



## Growth or No Growth – The Economic Dilemma

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Is growth desirable? Do we want, or need, more people? Can our cities be economically healthy without growth? There are many communities in the United States – and not just those in the Great Plains – for whom growth is a kind of holy grail. After years of declining population, they see their only hope in being able to attract new people. Groups in other parts of the country, however, have taken a different view. They see growth as a blight. They are prepared to fight development and to do so by a variety of means. Ironically, those regions most desperate for new people have the lowest levels of success. And those most adamant about erecting barriers against growth see the most of it.

In 1973, newly-elected Governor Tom McCall of Oregon made an impassioned plea to stop unfettered growth. He called on environmental protection and land use controls. He ended his speech by saying that, “We must respect another truism – that unlimited and unregulated growth leads inexorably to a lowered quality of life.” It is revealing that Governor McCall viewed this as a “truism” – something few would argue now, even if they agreed with his conclusions. It is also revealing that the movement he engendered coincided with an astonishing influx of new Oregonians. Portland grew by over 40% between 1979 and 1999. And it did this despite the most ironic of marketing campaigns: Governor McCall’s infamous “please visit but don’t stay” slogan and the greeting cards that carried that message.

The question of whether “unlimited and unregulated growth” leads to a lowered quality of life is still with us. But what Governor McCall did not address was whether a lack of growth might also lower the quality of life. He was, after all, leading a state to which people wanted to come. One where cities were growing, where the transition from a natural resource economy to a technology economy had already begun. This shift to professional services and technology employment continues to result in new investment and new capital sources.

Traditional economic development practices fit uneasily into this debate. For the majority of economic developers growth is *always* good. It is, in fact, how they define their mission and it is what the tools of their trade are designed to do. There is nothing in the economic development arsenal that supports “limitation and regulation” (to quote McCall). More jobs are always better. Policies that limit or regulate growth are barriers to overcome. Conflicts with this view are not, however, confined simply to anti-growth neighborhood groups. Cities (including city managers, planners, and city councils) worry whether unfettered growth is sustainable. They worry about the cost of infrastructure, about the loss of open space, about housing costs. They are increasingly inclined to argue that growth needs to be sustainable, that it needs to be managed. In a country whose population is as mobile as that of the U.S. – to say nothing of immigration – *prohibiting* growth is a questionable option. Under these circumstances, what are the best options and what is the right way for economic developers to define their purpose?

To answer these questions one should first look for common ground. Whether we agree with the Oregon model or not, we can accept that unbridled growth can be damaging. We know it can cause prices to skyrocket, put huge burdens on the housing market, and create market inequities. We also have to acknowledge that a lack of growth is almost always bad. We know this not just by looking at boarded-up windows in small towns, but at the direct and indirect costs of stagnation: job and wage declines, decreased support for the elderly and the



needy, depressed property values. We also have to take the big picture into account. This means we need to understand some basic trends:

- the dawning realization that there may soon be more jobs than people to fill them
- continued out-migration from rural areas to large cities
- growth in the south and the west that continues to outpace the rest of the nation

These trends have significant implications. They tell us that businesses will be forced to go where people are. They tell us that rural areas will face increasing pressure to retain and attract new people. And they tell us that many areas of the country will struggle with a huge influx of new residents they can scarcely accommodate. Both sides of the argument will turn out to be true. Unmanaged growth *is* problematic. Lack of growth is *also* problematic. The consequence for cities and regions, for economic development officials and city managers, is a far more complicated landscape than they have ever dealt with before. New tools will be required and creativity will be essential.

The communities that have begun working with new measures of success, and new tools, are showing dramatic progress. Racine, Wisconsin, looks (and feels) different than it did a decade ago. Articles in the New York Times have chronicled the influx of young people to a resurgent downtown, with lofts, new civic projects, and a revitalized harbor. In addition, commuter rail is starting to link the city to Milwaukee and Chicago. Entrepreneurial activity has been sparked by the Center for Advanced Technology and Innovation (CATI).

<http://www.racinecountyedc.org/>

Similarly, Fort Smith, Arkansas, has begun to step away from its manufacturing dependence by embracing the importance of the University of Arkansas – Fort Smith. Downtown development, ranging from a new museum to riverfront growth, is attracting national attention. A new entrepreneurship center is changing traditional business models, allowing the economy to grow even as manufacturing employment declines.

<http://www.fschamber.com/>

Finally, Austin, Texas, is using its Envision Central Texas regional growth project to embrace higher density development, new town centers, and dramatic transportation improvements.

<http://www.envisioncentraltexas.org/>

These communities are effectively changing the dynamics of economic development. TIP is proud to be associated with these regions. We look forward to working with you to achieve similar success.