2013 Remaking Cities Congress
Re-Positioning the Post-Industrial City in the Global Economy
Thought Leader Summary

"Growth Without Growth" Revisited

Paul D. Gottlieb
Rutgers University
October 3, 2013

People in academia are aware that the 1970s generated a flood of TRULY BIG ideas that for some reason we no longer discuss. In that decade, certain radical, anti-establishment ideas of the prior decade began to receive serious scholarly attention. For example economist E.J. Mishan, writing in 1967 (it is said that no publisher would accept his manuscript before then), questioned the reigning orthodoxy of economic development in his book, *The Costs of Economic Growth*. In 1972, some natural scientists at an ominous-sounding organization called The Club of Rome published their famous doomsday prophecy, *Limits to Growth*. The influence that this book had on the now-familiar green and sustainability movements is difficult to overestimate.

So what about scholars concerned with regions and cities? In the 1970s, a group of regional scientists associated with Resources for the Future and Johns Hopkins University essentially founded a new literature on "optimal city size." The mathematics were first-rate, but the findings too technical and too inconclusive to move public policy. The phrase virtually disappears from the economics and geography literatures by the 1980s. (It was always a one-size-fits-all notion in any case.)

In the midst of the dot-com boom of the late 1990s, three authors with a background in urban planning woke up and more or less simultaneously said to themselves: "maybe there *should* be limits to urban and regional growth." The first of these was Gabor Zovanyi of Eastern Washington University, author of *Growth Management for a Sustainable Future.* The second was Eben Fodor, author of *Better not Bigger: How to Take Control of Urban Growth and Improve your Community.* I was the third member of this triumvirate, publishing a report for the Brookings Institution entitled *Growth without Growth.*

The last two of these works, at least, have developed something of a cult following. I think this is largely because of their titles. Conceived of as public objectives, the phrases *Better not Bigger* and *Growth without Growth* capture for readers a yearning for stability—as well as a sense that the futures of our towns and cities are maddeningly out of our control due to the "inexorable logic" of free market economics, or less defensibly, the political power of real estate interests.

In contrast to Zovanyi and Fodor, I thought of my own report as an essay on economic development. The first "growth" in my oxymoronic title refers to improvements in local income or wealth, while the second "growth" refers to population growth. As the self-help gurus tell us, if you don't know what your goal is, then you are unlikely to get there.

Is the goal of local economic development policy to improve the wealth and income of current constituents? Or is it to rapidly expand the jobs, population, and physical structures located within your jurisdiction?

There seems little doubt that when thinking about economic development, local constituents embrace the first of these goals, but the second one is tolerated only to the extent it is *inseparably correlated* with growth in local income and wealth.

So the question then becomes: *Is it?*

My original report for Brookings showed decisively that it is not. More specifically, I found that there was virtually no correlation between population and per-capita income growth across a set of American metropolitan areas over the period 1990 to 1998. Set aside for the moment some commonly-held views about cause and effect, like the idea that population growth generates construction and retail earnings that ultimately boost metropolitan incomes; or conversely, that rising incomes attract in-migrants. This kind of reasoning is important, but the data show (and they do so even when each variables is lagged) that growth in metropolitan income without significant growth in population is *feasible.* More than that, it is common.

Once I determined that this outcome was common, I set about characterizing those metropolitan areas that achieved this frequently desired outcome of increased income without much population growth. I found that a set of medium to large metropolitan areas in the interior of the country – like St. Louis, Chicago, Milwaukee, and Pittsburgh – had achieved this feat. So had some famous high-tech metros, like Boston and San Francisco, that benefited from the 90's tech boom, as well as from natural or regulatory limits to growth faced by the very largest metropolitan areas.

At the upcoming Remaking Cities Congress, I will discuss some developments in this policy discourse since Zovanyi, Fodor, and I offered our provocative frameworks. I will also update my Growth without Growth typology to see if anything fundamental has changed from the 1990s to the 2000s. There are a number of structural differences to be on the lookout for, including some operating at the global scale. Here are the most obvious domestic concerns:

1. The recent implosion of Detroit reminds us that economic decline was occasionally catastrophic over the last decade, and also that the metropolitan unit of observation conceals two very different kinds of places (journalists were quick to point out that Detroit's suburbs are doing just fine, thank you very much). If voters were largely hostile to growth at the time I wrote GWG, has metropolitan decline now replaced it as the thing to worry about? Does GWG have the wrong end of the stick?

2. Maybe the real issue is not growth versus decline, but rather "boom-and-bust" versus "stability." St. Louis, Milwaukee, and Chicago have had this advantage all along. Restricting our view to the big coastal cities, some observers have noted that metropolitan areas that escaped the worst of the foreclosure problem are famous for having relatively strict land use regulations (e.g., northern New Jersey, Boston). The result was less growth in the boom years of the 2000s, but also much less disruption over the entire real estate cycle. Readers of GWG will know

that I am not fan of coercive regulations for achieving population control; the ultimate solution to boom-and-bust instability should target the ultimate source--Wall Street. Still, these northeastern experiences over the last real estate cycle surely have many people rethinking their views on local growth control.

I look forward to delivering this material in 9.99 minutes, and to the interesting discussions to follow.