Maine Economic Outlook
2015

Charles S. Colgan
Maine Center for Business & Economic Research
Muskie School of Public Service

Maine in 2007
Maine in 2008: Still on Thin(ner) Ice

2009
2010

2011
Colgan’s Greatest Hits (and Misses)
Maine Employment One Year Ahead: Fall Forecast
Since 2007: MAPE for 1 Year Ahead Employment Forecast: 0.09%
Bias in the forecasts is on the downside

2015
The Long Road Back

Maine Wage & Salary Employment

Maine Employment in the Great Recession and Not So Great Recovery
2015 v. 2014 Year/Year=+7k jobs (1%)
Recovery to Peak: 2016Q1

Maine and US Employment 2008-2018
2008Q1=100

ME History | ME Forecast | US History | US Forecast
Only three major sectors are pulling their weight in the recovery

Paper takes another hit
The Electricity Problem

Resources by State

- New Hampshire: 154 MW, 2.2%
- Vermont: 191 MW, 2.8%
- Maine: 1,438 MW, 20.8%
- Massachusetts: 1,389 MW, 45.0%
- Connecticut: 1,734 MW, 24.8%

Resources by Type

- Other Renewables: 182 MW, 2.3%
- Oil: 12 MW, 0.2%
- Pumped Storage: 30 MW, 0.7%
- Hydro: 12 MW, 0.2%
- Natural Gas: 4,338 MW, 62.7%
- Wind: 2,110 MW, 31.5%
Storm clouds across the pond...

Eurozone Prices Falling Again
Change from a year earlier in consumer-price indexes

The Wall Street Journal
Three Paradigms Need Shifting:

- Maine is a Rural State
- The Major Problem in Maine is too few jobs and too many people
- Economic Policy is About Growth
Urban Maine has grown from 66% in 2001 of the Maine Economy (GDP) to 69% in 2013

Population decline is already a fact of life from 2000-2010 for 158 Maine Towns
Population Growth has modestly resumed:
2014 up 1,400 (1%)
2010-14 Growth of 2,700 offsets loss of 2,200 2009-2010
The long long echoes of the baby boom and the birth dearth

What happens to Employment if we don’t replace the Baby Boom
Labor is going to cost more

The Quality of Life Discount:
Maine Average Weekly Wage Compared with US
The Quality of Life Discount: Maine Average Weekly Wage Compared with NH and VT

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<th>Year</th>
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<th>NH</th>
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There is an alternative...
The Great Wage Stagnation: Maine Edition

Things are not getting better...

Per Cent Change in Median Family Income

- All US Families
- Bottom 20 Percent
- 20th-40th Percentile
- 40th-60th Percentile
- 60th-80th Percentile
- Next 10%
- Top 10%

Real
Nominal
This is more of an American issue than elsewhere among industrial countries.

![Gini coefficient graph](image)

*Source: OECD*  
*Disposable income, after taxes and transfers*

![Abandoned mall](image)
What needs to change:

• Two Paradigms Need A New Direction
  – Embrace “Urban Maine”
  – The major competitive disadvantage in Maine will be availability and productivity/cost ratio of labor
• One needs a shift back
  – The benefits of economic growth have to be broadly distributed.

What we know and what we don’t

• We know a lot about how to deal with one of these issues, the others are terra incognita
  – We (mostly) know how to do sustainable, livable urban regions.
• No society on earth has ever faced the age imbalances in advanced industrial countries and regions
• Developments in economic psychology (the status quo bias) suggest that breaking out of the Zero Sum Society will be extraordinarily difficult