms generate less than \$10,000 per year in sales; 85% generate less than \$50,000.

True, the number of organic farms and acres of organic farmland are growing, but the numbers are very small indeed. And while larger potato farms and potatoes generally produce hundreds of millions of dollars in revenue—as they have for generations—it is hard to see how our agriculture industry can slingshot Maine's economy forward.

Fifteen years ago, the paper industry employed 14,000 Mainers. Today, the number is roughly half of that. Maine paper workers, 15 years ago, produced 263 tons of paper annually per worker. Today, he or she produces 461 tons annually, owing to automation and computerization. Most of Maine's paper industry success stories, like Lincoln Paper and Tissue, focus on specialty products, which is a smart strategy since a growing percentage of people will be reading columns like this on handheld devices, and not on commodity paper products.

Farming and paper remain vital to the state. They generate big revenues and pay good wages, and we want them to prosper. But it's hard to see how demand for potatoes or paper is going to rise to the level where they once again become the central drivers in the Maine economy.

It's time for Maine's leadership to focus on the future, not the past. Innovative approaches to industry—even the most traditional industries—can make all the difference. From Backyard Farms and its burgeoning tomato production in Madison to Bar Harbor's Jackson Lab and its world-class expertise in genetic research. From Idexx, a homegrown, publicly-traded anchor of our biotechnology cluster to Wright Express, a payment processor and information management provider that has just completed a strategic acquisition in Australia. From Fairchild Semiconductor and its state-of-

the-art fab facility to Hodgdon Yachts, which focuses not only on classic yacht designs but also on engineered materials for marine defense. Why are these businesses here? What is it about Maine that keeps them here? What is threatening their survival? What is preventing them from expanding here?

During this last campaign, I didn't see a single commercial focused on biotechnology, information technology, semiconductors, or composite materials. I followed the campaign closely and heard precious few groundbreaking ideas to support our growth industries or encourage tomorrow's job creators. I'll bet the people running the aforementioned companies have some ideas, and can tell our new governor and legislature precisely what's standing in the way of making them a reality.

I say it's time to stop waxing nostalgic over the decline of paper and potatoes. These industries are striving to remain competitive, and policymakers need to make sure they don't make a tough situation tougher by getting in their way. But from a policy standpoint, we need to move on. Leadership must level with us and explore economic development policies that benefit us now and in the future. We can't keep gilding the pages of a dusty family album hoping that the pictures suddenly come to life.



Atlantic Institute for Market Studies

2000 Barrington St., Ste. 1302 Cogswell Tower,
Halifax NS B3J 3K1
phone: (902) 429-1143 fax: (902) 425-1393
E-Mail: aims@aims.ca <http://www.aims.ca>