
The 12 Myths of Growth

Urban Growth Means Lower Taxes -- and Other Myths

By Donella Meadows, The Global Citizen

We need to bring in business to bring down taxes. This development will give us jobs. Environmental protection will hurt the economy. Growth is good for us.

If we've heard those arguments once, we've heard them a thousand times, stated with utmost certainty and without the slightest evidence. That's because there is no evidence. Or rather, there is plenty of evidence, most of which disproves these deeply held pro-growth beliefs.

Here is a short summary of some of the evidence. For more, see Eben Fodor's new book *Better, Not Bigger*, which lists and debunks the following "Twelve Big Myths of Growth."

Myth 1: *Growth provides needed tax revenues.* Check out the tax rates of cities larger than yours. There are a few exceptions but the general rule is: the larger the city, the higher the taxes. That's because development requires water, sewage treatment, road maintenance, police and fire protection, garbage pickup -- a host of public services. Almost never do the new taxes cover the new costs. Fodor says, "the bottom line on urban growth is that it rarely pays its own way."

Myth 2: *We have to grow to provide jobs.* But there's no guarantee that new jobs will go to local folks. In fact they rarely do. If you compare the 25 fastest growing cities in the U.S. to the 25 slowest growing, you find no significant difference in unemployment rates. Says Fodor: "Creating more local jobs ends up attracting more people, who require more jobs."

Myth 3: *We must stimulate and subsidize business growth to have good jobs.* A "good business climate" is one with little regulation, low business taxes, and various public subsidies to business. A study of areas with good and bad business climates (as ranked by the U.S. Chamber of Commerce and the business press) showed that states with the best business ratings actually have lower growth in per capita incomes than those with the worst. Fodor: "This surprising outcome may be due to the emphasis placed by good-business-climate states on investing resources in businesses rather than directly in people."

Myth 4: *If we try to limit growth, housing prices will shoot up.* Sounds logical, but it isn't so. A 1992 study of 14 California cities, half with strong growth controls, half with none, showed no difference in average housing prices. Some of the cities with strong growth controls had the most affordable housing, because they had active low-cost housing programs. Fodor says the important factor in housing affordability is not so much house cost as income level, so development that provides mainly low-paying retail jobs makes housing unaffordable.

Myth 5: *Environmental protection hurts the economy.* According to a Bank of America study the economies of states with high environmental standards grew consistently faster than those with weak regulations. The Institute of Southern Studies ranked all states according to 20 indicators of economic prosperity (gold) and environmental health (green) and found that they rise and fall together. Vermont ranked 3rd on the gold scale and first on the green, while Louisiana ranked 50th on both.

Myth 6: *Growth is inevitable.* There are constitutional limits to the ability of any community to put walls around itself. But dozens of municipalities have capped their population size or rate of growth by legal regulations based on real environmental limits and the real costs of growth to the community.

Myth 7: *If you don't like growth, you're a NIMBY* (Not In My Backyard) or an ANTI (against everything) or a gangplank-puller (right after you get aboard). These accusations are meant more to shut people up than to examine their real motives. Says Fodor, "A NIMBY is more likely to be someone who cares enough about the future of his or her community to get out and protect it."

Myth 8: *Most people don't support environmental protection.* Polls and surveys have disproved this belief for decades; Fodor cites examples from Oregon, Los Angeles, Colorado, and the U.S. as a whole. The fraction of respondents who say environmental quality is more important than further economic growth almost always tops 70 percent.

Myth 9: *We have to grow or die.* This statement is tossed around lightly and often, but if you hold it still and look at it, you wonder what it means. Fodor points out, quoting several economic studies, that many kinds of growth cost more than the benefits they bring. So the more growth, the poorer we get. That kind of growth will kill us.

Myth 10: *Vacant land is just going to waste.* Studies from all over show that open land pays far more -- often twice as much -- in property taxes than it costs in services. Cows don't put their kids in school; trees don't put potholes in the roads. Open land absorbs floods, recharges aquifers, cleans the air, harbors wildlife, and measurably increases the value of property nearby. We should pay it for to be there.

Myth 11: *Beauty is no basis for policy.* One of the saddest things about municipal meetings is their tendency to trivialize people who complain that a proposed development will be ugly. Dollars are not necessarily more real or important than beauty. In fact beauty can translate directly into dollars. For starters, undeveloped surroundings can add \$100,000 to the price of a home.

Myth 12: *Environmentalists are just another special interest.* A developer who will directly profit from a project is a special interest. A citizen with no financial stake is fighting for the public interest, the long term, the good of the whole community.

Maybe one reason these myths are proclaimed so often and loudly is that they are so obviously doubtful. The only reason to keep repeating something over and over is to keep others from thinking about it. You don't have to keep telling people that the sun rises in the east.

There are reasons why some of us want others of us to believe the myths of urban growth. More on that next time. ###