

The Berkshire Eagle

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The deal not taken

There is an old saying in baseball — one of many old sayings — that the best deals are sometimes the ones you don't make. In the case of Curt Schilling's struggling video game company, which may swallow up \$75 million in Rhode Island loan guarantees, the best deal is the one that Beacon Hill didn't make with the former Boston Red Sox pitching star.

Mr. Schilling's 38 Studios left for Providence two years ago after Massachusetts decided against trying to keep the company by matching or exceeding the loan guarantee offered by Rhode Island. That state's huge offer was extremely risky given the volatility of the video game industry and the difficulty small companies have in bucking the established game giants. Last Friday, 38 Studios finally mustered a \$1.1 million overdue payment to the state but it is not known if more payments will be forthcoming. Mr. Schilling is seeking additional state help from unsympathetic, once-burned legislators.

Mr. Schilling has been a vocal proponent of free market capitalism and small government, which was fine until he happily accepted the loan guarantees from Rhode Island and then went back for more aid. Two years ago, with Governor Patrick and

the Legislature looking skeptically on Mr. Schilling's pursuit of loan guarantees to keep 38 Studios in Maynard, Mr. Schilling hit the campaign trail with Republican gubernatorial candidate Charles Baker, who asserted that the administration's attitude toward 38 Studios symbolized the "toxic business climate" the governor had created. (The usually loquacious Mr. Schilling has had no comment on his company's problems or his political posturing.)

The city of Pittsfield had a similar regrettable experience with EV Worldwide and learned the hard way about the care that must be taken in providing public funds, loan guarantees and tax credits. With its lesson learned, the city has done due diligence in researching prospective companies and in providing funds has gotten job guarantees in writing, along with a promise to return those funds if the guarantees are not fully met.

States must do the same as cities, and it is generally better for Beacon Hill to help with, for example, infrastructure improvements, than by trying to pick winners and losers. When a particular business does receive public money, clawback procedures must be established in the case of failure. Rhode Island is learning all of this the hard way after signing off on a deal it never should have made.