

USES OF SUBJECTIVE WELL-BEING IN LOCAL ECONOMIC AND LAND USE POLICY

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Money never made a man happy yet, nor will it. The more a man has, the more he wants. Instead of filling a vacuum, it makes one.

Benjamin Franklin

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I. INTRODUCTION: THE CAUSE OF ENVIRONMENTAL DEGRADATION IS ECONOMIC GROWTH POLICY

We cannot “save the earth,” notwithstanding any restrictive land-use regime or environmental laws, until we confront the argument that “growth is good.” Advocates of economic growth usually favor up-zoning and intensifying land uses, and they claim that growth and the accompanying land use changes are good for society economically: growth is good. Advocates of conservation favor more restrictive land use regulation; they question whether economics is the right measuring device. Therein lies the conflict between land use and the environment.

In late November 2005, President George W. Bush said: “I will continue to push for pro-growth economic policies, all aimed at making sure every American can realize the American Dream.”¹ But President Bush is wrong: pro-growth economic policies (at least traditional ones) will not promote the realization of the American Dream; eventually, they will destroy it.² The assertion that “growth is good” implies that growth pays its own way,³ that the costs and benefits of growth (economic activity, more intense land uses, and population growth) are measurable in money, and that the benefits outweigh the costs. The virulent debate is a major impediment and distraction to the adoption of sustainable economic and land-use regimes. And the debate is not useful; it is sterile. Whether growth pays its own way measured in money is not an answerable question; sometimes growth pays its own way, and sometimes it does not. Moreover, even if growth did pay its own way, that in no way informs us whether people are better off for it.

It is futile to ask whether “growth is good” when it is measured in money. It is more instructive, and increasingly popular, to ask whether “growth is good” when it is measured by some alternative indicators (such as whether fast-growing places have lower infant

1. Scott Stearns, *Bush: US Economy Gaining Strength*, VOICE OF AM. NEWS, Dec. 2, 2005, <http://www.voanews.com/english/2005-12-02-voa33.cfm> (internal quotation marks omitted).

2. See, e.g., Richard Reeves, *The Strangling of Los Angeles*, UEXPRESS.COM, July 22, 2005, http://www.uexpress.com/richardreeves/index.html?uc_full_date=20050722 (commenting on the growth in population and traffic in Los Angeles that is “testing the limits” of the city’s inhabitants). Obviously it is physically impossible to have quantitative growth indefinitely.

3. See Wayne Laugesen, *Population Bomb: Are We Growing To Fast? Some Say No*, BOULDER WKLY., Mar. 29, 2001, available at <http://archive.boulderweekly.com/032901/coverstory.html> (“The issue: Is growth a drain on society. Or does growth pay its own way, and then some? It absolutely does not, say growth opponents. Yes it does, say pro-development types.”).

mortality rates, higher educational attainments, or lower incarceration rates). But this is problematic because the selection of alternative indicators is subjective, and the data collected is arguably unreliable.

However, asking whether growth is good when measured in *human happiness* is very instructive. The answer is, after a society has achieved the standard of living of the lower-middle-class in the United States, growth does not make people happier; it probably makes them less happy. Thus, sprawling land-use patterns and transforming the landscape environment from natural to built-up cannot be economically or socially justified (except by the necessity to accommodate population increase). Therefore, public policy should eschew growth as a goal and promote instead a much more conservative economic and land use policy.

This Article has four purposes. First, it urges that we move beyond the sterile and debilitating debate about whether growth pays its own way economically by showing why that issue—as it is traditionally couched—is not resolvable (or very relevant). Second, it explains why the potentially promising use of alternative indicators gets us little further than economic indicators in answering the question: Is growth good? Third, this Article addresses a question to which some clearer answers are coming on: Does growth make people happier? Fourth, it examines some public-policy implications regarding salutary land-use laws.

II. WHY THE DEBATE ABOUT WHETHER GROWTH IS GOOD ECONOMICALLY IS IRRESOLVABLE

A number of claims are commonly made about why growth is good economically. This section examines the validity of some of those claims.

A. Objective Economic Measurement Claims About the Benefits of Growth

1. Personal Income

Promoting the growth-and-prosperity relationship, one commentator claimed that: “[i]ncome . . . grew more rapidly in faster growing states than in slower growing states.”⁴ Another asserted

4. JACK PETREE, WASH. ASS'N OF REALTORS, *Low Growth Can Harm Individuals Economically*, in HOW LACK OF GROWTH HARMS COMMUNITIES OR THE DARK SIDE OF LOW OR NO GROWTH PLANNING POLICIES 1, 2, <http://www.warealtor.com/government/qol/policies/LkofGr.pdf>. (Petree gives no citation to his assertion.)

that the economic benefits of growth include “Added Jobs and Income” because “[c]onstruction of new housing units and other types of space generates employment and income for the entire community, thereby adding to the region’s overall prosperity.”⁵

Between 1990 (when the per capita U.S. income average, in constant 1996 dollars, was \$22,856)⁶ and 2000 (when the U.S. average was \$27,712),⁷ per capita personal income growth as a percentage of the federal average per capita personal income changed.⁸ The following table reflects these changes in the five fastest-growing and five slowest-growing states:⁹

	Fast-growing		Slow-growing		
	1990	2000	1990	2000	
AZ	.87	.85	CT	1.36	1.39
CO	1.00	1.10	ME	.89	.86
GA	.91	.94	ND	.81	.83
ID	.81	.80	PA	1.01	1.00
NV	1.05	1.00	RI	1.03	.98
<u>UT</u>	<u>.77</u>	<u>.78</u>	<u>WV</u>	<u>.74</u>	<u>.73</u>
Aug.	.90	.91	Aug.	.97	.97 ¹⁰

The fast-growing states moved from 90 percent of the federal average in per capita personal income in 1990 to 91 percent in 2000, an increase of 1 percent. The slow-growing states were unchanged. Residents of the fast-growing states did see their personal income increase slightly.

However, Paul D. Gottlieb at the Center for Regional Economic Issues at Case Western University examined the relationship between population and income growth in the 100 largest metropolitan areas (as distinct from states) in the U.S. between 1990-1998. He concurred that fast-growing metropolitan areas showed faster income growth than slow-growing ones and concluded there was some correlation, but it was

not strong. . . . In fact, statistical analysis reveals a

5. NAT’L ASS’N OF INDUS. & OFFICE PROPERTIES WITH ANTHONY DOWNS, GROWING TO GREATNESS, app. 1, at 62 (1999), available at <http://www.naiop.org/governmentaffairs/growth/NAIOP5.PDF> [hereinafter DOWNS].

6. U.S. CENSUS BUREAU, STATISTICAL ABSTRACT OF THE UNITED STATES: 2003, 447 (123d ed. 2003).

7. *Id.*

8. *See id.*

9. Determination of the five fastest-growing and five slowest-growing states was based on collected U.S. Census Bureau data which was compiled by the State of Oklahoma. *See* Population Growth Fifty State Rankings, 1990 to 2000, <http://www.state.ok.us/osfdocs/graphs.pdf> (last visited Feb. 19, 2008) [hereinafter Population Growth Rankings].

10. U.S. CENSUS BUREAU, *supra* note 6, at 447.

very weak positive relationship between per capita income and population growth. Not only is this relationship weak, but if Austin, Texas and Las Vegas, Nevada were removed from the sample it would disappear. . . . [T]he relationship that exists depends on only two cases.¹¹

And, insofar as population increases comes from immigration, such population growth “lower[s] average wages among natives working in manual labor occupations” (but not in higher-skilled jobs).¹²

Regarding *disposable* per capita income, one commentator asserted that rapidly-growing states provide their residents with “significant enhancements in spendable income.”¹³ Here is data relevant to comparing disposable personal income per capita in constant 1996 dollars by state from 1990 to 2002 as compared to the federal average:

	Fast-growing		Slow-growing		
	1990	2000	1990	2000	
AZ	88.4	87.7	CT	135.1	131.1
CO	100.5	110.9	ME	89.9	88.3
GA	90.4	94.4	ND	84.5	88.7
ID	81.8	82.3	PA	101.4	100.4
NV	104.4	103.3	RI	103.1	98.4
UT	<u>77.1</u>	<u>81.7</u>	WV	<u>75.8</u>	<u>76.7</u>
Aug.	90.4	93.3	Aug.	98.3	97.2 ¹⁴

The fast-growing states’ residents saw a 2.9 percent gain over the federal average in personal disposable income during the decade; the slow-growing states saw a 1.1 percent loss over the federal average. The residents in fast-growing states saw their disposable income increase by 4 percent of the federal average compared to the slow-growing states. The federal average in 2000 was \$23,194.¹⁵ Residents in the fast-growing states gained about \$93.00 per year during this decade by living in fast-growing states

11. PAUL D. GOTTLIEB, BROOKINGS INST. CNTR. URBAN & METRO. POLICY, GROWTH WITHOUT GROWTH: AN ALTERNATIVE ECONOMIC DEVELOPMENT GOAL FOR METROPOLITAN AREAS 3 (2002), available at http://www.brookings.edu/~media/Files/rc/reports/2002/02_useconomics_gottlieb/gottlieb.pdf.

12. Pia M. Orrenius & Madeline Zavodny, *Does Immigration Affect Wages? A Look at Occupation-Level Evidence* 3 (Fed. Reserve Bank of Atlanta Working Paper Series, Working Paper 2003-2a, 2003), available at <http://www.frbatlanta.org/filelegacydocs/wp0302a.pdf>.

13. PETREE, *supra* note 4, at 2.

14. U.S. CENSUS BUREAU, *supra* note 6, at 448 (“Disposable personal income is the income available to persons for spending or saving; it is calculated as personal income less personal tax and nontax payments.”).

15. *Id.*

compared to their countrymen living in slow-growing states.

However, Matthew E. Kahn of the Fletcher School of Law and Diplomacy, in laborious regression analyses, examined growth in various California metropolitan areas (not states) between 1980 and 1990, testing wage and rental rates. A fast-growing (popular) place “should feature lower wages [because of the large number of people moving in to take jobs] and higher rents [because of a shortage of housing] than low quality-of-life cities.”¹⁶ Again, the pro-growthers would say wages in fast-growing places would go up, a claim somewhat borne out by the analysis above. Kahn found “no evidence that wages have increased in fast-growing areas,” contradicting the pro-growthers.¹⁷ However, he does not claim that they have fallen. Further, he found that “fast-growing areas have experienced less real estate appreciation than slower-growth areas within California.”¹⁸ Rents decreased relatively, which suggests fast-growing areas in California may be less attractive than slow-growing ones.¹⁹

InContext, a publication of the Indiana University Partnership for Economic Development, offers “substantive articles on the Indiana economy in context within the state and the nation.”²⁰ In examining per capita income growth in the late 1990s, it concluded (in a “technical note”) as follows:

Growth in population and total personal income are positively correlated, particularly over long periods of time. But it is far from a perfect relationship. For the 10 years from 1988 to 1998, the correlation for the 50 states between personal income and population growth rates was +0.89 (where +1.00 is a perfect positive relationship, zero is no relationship and -1.00 is a perfect negative relationship). But for the year 1998, the correlation was just +0.62, an unimpressive relationship.²¹

16. Matthew E. Kahn, *City Quality-of-Life Dynamics: Measuring the Costs of Growth*, 22 J. REAL ESTATE FIN. & ECON. 339, 340 (2001).

17. *Id.* at 343.

18. *Id.*

19. *See id.* at 346.

20. About *InContext*, <http://www.incontext.indiana.edu/about.html> (last visited Feb. 19, 2008).

21. *Per Capita Income: Regions of the Nation*, INCONTEXT, July 2000, at 5, available at http://www.incontext.indiana.edu/2000/july00/articles/2_news.pdf.

2. Jobs

It is claimed that growth provides for “Added Jobs and Income,”²² and that “[r]eal estate . . . creates jobs and economic activity that benefits us all.”²³ Indeed, to promote income growth, policy makers often try to grow jobs, which is thought to increase prosperity.²⁴ However, Paul Gottlieb recognizes three problems with this traditional approach.²⁵ “First, there is no obvious relationship between jobs and incomes, since new jobs can pay poorly and may even reduce average earnings in a region.”²⁶ Second, some new jobs certainly go to the local unemployed or underemployed, but there is no guarantee that jobs won’t go to immigrants,²⁷ and there is no useful relationship between population growth and decreasing unemployment. People move to places where they think job growth is happening,²⁸ and in those places the unemployment rate may decrease, stay the same, or worsen. The question is not whether growth creates jobs, but whether growth reduces local unemployment. A generation ago—in his seminal 1976 treatise on growth—Harvey Molotch wrote:

As jobs develop in a fast-growing area, the unemployed will be attracted from other areas in sufficient numbers not only to fill those developing vacancies but also to form a work-force sector that is continuously unemployed. Thus, just as local growth does not affect aggregate employment, it likely has very little long-term impact upon the local rate of unemployment. Again, the systematic evidence fails to show any advantage to growth: there is no tendency for either larger places or more rapidly growing ones to have lower unemployment rates than other kinds of urban areas. In fact, the tendency is for rapid growth to be associated with higher rates of unemployment.²⁹

22. DOWNS, *supra* note 5, app. 1, at 62.

23. Dewayne Granacki, *Region’s Vitality Hinges On Accommodating Growth*, PUGET SOUND BUS. J., Dec. 27, 2002, available at <http://www.bizjournals.com/seattle/stories/2002/12/30/editorial3.html?page=1>.

24. See GOTTLIEB, *supra* note 11, at 4.

25. *Id.* at 5.

26. *Id.*

27. *Id.*

28. See *id.*

29. Harvey Molotch, *The City as a Growth Machine: Toward a Political Economy of Place*, 83 AM. J. SOC. 309, 320-21 (1976).

Lastly, Gotlieb asserts that job growth “increases the number of bodies in a jurisdiction.”³⁰ This is necessarily “associated with increased infrastructure costs, increased resource use,” and—to some people’s eyes, at least—a perception that the quality of life is declining.³¹

As to the assertion that population growth provides construction jobs,³² of course population growth requires the construction of new houses and other buildings, but it is not necessarily true that this means any long-term (or even medium-term) increase in job-related prosperity. Further, it is certainly incorrect that faster growing places provide sustained wage or income growth in the construction industry.

First, fast-growing areas often attract out-of-area contractors. D.R. Horton, for example, bills itself as “a National Leader in the residential home building industry.”³³ It prospers by “seeking out the [n]ation’s most active homebuilding markets,”³⁴ buying up large tracts of land, and constructing hundreds of houses. Firms like Horton run small local construction firms out of business:

As a young man, Donald J. Tomnitz watched the arrival of Wal-Mart Stores Inc. doom his aunt’s local drugstore in Mexico, Mo. Today, as chief executive of one of America’s biggest home builders, D.R. Horton Inc., Mr. Tomnitz likes to compare his company to the steamroller that put his aunt out of business.

. . . .

Five years ago, the top 10 home builders controlled only about 10% of the U.S. market. Now their share is about 25%, and the big builders predict it will top 50% within a decade. The top 10 had combined revenue of about \$73 billion in 2004, up from \$13 billion a decade earlier, according to Builder magazine, a trade publication.³⁵

30. GOTTLIEB, *supra* note 11, at 5.

31. *Id.*

32. DOWNS, *supra* note 5, app. 1, at 62; Robert W. Wassmer & Marlon G. Boarnet, *The Benefits of Growth* 9 (Urban Land Inst., Working Paper on Land Use Policy, 2002), available at <http://www.csus.edu/indiv/w/wassmerr/benefitsofgrowth.pdf>.

33. D.R. Horton - America’s Builder, How We Build, <http://www.drhorton.com/corp/index.jsp?redirect=howBuildDef> (last visited Feb. 19, 2008).

34. *Id.*

35. James R. Hagerty & Kemba J. Dunham, *Property Boom: How Big U.S. Home Builders Plan to Ride Out a Downturn; D.R. Horton Keeps Costs Low as It Takes on Small Rivals in ‘Pick-Up Truck’ Markets; Skepticism on Wall Street*, WALL ST. J., Nov. 30, 2005, at A1.

Some of this construction work is made available to local contractors, but locals in the industry—in the author's hometown, at least—express concern that "D.R. Horton's arrival mean[s] profits . . . leave the community," and that its development is "bad for local builders."³⁶ "Like Wal-Mart, D.R. Horton uses its heft to negotiate lower prices for supplies such as roofing materials, door frames and appliances"³⁷; profits for such suppliers—from local and non-local sources—are necessarily reduced accordingly.

Second, the construction industry is known for its boom-and-bust cycles. The recent housing boom will bust (or has busted) and some estimates indicate that up to 800,000 jobs in the construction and financial sectors will be lost.³⁸ In August, 2007, 21,000 employees in the housing industry lost their jobs.³⁹ The former construction and finance workers will, of course, no longer "add[] to the region's overall prosperity."⁴⁰ If they do not relocate upon unemployment, they could potentially drive down working-class wages. It would be as accurate to say that fast-growing places are set up for a big construction-related job downturn as it would be to say that growth promotes construction-related employment.

Population growth does increase the number of people with jobs. But, it does not necessarily lower the unemployment rate or increase workers' prosperity.

3. Budget Growth and Taxes

Arguing that growth is good economically, one commentator asserted that per capita, fast-growing states' budgets expanded more slowly than slow-growing states during the 1990s.⁴¹ If growth were as expensive as its detractors claim, fast-growing states' budgets would have expanded more per capita than slow-growing ones; they would spend more per capita.⁴² Here is relevant data:

36. Aubrey Cohen, *National Company Buys Land Parcel*, BELLINGHAM HERALD, April 17, 2005, at 1A.

37. Annette Haddad, *Building From A Giant's Blueprint; D.R. Horton Has Applied Wal-Mart's Approach of Size and Pricing Power to the Housing Industry to Become the Biggest Builder in the U.S.*, L.A. TIMES, Dec. 5, 2004, at C1.

38. Alex Veiga, *Housing Slowdown May Claim 800,000 Jobs*, WASHINGTONPOST.COM, Dec. 7, 2005, <http://www.washingtonpost.com/wp-dyn/content/article/2005/12/07/AR2005120700222.html>.

39. Ron Scherer & Ben Arnoldy, *Layoffs Spreading in the Housing Industry*, CHRISTIAN SCI. MONITOR, Aug. 23, 2007, at 1.

40. DOWNS, *supra* note 5, app. 1, at 62

41. PETREE, *supra* note 4, at 1.

42. *Id.*

State and Local Direct General Expenditures, Per Capita, Indexed to U.S. Average, 1992-2002⁴³

	Fast-growing		Slow-growing		
	1992	2002	1992	2002	
AZ	83	81	CT	123	110
CO	98	95	ME	100	109
ID	82	83	ND	103	101
GA	86	87	PA	97	97
NV	103	90	RI	123	109
UT	<u>83</u>	<u>89</u>	WV	<u>86</u>	<u>90</u>
Aug.	89	87	Aug.	105	103

In this time period,⁴⁴ the slow-growing states showed a decrease of 1.5 percent compared to the national average in per capita state and local expenditures; the fast-growing states showed a decrease of 2 percent compared to the national average. These statistics bear out the assertion that fast-growing states spend less per capita than slow-growing ones. However, the difference is small.

Regarding taxes, and further supporting the assertion that “growth is good,” one commentator claimed that “citizens in slower growing states experience increased tax burdens. In faster growing states tax burdens grow more slowly.”⁴⁵ As the following data indicates, this is true on the average:

Combined State and Local Tax Collections as Percent of Income, Compared to U.S. Average⁴⁶

	Fast-growing		Slow-growing		
	1990	2000	1990	2000	
US	10.3	10.5	10.3	10.5	
AZ	11.7	10.4	CT	9.8	11.2
CO	10.2	9.7	ME	11.6	13.2
ID	10.2	11.0	ND	9.5	10.1
GA	10.3	10.5	PA	9.3	10.0
NV	9.5	9.4	RI	10.5	11.7
UT	<u>10.7</u>	<u>11.3</u>	WV	<u>10.0</u>	<u>10.7</u>
Aug.	10.4	10.4	Aug.	10.0	11.2

43. BROOKINGS INST. TAX POLICY CTR., STATE AND LOCAL DIRECT GENERAL EXPENDITURES, PER CAPITA, SELECTED YEARS 1997-2005 (2007), <http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?Docid=523> (last visited Apr. 13, 2008).

44. The years featured are not, obviously, exactly the decade previously used for analysis: they are off by two years.

45. PETREE, *supra* note 4, at 2.

46. THE TAX FOUNDATION, STATE AND LOCAL TAX BURDENS COMPARED TO OTHER U.S. STATES, 1970-2007, http://www.taxfoundation.org/files/burden_by_year_all_states-2007-04-04.pdf (last visited Feb. 18, 2008).

Here, the fast-growing state residents saw the percent of their income taxed by state and local collectors unchanged in the decade, and decrease by 0.1 percent compared to the U.S. average; the slow-growing state residents saw the percent of their income taxed increase by 1.2 percent, which was 0.7 percent over the federal average. In 2000, the per capita U.S. income was \$21,587;⁴⁷ a fast-growing state resident would have paid about \$2,245 in state and local taxes; a slow-growing state resident would have paid \$2,417. Thus, in 2000, a slow-growing state resident would have paid about \$172 more in state and local taxes per capita than a resident in a fast-growing state.

While it is true that the “[a]ddition of more people . . . generates more sales taxes for state and local governments” and the “[a]ddition of new properties to the assessed value base of a community increases its ability to raise public funds through property taxes,”⁴⁸ it is also true that the addition of more people generates more demand for government services.

Insofar as these analyses of tax and budget are considered statewide, there is, of course, the problem that states are large and diverse geographic areas. For example, Washington State, King County (the greater Seattle area) has a total area of 2,126 square miles and a per capita personal income of \$45,334.⁴⁹ The area is groaning under growth-related problems, particularly traffic congestion.⁵⁰ Meanwhile, Okanogan County (east of the Cascade Mountains) has a total area of 5268 square miles, a per capita personal income of \$23,095,⁵¹ and only a single traffic light.⁵² So, if Washington’s statewide budget or taxes are described as increasing or decreasing with growth in population, the information is not very useful to describe how people are actually affected.

47. U.S. CENSUS BUREAU, FACT SHEET: UNITED STATES CENSUS 2000 DEMOGRAPHIC PROFILE HIGHLIGHTS (2000), <http://factfinder.census.gov/servlet/SAFFFacts?sse=on> (last visited Apr. 13, 2008).

48. DOWNS, *supra* note 5, app. 1, at 62.

49. WASH. STATE OFFICE FIN. MGMT, 2005 DATA BOOK, KING COUNTY, <http://www.ofm.wa.gov/databook/pdf/king.pdf> (last visited Feb. 18, 2008) (per capita income based on 2003 findings).

50. Cathy Cole, *Teleworking One Answer to Traffic Problems*, PUGET SOUND BUS. J., May 12, 2000, available at <http://seattle.bizjournals.com/seattle/stories/2000/05/15/editorial3.html> (“It is not news that we live in one of the most traffic-congested areas in the nation . . .”).

51. WASH. STATE OFFICE FIN. MGMT, 2005 DATA BOOK, OKANOGAN COUNTY, <http://www.ofm.wa.gov/databook/pdf/okan.pdf> (last visited Feb. 18, 2008) (per capita income based on 2003 findings).

52. There is one traffic light at Omak; there are three overhead flashing red light stoplights in the county. (Author’s experience in Okanogan County).

4. *Growth Pays Its Own Way*

The assertion that income, jobs, government budget growth, and taxes all favor faster-growing jurisdictions gets to the broader point that growth pays its own way. In the words of one commentator, “[o]ne important conclusion that seems to be particularly clear is that the claims made by some that the broader society pays a high price for growth with newcomers benefiting at the expense of existing residents are simply not true.”⁵³ The claim that growth pays its own way remains, however, very problematic. As noted by the Oregon Governor John Kitzhaber’s *Task Force on Growth*, “[f]ew, if any studies, have been able to adequately address this overarching question. There are many reasons, but the key one is that growth has too many dimensions to measure.”⁵⁴

In a study of the greater San Antonio area, the American Farm Trust (AFT) found that “[o]n average residential lands demand more in service costs, including schools, public safety, road maintenance and water/wastewater, than they provide in revenue. Conversely, agricultural lands and open space create a surplus for Bexar County—generating more than six times more revenue than what the county spends on them.”⁵⁵ “[C]ows don’t go to school and cucumbers don’t call 911,” observed the AFT,⁵⁶ and this finding that new growth does not pay its own way is consistent with other studies undertaken by the AFT.⁵⁷ However, the AFT’s methodology, which is commonly described as the “cost of community services” approach,⁵⁸ has been criticized for various reasons including inadequate or incomplete local government records on the allocation of revenues and expenditures, inability or unwillingness “of

53. PETREE, *supra* note 4, at 3.

54. GOVERNOR’S TASK FORCE ON GROWTH, *GROWTH AND ITS IMPACT IN OREGON: A REPORT FROM GOVERNOR KITZHABER’S TASK FORCE ON GROWTH IN OREGON 4-5* (Jan. 1999) [hereinafter GOVERNOR’S TASK FORCE].

55. AM. FARMLAND TRUST, *COST OF COMMUNITY SERVICES: THE VALUE OF FARMLAND AND OPEN SPACE IN BEXAR COUNTY, TEXAS* (2004), available at http://www.farmland.org/programs/states/documents/AFT_BexarCounty_COCS.pdf [hereinafter BEXAR COUNTY].

56. Am. Farmland Trust, Michigan, *Cost of Community Services Study Affirms Tax Savings*, <http://www.farmland.org/programs/states/mi/default.asp> (last visited Feb. 19, 2008).

57. See, e.g., AM. FARMLAND TRUST, *COST OF COMMUNITY SERVICES: SKAGIT COUNTY, WASHINGTON 6* (1999), available at http://www.skagitonians.org/upload_pubs/aft=spf_.pdf [hereinafter SKAGIT COUNTY]; AM. FARMLAND TRUST, *REVIEW OF FISCAL IMPACT STUDIES RELEVANT TO THE HIGHLANDS REGION OF MASSACHUSETTS 2* (2001), hci.thetrustees.org/documents.cfm?documentID=174 (“[I]n the short run, development increases the tax base by adding property value, whereas land protection does not provide additional tax revenue and may reduce the tax base. However, in the long term, they find that open land requires a much lower level of services than developed land, limiting increases to municipal budgets and associated spending over time.”).

58. See generally BEXAR COUNTY, *supra* note 55; SKAGIT COUNTY, *supra* note 57.

local staff and officials to participate in interviews and help in the allocation process,” the questionable objectiveness of the analyst conducting the analysis, and inappropriate grouping of land uses.⁵⁹

A study by Jeffrey Dorfman, et al. at the University of Georgia concluded that “a growing body of empirical evidence shows that while commercial and industrial development can indeed improve the financial well being of a local government, residential development worsens it.”⁶⁰ James F. Dewey at the University of Florida examined whether conventional residential development pays its share of public costs in Alachua County, Florida, and concluded that it does; “the typical new household pays *more* than its share of infrastructure costs by \$3,114.”⁶¹ A less sanguine analysis came from Daphne Greenwood, asking the same general question about Colorado Springs—whether growth pays for itself. Dr. Greenwood reported that Colorado Springs’ population increased by sixty-eight percent from 1980 to 2000, while the developed land area increased by thirty-two percent.⁶² The increased density contributed to lower per capita spending on roads because the population was more compact.⁶³ Notwithstanding, “commute time to work increased and a substantial infrastructure backlog was reported at the end of the period.”⁶⁴ Revenues per capita fell during the period while the public safety budget increased.⁶⁵ Roads, drainage and traffic engineering funding decreased.⁶⁶

Anthony Downs claims that the “[a]ddition of new properties to the assessed value base of a community increases its ability to raise public funds through property taxes, and thereby to support needed public services.”⁶⁷ Surely this is true, but the question is

59. ANNA HAINES, ET AL., UNIV. WIS. CONSORTIUM FOR EXTENSION & RESEARCH IN AGRIC. & NATURAL RES., THE IMPACT OF AGRICULTURAL USE VALUATION ON THE COST TO PROVIDE SERVICES TO WISCONSIN COMMUNITIES 3, <http://www.uwsp.edu/cnr/landcenter/COCS/COCS%20Consortium%20Project.doc> (last visited Mar. 20, 2008).

60. JEFFREY H. DORFMAN, ET AL., UNIV. GA. CTR. FOR FOREST BUS., THE ECONOMIC COSTS OF DEVELOPMENT FOR LOCAL GOVERNMENTS (2002), <http://www.warnell.uga.edu/h/centers/cfb/files/10.pdf>.

61. JAMES F. DEWEY & DAVID A. DENSLow, UNIV. FLA. BUREAU OF ECON. & BUS. RESEARCH, GROWTH AND INFRASTRUCTURE IN ALACHUA COUNTY: DOES CONVENTIONAL DEVELOPMENT PAY ITS SHARE OF PUBLIC COSTS? 4 (2001), http://www.banef.com/growth_infrastructure.pdf. It is noted that “Dewey conducted a portion of the research reported here while working as a consultant for the Gainesville Builders Association.” *Id.* at 1. The study looked only at infrastructure costs, not schools, police, fire, etc. *See generally id.*

62. DAPHNE GREENWOOD WITH KATIE WILLIAMS, UNIV. COLO. AT COLO. SPRINGS CTR. FOR COLO. POLICY STUDIES, DOES GROWTH “PAY FOR ITSELF” THROUGH INCREASED REVENUES OR DECREASED COSTS PER PERSON? AN ANALYSIS OF THE CITY OF COLORADO SPRINGS, 1980-2000 4 (2003), <http://web.uccs.edu/ccps/payingforgrowth.colospgs.ccps.pdf>.

63. *See id.*

64. *Id.*

65. *Id.* at 5.

66. *Id.*

67. DOWNS, *supra* note 5, app. 1, at 62.

whether the new money is sufficient to cover the costs associated with the development. The City of Redmond, Washington examined the costs of new development in a 1997 study.⁶⁸ It found that providing customary municipal service to single-family houses cost more than the revenue generated from taxing each unit; multi-family dwellings showed an even greater disparity between revenue generated and costs.⁶⁹ Office, industrial, commercial, and “other,” however, generated more revenue than cost.⁷⁰

Elena Irwin and Dave Kraybill, at Ohio State University, refine the issue somewhat in their paper, *Costs and Benefits of New Residential Development*. They point out that whether growth pays its own way depends upon “the current level and available capacity of existing community services.”⁷¹ For example, if the existing schools are not full, new students coming from new housing developments will cause relatively little capital expenditure.⁷² If the schools are full and the newcomers trigger the necessity to build additional schools, the cost to the community is obviously much higher.⁷³ Similarly, if there is excess capacity on existing roads, more traffic is easily and cheaply absorbed.⁷⁴ If the roads are at their acceptable capacity such that new traffic must be accommodated by significant road improvement, the cost is high.⁷⁵ Also, it seems clear that if new housing developments are compact, the cost of infrastructure needed to service them will be low compared to the cost to service dispersed units.⁷⁶ Irwin and Kraybill further note that “[t]he rate of growth can also affect the cost of providing services. Communities that experience very rapid population increases will face higher per capita public service costs if governments are unable to take the time required to identify and finance the least-cost service option.”⁷⁷

In their review of studies of the issue, Jeffrey H. Dorfman and

68. ECON. & PLANNING SYS., INC., PHASE 2 REPORT: COST OF GROWTH MODEL: BASELINE FORECAST AND CASE STUDIES (1997), available at <http://www.ci.redmond.wa.us/insidecityhall/citycouncil/pdfsfinancial/COGreport/COGfinalreport.pdf>.

69. *Id.* at III-4-II-5.

70. *Id.*

71. ELENA IRWIN & DAVE KRAYBILL, OHIO STATE UNIV. DEP'T OF AGRIC., ENVTL., & DEV. ECON., COSTS AND BENEFITS OF NEW RESIDENTIAL DEVELOPMENT (1999), <http://www.agecon.ag.ohio-state.edu/programs/ComRegEcon/costsdev.htm>.

72. *Id.*

73. *Id.*

74. *Id.*

75. This is the reason that pro-growthers favor expansive infrastructure improvements (a 24" sewer line instead of a 20" line). Expansive improvements make it cheaper to accommodate growth. See generally *Build for Vitality*, POLICY BRIEF (Wash. Research Council, Seattle, Wash.) July 1, 2002, available at http://www.researchcouncil.org/publications_container/GMA5%20Build.pdf.

76. IRWIN & KRAYBILL, *supra* note 71.

77. *Id.*

Nanette Nelson from the University of Georgia concluded: “[i]n not a single instance did residential development generate sufficient revenue to cover its associated expenditures, *not in a single location*.”⁷⁸

Other commentators have concluded that growth does pay its own way. Dwight Filley, of the Independence Institute, “a free-market think-tank in Golden, Colorado” says:

Consider a cow pasture that becomes a housing development. Clearly the new families that move in have to have schools, roads, police, and all the rest, and clearly all this costs tax money. But just as clearly, all those new families pay the same rate of property tax, sales tax, income tax, every other kind of tax as families already here. So there is just as much new tax money available as there are new services demanded. If the tax rates paid by old residents are enough to pay for their government services, it seems obvious that the same tax rates paid by new residents will pay for their government services. It comes out even.⁷⁹

And a report prepared by the Austin-based *Impact DataSource for the Urban Choice Coalition*, concluded that in the greater St. Louis, Missouri area, “on-going annual public revenues, using tax rates and budget information primarily for 2002, generated by households in the five subdivisions exceeded the estimated added annual costs for each of the [thirty] local taxing districts in which the subdivisions are located.”⁸⁰ *The Nation’s Building News Online* commented that the study adds credibility to the notion that “housing pays for itself.”⁸¹ The study’s sponsor, the Urban Choice Coalition, “was formed in 1998 to help counter urban

78. Jeffrey H. Dorfman & Nanette Nelson, *How Smart is Smart Growth?: The Economic Costs of Rural Development*, in CURRENT ISSUES ASSOCIATED WITH LAND VALUES AND LAND USE PLANNING: PROCEEDINGS OF A REGIONAL WORKSHOP 72 (John C. Bergstrom ed., 2002), available at http://srdc.msstate.edu/publications/220_1half.pdf. Jeffrey H. Dorfman and Nanette Nelson are from the Department of Agricultural and Applied Economics and the Institute of Ecology, respectively, at the University of Georgia.

79. Dwight Filley, Editorial, *Does Growth Pay Its Own Way?* INDEPENDENCE INST., Sept. 25, 1996, http://www.i2i.org/main/article.php?article_id=461.

80. IMPACT DATA SOURCE, THE FISCAL IMPACT OF FIVE NEW RESIDENTIAL SUBDIVISIONS IN THE GREATER ST. LOUIS AREA 4 (2004), available at <http://www.urbanchoice.org/ImpactStudy.pdf>.

81. *St. Louis Study Adds Credibility to ‘Housing Pays for Itself’*, NATION’S BUILDING NEWS ONLINE, July 5, 2004, <http://www.nbnnews.com/NBN/issues/2004-07-05/State+and+Local/index.html>.

sprawl hysteria with facts on growth and development.”⁸² The Urban Choice Coalition also sponsored a 2004 study concluding that in the St. Louis area “new growth in the tax base in growing areas . . . was adequate for the school districts to meet their capital needs. New students . . . are not a financial drain on districts in expanding communities.”⁸³

The Washington Research Council (WRC) asserts that “[g]rowth, obviously, does pay for itself,”⁸⁴ for “if urban development did not pay for itself eventually, we would not have 200 million people thriving in our cities.”⁸⁵ This broad and unsubstantiated assertion is contained in the WRC’s *Myths and Facts Regarding the Cost of Growth in Washington*,⁸⁶ which primarily is directed to discrediting Eben Fodor’s *The Cost of Growth in Washington State*. Fodor, author of the influential book *Better Not Bigger*, concluded that growth does not pay its own way, that “typical residential growth creates a substantial capital cost burden to the local community of approximately \$83,000 per new single-family house.”⁸⁷ Many of these costs, Fodor asserts, “are not being paid directly, but are manifesting themselves in declining levels of service.”⁸⁸ It is difficult to sort out how the WRC can arrive at such starkly different conclusions from Fodor’s. There are no sources or methods for their figures (Fodor cites over 50 studies). However, it appears that the WRC is tabulating every fee, tax, and expenditure as a community fiscal benefit of new housing, and not counting declining levels of service as a cost.

Another study, *Growth and Its Impacts in Oregon*, published in Oregon in 1999 under the auspices of the *Governor’s Task Force on Growth*, concluded more moderately that “new residential development directly pays on the order of 50% to 90% of their [sic] capital costs (through developer provided infrastructure, hookup fees, SDCs [system development charges] and other impact fees, special

82. Urban Choice Coalition Homepage, <http://www.urbanchoice.org> (last visited Mar. 21, 2008).

83. IMPACT DATA SOURCE, *supra* note 80, at 9.

84. WASH. RESEARCH COUNCIL, MYTHS AND FACTS REGARDING THE COSTS OF GROWTH IN WASHINGTON, <http://www.mrsc.org/ArtDocMisc/mythsandfacts.pdf> (internal quotation marks omitted) (last visited Feb. 18, 2008).

85. *Id.* (quoting Dr. Richard Morrill, Professor Emeritus, “*The Economics of Growth Management*,” address to the Seattle Economists Club, October 11, 2000.) (internal quotation marks omitted).

86. *Id.*; Quality of Life Research Briefs, SPECIAL REPORT: *Myths and Facts Regarding the Costs of Growth in Washington*, http://www.warealtor.com/Government/qol/research_briefs.asp.

87. EBEN FODOR, COLUMBIA PUB. INTEREST POLICY INST., *THE COST OF GROWTH IN WASHINGTON STATE*, at v (2000), available at http://www.fodorandassociates.com/Reports/COG_WA_2000_Exec_Sum.pdf.

88. *Id.*

assessments, exactions, and user charges).”⁸⁹ This figure, however, sets aside costs for “schools and major upgrades to the regional transportation system.”⁹⁰

Regarding schools, Richard R. Hawkins of the Department of Economics at the University of West Florida examined whether growth paid for itself in Georgia between 1987 and 1998. He concluded as follows:

[I]t would appear that growth “paid for itself” in the sense that the property tax base increased faster than enrollment and prices. . . .

[H]owever, one finds numerous instances where growth failed to pay for itself. . . .

In total, the likelihood of local property tax base volatility, increasing capital spending, and [large state education grant] funds that are somewhat insensitive to enrollment growth, mean that growth brings risk to a local school system budget.⁹¹

Dr. Helen F. Ladd of Duke University, a long-time and respected researcher in this area, has examined education policy, state and local public finance, and intergovernmental fiscal relations for thirty years. Ladd looked at 247 large counties in 1985, covering fifty-nine percent of the population of the United States.⁹² She concluded that population growth does pay for itself at first, where the population density is low, but as density increases, growth becomes less and less sustainable.⁹³ In a laborious analysis, Ladd concluded that “except in sparsely populated areas, higher density typically increases public sector spending. In addition, the results suggest that rapid population growth imposes fiscal burdens on established residents in the form of lower service levels.”⁹⁴ Here accompanying is Ladd’s figure showing government expenditures on the vertical axis and population growth on the horizontal axis.⁹⁵

89. GOVERNOR’S TASK FORCE, *supra* note 54, at 4-1.

90. *Id.*

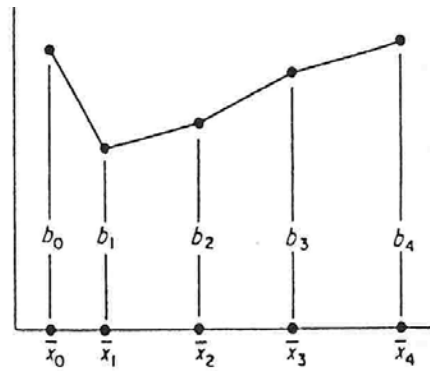
91. RICHARD R. HAWKINS, FISCAL RESEARCH CTR., DOES GROWTH PAY FOR ITSELF? PROPERTY TAX TRENDS FOR SCHOOL SYSTEMS IN GEORGIA 24 (2002), available at <http://aysps.gsu.edu/frc/files/report67.pdf>.

92. Helen F. Ladd, *Population Growth, Density and the Costs of Providing Public Services*, 29 URB. STUDIES 273, 274 (1992).

93. *Id.* at 292-93.

94. *Id.* at 273.

95. *Id.* at 277.



5. *Housing Costs*

One of the most common assertions is that the more unrestrained growth, the less expensive the housing; or, rephrased, that growth containment policies drive up the cost of housing.⁹⁶ Wherever they are imposed, critics claim, “they rapidly made housing unaffordable to low- and middle-income families,”⁹⁷ and “[r]estricting supply has already forced up the price of homes as well as vacant land—and it will keep out the economic vitality we so desperately seek.”⁹⁸ There is a great deal of literature on this point, but the assertion cannot be demonstrated. Disinterested analysts are unable to sort out whether growth constraints or market forces drive up housing prices. One team of researchers looked at Washington State and concluded, “[i]n short, Washington could have made significant gains in affordability, all other factors held constant, in the absence of its growth-management law.”⁹⁹ Another team found growth management in Portland, Oregon has “probably not” precipitated an affordability crisis in the city; there has been some “upward pressure on prices, [but the] effect has been fairly modest.”¹⁰⁰ Another researcher concluded that “growth management literature cannot prove a direct correlation between urban growth boundaries and the rising cost of housing, and concedes that market forces may be the stronger factor.”¹⁰¹

96. See Randal O’Toole, *Managing Growth Can Hurt More Than it Helps*, Make EARTH A Better Place, www.makeearthabetterplace.org/managinggrowth.htm.

97. *Id.*

98. Granacki, *supra* note 23.

99. Samuel R. Staley & Leonard Gilroy, *Smart Growth and Housing Affordability: Evidence from Washington State*, REASON PUBLIC POLICY INSTITUTE, May 2003, available at <http://www.washingtonpolicy.org/GovtRegulations/PBRPPIGrowthManagement.html>.

100. Justin Phillips & Eban Goodstein, *Growth Management and Housing Prices: the Case of Portland, Oregon*, 18 CONTEMP. ECON. POL’Y 334, 342 (2000).

101. Mary E. Martin, *The Impact of the Growth Management Act on the Availability of Affordable Housing in King County, Washington* 63 (2003) (unpublished master’s thesis,

About all that does seem clear here is that the market will not provide affordable housing without government assistance.

6. Economic Measurements Are Poor Indicators of Community Welfare

So far, six fairly specific economic assertions supporting the position that “growth is good” have been examined: (1) growth increases personal income; (2) growth increases disposable income; (3) growth provides jobs; (4) growth reduces government budget growth and taxes; (5) growth pays its own way; and (6) constraints on growth increase housing costs and, by implication, unconstrained growth decreases housing costs. Growth, therefore, is good. And because this kind of growth means conversion of land use from less to more intense, more intense land use is good also, or at least necessary and laudable.

Regarding jobs, everyone can probably agree on one point: It is clear that fast-growing places do not have lower unemployment than slow-growing ones simply because new jobs created by growth do not necessarily go to existing residents. Researchers continue to debate whether growth constraints drive up housing prices. Those who claim they do appear to have an interest in making the argument. Beyond that, the claims that residents in fast-growing areas have more income and pay less in taxes seem correct if gross statewide census statistics are examined.

The larger point, however, is that these economic measurements do not tell us, despite growth advocates’ claims to the contrary, whether things are getting better or worse, whether life is more or less livable with growth, and, as such, whether transforming the landscape from natural to manmade, with all its accompanying biological consequences, is worth it.

Disposable income is a similarly problematic indicator. If population growth has increased, but the number of police officers has not increased proportionally, people may buy personal firearms, build gated compounds, or employ private security devices. Now is their disposable income up or down?

Even if there were a significant difference in tax rates or state budget growth between slow- and fast-growing states, it would not help much in telling us whether citizens are in a better or worse position economically (not to mention non-economically). If fast-growing jurisdictions with decreasing per capita expenditures or flat or reduced tax rates are not keeping up with the demand for

services, citizens will see level-of-service declines. Certainly it is true that in a fast-growing jurisdiction there are more taxpayers to share the cost of funding the municipality. However, absent any information on whether that fast-growing place *also* kept its amenities and infrastructure up to the same standards as before its growth spurt, we do not know whether its residents are better served or not. If levels of service decline in fast-growing jurisdictions, the fact that their budget growth is relatively small compared to slow-growing states does not tell us whether these are good places to live.

For example, "Nevada's astonishing population growth - 66.3 percent in the 1990s, according to the 2000 Census - has led most lawmakers to agree to dramatic spending increases."¹⁰² However, "most" is not enough in Nevada, which "requires two-thirds of both houses to vote for new taxes."¹⁰³ The legislature has not increased taxes since 1991 and the state, which is in the top ten nationally in per capita wealth, is suffering from deteriorating public schools.¹⁰⁴ Nevada "spends \$1000 less per pupil than the average US state and ranks at the bottom in most measures of student performance and funding for the poor."¹⁰⁵ Maintaining a per capita tax rate that was adequate for the 1991 population was inadequate for the 2003 population.¹⁰⁶ Growth is certainly increasing tax-collection revenues, but it is also increasing costs. These costs are not reflected in citizens' out-of-pocket books expense (tax increases), but rather in decreasing school quality.

Next door in Arizona, the population increased by forty percent during the last decade.¹⁰⁷ Arizona law exempts popular "wildcat" subdivisions "from basic county building requirements, such as putting in roads, sewers, and sidewalks."¹⁰⁸

Pima, the state's largest urban county, has been adding an average of about 17,000 new residents yearly since 1970, and topped 20,000 last year. County officials here say that continuing to house

102. Steve Friess, *Nevada's Growth Tests an Antitax Creed*, BOSTON GLOBE, June 25, 2003, at A5.

103. *Id.*

104. *Id.*

105. *Id.*

106. *See id.*

107. Mark Robichaux, *Just Deserts? Arizona's Rural Sprawl: Fast Growth Spawns 'Wildcat' Subdivisions—To Some, Unregulated Areas Are a Symbol of Liberty, But Services Are Scarce—The Streets With No Names*, WALL ST. J., Jan. 30, 2001, at A1. As noted earlier, Arizona is the second fast-growing state in the United States. *See* Population Growth Rankings, *supra* note 9.

108. Robichaux, *supra* note 107.

arrivals at that rate would require 70 additional square miles of development over the next 20 years—a crushing footprint on a fragile desert ecosystem.¹⁰⁹

“While wildcat residents pay the same property tax rate as others in the county, the per capita revenue from wildcat areas is far lower” because the real estate and mobile-home housing units are much less valuable.¹¹⁰ The newcomers do not pay for the services they need nor do they get the services.¹¹¹ Enormous clouds of dust rise up from unpaved roads and traffic and noise are terrible.¹¹² Sheriff’s deputies and ambulance crews struggle to find addresses on unmarked roads and fire trucks “must slow to five miles an hour as they lurch through washboardlike ruts on their way to blazing houses.”¹¹³ One resident sadly commented “I have watched this place deteriorate.”¹¹⁴ Certainly an increase in taxation could address the shocking shortcomings caused by population increase in these “wildcat” subdivisions, but it would take “as much as \$55 million a year . . . money the county doesn’t have.”¹¹⁵

The economic costs of population growth effectively show up in five ways: increased taxes, increased debt (municipal bonds), infrastructure deterioration, facility maintenance deficit, and a reduction in public services (level of service decline). To focus only on budget and taxation, then, is not a full analysis. It may be correct that “citizens already living in a [fast-growing] region see their tax loads grow more slowly than they would have absent the growth,”¹¹⁶ especially if they decline to tax themselves. Consider “the expanding, unincorporated desert community of Troon,” just north of Scottsdale.¹¹⁷ Because of a loophole in state law, wealthy homeowners in the fast-growing region who had no school-age children avoided paying school taxes by voting to create a school district without schools, forcing the costs of education onto neighboring communities.¹¹⁸

If growth brings a decrease in taxes, people are not necessarily better off economically. It depends on what the community was

109. *Id.*

110. *Id.*

111. *Id.*

112. *Id.*

113. *Id.*

114. Robichaux, *supra* note 107.

115. *Id.*

116. PETREE, *supra* note 4, at 2.

117. Jennifer Steinhauer, *A School District with Low Taxes and No Schools*, N.Y. TIMES, Feb. 16, 2007, at A14.

118. *Id.*

like to begin with, where and how the growth occurs, and whether necessary public services are being maintained or are deteriorating. Likewise, even assuming it is correct that fast-growing states' budgets expanded less quickly than slow-growing states, that tells us nothing about whether residents in fast-growing places are enjoying a higher quality of life or getting better services than those in slow-growing places. Imagine a fast-growing area where the residents insist that government budgets be kept from excessive expansion.

Consider the fast-growing State of Colorado.¹¹⁹ In 1992, a citizen's initiative called the Taxpayers' Bill of Rights (TABOR) was adopted.¹²⁰ TABOR is a constitutional amendment which "restricts revenue or expenditure growth to the sum of inflation plus population change" and "requires voter approval to override revenue or spending limits."¹²¹ TABOR is a revenue limit not a spending limit.¹²² Here are some of the consequences:

[P]ublic services [in Colorado] have deteriorated significantly. For example, between 1992 and 2001, Colorado declined from 35th to 49th in the nation in K-12 spending as a share of personal income. Colorado now ranks 48th in higher education funding as a share of personal income—down from 35th in 1992. Between 1991 and 2004—a period in which the percentage of children who are uninsured declined nationally—the proportion of low-income children who lack health insurance in Colorado doubled. Colorado now ranks last in the nation on this measure. In addition, between 1992 and 2002, Colorado declined from 23rd to 48th in the nation in access to prenatal care, a sign of funding shortages in local health clinics.¹²³

TABOR succeeded in both slowing the state's budget growth in the face of increasing population and decreasing the quality of life in Colorado.¹²⁴ As a result, in November, 2005, Colorado voters sus-

119. Population Growth Rankings, *supra* note 9.

120. Ctr. on Budget & Policy Priorities, TABOR: A Threat to Education, Health Care, and Social Services, What is Tabor?, <http://www.cbpp.org/ssl-series.htm> (last visited Feb. 19, 2008).

121. *Id.*

122. *Id.*

123. *Id.*

124. *See id.*

pended its application for five years.¹²⁵

It would probably be correct to say that fast-growing areas show—and need—less government budget expenditure if they control or cherry-pick the type of people who constitute the growth. For example, if most of the growth were high-earning young professionals who consumed no educational resources and few subsidized healthcare services, they would not need much government expenditure. In Colorado during the 1990s, the inconvenient problem was that while state and local revenues were restricted, all kinds of people migrated into the state,¹²⁶ including, obviously, people drawn by the lure of an expanding economy.¹²⁷ “Between 1991 and 2004—a period in which the percentage of children who are uninsured declined nationally—the proportion of low-income children who lacked health insurance in Colorado doubled.”¹²⁸ Some of the new residents were criminals for whom expanded prisons were required.¹²⁹

Next, consider the slow-growing City of Pittsburg, Pennsylvania. In a short article about that city, Henry Willis observed that in the 1990s it had a two percent population decrease and a four percent employment decrease, but a per capita income growth of fifty percent.¹³⁰ Using these statistics, he concluded “[t]here is evidence that long-term prosperity in the Pittsburgh region can be achieved without population growth.”¹³¹

A report published by Oregon Governor John Kitzhaber’s *Task Force on Growth*, probably provides the most cogent answer to the question of whether growth pays for itself—“it depends”¹³² It depends on the characteristics of the old and new populations, char-

125. *Id.*

126. Colorado was among the fastest-growing states in the decade. Population Growth Rankings, *supra* note 9.

127. See KAREN LYONS & NICHOLAS JOHNSON, CTR. ON BUDGET AND POL’Y PRIORITIES, EDUCATION AND INVESTMENT, NOT TABOR, FUELED COLORADO’S ECONOMIC GROWTH IN THE 1990S 1 (2006), available at <http://www.cbpp.org/3-23-06sfp.pdf>.

128. *The Truth About TOBOR*, YEO FRONTLINE NEWS, (Young Elected Officials Network, Tallahassee, FL), July 2006, at 4, available at http://media.pfaw.org/pdf/YEO/YEO_7-06.pdf.

129. “Colorado experienced some of the largest relative growth in terms of prisons during the 1980s and 1990s.” From 1979 to 2000 the number of state or federal prisons grew 357 percent; the 10 states with the highest growth in prison construction showed a combined average of 210 percent. Sarah Lawrence & Jeremy Travis, *The New Landscape of Imprisonment: Mapping America’s Prison Expansion*, URBAN INSTITUTE JUSTICE POLICY CENTER, Apr. 2004, at 21, available at http://www.urban.org/UploadedPDF/410994_mapping_prisons.pdf.

130. Henry Willis, Opinion, *Forum: Quality, Not Quantity: The Pittsburg Area Doesn’t Need a Booming Population in Order to Become More Prosperous, Says Henry Willis*, PITTSBURG POST-GAZETTE, Sep. 26, 2004, available at <http://www.post-gazette.com/pg/04270/384980-109.stm>.

131. *Id.*

132. GOVERNOR’S TASK FORCE, *supra* note 54, app. E, at E-18.

acteristics of the existing and new infrastructure, how growth is distributed within the region, and what governments choose to do about the growth.¹³³

B. "Sociological" Claims Regarding the Benefits of Growth

Let us move now from an examination of hard numbers such as income, taxes and budgets to other more sociological-claimed benefits of growth. Interestingly, in their article *The Benefits of Growth*, published under the auspices of the *Urban Land Institute*, Robert W. Wassmer and Marlon G. Boarnet make few claims for growth's hard economic benefits.¹³⁴ They claim "growth is necessary just to remain the same. . . . For a place to stay the same size, people, businesses and structures must be replaced."¹³⁵ Replacing existing businesses and structures is not growth; it is maintenance. They further claim "growth accommodates federal immigration policy and a birthrate that exceeds a corresponding death rate."¹³⁶ The same claim is made by Anthony Downs.¹³⁷ It is true that built-environment growth accommodates population growth. However, that does not establish that the growth causes an improvement in quality-of-life or that this growth is any benefit to the existing residents.

Wassmer and Boarnet claim "growth accommodates changes in where we wish to live and work,"¹³⁸ and Anthony Downs notes that a bigger population means "a bigger and more diverse labor market" and "a larger housing inventory."¹³⁹ Again, certainly it is true that lifestyle choices are fewer in a small city than in a larger one. Whether this qualitative improvement increases indefinitely seems doubtful. Are there enough lifestyle choices in a city of 50,000, or is a population of five million necessary? What about twenty-five million? Certainly existing residents may find that their quality of life decreased as "popular locations grow to ac-

133. *Id.*

134. See generally Wassmer & Boarnet, *supra* note 32. They do, however, make these claims: "[g]rowth [g]enerates [n]ew [j]obs, [n]ew [i]ncome, [n]ew [t]ax [r]evenue, and [h]igher [p]roperty [v]alues." *Id.* at 8. This is all correct, but note that the claim is *not* that growth decreases unemployment, or increases per capita income, or that the new income and new tax revenue are sufficient to offset the demands created by the newcomers' relocation. Further, while it may be that growth increases property values, it also tends to disserve young families, poor people, and existing residents who find their property taxes increasingly burdensome.

135. *Id.* at 6 (capitalization differs from original document).

136. *Id.* at 7 (capitalization differs from original document).

137. DOWNS, *supra* note 5, app. 1, at 62.

138. Wassmer & Boarnet, *supra* note 32, at 8 (capitalization differs from original document).

139. DOWNS, *supra* note 5, app. 1, at 63.

commodate the desires of those wishing to move there.”¹⁴⁰ There are many large cities to accommodate those wanting big city choices about where to live and work. One may wonder whether it is necessary to transform small towns into large ones merely to provide newcomers with such choices at the expense of existing residents.

Wassmer and Boarnet claim that “growth can generate greater opportunities for smart-growth revitalization.”¹⁴¹ “Smart growth” is the urban planning concept that promotes the development of compact, walkable, well-planned urban areas.¹⁴² Smart growth is better than dumb growth (sprawl), but this urban planning concept is a *reaction* to problems created by growth in the first place. Smart growth is designed to make a fast-growing place more tolerable than it would otherwise be.¹⁴³

Further, Wassmer and Boarnet assert that “larger size means greater economies of scale in production” so that big cities can afford hiking or biking trails, professional sports teams, symphonies, and the like.¹⁴⁴ However, smaller towns often do not need many hiking or biking trails paid for by tax dollars because residents have access to rural amenities such as open space and rural roads. Small-town residents do not usually have professional sports teams, big symphonies, playhouses, and world-class museums but they tend to enjoy their local high-school teams and often find their smaller-scale sufficient and entertaining. If these activities are not sufficiently entertaining, sports- and culture-hungry residents can always visit the big cities. While it is true that “larger size means economic benefits derived from clustering” (business clustering, such as Silicon Valley in northern California),¹⁴⁵ such intense business-oriented land uses presents the range of environmental, traffic, and quality-of-life problems that follow from conversion of land from rural to urban uses. Again, existing resi-

140. Wassmer & Boarnet, *supra* note 32, at 8.

141. *Id.* at 9 (capitalization differs from original document).

142. Smart Growth Gateway, A Smart Growth Primer, <http://www.smartgrowthgateway.org/goals.shtml> (last visited Mar. 22, 2008).

143. Interestingly, even “smart growth”—much less no growth—is too much for some critical pro-growthers who believe that there should be essentially no constraints at all on growth. Among them is Wendell Cox, a prolific writer and speaker. Smart Growth depends heavily on public transit to reduce sprawl associated with accommodating the automobile. Cox is essentially opposed to all forms of public transit in favor of the automobile. “[T]ransit serves only niche markets and . . . cities are sprawling everywhere. . . . Smart growth is about incoherence. Smart growth is not a vision. Rather, smart growth is a delusion.” Smart Growth: Delusion Not Vision: Wendell Cox Closing Statement in the “Railvolution” Debate, <http://www.demographia.com/db-sfrailvolu.htm> (last visited Feb. 19, 2008).

144. Wassmer & Boarnet, *supra* note 32, at 10 (capitalization differs from original document).

145. *Id.* at 11 (capitalization differs from original document).

dents do not necessarily benefit.

Moreover, Helen F. Ladd¹⁴⁶ notes some disadvantages to larger size. Specifically, general and police services exhibit diseconomies to population scale.¹⁴⁷ The larger a city's population, the more difficult it is to organize and coordinate these services.¹⁴⁸ These diseconomies are much stronger for police services than for general services.¹⁴⁹

The *Urban Land Institute* study announced that growth is inevitable, picked out some things that some people might like about living in a big city, and announced that they are good and desirable.¹⁵⁰ However, the study failed to account for the familiar litany of problems associated with population growth:

[G]rowth in congestion and the demand for more space for housing and traffic, both side-effects of traditional growth and expansion, are viewed by many people . . . as a threat to their quality of life. After housing and transport, people are also concerned about the impact that further development could have on the countryside, other green spaces and pollution levels.¹⁵¹

III. ALTERNATIVE INDICATORS OF COMMUNITY WELFARE

A. *The Rationale Behind Measuring Alternative Indicators*

Measuring taxes, budgets, and income really gets to measuring the satisfaction of preferences. Under "this tradition the definition of the quality of life of a society is based on whether the citizens can obtain [buy] the things they desire. . . . This approach . . . undergirds much of modern economic thinking."¹⁵² The difficulty here is that traditional analysis only examines certain economic indicators of growth. Specifically, there have been considered various permutations on three: budgets, taxes, and income. How-

146. Helen F. Ladd was previously noted as a long-time researcher in the area of urban fiscal health. See Ladd, *supra* note 92.

147. HELEN F. LADD & JOHN YINGER, *AMERICA'S AILING CITIES: FISCAL HEALTH AND THE DESIGN OF URBAN POLICY* 93-94 (1989).

148. *Id.*

149. *Id.*

150. See generally Wassmer & Boarnet, *supra* note 32.

151. Julie Foley, *The Problems of Success: Reconciling Economic Growth and Quality of Life In the South East* 3 (Inst. for Pub. Policy Research, Working Paper 2, 2004), available at <http://www.ippr.org/press/files/the%20problems%20of%20success.pdf>.

152. Ed Diener & Eunkook Suh, *Measuring Quality of Life: Economic, Social, and Subjective Indicators*, 40 SOC. INDICATORS RESEARCH 189, 190 (1997).

ever, these are seriously incomplete since they do not address *livability*. In their criticism of traditional neo-classical economics, from which this kind of calculus is made, Herman Daly and John Cobb noted as follows:

What is neglected is the effect of one person's welfare on that of others through bonds of sympathy and human community, and the physical effects of one person's production and consumption activities on others through bonds of biophysical community.¹⁵³

In their 1989 classic, Daly and Cobb strongly criticized conventional measurements of welfare based on the Gross National Product (GNP), observing that there is “a mounting chorus of critics who point out how high the cost of growth of GNP has been in psychological, sociological, and ecological terms.”¹⁵⁴ Or, in other words, man does not live by bread alone. Six years later, Clifford Cobb, Ted Halstead, and Jonathan Rowe wrote a long article in *The Atlantic Monthly* tracing the history of this kind of economic measurement and found it measures mere economic activity, whether good or bad, and fails to account for non-market values.¹⁵⁵ Despite these deficiencies, however, conclusions drawn from such measurements drive policy at every level.¹⁵⁶

With the recognition that focusing on mere economics gives a very imperfect picture of community welfare, there has been—coincident with criticisms of the GDP—a turn to some alternative indicators which can be broken down into three types: two objective indicators and the subjective measurement of personal well-being. The objective indicators measure hard facts, much like the economic facts discussed above. However, there is a difference. The first of these, what has been called “general business indicators,” gets less at gross money-measurement, and more at whether there is a reasonably effective community-wide distribution of economic goods (discussed immediately below). The second of the objective indicators assesses a community's success in approaching a more holistic normative ideal of a good society (social indicators). The third kind of alternative indicator, again, measures subjective well-being (SWB). Ruut Veehonven notes that “[t]he objective approach has roots in the tradition of social statistics, which date

153. HERMAN E. DALY & JOHN B. COBB, JR., *FOR THE COMMON GOOD* 37 (2d ed. 1994).

154. *Id.* at 64 (internal citation omitted).

155. Clifford Cobb, Ted Halstead, & Jonathan Rowe, *If the GDP Is Up, Why Is America Down?* ATLANTIC MONTHLY, Oct. 1995, at 65.

156. *Id.* at 64.

back to the nineteenth century. The subjective approach stems from survey research, which took off in the 1960s.”¹⁵⁷

B. Types of Alternative Indicators of Community Welfare

It might be useful to briefly retrace the argument thus far. The reason for the “environmental problem” is human commercial and business activity of various kinds, including land-use activity, adversely affecting the biosphere. Using traditional economic indicators, pro-growth advocates argue that the benefits of growth outweigh the disadvantages. But the traditional economic indicators are inadequate to tell us whether growth is good. Thus, alternative indicators are employed.

1. Alternative Objective Economic Indicators (General Business Indicators)

Maureen Hart examines the theory and practice of alternative indicators in her *Guide to Sustainable Community Indicators*.¹⁵⁸ She explains why, for example, even median income, as distinct from gross or per capita, is not a very good community-welfare indicator:

If median income goes up 5%, but the cost of living rises 10%, community economic well-being has declined. . . . A better measure of a sustainable community would look at whether the median income allowed a person to survive based on the average cost of basic needs in that community.

...

If median income goes up 5%, but the rise is due to non-sustainable use of the community’s natural resources, then the rise in income is at the expense of the environment. The community is using up its natural capital instead of living off the interest. A better measure would look at the percent of the population whose income comes from non-sustainable use of resources.¹⁵⁹

157. Ruut Veenhoven, *Subjective Measures of Well-Being* 1 (United Nations Univ. World Inst. for Dev. Econ. Research, Discussion Paper No. 2004/07, 2004), available at http://www.wider.unu.edu/publications/working-papers/discussion-papers/2004/en_GB/dp2004-007/.

158. MAUREEN HART, *GUIDE TO SUSTAINABLE COMMUNITY INDICATORS* (2d ed. Hart Envtl. Data 1999).

159. *Id.* at 31.

Hart gives examples of alternative general business indicators to supplement the traditional measurements of gross local product, per capita income, net job growth, and so on.¹⁶⁰ Examples include: ecological footprint, hours of work at the average wage to support basic needs, employer payroll dedicated to training and education, percent of employment by top five employers, per capita savings and debt, distribution of personal income, number of persons with satisfactory day-care arrangements, sales of locally-produced food, and the amount of local credit available.¹⁶¹ Instead of production measures that examine an industry sector's percent of gross local product, housing starts, number of units sold, or dollars earned, Hart notes that some jurisdictions choose alternative measurements such as: percent of material used in production from renewable resources, number of tourism jobs per tourist paying a living wage, acres of farmland or forest managed sustainably compared to managed unsustainably, fish harvest rate compare to growth rate of fishery, or number of housing units built at different income levels compared to number of people at those levels.¹⁶²

2. *Alternative Objective Non-Economic Indicators (Social Indicators)*

Because even these alternative objective economic measurements do not tell the full story about growth and its effects—that is, community welfare—many researchers and jurisdictions have broadened their view to include social indicators, a second type of objective indicator (there is some overlap in the concepts). Hart lists dozens of such communities in her Appendix B.¹⁶³ Social indicators are based on some normative ideals about what constitutes a good society.¹⁶⁴ “Indicators provide a vehicle to understand and address community issues from a holistic and outcomes-oriented perspective,” notes David Swain, who identifies four alternative-indicator approaches, discussed below.¹⁶⁵

The “Quality-of-life indicators” approach (pioneered in Jacksonville, Florida in 1985) is favored by “chambers of commerce, community-based organizations, or other non-governmental bod-

160. *Id.* at 55-57.

161. *Id.*

162. *Id.* at 59.

163. *Id.*, app. B, at 165-175.

164. Ed Diener and Eunkook Suh, *supra* note 153, at 189-191.

165. DAVID SWAIN, JACKSONVILLE CMTY. COUNCIL, INC., MEASURING PROGRESS: COMMUNITY INDICATORS AND THE QUALITY OF LIFE 1 (April, 2002), available at <http://www.jcci.org/measuringprogress.pdf>.

ies.”¹⁶⁶ It takes a “broadly defined and balanced set of indicators” and focuses on “improvements which the community has already come to recognize as important and around which some degree of consensus has . . . [developed].”¹⁶⁷ The quality-of-life indicators include education (graduation rates, juvenile delinquency), economy (including percentage of children receiving subsidized meals at school), environment (water and air pollution, motor fuel consumption), social well-being and harmony (philanthropic giving, volunteerism), arts, recreation, culture, health (infant mortality, sexually transmitted diseases), civic participation, transportation, and public safety (crime rates).¹⁶⁸

The “Indicators of Sustainable Community” approach was started in Seattle in 1993 and focuses heavily on environmental issues in addition to economic and social indicators.¹⁶⁹ *Sustainable Seattle* measures such things as: solid waste generated and recycled, local farm production, vehicle miles traveled and fuel consumption, renewable and nonrenewable energy use, health care expenditures, wild salmon, soil erosion, and children living in poverty, among many others.¹⁷⁰ “Healthy-community indicators” measure health-related issues and often are sponsored by health-care institutions.¹⁷¹ Benchmarking projects select indicators “that measure extended outcomes related to public services.”¹⁷²

Whatever indicator system is used, the idea is to raise consciousness among citizens and community leaders regarding growth effects and to develop and implement plans to address problems revealed by the indicators.

However, there are serious problems with these alternative objective indicators. Foremost, they still do not tell us if growth is worth the price paid. Whether people are better off in big or fast-growing places or in small or slow-growing places depends, of course, on how “better off” is calculated. What are the normative ideals? For example, Petree¹⁷³ and Wassmer and Boarnet (and the Urban Land Institute, which sponsored Wassmer’s and Boarnet’s piece)¹⁷⁴ cite approvingly the popular *Places Rated Almanac* which

166. *Id.* at 5.

167. *Id.*

168. JACKSONVILLE CMTY. COUNCIL, INC., 2006 QUALITY OF LIFE PROGRESS REPORT 76-77 (2006), available at http://www.jcci.org/statistics/documents/2006_quality_of_life_progress_report.pdf.

169. SUSTAINABLE SEATTLE, INDICATORS OF SUSTAINABLE COMMUNITY 1998 (2004), available at <http://www.sustainableseattle.org/pubs/1998IndicatorsRpt.pdf>.

170. *See id.*

171. SWAIN, *supra* note 165, at 4.

172. *Id.* at 5.

173. PETREE, *supra* note 4, at 15-16.

174. Wassmer & Boarnet, *supra* note 32.

rates North American metropolitan areas based on nine factors: cost of living, transportation (commute time), jobs (growth rate, number of new and high-paying jobs), education (dollar support for public schools, library patronage rate, number enrolled in college), crime, climate, arts (number of art museums, ballet, touring artists, opera, professional theater and symphony performances, and attendance at such events), health care and recreation.¹⁷⁵ The conclusion: “measurable benefits accrue to a region when it grows.”¹⁷⁶ These are, to some extent, alternative indicators to the merely economic indicators. But the *Places Rated* approach uses arbitrary formulas to compare quality-of-life attributes of particular locations as if the attributes of a good life were a location that could be purchased. Critics argue that the nine factors prominently featured in this approach derive from unreliable secondary sources, are very subjective (for example, what about air pollution?), and are each given equal weight in the calculation.¹⁷⁷

Clifford W. Cobb even-handedly traces the history and use of indicators as relates to quality-of-life arguments and observes:

Partisans in debate over policies use indicators as evidence to demonstrate the validity of their case. Since there is no neutral or value-free standpoint to determine which statistics are relevant, the numbers do not speak for themselves. If they did, they might resolve conflicts; but in fact, they simply reinforce existing perspectives. Groups are predisposed by their ideologies to look at only one type of data and to discount the evidence from other groups.¹⁷⁸

Furthermore, as Ed Diener and Eunkook Suh point out, “social indicators are fallible. To take one example, it is known that rape incidents are greatly underreported to the police, and therefore rape statistics are suspect.”¹⁷⁹ Also, even if objective measurement is possible, interpreting the data involves many considerations.¹⁸⁰ Apartments may be left out of housing cost figures, and such costs

175. *Id.* at 12.

176. *Id.* at 16.

177. Steven C. Deller, *Community Ratings: An Abuse of Secondary Data?*, 230 U. WIS. COMMUNITY ECON. NEWSL. (Univ. Wis., Madison, Wis.), Dec. 1995, at 1, available at <http://www.aae.wisc.edu/pubs/cenews/docs/ce230.txt>.

178. See, e.g., CLIFFORD W. COBB, *REDEFINING PROGRESS, MEASUREMENT TOOLS AND THE QUALITY OF LIFE* 24 (2000), available at http://www.rprogress.org/publications/2000/measure_qol.pdf.

179. Diener & Suh, *supra* note 152, at 195.

180. *Id.*

are based on sales reports, not on how much it costs a person who has lived in the same house for thirty years and who has no mortgage.¹⁸¹ What qualifies as murder for crime-reporting statistics varies from jurisdiction to jurisdiction, and a decrease in infant mortality might be spectacular, but brought about by enormous expenses that save deformed or retarded infants.¹⁸² Is a mild climate (a fairly constant seventy degrees) good if a person likes distinct seasons?¹⁸³ Is opera attendance *better* than hunting?¹⁸⁴ Does more police per capita mean greater security or does it reflect the necessity to combat serious crime?¹⁸⁵

The *Places Rated* analysis concludes that “measurable benefits accrue” from growth,¹⁸⁶ but other researchers (perhaps those with fewer vested interests in the idea) disagree. Stuart Gabriel, et al. at the University of Southern California accessed quality-of-life measurements over time (1981-1990) using wages and housing costs, non-housing cost-of-living variables, income, sales, property tax rates, government expenditures in education, welfare, and highways, commute time, school quality, public safety, and amenities such as weather, recreational opportunities, and environmental quality (proxied by the number of hazardous waste sites and air pollution).¹⁸⁷ They found

substantial deterioration in quality-of-life rankings in some states that experienced rapid population growth during the decade. Reduced spending on infrastructure, increased traffic congestion, and air pollution account for the bulk of the deterioration in quality-of-life in these states. As would be expected, improvement in those same factors is shown to result in marked ascension in quality-of-life ranks among other states.¹⁸⁸

Increased estimated quality-of-life rankings come from, among other things, “improved air quality, increased highway spending, and reduced tax burdens and commute times.”¹⁸⁹ It seems a nice

181. *See id.*

182. *See id.* at 196.

183. *See id.*

184. *See id.* at 197.

185. *Id.*

186. Wassmer & Boarnet, *supra* note 32, at 16.

187. Stuart A. Gabriel, Joe P. Matthey, & William L. Wascher, *Compensating Differentials and Evolution in the Quality-of-Life Among U.S. States* (2001), http://www.usc.edu/schools/sppd/lusk/research/pdf/wp_2001-1009.pdf.

188. *Id.*

189. *Id.* at 21.

trick to get improved air quality, increased highway spending, and reduced tax burdens all at once. Of course, some people benefit from the need to address housing-site acquisition, infrastructure deterioration, congestion and air pollution. Michael Kinsley addresses this point:

As with any inflationary economy, rapid expansion results in a few winners and many losers. Many real estate professionals, big builders, heavy-equipment owners, retail property owners, and large landowners do very well; most others are caught in a spiral of inflation. But expansion is seductive. The winners are very good at convincing the losers that they just need more expansion to be winners, and reassuring them that new taxes from expansion will pay for the solutions to expansion's problems.

...

But almost invariably, the problems only worsen while taxes increase to pay for the solutions (more schools, police, fire protection, roads, human services, sewers, etc.). New revenues seldom cover the true cost of expansion Since the excess costs are spread among all taxpayers, existing taxpayers unwittingly subsidize the expansion—in effect, the losers subsidize the winners.¹⁹⁰

In any event, it is difficult to accept the assertion that “for many, if not most, citizens, very significant quality of life benefits . . . [accrue] to those living in . . . rapidly growing regions”¹⁹¹ for one very good reason: most citizens are *not* in favor of population growth.¹⁹² They are not in favor of it nationally; they are not in favor of it regionally; they are not in favor of it locally.¹⁹³ At some level, most citizens apparently sense that growth will not enhance their quality of life, but undermine it. This inchoate sense, reflected in opinion polls, may tell us something that hard numbers do not. Indeed, “it seems unlikely that human happiness can be understood without, in part, listening to what human beings

190. MICHAEL J. KINSLEY, ROCKY MOUNTAIN INSTITUTE, ECONOMIC RENEWAL GUIDE: A COLLABORATIVE PROCESS FOR SUSTAINABLE DEVELOPMENT 5 (1997).

191. PETREE, *supra* note 4, at 15.

192. Daniel M. Warner, Commentary, “*Post-Growthism*”: *From Smart Growth to Sustainable Development*, 8 ENVTL. PRAC. 169, 170-71 (2006) (citing surveys and polls showing significant percentages of respondents nationally, state-wide, and locally are *not* in favor of population increase).

193. *See id.*

say.”¹⁹⁴

3. *Subjective Well-Being*

Alternative indicators are problematic because choosing which factors to enumerate and how to evaluate the numbers is wholly subjective. Undoubtedly, tracking alternative indicators is useful; but, success in achieving favorable results using these indicators does not necessarily mean people are happier. It would be handy if researchers could simply ask people whether they are happy and come away with some kind of useful data or reporting. However, the question “Are you happy?” seems hopelessly subjective and therefore not useful.

And yet there is a very significant and rapidly growing body of literature on this very point. Happiness is important. It has, of course, been an object of attention for thousands of years. André van Hoorn, of the Radboud University Nijmegen Center for Economics in Nijmegen, Holland wrote:

[I]t should not come as a surprise that philosophers and many others debating the concept have long yearned for a way to measure it. The breakthrough came in the 1950s. Psychologists—until then mainly interested in negative emotional states such as depression and anxiety—became interested in positive emotions and feelings of well-being. Within the discipline a consensus grew that self-reports on how well life is going, can convey important information on underlying emotional states, and so the field pushed ahead with measuring what is best referred to as subjective well-being (commonly abbreviated as SWB).¹⁹⁵

Daniel Kahneman and Alan B. Krueger note that “[f]rom 2001 to 2005, more than 100 papers were written analyzing data on self-reported life satisfaction or happiness, according to a tabulation of *EconLit*, up from just four in 1991—1995.”¹⁹⁶

Basically, SWB research, as relevant here, is conducted by ask-

194. David G. Blanchflower & Andrew J. Oswald, *Well-Being Over Time in Britain and the USA 1* (Nat'l Bureau of Econ. Research, Working Paper No. 7487, 2000).

195. ANDRÉ VAN HOORN, NIJMEGEN CTR. FOR ECON., A SHORT INTRODUCTION TO SUBJECTIVE WELL-BEING: ITS MEASUREMENT, CORRELATES AND POLICY USES (2007), available at <http://www.oecd.org/dataoecd/16/39/38331839.pdf>.

196. Daniel Kahneman & Alan B. Krueger, *Developments in the Measurement of Subjective Well-Being*, 20 *J. ECON. PERSPECTIVES* 3 (2006).

ing people the following question: Over all, would you say that you are very happy, pretty happy, or not very happy? The science of SWB is now such that researchers can control for variables. For example, it is known that married people have more SWB than single people do, healthy people more than sick people, and people in peaceful places more than those in violent places. Now we begin to approach the matter of interest here—people in places with low air pollution have more SWB than do people living in places with high air pollution, and people in places with quietude and little traffic congestion have more than people in places with noise and a lot of traffic congestion.¹⁹⁷ SWB “measures are consistent, valid, and reliable. . . . [H]uman happiness is a real phenomenon that we can measure.”¹⁹⁸

The growing research on SWB is in agreement on a point of particular interest to the question of whether growth is good. Growth—economic growth—makes people happy for a while, but after the basic needs of food, clothing, and shelter are satisfied, increased income contributes very little to happiness.¹⁹⁹ That is, the rise in happiness that occurs because of a rise in income is so small “that it seems extra income is not contributing dramatically to the quality of people’s lives.”²⁰⁰ This is consistently reported in the literature: once a person has reached the prosperity level of the lower-middle class in the U.S., additional income does not increase happiness.²⁰¹ When incomes rise for everybody, measures of well-being do not change much.²⁰²

Consider the example of Japan, which was a very poor country in 1960. Since then, its per-capita income has risen several-fold, and is now among the highest in the industrialized world. . . . Yet the average happiness level reported by the Japanese is no higher now than in 1960. They have many more washing machines, cars, cameras and other things than they used to, but they haven’t registered significant gains on the happiness scale.²⁰³

197. ROBERT H. FRANK, CORNELL UNIVERSITY, DOES ABSOLUTE INCOME MATTER? (2003) available at <http://www.law.berkeley.edu/centers/bclbe/Courses/216.4lepsych.papers/Frank.Rober.Happiness%20Surveyed.03.htm>.

198. *Id.*

199. Andrew J. Oswald, *Happiness and Economic Performance*, 107 *ECON. J.* 1815, 1817-18 (1997) available at <http://www2.warwick.ac.uk/fac/soc/economics/staff/faculty/oswald/happeperf.pdf>.

200. *Id.* at 1818.

201. See *infra* notes 203-11 and accompanying text.

202. FRANK, *supra* note 197.

203. *Id.*

Ed Diener, one of the foremost researchers in this field, writes that “the economic growth and cultural homogeneity of a society do not correlate with average levels of SWB,”²⁰⁴ and Charles Kenny puts it this way: “there is plentiful evidence that, at least in the now richer countries, there is no relationship between income growth and growth in reported happiness.”²⁰⁵ Robert H. Frank, writes in *The Economic Journal*: “Does consuming more goods make people happier? For a broad spectrum of goods, available evidences suggests that beyond some point the answer is essentially no.”²⁰⁶ The reason that income growth does not cause well-being to rise after the basic necessities are secured, either for higher or lower income persons, is “because it generates equivalent growth in material aspirations, and the negative effect of the latter on subjective well-being undercuts the positive effect of the former.”²⁰⁷ Clark and Oswald failed to find “any statistically significant effect from income” in Britain, but did find that joblessness causes a sharp decline in happiness.²⁰⁸

In the United States during the period from 1952 to 1989, per capita income approximately doubled but “happiness actually dropped over that time by about 0.2 points on a three-point scale.”²⁰⁹ More broadly, “[h]appiness is significantly and negatively related to income in three countries, while only positively related in one. . . . There was no relationship between happiness and past income growth.”²¹⁰

This assertion that economic growth (after the lower-middle class level) is unrelated to human happiness is a concept not embraced by traditional neo-classical economists, or by their acolytes the “pro-growthers” who favor land uses that transform the natural landscape into a man-made one. In economic terms, the marginal utility of production, consumption, and wealth, after basic needs are satisfied, is small or negligible.

As John Kenneth Galbraith asserts, this axiom, if accepted as true, would necessarily diminish the importance of production and with it then the entire edifice of conventional wisdom that insists

204. Ed Diener, et al., *Recent Findings on Subjective Well-Being*, 24 INDIAN J. CLINICAL PSYCHOL. 25, 30 (1997).

205. Charles Kenny, *Does Growth Cause Happiness, or Does Happiness Cause Growth*, 52 KYKLOS 3, 14 (1999).

206. Robert H. Frank, *The Frame of Reference as a Public Good*, 107 ECON. J. 1832, 1832 (1997).

207. Richard A. Easterlin, *Income and Happiness: Toward a United Theory*, 111 ECON. J. 465, 481 (2001).

208. Oswald, *supra* note 199, at 1821.

209. Kenny, *supra* note 205, at 15.

210. *Id.*

on the primacy of production and consumption.²¹¹ Important business people would find their life works (the production of more and more electronic devices, or paper, or automobiles, or the transformation of real estate from rural to urban uses) portrayed as not very important, or even bad, because it does not make people happy. Growth may indeed accommodate an increased population, but the population growth of the United States, at least, must be seen as a social policy. The basic response to the contention, Galbraith says, was that “[o]bvious but inconvenient evidence was rejected on the grounds that it could not be scientifically assimilated.”²¹² Economics was divorced “from any judgment on the goods with which it was concerned. Any notion of necessary versus unnecessary or important as against unimportant goods was rigorously excluded from the subject.”²¹³ Growth is good because it generates money and that is good because people are better off with *more*.

But, that appears to be false. And, the reason we are impertuned to believe that it is true is because “[t]he people who participate with their energies, and particularly their fortunes, in local affairs are the sort of persons who—at least in vast disproportion to their representation in the population—have the most to gain or lose in land-use decisions.”²¹⁴ These are the local business people, property owners, bankers, investors in local financial institutions, lawyers, and realtors who see their future tied to the growth of the “metropolis” as a whole and, certainly, the metropolitan newspaper which “has no axe to grind, except the one axe which holds the community elite together: growth.”²¹⁵ This is, of course, because advertising revenue is tied to circulation and the chain newspaper’s absentee-corporate owners are, generally, not the local citizens upon whom the costs of growth, economic and otherwise, weigh most heavily.²¹⁶ Editors and publishers wheel in and out of town, their climb up the corporate ladder significantly tied to corporate profits.²¹⁷ Thus, the drums for growth are beaten by the Chambers of Commerce, the Economic Development Councils, and all the panoply of boosters for business recruitment and better roads, all of which is duly reported by the newspaper as good.²¹⁸

211. JOHN KENNETH GALBRAITH, *THE AFFLUENT SOCIETY*, 119-120 (40th Anniversary ed., Houghton Mifflin 1998).

212. *Id.* at 119.

213. *Id.*

214. Molotch, *supra* note 29, at 314.

215. *Id.* at 315.

216. *Id.*

217. *Id.* at 315-16.

218. *Id.* at 314-15.

IV. CONCLUSION: POLICY IMPLICATIONS FOR LAND USE AND ENVIRONMENTAL LAW

Erik H. Erikson, one of the leading figures in the field of psychoanalysis and human development, popularized the idea of identity development. He was concerned with how people come to function appropriately as individuals in society, but, unlike Freud, he was less interested in the psychosexual but more in the psychosocial.²¹⁹ He asked about positive psychology, about what made people happy, what made them develop into positive, functioning citizens, constructing for themselves healthy social realities and cultures.²²⁰ Essentially, Erikson believed that the development of a healthy identity involved fostering in people *competency, commitment, and community*.²²¹ Erikson wrote that a properly ordered society provides its members with a sense of being centered, of having a place in the community and a part to play there. "Where such a sense of awareness, of centrality and mutuality is denied to man at any stage, a sense of deadness and depression is apt to ensue"²²²

Erikson held that the most fundamental requirement for happiness, for the development of competency, community, and commitment, is "a sense of basic trust."²²³ This trust comes, as he put it, from being properly centered, that is, from being able to "rely on the sameness and continuity of the outer providers [parents—particularly the mother—neighbors, community]"²²⁴ Erikson suggests we need a place upon which we may rely for a nurturing, sheltering sameness and continuity. That place is home; it provides "a sense of 'hallowed presence,' the need for which remains basic in man."²²⁵ The traditional movers and shakers in most communities are not interested in promoting that kind of trust be-

219. Erikson was interested in "how societies can nurture developmentally secure and socially productive forms of identity and avoid the resort to extremism." Kenneth Hoover, *Introduction: The Future of Identity*, in *THE FUTURE OF IDENTITY: CENTENNIAL REFLECTIONS ON THE LEGACY OF ERIK ERIKSON* 6 (Kenneth Hoover, ed. 2004).

220. Erikson was interested in, to quote James Marcia: "Trust, Autonomy, Initiative, Industry, Identity, Intimacy, Generativity, and Integrity . . . qualities that would be recognized by all peoples at all times as desirable and possible. Their development depends primarily upon a certain quality of interrelationships between parents and children, teachers and students, romantic partners, and social institutions and individuals." James Marcia, *Why Erikson?*, in *THE FUTURE OF IDENTITY: CENTENNIAL REFLECTIONS ON THE LEGACY OF ERIK ERIKSON* 54 (Kenneth Hoover, ed. 2004).

221. Hoover, *supra* note 220, at 4.

222. ERIK H. ERIKSON, *Thoughts on the City for Human Development*, in *A WAY OF LOOKING AT THINGS: SELECTED PAPERS FROM 1930 TO 1980* 522, 525 (Stephen Schlein ed., 1987).

223. ERIK H. ERIKSON, *IDENTITY: YOUTH AND CRISIS* 96 (1968).

224. *Id.* at 102.

225. *Id.* at 105.

cause they believe that more wealth will make citizens happy, and wealth comes from growth, and from growth comes material transformation.

An economic system predicated on endless growth is *antithetical* to a system predicated on nurturing, sheltering sameness, and continuity. Growth, as such, will not make people happy. It may be possible, *despite growth*, to create a good society in this sense, but the constant dislocations caused by growth and business activity make it more difficult, not easier.

Cosmopolitan thinkers who believe that the real threat to the planet comes from the failure on part of ordinary people to break loose from their provincial roots and to embrace “the stranger” and the “world at large” have got it backwards. . . . The real threat does not come from strong provincial commitments: it comes from their absence.²²⁶

The point here is not to criticize the free market:

The problem is not with the market as a device, but rather with the substitution of market devices for other social and political processes that are essential to human development. The practices and customs of civil society that give relations of commitment a higher priority than individual material advancement, for example, are characteristic of a *civil-ized* society.²²⁷

The literature on SWB, however, does emphasize one significant economic point: Unemployment causes unhappiness; it promotes *incompetency* in the Eriksonian sense.²²⁸ Past research shows that individual unemployment has a large negative effect on subjective well-being.²²⁹ “Unemployment appears to be the primary economic source of unhappiness. If so, *economic growth should not be a government’s primary concern.*”²³⁰ This becomes all the more true when it is recognized that growth almost always presses upon and

226. WILLIAM LEACH, *COUNTRY OF EXILES: THE DESTRUCTION OF PLACE IN AMERICAN LIFE* 180 (1999).

227. Kenneth Hoover, *What Should Democracies Do About Identity?*, in *THE FUTURE OF IDENTITY: CENTENNIAL REFLECTIONS ON THE LEGACY OF ERIK ERIKSON* 106 (Hoover ed., 2004).

228. See Hoover, *supra* note 220, at 5-6.

229. Andrew E. Clark & Andrew J. Oswald, *Unhappiness and Unemployment*, 104 *ECON. J.* 648, 648-49 (1994).

230. Oswald, *supra* note 199, at 1828 (emphasis added).

adversely affects the environment.

The policy implications here are, in the grossest sense, obvious. Governments concerned about their citizen's well-being should not focus efforts on growth, but rather on promoting in their citizens a sense of being centered. Ruut Veenhoven observes that "happiness is a realistic goal for public policy. Happiness of a *great number* is apparently possible, since most people rate their happiness above neutral in most nations. *Greater* happiness is also possible in most countries of the world. What is possible in countries like Switzerland should also be possible elsewhere."²³¹ And again, uniformly the research shows, worldwide, "when the \$20,000 point [of annual income] is passed, the regression line is almost flat."²³² More money does not make people happier.

What we should seek is a *quality* of life that promotes a sense of centeredness; we should not seek a life of mere quantity of "stuff." While it is beyond the scope of this Article to detail the necessary "relocalization," Michael Kinsley identifies four principles of economic renewal that tend toward sustainable development not dependent upon mere growth and that tend to promote one's own community as a real home place.²³³ First, favor and promote local production and consumption as reasonable.²³⁴ Second, support existing businesses.²³⁵ Third, encourage new local enterprise with community start-up assistance if needed.²³⁶ Fourth, recruit compatible new business.²³⁷ It is self-contradictory for a jurisdiction to, on the one hand, appeal to its citizens for a tax increase to pay for new sewers and new roads and new police protection, and on the other hand, beat the drums for an increase in population, unless the increase in population will improve the quality of life for most citizens.²³⁸

Edwin Stennett suggests two somewhat similar approaches to constraining the Growth Machine, and he adds a political item.²³⁹ He suggests that to control growth communities should: (1) restrain new business recruitment, (2) make development pay its own way, and (3) "[e]lect public officials whose campaign funding is

231. Ruut Veenhoven, *Measures of Gross National Happiness*, 23 (Presentation at OECD conference on measurability and policy relevance of happiness, April 2-3, 2007) available at <http://www.oecd.org/dataoecd/22/23/38303257.pdf>.

232. *Id.*, at 24.

233. KINSLEY, *supra* note 190, at 18-25.

234. *Id.* at 18-20.

235. *Id.* at 20-22.

236. *Id.* at 22-24.

237. *Id.* at 24-25.

238. EDWIN STENNETT, IN GROWTH WE TRUST: SPRAWL, SMART GROWTH, AND RAPID POPULATION GROWTH 76-77 (2002).

239. *Id.* at 76-82.

not dominated by Growth Machine money.”²⁴⁰

Let us stop arguing about whether growth and all the concomitant transformations of the natural landscape is good economically. Let us remove that arrow from the growth-advocates quiver. It cannot be demonstrated by economic measures whether growth makes people, in general, wealthier or less wealthy, taxed more or taxed less. There are too many variables; it depends.²⁴¹ The use of social indicators to measure a “good” society likewise is fraught with difficulties; again, it depends.²⁴² It depends on which indicators are chosen. The choice is very subjective, and it is probably possible to prove just about anything by which indicators are chosen.

But it is not disputed—for the most part, by any credible analysis—that after a while growth (in the sense of more economic activity and money-making) does not make people happier. We in the developed world are long past the point where additional absolute income will make us happier. What does make people happy is not the product of the tiresome, importuning boosterism that has laid waste our cities with strip malls and infuriating traffic congestion. What makes people happy is a decent, stable home-place with good personal community relations. That is what public-policy advocates should promote, not growth.

When the economic system, full of righteous triumph, insists that “growth is good,” the land—the ecosphere—suffers. In response, contentious environmental laws are adopted to ameliorate the suffering. Until we control our population, perhaps we will need to convert some land from less to more intense use. Let us at least stop pretending that it is a good thing, that it provides indisputable benefits. It does not, and assertions to the contrary are a species of “criminal optimism.”²⁴³ If public policy is to be directed at serving the welfare of citizens, and we hope it is, land use policies that encourage or tolerate the quantitative expansion of the built environment—growth—are misplaced.

240. *Id.*

241. GOVERNOR’S TASK FORCE, *supra* note 54, app. E, at E-18.

242. *Id.*

243. WILHELM ROPKE, A HUMANE ECONOMY: THE SOCIAL FRAMEWORK OF THE FREE MARKET 42 (Elizabeth Henderson Trans., Henry Regnery Co. 1960). Ropke was one of the architects of the post-WWII German “economic miracle.” Of the assertion that population and economic enlargement are good things, he wrote “There is an important and interesting task here for psychologists, who might try to analyze and explain this [delirious idea], with its criminal optimism, . . . its cult of quantity, its taboos, and its strange mixture of statistics and lullabies.” *Id.*

