
Suburban Legends: Why “Smart Growth” Is Not So Smart

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Thomas J. DiLorenzo

Sprawl may seem an unlikely, even arcane premise for a new political movement. Yet as the grim daily realities that flow from unplanned development grow more desperate, pressures for a political response are mounting.

—David Bollier

*How Smart Growth Can Stop Sprawl*¹

What is politically defined as economic “planning” is *the forcible superseding of other people’s plans* by government officials....the issue is not between literal planning on the one hand versus letting things happen randomly on the other.

—Thomas Sowell

*Knowledge and Decisions*²

To millions of Americans, a house in the suburbs with a nice yard, a garden, and a little open space is the American Dream. But to environmentalists and urban planners it is a sheer nightmare. The invectives used by environmentalists and urban planners to describe suburbia reveal a visceral hatred of it:

- Urban affairs writer Neal Pierce has referred to “suburban sprawl” as “a virus eating us from the inside out.”³

- The *Arizona Republic* has called the suburbs “insane,” “destructive,” and “nightmarish.”⁴

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- The Sierra Club views suburban development as a “menace” and a threat to our “rural legacy” that must be eliminated.⁵

- Urban planner Andres Duany believes suburban sprawl is “a cancerous growth” on society.⁶

- Suburban living is “something to be opposed instead of welcomed,” according to Vice President Al Gore.⁷

- New Jersey Governor Christine Todd Whitman compares the war against suburban sprawl to the struggle against communism: “This time the enemy isn’t the Soviets, but Sprawl.”⁸

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The critics of suburbia have compiled a list of alleged disasters caused by suburban living that verges on the hysterical. According to these critics, suburban living is responsible for “profound environmental stress,” intractable traffic congestion, expensive housing, loss of open space, the virtual destruction of our cities, isolated lives, racial segregation, loss of “historical treasures,” “ugliness,” destruction of wetlands and recreational lands, higher taxes, asthma among children, traffic accidents, unemployment and poverty, destruction of the family farm, demise of the public schools and, according to Sprawl Watch Clearinghouse, even the menacing spectacle of “neo-Nazi young people.”⁹ Vice President Al Gore has even stated that, in contrast to the calm serenity of say, Manhattan traffic, driving in the suburbs is the root cause of “road rage.”¹⁰

This report will argue that many of the problems the critics of suburbia are concerned with have been either greatly exaggerated or simply fabricated. Moreover, their proposed “solution” to these problems—centralized governmental planning of where we live and work and how we commute (i.e., regulatory sprawl) is bound to be economically inefficient, harmful to growth, and inherently inequitable.

The Smart-Growth “Network”

“Smart growth” is the environmental movement’s chosen euphemism for centralized governmental planning of where (and how) we live and work. The essential idea is that the free choices and careful lifestyle planning done by individual families in cooperation with the housing industry and local public officials are inherently “stupid” and socially destructive, whereas the coercive planning schemes favored by environmentalists and urban planners are “smart” and socially enlightened. As Thomas Sowell explains it:

Using land for what the Sierra Clubbers like is called “saving” it, while using it for what other people like is called “spoiling” it. Demanding that the government prevent other citizens from doing what they want, in order that the environmentalists can do what they want, is depicted as something noble, instead of something selfish beyond words.¹¹

The “Smart Growth Network” is a coalition of environmental organizations, urban planners, and urban politicians. The ultimate aim of the latter group is apparently to force people to move back into the cities where they can pay city, rather than sub-

urban, taxes. It is a “bootleggers and Baptists” kind of coalition, to borrow economist Bruce Yandle’s phrase that he used to describe the coalition in favor of alcohol prohibition in the 1920s. The Baptists favored prohibition for moral reasons, while the bootleggers wanted it for purely economic reasons—it eliminated their competition. Similarly, the attack on suburbia is an important element of the secular “religion” of environmentalism, whereas urban politicians are in it for the (tax) money.

In order to correct all of the supposed inefficiencies of suburban development, smart-growth proponents have proposed an ever-growing list of regulations, taxes, and myriad other government interventions, i.e. *governmental sprawl* (see box, right).

Is Suburban Development Inefficient?

The charge that suburban development is economically inefficient ignores the most elementary of economic principles. As the first chapter of every economics textbook explains, allocative efficiency means that in competitive markets, resources tend to be used by those who value them most highly. Those people who value a particular parcel of land more than the current owners do, for example, will offer the owners a price they find too attractive to refuse. It is in this way that resources tend to be allocated to the most highly valued uses.

This is exactly what has been happening for decades as the U.S. population has spread into the suburbs. When individuals purchase rural land to build homes, it is by definition allocatively *efficient* (as is mutually advantageous trade, generally). Smart-growth advocates are using a bogus definition of “efficiency” that ignores the preferences of market participants (buyers

Governmental Sprawl

- Regional government, modeled after “Metro Portland,” Oregon, that can tax and regulate land use on a regional basis.
 - Annexation of suburbs into cities, thereby capturing their tax bases and bringing their land-use decisions under the control of urban planners.
 - State government regulation of all land-use decisions, as well as the *imposition* (without a popular vote) by state governments of regional taxing authorities that can tax suburban residents to subsidize government programs in nearby cities.
 - Establishment of urban growth boundaries, beyond which development may be prohibited.
 - An end to highway construction.
 - A reduction of existing highway capacity through so-called “traffic calming,” which includes blocking entrances to highways and placing speed bumps on highways to slow or deter traffic.
 - Banning autos from shopping mall areas.
 - Subsidies for mass transit.
 - Government-enforced redevelopment of existing suburbs into high-density living areas consisting of apartments, townhouses, and condominiums (but no single-family houses), all bunched together around offices and shopping areas.
 - Denial of federal highway grants (or fines imposed by the EPA) to suburban local governments that do not go along with smart-growth schemes.
 - Regulation of banks to force them to make more mortgage loans in cities and fewer in the suburbs.
 - Reform of state and local zoning laws to assure that they penalize or deter suburban development.
 - Having the federal government scatter more public housing projects throughout suburban areas or require developers to build such housing as a condition of being granted building permits.
 - Having the federal and state governments buy up more land.
 - Effectively abolishing large segments of rural land markets by prohibiting the sale of farmland to developers.
 - Using regulation to keep “superstores” such as Wal-Mart or The Home Depot from being built to discourage people from shopping outside of cities.¹²

and sellers), and simply reflects their personal preferences. Suburban residents who have moved out of the city clearly have decided that they are willing to endure more time spent in an automobile in exchange for a larger house with more open space. It is a tradeoff they are willing to make. Smart-growth advocates are expressing their disapproval of those choices and believe that *their* preferences should be more important than the preferences of the more than 100 million Americans who live in the suburbs.

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All the talk of “unplanned” suburban development is also misleading. As the quotation by Thomas Sowell at the beginning of this report states, it is not a matter of planned versus unplanned suburban development, but *who is to do the planning*. People who build or purchase homes in the suburbs do so as part of their work, lifestyle, and family planning. Developers who build houses and towns and shopping centers for them do so because that is what the people want. Thus, the profit motive provides powerful incentives for developers to cater to the preferences of consumers. Those who do the best job of it will prosper, while those who don’t will fail. This is the very essence of economic efficiency and involves a great deal more planning (and more efficient planning, at that) than can be accomplished by any governmental planning board.

No such economic calculation takes place with the centralized governmental planning of land-use decisions that is favored by smart-growth advocates. Such planning would suffer from the same “pretense of knowledge” problems (to borrow Nobel laureate F.A. Hayek’s phrase) from which all socialist planning schemes suffer. Without markets, where consumers reveal their true preferences by “voting” with their dollars and where their decisions are guided by the price system, there is no way to determine how to put resources to their most highly-valued uses.¹³

The notion that more government control of the nation’s housing stock would make housing more attractive or more affordable should not be taken seriously. Public housing projects, after all, are not noted for their beauty, safety, or economy in construction. Building code regulation has very significantly increased the cost of housing; yet smart-growth regulation proposes to vastly expand government’s role in regulating housing construction, which can only magnify these costs. One careful study of the effects of building code regulation by real estate economists Peter Colwell and James Kau concluded that it does “more mischief than good. Innovation is stymied, while codes are made increasingly rigorous and costly,” the authors write.¹⁴

Moreover, say Colwell and Kau, building codes have been “subverted by special-interest groups to accomplish a number of purposes unrelated to health and safety. These objectives range from selling more lumber to reducing the liability of code officials.” The economists found no body of evidence that shows building codes improve health and safety in any way.¹⁵

Colwell and Kau favor a more free-market approach to building regulation.

They propose that states require building liability insurance and then allow the building industry to establish its own standards in a way that will minimize its liability exposure—and health and safety problems.¹⁶

Some government policy *does* encourage “sprawl,” of course. Examples include tax incentives that encourage businesses to locate in one place rather than another; minimum-lot zoning that artificially reduces land density; and governmental pricing of such services as water and electricity at average rather than marginal cost, artificially enhancing dispersed development. And dispersed development can create nuisances, such as congestion, crowding, or environmental degradation. But these are all inefficiencies that can be altered through privatization, tax and regulatory reform, or common-law remedies, without effectively eliminating the private suburban real estate market and replacing it with a bureaucratic, command-and-control, central planning scheme.

When smart-growth advocates argue that suburban development imposes costs on cities by allegedly creating poverty and unemployment and harming public schools, they have their causation backwards. It is the destructive policies of the past generation of urban planners that have led to escalating crime, unemployment, and poverty in the cities, and the decline of the public schools. The handiwork of urban planners over the past 30 years—and the heavy tax burdens that have accumulated to pay for all their schemes—has encouraged millions of Americans to leave the cities for the suburbs.

In his landmark book, *The Federal Bulldozer*, Martin Anderson documented in great detail how, as early as 1962, federal “urban renewal” programs (in force since

1949) had been “a thundering failure.”¹⁷ So-called urban renewal programs forcibly displaced millions of Americans, seizing homes, businesses, and property—sometimes with no compensation. The process destroyed thousands of low-rent homes and squandered billions of tax dollars.¹⁸

[Inefficiencies of dispersed development] can be altered through privatization, tax and regulatory reform, or common-law remedies.

By 1963 more than 50,000 lower-income families had been evicted by federal urban planners. Most of them were forced to find more expensive housing or live in government-subsidized housing projects that quickly turned into dilapidated, crime-ridden slums. Only half of these families received any kind of compensation for their property losses.¹⁹ Four times more housing units were destroyed by urban planners than were replaced, causing a housing crisis for the poor. Some 26,000 small businesses had their property “acquired” by the state. About one-fourth of them ended up going out of business altogether. Some 40 percent of all small businesses in the urban renewal area of Providence, Rhode Island closed their doors.²⁰

A case can be made that no city in the United States has been subjected to more urban planning over the past 35 years than has been Washington, D.C. The results have been disastrous and are undoubtedly the reason why thousands of former residents have migrated from the nation’s capital to the nearby suburbs. This model of

urban planning and social engineering now has the highest tax burden of any local government jurisdiction and, arguably, the worst public services.

The District of Columbia ranks sixth-highest in corporate income tax rates of the 50 states and the District. It ranks second-highest in per capita total tax revenues extracted from its citizens (next to Alaska, which benefits from very heavy severance taxes on oil). The District's total taxes per \$1,000 in personal income are about 50 percent higher than the national average. It has the third-highest sales tax and the highest level of income taxation (exceeding the national average by about 90 percent). Washington's property taxes are the highest among the 50 states and D.C. (about 75 percent above the national average).²¹

Washington, D.C. ranks second only to Alaska in total per capita government expenditures, with a level that outstrips the national average by about 80 percent. The District has the highest level of per capita government debt of any major city.²² It spends more than any other state on welfare and primary and secondary education and has the highest pupil-to-teacher ratio in the nation. Despite these expenditures, Washington, D.C.'s public schools rank 49th (among the 50 states and the District) in high school graduation rates and usually last or near last in SAT scores.²³

Despite outspending all the states in per capita corrections expenditures (more than 450 percent above the national average), the nation's capital has the highest total crime rate of any major city.²⁴

Washington, D.C. is not unique. In his book, *The Future Once Happened Here*, Fred Siegel catalogs how urban "planning" during the 1960s and '70s in New York City drained the city of its economic vitality and

left it “saddled with expensive and inefficient government.”²⁵ Similar problems, according to Siegel, were created in Los Angeles and other American cities.

The Myth of the Disappearing Agriculture Industry

One frequently cited rationale for smart-growth regulation is that suburban development is allegedly eating up America’s farmland, threatening the agriculture industry and even our ability to feed ourselves in the future. This alleged market failure must be remedied by regulatory restrictions on suburban development. But as the late Julian Simon demonstrated, this claim is arguably “the most conclusively discredited environmental-political fraud of recent times.”²⁶

The facts are that non-agricultural uses of land in the United States—cities, highways, railroads, airports—amount to only 3.6 percent of the total land (82 million acres), and cropland has remained virtually constant, at 24 percent of the U.S. land mass, since 1945.²⁷ Over three-fourths of the states have more than 90 percent of their land in rural uses, including forests, cropland, pasture, wildlife reserves, and parks; and only 4.8 percent of the total land area of the United States is developed.²⁸

It is somewhat surprising that so much land remains devoted to agriculture, given the vast improvements in U.S. agricultural productivity during the last half century. On average, agricultural productivity increased by 1.8 percent from 1948 to 1993. Today the agricultural sector is approximately one-and-a-half times more productive than it was fifty years ago.²⁹ It is capable, in other words, of producing much more food on less land.

Though total agricultural land (not just that which is used to grow crops) is 20 percent less than it was in 1950, this is primarily a result of increased agricultural productivity, not sprawling suburbs.³⁰ Moreover, the rate of loss of total agricultural land has significantly *slowed* in recent years, from a rate of 6.2 percent during the 1960s, to 5.8 percent in the 1970s, 5.0 percent in the 1980s, and 2.7 percent in the 1990s.³¹ These moderating trends suggest that the forecasts of smart-growth advocates, which extrapolate historical patterns of farmland loss, are not reliable predictors of future conditions. The U.S. Department of Agriculture's Economic Research Service concluded in 1997 that "losing farmland to urban uses does not threaten total cropland or the level of agricultural production which should be sufficient to meet food and fiber demand into the next century."³²

The main reason why even more agricultural land hasn't been disinvested is the massive governmental subsidies to agriculture.

The main reason why even more agricultural land hasn't been disinvested is the massive governmental subsidies to agriculture, primarily in the form of federal low-interest loans and grants, price supports, and quotas and tariffs on imported agricultural products. Because of these subsidies, there are many farm businesses that are inefficiently operated and that would not (and should not) survive were it not for the subsidies. There are too many farms and too many farmers if economic efficiency is the criterion we wish to apply.

The notion that the conversion of farmland to suburban development is necessarily harmful to nature and the environment is also questionable. Geologist James R. Dunn recently rejected the Sierra Club's assertion that suburbanization is "the biggest threat to America's wildlife heritage."³³ Dunn observes that in many areas abandoned farmland reforests naturally, and when people move to the suburbs, they tend to plant profuse amounts of trees and vegetation, which often makes better animal habitat than what was provided by farmland. In such areas, "deer habitat improves, as does habitat for robins, woodpeckers, chickadees, grouse, finches, hawks, crows, and nuthatches, as well as squirrels, chipmunks, opossums, raccoons, foxes, and rabbits."³⁴ Dunn writes that his own suburban property has more than 50 bird species and notes that "the best areas for most wildlife are the places with abundant wood edges—the fragmented landscapes of suburbia."³⁵

Shedding Crocodile Tears over Traffic Congestion

Politicians promoting smart growth usually claim to sympathize with suburban commuters who are annoyed by too much traffic congestion and propose to do something about it. But the types of policies advocated by smart-growth proponents would only increase traffic congestion and exacerbate air pollution.

Smart-growth advocates do not want to build any more highways—in the cities or in the suburbs. Their goal is to pack the population into the cities or into more densely populated suburban areas. This may lead to a slight reduction in driving time, but combined with a large percent-

age increase in population, the inevitable result is *more* traffic congestion, not less. In fact, urban planners in Portland, Oregon, the mecca of smart-growth advocates, have openly stated that their objective is to increase traffic congestion in Portland so much, and make life so miserable for that city's commuters, that they will abandon their cars. "Congestion signals positive urban development," they have announced.³⁶

Portland's urban planners are aiming for a 65 percent increase in population density, combined with a 4.5 percent reduction in per capita driving (an admittedly optimistic projection), leading to a tripling of highway congestion. Mass transit—which is universally inefficient and inconvenient—will never be much of a substitute for the automobile.³⁷ Even in Portland, mass transit accounts for only 2.8 percent of commuter trips.³⁸

Mass transit—which is universally inefficient and inconvenient—will never be much of a substitute for the automobile.

In contrast, the U.S. Department of Transportation's "Nationwide Transportation Survey" shows that as people and jobs have moved to the suburbs, *commuting times have decreased* from an average of 22.0 minutes per commute in 1969 to 20.7 minutes in 1995.³⁹ Contrary to the impression most Americans have of the Los Angeles "commuting nightmare," the typical resident of L.A. has only a 20-minute commute to one of myriad suburban employment locations.

Air pollution has also declined as

America has suburbanized.⁴⁰ Conversely, according to the federal government's "Roadway Congestion Index," urban areas with higher population densities have higher levels of traffic congestion and air pollution, contrary to what smart-growth advocates would have us believe.⁴¹

Sending Housing Prices through the Roof

The principal objective of smart-growth advocates is to significantly reduce the supply of housing in the suburbs and to use the tax and regulatory powers of the state to force a segment of the population back into the cities. The effect of such a scheme on housing markets would be to reduce the supply of housing in the suburbs, thereby making housing more expensive there, while increasing the demand (and price) for urban housing. In addition, the myriad building code and other regulations that are proposed for urban housing would increase the cost of housing. The end result would be higher-priced housing in urban areas as well as in suburbia. Higher housing prices caused by smart growth would effectively constitute a regressive tax on lower-income families, who can least afford the higher housing costs.

Regulations that limit the supply of housing that can be built have been a part of the environmental movement's agenda at least since the first Earth Day in 1970. Growth controls were championed in the book, *The Quiet Revolution in Land Use Control*, published by the federal government's Council on Environmental Quality in 1972.⁴² The growth-control techniques that are advocated by today's smart-growth proponents have been utilized for many years in various parts of the country.

A variety of techniques are promoted to ostensibly control growth. States provide subsidies to local governments that grant property tax abatements to the owners of farms or purchase land and place it off limits to development. Agricultural zoning that prohibits development altogether and minimum-lot zoning, including “superzoning” such as exists in parts of Marin County, California, where 60-acre lots are required, are also advocated. Moratoria on new connections to public utility systems and higher development charges, whereby developers are assessed hefty fees to subsidize local governmental budgets are also tools in the tinkers’ toolboxes. And environmental hurdles such as environmental impact statements and environmental lawsuits to protect “endangered” species such as the spotted owl or the kangaroo rat can be used to block development.⁴³

All of these mandates, regulations, lawsuits, and taxes can add significantly to the cost of housing.

All of these mandates, regulations, lawsuits, and taxes can add significantly to the cost of housing. California experimented with them as much as any state during the 1970s and 1980s. Looking back at these experiments can provide important lessons with regard to the likely effects of a new round of growth controls.

In California during the 1970s, development fees amounted to about \$4,500 for a modest-sized home and were as much as \$7,400 in San Clemente.⁴⁴ California’s adoption of growth-control regulations

doubled the time required for construction plan approvals from one to two years between 1970 and 1975 and to two-and-a-half years by 1980. Because developers operate mostly with borrowed money, the regulatory delays force them to spend more on carrying charges on their loans, taxes, insurance, and property maintenance. Consequently, the regulatory delays caused California housing prices to increase by as much as 21 percent.⁴⁵

Regulatory restrictions on the supply of land available for home building drove up lot prices in southern California by more than 500 percent between 1972 and 1978.⁴⁶ Marin County's "superzoning" forced so many people to choose neighboring Sonoma County as their place of residence that housing prices skyrocketed there, leading Sonoma County officials to file a class action lawsuit against Marin County to attempt to get it to revise its land-use controls to allow the development of moderate-income housing.⁴⁷

California's Santa Barbara County imposed a water-hookup moratorium and minimum-lot zoning during the 1970s as part of its "comprehensive growth management" plan. The effect was a sharp escalation in housing prices. Between 1967 and 1972, before the growth-control policies were put into effect, the mean housing price in the county rose from \$26,200 to \$36,200, or 38 percent. From 1972 to 1979, the mean house price increased by nearly 260 percent, from \$36,200 to \$193,000—three times faster than the earlier period.⁴⁸

Not all of this price increase can be ascribed to growth controls, of course. This was a period of rapid population and employment growth in southern California, which would have increased housing demand.

Nonetheless, economists Lloyd Mercer and Douglas Morgan used an econometric model to estimate that growth controls *alone* caused a 44 percent increase in nominal housing prices in Santa Barbara County during the 1970s.⁴⁹

Marin County's growth controls, like all growth controls, were sold in the name of environmental protection. But they resulted in thousands of residents moving farther away from the city and *increasing* their commuting times, thus burning more gasoline and creating *more* automobile pollution.

As mentioned above, Portland, Oregon, is the mecca of smart-growth advocates, largely because the city established an "urban growth boundary" in 1979 and has perhaps the harshest growth-control policies of any city in the United States. At the time, the boundary was said to have left enough open space to accommodate development needs for 20 years. But by the late 1980s, population growth resulted in the permissible area of development becoming filled up.

While the rest of the country was mired in a housing market slump from the late 1980s to the mid-1990s, lot prices in Portland doubled from 1990 to 1995. The growth rate in housing prices in Portland for the 1990-1995 period was three times its growth rate for the 1980-1985 period. Of the 51 largest metropolitan areas in the U.S., Portland experienced the fifth-highest rate of housing price appreciation between 1990 and 1995.⁵⁰

Mass Transit Myths

Another key element of the smart-growth agenda is increased government subsidies for mass transit, particularly buses and light rail systems (i.e., street-

cars). Though proposed in the name of economic efficiency, mass transit subsidies are among the most inefficient of all uses of taxpayer dollars.

Public transit ridership peaked during the World War II years, and has declined by about two-thirds (from 23 billion trips annually to about 8 billion) since that time, despite tens of billions of dollars in government subsidies.⁵¹ Public transit's share of urban passenger miles has fallen from more than 30 percent in 1945 to barely 2 percent today.⁵²

Clearly, public transit is what economists call an "inferior good"—consumer demand for the good declines as income rises.⁵³ The two-thirds reduction in public transit ridership took place during the same time that per capita personal income in the United States rose from just over \$1,200 (in 1945) to approximately \$25,000 today, a 120 percent increase in real terms.⁵⁴ The free market worked quite efficiently as consumers chose to travel more by automobile and the auto industry accommodated them with better cars.

Smart-growth advocates complain that automobile travel has been subsidized by the government and that their proposals seek to correct this government-induced distortion. While it is true that building the interstate highway system subsidized automobile travel, it is not at all clear that, *on net*, government policy has artificially stimulated automobile travel above what it would otherwise have been. Drivers have been paying very heavy federal and state gasoline taxes for decades, which tend to reduce the number of miles driven. Other governmental policies such as environmental and safety regulations have increased the price of cars, and, thus, the cost of auto travel. We do not know what kinds of roads

might have been built had private entrepreneurs been given more leeway in building interstate highways, much as James J. Hill built a transcontinental railroad in the nineteenth century without a dime of government subsidy, not even land grants.⁵⁵

Government subsidies to public transit have been a futile, wasteful, and sometimes corrupt attempt to foil the efficiency of the marketplace by subsidizing less-efficient means of transportation. Federal, state, and local governments have poured more than \$155 billion into public transit since the federal government first became involved in 1964. The inefficiency (in terms of transit system deficits) has only gotten worse with each passing year. In 1965, public transit systems in the United States incurred cumulative deficits of \$10 million, which rose to \$1.7 billion by 1975; to \$8.8 billion by 1985; and to some \$16 billion today.⁵⁶ Perpetual deficits mean that government-run transit systems are systematically converting transportation resources from more-valued to less-valued uses.

Every single public transit system with a rail element in the United States operates at a loss, according to the American Public Transit Association. In no city do riders pay even half the cost of their own transportation. The highest rider share of total cost is in New York City, where riders pay 36 percent.⁵⁷

The cost per passenger mile for mass transit is about 58 cents, compared to 41 cents for operating a car.⁵⁸ And that doesn't count the very real cost of walking to a bus stop or train station, waiting in the cold or heat, being crowded in a seat with a stranger, riding while standing up, and all the other inconveniences of socialized transit.

Mass transit not only costs more than automobile travel; it is also slower. The

average time spent commuting to work by car in this country is 21 minutes compared to the average 38-minute bus trip or 45 minutes by rail or subway.⁵⁹ Public transit systems with a rail component even consume 22 percent more BTUs per person-mile than automobiles (5,300 BTUs versus 4,100 BTUs).⁶⁰ Public transit ridership has remained at about 8 billion trips per year for the past 30 years, while air quality has improved very significantly. This suggests that mass transit has had little or nothing to do with improvements in air quality in the past, and is not likely to help much in the future.

Monopoly Government

Smart-growth policies are inherently undemocratic, because a key component of the overall strategy is the creation of governmental authorities in metropolitan areas vested with more or less authoritarian land-use powers over entire regions. These governmental bodies are not referred to by smart-growth advocates as monopolistic, of course. Euphemisms such as “consolidated,” “metropolitan,” or “regional” government are used instead.

In *How Smart Growth Can Stop Sprawl*, published by the Sprawl Watch Clearinghouse, David Bollier extols the virtues of regional governance while denigrating “wasteful, zero-sum competitions among local governments.”⁶¹ David Rusk, who is somewhat of a celebrity among smart-growth advocates,⁶² has proposed that a regional taxing and regulating district with powers to tax and regulate land use in all the counties surrounding Baltimore, Maryland, be imposed by executive order.

Since 1925, the idea of monopoly government for metropolitan areas has been

known by political scientists as the urban “reform tradition.”⁶³ The key elements of this tradition, which were first championed by President Woodrow Wilson, are a single government in every urban area; few elected officials in governments run mostly by unelected bureaucrats; no separation of powers within the government; and an exceptionally powerful chief executive.⁶⁴

The idea is to substitute the rule of experts for individual choice...smart-growth advocates want as little citizen interference with their plans as possible.

The idea is to substitute the rule of experts for individual choice. But in a metropolitan area with several competing governmental jurisdictions, if one imposes land-use or other policies that are not to the liking of a majority of the voting population, the result will be out-migration of population, industry, and tax base in favor of more favorable jurisdictions. Citizens’ ability to “vote with their feet” imposes a degree of discipline on government. If one’s objective is to have a government that is the servant, rather than master of the people, then decentralized metropolitan government is much more conducive to that end than is one large, monopolistic government that is largely detached from electoral pressures.

There is much empirical support for this proposition in the economics literature. Writing in the *National Tax Journal*, David L. Sjoquist reported the results of an econometric study that concluded that “expenditures per capita in the central city fall as the number of jurisdictions in a metropolitan area increases.”⁶⁵ A similar relationship was found by Henry J. Raimondo writing

in *Public Finance Quarterly*;⁶⁶ Delores Martin and Richard Wagner in the *Journal of Law and Economics*;⁶⁷ and others.

Smart-growth advocates persistently push for annexation, consolidation, and regional “tax-base sharing” that deprives citizens of the benefits of greater autonomy and creates an inherently inefficient and uncontrollable (by taxpayers) governmental system. But then again, that is apparently the idea—smart-growth advocates want as little citizen interference with their plans as possible.

Conclusions

The major claims made by smart-growth advocates do not hold up to scrutiny: There is no “crisis” of dwindling farmland. Suburbanization is not “inefficient,” but an efficient transformation of land use from lower-valued to higher-valued uses, the very definition of economic efficiency. Mass transit is less efficient and, in ways, less environmentally friendly than is automotive travel. Regional or consolidated metropolitan government is more expensive and less responsive to the citizenry than is decentralized government. The kind of planning done by millions of suburban families, the real estate industry, and local or community officials is more efficient than the arbitrary regulatory edicts put in place by regional planning boards. And suburbanization has been partly caused by failed urban policies of the past, not the other way around, as “smart-growth” advocates contend.

This is not to suggest that there are no problems in real estate markets. But many, if not most, of these problems are caused by government intervention. Government-owned or -regulated services routinely

charge prices that are closer to average than marginal cost, which artificially stimulates suburban development and encourages wasteful uses of resources. The water crisis in the eastern states during the summer of 1999 might never have been a crisis at all if government-owned or -regulated water companies made more use of peak-load pricing. Political control of these facilities—even the investor-owned ones—is the root cause of the problem; privatization is the solution. Private, profit-seeking businesses in utilities, transportation, or any other industry have strong incentives to set prices as close as possible to marginal costs, which is much more conducive to efficient resource allocation than is the current system of politically-established prices.

Congestion problems that plague so many cities are largely due to “free” public access to highways. Peak-load or congestion pricing significantly moderates peak-hour demand in the hotel, airline, telephone, and many other businesses, but is rarely used for roads. Two successful new private highways in Orange County, California, use congestion pricing by charging rush-hour motorists up to \$3 to use the roads and as little as 25 cents during non-peak hours. Carpools are also encouraged by this pricing arrangement and the roads are entirely paid for by the toll revenues.

Greater use of private toll roads would be a step in the right direction with regard to traffic congestion, but smart-growth advocates do not seem at all interested in policies that would devolve power away from the state and place more reliance on market forces. Thomas Sowell observes that smart-growth advocates tend to be people “who imagine that their own superior wisdom and virtue can determine what is

‘really’ more valuable, regardless of what other people want.” It is no coincidence, says Sowell, that the shrill cries about urban sprawl are coming from people with a long history of big government politics on all sorts of other issues.⁶⁸

Smart-growth advocates also place too much emphasis on legislation and regulation as means of dealing with environmental problems when there is much evidence that the common-law doctrines of trespass and nuisance can—and have—dealt with myriad environmental problems in a very satisfactory way. One advantage of nuisance law is that proof of harm to one’s person or property is required. Environmental standards under nuisance law can be quite restrictive where there is clear harm to others, and lax where there is no real evidence of harm. This allows resources for environmental protection to be focused where they can do the most good. By contrast, much of zoning law and environmental regulation tends to be “one size fits all” and, as a result, quite often imposes enormous economic costs on society for little, if any, benefit.

Finally, it should be recognized that, as Robert Ellickson wrote in *Order Without Law: How Neighbors Settle Disputes*, people “frequently resolve their [land-use] disputes in cooperative fashion without paying any attention to the laws that apply to those disputes.”⁶⁹ Legal and regulatory remedies are usually much more costly than informal means, writes Ellickson, who catalogs how land owners have for decades been quietly using a variety of social norms and private contracts to resolve or avoid land-use disputes. Such methods should be investigated further and used as widely as possible, for they are surely more economical (and fair) than regulatory sprawl.

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