

ENVIRONMENTAL
IMPACTS OF THE
GREENHOUSE COMPACT

Achieving Development
with Minimal Environmental
Degradation

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Introduction

How do you take an area characterized by mature and declining industries and develop an economy characterized by knowledge intensive, high-paying and expanding businesses? Rhode Island's Strategic Development Commission (SDC), a committee of prominent individuals appointed by Governor Garrahy, believes that the answer to this question lies within their extensive report on Rhode Island's economic development potential, The Greenhouse Compact. This report contains an in-depth analysis of Rhode Island's ailing economy and then details a master plan for economic development. The plan includes programs to stabilize Rhode Island's existing economy, and other programs to expand and strengthen the economy by bringing knowledge-intensive, high growth industries to the state. The stated goal of this program is not, however, merely "economic development," the goal is to raise the average wages of the state's citizens and, ultimately, Rhode Island's quality of life.)

This somewhat unusual and idealistic statement of purpose results from the unusual characteristics of the Commission. The SDC was appointed by Governor Garrahy in September 1982. The membership of the commission is quite diverse, including prominent individuals from business, labor, government and education. The Governor was motivated to constitute his panel as he did partially by the New England Governor's

Conference recent call for a better cooperative partnership between business and education, and partly by a realization that hostile factions within the state, especially though not exclusively business and labor, must resolve some of their differences in order for any plan to be successful. The goal of the Commission was to draft a plan for development representing a mutually beneficial compromise. Participation of academic institutions in economic development was also stressed.

The plan includes 70 separate proposals. These include provisions to improve labor relations laws, alter taxes to improve business incentives, stabilize existing industry, support research to promote new industries, promote academic and business interaction and a proposal to make environmental acceptability, as judged by the SDC, prerequisite to the approval of individual development projects. This last proposal represents an effort on the part of the Commission to reconcile differences in another factional conflict, this one between environmentalists and business interests.

In addition to emphasis on educational resources and factional reconciliation, the Greenhouse Compact is also unusual in that it takes a strategic rather than a strictly economic approach to development. The strategic approach is more active in that it involves not only reform but also investment. The Commission's program is particularly

aggressive, calling for a total expenditure of \$248.5 million, and creation of 60,000 new jobs in seven years. This investment creates the potential for extremely rapid growth in the state's existing industries, and in new industries which the SDC will selectively promote, such as robotics, various health industries, and thin films such as are used in semi-conductor devices. The type of new industry to be selected is apparently open to debate, and the amount of success they will have is impossible to predict. Eight possibilities for new industrial expansion were listed in the Compact. Only four have been researched, and these were examined in a cursory fashion. In light of this, the effects of the Compact's economic expansion on existing industry is also indefinite, but it will undoubtedly provide benefits through sub-contracting and better business climate. Such effects will supplement the Commission's support programs for existing industry.

Though the effectiveness of the SDC program is uncertain, it is imperative that provisions be made to accommodate growth on the assumption that it will fully succeed. Environmental degradation should be minimized at every step, for the cumulative negative impacts of this extensive development could be extreme. State planners, regulators and activists must act with foresight if environmental quality is to be preserved when the plan is implemented.