



The 10 Micro-Economies of New Mexico: A Strategy for Our Economic Future

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July 1, 2016
One New Mexico

Working Paper #5 for New Mexico's Future

Too many New Mexicans know far too well that our state is doing far too poorly in far too many important categories.

We hate the ratings, but we can't ignore them unless we're willing to accept the status quo.

Because the hard truth is, the headlines and the numbers don't lie.

We have some of the worst unemployment statistics in the country. All around us states have recovered from the Great Recession; we are the "hole in the donut" of Western states when it comes to jobs and economic opportunity.

We are at the bottom when it comes to children living in poverty; when it comes to the overall well-being of children, New Mexico ranks next to the bottom.

We have too many young people dropping out of school, too many children going to bed hungry every night, too many children starting from behind on their first day of school, too many children living in families with one or more of their parents behind bars, too many children suffering from abuse, too many children growing up without hope.

Too many New Mexicans find themselves trapped in a vicious cycle of poverty, which leads to poor schooling, which leads to poor jobs, which leads back to poverty.

When you look at New Mexico today, you have to agree with the advice James Carville gave Bill Clinton: "It's the economy, stupid!"

Because the other truth, the one that flies in the face of all those bad headlines, negative statistics and low ratings is this: **It doesn't have to be this way.**

We know because we live here and we love it here. When we look around the state, we see unmatched natural beauty, unique culture and history, remarkable diversity and great pride in that diversity, phenomenal natural resources, terrific talent, resilience and resourcefulness among the people of New Mexico.

There is so much to celebrate about New Mexico, so much untapped potential, so much strength and opportunity, we all agree: New Mexico's future is hiding in plain sight.

Very simply, as bad as things are, we all know that it doesn't have to be this way.

So why are things the way they are when it comes to poverty, schools and jobs? How do we explain the status quo? Why do we accept the status?

And most important, what do we need to do to change our future so every New Mexican has more opportunity, better work, better pay, more meaningful employment--a better life?

How do we start to think different? And how do we start to do different things that will lead to different outcomes for New Mexico?

“We Must Disenthrall Ourselves”

As he often did, President Abraham Lincoln captured the responsibility that comes with a difficult challenge in a time of change: “The dogmas of the quiet past, are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew, and act anew. We must disenthrall our selves, and then we shall save our country.”

Change starts when you face the facts: The way we've been thinking hasn't worked. What we've been doing hasn't worked.

If we want different results, better results—real change—we need to think and act differently. We must disenthrall ourselves.

Before You Make a To-Do List, Make a Stop-Doing List

In his best-selling book on leadership and excellence in business, “Good to Great”, Jim Collins tells change agents to start their journey to greatness not by making a “to do” list but a “stop doing” list. The reason: If you want to make enormous progress, the first thing you need to do is to stop doing those harmful, wasteful or useless things that you have been doing that prevent or impede your progress.

When it comes to making significant strides for New Mexico, there is a “stop doing” list that is every bit as important as the “to do” list that follows. In fact, if we simply stop doing things that distract us from the real work at hand and waste our time, energy, money and resources, we'll already be making important progress.

Here's what we need to stop doing.

1. Stop opposing things just because the opposing party is in favor of it. Petty politics is bad for business. Most serious businesses aren't driven by political ideology. They depend on policy predictability and operational continuity. When the state government yo-yos back and forth—now we favor incentives for the movie industry, now we oppose them, for example—companies don't know what to expect or how to make plans or investments with confidence.
2. Stop pretending that making government incompetent somehow helps make business more likely to succeed. A healthy private sector needs a healthy public sector. Business needs government to make the investments only government can make. It needs help solving certain kinds of problems and setting larger goals to guide private sector strategies. An incompetent or feeble public sector only weakens the private sector.

3. Stop accepting government corruption as “just the way things are.” It’s bad for the people of our state who feel demoralized, it’s bad for our state’s reputation and it’s bad for business. One way to encourage job creation in New Mexico is to clean up corruption in New Mexico.
4. Stop chasing smokestacks. The idea that we can lure out of state corporations to come to New Mexico with tax breaks is a failed strategy from the 1980s. It didn’t work then, and it won’t work now.
5. Stop repeating bad economic myths. So-called “right to work” legislation won’t help create jobs in New Mexico. Neither will slashing environmental regulations. We’ll end up with the worst of both worlds—no jobs and a dirty environment.
6. Stop talking about New Mexico being “business friendly.” It’s an empty slogan unless you actually do something to demonstrate a genuine capacity to be a good partner in creating opportunities for real economic development.
7. Stop fighting obvious emerging trends. Bucky Fuller said it best: “Don’t oppose forces. Use them.” Climate change is real; use it. Diversity is real; use it. Technology that leap frogs the installed base is an opportunity; embrace it. Make change New Mexico’s friend; make our state a laboratory of innovation.
8. Stop thinking in silos. Poverty cuts across every category of public policy and private opportunity. Technology is a game changer for everything we want and need for a better future for New Mexico. Fighting drug abuse and making New Mexico family friendly aren’t policies or programs; they cut across every category where we need massive improvement. We have to create strategies that combine these policy areas and use our scarce resources to solve more than one problem with the same investment.
9. Stop making excuses. If you don’t think we can make a better future for New Mexico, get out of the way and let someone else do it.

Do First Things First

Over the past few years a variety of outside experts have been invited to give their views on what an economic development strategy for New Mexico could look like. At the same time different parts of the state government and various non-profit organizations have described the critical components of a state-wide strategy for jobs.

Whether the source is Harvard Business School’s Michael Porter or former North Carolina Governor Jim Hunt, the first principles are all the same. If New Mexico is serious about real job creation we have got to get serious about strategic investments in key areas.

Make no mistake: A large-scale economic turnaround begins with significant investments.

Here’s the short list that is agreed on by almost everyone with hands-on knowledge in the field.

1. Invest in education at all levels and of all kinds. We live in a knowledge economy; all work is knowledge work. Investing in education is non-negotiable. We need to start with quality early childhood education simply because so many of our children begin their lives in poverty. We

have systematically underinvested in K-8 education while waging a self-defeating war against our teachers. We need to offer great vocational education, leverage our community colleges, and strive for excellence in our colleges and advanced degree programs. This is not optional; it is fundamental. If we don't do this, we will never get our state out of the economic ditch.

2. Invest in high-speed Internet connectivity for the whole state. The web changes everything--but too much of New Mexico doesn't even have reliable, affordable access to the Internet. In another era, this would be like lacking access to electricity or indoor plumbing. It's not nice to have--it's need to have. It makes all the difference in the world when it comes to education, health care, tourism, farming and more: it is the essential technology of a 21st century economy.
3. Invest in high-quality, dependable cell phone service. If the Internet is the essential technology of this new economy, the cell phone—actually the smart phone—is the essential tool. It's how business gets done—except in New Mexico where dropped calls and dead zones are accepted as “just the way things are.” That has to change if we want to join the new economy and compete for good jobs.
4. Invest in access, especially air service. You can't compete for jobs, opportunity and economic growth and have third-rate air service. Like smart phones and the Internet, the airplane is an essential tool for getting business done: Whether for bringing tourists, investors or entrepreneurs to our state, we have got to ramp up the frequency and availability of air service for New Mexico.

That's the short list of absolutely essential investments that we must make.

But here's the hard truth: You don't make those investments to win. You make them to get into the game. They are table stakes. They are the fundamentals that we have neglected far too long—which means that we are starting from behind. We'll have to work extra hard and extra smart to make up for lost time. But we don't have a choice. We can continue to ignore the advice of every experienced authority and the example of every successful state and stay stuck at the bottom.

Or we can start investing—and stick with it as the right path to jobs and a better future for all New Mexicans.

Big Hairy Audacious Goals

In sports, when a team has suffered one bad season after another, it's time for a gut check. That's when the team asks itself some hard questions about its character, work ethic and heart.

That's where we are with the New Mexico economy.

Are we sick and tired of year after year of terrible rankings? Have we had enough of other states creating jobs while we settle for the dregs? Are we unwilling to watch our children and our skilled workers leave New Mexico to build their futures in other states? Are we determined to lift our children out of poverty and give them better lives?

It's time for an economic gut check.

We can't settle for more of the same. And we shouldn't settle for just a little bit better.

We need to set some big hairy audacious goals, pull up our boots, roll up our sleeves and make giant strides toward real excellence.

We need to aspire to do great things. We need to challenge ourselves to make New Mexico the state where the future is being created, and where others come to see how we do it.

What are some big hairy audacious goals for our state—goals that reflect the best of what New Mexico has to offer, the best New Mexico can be?

We can be the most sustainable state in America.

With our energy resources, our food and agriculture, our phenomenal quality of life, we can and should embrace sustainability as a hallmark of New Mexico's future. And this is the right time to set that goal. Right now the rest of the world is struggling to source food locally, to generate energy cleanly, to use water frugally, to live closer to nature—all things we already know how to do and have done for generations.

We can be the state where diversity really works.

The future of America is present-day New Mexico. Every day we live the story of diversity and tolerance, the appreciation of difference and respect for individuality that the rest of the country needs to learn. This is a genuine New Mexico advantage, if we lean into it.

We can be the state that truly loves its children and families—and acts on that love.

Every state and community says it loves its children and its families. But how is that love expressed? Our rankings for children living in poverty and single moms working overtime to make ends meet gives us the drive to take action: We will be the most family-friendly state in America, building on the tradition of family that is at the heart of New Mexico.

Sustainability, diversity, family—those are our traditions and our goals.

Now we need an action plan to achieve them.

The 10 Micro-Economies of New Mexico

Let's go back to James Carville: "It's the economy, stupid."

Bill Clinton got the idea when he said, "The best social program in the world is a good job." New Mexico's future depends on getting our economy going and our people working. A good job solves a lot of problems. It fights poverty, puts food on your table and a roof over your head, helps kids do better in school, and creates real opportunity.

The question for New Mexico is not whether we need to create jobs—it's how we're going to do it.

And this is where it gets interesting. This is where we "disenthrall" ourselves from old ways of thinking. This is where we get to create an approach that is unique to New Mexico—just as New Mexico is unique in America. We get to utilize our strengths and think differently about a strategy that grows New Mexico from the grassroots up and from the inside out.

The place to begin is with the fundamental recognition that New Mexico doesn't have "an economy."

A state as large and diverse as ours has many micro-economies—10 in fact. The more we talk about "an economy" the more we obscure the uniqueness of New Mexico and fall into the trap of a generic approach, like chasing out-of-state smokestacks as a solution to "the New Mexico economy."

The second idea we need to seize on is this: New Mexico's future is hiding in plain sight.

Our 10 micro-economies give us a huge competitive advantage. If we develop micro-strategies for each of these 10 areas and then knit them together so the pieces not only fit together but also reinforce and strengthen each other, we will have a powerful, dynamic and original New Mexico method that no other state can copy, borrow or steal. It will be grounded on those remarkable things that make New Mexico what it is: our land and sky, our history and culture, our character and strengths. It seems obvious, but it's worth saying: We won't win by being cheaper than Texas or dirtier than Arizona. We win by being the best New Mexico we can be.

So what are these 10 micro-economies? Briefly, what do we know about them? How could we use them to create jobs and opportunity, first within each area and then between and among them? How does this kind of thinking and doing change what's possible for New Mexico and for all the different regions and communities in our state?

Here are the 10 micro-economies.

1. **Energy.** We are extraordinarily gifted as a state with energy resources--in fact, when all of our potential BTUs are added together we rank in the nation's top five states. For a long time we've lived off our oil and gas resources. Now with sustainability as one of our big, hairy audacious goals and climate change a global concern, it's time for us to lead the nation in renewable energy: solar, wind, hydrothermal, and the cheapest source of energy, conservation. As is true for almost every one of the 10 micro-economies, energy done right will create multiple wins for New Mexicans: more jobs that are sustainable and future-facing, plus cheaper electricity and more local control over our own energy future, plus a cleaner environment that will help preserve our quality of life and bring more tourists (and tourist dollars) to our beautiful state.
2. **Water.** Sound businesses know there are two ways to gain a competitive advantage. The first is by making the most of a resource that you have a lot of. In our case, that's energy. The second way is by taking advantage of a resource that is scarce. That's water. New Mexicans have always known that water is scarce and precious. Water is life. Now the whole world is coming to recognize this fundamental fact of life. We need to leverage our knowledge and experience with water. Just as we can lead the nation with renewable energy, we can lead it with sustainable water practices. We should be able to sell our expertise, our knowledge and our technology to create good jobs in New Mexico out of the hard truth of water scarcity.
3. **Farming and Ranching.** We've always depended on farming and ranching both as a way of life and as a way to make a living. Today, there are huge new—and in some cases, very old—opportunities to take New Mexico to the forefront of the future of food and food production. We're seeing renewed interest in organic farming as consumers see the link between food and health. Industrial hemp is another opportunity; it represents a cash crop that is a perfect fit for New Mexico: It requires a lot of sun and very little water and can be transformed into tens of thousands of products, including food, cosmetics and energy. We have entrepreneurs in Silver City working to make bio-char a New Mexico industry, re-introducing old farming practices into a new economy that wants better yields and better crops.
4. **Tourism.** Tourism has long been a key part of our state—but today with so much competition for the tourist dollar, we need to think and act more creatively than ever. We not only have amazing land and sky and mountains. We are also home to more history, culture and art than any state in America. Our tourism should be focused on experiences, on eco-tourism and cultural tourism. Chaco Canyon can and should be our Machu Picchu. We need apps—not maps—that guide tourists to our state's unique offerings, from the pueblos to the wineries to music festivals to dark

skies. The studios of our working artists and artisans need to be identified as cultural attractions every bit as important as our museums. If we want to make the most of every corner of New Mexico, every town and community, we need to capture and re-tell the fascinating history of our people; story-telling and even video games made from those stories will bring New Mexico's history and culture to life in a way no other state can.

5. Digital entertainment. New Mexico is already known as a great place to film a movie or produce a TV show. But we are leaving money on the table. America's largest export today is video games—we should be creating every form of digital entertainment right here in New Mexico, using our own talented designers and programmers to bring games and apps to life. There's already a popular game called "The Oregon Trail." Why isn't there "The Santa Fe Trail" or "The Camino Real"—or games and stories set in pueblo life and history? The music of New Mexico is richer and more varied than that of Texas. So why is there a TV show featuring music from Austin, but none from Taos?
6. Entrepreneurship and Innovation. The economy today runs on disruption. In cities across the country, entrepreneurs and innovators are challenging the business establishment with new products and services, often using new technology, the web, smart phones and new business models. The barriers to entry are lower than ever; the costs to get into the game keep dropping. It takes talent, ideas, support, an eco-system that encourages risk taking—and a place where people want to live and work. New Mexico has all the components to become the next cool place for the entrepreneurial economy to take off—if we make key investments in high-speed Internet connectivity, air service and education that make start ups easy to launch. We already have world-class entrepreneurs right here in New Mexico. Let's deputize them as "New Mexico Entrepreneurial Ambassadors and let them spread the word about our state.
7. Small and Medium-Sized Business. New Mexico has never been and most likely never will be home to the large corporations of America. It's not who we are and, frankly, it's not who we aspire to be. We are a state of small and medium sized businesses—which makes it all the more surprising that we put so much of our money and time into wooing large out of state corporations, rather than helping our own home-grown small companies grow and prosper. If you listen to those mom and pop shops, they'll tell you what they need: help cutting through red tape, help with workforce training and development, help with permits and the permitting process, help with issues of zoning and transportation, help with better access to their businesses and better marketing of their businesses. Think of it this way: Back in 2012, New Mexico had roughly 40,000 small and medium-sized businesses. If each of them could add just two new jobs, we would have seen employment grow by 80,000 jobs.
8. The Border. Some people believe that geography is destiny. Another way to think of it is that geography is what you make of it—and we have not made enough of our border with Mexico. It's convenient and in some circles politically popular to talk today about our border with Mexico as if it were a problem and the only solution is a wall. We know different, based on history, language, culture and relationships. Right now, Mexico's own entrepreneurial economy is growing. Manufacturing, investment, exports and imports continue to evolve and develop. Some states today are desperately looking for links to China, to Asia and other emerging economies. We have Mexico and Latin America at our doorstep. We have language that we share. We just need to do more, and do it smarter and better to build on existing relationships and opportunities.
9. The New Aging. Look around New Mexico and you'll see one sizable group of people in every community in large numbers: our senior citizens. New Mexico is one of America's "grayest" states; we are home to a large number of people who are 50 years old and older. It turns out

this is a huge opportunity. Aging is being re-invented. People are living longer, living healthier and living more engaged lives. People want to find ways to contribute, to make a difference, to make some money, to make some meaning in their lives. It is all part of The New Aging—and New Mexico can be at the forefront of writing the new rules and providing the new goods and services that come with this new phase of life. Work. Housing. Transportation. Recreation. Finance. Civic engagement. Health care. Every category of life is about to be re-imagined as we re-imagine and disrupt aging. That's a working definition of opportunity.

10. Health Care and Well-being. It's part of The New Aging—but it's also part of farming and ranching and entrepreneurship and innovation. We're learning about nutrition and health. We're seeing how technology can deliver health care to rural and frontier communities. Most of all we're seeing clearly that wellness and disease prevention is smarter, cheaper and better than treating disease. This is another micro-economy where New Mexico has so much to offer in the way of technology, experience and practice—and so much to gain by moving to the front of exploration and commercial application of working solutions.

Those are the 10 micro-economies, with just a small suggestion of what each could contribute to New Mexico and how some could connect with others to create an internally consistent, self-reinforcing strategy for the state. Of course, there are more ways to connect and leverage these 10 areas. The goal is to make an investment in one that opens up opportunities in others: Growing hemp, for example, creates new possibilities for entrepreneurship, for micro-manufacturing, smarter water use, and small and medium-sized businesses to prosper. Focusing on digital entertainment supports entrepreneurship and innovation—but also becomes a vehicle for tourism.

Once we stop thinking about “the economy” and think instead about our micro-economies, we begin to see new opportunities and larger strategies for job growth and our future.

What will it take to make it happen?

It's simple and hard.

We have to look at each of these 10 micro-economies and design working programs and policies for each of them.

We have to develop ways for the private sector and the public sector to work together toward common goals for New Mexico.

We have to want change and believe that there is a way forward for a better New Mexico.

We have to work hard and work together. We have to embrace new possibilities and demand new leadership.

Because the truth is, it's there if we want it.

Our future is hiding in plain sight.

Now it's up to us to see it, to want it and to create it.

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