

## Chapter 3 – Unleashing the Investment Potential

*“Nations or regions compete in offering the most productive environment for business. Productivity sets a nation’s or region’s standard of living (wages, returns on capital, returns on natural resources).”*

Professor Michael E. Porter, Harvard Business School,  
Maine Competitiveness Moving to a New Economic Development Model, 2006

Chapter 1 discussed the challenges that an aging, racially homogeneous, slow and sprawling growth population creates and the need to keep older workers healthy and engaged in the workforce of raising the educational attainment of every single Maine person to their highest educational potential, and of attracting and embracing young and diverse populations to our state as strategies to unleash the human potential.

Chapter 2 covered the economic challenges that Maine faces in trying to compete in the rapidly evolving, knowledge-based and technology-driven, global economy and the importance of taking steps to increase our productivity and competitive standing – unleashing our economic potential.

In this chapter, we examine the 9 key policy areas that affect investment decisions in Maine. We asked thousands of Maine leaders what factors most affected their ability and willingness to invest in their Maine-based businesses. Each policy area is listed in priority order as determined by the 1,039 Maine leaders who responded to MDF’s survey.

If Maine is to grow and prosper, we must create an environment in which businesses will invest in equipment, technology and their workers. As the MDF survey highlighted, the greatest impediments to investment in Maine right now are cost factors – the cost of health insurance, the cost of energy, Maine’s taxes (income tax followed closely by property tax), and the regulatory environment. It is clear that these additional costs of doing business in Maine are greatly hindering private-sector investment, and if Maine is to grow, it is essential that we take action as a state to bring these costs more closely in line with regional and national levels.

The other key is for Maine’s state government to focus its limited public-sector investments to the greatest result for enhancing private sector investment and growth – providing an educated and innovative workforce, a state-of-the-art infrastructure that connects Maine to national and international markets and enhances productivity, and protecting our quality of place, one of our greatest economic development assets.