

# Thoughts on the CFED's Visioning Exercise

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To: Commission on the Future of Economic Development

The results of the commission's visioning session are a mix of ideas regarding goals and strategies. As the commission works through the list from its November 16 brainstorming session, it might be helpful to acknowledge that economic development is not an end, only a means. Therefore, the first step is to identify the goals.

The last VEPC Plan stated that the long-term goal of economic development "should be to improve the economic well-being of the state's citizens". In our view, this is appropriate and needs to be given substance. For example, ensure that 1) working Vermonters can earn enough to meet their basic needs; 2) that work offers opportunities for growth and advancement; 3) that we equitably distribute costs and benefits; and 4) that there are meaningful opportunities for full participation by all, especially those who have been disadvantaged in the past (e.g., gender, race, geography, etc.).

Presumably, most citizens are less interested in strategies than in outcomes. Thus, it seems reasonable to ask Vermonters for their views on goals as you conduct various types of public outreach (meetings, web site, etc.). In any case, before the commission considers new strategies, it is essential to examine the effectiveness of past efforts.

Brief comments on three of the suggestions from the brainstorming exercise:

1. *"Vermont should recognize that it participates in and is influenced by a market-driven global economy"*

Globalization is a two-sided coin. It offers opportunities but also presents demonstrable threats (e.g., thousands of jobs lost to overseas competitors). Global markets are influenced by factors beyond our control so it would be prudent to adopt policies that limit our exposure to adverse impacts. One way to do this is to reduce our dependence on imported goods and services. This is not an argument for isolation (we are not an island), only a call for greater self-reliance. Such a strategy is prudent and has many ancillary benefits. A dollar retained in the Vermont economy has exactly the same economic and fiscal impacts as a dollar earned from exports. This suggests opportunities for state purchasing, food, wood products, and energy, among others. "Buy local" should be state policy, not just a slogan.

2. *"Vermont's tax burden should be competitive with other states"*

The focus on tax burden implies that: 1) state taxes are a major factor in business expansion and location decisions; 2) that we are losing large numbers of jobs from interstate competition; and 3) that job growth from attraction is a significant part of overall job growth. These assumptions are not supported by the evidence. We look forward to an opportunity to present relevant data.

3. *"Target Niches for Economic Development"*

In some cases, targeting niches is sensible. For example, natural resource-based industries build on an existing foundation, offer strong multipliers and opportunities for import substitution, have important secondary benefits (environmental stewardship, tourism, etc.), and support businesses rooted in Vermont (less likely to leave), especially in disadvantaged parts of the state. In addition, such sectors are at risk and require assistance to re-establish themselves and grow. Other sectors may reflect strong Vermont values and offer growth opportunities for entrepreneurs and workers who value our quality of life (again, less likely to leave; e.g., environmental technologies, renewable energy, etc.). Some sectors provide critical support for the workforce and have many other benefits (e.g., affordable housing/construction, early childhood education, etc.) But if we direct resources to niches that are growing without aid and are potentially mobile, we risk losing them and may waste resources. In the end, the choice of niches should grow out of and reinforce a larger strategic vision.