Once defined almost entirely by heavy manufacturing and tourism, the Berkshire region is now in the midst of a major transformation. No more is its well-being dependent on General Electric and Sprague, nor are its scenic towns considered merely a playground for affluent New Yorkers. The rising tide of economic prosperity throughout much of New York and New England has finally touched the Berkshires.
Half a century ago, General Electric’s Pittsfield plant employed three-fourths of the city’s workers. The company had shifted operations to the nonunion South by the seventies, citing foreign competition and higher material costs as driving forces. Twenty years later, GE had closed all but one Pittsfield plant. The combined employment of GE and Martin Marietta (now Lockheed Martin) has since dropped to 700, a mere 5 percent of its wartime high.

GE’s downsizing, with the loss of its high-paying manufacturing jobs, was followed by a loss of population and a weakening of the local economy. Between 1970 and 1990, Pittsfield’s population dropped by 15 percent, from 57,020 to 48,622. In 1980, one out of three jobs in Pittsfield and Berkshire County was in the manufacturing sector; by 1990 this had slipped to one in five.

But the region has recovered: employment levels in Berkshire County are approximately the same as before the recession (61,600 workers), with the lowest unemployment rate (3.1 percent) in fifteen years. What has caused the shift? Both “soft” and “hard” factors are at work.

The Positive Effects of Networking

Anna Lee Saxenian, in her famous study on the Silicon Valley’s economic explosion, observed that the region’s workers, business owners, and leaders worked differently there than elsewhere. There was a fluidity among businesses that kept all of those involved moving forward. They shared knowledge, know-how, and even employees. They were “connected.”

We see this same phenomenon now taking place in the Berkshires: associations and consortia represent economic development, planning, tourism, education, human services, and workforce development. There are several “team” efforts under way.

Berkshire Plastics Network. Since 1986, the Berkshire Plastics Network has helped to reinvigorate the plastics industry. Today 43 companies employ more than 2,000 people, and sales exceed $180 million annually. These jobs pay an average of $20 to $30 per hour. The network anticipates local industry growth of 10 percent to 20 percent annually over the next decade.

Berkshire Connect. After recognizing that several of its newer companies were being hurt by the absence of affordable telecommunications, the region’s leaders formed Berkshire Connect, a collaboration charged with bringing the best possible Internet and fiber optic services to the area and selling them at wholesale prices. The organization noted that unless such service was provided, the region would lose its fledgling high-tech companies, place its existing businesses at a disadvantage, and stultify the efforts of its local schools to educate their students.

The region is now on its way to providing the telecommunication systems required for its emerging niche manufacturing, knowledge-based, multimedia, and software companies. The cost of telecommunications is expected to drop by 15 to 20 percent. Berkshire Health Systems, one of the area’s largest companies, noted that the new services will lower their communications costs from around $1 million per year to approximately $600,000. This will help the region’s new high technology companies, such as Streetmail and eZiba. Attracting and keeping companies like these may prove the best benefit of all.

The Berkshire Connect effort was undertaken at a minimal public cost leading to significant private investment. It is now being used as a model for other regions across Massachusetts, including Cape Cod and the former Franklin County, and has recently spurred activity in other states, as well.

Berkshire Council for Growth. In the aftermath of General Electric’s pollution case and the elimination of approximately 1,000 jobs at General Dynamics, the Berkshire Council for Growth was initiated to assist in the integration of economic development efforts across the region. By creating forums, collecting data, finding capital, and fostering communication among key organizations, the council has been remarkably effective in bringing formerly disparate organizations together to stimulate coordinated actions.

There is also a new recognition of regional economic needs. Towns cannot prosper independently; impacts of growth ripple through many communities. Once again,
no one is arguing for the dissolution of home rule or that the South County is willing to give up an opportunity to the North County. However, when it is understood that connections lead to mutual gain, a sense of regional support is realized.

The Council for Growth is focusing on the strategic factors that will enhance the competitiveness of the region as a whole. The council and the Berkshire Regional Planning Commission both realize that to be competitive there is a need to stimulate higher education in the region. Approximately 13 percent of the area’s workers have college degrees, and 8 percent have graduate or professional degrees. By comparison, 17 percent of all Massachusetts workers have bachelor’s degrees and 11 percent have graduate or professional degrees. The groups have also noted the need to improve north-south access, to find additional land for industrial uses (there is no modern industrial park in the region), and to develop micro-loan resources for small companies.

A regional approach to solving both regional and sub-regional issues has made leaders more connected, investors more inclined to help, and the need for a regional orientation to economic issues more firmly entrenched in the minds of its citizens.

**Improvements to the Infrastructure**

GE has agreed to spend an estimated $250 million to clean up the Housatonic River, polluted by decades of hazardous chemical discharges from its Pittsfield plant. The settlement finalizes cleanup and reclamation plans that the company has been negotiating with the U.S. Environmental Protection Agency (EPA), the Department of Justice, and state officials. Under the legally binding consent decree, GE will shoulder the full cost of removing contaminated sediment from a half-mile stretch of the Housatonic. The project is scheduled to be completed by May 2001. GE will also clean up contamination at the Pittsfield plant and other sites in Berkshire County, including a school and several commercial properties. Through a cost-sharing agreement, the company will pay much of the price for the EPA to tackle an additional 1.5-mile stretch of the river. With these processes well under way, the region’s burdensome image of polluted land and water is finally being lifted.

The Berkshire Regional Planning Commission looked at mills along the Hoosic River and found that 28 of the 30 mills studied were partially or fully occupied. The region’s old mills are often marginal in terms of meeting the needs of modern business and will require significant reinvestment if they are to again serve as production centers. According to Adams’s town administrator, James Leitch, there is virtually no vacant mill space in his town. Moreover, there is no fully prepared and available land of sufficient size to create a first-class industrial park. This raises a concern: What if efforts to attract and nurture high-tech startups succeed? It is one thing to grow such companies and another to retain them as they expand.

There is a similar problem in terms of highway infrastructure: there is no convenient north-south route through the Berkshires. Trucks must make their way from the Massachusetts Turnpike through downtown Lee, downtown Pittsfield, and downtown Adams to reach North Adams. (See map inside back cover.) Though studies are under way and discussion is constant, there has been much difficulty in coming to consensus on a solution. The region is, therefore, no closer to addressing the problem than it was in the 1960s. This obstacle will continue to influence the region’s economic future.

Given the types of companies that the region hopes to attract and retain, a first-rate freight facility is essential: the goods that are likely to be created are “weight light and value heavy” and typically need to be shipped quickly to distant locations. But air transit is problematic. There is service to Albany, NY (one hour’s drive from Pittsfield), and to the Hartford, CT, area (one hour and fifteen minutes’ drive). Freight service is available at Harriman Field in North Adams and at Pittsfield Municipal Airport. The former, nestled against Mount Greylock, has little capacity

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**Locating a Business Park**

The most critical site location needs of a typical business project are:

- Large management/technical pool
- Communications opportunities
- Clerical talent pool at competitive costs
- Commercial air services
- Good transportation access
- Office parks/space
- High quality of life
- Good housing mix (i.e., availability, affordability, and type)

*Source: PHH Fantus*
to grow. Pittsfield Airport does have space, and indeed, its management is in the midst of creating a new master plan.

And finally, there are the region’s downtowns. Some represent the quintessential settings of old New England: Rockwell’s Stockbridge, downtown Lee, the revitalized Great Barrington center, and the understated Lenox and Williamstown. These are downtowns that other parts of the nation use as models. In contrast are the industrial towns of Adams, North Adams, and Pittsfield. In spite of efforts to revitalize them, they are still “well worn” and contribute to the image of the Berkshires as a forgotten region. But there are new stores and offices in once-closed or under-occupied buildings in these cities, and there are promotional activities under way. Many of these buildings are quite beautiful. When they are revitalized and occupied, they will contribute to the region’s cachet.

With the 1999 opening of the Massachusetts Museum of Contemporary Art (MassMoCA) in North Adams’s renovated Sprague factory, an age-old image has been expunged. Close to 100,000 visitors in its first year gave proof that this corner of the state is not forgotten. The museum’s “contemporary” theme has helped reinforce the message that the region is adaptable to change. And while the economic impact of MassMoCA is important, this psychological impact may be even greater.

Technology-dependent companies are locating in the immediate area, and revitalization projects around the city abound. The new economy calls for increased emphasis on job preparation skills, English language education, and expanded college-level instruction.

The economic prosperity realized throughout much of New England and New York has finally touched the Berkshires.

Manufacturing Gives Way; Retraining Is Key

Manufacturing continues to play a role—albeit a smaller one—in the region’s future. The hold of mega-corporations General Electric and Sprague has been broken. Today’s manufacturing companies are technology driven, modern, and competitive in the world marketplace. If the region is able to build a highly skilled and educated workforce, the Berkshire County Regional Planning Commission projects, manufacturing production will expand, though its labor force need not.

In 1970, manufacturers employed 34 percent of the workforce and contributed to 34 percent of GRP. In 1997, manufacturers employed 13 percent of the workforce but yielded 25 percent of GRP. Regional Economic Models, Inc., forecasts that by 2025, manufacturers will employ only 9 percent of the workforce but produce 28 percent of GRP. This is a home of committed industries, like Crane and Interprint, that have continued to reinvent themselves in order to survive.

The region has continued to diversify its employment base. Its service sector now represents 38.5 percent of all jobs, and its retail/wholesale sector, 22 percent. By 2025, approximately 50 percent of all jobs are expected to be in the service sector.
Local leaders are emphasizing the need for “intellectual capacity.” New-economy workers must have the ability to calculate, adjust, and manipulate increasingly sophisticated machinery. This calls for increased emphasis on job preparation skills, English-language education, and expanded college-level instruction. While the efforts of the Berkshire Continuing Education Collaborative and Berkshire Community College are to be applauded, there are still gaps; nowhere in the Berkshires have bachelor’s degrees or master’s degrees been offered. Distance-learning initiatives, such as the recently announced UMassOnline, may eventually turn the tide, but not until an affordable telecommunications network is more broadly available.

There is also a greater need to focus on the qualitative side of public education. The 1990 census found that the Berkshires closely matched the nation and the Commonwealth in terms of high school graduation rates but was significantly behind the Commonwealth in college graduation rates. MCAS tests have not reflected well on the region’s school districts. If this area is to prosper, it must have a first-rate education system that will serve as an attraction for families and as a vehicle to prepare its residents for the future workplace.

A Work in Progress
The efforts of the region’s leaders to achieve a common goal have had good results and show more promise still. The commitment to new business is important, as are the efforts to create a first-class telecommunications network. There are still obstacles: educational improvements at all levels should be paramount. Moreover, the region cannot achieve its full potential without a north-south highway, additional industrial land, and an improved airport.

The Berkshire region continues to go its own way. Its image as a place of production and cultural tourism grows slowly and steadily and without fanfare. This is a region that greatly values its independence—and its paradoxes. Residents read the Times and the Globe, root for the Yankees and the Red Sox, and pay tax bills in Lenox, Massachusetts, and in Westchester, New York. The region welcomes traditional manufacturing, mills, and tourism along with technology, quaint shops, and pricey salons. While its ultimate identity may lie in the multiplicity of its traits, its connectedness will be the key to its survival.

2. ES-202 series and authors’ calculations, Massachusetts Division of Employment and Training

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