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Rhode Island:

The Defeat of the Greenhouse Compact

Ira Magaziner

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Rhode Island has not shared equally in New England's economic resurgence of recent years. A major reevaluation of the state's economic malaise in 1982-84 resulted in a \$250 million program called the Greenhouse Compact to improve business in the state. Initially supported in polls by a two-to-one margin, the Compact was defeated overwhelmingly when it went to a statewide referendum. The timing of the referendum and mistakes in the public relations strategy and in the structure of the Compact all played a role in the outcome, but postelection polls showed that defeat, based on a massive shift of undecided voters, ultimately revolved around a lack of trust in government and in the state's leadership. Rhode Islanders made an understandable choice which unfortunately led to the loss of a great opportunity for the state.

In recent years, New England has acquired a reputation as the glamorous new high technology alternative to the Sun Belt. Massachusetts and Connecticut, in particular, have seen an influx of businesses, jobs, and young, upwardly mobile executives pursuing fast-lane careers.

Not so Rhode Island. Rather, the state has stagnated over the past decade, barely replacing jobs lost in its aging manufacturing base. And the jobs that remain make Rhode Island manufacturing wages the third lowest in the nation. Also, owing to the lack of attractive employment opportunities for its young people, Rhode Island has the third highest proportion of people over age sixty-five of any state in the country; its educated youth are leaving for greener pastures.

Thus, as a Rhode Islander and a father, I embraced the opportunity in 1982 to volunteer my time as a consultant to a special commission created for the purpose of recommending ways to end Rhode Island's economic malaise. My job was to coordinate the research and writing of the commission's report.

The Rhode Island Strategic Development Commission (SDC) was composed of nineteen members, with an advisory committee of another fifty members. The participants were drawn from business, finance, organized labor, higher education, public service, and environmental advocacy. In addition, there was a staff of seventy people who did the research and writing of the draft report (this group was formed and directed by me). With the help of the advisory committee, the commission amended the draft and came up with a document that met with their satisfaction.

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While this document was being written, pieces of it were circulated for assessment among people who had expertise in the various topics—such as taxation, environmental issues, and so on—that it evaluated. Approximately one hundred reviewers took part in this phase of the process. The final draft was composed by the seventy-person staff and the commission. All of this occurred between October 1982 and October 1983. At the end of those twelve months, the report, known as the Greenhouse Compact, was introduced to the public. It was one thousand pages long and contained a thorough analysis of the state's economy, along with a series of seventy recommendations.¹ All the participants in the process that led to the final report either volunteered their own time—or, as was the case with consultants, researchers, and secretaries from my company, Telesis—had their time volunteered for them by their employers.

Just as no two businesses are exactly alike, no two states are exactly the same in their economic problems. The substance of the program developed not from any ideology but from a pragmatic consideration of what would be required to make a significant difference in the Rhode Island economy in the coming decade. In a state not known for harmonious relations among business, government, and labor, the achievement of a broad consensus among commission members on such a sweeping program was viewed as a significant milestone.

Between October 1983 and March 1984, the report won endorsement from over fifty leadership groups, including the state's Chambers of Commerce and its AFL-CIO; the League of Cities and Towns (composed of mayors and town administrators); the presidents of all the universities and colleges in the state, as well as all the college student councils; the Hospital Association of Rhode Island and the Rhode Island State Nurses' Association; the Black Ministers Alliance; the Gray Panthers; the Vietnam Era Veterans Association; and others.

In April 1984, the Greenhouse Compact passed both houses of the state legislature by substantial margins—81 to 7 in the House of Representatives and 36 to 13 in the Senate. (In Rhode Island, legislation must pass in both the state Senate and House before being brought to the public in the form of a referendum.) The program won bipartisan support from most political leaders in the state, including the Republican and Democratic candidates for governor and the state's Republican and Democratic U.S. senators. The commission then took the Compact to an all-or-nothing binding referendum. The referendum wasn't essential for enactment of the program, since the state treasury had a surplus that could have financed all of it; but it was important, the commissioners felt, to engage Rhode Islanders in the process. Between mid October 1983 and mid June 1984, commissioners volunteered their time to talk and debate with voters in almost eight hundred meetings held around the state. Polls were taken regularly to gauge public opinion, and up to the last three weeks before the vote, they consistently gave the program a two-to-one favorable margin.

On June 12, 1984, Rhode Islanders went to the polls. The program was slaughtered.

The defeat of the Greenhouse Compact was an enormous disappointment to all of us who had given two years of our time to the commission, but it didn't come as a complete surprise. Events of the month prior to the referendum played a disproportionate role in the final determination. This article explains the Compact's defeat; but before going into that, I will give a brief description of the program's substance.

The Greenhouse Compact

After studying Rhode Island's economic status in depth, the individuals on the SDC agreed that a major financial investment would be required to redress the cumulative problems that had contributed to Rhode Island's stagnation. They found that over 60 percent of the state's manufacturing businesses were seriously threatened by foreign competition; it was clear that Rhode Island needed new products and new businesses.

The trend, however, was in the opposite direction. Rhode Island entrepreneurs were starting businesses in other states, and the substantial venture capital firms located in Rhode Island were lending out of state. State-based firms that *were* expanding were creating more jobs outside Rhode Island than at home. Finally, important research in several fields was being conducted in universities and hospitals around the state, but Rhode Island businesses were not making use of it. In order to reverse this pattern, the commission worked out a program of incentives to encourage the development of new products and industries; to create an infrastructure for the development of new products and industries; and to improve the general business climate.

Of the seventy recommendations that were made, some of the more significant ones were as follows: (1) the creation of research "greenhouses" to conduct applied research in areas where Rhode Island universities and hospitals were already strong. These would serve as a magnet for internal companies already working in those areas and would stimulate the creation of new companies in the state; (2) an incentive program to foster expansion of firms within the state; (3) a program to encourage Rhode Island firms to share the risk of associated investments in order to pioneer new products and markets; (4) elimination of all capital gains taxes on profits received from new business start-ups; and (5) the granting of offsets against the state personal income tax for entrepreneurs and investors. With respect to the general business climate, the commission advised reform of the state unemployment and workers compensation systems to reduce costs; establishment of a state office to cut red tape in business regulation; and significant education and training programs to upgrade the skills of the Rhode Island population.

The Greenhouse Compact called for an investment of \$250 million over seven years—\$160 million in direct financing and the rest in tax cuts and loans for businesses. The goal was to stimulate a total investment of \$750 million over the seven-year duration of the program. The Compact was to be administered by an independent body consisting of nineteen members from the private sector and two representatives from the legislature. The structure of this second commission would parallel that of the original one, although the appointments made to it would be on a rotating basis, with the term of service lasting one, two, or three years (a provision was included for the reappointment of members). A paid staff would be hired about two months after a positive referendum vote, and the new commission would contribute a significant effort in the first year and a half of its existence. But the new commission would survive only as long as the program was in operation; it would act as a board of directors and a catalyst for development, not as another permanent layer of bureaucracy.

The Will of the Voters — An Overview

Two polls were taken by Peter D. Hart Research Associates, Inc., of Washington, D.C., to register voter attitudes toward the Compact. In December 1983, when asked how they would cast their ballot if the election were held that day, Rhode Islanders indicated they would vote for the program by just under a two-to-one margin. In mid March 1984, another Hart poll indicated a favorable vote by slightly more than a two-to-one margin. (These majorities included pollees who said they would *probably* vote for the Compact as well as those who expressed a definite intention to do so. Ultimately, the fate of the program was in the hands of the “probables” and those who were undecided.) In early June, however, a poll by Alpha Research Associates, Inc., of Providence showed a negative result of 42 percent against the program, 34 percent in favor of it; but even those figures did not foreshadow the ultimate margin of defeat.

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Voting behavior is always complex and rarely lends itself to easy analysis. Two major postelection polls—one by a team from Providence College and the other by Alpha Research Associates for a Brown University study team—were conducted to assess the results of the referendum. The thousands of phone calls made by Greenhouse supporters in the weeks preceding the election also provided some insight into shifting voter dispositions. Finally, in seeking a deeper understanding than polls or phone calls can provide, I have talked with many people, both supporters and opponents of the Compact, since the election.

From very early on, two distinct voter groups emerged: one of hard-core supporters, the other of hard-core opponents. In the December 1983 poll, 16 percent of respondents said they definitely planned to vote yes; 12 percent registered a definite intention to vote no. Supporters of the program included people who were close to the Greenhouse process; people who were close to people who were close to the process; and others whose imagination had been captured by the possibility of actually effecting a significant improvement in the state economy. On the other side were the opponents. The Compact was a public program created to provide incentives for industrial development, and those whose ideologies were in conflict with this type of agenda were set in their intention to vote against it. This included a group on the right of the political spectrum who opposed government intervention in the economy, as well as a group on the left who opposed a so-called welfare program for business. The former felt that labor had made inadequate concessions in the Compact; the latter felt that labor had conceded too much. The hard-core opposition also included people who after years of disenchantment had finally become alienated from government in the state, along with people who were fed up with taxes and saw the Compact as another tax program. Additionally, there was a small group of businessmen who did not wish to see wages rise in the state (though of course their opposition was never explicitly stated in these terms).

The figures for these two crystallized groups remained relatively stable, increasing by only a few percentage points, to 21 percent in favor and 18 percent opposed, by mid March 1984. Though they were responsible for much of the noise on both sides of the debate and received most of the coverage by the news media, the program's

vocal and confirmed proponents and opponents had little to do with the actual outcome of the election. The most important group in this regard was the "silent majority," which represented 72 percent of voters in December 1983 and 61 percent in March 1984. In December, 33 percent of this group listed themselves as probable yes voters, 13 percent as probable no voters, and 26 percent as undecided. By March, the figures had tilted even more in favor of the program: 39 percent were probable yes voters, 12 percent were probable no voters, and 10 percent were undecided. Yet in the end, virtually all of these people voted no.

Throughout the year, the attitude of these swing voters toward the Compact had been both positive and negative. Until May, the positive outweighed the negative for the most part. By early June, the negative won out.

The prevailing view of the Compact disposed a majority of the swing group toward a positive ballot. Conveyed in the polls and in conversations during the statewide meetings, it can be summarized as follows: "The state has economic problems and some new effort is required to remedy the situation. These Greenhouse people and the governor seem to have put a lot of work into this program, and they appear to be intelligent and honest. Maybe it will work; let's give it a shot." But the seed of defeat for the Compact had been planted long before its initiation, then harvested over many seasons of disappointment and disillusionment. Despite their inclination to vote for the program, the swing group expressed a number of concerns, the substance of which follows, that severely undermined their positive feelings: "This program involves spending a lot of money and it's awfully complicated. In Rhode Island, you can't trust that a program like this won't become politicized and result in the powerful giving out money to their friends and creating patronage jobs, or, worse, stealing the people's money." In early polls, 65 percent of *all* voters said they agreed with the statement that "there is too much political corruption in Rhode Island for a program like the Greenhouse to be administered honestly and effectively."

The Three Debates

The controversy over the Greenhouse Compact occurred on three levels, and the postmortems that took place varied according to the perspective of the participant.

On the most superficial level, the debate centered on ideology, pitting advocates of industrial policy or government intervention in the economy against supporters of laissez-faire economics policies. Many reports in the national media posed the issues within this framework; some academics interested in the national aspects of the debate did likewise, as did some opponents of the Compact within Rhode Island. The presentation of the debate in the national media was probably further influenced by my presence as a consultant to the Greenhouse and my coauthorship with Robert Reich of *Minding America's Business*, a book which advocates a U.S. industrial policy.²

National opponents of industrial policy initially attacked the program, in many cases without knowing much about it. Arthur Laffer, in a speech made in Rhode Island, lambasted the Compact while admitting he had not read it.³ *Forbes* magazine sent a reporter to write a news article about the program; instead, an editorial-style piece appeared which ignored direct quotations from most business supporters and became an anti-Compact diatribe.⁴

After the April 1984 vote in the state legislature indicated that the referendum

would very likely pass, the national anti-industrial policy media switched gear and downplayed the Compact, depicting it not as a bona fide industrial policy but as just some specific programs created for a Rhode Island environment which in no way could be used as a model for other, larger states or for the country as a whole. Yet some of the same publications that had deemphasized the Compact's relevance following the legislative vote trumpeted the final defeat as a popular and representative referendum which clearly demonstrated that the nation's people would hate any type of industrial policy.⁵

Actually, there were many members of the Strategic Development Commission who were not in favor of a coherent national industrial policy. A majority of Compact proponents in the business community were most certainly President Reagan supporters who would oppose such a policy and who would probably count themselves as conservatives whose views on many issues were parallel to those of the plan's conservative opponents. The fact of the matter is that the Greenhouse Compact was a program designed by about 250 people of diverse backgrounds and political views whose priority was the formulation of a viable economic strategy for Rhode Island. The average Rhode Islander and even the vast majority of people actively engaged in a dialogue about the Compact didn't care a hill of beans about contentions over industrial policy or market imperfections or the efficiency of public/private partnerships. Rather, this ideological argument was carried out on the news pages of the *Washington Post*, on the editorial page of the *Wall Street Journal*, and in a few academic journals around the country. It had very little to do with Rhode Island.

The second level of debate did take place in Rhode Island, and it revolved around the specifics of the legislation that put forward the recommendations. Hundreds and probably thousands of Rhode Islanders actively debated the specifics of the Compact between October 1983 and April 1984 at public meetings, through op-ed pieces in the newspapers, and in the legislature. Besides the groups mentioned earlier—such as the state's Chambers of Commerce, the AFL-CIO, and the Black Ministers Alliance—others, including the ACLU, the State Advisory Commission on the Status of Women, the Community Labor Coalition, and a large number of businessmen, union members, and citizens of varied backgrounds voiced objections to particular aspects of the program, made proposals for amendments, and argued in the legislature both for and against many of the Compact's provisions. Hearings were held around the state. Various legislative committees were given different pieces of the program to debate; groups and individuals (including legislators) filed opinions for proposed modifications. The process was a healthy one, and the debate resulted in many changes to the original proposals. Most of these changes, in my view, were improvements.

At the end of this process, many of the participants decided to overlook the criticisms they still may have had and vote for the Compact. Some, feeling that their concerns had not been sufficiently addressed, decided to vote against it. Those legislators who had been actively involved in the public debate decided in the end to vote for the Compact. Though some of them were in fact against it and voted favorably only to send it to a referendum, the margins of passage in April 1984, along with the individual conversations we had with legislators, convince me that the Compact would have passed in the state legislature—albeit by smaller margins—even if legislators had not been voting in anticipation of a referendum.

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The third debate, and the one that ultimately counted, was the debate before the public. An intense discussion on the specifics of a program, when carried out in the media and among those who surround the State House, can create the impression that everyone in the state has a keen interest in what is being discussed. In fact, most issues do not stir the public into detailed discussion, and the Compact was no exception. For the majority of Rhode Island citizens, the ideological debates about industrial policy may as well have been taking place on the moon. Even the arguments over details were not really to the point. Very few Rhode Islanders voted for or against the Compact because they thought that the research greenhouse proposals were not structured quite right or that the entrepreneurs' incentive programs were too large or even that unemployment compensation proposals were too pro labor or too pro business.

All the analysts of poll data, all the postmortem discussions, and all the experiences of the "campaign" indicate that for most voters, the decision about the Greenhouse Compact ultimately revolved around the issue of trust.

The majority of voters felt that some course of action to improve the state's economy was needed and that public action was justified in support of economic development; the majority were even prepared to invest financially in these changes. During the first seven months following the Compact's release, most voters were prepared to support it in the referendum even though they found it complex and had doubts about its size, its financing (the tax and bonds), and its structure.

The explanation for voters' loss of trust in the Greenhouse process and therefore in its ability to work lies in a combination of factors: flaws in the program's proposed structure and financing; mistakes in the way it was presented to the public; and unrelated events that raised the fear of public corruption—a fear set against the backdrop of public abuses which have marred Rhode Island's recent history. The public response can be summarized by a slogan that emerged on radio talk shows during the debate: "Clean house and then we will have a Greenhouse."

The Mistakes

Voting in a referendum, as many have observed, is different from voting for political candidates in an election. People often have some misgivings about both political candidates in a race, yet in most cases will still vote for one of them. Since voting machines do not record the degree of enthusiasm with which levers are pulled, it is not possible to say how many votes were cast for candidate X merely because voters disliked or distrusted candidate Y.

In a referendum, on the other hand, misgivings lead people to vote no. A no vote is a safe vote.

The Substantive Errors

The commission that produced the Greenhouse Compact was appointed by the governor but had no legislative authority. For the purpose of administering the program, a formally constituted legislative body was required. This second commission was to consist of representatives from business, labor, academia, and the state legislature. It was to receive almost all of its funding up front and have significant autonomy from the legislative budgetary process. Although some legislative and executive oversight was to be provided, the commission would be autonomous in most important respects. The intention was to secure freedom from political influences that might be

exerted on a year-to-year basis, as well as to provide long-term continuity to the administration of the program so that private-sector investors would feel they could trust commitments made by the Greenhouse commission. Decisions about the structure of the new commission were influenced by the desire to assuage fears of political influence. In retrospect, however, it is clear that the structure chosen did not have the desired effect, and, in terms of engendering public support, may actually have been the worst possible choice that could have been made. For the recent history of such semi-autonomous bodies in Rhode Island has only resulted in public distrust.

A number of quasi public bodies have been set up over the years in Rhode Island to administer programs. Their history has been tainted, at best. Some have become dumping grounds for political patronage; others have become hotbeds of corruption. Over the past two years, a group of indictments resulted from a scandal involving the staff of the Rhode Island Housing and Mortgage Finance Corporation (RIHMFC), which is responsible for administering low-interest federal mortgages in the state. Prior to the advent of the Compact, the executive director of the Rhode Island Turnpike and Bridge Authority had been indicted on account of alleged extreme liberties he had taken with his expense account. These are only two recent examples of the checkered history of such entities; there are many more.⁶

We who had volunteered our time to the SDC could not understand at first how voters could distrust our motives, since we ourselves had done nothing to engender distrust; but given the context in which we were working, such a response was quite understandable. Many voters feared that the legislated commission would turn out to be just another quasi public agency with large sums of money that would be mishandled. Ironically, the action we took to mitigate this fear actually helped fuel it.

The second mistake we made was in regard to financing. The commission asked for a one-time tax to fund a portion of the program and suggested that much of the remainder be financed with bonds. The motivation for this was twofold: to keep monetary decisions about the program separate from ongoing legislative decisions about the funding of other programs; and to ask Rhode Islanders to make an explicit sacrifice in order to fund the economic development of the state.

By the time the report was issued, the public was well aware that there was going to be a substantial surplus in the state budget. An unpopular tax surcharge had been levied in the previous year during the depths of the recession, and the recovery had produced revenue surpluses in the state sales and income tax accounts. There was enough money in the state treasury to fund the entire seven-year package. Even more: as part of his budget message in 1984, the governor proposed a tax cut equal to \$27 million per year while requesting the bond issue and one-time tax to fund the Compact. The cut was enacted, and by the end of that fiscal year, it became evident that even further tax cuts were possible, and these also were enacted. A portion of the state surplus could have been donated to the Compact with only legislative approval—no one-time tax, no bond issue with associated interest payments, and no referendum.

In view of these facts, the commission's financial recommendations for the Compact seem politically naive. But we believed it was proper to go to the voters with the program even though there was no requirement for this procedure; I still believe it was unequivocally the right thing to do. We also felt strongly about keeping our funding separate from the funding for other programs and agreed that a positive vote on a one-time tax would provide a symbolic message to the nation that Rhode

Islanders were prepared to impose a levy on themselves in the interest of economic development. Such a move, we thought, would send a clear signal to the outside world about our commitment to turn around the state's anti-economic development image.

But again our good intentions boomeranged. The inclusion of the one-time tax shifted debate in the media about the Compact as a jobs program to debate about the Compact as a tax program. Owing to the interest payments associated with the bonds, the bond issue inflated the stated cost of the program, and it also incurred a public outcry about banks supporting the Compact in order to obtain profits from floating the bonds. In early polls, 65 percent of voters said that it was wrong for the commission to ask for a one-time tax when the state government had a surplus.

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Compact proponents made a third mistake when they tried to rush the referendum election. Once more, the motives were good but the decision itself did not mesh with the mood of the people. November 1984 would have been the obvious time to schedule the referendum election; a positive vote at this time would have meant ratification of new commission members in early 1985 and a gearing up of commission activities in the spring of 1985. But members of the SDC did not want to wait that long. The investment upturn that had occurred across the country in the winter of 1983 and the first half of 1984 was cause for optimism; however, the fear of a recession or at least a slowdown of investment sometime in 1985 was shared by many.⁷ Commission members also feared that waiting until November would tie up the program in the political issues of the 1984 elections. Anxious to avoid this circumstance and to ride the investment boom, the SDC recommended a special election in February or March 1984 to vote on the Compact. A special election was held, though not until June.

To a suspicious public, the move for a special election seemed like an attempt to railroad the program through. Both the suggested timing and the special-election mechanism itself contributed to this impression and stimulated the fear that supporters would be able to bring out people and win on a small turnout.

The Procedural Errors

Mistakes were also made in the presentation of the Compact to the public. Some mistakes were major, some were minor, but it all added up to a poor effort. For example, the program was introduced as a package—a compact among business, labor, education, and government leaders who normally are at war with each other. The purpose of this strategy was to preclude these groups from causing the whole program to unravel through efforts to delete elements not to their liking. To the public perception, however, the package appeared to be an all-or-nothing, take-it-or-leave-it proposition negotiated among elites, with insufficient opportunity provided for modification by the people.

In fact, the SDC had always understood that changes would be made through citizen input in the legislative process, and it had scheduled the eight hundred statewide meetings to encourage such input. Unfortunately, the all-or-nothing image stuck with the package, and so did the public resentment it engendered.

The commission had based its public-relations strategy on small-group meetings around the state and on meetings with leadership groups to seek endorsements. The idea of the small-group meetings came out of our feeling that the program was too complex and too important to be reduced to thirty-second commercials; we wanted to spend a few hours with voters at their clubs, churches, social and professional

groups, unions, and so on, to discuss it in detail.

The meetings with leadership groups were organized on the assumption that people who did not have the time or interest to study the program directly would be influenced by the opinions of those they had elected to various positions, whether in their unions, their Chambers of Commerce, their State Nurses' Association, or other groups.

As it turned out, both kinds of meetings, though necessary, were not in themselves enough to influence passage of the referendum. A poll taken by the Providence College team in mid June 1984, after the referendum election, showed that only 6 percent of those who voted had ever attended either type of meeting (though this was obscured by the fact that of those who did attend, many had gone to more than one meeting). Further, when asked whether they were aware that leadership groups supported the Compact, 90 percent of respondents answered in the affirmative; but when asked whether this support had influenced their vote, only 11 percent said it had influenced them to vote positively. Sixty-nine percent said it had not affected their vote at all; and 20 percent said that the support of the leadership groups had influenced them to vote negatively.

Perhaps the commission's biggest procedural errors—those which had the greatest effect ultimately—were made three weeks before the election, when the public was beginning to focus on the vote more directly. These errors had to do with the commission appointments.

In order to allay fears that the program would be administered by “political hacks” and in order to initiate an open process, the governor and the legislative leadership had promised to make known the names of commission appointees prior to the vote so that people would know who their choices were. Through the enabling legislation, the governor, House Speaker, and Senate majority leader (all Democrats) were to share in the making of appointments to the new commission. Altogether, twenty-one commissioners were to be appointed: nineteen from the private sector, and two legislators from the public sector (one from the Senate and one from the House). The governor and legislative leaders conferred with the leaders of the original commission about their decisions, and two issues emerged in these discussions: the representation of women and minorities on the commission, and selection of the two legislators.

None of the appointees to the original commission had been members of minority groups (though there was minority representation on the advisory committee), and only two of the nineteen members had been women. The lack of representation had brought on protest from these communities. Within the SDC, there were differences of opinion on this issue. Some believed that women and minorities should be better represented on the new commission; others were more concerned with regional mix, with representation from various elements of the business community, and so on. Discussion about selection of the two legislators centered on whether the House Speaker and Senate majority leader, as the two most influential members of these bodies, should appoint themselves to the new commission. Those in favor of this idea believed that the self-appointments would demonstrate the importance that the legislature placed on the program; others thought the move would run the risk of politicizing the program in the minds of the voters.

I supported greater representation for women and minorities on the new commission as well as the appointments of the Speaker and majority leader. I lost the argument I should have won and won the argument I should have lost. Only three women

commissioners and one minority commissioner were appointed, and the Speaker and majority leader did appoint themselves. Announcement of these appointments created a loud public protest that dominated television and newspaper coverage of the referendum election for most of the three weeks prior to the event. The State Advisory Commission on the Status of Women and the Black Ministers Alliance eventually endorsed the Compact and urged a yes vote, but the enthusiasm of their membership waned, clearly from the lack of representation. The initial protests of these groups received front-page coverage, but their endorsements, when they came, went virtually unreported.

That dispute had an unquestionably detrimental effect on the fate of the Compact, but the real furor erupted over the two legislative appointments. The Republican candidate for governor (now incumbent) Edward DiPrete, who had declared his support for the program, publicly denounced the self-appointments of the two Democratic legislative leaders (who were also supporters of the program) and demanded that they resign and appoint one Republican in their stead. The controversy raged for almost two weeks, with the Democratic legislative leaders refusing to bow to the wishes of the Republican gubernatorial candidate.

Even when voters were unaware of the specifics of the feud, they knew that political squabbling was engulfing the Compact. Phone calls made to voters by Compact supporters during this time revealed a significant erosion of confidence, as people reacted to what they considered the politicization of the entire undertaking. It was clear that continued publicity of this conflict would cause the program's defeat. A compromise reached with the Republican and Democratic leadership established that the Democratic Speaker and majority leader would be retained on the commission, while the two Republican minority leaders would be added, thus increasing the membership of the commission by two seats.

But the agreement had the appearance of a political deal struck behind closed doors, one that would merely expand the size of the group that would be administering \$250 million; and it signified to the public that political deal-making and a willingness to bend the rules (the composition and size of the commission) would be as typical of the body administering the Greenhouse Compact as it had been of many previous bodies of the same type. So the last-ditch attempt to resolve the problem only made it worse. Both sides finally agreed to support the compromise and go all out to help secure passage of the referendum, but it was too late. The public debate was over, but its effect on the people of Rhode Island had been devastating.

Other Problems

Our mistakes were intensified by a series of events over which the commission had no control. The mayor of Providence was indicted and removed from office in the months just before the referendum.⁸ Indictments of three city officials in the Department of Public Works were made known on the day of the vote, with an announcement that one of them was to have been a referendum poll watcher that day.⁹ In the last weeks before the election, I made a number of speeches, particularly at senior citizen centers, in support of the Compact. (Senior citizens made up an estimated 55 percent of the vote on the day of the referendum.) During the course of my talks, the indictments—even though they were completely unrelated to the program—were brought up repeatedly as evidence of why the Compact could not succeed.

By the time the vote was taken, many people were in no mood to approve large

sums of money to be administered by the state's establishment. In the December and March Hart polls, voters had expressed the belief that children and the unemployed would receive the most benefit from passage of the Greenhouse Compact. But a majority of voters queried in exit polls by the Providence College pollsters said that the greatest beneficiaries would be politicians and big business.

The organized ideological opponents of the Compact were active and highly visible for the last six months of the effort, but they had little effect on the outcome; they mostly were preaching to their own converts. It was the naiveté and miscalculations of the Compact's supporters, combined with the unhappy timing of unrelated events, that in the end sounded the death knell for the Greenhouse Compact.

In retrospect, it is hard to blame the people of Rhode Island for the judgment they made. A raft of new additional scandals involving broad sectors of the state's public and private communities have emerged over the past eighteen months.¹⁰ Some of these scandals have centered around quasi public boards whose structure was similar to that of the SDC.

Those of us who were closely involved with the SDC were too immersed in it to imagine that anyone could project onto our effort the kinds of problems that had plagued other state endeavors. We also didn't realize that most people perceived the entire undertaking as remote, hard to comprehend, and difficult to distinguish from other less worthy activities, especially given the mistakes described earlier.

Even though I am fully convinced that the Compact, if enacted into law, would have had a very positive effect on the state's economy, I can easily understand why most people ultimately decided not to vote for it.

Two questions have been asked frequently since the defeat of the program: How could people as successful as those who worked on the Greenhouse Compact have made the mistakes described here? and, What would I do differently if I had it to do all over again?

Why the Mistakes?

A year of intensive study had been required to formulate the recommendations that became the Greenhouse Compact. In contrast, discussions about how to organize and finance the commission and how to present the package to the public lasted less than a month—in hindsight, clearly too short a time.

Even more to the point, almost all of the individuals who worked on the Compact were simultaneously performing full-time jobs as heads of companies or unions or institutions of education. *All* of the commission members had put an exhausting year into the writing of the report, with an especially intense effort required in the four months between July and October of 1983. Being relatively inexperienced in the public arena, we were simply not prepared for the tremendous demand that would be made on our time during the nine months of public debate about the Compact. Commission members attended about eight hundred public meetings; held numerous, long sessions with legislators and with dozens of interest groups that were debating the Compact; worked on writing and rewriting legislation; and held many strategy sessions.

My own business required me to make many trips during the months of the Compact's promotion: four to the Far East, five to Europe, two to Latin America, and

60 numerous trips around the United States. I was forced to be absent for seventeen days in May. The travel schedules of the commission chairman, the governor, and myself prevented us from meeting together during the four weeks before the appointments were made to the commission, which contributed to the mistakes made in that process. In February, it had looked as though the election would be held in early May, so we all postponed necessary travel until late May. No one foresaw that the election would be in June, and that the end of May would become the most crucial period of all, when public support unraveled.

These observations do not provide an excuse for the mistakes that were made, but they do go some way toward explaining them. The Compact stirred up all the emotions of a political campaign—or perhaps more—and the situation was further complicated by the fact that positions were spelled out in minute detail instead of being painted with the broad brush strokes of the usual campaign. A normal campaign is hard enough, even when conducted by full-time candidates and staff. We were part-time amateurs.

Lessons to Be Learned

After the defeat of the Greenhouse Compact, I talked with a number of officials in other states, most of whom suggested that the program was far too complex to have gone to a referendum. They said that any need for a referendum had been disposed of by the program's success in uniting a disparate and wide range of leadership groups in a normally divided state, and by its passage in the state legislature by significant majorities; these things alone, in their opinion, would have been considered extraordinary accomplishments, and the program would have won the hearts of the people as they experienced its beneficial effects over the years.

While I understand the pragmatism embodied in their comments, I do not agree. I believe that any program as far-reaching as the Greenhouse Compact should be put to the people for approval as a matter of principle. Further, in my judgment the program could have succeeded at the polls had we proceeded differently with it:

The Compact should have been brought to the public as a draft, not as a fait accompli, and the public meetings should have been overtly designed as a forum for amending the proposals.

The election should have been held in November 1984; this would have avoided rushing the process, and voters wouldn't have felt they were being pressured.

The financing for the program should have been requested incrementally over the life of the Compact, with some means of guaranteeing its continuity; this would have eliminated the necessity of forcing people to vote for all the funds up front.

More checks and balances and more legislative oversight should have been built into the administrative structure of the program to ensure that it would be administered meritoriously.

The SDC should have been made more representative of all Rhode Islanders.

Communication with the public at large should have been more comprehensive.

In the final analysis, it is almost impossible to enact a program of very broad significance unless citizens have a certain basic level of trust in their government, and the deep-seated suspicion of corruption and patronage in the state did not lay a good

foundation for the Greenhouse Compact. Nevertheless, if the December, March, and May polls were accurate, the program might well have succeeded with the voters of Rhode Island had it not been marred by the fatal flaws discussed in this article. And I still am convinced that it would have made an overwhelming positive difference to Rhode Island's future.

Perhaps the most poignant moment of our two years of work occurred two days before the vote, on Sunday, June 10.

Most people who had been closely involved with the Compact knew by then that it would be defeated. But their dedication was still strong, and they decided on the Friday preceding the referendum that they would exert one last effort to show the people of Rhode Island the depth of feeling that supported the Compact and the unlikely alliances that had formed to propose it.

On one day's notice, leaders of the fifty or so groups that had endorsed the Compact were asked to come to a march in support of it. The architects of the procession had drawn up a plan for about one hundred people to march five miles from Slater Mill in Pawtucket, Rhode Island, the birthplace of the U.S. industrial revolution and the town where the Compact legislation had been signed, to the Roger Williams Monument in Providence, the site of the founding of Rhode Island and the city where the Compact had been unveiled. Despite the short notice and despite the 105 degree heat, not one person who had been asked to participate and who was in town that day failed to march. A few people—such as Father Thomas R. Peterson, the highly respected president of Providence College—even flew back from out of town to take part.

Because of the heat, the streets were deserted. The procession must have offered a curious sight in this decade of the eighties. Heads of the Chambers of Commerce movement in the state and of some of the state's most successful businesses marched arm in arm with labor leaders, college presidents, and U.S. Senator Pell; and with leaders of the Rhode Island State Nurses' Association; the Rhode Island Association of Realtors; the Black Ministers Alliance; high school and college student council associations; the Association of Mayors; the State Hospital Association; the state chapter of Vietnam Veterans; the State Advisory Commission on the Status of Women; and dozens of other groups. Even elderly representatives of the state's Association of Retired People and the Gray Panthers marched part of the way (they alternated walking time with a bus ride that was provided for them).

The march was high-spirited, even though nearly everyone knew it was no longer possible to influence the vote. The media coverage of the event symbolized the futility of the effort and the failure to communicate. Two of the three local television stations, having been notified very late, failed altogether to report the march. An internal miscommunication led the third station to believe that the march would begin, not end, at the Roger Williams Monument. That night, on its 6 P.M. news broadcast, the station reported that a group of Compact supporters, looking very tired, had gathered at the monument for five minutes, and, having decided not to hold their march, had boarded some buses and left. The commentator, who was totally unaware that a march had taken place, related the story in disgust. A headline the following morning in the *Providence Journal* declared, "Greenhouse supporters brave heat while public cools to the Compact."

The Aftermath

The most important residual effects of the Greenhouse Compact are the positive relationships that were established among so many of the state's leaders and the common understanding that has emerged about the state's problems and their solutions. Pieces of the Compact have already been implemented in Rhode Island since the referendum, and other pieces are likely to be implemented over time. In addition, officials in many other states have studied the program and have been influenced by parts of it in their own policy planning.

The people who worked on the Compact all had successful careers that continued after it was defeated. None of them received any financial benefit from the Compact, and none of them would have received such benefit had it been enacted into law. The defeat of the Compact did not unfavorably affect their professional lives. Rather, for those who participated, the pain of the defeat resulted from a strong feeling that Rhode Island had missed a great opportunity. And it was our strong feelings about Rhode Island and its people which had led us to initiate the effort in the first place.

Like the football player who is used to being successful but who causes his team to lose an important game by dropping some crucial passes, we have only ourselves to blame, ultimately. The people of Rhode Island made an understandable choice, given the circumstances of the state and the way the Compact was structured and presented to them. That is what is so disappointing.

Despite this, positive changes have already materialized in Rhode Island because of our effort, and more changes are forthcoming. For this reason, and because the goals were right, I do not regret the Greenhouse Compact.

Notes

1. The analysis was entitled *The Greenhouse Compact: A Report by the Rhode Island Strategic Development Commission*. It was published in October 1983 by Jeffrey Dawson Associates of Boston.
2. Ira C. Magaziner and Robert B. Reich, *Minding America's Business: The Decline and Rise of the American Economy* (New York: Harcourt Brace Jovanovich, 1982; Random House, Vintage Books, 1983).
3. Arthur B. Laffer criticized the Greenhouse Compact in an address before the Old Stone Bank's Business Development Council on 15 November 1983 at the Biltmore Plaza Hotel in Providence.
4. Walecia Konrad, "The Wrong Medicine," *Forbes* 133, no. 6 (12 March 1984): 95.
5. For examples of articles that heralded the defeat of the Compact as evidence of the nation's anti-industrial policy sentiment, see Tamar Lewin, "Cynicism Cited in Plan's Loss: Rhode Island Development," *New York Times*, 14 June 1984, 42(N), D-20(L); "Industrial Policy Revolt," *Wall Street Journal* editorial, 25 June 1984, 28-E; and Howard Kurtz, "A New Idea Fizzles on Launch: Skeptical Rhode Islanders," *Washington Post*, 15 July 1984, B-5.
6. A probe was begun in April 1982 concerning the expense account activities of James Canning, director of the Rhode Island Turnpike and Bridge Authority. Charges were brought against him in April 1983 and he was ordered to trial in May 1984, but owing to his poor health, the trial was delayed until January 1985. George Marshall was a former state representative and a chief security officer of the adjudication division of the Rhode Island Department of Transportation. He was charged with corruption on 30 June 1984 and was indicted for a ticket-fixing scheme along with Thomas Reilly, an auto emissions control inspector. Ralph A. Pari, executive director of the Rhode Island Housing and Mortgage Finance Corporation (RIHMFC), was indicted on 7

December 1985 on various charges; Robert J. DeCesaris, legal counsel for RIHMFC, was indicted on 31 December 1985.

7. Data Resources, Inc., of Lexington, Massachusetts, and Chase Econometrics of New York City were among the forecasters of an economic slowdown in 1985; both companies issued reports in 1983–84 citing evidence for their predictions.
8. Mayor Vincent A. Cianci, Jr., resigned from office on 25 April 1984. He was originally charged with six counts of assault, kidnapping, and extortion in relation to reprisals against his wife's alleged boyfriend. He was convicted of one count of felonious assault and received a five-year sentence. Shortly after his forced resignation, Cianci declared his intention to fill the seat his resignation had vacated. He was prevented from so doing by the Rhode Island State Supreme Court.
9. Edward "Buckles" Melise, Providence city highway superintendent, was indicted on 18 April 1984 on extortion charges; on 11 June 1984, he was charged with bribery, conspiring to commit bribery, embezzlement, and conspiring to embezzle. He had been slated to be a poll watcher for the Compact referendum. Edward T. Marfeo, an employee of the Department of Public Works under Melise, was charged with aiding and abetting bribery, conspiring to commit bribery, and conspiring to embezzle. In a related matter, another DPW employee, Palmino Vecchio, was charged with one count of assault and one count of intimidating a witness.
10. On 14 November 1984, the *Providence Journal* added the following names to the list of those indicted in the RIHMFC and Department of Transportation scandals: Robert D. Murray, former chief of staff for Governor Edward DiPrete, was charged with obtaining money under false pretenses and filing a false document to obtain his low-interest RIHMFC loan; he pleaded innocent in Rhode Island Superior Court on 13 November 1985. Harry R. Speight, a Rhode Island state trooper who served as driver both for Governor DiPrete and former governor J. Joseph Garrahy, was charged with one count of conspiring to obtain money under false pretenses and one count of conspiring to file a false document in connection with his RIHMFC mortgage. Helen O'Donnell, vice president of Fleet National Bank's mortgage department, and Lois Martin, a Fleet National Bank mortgage officer, were charged in the alleged conspiracy with Harry R. Speight; the two bankers were also charged together on a third count of filing a false document. John E. Corrigan, the former chief financial officer of RIHMFC, was charged with three counts of obtaining money, goods, and property under false pretenses from RIHMFC. Gwendolyn Rotelli, a former RIHMFC property management analyst, was indicted in connection with pleasure trips that she allegedly took with RIHMFC executive director Ralph Pari at agency expense. Anthony Saccucci was a Department of Transportation engineer on the Pawtucket Route 95 S-curve project; he was charged with conspiring to obtain money under false pretenses and with obtaining money under false pretenses. James Forte, vice president of Forte Bros. Construction Co., and Vincent DeQuattro, Forte's administrative assistant, were each indicted on one count of obtaining more than \$500 under false pretenses and one count of conspiring to obtain money under false pretenses in connection with overcharges paid by the state Department of Transportation on the Route 95 S-curve project in Pawtucket. William Cimini and Angelo Landi, the former an officer and the latter an employee of Highway Safety Ltd., were charged with obtaining money under false pretenses and conspiring to obtain money under false pretenses. All of the above faced charges in court on 13 November 1985.

Regionalism:

The Next Step

Ian Menzies

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Although the New England states have, over the years, been regionally cooperative, they have not formally advanced the process since the establishment of the New England Governors' Conference in 1937. There is still no regional government in New England; no body politic that can enact regionwide laws; no organization authorized to perform regionwide planning, or with the power to regulate or direct growth and development or manage natural resources. There isn't even a public forum or assembly where such issues can be discussed. This article reviews the history of regionalism in New England and proposes that the six states develop a more mature approach to complex regional issues by forming a New England Council of Governments.

Calvin Coolidge, as far as I'm aware, never said much about regionalism. Some say he never said much about anything, but he understood very well the spirit of recalcitrance and contrariness embodied in the New England psyche, which, on occasion, he reflected with a wry wit. For example, we have the story of the day Coolidge and some companions were standing beside a bridle path in Montpelier. A state senator who never agreed with anyone or anything happened to ride by. Said Coolidge, turning to his friends: "Must bother him to be going the same way as the horse."

Contrariness, a New England characteristic intimately familiar to the Yankee Coolidge, has, over the years, taken many forms, among them a disinclination by the six New England states toward any extended degree of regional cooperation. Although formal efforts to promote regionalism in New England go back some fifty years, overall results have been less than distinguished. And, curiously, little has been done to review or evaluate those efforts with an aim toward overcoming limitations through an improved process.

Yet how can New England continue to enjoy both prosperity and livability without a far more effective, systematized regional approach to growth, planning, increasing densities, pollution, transportation, conservation of natural resources, and the internal distribution of people, services, and jobs? But first, it would be helpful to agree on what is meant by *regionalism*, that is, as the term applies to a group of states rather than to divisions within a single state.

Throughout this article, regionalism is considered a positive thing. It is defined simply as the concept that those states which share a geographic identity may also

share certain economic, social, cultural, and political characteristics which, through cooperation, they can exploit to their mutual benefit. It is also reasonable to say that the six New England states do form a fairly natural homogeneous grouping; that as a whole this fact has been accepted by New Englanders; that efforts to think and act regionally have improved in recent years; but that despite this progress there is, as yet, no formalized regional agenda, assembly, or legislative process.

One would think that the need to formalize the regional process would be self-evident. More self-evident, however, has been the lack of cooperation among the states; a lack of cooperation that at times has devolved into bizarre bickering. Some may remember the Battle of the Bottle back in the late 1950s, when Bay State tax men would spy on New Hampshire's tax-free liquor stores, identify Massachusetts buyers through the use of binoculars and hand signals, then nail Bay Staters for unpaid liquor taxes as they reentered their home state. Updated versions of this border tax war continue. Recently Massachusetts revenueurs went after big-ticket hard goods dealers who have warehouses in Massachusetts but retail outlets in New Hampshire, where, free of a sales tax, they can undersell their Massachusetts competition.

Taxes, indeed, have been a major aggravation between the New England states for years, and not just sales taxes. Income taxes also have caused friction, because some states have them (Massachusetts and Rhode Island), while others don't (New Hampshire and Connecticut). The result, according to the Massachusetts Department of Revenue, is that some Bay Staters who live along the border but work in Connecticut or New Hampshire have avoided paying taxes to their home state, an evasion unfair to their fellow citizens. That evasion, however, may now end, or at least be reduced, as early this year tax officials of nine Northeastern states agreed to compare their computer files in an effort to track down tax cheats—a good illustration of voluntary regional cooperation.

But there are still many unnecessary conflicts fed by that old New England characteristic that some call rugged individualism and others call illogical contrariness. Why, for instance, do the New England states still have different rules and regulations for the taking and selling of certain shellfish? Why different legal lengths for flounder, cod, and haddock? And the variation in mesh size from state to state is not conducive to the preservation of immature fish. Positive steps were taken in 1984 to standardize minimal lengths for lobsters, soft-shell clams, and striped bass, but more has to be done, especially in the interests of conserving overfished species, such as the food-important black-back flounder. Surely the rules governing the taking of fish and shellfish, inshore and offshore, should be the same.

It's been much the same with the drinking age, with one state setting it at eighteen, another at nineteen, and yet another at twenty-one. The outcome was predictable. Thousands of teenagers, seeking drinking legality, simply drove across borders, thus increasing the risk of highway tragedy. Not until quite recently, pressured by the campaign of Mothers Against Drunk Driving (MADD), did the New England states make a serious regional effort to agree on a uniform drinking age of twenty-one. Vermont, however, as of late 1985, was still a holdout, with the *Boston Globe* reporting thousands of young people flocking into Vermont on weekends to drink or buy beer or liquor, or do both. Vermont is finally expected to fall into line with the other New England states this year under pressure from the federal highway administration,

which has threatened to withhold highway funds from states that fail to raise the drinking age to twenty-one by October 1986.

New England also has failed miserably in maintaining, let alone improving, interstate transit, where the need for collaboration and a united front is a prerequisite. Think, for instance, how airline congestion could be eased both in Boston and New York with the alternative of fast rail. New bullet trains wouldn't be necessary. What is needed is completion of rail electrification between New Haven and Boston, along with some new track, plus track straightening, completion of an updated signal system, and, perhaps as much as anything, a single routing authority throughout the length of the line, which would permit three-hour travel time between downtown Boston and downtown New York, thus providing a service that would be comparable to current fast Metroliner service between New York and Washington. As of today it looks as though Montreal's far-sighted, big-project mayor, Jean Drapeau, may successfully promote three-hour fast rail between Montreal and New York before we here in New England have three-hour rail between Boston and New York, even though the distance from New York to Montreal is two hundred miles farther.¹

Fast rail between Boston and New York is the only way to reduce steadily worsening delays at Boston's Logan Airport, both in the air and on the ground. Logan's multiplying problems, which, if allowed to continue, could eventually force a more distant relocation of the airport, are directly tied to the fact that the Boston-to-New-York air corridor is the busiest in the nation, with an incredible volume of 4.4 million passengers annually. Despite this, the New England states haven't done nearly enough to push for a competitive transit alternative to the New York shuttle. Yet a business person, using three-hour rail, could, on many days, make it from downtown Boston to New York faster than taking the shuttle would permit, a situation that will worsen with mounting need for greater airport security.

There is also a major need, especially in the northern half of New England, to restore passenger rail to and through Boston to the south. In the densifying Northeast corridor, the future for buses and cars will worsen, the result of mounting gridlock in and around the region's cities. We are running out of capacity on our highways as well as space to park at journey's end. Obviously New England should stop thinking highways, even air, and instead think fast rail for both people and freight, thus preserving airports for national and international travel. Fast rail is a regional challenge that has been sidetracked by the New England congressional delegation, governors, and state legislatures ever since it was derailed by the governor of Connecticut in 1971 because the proposed track realignment would have bypassed several coastal communities then, and still, receiving service. And the way not to go, yet the way we're going, is to build ever longer and heavier trucks (already up to fifty tons), along with smaller and smaller cars—a suicidal policy. The day when entire families (five or six people at a time) can be wiped out is already upon us.

Collective advances have been made on long-range power needs, some involving Canada, as well as on the need to protect groundwater, which doesn't observe state lines. And positive steps—including badgering the Reagan administration—have been taken by the governors to find a compromise solution to the deadly dangers of acid rain. But virtually no progress has been made in selecting a regional site or sites for disposal of low-level nuclear waste, which New England produces in greater volume per capita than any other region.

The picture is clear. There is no formal regionalism, with a couple of exceptions. Most of what happens results from a handshake between the New England governors, or, as in the case of acid rain, because the issue beats on the heads of New Englanders and kills the fish in their ponds and the trees in their forests. There are, it's true, literally scores of organizations that have New England-wide interests in special areas such as conservation, preservation, energy, medicine, water, and business, but in the final analysis, in seeking regional unification, such organizations can operate only on a state-by-state basis.

There is no regional government in New England; no body politic that can enact regionwide laws; no organization authorized to perform regionwide planning or with the power to regulate and/or direct growth and development or manage natural resources. There isn't even a public forum or assembly where such issues can be discussed; where a consensus and constituency for regional proposals could be developed and an agenda generated. Instead what we have are special-interest regional organizations, which, through congressionally approved compacts between two or more of the New England states, have been delegated powers to form interstate agreements. Existing compacts currently cover such areas as higher education, public safety, flood control, and prisons.

The best known and perhaps most beneficial of these compacts is the one which, in 1955, established the New England Board of Higher Education and which was ratified by all six states and the U.S. Congress. It is the purpose of the board to advance, develop, and direct programs and activities that increase higher educational opportunities and that improve efficiency in the use of resources among New England's academic institutions.² Since 1957, the board's Regional Student Program has made it possible for more than fifty thousand New England students to attend out-of-state public colleges and universities in the region at reduced tuition rates for specialized degree programs not offered by in-state public institutions. Through this program, for instance, a student in Maine, a state without a medical school, can attend one of the New England state universities that has a medical school, at considerable savings over private school costs. Currently, some five thousand students, each realizing an average tuition savings of more than \$2,000, are enrolled in this regional program. It is the largest such program in the nation.

It would be foolish, however, to take the board's continued existence for granted. In 1982 Connecticut threatened to pull out of the compact—ostensibly to cut costs—but Governor William A. O'Neill strongly supported continuation, pointing out that “More, not less, regional collaboration is needed in behalf of New England's growing knowledge-intensive economy. . . . Board services link the research and manpower training capabilities of higher education to economic development.”³

The New England Board of Higher Education, headed by John C. Hoy, best represents the type of effective, publicly beneficial organization that can be produced by, as well as serve, regionalism. Its limitation is that it deals with only one facet of New England life, albeit a critically important one: education. In fact, however, the board has interpreted its mission of education liberally, and, quite sensibly, as the only broad-based regional organization around, has expanded its activities to regional economic studies such as job training and the New England economy per se.

It doesn't have to seek far for justification. Higher education is one of the most important industries in New England. The annual expenditure of the region's 260 col-

leges and universities is approximately \$4 billion, and they generate about \$10 billion in revenues, which is close to 8 percent of the gross regional product. Currently under way is a two-year study of the region's nine medical schools and teaching hospital centers which aims to evaluate their role in the regional economy and their importance to the region's developing biomedical, biotechnical industries. The study is being chaired by Dr. James M. Howell, senior vice president and chief economist of the Bank of Boston who, although a Texan, knows more about the New England economy than anyone else. In his view, the importance of these nine academic regional health centers is absolutely pivotal to the long-term competitive strength of New England.⁴

68 One other effective regional organization, although in the private rather than public sector, is the New England Council, which is made up of 1,200 member firms—banks, manufacturing companies, utilities, and so on—and employs over 1 million New Englanders. Over the years, the council has both contributed to a positive investment climate in New England and encouraged general economic growth. Although self-interest lobbying hasn't always endeared it to liberals, the council has taken broader stands as, for instance, in 1982, when it sought to set up a New England Assembly, a sort of Aspen Institute-type think tank to focus on New England issues. Curiously, to outsiders at least, the New England Council and the Massachusetts High Technology Council, representing 150 member firms with 240,000 employees—130,000 of them in Massachusetts—have not seen fit to collaborate. The High Tech Council, the newer group, obviously feels its interests are best served through independent representation and, as of now, on a nonregional basis.

This brings us to the two umbrella political organizations which currently offer the only forums in which to discuss and act, in a limited sense, on a broad spectrum of regional issues. One is the New England Governors' Conference, established in 1937, and the other is the much lesser known, more recent Caucus of New England State Legislatures, formed in 1978. The Governors' Conference, which meets four times a year, has a most competent but small staff of fifteen, headed by William Gildea, and a current annual budget of \$858,000 (based on \$75,000 per state plus a per capita contribution). The conference staff, based in Boston, does draw on various state agencies throughout the region for help in research and analysis.

Areas of interest currently under discussion by the governors include energy, fish (the boundary dispute with Canada on Georges Bank), acid rain, groundwater, low- and high-level nuclear waste, and interstate banking. In addition to their four meetings a year, the governors of the six New England states meet with the governors of New York, New Jersey, and Pennsylvania in an enlarged group known as CONEG (Coalition of Northeast Governors). The New Englanders also meet with the premiers of Quebec and the Atlantic Provinces—New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland—thus extending their interests and concerns to the north, south, and west of New England itself. Energy and fish have been the principal topics at meetings with the Canadian premiers. Groundwater was the subject of the last CONEG meeting in August 1985, at which time the Northeast governors urged the federal government not to cut back on waste-water treatment projects and also urged it to set national standards for drinking water. At one of their meetings in Springfield last fall, the New England governors learned, to their immense satisfaction, that the Reagan administration had finally admitted the governors were right

about acid rain, that, indeed, it is formed by sulphates and that those sulphates should, as far as possible, be eliminated.

However, the Governors' Conference, while showing a growing effectiveness, still remains a policy-proposing rather than a law-making body. The conference's limitations are obvious. Little can be achieved unless all six governors agree; even then, the governors cannot pass any laws or allocate any funds. As in their own states, they can only propose. It is up to the individual legislatures to dispose. The governors can and do have an impact on setting policy, but the process, almost literally, is a handshake operation.

Nor would the history of regionalism in New England be complete without reference to two additional organizations which, though now defunct, did play a role in its advancement and which could, I suppose, like the phoenix, return reborn. The first was the New England Regional Commission, spawned by President Johnson's Great Society, one of eight federally sponsored agencies commissioned to revitalize areas suffering from a lack of economic development. Of the eight agencies, first established in 1967, only one—the Appalachia Commission—struggles on, underfunded. At the same time, the feds also established the New England River Basins Commission under the Water Resources Planning Act of 1965, its mission to plan for and conserve water resources.

The New England Regional Commission was jinxed from the start, deadened by an excess of political appointments. By 1972 it had become the subject of a newspaper probe by the *Boston Globe*, which, among other things, described it as a "do-nothing bureaucracy squandering millions of dollars in bookshelf studies."⁵ Before the commission went out of business, however, a much more improved, more professional staff produced a New England Regional Plan and Economic Development Strategy that was substantive and that deserved implementation. The River Basins Commission, as opposed to the Regional Commission, worked smoothly and more professionally from the start and contributed a great deal to a New England-wide awareness of the need to conserve water resources. It was an agency that, had it continued, would have been more appreciated now than then. It was ahead of its time, which is ideal for planning purposes but not from a political point of view. The agency withered from lack of public and, in turn, congressional support.

President Carter, who, while governor of Georgia, had been at odds with the leadership of the Georgia Regional Commission, in presenting his final presidential budget declined to fund any of the nation's regional commissions. Appalachia was excepted. The cuts were sustained by President Reagan. When the two New England commissions died in 1981, the New England governors, wisely, approved the transfer of staffers from the successful River Basins Commission to the Governors' Conference. Thus ended a well-intentioned national effort at regionalism, as well as some \$8 million annually in federal funds which had been allocated to the two New England commissions.

So, what we're left with is the Governors' Conference and the Caucus of New England State Legislatures as the only two agencies with even a semblance of New England-wide influence. But neither has legislative authority. What is needed today is a breakthrough; an advance to a new plateau; a next step in regionalism. What should it be?

This is an opportune time to think regionalism. New England is flying high. The

National Planning Association predicts substantial population gains for both New Hampshire and Massachusetts between now and the year 2000—a gain of 560,000 for Massachusetts and 373,000 for New Hampshire. And, according to the U.S. Commerce Department, New England is today the richest region in the nation, with a per capita average income of \$14,421. Surely this is the time to plan a strategy that will maintain the region's gains, conserve resources, and lessen the pockets of poverty, whether rural, as in some of the sparsely populated northern counties, or urban, as in cities like Hartford, Providence, New Haven, Boston, Lewiston, Springfield, and Nashua. There is an enormous need for a New England-wide job training program that can meet the changing demands of the region, from shoes and cotton to high tech and biotechnology; a job training program that would develop a mobile work force prepared to move to wherever jobs in the region arose. There is a need for regional job fluidity, something that a new generation of schoolchildren should be taught as a norm so as to avoid depressed cities and communities.

Equally important is the need to expand agriculture in New England, utilizing greenhouses to extend the vegetable growing season while selectively reordering priorities in the breeding of farm animals. New England imports nearly 90 percent of its produce, 80 percent from California. There is a market here for fresher, tastier, less artificially preserved foodstuffs and the technology to grow it year round, but a strategy supported by all six states will be required to ensure effective marketing. With water problems in the West, which could cut production and raise prices, it would make sense for New England to become more self-sufficient in agricultural products. The handling and marketing of New England's fresh-fish catch could also stand improvement, and with new technology promising added shelf life, more fresh fish could be exported to the Midwest, thus adding to the value of this industry.

With a critical shortage of low- and low-middle-income housing, it would make sense to consider a public-private, independent regional authority to contract for and build such housing (at volume cost savings) under a standardized, realistic building code, especially as the federal government is distancing itself more and more from subsidized housing. And the New England states also face an urgent need to designate sites for the disposal of low-level radioactive waste, making use of whatever political trade-offs are required. New England, a major producer of low-level radioactive waste, may soon find there is nowhere to put it, unless at prohibitive cost.

New England could obviously benefit from a more formal approach to regionalism, but to reach that next plateau will require that (1) a regional assembly or forum be established, where issues can be debated publicly and constituencies formed to support those issues; and (2) a political process be put in place which is capable of producing, where appropriate, regional legislation.

Assemblies have been proposed before. In 1974, economist Rudolph Hardy, speaking at the Woodrow Wilson Center in Washington, D.C., proposed a New England Assembly with the power to conduct regionwide planning. In 1981, following the termination of the two New England federal commissions, Hardy again proposed an assembly at a special meeting of government, public, and private-industry officials held at the Federal Reserve Bank of Boston. His proposal failed to attract support. An even earlier proposal for a New England-type Tennessee Valley (TVA) authority was made by a regional planning committee at Yale University but also got nowhere.

Perhaps, using these failed proposals as a measurement, the soundest and safest approach would be to expand on machinery already in place by forming a New Eng-

land Council of Governments. The council could be an enlargement of the present Caucus of New England State Legislatures, formed in 1978, which is made up of those persons who hold the six legislative leadership positions in each New England state. In addition to the six legislative leaders from each state, additional legislators could be appointed on a per capita state basis so as to form a broadly representative regional body of eighty to one hundred members.

This expanded Council of Governments would consider proposals, in the form of legislation, put forward by the proposed public assembly (a nonlegislative body), by the Governors' Conference, and from the council's own initiatives. The council would sit in session, in rotation, at each of the six State Houses for a fixed number of days annually and would act on any proposed legislation. Bills that were approved would be sent to the individual legislatures for consideration, where their chance of passage would be greatly enhanced because of prior approval by the regional body representing the legislative leadership of all six states.

This process would not encroach on states' rights, and it would provide a heretofore nonexistent system of enacting regional legislation with greater speed and regionwide understanding, both public and political. And, just as important, it would provide a centerpiece where regional issues could be discussed and acted on. Furthermore, there is no question that a meeting of the region's legislative leadership, on a circuit-riding basis, would attract media attention, something sadly lacking up to this time in regional affairs.

Endorsing the concept of more active participation by the New England legislatures as a means to more effective regionalism, something he has long endorsed, Dr. James Howell commented that the sooner we understand the need for this participation, the sooner we're going to be able to assure the long-term vitality of the region.⁶ Equally significant, however, would still be the need for a grassroots public assembly that could meet annually or biannually, also on a rotating basis, although at different times from the Council of Governments (legislatures). The Governors' Conference could maintain its present schedule of four meetings a year but perhaps hold one of its meetings in conjunction with the council in order to maximize and centralize discussion of proposed regional legislation.

In a conversation in August 1985 with Andrew Card, Jr., the president's White House assistant to the states, I asked him how the Reagan administration would react to a stronger regional presence. "We would encourage it," he said, although by "encourage" he was not suggesting a revival of the once federally funded regional commissions. Card, who, because of his liaison with the states, is in a better position than most to evaluate regionalism, says that the South has used the regional concept to greater advantage than any other part of the country, adding, however, that New England has one of the strongest cases for regionalism of all.⁷

Shouldn't that case be tried . . . now? It's time for the next step.

Notes

1. For more information on Mayor Jean Drapeau's hopes for three-hour fast rail between Montreal and New York, see Harold Faber's article in the *New York Times* on 4 December 1983, page 64.
2. *The Prospectus for the Commission on Higher Education and the Economy of New England* (Wenham, Mass.: New England Board of Higher Education, 1980), 18.

3. "Governor O'Neill Signs Bill Retaining Connecticut's Membership in the Compact," *Connection* 4, no. 2 (Summer 1982): 1.
4. Dr. James M. Howell's comment on the importance of the New England regional academic health centers was made during an interview with the author in January 1986.
5. "Spotlight on the New England Regional Commission," report by the Spotlight Team of the *Boston Sunday Globe*, 8 October 1972, 1.
6. Author's interview with Dr. Howell, January 1986.
7. Andrew Card, Jr., conveyed his views on regionalism across the country in a conversation with the author on 30 August 1985 in Washington, D.C.