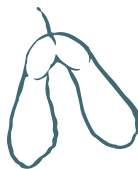


The following chapters are the synthesis of public forum notes and interviews, statistical polling, written comments, trend line research, and the many other contributions from Vermonters described in the Introduction in Part One of *Imagining Vermont*. They reflect, to the best of the Council's ability, the essence of what Vermonters shared. The Council's purpose in these chapters is to reflect what we have gathered about important subjects, whether they are emotional, divisive or matter-of-fact. All of the information was organized into ten key issues areas: *Vermont Culture; Population; Natural Environment; Working Landscape: Agriculture and Forestry; Built Environment: Development and Land Use; Economy; Education; Human Services, Health, and Safety; Infrastructure; and Energy*.

While each chapter encompasses a wide range of research and discussion, a common framework is used. Quotes from Vermonters illustrate specific points or show a range of opinions, and research and polling provide balance to the individual voices, lending authority or illuminating contradictions in the ideas expressed. All references, unless otherwise noted, are from the St. Michael's report *Vermont in Transition: A Summary of Social, Economic and Environmental Trends*, the companion volume to this report. When UVM's Center for Rural Studies web and telephone surveys are referenced, these percentages and data are found in the *Looking Ahead: Vermonters' Values and Concerns* reports.

The Council invites every reader to think about conclusions from the data and what directions it might suggest for Vermont. These chapters summarize what the Council heard; the Council's own conclusions can be found in Part Two of *Imagining Vermont*.





## Economy



**E**ven while they recognize Vermont's integration in the regional and global economy, many Vermonters like to emphasize the unique features of Vermont's economy, the Vermont brand, and the special value that the Vermont identity provides. As measured by gross state product, Vermont's \$24.5 billion economy is the smallest of any state in the nation. Though some claim that Vermont's small scale makes the state extremely vulnerable to conditions in the regional and global economy, others see flexibility in that scale that provides the opportunity within the state to try new ways to sustain and enhance economy and build prosperity within the state.

### **Sectors, Employment and Income**

The Vermont economy was historically rooted in agriculture, forest products, industry, milling, cloth production, and mining, but in the relatively recent past it has become much more diverse. In 2007 four sectors accounted for nearly 50 percent of Vermont's Gross State Product: government, real estate, manufacturing and health care. Recreation, tourism and education also make up a significant part of the state's economy.

While average incomes in the state have risen over the last generation and are now very near the national mean, many Vermonters struggle to afford the high cost of housing, health care, energy, transportation, foods, medicine and other necessities, as well as high taxes. Vermont's cost of living ranks as the ninth most expensive nationally, although all the New England states are above the national average.

Vermont's employment growth has slowed in the last few years. During the last three decades, significant changes in the pattern of job creation have compounded to affect the state in a number of ways. The Census Bureau's Burlington/South Burlington Labor Market region, which includes the fringes of Addison and Franklin Counties, accounted for half the jobs created in the state between 1978 and 2006. Manufacturing employment fell from 18.4 percent to 12 percent of the jobs in the state between 1988 and 2006, representing the loss of 10,000 jobs. Meanwhile, health care jobs rose from 8.9 percent to 14.1 percent of the total, and employment at Fletcher Allen Health Care, the second largest private employer in Vermont, grew by 47 percent over the twelve-year period to 5,384 employees in 2008. Government employment is the largest employment sector in Vermont and it grew continuously during this period. Many of the other employment growth sectors in the state's economy over the past 20 years are in occupations and industries that pay lower than average state wages. This is often cited as a significant cause of the affordability gap confronting working Vermonters and their families today.

It is important to note that at the time of this publication, detailed data are not available on the effects the recent economic downturn has had on these and other historic trends. In first few months of 2009, at the time of the writing of these chapters, information from federal, state and other public organizations is not readily available.

## Affordability

While household income increased in the state over the last twenty years, Vermont, like other New England states, has remained an expensive state to live in. Affordability was one of the primary concerns most voiced by Vermonters at public sessions. When asked to rank their level of concern on twenty-four challenges facing the state in the Council's telephone poll, 82 percent of respondents named the cost of living as their number one concern. Although the inflation-adjusted average earnings of Vermonters rose gradually over this period, the earnings of some Vermonters did not keep up with inflation, particularly as a result of the rising costs of health care, housing, and education.

In the course of the public forums, participants expressed worries that put the affordability issue in class terms. People throughout the state are concerned about the decline of what they consider the middle class, the growth of a wealthy cohort, and the pressures faced by the urban and rural poor. There is widespread concern that the socio-economic classes are more separated than in the past. Some worry that the state is developing functionally gated communities and poverty enclaves and that this could lead to growing economic divisions within communities and tensions between prosperous and impoverished towns or regions. A person at the Randolph forum claimed that, "Vermont has a vanishing middle class and has become a two-class state: the rich and famous and the poor and forgotten."


The poverty rate is low in Vermont compared to other states (in 2007, only New Hampshire had a lower rate). While the gap between the wealthy and the poor in Vermont has risen steadily, the state has lower

levels of income disparity than the country as a whole. Nonetheless 61,000 Vermonters lived below the federal poverty line in 2007. In that year the wealthiest one-fifth of Vermonters received 47 percent of household income in the state, up from 43 percent in 1980, and the bottom quintile received 4.2 percent, down from 4.7 in 1980. Over the course of the year of forums, it was common to hear that the "rich are getting richer and the poor are getting poorer."

### ***Basic Needs***

For many Vermonters, the challenge of affordability is a result of the cumulative pressures from the rising costs of energy, prescription drugs, health care, and housing. To one Franklin County elder, "it's not the cost of living; it's the cost of existing!" Another respondent said, "My husband spends \$125 for one bottle of pills a month. He can't afford eyeglasses." Others described how life for senior citizens on fixed incomes is "a pinch," and that when resources get scarce, they may sacrifice transportation and end up isolated. Managing costs on a limited income is a precarious balance. When one thing goes wrong it becomes very difficult to maintain or regain that balance; even a simple transaction can topple an individual or a family's security and end in homelessness.

*For many Vermonters, the challenge of affordability is a result of cumulative pressures from the rising costs of energy, prescription drugs, health care and housing.*



Part of the challenge is documented in the rising number of Vermonters who rely on food stamps, need help at local food shelves, or face the crisis of homelessness. One participant described homeless people she knew in southern Vermont who were freezing at night under local bridges; “Is it fair for people to have second homes while others can’t get into homeless shelters because there is no room?” In 2008, over 50,000 Vermonters across the state received food stamps each month – a number that has slowly increased since 2000. Homelessness is very hard to measure as an indicator because many people without homes do not use shelters and therefore cannot be counted. Nonetheless, the number of families in Vermont using shelters increased by 20 percent between 2000 and 2007, and the average stay in a shelter increased as well.

In counties across the state the Council heard from many Vermonters who worry that local people are being priced out of their homes and the next generation is being priced out of town. From 1996 to 2006, housing prices in the state rose faster than household income, making it increasingly difficult to purchase a home. Housing costs in Vermont are above the national average while household income is below the national average; although Vermont in 2005 still ranked as the state in which the median household income could be used to purchase the median house – which was not the case in any other New England state. At the same time it is interesting to note that Vermont ranks very high across the country in terms of home ownership. In the last fifty years, the percent of residents owning their own home has risen from 67 percent to 72 percent.

In talking about these basic needs issues, one Vermonter expressed frustration over national funding priorities: “Billions are going for war in Iraq – think what we could do with a drop of that money!”

### **Taxes and Wages**

One factor consistently cited as a cause of Vermont’s high cost of living is the state’s high taxes. Over 85 percent of responders to the telephone poll reported that they are concerned or very concerned with the tax rate. “Tax, tax, tax!” exclaimed a Dorset resident, stating that Vermont has “a prince’s palate for charity on a pauper’s resources!” Amid the complaints, however, many Vermonters say that they don’t mind paying taxes if they believe that they are getting their money’s worth: “I’m proud to pay taxes because I know it’s going to be shared.”

It might seem obvious that different types of taxes affect individuals, businesses and homeowners differently. On the eastern border of Vermont, the Council heard much more about sales tax burdens because businesses there must compete with New Hampshire businesses, where there is no sales tax. In Vermont there are taxes, fees, and assessments on everything from meals, rooms, alcohol, property, motor vehicles, and beverages to income and transportation. The St. Michael’s research book, *Vermont in Transition*, reviews various methods of measuring tax burdens. While state tax revenues have been rising in constant dollars for the past thirty years, taxes as a percent of per capita income actually shows no clear trend. That said, the per capita burden has been ranked sixth in the nation, 38 percent above the national average. At the same time, the tax structure in Vermont has relatively low taxes for lower-income taxpayers and relatively high rates for high-income individuals, making it one of the most progressively taxed states in the country. In 2007, the Legislative Joint Fiscal Office produced a report (*Vermont Tax Study*) that compared Vermont’s state and local tax system with twelve peer states, similar in economic size and in competition for businesses, and demonstrated that Vermont regularly rates near the middle of that group. New York, Connecticut, Maine, and Massachusetts all have higher per capita state and local taxes, according to the report. Vermont’s business and income taxes, on a per capita basis are the 3rd and 5th lowest amongst the group of twelve peer states.

Vermonters seem most concerned with how Vermont’s economy affects them personally – their monthly expenditures and the costs of living in the state. They also worry about job opportunities and job security for themselves and for their children. Since finding adequate income for daily living is a challenge for many Vermonters, the idea of defining and creating a “livable wage” came up often in public forums. In 2007, research shows that just over 11,000 or 4 percent of Vermonters were being paid at or below minimum wage. Vermont’s minimum wage (currently over \$8 per hour) is above the national standard; but while working at the minimum wage may serve the needs of young people still in their parents’ homes, the rate is far below the livable wage for an individual on his or her own, and can be a recipe for poverty for working families. Others describe how the lack of good jobs paying livable wages means that, “it is no longer possible for people to work their way out of poverty.” Another forum participant described how to survive in low-pay employment: “I work four jobs in Burlington.”



### **Affordability and Expectation**

Although most participants in public forums acknowledged the enormous challenges of affordability confronting individuals, families, and communities, some pointed out that part of the “affordability” dialogue is about perceptions and expectations of what qualifies as a *need*. Some say affordability should be redefined and people should adjust their expectations accordingly. The research conducted by St. Michaels College for the Council cites a Pew Research study on how Americans define “necessities.” For example, in the short period from 1996 to 2006 the percentage of Americans who identified home air conditioning as a necessity rose from 51 percent to 70 percent. Cellular telephones, personal home computers, garages, dishwashing machines, and washers and dryers are all examples of costly consumer goods that have come to be considered necessities in daily life.

Forum participants recognized that there are positive trade-offs to living in a relatively small, northern, rural state away from the nation’s economic hot spots. A Brighton resident made a claim that resonated with participants in several forums that Vermonters choose to live here knowing that they could make more money elsewhere. To many, the quality of life compensates for the lower economic returns, and on balance, Vermont is the place they want to be. One participant noted how the beauty of the state attracts people of means to stay, but described it as a hard trade off for the poor: that people who are struggling to meet basic needs can’t eat the landscape.

What is the answer to the affordability challenge? The response the Council heard most involved creating an economic, educational, and regulatory atmosphere to attract, incubate, and support the dynamic jobs of the future.

### **Challenges in the Vermont Economy**

Here is a list of some of the core challenges consistently expressed by Vermonters and common complaints about the role of the state in addressing them:

- The high cost of doing business in Vermont discourages investment, development, and job creation. In particular, increasing energy costs, healthcare costs, and regulatory complexities and delays make the cost of business startups and expansions here challenging.
- There is a shrinking base of job opportunities for unskilled workers.
- Jobs in Vermont are either entry level or management – it is hard to find jobs that allow an individual to have significant career advancement.
- The Vermont education system does not meet the needs of Vermont businesses.
- The state doesn’t protect or support the larger businesses that the economy relies on. Often those businesses find it easier, more attractive, or more profitable to move out of state than to grow here.
- Vermont lacks of a coherent and long-term economic development strategy that is based on Vermont values, identifies key opportunities, unifies state, private, and non-profit efforts, and invests to get measurable results.
- The state concentrates on attracting large companies from outside Vermont but does less to grow and support indigenous small businesses.
- The state has complex and difficult regulatory requirements that force businesses to move, or to adjust their ideas for development in an unnecessary or unprofitable direction.

## Vermont Scale

Throughout the state people celebrate the variety and creativity of Vermont's small businesses and call it a "small business state." Vermonters consistently told the Council that small businesses are the backbone of the state's economy. The reality is that Vermont has a dynamic group of relatively large employers, an expansive matrix of small businesses, and an energetic mix of micro enterprises, each of which plays important roles in the balanced portfolio of enterprises here.

It is interesting to observe that while Vermonters are generally appreciative of small business, there was a lack of an understanding about the positive assets big businesses bring to the state and the role that these businesses play in the economic structure. There sometimes seems to be a prevailing sense among Vermonters that big is bad, and small is good.

According to data collected by the Vermont Economy Newsletter, the largest 100 private firms in the state employed over one-quarter of all workers in 2006 (64,200 people) and paid over one-third of all wages. On the other hand, only nine business establishments in the state have more than 1,000 workers and 78 percent have ten or fewer employees. IBM, the largest private firm in the state and a bellwether for many forecasters, has been shrinking its workforce recently. Its workforce declined from 8,500 in 2000 to 5,400 in 2008, yet it still provides approximately 25 percent of manufacturing jobs in the state. Because of the central role IBM plays in the economy of Chittenden County and surrounding regions of northern Vermont, many worry that the historic trend in the shrinking workforce at IBM in Chittenden County may presage the company's departure at some point in the future.

Opinions vary as to what should be done to try to retain major employers like IBM or the regionally significant Ethan Allen Furniture in the Northeast Kingdom. Some believe that it is essential to the future prosperity of the state that it institute energy, tax, and regulatory policies that will encourage larger businesses to stay and others to locate here. One respondent told the Council: "Investors are making decisions in corporate offices far from Vermont – they are trying to decide whether to invest here, to expand, retract, or close, and we need to compete for their capital." Other Vermonters believe that the state has little or no control over these businesses' decisions about where to locate or grow.

Some think that Vermont public policy should center on stimulating innovation and entrepreneurship to develop new businesses, some of which may grow as centers of economic clusters supporting future

prosperity. A Northeast Kingdom resident claims that, "Small business is the answer. Instead of a golden goose, we need many small geese with many small golden eggs." To this individual, this is not only the route to economic success, but, "from this comes community."

## The Vermont Brand

Vermonters recognize that the small scale of the state and the broad national image of Vermont serve the state as a unique brand that can help attract tourists, sell products, draw in new businesses, and attract youth. The brand serves as an icon outside of Vermont, embodying the collective images of the state's best features and values. For some, the Vermont brand is or could be, "Vermont, the Entrepreneurial State", for others it is "Vermont, Clean and Green," "Vermont the Environmental Problem Solver," "Vermont, the Nation's Innovation Center," or "Vermont, the Health Capital of the United States." It is noteworthy how often the Vermont brand comes up in discussions with widely different groups of Vermonters. Each of the brand ideas entails a vision for the future of Vermont's economy that could guide policy and investment – most Vermonters who bring up this kind of concept seem to be calling for a strategic plan and campaign to implement it.

The Council also heard from a vocal minority who dislike the use of a brand for the state. They see it as symptomatic of the "commodification of Vermont." Most Vermonters, though, seem proud of the specialness of Vermont and glad that Vermont products and the state itself have developed some cachet in the marketplace, mostly for associations with characteristics of the state that are commonly cherished.

## Vermont Local and Global

As a small northern state, Vermont imports goods and services that would be difficult and expensive to produce here (\$2.1 billion for carbon-based energy in 2007 alone, for example). At the same time, imports may displace the jobs of some working Vermonters, as has been seen in recent years in the granite, furniture, and machine tools industries.

Exports are also a crucial part of the state's economy. In 2007 Vermont businesses exported \$3.43 billion in products to foreign markets – an increase of 21 percent since 2001. Canada is the state's largest trading partner, receiving more than one-third of the state's exports, but Vermont has important and growing trade in other global markets, especially in Asia. By expanding trading markets internationally, as well as to

other part of the United States, Vermonters benefit not only from lower prices and access to a greater range of products, but also through the creation of new jobs, either through producing products or providing services for export, or through direct foreign investment in Vermont companies. In the latter case, foreign-owned companies employed nearly 10,000 workers in 2006, almost one-quarter of whom were in manufacturing.

The wave of global commercial consolidation over the past decade has sharpened the focus of many Vermonters on sustainability within the state's borders. While global consolidation has reduced costs of products and services, it sometimes negatively affects employment, particularly in more rural areas of the state. In many forums people voiced the concern that outside ownership of businesses in the state could threaten existing small businesses and somehow depersonalizes commerce. This has been most evident in the financial services industry, where the number of independent Vermont chartered banks headquartered in the state has declined from thirty banks in 1960 to only six in 2008.

A Burlington resident pointed out that Vermonters export dollars out of state for foods, goods, services, and energy that he believed could be produced in-state with an additional economic benefit of the multiplying impact of the circulation of these funds in the local economy. He reflected what the Council heard from many Vermonters around the state: "Corporate power and big box stores – the standardization of consumption – is putting local stores out of business... we resist better than most of America, but we need to support the survival of small businesses... I don't know if we are strong enough to resist."

Those who celebrate the local economy often do so with a strong sense that an increasing energy crisis and costs for international movement of goods will redefine the global marketplace and require more regional self sufficiency. They see days ahead when energy scarcity or high carbon taxes will discourage the distant transport of food and goods and encourage local, decentralized production and distribution systems. One Randolph participant called it getting Vermont back to "our core virtue of self reliance." Many also feel that global energy and economic changes will shift patterns of consumption. They suggest that Vermonters won't be able to continue to "save less and spend more" and that "shopping as recreation will end." Others who favor re-localization see it as a key to long-term sustainability and a choice that Vermont should make now. A Middlebury participant proposed that the state "redefine prosperity."

He suggested that Vermont "take the reins and build our local economies.... If you travel around Vermont, [you see that] the beautiful things and buildings were built at a time when Vermont had its own economy."

The idea of "relocalization" is on the minds of many Vermonters as they think about the future. Where many see a crisis in rising energy prices when they look ahead, others see an economic opportunity for local agriculture, industry, and commerce and also for local doctors, lawyers, small businesses, and services.

### ***Vermont as an Innovation Center***

Vermont has made a name for itself with its many small-scale industries, including artisan and farmstead cheese producers, emerging wineries, microbreweries, specialty knitwear, nurseries, furniture makers, and organic dairy farms. While these small firms make important contributions to the state's quality of life and mystique, they employ very few workers and often pay lower than average wages. Vermont's economy has grown successfully in the past through the creative innovation of entrepreneurs whose small business startups have taken new ideas and product lines to market, resulting in rapid growth and leading to good jobs for thousands of Vermonters.

Throughout Vermont, residents express optimism that the state has the unique assets and qualities it needs to renew itself as a center of a new wave economic innovation. For many Vermonters the traditions of Yankee ingenuity and self reliance, the state's history of invention, and its strong work and environmental ethics create the opportunity to encourage numerous small entrepreneurial enterprises with small environmental footprints as a key strategy for the state's future economic development.

Many Vermonters point to innovation as the cornerstone of future prosperity and the way to attract youth and retain young Vermonters. This has often been labeled the "creative economy" and its proponents have concentrated on how communities can make themselves dynamic centers of innovation to attract the creative individuals who will invent new businesses. Vermont's amenities and quality of life are key assets here, along with the visual arts, music, and cultural activities. Some communities have approached the challenge of becoming attractive centers for entrepreneurs by building business incubators. Others are developing bike paths, music festivals, local amenities, buy local campaigns, and local energy committees, as well as giving support to local agricultural enterprises. Interestingly, in Vermont the creative economy idea, while including the focus



on arts and culture as it does elsewhere in the country, has concentrated on identifying unique patterns of local community life and strengthening community as the strongest local attraction. Many recognize that community centered cultural assets are an integral part of the Vermont way of life and a growing factor in the decisions of those who choose Vermont as the place to develop their businesses.

"The state is perfect to attract the next wave of people to start new businesses here," said an entrepreneur in White River Junction. "Because we are so small, the potential is extraordinary." Participants in its forums told the Council that if Vermont can attract intellectual capital or build pools of entrepreneurs, these innovators will invent new businesses to lead the state into the future. Taking steps to expand the state's reputation (and the reality behind it) as an innovation center could be key to attracting and retaining the creative youth the state needs to thrive in the future. "If we get more plugged in, we will be able to keep more kids here," a participant in Hinesburg told the Council on the Future of Vermont.

One of the aspects of the innovation economy that is often neglected is the state's strong non-profit sector. Vermont has more non-profits per capita than any other state. Some point to the complexity and potential redundancy of non-profit development while others celebrate the creativity and community involvement of so many enterprises engaged in serving community and state goals. A Hardwick forum attendee praised the dynamism of community involvement in Vermont saying, "we have a non-profit entrepreneurial spirit," that is a foundation of community success and an asset contributing to economic health. When a problem arises or a need is identified in a community, quite frequently a committee forms, incorporates, and develops strategies to address the issue. Vermont non-profits play a critical role everywhere in the state; in addition to their social service roles, they are important employers and leaders in local and statewide development.

### ***Vermont as a Destination***

In 2005 13.4 million visitors to Vermont spent \$1.57 billion here, providing the basis for 36,000 jobs (12 percent of the total) and supplying nearly \$200 million in taxes and fee revenues to the state. The number of tourists and their spending patterns constitute a critically important part of the state's economic portfolio. Yet, while Vermont is surrounded by New England, New York, and Quebec population centers and is literally within a day's drive for 60 million people, since 1990 the number of tourists and their spending have been either flat or growing slowly. Many point out that there is a huge untapped opportunity for Vermont businesses both to attract tourists and to sell quality Vermont branded products. In addition, Vermont arts, cultural events, recreational opportunities, and natural landscape all draw visitors and revenue. It is the unique combination of all these elements that makes Vermont a destination. The quality of life characteristics, which many attribute to a creative economy, also serve to make this state a place to visit and spend money. Yet, it is important to note that the state budget's support of the tourism industry is well short of that of other states in New England.

### ***Vermont, Clean and Green***

Many Vermonters testified to the Council that Vermont's commitment to the environment makes it a natural place to incubate businesses that are "clean, green, and smart." In one way or another, many Vermonters propose to position the state as "Vermont, the Environmental Problem Solver." They see great opportunities for Vermont in the global economy in the green sector. Associations like Renewable Energy Vermont and the Vermont Environmental Consortium represent hundreds of businesses that are developing new energy generation technologies, building tools to improve efficiency or detect and remove pollutants, or marketing environmentally friendly products.



At public forums, participants repeatedly pointed to what they see as an opportunity to incubate a new wave of cutting edge technology businesses, green businesses, value-added agricultural and forest products, and branded niche products. Many see Vermont's quality of life as a key attraction to draw and retain home-based workers and small businesses whose participation in the global marketplace allows them to be located anywhere and telecommute to connect with offices and customers well beyond the state's borders. Vermonters want to see universal and affordable high-speed broadband to support these clean and green economic opportunities.

Discussions around Vermont's economy were often dominated by themes related to agriculture and its role as signal characteristic of the Vermont green brand. However, based on dollars and jobs alone, the commonly expressed perception of the importance of agriculture as the leading component of the state's economic backbone is not true today. Vermont now relies on its service sector, retail trade, health care, government, and education to much greater degrees as foundations for jobs and prosperity. The perception of the leadership role of the agriculture sector is therefore based in part on the value Vermonters express for the working landscape, and in part from the historical and visual reminders of Vermont's agricultural past and its ongoing contribution to the character of the state. Highly visible value-added businesses such as Cabot Creamery and Ben & Jerry's, as well as innumerable and diverse farm and value-added food enterprises, powerfully contribute to Vermont's brand cachet as well as to local and statewide economic development. Vermont has made some significant efforts through tax and regulation policies to support its farms and working landscapes, and has recently seen a resurgence of "buy local" campaigns that focus on food markets and value added agriculture products. Vermonters cherish agriculture and repeatedly called for investment to support its crucial role in the state's future.

## Opportunities

Often at the end of a forum with business people, from dairy farmers to corporate leaders, participants arrived at two consensus positions: First, Vermont needs a clear strategic plan that identifies key economic opportunities and that deploys resources to advance

them. Second, Vermont needs to end what many see as the uncertainty and delay of regulatory decision-making; almost everyone agrees that regulation should be clear, predictable, and timely.

A Windham County resident called for a "statewide strategic economic vision" and held that unless Vermont builds one, invests in it, and acts on it, market forces will result in the state becoming a "theme park." A Bennington participant echoed this idea claiming that, "we need to figure out what our strengths are and play to those strengths... it's not about balance, it's about making choices." This idea of creating an economy based on Vermont strengths and values came up in sessions everywhere. In Burlington a participant pointed to the need for economic goals, strategic action, and investment through identification of key clusters – software developers, life sciences, and energy development businesses. His proposal was to identify core areas for growth and build and carry out strategies to realize them.

A Brattleboro forum attendee responded to the talk of a strategic economic plan with both caution and enthusiasm. He held that it would be costly and difficult to build and invest strategically in line with Vermont values. He pointed to the fact that manufacturing costs overseas are a fraction of what they are in Vermont so that the state would need to make significant sacrifices, provide sizable public subsidies, target new regulatory pathways, and in many other ways invest to promote and shelter the activity it wants. To him this would require a level of state activity, social unity, and mutual self sacrifice equivalent to that in World War II.

Several CFV forums considered how to build Vermont's reputation as a business-friendly state. This discussion always stirred debate. Some suggested that Vermont is not friendly to developers who violate environmental regulations, but that it needs to decide what kinds of business it will be particularly friendly to. In some conversations residents called for targeting clear strategies that make choices for the type of industry clusters that best fit Vermont. Rather than calling for blanket regulatory reform, these Vermonters seek strategic incentives to grow, attract, and retain the innovative, green, and low-impact businesses that are consistent with Vermont's scale and environmental ethic.

*"The state is perfect to attract the next wave of people to start new businesses here."*



## Dynamic Tension



Throughout the state, many residents recognized that Vermont sometimes does in fact sacrifice job growth to maintain environmental standards. It does have a working balance between the environment and the economy, but one in constant and perhaps inevitable tension. A Brattleboro participant discussed the problem of the loss of youth to Vermont by saying, “There is limited opportunity for youth to stay. To develop more means losing some of what we cherish.” One presenter to the Council held that the economic results in Vermont today are the result of collective decisions, whether the results were intended or not. For example, the public complains about high taxes for schools, but then votes for them. Many worry about regulation stifling business development, but others fight against any relaxation of regulations. People talk about “smart growth” in community centers and then build or buy homes in the hills. Public choices and the dynamic tension inherent in controversies around development have determined many of the conditions in the economy for both good and ill. As that presenter expressed it, “You get what you ask for.”

Wherever the Council met with Vermonters, they expressed the view that education is the key to the future of economic development. Many Vermonters understand that attracting the relatively higher paying jobs needed to make Vermont affordable will require post-secondary degrees or technical certificates. This

issue is discussed more thoroughly in the Education chapter of this report. Most Vermonters believe that a good education system is needed to develop the innovative entrepreneurs who will create the businesses that will seed the state’s future prosperity. In discussions with groups ranging from prisoners to ministers and business leaders, higher education and excellent workforce education and training programs were mentioned as crucial for Vermont’s future economic success. At the same time, the cost of education, both at the local K-12 level and at the higher education level, was repeatedly cited as a significant part of the affordability problem. While many recognized this conundrum, few consensus solutions emerged from forums and survey responses.

At the public forums and interviews throughout the state, Vermonters were united in their concerns about the costs of living, the future of the Vermont economy, and the need for creating and maintaining good jobs in the state. Some advocated the more traditional ways of addressing these issues with education, regulatory reform, and tax policy. A significant number of others shared more idealistic visions for a new Vermont economy, one fitted to the scale and values of Vermont communities that would emphasize creativity and innovation, local production, green technology, sustainability, and the creative branding of Vermont products to seize market opportunities in the global economy.

