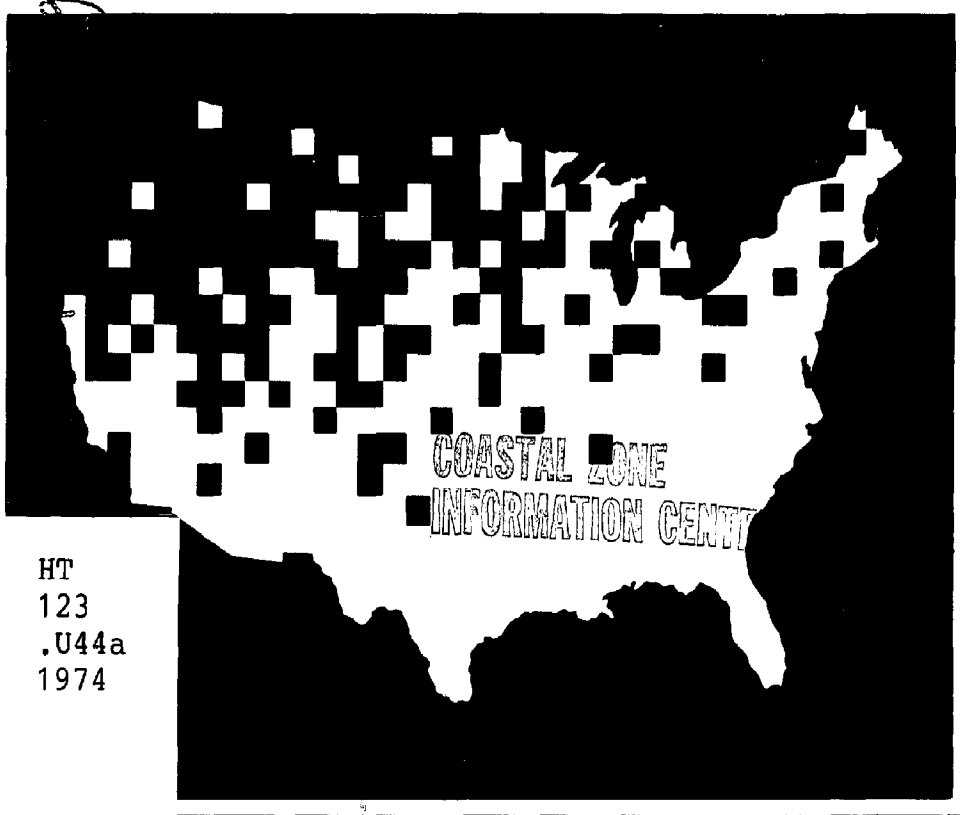
Report On National Growth And Development 1974

Coastal Zone
Information
Center



COASTAL ZONE
INFORMATION CENTE

HT
123
.U44a
1974

Congress

December 1974

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

06919

Property of CSC Library

JUN 30 1976

TO THE CONGRESS OF THE UNITED STATES:

I am forwarding herewith the second biennial Report on National Growth and Development in accordance with Section 703(a) of the Housing and Urban Development Act of 1970.

Gerald R. Ford

The White House
December 1974

U.S. DEPARTMENT OF COMMERCE NOAA
COASTAL SERVICES CENTER
2234 SOUTH HOBSON AVENUE
CHARLESTON, SC 29405-2413

HT123.U44a
#6130804 JUL 21 1997

06919

National Growth And Development

Second Biennial Report to the Congress Submitted pursuant to Section 703(a) of Title VII, Housing and Urban Development Act of 1970

Prepared Under Direction of

The Committee on Community Development

The Domestic Council

December 1974

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402 - Price $1.40

TABLE OF CONTENTS

	Page
Transmittal Letter	i
Title Page	iii
Preface	vii
Chapter	
1 Understanding Growth	1
2 Population: Growth Policy's Moving Target	9
3 Federal Influence on Growth and Quality of Life	43
4 State and Local Experience	63
5 Conclusions	85
Acknowledgements	99

Preface

Expanding Public Concern

recent government reports

As Americans have achieved higher standards of living, concern has increased for the quality of life and the future of the Nation as a place to live. There has been intense public debate over environmental conservation, quality of air and water, energy needs, security of neighborhoods, health care, education and other growth-related issues. A measure of the enlarging debate over the consequences of growth is the stream of governmental reports that have appeared on the subject in the recent past.

on growth issues

Among these reports are *Urban and Rural America: Policies for Growth* (1968) by the Advisory Commission on Intergovernmental Relations; *The People Left Behind* (1968) by the Commission on Rural Poverty; and the 1970 *Report of the President's Task Force on Rural Development.* These dealt with growth issues raised by the urbanization of the United States and the cityward migration of the rural population. Reports of the *Council on Environmental Quality* officially injected environmental quality as a major ingredient into the public debate, and in 1972, the report of the *Commission on Population Growth and the American Future* emerged as a definitive analysis of the effects of population growth on every aspect of national life.

on materials

The *Commission on Materials Policy* report of 1973 raised national awareness of the strategic importance of anticipating future supply and demand requirements for the basic materials on which our economy depends. Reports by the *National Commission on Productivity* have shown that productivity is a major component of economic growth and higher standards of living.

on social trends

The 1973 *Social Indicators* report, the first of its kind to be published by the Federal Government, selectively describes social conditions and trends in the United States. And the annual *Economic Report* by the Council of Economic Advisors provides a continuing analysis of the status of the economy and its short term prospects.

on the national future

A very important public contribution to the debate on the national future was the National Goals Research Staff 1970 report entitled *Toward Balanced Growth: Quantity with Quality*. This report outlined what was involved in formulating growth policies. Since it is still a timely commentary on the public state of the art for debating the Nation's future, its principles remain worth summarizing.

goal-setting

- **National Goal Setting.** Goals give our endeavors purpose and direction. We must set as national goals those things important to our generation and our posterity: energy sufficiency, income security, equal opportunity, national security, and maintenance of environmental quality.

domestic problems

- **Systematic Nature of Domestic Problems.** In simpler days, government fashioned narrowly defined solutions for what seemed to be straight-forward problems. It constructed dams to impound water, dredged canals to increase trade, wrote down land costs to revitalize urban centers, and assisted farmers to increase agricultural productivity. We since have learned, however, that everything is related to everything else and that each action has many consequences. The dam flooded a potential scenic resource; the canal reduced the economic base of non-contiguous communities; urban renewal evicted neighborhood residents, often sending them to other slum areas. Agricultural policies contributed to making the industry capital intensive and thus stimulated the massive rural-to-urban migration which only now is ceasing. We must be aware of the cause and effect linkages between major problems on the domestic agenda and appreciate the need for greater consistency among public policies.

anticipating public needs

- **Need for Forecasting Capability.** The challenge of recasting national goals and the complexity of

shaping policies to meet broad problems calls for more sophisticated forecasting capacity in government. Needed is expanded capability: to measure what is happening across the spectrum of national concerns, i.e., social, economic, environmental and other trends; to envision social and economic prospects for the country; to forecast what our needs and resources will be; and to anticipate the probable as well as the not so probable effects of proposed public actions. The outcome of debates on national goals, the quality of life in America, and the substance of growth policies will depend upon our knowledge of current problems and our efforts to anticipate what future needs and resources will be.

importance of the economy

- **Quality of Life Depends on Economic Growth.** The ability of individual Americans to improve their lives, maintain their homes, stay healthy, and educate their children depend on sustained economic growth and increased productivity. A healthy economy, providing ample employment opportunities and growing real income, is the source of material well-being which individuals draw upon to realize their aspirations and achieve quality of life as they define it.

The 1972 and 1974 National Growth Reports

1970 goals report

The first biennial report submitted under Title VII of the 1970 Housing Act emphasized three principles, also contained in the 1970 national goals report. They were as follows:

That the process for formulating growth policies is long term, expansive, and evolutionary.

That our social, economic, and governmental systems are not conducive to the establishment of a single national policy on growth.

That it is essential to achieve greater policy coordination.

1972 growth report

The 1970 goals report emphasized the Federal role in responding to social, economic and physical growth issues. The 1972 biennial report, by contrast, cited the importance of State and local government roles, and complementary Federal initiatives to increase State and local capacity to fashion growth policy appropriate to their jurisdictional scales.

1974 growth report

This second biennial report recognizes and builds upon the principles laid out in the aforementioned documents; it reaffirms that quality of life is one of our dominant national goals; acknowledges the role of the private sector as the primary locator of people and economic activity; examines briefly some of the inadvertent impacts of Federal actions on growth; reports on State and local experience in managing physical growth and development; offers a selective overview of population trends which carry the seeds of future growth issues; and suggests ways to improve the ability of Federal, State and local governments to assess the overall effects of present and proposed governmental actions on the economy, quality of life, and our communities.

1

Understanding Growth: An Overview

growth: an aggregate concept

There has been much talk in recent years about the impact of future growth on the quality of American life. There has been a lot of controversy and a lot of predictions, some of them quite dire. For the most part, however, the opposing sides have parted company both on questions of semantics and perceptions. Those with the gloomy forecasts interpret growth as a quantitative measure–as something that can be described in dollars, in terms of production, in amounts of bricks and mortar or in population. But growth as a national policy objective is far more than a measure of quantity–whether the quantities be of money, people or material goods.

For growth is an aggregate concept, the measure of net changes in many factors. Some factors, like income and new construction, are easily quantifiable. Others, like environmental degradation, urban aesthetics and job satisfaction, are less easy to quantify.

measures the quality of life

Growth is in effect the name we give to the currency in which improvements in our lives are denominated. If increased production favorably affects our lives, it is growth. If its favorable consequences are offset by environmental damage or other externalities, the increased production is not growth, only change. Growth is not something which affects the quality of our lives; it is the measure of that effect.

Quality of Life A Complex Concept

diverse conceptions of quality of life

Of course, perceptions vary as to what constitutes favorable change in the quality of life. The search for a higher quality of life is expressed in a variety of concepts ranging from specific objectives, like "adding a wing to the house" to wishful aspirations like "living in a small town." A common tendency is to mistake

means for ends. Education, for example, is only a means to social recognition, cultural self-fulfillment and higher income. And higher income is only a means to more security and creature comforts.

Several basic ingredients are common to most concepts of quality of life. People share a common interest in the quality and privacy of their housing, in being able to drive the highways of their country or walk the streets of their cities without fear. People want readily available and affordable health services. They want equal access to job opportunities which offer fulfillment. They want the chance to improve their lot through education, and they want free time to enjoy the pleasures of an affluent society.

Record to Date

long term progress

However the individual may define quality of life, and in whatever order of importance he might range the factors above, he would have to conclude that life has generally improved in quality, notwithstanding uneveness over the years, witness the current problems of inflation and a soft economy. The statistics–for those things that can be measured in statistics–are generally good. There has been a rise in the number of persons employed, a decline in the number of low income persons, an increase in social welfare expenditures for those who require assistance. The figures are equally impressive in areas such as housing, health care, life expectancy and education, viewed over the span of years.

Specifically:

- Employment in 1973 rose by 2.7 million persons, up from 81.7 million in 1972.
- The number of low-income Americans declined from 38.8 million in 1960 to 22.9 million in 1973, a drop from 22.4 percent to 11.1 percent of the population.
- In 1940, only 51 percent of America's housing met prevailing minimum standards of sanitary and structural quality. The proportion had risen to 93 percent by 1970.
- The number of overcrowded dwellings dropped from 20.3 percent in 1950 to 8.0 percent in 1970.
- Average life expectancy in the United States in-

creased from 68.2 years in 1950 to an estimated 71.3 years in 1973.

- Expenditures for health and medical care rose from $68.1 billion in 1970 to $94.1 billion in 1973, up from 7.1 percent to 7.7 percent of the gross national product.
- In 1970, 55.2 percent of Americans had completed high school. The figure in 1973 was 59.8 percent.
- National educational outlays rose from $24.7 billion in 1960 to $90.2 billion in 1973. The 1960 figure was 5.1 percent of the gross national product; the 1973 figure, 7.8 percent.

Growth Objectives: A Moving Target

America's changing population

The problem with measuring components of growth by adding up the dollars spent each year to meet the same needs is that it can produce an inaccurate and misleading impression. Needs change as the population changes. It is important, therefore, to review frequently the spectrum of national concerns and to ensure the currency of our growth objectives. For policy plays to an everchanging audience. Some examples:

- Population growth in America is slowing; the birth rate is declining. Five years ago, the forecast was for 300 million people by the year 2000. Now the anticipated figure is 264 million.
- Metropolitan growth rates in the Northeast are falling behind those of the South and West; the broad drift of the population toward the East, and South and West Coasts is continuing, though more slowly than in the past and not all States are sharing in this growth.
- Farm population has stabilized, while nonfarm rural population is up in many places, especially in counties next to metropolitan areas.
- We're getting older. The average age of Americans is 28.2 years and rising. In 1974, we have 22 million people over age 65; by the turn of the century, there will be 29 million, a 32 percent increase.
- More women are working, at more occupations. Almost all the recent net growth of rural, nonmetropolitan employment has been in employment of women.

- The number of households has been increasing since 1940, and not only because the population has been growing. The population per household has been dropping–from 3.67 per unit in 1940 to 2.97 in 1974–with the rate of decline accelerating since the late 1960's.
- A greater percentage of households are headed by females or occupied by young, unrelated adults.

Growth Planning Must Reflect Changes

diverse policy implications

The total number of growth policy questions embodied in these facts and trends is enormous. Widely diverse matters must be considered, such as the need of the increasing elderly population for improved economic security; the effect of fewer children per family on the educational system; the energy implications of the coastal population buildup; the need to overcome minority isolation in inner cities and suburban pockets; the changing requirements for transportation; the shifts in demands on natural resources; the effect of population trends; migration patterns; and consumer preferences for the types and concentration of housing we require.

Growth in a Private Decision Economy

dominance of the market system

For the most part, the matching up of individual needs and directions of growth is accomplished through operations of the private market. The sustained economic growth that dominates our national history has induced many major changes in the geographic distribution of population and economic activity. Most of the time the Federal role in this process has been one of a concerned but passive observer. In certain periods policies such as support of railroad construction or the encouragement of homesteading were implemented to further particular territorial goals. On the whole, however, the changes in the geographic distribution of population and production that have occurred have been made by families and individuals operating through a variety of economic markets.

In the United States, the fundamental posture toward growth is that the private decisions of the people operating through open markets allocate goods,

resources, and the people themselves more efficiently and with more satisfaction for all than does any alternative method.

limitations of the market system

But it is also recognized that the market system is not capable of satisfying every human need. It cannot satisfy the need for national defense at all; it is generally inefficient, without governmental intervention, in satisfying such needs as environmental protection where public and social values are not fully reflected in market pricing mechanisms. And in some cases, not all people can participate with equal opportunity in market activity. This may result from a variety of causes which individuals may or may not be able to control; imperfect information about a market, lack of adequate income to buy into the market, or a pattern or practice of discrimination that precludes free participation.

governmental influences

To satisfy these and related needs, governments have instituted a variety of programs. Many of these programs have influenced the geographic distribution of people, activities and resources in important ways, even though this may not have been the principal intent. For example, the distribution of defense-space procurement funds tends to favor fast growing counties in metropolitan areas.

changing the market outcome

There are also situations where, although the private market system may work well from a technical standpoint, the results are deemed undesirable on social or political grounds. Consequently, governmental programs may be implemented to change the market outcome. Low income housing is a prime example. The private-decision market is fully capable of allocating available shelter among the population and of providing new housing on demand. But the market outcome, in which low income groups live in blighted housing, is socially unacceptable. Accordingly, government at various levels and with various kinds of programs steps in to override the market outcome.

"failures" in public sector

The issue is not whether the market functions perfectly, but whether it functions better than some public sector alternatives for a given problem situation. In the absence of a bureaucratic equivalence for bankruptcy, "failure" in the public sector may be more difficult to recognize and to do something about

than "failure" in the private sector, but there is no reason to assume that it is any less common.

Neither should the task of repairing what the market has done unsatisfactorily be viewed automatically as an "either-or" proposition. Many of the more successful "interventions" by the government in the market have taken the form of a partnership between the private sector and the public sector. Each has unique attributes. The growth policy-making task is often to find the optimum way to share these attributes.

the Nation's fundamental growth policy

However, in addressing the choice of means for improving the condition of our Nation and our people, it is always important to reaffirm the Nation's fundamental position on growth: most of the time, a competitive, private-decision economy that effectively utilizes its capacity to produce will provide a geographic and functional distribution of people, activities and resources that is more efficient and more desirable than alternative methods.

Federal Government Impacts

growth-influencing Federal activities

But the public sector does influence growth patterns that originate in private market decisions. This influence most often occurs not intentionally but as a byproduct of activities directed toward achievement of unrelated purposes.

For example, in fiscal 1973, Federal outlays for a variety of purposes–agriculture; natural resources; community development; housing; human resources; domestic expenditures of the Defense Department, the Atomic Energy Commission and the National Aeronautics and Space Administration–totalled more than $215 billion. A sum of this size cannot be scattered about the country without considerable effect on State and local growth patterns. But the Federal influence extends to administrative and regulatory functions as well.

There are at least seven major growth-influencing Federal activities: grants and loans to State and local governments; location and employment levels of Federal installations; procurement of goods and services; direct and indirect Federal construction of public works; taxation; credit management; and regulatory

activities.

Knowledge about the cumulative long-term effects of these Federal actions, especially on localities and regions, is very limited. And little is known about how the effects of different Federal actions converge within a given city, metropolitan area or rural locale.

conflicting Federal impacts

What is known is that Federal programs often have conflicting objectives; that strategies of one agency may be blurred or reversed by the actions of another and that the effect on growth of programs designed explicitly to change growth patterns seems to be far less than the impact of other programs whose purposes ostensibly have nothing to do with growth.

Federal activities, therefore, affect the States and localities in a haphazard fashion, sometimes beneficially, sometimes not. Largely as a result, regional organizations and State and local governments have set out on their own to cope with problems of growth.

Regional, State and Local Experience in Managing Growth

Federal-multistate commissions

As of 1973, there were 29 Federal-multistate commissions for economic development or river basin planning and 488 substate district organizations for coordinating Federal grants on an areawide basis.

State actions

Some 21 states have formed commissions on goals. Six states have population commissions; 10 have approved legislative resolutions on population stabilization; and Vermont, Hawaii, Maine and Florida have enacted state-wide land use legislations. Coastal zone states are exerting increasing authority over land use to preserve areas of coastal environmental quality. State legislatures are increasingly using industrial development programs to influence patterns of development. States have moved rapidly to establish housing policies, and over thirty States now have housing finance agencies.

local growth controls

Numerous local governments also are moving to control land development and economic growth or to prevent changes in environmental quality by using moratoria on building permits, zoning for reduced future density, development timing ordinances and land banking, among other techniques.

2
Population: Growth Policy's Moving Target

population trends affect policy issues

Intelligent growth policies must reflect population trends. The rate of population growth, the proportions of young, adult and elderly people in the society, and the movement of people within the country are constantly changing. As this occurs new demands are generated for the production of goods and services by the private sector and the satisfaction of public needs by governments. Some of these changes and the consequent demands are discussed in this section. The list is not exhaustive. It simply offers a sampling of the types of policy issues which local, State and Federal officials increasingly find on their agendas. Many of these issues will be at the center of debate on urban and rural growth, especially at the State and local levels, during the rest of the 1970's.

THE NATION'S CHANGING POPULATION

slower population growth

The Nation's population growth has slowed from recent rates. This is the central demographic trend in the United States. By July 1974, resident population stood at 212 million. See Table 1. Projections for the year 2000 have been lowered to 264 million from the 300 million projected five years ago.

decline in the birth rate

Viewed over the two hundred year history of the Nation, the current decline in the growth rate is a normal trend. In perspective, the high growth rates after World War II were deviations from the normal. This is apparent from the graph in Figure 1.

By all odds, the major factor in the lower rate of population growth has been the fall in the birth rate. The birth rate drifted downward all through the 1960's. For a brief period in 1969 and 1970 the birth rate rose slightly, but in early 1971 it began to fall again and now continues. The 1973 birth rate, 15.0

Table 1

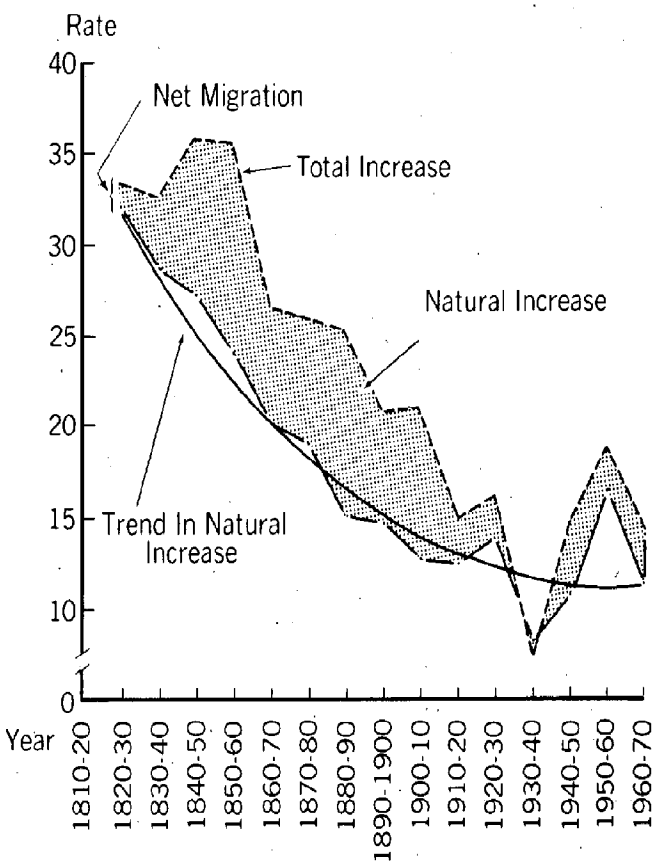
U.S. Population and Components of Population Change, 1940 to 1973

Year [1]	Total including Armed Forces abroad	Natural increase			Net civilian immigration	Rate per 1,000 mid-year population				
		Total	Births	Deaths		Net growth	Natural increase	Births	Deaths	Net Civilian immigration
	Thousands									
1973 [2]	210,404	1,170	3,150	1,980	350	7.3	5.6	15.0	9.4	1.7
1972	208,842	1,292	3,256	1,964	338	7.8	6.2	15.6	9.4	1.6
1971	207,045	1,630	3,554	1,924	387	9.7	7.9	17.2	9.3	1.9
1970	204,879	1,798	3,725	1,927	438	10.9	8.8	18.2	9.4	2.1
1969	202,677	1,671	3,605	1,934	453	10.3	8.2	17.8	9.5	2.2
1968	200,706	1,587	3,535	1,948	398	9.7	7.9	17.6	9.7	2.0
1967	198,712	1,694	3,555	1,861	414	10.4	8.5	17.9	9.4	2.1
1966	196,560	1,773	3,642	1,869	455	11.2	9.0	18.5	9.5	2.3
1965	194,303	1,971	3,801	1,830	373	11.9	10.1	19.6	9.4	1.9
1960	180,671	2,599	4,307	1,708	327	16.1	14.4	23.8	9.5	1.8
1955	165,931	2,591	4,128	1,537	337	17.6	15.6	24.9	9.3	2.0
1950	152,271	2,177	3,645	1,468	299	16.3	14.3	23.9	9.6	2.0
1945	140,468	1,324	2,873	1,549	162	10.4	9.4	20.5	11.0	1.2
1940	132,594	1,138	2,570	1,432	77	9.2	8.6	19.4	10.8	.6

[1] Population as of July 1; components of change for calendar year.
[2] Preliminary.
Source: U.S. Bureau of the Census, Current Population Reports.

Figure 1

TOTAL AND NATURAL INCREASE PER 1,000 POPULATION: UNITED STATES, 1820-1970



per 1,000 total population, was the lowest in the Nation's history.

factors in birth decline

Many factors have led to the decline in births: changes in the role and aspirations of women, increased concern over the qualitative effects of population growth, the increase in abortions, growing acceptance of more effective forms of contraceptive technology and changes in religious views.

It is quite feasible that during the rest of the century births will do no more than replace the parental generations. Should that happen and should immigration continue at present levels (about 400,000

annually), the national population would be about 264 million in the year 2000.

regional birth-rate differences

The decline in birth rates began in the major metropolitan States of the Northeast, Lower Great Lakes and Far West and continues to be deeper in these areas than elsewhere. In most of the South and the Mountain West a decline was not measured until 1972. In 1973 births in the Northeast, Lower Great Lakes region and the Far Western States declined by 20 percent from what they had been in 1970. The decline in the rest of the country was ten percent. The evidence points also to a disproportionately large reduction in the birth rate in the major urban centers and to lower than average reductions in rural areas.

As yet, no State is recording more deaths than births. Massachusetts and Florida come closest to this condition with a margin in 1973 of about six births for every five deaths. In the United States as a whole the margin is about eight to five. But there are now hundreds of counties in which deaths exceed births, due primarily to out-migration of persons of childbearing age.

rising median-age

One consequence of these changes is that the median age in the country is once again rising. The median age reached a peak of 30.5 years in 1953 before the accumulated surge of childbearing in the World War II and post-war years began to lower it. By 1971 the median had declined to 28.0 years. In 1974 it rose to 28.7 and continues upward. If the birth rate stays near its present level until the year 2000, the Nation may expect the median age to continue rising. See Table 2.

As of 1974 there are 22 million persons 65 years of age or older in the United States. The number expected by the turn of the century is 29 million—a 32 percent increase. The actual number of older persons in the year 2000 will be unaffected by future fertility since the people now in this group and those who will enter it are already alive.

fewer childbearing years

The average American woman now has her last child by the time she is 27 years old. Most women will have borne their last child well before the age of thirty, and all their children will be in school by the time the women are in their mid-30's. In addition

Table 2

Distribution of U.S. Population, 1972 and 2000

Age	1972	2000		
		Fertility assumption		
		2.5 child family	2.1 child family	1.8 child family
	Millions			
All ages	208.8	286.0	264.4	250.7
Under 15 years	56.8	73.1	59.7	50.7
15 - 29 years	53.4	66.0	57.9	53.1
30 - 44 years	35.1	59.8	59.8	59.8
45 - 64 years	42.6	58.2	58.2	58.2
65 years old and over	20.9	28.8	28.8	28.8
Median age (years)	28.1	31.1	34.0	35.8
	Percentage distribution			
All ages	100.0	100.0	100.0	100.0
Under 15 years	27.2	25.6	22.6	20.2
15 - 29 years	25.6	23.1	21.9	21.2
30 - 44 years	16.8	20.9	22.6	23.9
45 - 64 years	20.4	20.4	22.0	23.2
65 years old and over	10.0	10.1	10.9	11.5
	Percentage change, 1972 to 2000			
All ages		36.9	26.6	20.0
Under 15 years		28.8	5.2	–10.7
15 - 29 years		23.7	8.4	–0.5
30 - 44 years		70.4	70.4	70.4
45 - 64 years		36.4	36.4	36.4
65 years old and over		37.7	37.7	37.7

Source: U.S. Bureau of the Census, Current Population Reports.

there has been a decline in the number of births to older women and in the number of women having four and more children. If these trends continue, the pressure for increased participation of women in the labor force cannot help but grow.

female participation in the labor force

In fact, since 1950 the greater part of the increase in the labor force has been female. Out of a total increase of 27.2 million between 1950 and 1973, 11.0 million were male and 16.1 million were female. In 1950 only a third of the females over 16 years of age were in the labor force; by 1960 the proportion was 38 percent and in 1973 had risen to almost 45 percent.

By 1970 almost 40 percent of all women of working age were employed. Wife as well as husband

was working in 37 percent of all white husband-wife households, and in 48 percent of black ones.

job diversification for women

Women also have moved into diverse fields of occupation. For example approximately 40 percent of professional and technical jobs in the United States are held today by women. Although still heavily concentrated in the education, health and social services areas, women are slowly expanding in other professions heretofore dominated by men.

Quality of Life Issues

changes in age distribution

As the population grows and ages there will be proportionately fewer children, more elderly persons, and many more working people. These changes in age distribution portend new and varied demands for the private and public services which determine the quality of American lives. The list of issues that must be confronted is long though not exhaustive.

population growth and the standard of living

- **What is the impact of population growth on the standard of living and quality of life?** Although the rate of population growth is decreasing, the Nation's population is still increasing in absolute numbers. This continued population growth and its implied demand for economic growth pose questions regarding the Nation's limited resources. Traditionally national economic growth has been based on plentiful resources. This translated into low density suburban development, a gradual abandonment of blighted areas and the highest per capita consumption of goods, services, and materials in the world. As the U.S. becomes more interdependent with the world economy, new demands are being placed on domestic resources of minerals, food and fiber, land and energy. Under conditions of resource scarcity, the potential may arise for adjustments in life styles and standards of living.

dependency burden

- **How will increases in working population affect the standard of living?** One of the most important population statistics is the ratio of persons outside the labor force to those within it. This ratio is an index of the dependency burden borne by the economically active population and of the need for increased productivity on the part of the working population.

discretionary income

If families average only two children, the discretionary income of American families can be expected

to increase because per capita income is virtually certain to rise as people of working age constitute a larger fraction of the total population. Moreover family income also can be expected to increase because a growing number of women will undoubtedly participate in the labor force, giving more families at least two wage earners. Consequently, smaller families will be dividing larger incomes and one result, given control over inflation, should be an increase in discretionary spending. Larger per capita incomes and the changing role of women portend future increases in demand for higher education, professional and technical training and retraining, adult education, and recreation.

unequal access to services

• **How will income security be provided?** Not all segments of the national population are able to participate with effectiveness in the market and hence decide where to live and work. Those with inadequate income, including many minority persons, tend to be geographically concentrated in small rural towns or within central city or suburban poverty pockets. These population groups lack the opportunities enjoyed by most other Americans to attain their individual goals. Many do not enjoy equal access to public and private services because of local economic decline or limited governmental capacity in the community where they live. To what extent and how should these persons share in the benefits of the Nation's economic prosperity?

poverty among the aged

• **What is the outlook for improved economic security for the elderly?** The economic position of elderly persons is determined by personal savings, the social security system, numerous public monetary benefits, pension plans, and to a lesser extent, employment. Yet with all these sources of income, poverty is more prevalent among the aged—especially among aged minority groups—than any other age group in the society. Thus one of the longstanding policy issues for the Nation is how the working population will provide for the dependent population of which the elderly are a major part.

changes in consumer demand

• **What impact will changes in population composition have on demand for consumer products?** A basic finding by the Commission on Population and

the American Future was that sales in most industries can be expected to rise regardless of whether the population grows at the current 2-child per family rate or a higher rate. Furthermore it was demonstrated that few additional sales would result in most industries if population growth were higher than that produced by the 2-child pattern. Nevertheless industries which cater to the youth market will be affected by slower population growth to a greater extent than industries as a whole. If current births continue, the absolute number of young people will decline and the demand for such products as baby food and accessories, maternity clothes, toys, and textbooks will be reduced as well.

On the other hand fewer children per family and the associated reduction that can be expected in household responsibilities may tend to release additional women into the labor force and create further demand for labor saving homemaking devices and prepared foods. The increasing elderly population also may alter the type of goods in demand. And the anticipated rise in discretionary family income will probably result in demand for both higher quality and more types of consumer goods. As always, industries will find it advantageous to modify their investment directions and switch to areas of relatively greater demand.

educational costs

• **How will the trend toward fewer children affect the Nation's educational system?** The size of the school age population is a basic factor which determines the aggregate educational expenditure of the Nation. Consequently educational costs will be very sensitive to population growth during the next 30 years. If families average two children, there will be only a 5 percent increase in the school age population (5 to 24 years of age) by the year 2000 over 1970. Will having fewer children per family result in proportionately lower educational expenditures than otherwise would be the case or a higher expenditure per child to improve the quality of education? And will a relative reduction in enrollment in elementary and secondary education be offset by increasing demand for education by other age groups in the population? See Table 3.

Table 3

Growth of School-Age Population, 1970 and 2000

Age	Fertility assumption			
	2.5 child family		2.1 child family	
	Change 1970 to 2000		Change 1970 to 2000	
	Number	Percent	Percent	Number
	Thou.		Thou.	
Total, 1-24 years old	25,027	27.5	9,644	10.6
1-4 years	5,918	43.0	2,476	18.0
5-13 years	6,556	17.9	466	1.3
14-17 years	4,034	25.4	1,536	9.7
18-24 years	8,519	34.6	5,166	21.0

Source: U.S. Bureau of the Census, Current Population Reports.

• **How will trends toward fewer children per family and more elderly persons affect demand for health services?** The high incidence of acute illness among the young creates a substantial demand for medical care. Over 80 percent of the population under 5 years of age visited a physician at least once during 1970 and the average number of visits for sub-five-year-olds during the year was 5.7. Both of these figures are considerably higher than those reported for the total population undifferentiated by age.

needs of the very young

A relative decrease in the number of children should reduce the need for medical personnel, facilities, and resources associated with their problems and free more resources for the care and prevention of chronic conditions afflicting other age components. See Table 4.

needs of the elderly

At the same time, an increasing elderly population will translate into demand for other types of health services. During the fiscal year 1972 the United States spent about $72 billion on personal health care, of which 27 percent was for the aged though they represented only ten percent of the population. The average hospital bill for an aged person was more than ten times that for a youth and nearly triple that for persons in the economically active age group. It is among older persons that institionalized care is most

Table 4

Health Indicators By Age

Age	Physician visits, 1969		Incidence of acute conditions per 100 persons, 1969-70	Days of restricted activity per person, 1968	Days of bed disability per person, 1968
	Percentage with 2 or more visits	Average number of visits per person			
	Pct.				
All ages	69.4	4.3	205	15.3	6.3
Under 5 years	82.4	5.7	356	10.8	4.8
5 - 14 years	63.5	2.8	271	9.7	4.3
15 - 24 years	71.1	3.7	209	10.5	4.7
25 - 34 years	71.9	4.4	191	12.9	5.3
35 - 44 years	66.8	4.1			
45 - 54 years	67.4	4.3	133	20.8	7.6
55 - 64 years	67.4	5.1			
65 - 74 years	70.5	6.1	103	30.7	11.8
75 years old and over	72.6	6.2		42.4	19.0

Source: National Center for Health Statistics, U.S. Department of Health, Education, and Welfare.

often needed. Hence, an increase in the number of older citizens will necessitate greatly increased spending for geriatric services.

THE EVOLVING AMERICAN HOUSEHOLD

the changing American household

Future urban growth and population distribution in the United States will be shaped partly by changes in the size and composition of households. In general the size of households continues to decline while the number of households is expanding, especially those headed by females and young unmarried adults.* See Table 5.

declining size

Smaller size. The average number of persons per household has dropped from 3.67 in 1940 to 2.97 in 1974. Several factors account for this decline. The number of children per family is dropping. Longer life expectancy has increased the time that couples live after their children leave home. Increased old age financial security has reduced the number of elderly people who live in their children's households. There are far fewer live-in servants or employees than in the past. And young adults are now more likely to leave parental homes before marriage than was previously the case.

increasing numbers

Increasing numbers. In 1974 there are an estimated 69.9 million households containing 207.2 million persons. Given the average household size prevailing in 1940, this same population could have been accommodated in 56.5 million households. Since 1940 over a third of the total increase in households and thus in housing units required has resulted from the dispersal of the population into smaller but more numerous units rather than from the overall increase in population.

The demand for housing and household-related goods and services associated with the new families

---

* The term "household" is used to indicate persons who live together in one housing unit regardless of relationship to one another. In most cases it consists of a family group, but may also consist of a person living alone or of unrelated people living together. By definition the number of households is also the number of occupied housing units.

Table 5

Household and Family Trends, 1940-1973

Characteristic	1974	1973	1972	1971	1970	1965	1960	1955	1950	1940
Total households (Mil.)	69.9	68.3	66.7	64.4	62.9	57.3	52.8	47.9	43.6	34.9
Average size of household	2.97	3.01	3.06	3.14	3.17	3.31	3.33	3.33	3.37	3.67
Primary individuals (Mil.)	14.9	14.0	13.5	12.6	11.8	9.5	7.9	6.1	4.7	3.5
Under 30 years of age (Mil.)	N/A	2.4	2.2	1.8	1.5	.9	.5	.4	N/A	N/A
Women 65 years and over (Mil.)	4.7	4.6	4.5	4.2	4.0	3.1	2.3	1.7	1.1	N/A
Percentage of all households-										
Primary individuals (Pct.)	21.4	20.5	20.3	19.5	18.7	16.6	15.0	12.8	10.8	9.9
Under 30 years of age (Pct.)	N/A	3.5	3.3	2.8	2.4	1.5	1.0	.9	N/A	N/A
Women 65 years old and over (Pct.)	6.7	6.7	6.8	6.5	6.3	5.4	4.4	3.6	2.6	N/A

N/A - Not available.

Source: U.S. Bureau of the Census. U.S. Censuses of Population and Current Population Reports.

that will be started in the 1970's and 1980's is already determined by past birth rates. But family formation after 1990 is dependent on the level of childbearing now and in the coming years. The vast majority of new households are formed by people in their early to middle 20's, and the number of persons in these age groups will be substantially different in the year 2000 if couples average 2 rather than, for example, 2.5 children during the next 30 years. We can expect long term demand for new dwelling units to be considerably lower if the population grows at the slower rate. Not only will there be fewer new families if population grows at the slower rate but smaller families as well.

housing demand

In addition to population growth, however, the decrease in per-household occupancy also affects the demand for housing. More rapid growth of households relative to population increase is reflected in the spread of urban areas, the lowering of average urban densities and the increased amount of land required to accommodate a given population level. In 1940, 272 housing units were required to house each 1,000 persons. Today the comparable number is 337 units.

Housing Issues

issues for housing policy

The trend toward more and smaller households raises important public policy questions about the types and location of housing needed in the future and about the effects of this increased housing on our environment.

- **What broad locational choices will future families make?** The Nation may well see more varied demands for housing types and locations. Increasing demand for smaller units could bring about more conversions of large homes in old residential neighborhoods and more multifamily construction. Most population growth and household formation since World War II has occurred in the suburbs because of increasing prosperity, the availability of long term, low downpayment mortgages and the emphasis on single family houses. The location of housing in the future may be more sensitive to other considerations: job opportunities offered by footloose industries beyond

the metropolitan fringe, the proportionately higher costs of detached single family housing relative to family income, the higher costs of transportation due to changes in energy pricing, and trade-offs in journey to work options for households which have both husband and wife working. The resulting demands for new housing of given types and locations in rural, suburban, and downtown neighborhoods have yet to unfold.

housing for the aged

• **How will the increasing elderly population affect the demand for types of housing?** It has been suggested that demand for rental as opposed to owner occupied housing and demand for condominiums and mobile homes will increase to meet housing needs of the aged. In 1970 however, many of the housing characteristics of elderly Americans were quite similar to those of the general population. Older persons were just as likely to be single unit dwellers. Moreover the proportion of older persons living in mobile homes was almost identical to that of the Nation as a whole.

Homes for the aged were an exception. About 800,000 people over 65 now live in residential homes for the aged and the dependent. Comparatively little use is made of such homes by persons under age 75. Some eight percent of people aged 75 and over are in homes for the aged, a proportion that has doubled since 1950. Though there is reason to expect these places to continue to grow, they are not now and probably will not be the dominant form of community in which our senior citizens will live.

increasing variety in household demand

• **How will the growth in households occupied by young unrelated adults, by married adults with smaller families and by female heads of households affect the types of housing in demand?** At least one of these groups, the young unmarried adult population, tends to be less concerned with seeking permanent housing. This suggests that demand for rental housing, particularly apartments, will increase. Predicting demand for the other two groups is more difficult and is complicated by factors of income, mobility, family size and personal preference. Smaller size of households, however, suggests increased demand for townhouses, smaller detached houses and apartments.

REGIONAL POPULATION SHIFTS

population is shifting

Historically up to 1970, there have been three shifts in population between major regions of the country: the continuing overall westward movement which is slowing; general migration toward both oceans, the Gulf and the Great Lakes regions; and the ongoing redistribution of black population northward and westward to the major metropolitan areas. Since 1970 these three shifts have undergone dramatic changes, although it is of course not known if the changes are temporary or long term.

to the West and South

Westward movement: Every census since 1790 has shown a further westward movement of the geographic center of population. The West had consistently been the fastest growing region, with rates since 1920 about twice as high as those for the Nation as a whole. But in the period 1970-74, the South pulled even with the West as a most rapidly growing region. Each is estimated to have grown by seven percent. In contrast growth in the Northeast and North Central Regions was about one and two percent respectively. See Tables 6 and 7.

to Coastal areas

Toward coastal areas: Attracted by climate and job opportunities, more and more people are locating along coastal areas of the Nation. Between 1940 and

Table 6

Percent Increase in Population, 1920-1974, by Decade

Millions

Year	United States	North east	North Central	South	West
1920-30	16.2	16.1	13.4	14.3	33.7
1930-40	7.3	4.5	4.0	10.1	16.7
1940-50	14.5	9.7	10.8	13.3	40.4
1950-60	18.5	13.2	16.1	16.5	38.9
1960-70	13.3	9.8	9.6	14.2	24.1
1970-74*	4.0	0.8	1.7	7.0	7.0

Source: U.S. Bureau of Census: Current Population Reports

* July

Table 7

Regional Trends in U.S. Population, 1910 and 1973

Area	Population 1/						Percentage distribution					
	1973	1970	1960	1950	1940	1910	1973	1970	1960	1950	1940	1910
	Millions						Percent					
United States	209.9	203.2	179.3	151.3	132.2	92.2	100.0	100.0	100.0	100.0	100.0	100.0
Regions:												
Northeast	49.7	49.0	44.7	39.5	36.0	25.9	23.7	24.1	24.9	26.1	27.2	28.0
North Central	57.6	56.6	51.6	44.5	40.1	29.9	27.4	27.8	28.8	29.4	30.4	32.4
South	66.0	62.8	55.0	47.2	41.7	29.4	31.5	30.9	30.7	31.2	31.5	31.9
West	36.6	34.8	28.1	20.2	14.4	7.1	17.4	17.1	15.6	13.3	10.9	7.7
Division or State:												
New England	12.2	11.8	10.5	9.3	8.4	6.6	5.8	5.8	5.9	6.2	6.4	7.1
Middle Atlantic	37.5	37.2	34.2	30.2	27.5	19.3	17.9	18.3	19.1	19.9	20.8	20.9
East North Central	40.9	40.3	36.2	30.4	26.6	18.3	19.5	19.8	20.2	20.1	20.1	19.8
West North Central	16.7	16.3	15.4	14.1	13.5	11.6	8.0	8.0	8.6	9.3	10.2	12.6
South Atlantic	32.5	30.7	26.0	21.2	17.8	12.2	15.5	15.1	14.5	14.0	13.5	13.2
Florida	7.7	6.8	5.0	2.8	1.9	.8	3.7	3.3	2.8	1.8	1.4	.8
East South Central	13.3	12.8	12.1	11.5	10.8	8.4	6.3	6.3	6.7	7.6	8.2	9.1
West South Central	20.3	19.3	17.0	14.5	13.1	8.8	9.7	9.5	9.5	9.6	9.9	9.5
Mountain	9.1	8.3	6.9	5.1	4.2	2.6	4.4	4.1	3.8	3.4	3.1	2.9
Pacific	27.4	26.5	21.2	15.1	10.2	4.4	13.1	13.1	11.8	10.0	7.7	4.8
California	20.6	20.0	15.7	10.6	6.9	2.4	9.8	9.8	8.8	7.0	5.2	2.6

1/ Data from decennial censuses except for preliminary mid-year 1973 estimate.

Source: U.S. Bureau of the Census, U.S. Censuses of Population and Current Population Reports.

1970 the population living within fifty miles of the Nation's coastline (including the Great Lakes) increased from 46 percent of the national total to 54 percent. These areas have about 16 million more people today than they would have if the population were distributed as it was in 1940. The greatest influence on the regional distribution of people came from the sustained rapid growth of California and Florida, whose joint share of the national population rose from 6.6 percent in 1940 to 13.2 percent in 1970. The greatest relative loss occurred in the West North Central States.

Since 1970, while some coastal States have continued to experience rapid growth, e.g., Florida and Oregon, the general pattern of net migration to the coastal areas has ceased. For example the five Great Lakes States of Wisconsin, Illinois, Michigan, Indiana and Ohio have experienced annual out-migration of approximately 100,000 persons during 1970-1974.

black redistribution

Movement of the black population. The overall interregional growth pattern masks a major redistribution of the black population, whose direction of movement has been primarily northward and westward. Movement of blacks from the South since 1940 dwarfs that of any earlier period. In 1940, 69 percent of all blacks lived in a 13 State Southern region exclusive of Delaware, Maryland, the District of Columbia and Florida. In each of the next three decades, black out-migration was nearly equivalent to black natural increase in the South. In the 1960's net loss of blacks from the 13 State South area was 1.4 million persons.

The heavy net movement of blacks out of the South appears to have stopped. For the period 1970 to 1974, sample data of the Bureau of the Census show a nominal switch in the migration pattern of blacks, with an 81,000 net movement from the North and West to the South, but primarily to metropolitan areas rather than to rural areas of origin.

Regional Growth Issues

These interregional growth patterns pose a number of broad issues.

environmental overload

• **Will continued selective growth along coastal areas induce large scale deterioration of the quality of life through environmental overload and population congestion?** Trends in regional growth have on the whole aggravated environmental problems. This is especially clear with regard to air pollution. The capacity of the atmosphere to absorb air pollution varies by region, with potential air pollution highest in the far West and increasing with city size regardless of location. Maintenance of air quality in the context of the broad migrational drift of population to the coasts will continue to pose a Federal-State policymaking challenge. Further as population becomes increasingly concentrated in coastal areas of the Nation, cumulative and competing demands for use of the coastline will increase. The growing pressure for certain types of industrial development and for second homes along the coastline intensify these demands. At the same time citizen interest in public access to the waterfront for recreation and scenic enjoyment is also becoming stronger.

energy tradeoffs

• **What are implications for energy self-sufficiency of continuing urban development on the seaboards?** To achieve self-sufficiency, new resources must be tapped. New issues over competing goals of environmental quality and national prosperity must be faced. For example, the heavy extraction of coal and oil shale from the Mountain States to supply energy needs along the coasts would pose water supply problems for those States. Some reasonable trade-offs must be worked out to tap these energy resources at not too great a cost to environmental quality. To meet air quality standards, low sulfur coal from Western States is in greater demand; but its use involves trade-offs between mass strip mining, related environmental impacts, and local development options. Coal gasification also requires large amounts of water, yet few good sites remain for major dams and agricultural demand for existing water supplies is rising.

METROPOLITAN DEVELOPMENT PATTERNS

population concentration in metropolitan areas

The growth of metropolitan areas most dramatically indicates how our population is concentrating. Between 1960 and 1970 the population grew by 20

million in metropolitan areas, leaving an increase of less than 4 million for the rest of the country. In 1970 metropolitan areas contained over 140 million people, nearly 70 percent of the total population.

There is, however, evidence of a slackening of metropolitan growth between 1970 and 1974 in the large metropolitan areas. Those areas exceeding two million population are experiencing net out-migration. Many medium-sized and smaller metropolitan areas on the other hand continue to gain population through net in-migration.

varied metropolitan growth

The rate of growth of metropolitan areas has varied with size. Between 1960 and 1970, the 13 percent rate of growth for the smallest metropolitan areas, those between 50,000 and 250,000 population, was about the same as that for the Nation, but the rate increased with size until it reached twice as much for metropolitan areas of one to two million. See Figure 2. Since 1970, however, these have been essentially the same rate of growth, between four and five percent for all sizes of metropolitan areas, except those over two million as noted above.

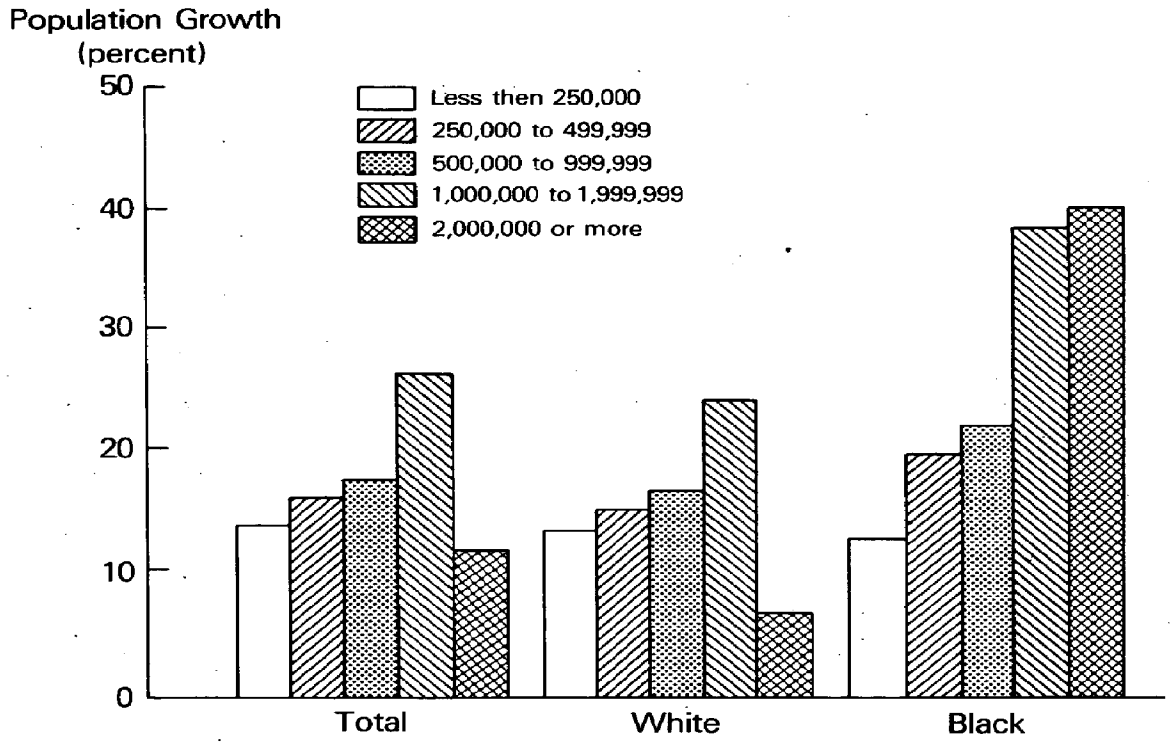
Growth also varies by region. Most metropolitan areas in the Northeast show growth rates below that for the Nation as a whole. Those in the North Central Region match the national average while those in the South and West, where the cities are newer, are higher. Between 1960 and 1970 the population increased about six million in the South and six million in the West, while in the Northeast and North Central States the gain was approximately seven million.

unabated suburbanization process

Within metropolitan areas, the process of suburbanization continued unabated from 1960 to 1970 and, at a slower pace, from 1970 to 1974. Within central cities the most striking feature of population change between 1960 and 1970 had been the constant widespread loss of white population and the large increase in black population. Of the four million by which the black population in metropolitan areas increased between 1960 and 1970, 3.2 million was in the central cities and only 800,000 in suburban areas. Between 1970 and 1974 the white population in the central cities declined further, by more than four million. Meanwhile black population in the suburbs

Figure 2

POPULATION GROWTH BY SIZE OF STANDARD METROPOLITAN STATISTICAL AREAS IN 1970 AND BY RACE: 1960 TO 1970



increased by about 100,000, compared with a white increase of nearly three million.

decline in population density

Though the population in the United States has become far more concentrated since 1950, there is nevertheless for much of the population more living space now than at the end of World War II. This is accounted for by two factors: the hollowing out of central cities, many of which have actually lost population, and the spread of suburbs which despite the inclusion of more and more apartment buildings remain as areas of low-density land use.

Paradoxically population growth in metropolitan areas is accompanied by a falling density of population because of the continuing drop in central city population and the continued low density development in the suburbs. The extent of this suburban development is illustrated by the fact that in the 20 years prior to 1970 urbanized land almost tripled to 35,000 square miles. This increase was sufficent to bring about a fall in the density of population from 8.4 persons per acre in urbanized areas in 1950 to 5.3 in 1970. The land added on the urban fringes was only slightly less densely populated than the land in similar areas in 1950, less than five per acre in each instance; but within the central cities residential population density fell from more than 12 per acre in 1950 to about seven in 1970. This general decline in central city population density masks exceedingly high densities in specific neighborhoods found in most downtowns. Coupled with a lack of compensating amenities, some of these densities are intolerably high.

suburban gains

Changes within metropolitan areas. From 1960 to 1970 the process of suburbanization continued unabated. The central cities added about three million people while suburban areas increased by almost 17 million, some 70 percent of the total increase for the Nation. Thus in a period of generally slow growth, the suburban areas increased by nearly 30 percent as against about five percent in the central cities. In 1960 approximately a third of the population lived in central cities, another third in the surrounding suburbs, and a third in non-metropolitan areas. By 1974 about 37 percent of the national population lived in metropolitan rings, while the remainder was

divided, about 30 percent each, between central cities and non-metropolitan areas.

central city growth through annexation

Furthermore what growth of central cities did occur was largely the result of annexation. With annexation the central cities registered a growth of over three million; without annexation growth would have been only about 300,000. But even with annexations, some central cities in the North Central Region, for example, lost population. Gains in the South and West through annexation were nearly two million each, whereas gains within 1960 boundaries were only about 500,000 and one million respectively.

continuing minority concentration

Racial Concentration. Since 1970 the loss of white population in the central cities has accelerated. Between 1960 and 1970 the white population in central cities decreased by a little more than one percent. But between 1970 and 1974 the decrease in white population was over eight percent.

During 1960-1970 all of the 15 million increase of whites in metropolitan areas took place in the suburbs, whereas for blacks only a fifth of the four million increase in metropolitan areas was suburban. During 1970-1973 the black population increased more rapidly in the suburbs (1.8 percent) than in the central cities (0.3 percent), but blacks continued to represent an increasing proportion of the central city population and a decreasing proportion of the suburban population. See Table 8.

As in the past, much future growth is expected to occur in expanding suburban areas around major cities. Since many cities are located close to each other, they are merging as their suburbs expand. Outside metropolitan areas most major development is occurring in the transportation corridors that connect larger cities. Megalopolitan areas, gigantic urban regions stretching over hundreds of miles, are already well formed. Three such complexes stand out: one stretching up the Atlantic Coast from Northern Virginia to Boston, another centering around Chicago and the Great Lakes, and a third on the West Coast connecting San Francisco and San Diego. These will in time contain half of the national population if the historic migration of people to coastal regions continues.

Table 8

Population Shifts Between City And Suburbs By Race: March 1970-March 1973 (in thousands)

	1970	1973	Percent Change
Within Central Cities			
Whites	46,592	42,600	– 8.6%
Blacks	12,315	12,350	0.3%
Balance SMSA (Suburbs)			
Whites	64,460	67,380	4.5%
Blacks	3,360	3,420	1.8%

Source: Bureau of the Census, "Mobility of the Population of the U.S., March 1970-March 1973," Series P-20, No. 262, March 1974, Table 1.

Metropolitan Growth Issues

The loss of population from central cities, racial concentration, and expansive growth in suburban and outlying areas will continue to be the source of major policy issues confronting governments at all levels.

individual vs. community rights

• **As more single communities seek to guide growth, what balance will be struck between individual rights and community rights?** Local actions to control growth are mounting as some communities seek to preserve the quality of life as perceived locally or to maintain balance between their ability to provide public services and increased demand resulting from community development. Techniques like sewer moratoria, building freezes and exclusionary zoning act to limit the basic rights of many while achieving limited goals for a few. The Ramapo, New York; Boca Raton, Florida; and Petaluma, California cases pose a basic constitutional issue of the right of citizens to make a reasonable choice of housing and job locations. Yet all of these types of actions indicate the increasing desire to manage growth. What new techniques can be used to provide for growth in an orderly and equitable manner yet accommodate individual choices on where to live and work?

jurisdictional growth control problems

• **What are the areawide impacts of individual community actions to control growth?** Efforts by single jurisdictions to control housing or population growth spotlight the mismatch between city and county boundaries and the size of housing, labor force, and job markets in metropolitan areas. What local institutional means can best correct this mismatch: two-tiered government, administrative coordination, areawide government? How can overall growth strategies for inner city neighborhoods, suburban communities, and the outlying fringe best be coordinated, since all affect the same housing and job markets?

economics of city growth

• **How will broad changes in economic activity affect the comparative position of older cities?** The potential of each city to grow and change is a function of its economic setting. Each city plays a particular economic role, such as a center for business and commerce or an industrial magnet. But the economic rationale for each city may be altered by changes in markets, resources, the labor force, technological advance or other factors. What is the future economic outlook of older American cities and how will it affect the comparative position of those cities vis-a-vis suburban areas, nearby nonmetropolitan areas, and more distant parts of the country?

civil rights and growth

• **What is needed to overcome the isolation of minorities that leads to waste of human talent and social entrangement?** Under the Civil Rights laws much has been accomplished, but a great deal remains to be done to promote equal access to jobs and housing for all Americans. Despite rising incomes and more open housing, in percentage terms and in absolute numbers minorities remain heavily concentrated in well defined neighborhoods. What would be the impact of new income transfer strategies on the mobility of minorities and on the inner city itself?

transportation and growth

• **What is the relationship of the need for a balanced transportation system to local and areawide growth strategies?** Primary reliance on the automobile for metropolitan area travel favors adults who are economically self-sufficient and healthy. But they comprise only about half the metropolitan population.

To those who cannot move so freely—the nondrivers, the aged, the poor, the handicapped, and children—the absence of alternative transportation can be a barrier to getting health services, finding a job or housing, or maintaining social contacts.

Each metropolitan area will face choices regarding the best mix of bus, rail and auto modes, levels of service, and intra-metropolitan travel links. Transportation issues increasingly will become a common denominator linking growth-related actions such as neighborhood preservation strategies, areawide growth policies and preferred use of Federal transportation funds for multimodal systems.

neighborhood preservation strategies

• **What kinds of neighborhood preservation strategies are needed in the central cities to make these areas viable residential alternatives?** Neighborhoods in central cities vary in degree of physical obsolescence, ethnic-racial-age mix, level of public services and facilities and economic condition. What combination of housing production, rehabilitation or demolition makes sense in each neighborhood? How would housing preservation relate to economic upgrading and the provision of better public services? As household income in the inner city improves and a new generation replaces the old, and inner city residents seek alternative housing choices, will there be a market for the existing housing in inner city neighborhoods no matter how well maintained or rehabilitated? Who should decide these issues locally? What should be done if neighborhood revitalization results in more affluent families replacing lower income families?

suburban preservation strategies

• **What strategies for older suburban areas?** Much of the housing built since World War II is suburban. By 1980 many subdivisions will be in need of major rehabilitation. Meanwhile many urban problems such as increased traffic congestion, commercial blight, inadequate public services and higher taxes, are mounting. Will we find ourselves faced with the need for suburban renewal on a large scale? What maintenance strategies can be fashioned to retain housing quality, reduce the suburban journey to work, open job links for the inner city labor force?

energy cost impacts

• **What effect will energy cost increases have on metropolitan growth trends?** Energy cost increases could lead to more compact forms of development. If costs of private auto operation in low density settings increase substantially, demand may grow for alternative transportation modes and denser residential and business development. This could cause a slow-down in exurban and suburban fringe development, stimulate multifamily residential construction in established suburban areas, or prompt reclamation of older inner city neighborhoods. Future suburban development might be more integrally planned so as to be more cost and energy efficient than the current mode of development.

RURAL DEVELOPMENT PATTERNS

paradox of nonmetropolitan areas

In contrast to the clear trends in metropolitan area growth is the paradox of nonmetropolitan areas. Historic decline in the rural farm population, which has been relatively stable since 1970, is being more than offset by an increase in rural nonfarm population in villages and small towns, and especially in rural parts of metropolitan areas. Since 1970 out-migration from many nonmetropolitan counties has halted.

diminished inmigration to metropolitan areas

A variety of structural and attitudinal factors in the late 1960's led to a curtailment of the migrational drift to the cities, and events since 1970 have accelerated the trend. From 1970 to 1973 non metropolitan areas averaged a 2.5 percent annual increase in job growth (from 21.2 to 22.8 million) compared with 1.2 percent in metropolitan areas (from 60.4 to 62.6 million). Population has grown accordingly. Figures for the period April 1970 to July 1973 show a total population growth of 4.2 percent in nonmetropolitan counties compared with 2.9 percent in the metropolitan areas. A growth pattern of this type is unprecedented in the modern history of the United States, with the exception of a brief period during the worst of the Depression years. Between 1970 and 1973 migration from metropolitan to nonmetropolitan areas totalled 994,000.

nonmetropolitan economic growth

Overall the period 1960-70 saw manufacturing jobs in nonmetropolitan areas increase from 3.6 to 4.9 million, about 36 percent. Metropolitan area manu-

facturing jobs increased by comparison from 13.2 to 14.9 million or about 13 percent. A notable reverse occurred, however, between 1970 and 1973. Nonmetropolitan manufacturing jobs continued to grow, to 5.3 million or 8.9 percent. But manufacturing jobs in metropolitan areas declined to 14.2 million, or almost 5 percent. See Table 9.

In the latter part of the 1960's other stimuli to nonmetropolitan economic growth occurred, including the environmental and youth movements, reactions to the problems associated with large cities and the major urban riots of the late 1960's. These factors reduced the desirability of major cities as places in which to live or to locate businesses, relative to smaller scale cities and towns.

long term farm outmigration

Farm Outmigration. At the beginning of World War II, 30 million people lived on about six million farms. Today nine million people live on fewer than three million farms. This represents a decline in farm population from 25 percent to five percent of the total population. Between 1960 and 1970 the farm out-migration was particularly severe. The farm population declined during those years by about six million, or 38 percent nationwide. The South continued to experience the largest farm population loss. This region, traditionally the most populous in farm residents, now ranks second behind the North Central Region.

During the decade 1960-70 a net average of 694,000 persons left farms each year. The annual rate of migration during this period was 5.6 percent. Although the number of net migrants was less than in earlier decades, the rate of movement was about the same as in the 1950's. But for the period 1970-74 the rate of out-migration, 1.2 percent, was considerably less than in other recent periods.

outmigration slowing

Decline in Black Farm Population. The decrease in black farm population is noteworthy. In 1920 there were over five million black people on farms. As of 1973 there were fewer than 700,000 blacks living on farms. There remain, however, about four million blacks in the rural population, with about 93 percent in the South.

Table 9

Employment Changes in the United States by Metropolitan Status, 1960 to 1973

Location of employment and industry	Employment			Average annual change			
				Number		Rate per 100 persons	
	1973	1970	1960	1970-73	1960-70	1970-73	1960-70
	Thousands					Pct.	Pct.
Metropolitan areas [1] /							
Total employment	62,591	60,409	47,527	727	1,288	1.2	2.4
Nonfarm wage and salary	56,428	54,183	40,953	748	1,323	1.4	2.8
Goods producing	17,099	17,599	15,440	−167	216	−1.0	1.3
Manufacturing	14,214	14,887	13,248	−224	164	−1.5	1.2
Mining	226	227	241	[3] /	−1	−.1	−.6
Construction	2,659	2,485	1,951	58	53	2.3	2.4
Service performing	39,329	36,584	25,513	915	1,107	2.4	3.6
Trade	12,375	11,579	8,579	265	300	2.2	3.0
Service groups	10,034	9,149	5,667	295	348	3.1	4.8
Finance, insurance, and real estate	3,382	3,113	2,237	90	88	2.8	3.3
Transportation, communications and utilities	3,600	3,590	3,153	3	44	.1	1.3
Government	9,938	9,153	5,877	262	328	2.7	4.4
Other nonfarm [2] /	5,368	5,396	5,474	−9	−8	−.2	−.1
Farm	795	830	1,100	−12	−27	−1.4	−2.8

Nonmetropolitan areas 1/							
Total employment	22,895	21,232	18,483	554	275	2.5	1.4
Nonfarm wage and salary	17,896	16,213	12,157	561	406	3.3	2.9
Goods producing	6,501	5,971	4,578	177	139	2.8	2.7
Manufacturing	5,265	4,909	3,651	119	126	2.3	3.0
Mining	386	379	450	2	−7	.6	−1.7
Construction	850	683	477	56	21	7.3	3.6
Service performing	11,395	10,242	7,579	384	266	3.6	3.0
Trade	3,603	3,112	2,450	164	66	4.9	2.4
Service groups	2,360	2,127	1,402	78	72	3.5	4.2
Finance, insurance, and real estate	552	478	359	25	12	4.8	2.9
Transportation, communications and utilities	928	868	857	20	1	2.2	.1
Government	3,952	3,657	2,511	98	115	2.6	3.8
Other nonfarm 2/	2,641	2,609	2,773	11	−16	.4	−.6
Farm	2,358	2,410	3,553	−17	−114	−.7	−3.9

1/ Metropolitan areas essentially as defined in January 1972.
2/ Self-employed, private household workers, and unpaid family help.
3/ Less than 500 persons.

Source: Adopted from State employment security agency estimates by Economic Research Service, USDA.

changing dynamics of rural-urban shift

Growth in Non-Farm Rural Population. The huge movement of people from the open country and small towns to the cities occurred in the last generation due to a decline in manpower needs in rural industries, the pressure of high birth rates and the comparative attractions of urban life. There was a tendency to view this pattern as inexorable, inflexible and without end. Now the dynamics of the rural-urban shift of population are changing. Neither industry nor people are as strongly drawn toward metropolitan areas as they were. Economic changes in mineral, food, and timber industries have led to an increased demand for products from rural areas. Furthermore, the movement of people of retirement age is primarily to rural areas and small towns.

public policy and economic development

The large pool of rural unemployed women appears to have been a significant attraction to the location of industry in rural areas. Rural women have long had lower labor force participation rates than urban women. Many rural counties in areas dominated by classically male industries such as farming, mining, and forest products had fewer than 30 percent of their women of working age in the labor force in 1960. This condition was both a source of local income loss and an inducement to firms seeking a ready supply of workers. Thus, since 1960, almost all net growth of rural and nonmetropolitan employment was in employment of women.

Rural Development Issues

- **Should public policy encourage growth in rural areas beyond what normal economic development would cause?** The fundamental issue here is the extent to which public programs during the 1970's should seek to "correct" imbalances which arise from normal processes of economic development.

minimal intervention strategy

A strategy of minimal intervention with normal economic growth would create more and larger metropolitan areas, revitalize places close to metropolitan areas as well as some rural areas, and hasten the decline of other small rural places. Under this strategy little use would be made of such tools as functionally or geographically focused economic development aids. However, resettlement and relocation aid for declining

areas would become logical policies to follow for this strategy.

strong intervention strategy

A "corrective" or strong public intervention strategy would approximate prior national efforts to spur economic growth in lagging and depressed areas where such growth would not otherwise occur. Corollary policies would call for economic aid targeted at specific geographic areas or economic sectors, growth center programs, and major public works investments geographically targeted to declining areas.

community preservation strategies

• **At the local level, what types of community preservation or adjustment strategies are needed in nonmetropolitan areas?** Some rural areas outside of the influence of metropolitan areas continue to experience little growth and development, evidenced by very low levels of household or per capita income. These areas are largely bypassed by the overall economic growth of the Nation. Other rural areas are gaining in nonfarm employment and experiencing new economic growth. This leads to urban-type characteristics of subdivision growth, inadequate public facilities, higher taxes, congestion and pollution. The variety of futures facing different rural communities thus calls for flexible community preservation or adjustment strategies. These must take into account the age-labor force-income mix of the rural population and opportunities for economic adjustment. Questions arise regarding the minimum size for viable communities and threshold levels above which rural local governments can collect revenues and provide services efficiently for populations spread thinly over large areas. One area of exploration is the potential for rural intergovernmental cooperation in providing services on a more economical basis and the infrastructure needed to attract employment opportunities.

land-use issues

• **What type of State and local actions are needed to resolve issues of increasing land use competition at the metropolitan fringe?** About 21 percent of all farm products by value are produced in metropolitan areas. But the metropolitan area fringe itself is the established focus for low density, auto-oriented residential growth. As more land comes under cultivation to meet

national and world demands, as nonmetropolitan manufacturing growth continues close-in to metropolitan areas, how will these further claims be weighed against each other and against the anticipated increase in household formation and the demand for more low density housing?

- **What impact would income transfer strategies for the poor have on rural areas?** Would rural people use increased income to move from declining to growing rural towns or to metropolitan areas?

vacation and retirement resorts

- **What is the potential impact of an increased demand for vacation and retirement homes or resorts on rural areas?** As urban areas have become more populated, the desire to "get away from it all" during holidays or weekends has resulted in a rise in demand for vacation homes. What types of State or local action are needed to guide this type of growth?

environmental impacts

- **What environmental impacts must be anticipated due to selective growth in rural areas?** As nonfarm rural employment increases and fossil fuel resources are developed to achieve greater national self-sufficiency in energy, policy issues will arise in specific States and localities over air and water quality, resource preservation and protection of the physical environment. How can States and Federal agencies work together to implement State initiated strategies to maintain air and water quality standards, protect critical environmental resources and provide for the economic growth necessary to sustain our quality of life?

SUMMARY

In the broadest sense the foregoing issues deal with the need for adjustments rather than fundamental changes in local, State and Federal policies related to growth. There appears to be no great demand for massive programs to relocate businesses or induce large population shifts. But there is strong and persistent public demand to raise the quality of life of people where they live now. In short people want livable, safe

inner city neighborhoods; more orderly, lower cost, new developments in suburban areas, and adequate, well serviced rural communities. These public preferences are the driving force behind the growth issues of the 1970's and the search by the private and public sectors for better management of the processes by which the Nation grows and develops.

3

Federal Influence On Growth And Quality Of Life

Federal influences little understood

Knowledge is limited about the long term effects of various Federal actions on localities and regions. The real impact of Federal programs designed explicitly to change growth patterns (e.g., bolster a lagging region, or revitalize a downtown area) appears to be far less than the impact of other Federal programs (e.g., defense procurement) whose ostensible purposes have nothing to do with growth and development. Understanding of how the effects of different Federal actions will converge within a given city, metropolitan area or rural locale is difficult to anticipate.

evaluation of aggregate Federal actions

Although there have been many evaluations of specific Federal programs, few attempts have been made to assess the intertwined consequences of these programs. The purposes of this section are: to enumerate at least some of the governmental actions which, by design or unintentional effect, influence the growth and development of urban and rural areas; to suggest the relative importance and impact of different Federal activities; and to underscore the imperfect state of public knowledge about the aggregate effects of all Federal actions on growth and development.

INSTRUMENT OF FEDERAL POLICY

types of Federal impacts

There are a variety of Federal activities assumed or known to have impacts on growth and development: grants and loans to State and local governments, location and employment levels of Federal installations, procurement of goods and services, construction of public works, taxation, credit management and regulatory activities.

Grants and Loans to State and Local Governments

It is estimated that, in FY 1975, about $50 billion will go to States and local governments for highways, community development, environmental improvement, public assistance, education and manpower development. These grant programs account for about one-sixth of all Federal outlays and one-fourth of State and local outlays. Yet, despite their intent, some of the programs appear to have had limited effect on growth patterns for the following reasons.

conflicting program objectives

Conflicting strategies. Many programs contain conflicting objectives, which diminish their ability to alter growth and development. The strategies of one agency sometimes blur or tend to reverse actions of another. For example, the Appalachian Regional Development Act, the Public Works and Economic Development Act and the Economic Opportunity Act, passed during 1964 and 1965, all dealt with problems of poverty. But the programs authorized under these acts were implemented according to different strategies. Some assisted poor people where they lived, other programs stimulated job development in favorable locations, thereby encouraging poor people to migrate.

geographic limitations

Inherent limitations. Federal programs directed to depressed and rural regions have often been too limited geographically to allow the application of a rational strategy which recognized the interrelationships of major urban centers and their hinterlands. An example is the Economic Development Administration, charged with assisting multicounty Economic Development Districts. Through June 1973, approximately $1.5 billion in Federal funds had been obligated for EDA public works, technical assistance and planning; and about $400 million in loans for business development had also been approved. But, despite these expenditures, the programs have had little effect in achieving basic objectives. The reasons include dispersion of available resources in subcritical amounts and heavy emphasis on investment in public works (65 percent of funding) instead of assistance to the private sector (18 percent), thereby foregoing the leverage that private capital can often exert to stimulate economic activity.

dispersion of resources

Nor can the sheer force of private sector determinism, relative to the size of any Federal program, be overlooked. For example, in 1973 the private sector invested $96 billion in construction activity, compared to only $34 billion for all levels of government combined. It is in comparison with the scale of impacts of private investments that the influence of any single Federal program must be judged.

private sector dominance

Program dominance. It also seems clear from decades of experience that some government programs exert far greater influence on growth and development than do other programs. The classic example is the national highway program which has had a profound impact on the patterns of national growth and development. The Interstate Highway System was in 1956 without uch thought for its second order impacts on national development; yet no recent direct action of the Federal Government has had greater influence on the competitive balance of one region to another and one city to another. Transportation and utility systems are inherently powerful tools for structuring patterns of growth and development, yet rarely have these tools been consciously employed as a matter of policy for that purpose.

relative impacts of highway program

Construction of the Interstate System dramatically reduced travel time between cities and conferred a new competitive advantage on trucks as against rails as conveyors of commerce. These same reductions in travel time expanded the trading areas and commuting sheds of many larger towns, leading to greater efficiency in production and distribution of goods and services but also accelerating the demise of many smaller communities.

The system also profoundly affected the structure of metropolitan areas. Beltways around metropolitan areas helped to create polycentric development. Industries became more footloose because they could draw their commuting work forces from larger areas. Highway improvements also encouraged manufacturing firms to locate in rural areas, many adjacent to metropolitan areas, and enabled rural residents to commute to and shop in communities an hour or more away.

effects on metropolis

growing impacts of sewerage facilities

As the interstate highway systems near completion in many metropolitan areas, it is evident that sewerage facilities are becoming more important determinants of the pattern and pace of urbanization. The placement, sizing, and timing of major interceptor sewers in undeveloped areas near cities and expansion in treatment plant capacity can directly influence the location and density of new residential development.

Urban-Rural Variations. Department of Agriculture analyses provide another view of the relative impacts of 226 selected programs deemed to have significant impacts on development. See Table 10. These outlays accounted for over $215 billion of total FY 1973 Federal Government outlays.

Federal outlays proportionate to population

Federal outlays in the aggregate flow to metropolitan and nonmetropolitan areas roughly in proportion to their respective population. The metropolitan areas, as defined in April 1973, with about 73 percent of the national population, received about 75 percent of these selected FY 1973 outlays.

When the outlays are differentiated by major national purposes, however, variable impacts occur between metropolitan and nonmetropolitan areas. Outlays for housing and Defense-NASA-AEC activities

Table 10

FY 1973 Selected Federal Outlays By Program Groups By Metropolitan And Nonmetropolitan Counties

Program Groups	Fed. Outlays Million $	Percent Distribution by County	
		Metropolitan	Nonmetropolitan
Agriculture and Natural Resources	$ 8,441	21.6	78.4
Community Development	21,547	72.6	27.4
Housing*	19,020	82.4	17.6
Human Resources	95,536	72.6	27.4
DEFENSE-NASA-AEC	70,621	84.8	15.2
TOTAL	$215,165	75.5	24.5

*Includes guaranteed/insured loans and home mortgage insurance, which exert strong Federal influence on local market activity.

Source: Adapted from Economic Research Service, U.S. Department of Agriculture.

greatly benefit metropolitan areas. Conversely, the bulk of agricultural and natural resource outlays accrue to nonmetropolitan areas. Such outlays were highest on a per capita basis in the most rural and nonmetropolitan counties. Among nonmetropolitan counties, outlays for agriculture and natural resources favored those with large population losses during the 1960's. On a per capita basis, community development outlays were higher in nonmetropolitan counties than in metropolitan counties and highest of all in totally rural nonmetropolitan counties not adjacent to metropolitan areas. These differences in community development outlays were largely a function of extensive interstate highway construction in sparsely settled counties.

human resource outlays

Overall, human resource outlays were heavily weighted toward income maintenance (e.g., welfare and social security). On a per capita basis, these outlays were greatest in counties with large incidences of poor and of aged people. Across the urban-to-rural continuum, per capita outlays for human resource development were largest in the most rural of nonmetropolitan counties and smallest in the fringe counties of the large metropolitan areas.

Federal Construction

large-scale construction impacts

Large scale projects undertaken directly or assisted by the Federal Government have significant impacts on the growth and development of some areas of the country, particularly the South and West. Direct public works (built largely by the Corps of Engineers, the Bureau of Reclamation and the Tennessee Valley Authority) include flood control, beach erosion control, irrigation, water conservation, navigation, power generation and recreation. Federal policies in these areas have contained many internal contradictions such as those between the objectives of the former acreage retirement programs of the Department of Agriculture and the reclamation programs of the Department of Interior. Conflicting national policies and lack of adequate policy coordination have been two of the principal obstacles to better balance in the quality of life among various parts of the country—an obstacle

made more significant by the large size of Federal outlays and the high degree of Federal involvement.

Federal construction outlays

In 1973 outlays for direct and indirect Federal construction programs totalled an estimated $12.7 billion. This included $7.5 billion in grants and loans to states and localities and $5.2 billion in direct construction ($1.4 billion for defense, $3.8 billion for civil works). This was nearly ten percent of the $130 billion total public and private construction put into place in 1973. There was also a substantial amount of private construction which resulted indirectly from defense and research procurement activities.

water resources activities

A great many Federal agencies now conduct water resources activities: the Bureau of Reclamation handles irrigation matters; the Corps of Engineers, flood control and river and harbor development; Soil Conservation Service and Forest Service, watershed protection and development; the Environmental Protection Agency water pollution control and assistance for treatment plant development. The Tennessee Valley Authority and many other agencies carry on additional programs. All of these programs impact on growth patterns by influencing job and housing opportunities, the construction of large scale projects, provision of road access, and subsequent development of recreation facilities and second homes.

in Western States

Water resource projects of the Bureau of Reclamation in 17 Western States have a significant impact on development and growth in arid and semi-arid lands. The Corps of Engineers has major public projects for the improvement of rivers, harbors and waterways for navigation and flood control. Though economic growth is used to justify these programs, many of them are conducted without reference to any broad economic development strategy.

Location and Employment Levels of Federal Installations

impacts of Federal installations

Significant effects on growth patterns of States and local areas also result from Federal decisions on placement of Federal facilities and projects. Major government installations, such as office centers, research complexes, military installations and public

works projects, stimulate growth. The effects of opening, closing and expanding civilian and military installations have obvious and direct impacts on the development patterns of local communities. There are numerous examples of Federal decisions deliberately made to provide job opportunities in inner cities or aid in developing a new community. The decision to locate headquarters facilities for the U.S. Geological Survey in the new town of Reston, Virginia was made deliberately to help that community. The consolidation of headquarters for the Standard Federal Regions in the center of ten large cities has contributed to the revitalization of the deteriorating downtowns in some of these cities.

employment

Federal decisions regarding employment at civilian and military installations exert major influence over local urban and rural development as well. See Table 11, which measures the FY 1973 distribution of defense payroll outlays between metropolitan and nonmetropolitan counties. Metropolitan counties received most of such outlays, reflecting the existing pattern of installations developed over the years.

Procurement of Goods and Services

procurement

Another form of Federal influence on growth patterns is procurement outlays for Defense, NASA,

Table 11

FY 1973 Defense Payroll Outlays By Metropolitan And Nonmetropolitan Counties

Defense Payrolls	U.S. Total Millions	Percent Distribution By Counties	
		Metropolitan	Nonmetropolitan
Civilian Pay	$11,429	85.3	14.7
Military Active Duty Pay	$12,417	75.2	24.8
Military Reserve and National Guard Pay	$ 1,231	76.5	23.5
Military Retired Pay	$ 4,122	84.9	15.1

Source: Adapted from Economic Research Service, U.S. Department of Agriculture

and AEC. Several types of procurement outlays heavily favor urbanized areas of the country where the bulk of manufacturing, supply, service, research and other resources are located. See Table 12.

research and development

Federal procurement and sponsorship of research and development activities represent important influences on the economic development of certain regions of the United States. Although the 1968 ACIR report, *Urban and Rural America: Policies for Future Growth,* recommended that regional development considerations be taken into account in procurement policies, Federal procurement decisions have generally continued to reflect the lowest-cost competitive basis for contracts. Scientific research and development has been enormously expanded in the post World War II era as the Federal Government has played a major role in funding R&D for military activities, atomic energy development, space programs and a variety of other civilian activities. Federal contracts for scientific research and development tend to be awarded to existing centers of scientific achievement, which in turn are located in fast-developing metropolitan areas. As an example, NASA awarded R&D contracts totalling almost $40 billion for the Apollo program, providing strong economic growth for selected counties in metropolitan areas.

Taxation

regional impacts of specialized taxes

Taxes of various kinds, on corporations, individuals, and property, influence State and local growth patterns in complex ways. Federal fiscal policy has been concerned almost exclusively with overall economic growth as viewed in a nationwide context. The location or distribution of economic growth throughout the country has not been a factor of primary concern. Yet specialized tax provisions often have important regional and sector growth implications. For example, the oil depletion allowance together with other favorable Federal tax policies for oil produces a major impact on the economic growth of those locations of the country which have oil reserves. Another example is the capital gains provisions of Federal income tax laws which, for example, provide incentives to those investing in land and other capital assets,

Table 12

FY 1973 Defense-NASA-AEC Outlays
Metropolitan And Nonmetropolitan Counties

	U.S. Total Million $	Percent Distribution By Counties	
		Metropolitan	Nonmetropolitan
Defense Contracts			
Military Prime Supply	$17,014.7	89.8	10.2
Military Prime RDTE	6,218.7	96.7	3.3
Military Prime Service	5,643.4	82.8	17.2
Military Prime Construction	1,249.1	73.5	26.5
Civilian Functions	1,789.8	69.9	30.1
Contracts Under $10,000	3,746.7	86.7	13.3
Atomic Energy Commission			
Operating Expenses	2,380.2	71.7	28.3
Capital Investment	428.1	75.1	24.9
NASA			
Research & Prog. Mgt.	652.2	98.1	1.9
Facilities Construction	52.7	96.6	3.4
Research & Development	2,247.0	98.6	1.4

Source: Adapted from Economic Research Service, U.S. Department of Agriculture

by permitting profits from the sale of land (held longer than six months) to be taxed at about half the rates otherwise applicable.

Credit Management

credit management

A number of Federal organizations are concerned with credit cost and availability, such as the Federal Reserve System, the Federal Home Loan Bank Board, the Farm Credit Administration, the Government National Mortgage Association, the Federal Housing Authority, the Farmers Home Administration, and the Veterans Administration.

These credit-related institutions do not deliberately operate to achieve predetermined impacts on community or regional economic development. But they often do. For example, housing mortgage guarantees and interest rates which these agencies influence have played a key role in encouraging suburbanization by encouraging construction of new housing rather than conserving existing housing stock. The result has been to give inadvertent impetus to outmigration from central cities. Assistance to the shipbuilding industry represents yet another example of Federal influences on growth. Over the years, credit for the shipbuilding industry has led to the expansion and maintenance of numerous locales whose economy centered on ship construction and related industries.

Regulatory Activities

air and water pollution control

The Clean Air Act of 1969 as amended and the Water Pollution Control Act of 1971 as amended are two of the more important Federal regulatory systems that influence physical and economic growth patterns at the State and local levels. Under the Clean Air Act, the Environmental Protection Agency sets performance specifications for stationary pollution sources, auto emissions, and ambient air quality. State implementation of these standards can require modifying or halting construction of major shopping and office centers, and private transportation operations. Federal water pollution control legislation provides for Federal/State regulation of water quality by requiring a national system of standards, enforced by a permit system, for the discharge of effluents from point

sources into navigable waters. Other national/State permit systems cover municipal waste facilities, large feedlots, industrial and other point sources of discharge.

NEPA

Under the National Environmental Policy Act of 1969, all Federal agencies must assess the impacts of proposed Federal actions, the administration of grants and loans to State and local governments, and assistance to the private sector. Public and private decisions on the location and design of housing, business and industrial projects, public facilities, transportation, parks and other components of development are often determined by environmental considerations raised during the course of impact reviews.

Flood Insurance

The National Flood Insurance Program is another example of the influence of Federal regulatory activity over the location of growth and development. Through the operation of statutory and administrative regulations tied to the insurance function, new development is encouraged in areas that do not pose dangers of flooding and discouraged in unprotected flood prone areas. (Recent legislation, the Disaster Relief Act of 1974, extends this Federal role to other natural hazard areas, (e.g., earthquake, volcanic, landslide or subsidence zones) by requiring States and communities which receive grants or loans under this legislation to commit themselves to evaluate the hazards confronting them and to enact and enforce land use and construction measures to reduce these hazards.

Growth is also affected by the policies of other regulatory mechanisms. The Federal Power Commission regulates hydro-electric power production, electric power facility systems, and natural gas production and pipelines. Interstate Commerce Commission regulations cover rail, water, and highway transportation. The Civil Aeronautics Board regulates economic aspects of air carrier operations, and the Federal Maritime Commission regulates domestic offshore and international waterborne commerce. Atomic Energy Commission responsibilities include regulation of the location and form of nuclear energy power plants. In sum these commissions control location of much of the physical infrastructure essential to growth.

A new dimension of Federal regulatory impacts on

growth is the proposed legislation for strip mining and reclamation. Such legislation will critically affect the pace, location and amount of mining activities, particularly in the Rocky Mountain and Appalachian regions, and thus the growth of these areas.

IMPLICATIONS FOR GROWTH POLICY

Federal influences are pervasive

From this selective review of the impacts of growth of various Federal policies and programs, certain observations can be drawn.

- Because of inadvertent or hidden impacts, Federal influences on the quality of life, on growth and on development at regional and local levels is more pervasive than generally recognized.

uncoordinated

- Most Federal policies and programs are not ostensibly intended to influence growth and development directly. Since these Federal activities are not orchestrated to influence growth patterns, States and localities are subject to haphazard impacts. Some are beneficial, some are not.

reactive

- In those cases where Federal action is intended to affect growth patterns or the well-being of people, policy is usually reactive rather than foresighted. Public actions are taken to respond to problems after they have occurred rather than to anticipate social and economic conditions in advance. For the most part, programs designed to correct growth problems have failed in the face of far larger impacts of other Federal actions and the sheer weight of private sector determinism.
- Except for the national highway program, few grant programs appear to have had major, long lasting and substantial impacts on growth patterns. Far more important effects flow from other kinds of Federal action:

  –Direct Federal public works and resource development programs;

  –Programs providing credit for housing, agricultural production, and business investment;

  –Regulatory activities of the Federal Government;

  –Federal procurement of goods, services, and research and development.
- From the viewpoint of States and localities, the

cumulative impact of diverse Federal influences is hard to monitor and harder to anticipate. The ability of these governments to manage growth and development is influenced by Federal activities, and the degree of influence varies from community to community.

STATE AND LOCAL EXPERIENCE IN PLANNING FOR GROWTH AND QUALITY OF LIFE

two requirements of growth policy

Growth and development policy rests on two foundations. It must have public support. And government must have the ability to translate it into operational terms, consistent with the private sector role. The extent to which these requirements are met is analyzed below at three levels. **Multistate Regional Cooperation** reviews the evolution of federally-assisted interstate regional commissions, river basin commissions and voluntary associations formed by States, and discusses potential institutional roles for regional cooperation across State lines. **State and Local Experience** describes recent actions to improve public capacity to define growth policy, coordinate functional programs, and better cope with physical growth and development. **Evolution of Substate Districts** reports on the continuing expansion of these coordinative organizations, issues over improving their effectiveness, and increasing demands of public interest groups to clarify the role and rationalize the structure of these districts.

MULTISTATE REGIONAL COOPERATION

multistate commissions

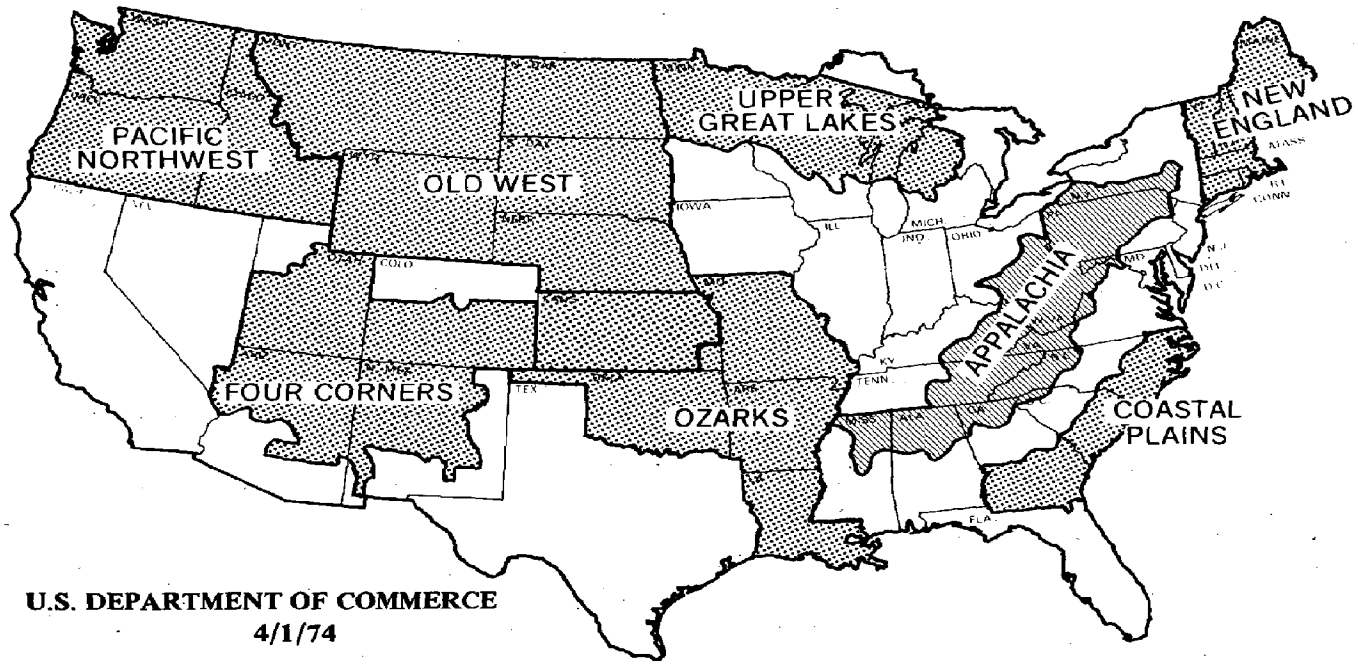
In the past, the States on many occasions have joined together for purposes such as metropolitan planning, river basin development, and the promotion of environmental quality. Since no one combination satisfied all needs, multistate regions have been defined differently for different purposes. As of mid-1973, there were 29 Federal-multistate commissions: eight relating to economic development for lagging regions, 21 for river basin planning.

economic development regions

Economic Development Regions. Eight Regional Commissions, as shown in Map 1, have been created as Federal-State partnerships for economic development. Each commission contains a Federal Co-chairman

Map 1

ECONOMIC DEVELOPMENT REGIONS



U.S. DEPARTMENT OF COMMERCE
4/1/74

appointed by the President and the Governors of the participating States. The Appalachian Regional Commission was created by Congress in 1965. The region includes parts of 13 States with 18 million people and a high concentration of poverty and underdevelopment. Control over the spending, since the program began, of about $2 billion in Federal funds is shared by the Federal Government and participating States. State and local governments in the region have contributed another $2 billion to match the Federal funds. About 45 percent of Federal assistance has been invested in health, education, vocational training, the reclamation of mine areas and community facilities. The Public Works and Economic Development Act of 1965 provided for similar regional commissions in other parts of the Nation. Seven have been formed under this Act, but exercise more limited authority and operate with less funding than does the Appalachian Commission.

interstate river basins

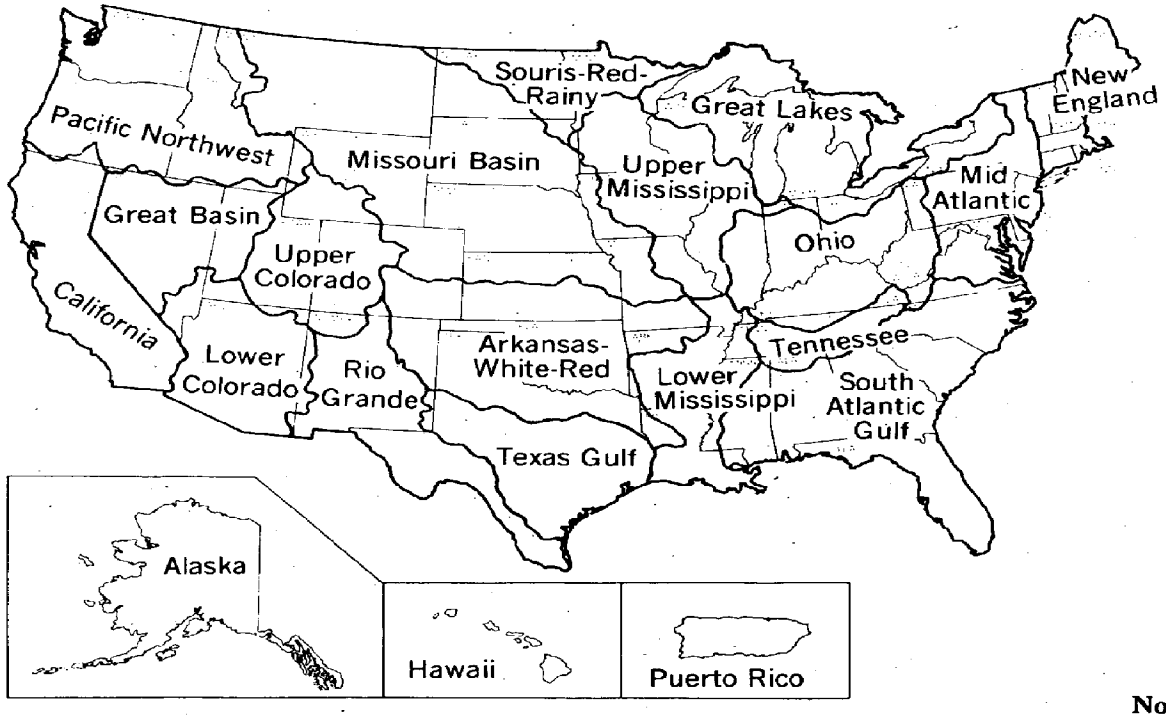
River Basin Regions. The Water Resources Council and several Federal Interagency Committees have divided the country into 21 river basin regions. See Map 2. Authority now exists for Federal-State cooperation for basin planning through River Basin Commissions similar in structure to the Regional Economic Development Commissions. It should be noted that the Delaware and Susquehanna River Basin Commissions are interstate compacts that have been ratified by both the participating State legislatures and the Congress. The others are organized on the basis of Federal statutes alone.

voluntary regionalism

State-initiated Regionalism. There are several organizations formed under what may be termed "voluntary regionalism," that is, States getting together without Federal initiative. The most prominent of these is the Federation of Rocky Mountain States, chartered as a nonprofit corporation in 1966 by the Governors of Colorado, Idaho, Montana, New Mexico, Utah and Wyoming. The Federation is funded by the six States, leading businesses in the region and various Federal programs. Organized originally for economic development purposes, the Federation's purview has

Map 2

RIVER BASIN SURVEYS
WATER RESOURCES REGIONS



November 1974

expanded to include many matters affecting the quality of life and development in the Rocky Mountain Region.

Federation of Rocky Mountain States

The Federation's experience is a useful precedent for interstate policy formulation. As a nonprofit organization, it is able to spin off subsidiary institutions for specific projects. Its boundaries can be adjusted for different purposes. For instance, the Federation works with the Dakotas on matters involving Federal Region VIII, and with Washington and Oregon on cultural matters. Direct involvement of Governors gives an important dimension of political reality, an essential in State development planning. The Federation offers the advantage of access to the private sector. The West's leading banks, utilities, manufacturing concerns and retailers are all dues paying members, which has been useful in coordinating large scale private sector development proposals with State planning objectives and policies.

Southern Growth Policies Board

Another example of voluntary regionalism is the Southern Growth Policies Board. Composed of States only, the Board was created in 1972 by 15 Southern States as a cooperative regional effort to enhance the development, conservation and utilization of human and natural resources in the South. As one of its earliest and principal efforts, the Board has established a Commission on the Future of the South. This Commission is charged with developing interstate resources, land and natural resources, and transportation systems.

New England groupings

One more example of voluntary regionalism is the New England area, the Nation's most homogeneous region with a tradition of cooperation among the six States dating back 300 years. There are, for example, the New England Governors' Conference and the New England Council, a private-sector organization. The six New England States also constitute a Regional Economic Commission, a River Basin Commission, and Federal Region I, the only group to have the same boundaries for all these institutions. The Region is almost unique in the congruence of institutional boundaries with economic and environmental boundaries.

Multistate Regionalism in Sum

roles of regional institutions

As forums for planning and development, the most important function that multistate regional institutions can perform is to coordinate individual State plans and programs affecting the quality of life of people throughout the region. They do this by developing consensus on interstate policy issues and exchanging information between levels of government. They are not permanent fourth levels of government, but are instrumentalities created by the participating members to adjust geographically-limited jurisdictions to larger economic and social problems.

information exchange

interstate strategies

Interstate groups also help with adjustments to new developments that have impacts beyond the local or State level. Multistate organizations have the geographic field of vision to identify growth and development strategies on an interstate scale.

interstate regulation

A major role of interstate institutions is regulation in functional areas such as water resources and environmental quality. Each State must adopt a common format by statute or administrative arrangement, as in a compact. Over the years, many compacts have been adopted by States; a recent Council of State Governments study identified 150 in current usage. As the courts continue to intervene in large scale environmental and urban problems, there will be greater pressure on States to work cooperatively through interstate compact organizations to solve interstate aspects of such problems.

coordination of plans

Multistate planning organizations also can help coordinate plans and programs for investments to be made by large private and public investors. Many private sector investments are regional in scale. For example, utility companies must have a way to relate the impacts of power generating facilities serving several States to housing, transportation and urban growth patterns. In the absence of data assembled in a regional context, the utilities have not always been able to project demand for their services in terms of the aggregate State forecasts for the region. Heretofore, in most cases the utilities have developed their own regional projections which might not conform to aggregate State projections.

Interstate cooperation depends on full partnership. In the Federal system of government, States are basic building blocks for national policy. But State boundaries do not always constitute practical planning regions. Thus, the States and Federal Government continue to experiment with multistate organizations, each tailored to specific regions and functional problems. The implicit lessons emerging from these experiments is that cooperation between States will prove to be an inevitable and important component of coordinated national and State growth and development strategies.

partnership among States

4

State And Local Experience

It is at the State and local levels that the most challenging problems arise in promoting quality of life and in coping with growth issues. The experience of recent years shows that the States are exerting vigorous leadership to establish means for determining the wishes of people and goals for growth.

evolution of State growth policy

Historically, evolution of State growth policies has been retarded by the lack of national consensus on the form and content of an intergovernmental process for policy development. There has been constant confusion over objectives, inability of technical experts to provide information needed to develop such policy, and fragmentation of the legislative and executive authorities needed to properly address growth issues.

However, there appears to be a new public, political and academic sensitivity and appreciation for the interrelated nature of all the factors of growth and development, More and more, various States are recognizing policies for growth that take into account the frequently conflicting claims of social, economic, and environmental objectives.

Role of the States

powers of State to manage growth

The States are uniquely suited to managing growth and development processes because of the constitutional powers they enjoy and their relationship to local governments. States are the only institutions that combine metropolitan and nonmetropolitan-wide perspectives, decisive powers to override local actions adversely affecting larger interests, and sufficient local knowledge and local political roots to make proper use of these tools. State government has, therefore, emerged as the instrumentality well equipped to carry

the responsibility for development of growth strategies and implementation of public action to improve the quality of life.

The powers of the States to develop and implement growth policies are considerable:

- A State may strengthen or otherwise modify local powers to deal with the problems of growth and development.
- A State establishes its own taxing powers and those of its constituent jurisdications. Tax policy can be a powerful incentive or disincentive to growth and development.
- A State has jurisdiction over the use of land within its boundaries and may delegate to or withdraw from local jurisdictions any powers over land use deemed appropriate by the people and legislature of the State.
- A State has power to regulate and establish standards over a wide array of activities including these affecting the environment, health, education and other aspects of the quality of life.
- A State is an investor and through its own direct funding powers may take an active hand in shaping growth and development patterns and setting quality levels for services within its boundaries.
- A State is a landowner and through acquisition, or more indirect devices, may forestall development in certain fragile scenic, historic, or otherwise publicly important areas.
- A State is an adjudicator and through its courts, regulatory commissions, review boards and other bodies can mediate decisions on patterns of its growth and development.
- A State has extensive responsibilities for achievement of numerous national goals and Federal requirements, through management of Federal funds and the exercise of regulations dealing with clean air and water, highway development, health, education, welfare, housing, law enforcement and other aspects of growth within the State geographic area.

challenges to States

All of these powers have been traditionally employed by the States in the past. Their present challenge is to define goals and objectives for future State growth and development in order to use these powers

most effectively. A further and even more pressing challenge is to put in place the appropriate organizational structures to deal with growth issues and problems in a systematic way.

Evolving State Agendas

State efforts in 1973

A substantial number of States are now moving toward more concerted attempts to help shape their future growth and development and further raise the quality of life sought by their citizens. These efforts take many forms, as reported below for the period through 1973.

setting goals

Commissions on goals. Twenty-one States were engaged in attempts to articulate goals for future development. These attempts involve extensive public hearings and debate in areas throughout each State.

Population policy. Six States have created Population Commissions and 10 State legislatures have approved population stabilization resolutions. In establishing Population Commissions, several States come close to stipulating goals for growth and development. The Colorado statute, for example, directs that State policy should attempt to balance activity throughout the State, and discourage "excessive" centralization of economic activity in any one portion of the State to the detriment of other parts.

alternative futures assessment

Growth policy and futures assessment. One tool used increasingly for corporate planning, "alternative futures assessment," is being tried by several States. Utah is attempting to identify major economic changes which may occur in the State during the next ten years, assess their probable impacts, and outline five of the most probable futures for the State that follow from these changes. The Governor has called for functional State agencies to develop plans for action within the context of these five alternatives. Washington and Ohio are similarly engaged in "futures" analyses.

Outside of State governments themselves, private groups also seek to develop "alternative futures" with respect to growth and development. The Upper Midwest Council (a business-supported research organization concerned with development in Minnesota, the

Dakotas, upper Wisconsin and Michigan) is now engaged in developing strategies to promote a more even distribution of growth through that region rather than its concentration around the Minneapolis-St. Paul area.

problems of policy implementation

Policy planning. Without the means to coordinate the development of policies in both the executive and legislative branches, however, many of these efforts cannot readily be implemented. Recent trends demonstrate an effort to place increased emphasis on gubernatorial ability to execute policy and coordinate a broad range of State responsibilities. Basic trends in improving the State level executive policy planning function include: reorganization of planning, budgeting, and management units, development of improved functional planning capabilities; and development of staff and organizational capabilities of the Governor's office to deal with comprehensive State development policies. A companion trend is the increasingly attractive professional opportunities in public administration in State government. A stabilized civil service, higher salary schedules and increasing competition have strengthened the executive branch in many States.

accelerating legislative reform

Legislative reform. State legislative reform is also accelerating. Many of these reform efforts can be traced to reapportionment and the changing composition of State legislatures. State legislatures are considerably younger than ten years ago and now include more women and minority members. These changes in composition have brought significant changes in committee organization and staffing.

executive branch reorganization

Administrative reorganization. Fourteen States have undertaken a substantial reordering of their executive branches since 1965. These include Michigan with the adoption of a reorganization plan in 1965; Wisconsin followed in 1967; Colorado in 1968, Florida and Massachusetts in 1969; Delaware and Maryland in a 2-year span 1969-70; Arkansas, Maine, Montana, and North Carolina in 1971; Georgia and Virginia in 1972; and South Dakota in 1973.

State financing for long term growth

State financing. Within recent years, several States have shown a willingness to make large scale investments for long term improvements. The two notable forms of this investment have been State revenue sharing with local government and comprehensive

bond financing programs. Michigan and New York have been leaders in comprehensive bond financing. Recently, Washington State voters passed four out of five interrelated bond issues, amounting to a total investment of $4 billion, to establish a growth structure for future State development. In 1972, New York State passed a comprehensive environmental bond issue of $1.15 billion to finance land, water, and air pollution control programs ovver the next five years. Illinois passed a $900 million transporation bond issue for highways, mass transit, and airport development.

Managing land use and development. Vermont, Hawaii, Maine, and Florida have all enacted statewide land use legislation with potentially important policy implications for the evolution of State growth policies and maintenance of environmental quality.

Statewide land use legislation

Vermont's Land Use and Development Act contains two basic provisions: a permit system regulating all private and public residential developments of consequence, and a planning system, largely proscriptive in intent, which calls for three kinds of land use plans. The first is an interim plan describing permissible uses of land based on ecological considerations. This plan will serve until a Development Plan is adopted. The final plan is a State Land Use Plan which will draw upon the recommendations in the earlier plans and will designate which areas are suitable for development and which are not.

Hawaiian Land Use Law

The Hawaiian legislature passed its Land Use Law in 1961 to curb speculation, preserve agricultural land and maintain open space while enabling the State to meet expanding needs for developable land. The Land Use Law created a State Land Use Commission which was directed to divide the entire State into four districts: conservation, agricultural, rural and urban. Within each district, land uses must be consistent with the nature of each district. The Commission has made major decisions affecting the economic, social and environmental conditions of the State and the Commission provides the mechanism through which competing development and conservation interests can be resolved according to statewide policy. The State in 1972 also enacted a "State Quality Growth Policy" to

balance economic development needs against environmental consequences.

More recently, Hawaii has introduced "carrying capacity" as a factor in economic growth policy. In November 1973, a temporary Commission on Statewide Environmental Policy called for guidelines to ensure that land development, economic growth, and resource utilization do not exceed the limitations (the "carrying capacity") of Hawaii's environment. The proposed legislation and implementing programs represent a State level experiment to guide growth so as to achieve multiple public objectives.

Maine Site Selection Act

In 1970, the Maine Legislature, motivated by proposals for several major oil terminals, passed the Site Selection Act requiring a license for any commercial, residential, or industrial development which occupies a land area in excess of 20 acres or which contemplates drilling or excavating for natural resources or which occupies on a single parcel a structure or structures in excess of a ground area of 60,000 square feet. Maine passed two additional acts in 1971. One provides for State-level land use controls; the other extends planning and subdivision controls of the Maine Land use Regulation Commission to all unorganized areas of the State.

Florida Land and Water Act

Florida, drawing on the experience of other States, passed a comprehensive Environmental Land and Water Management Act in 1972. It calls for preparation of a comprehensive State plan and established both a State Land Planning Agency and Administration Commission. The Florida legislation is a landmark in that it provides for the designation of areas of critical State concern and the designation of developments of regional impact. Areas of critical State concern may be those having significant impact on environmental, historical or natural resources of regional or statewide importance; those affected by or having an effect on major public facilities; or a proposed area of major development potential such as a new town. The State Land Planning Agency or regional planning agencies may recommend to the Administration Commission areas for such designation. If the Commission decides favorably on such designations, it must also provide principles for building and

development in the area. Regulation of the areas is the responsibility of local government provided that their regulatory mechanisms are adequate to the task.

Tennessee has authorized preparation of similar State development plans. Arizona, Arkansas, Colorado, New Mexico, Massachusetts, Michigan, Rhode Island, Georgia, Virginia, and Washington all have embarked on special land use studies preparatory to legislative action.

Coastal Zones, Wetlands, and Shorelines. Within the past five years, coastal zone States have exerted increasing authority over land use to preserve areas of critical environmental quality. The voters of California by initiative have declared that the coast line is a distinct and valuable resource and that it is State policy to preserve, protect, and where possible, restore the natural and scenic resources of the coastal zone for present and succeeding generations. The coastal zone generally includes the land and water area extending seaward about three miles and inland to the highest elevation of the nearest coastal range. The California initiative created one State and six regional commissions which will study the coastal zone and its resources, prepare a State plan for coastal conservation and management, and regulate development by a permit system in the meantime. The regional commissions, cooperating with local agencies, prepare plan recommendations for the State commission which must prepare and adopt a plan for submission to the Governor and Legislature by 1975. Until then, new development in the permit areas of the coastal zone is restricted. No permit may be issued for development which will have any adverse effect on the quality of the coastal zone einvornment or lead to irreversible degradation.

California voters' initiative

In 1971, the Delaware General Assembly established a coastal zone and created the State Coastal Zone Industrial Control Board. It declared the public policy of Delaware to control of the location, extent, and type of industrial development in Delaware's coastal areas, thus protecting the natural environment of the bay and coastal areas and safeguarding their use for tourism and recreation.

Delaware coastal zone control

State environmental impact review

Environmental Impact Requirements. The concept of systematic preconstruction review of the environmental impacts of publicly-sponsored projects is gaining favor at the state level. By August, 1974, 16 States and Puerto Rico had adopted procedures similar to those required at the Federal level by the National Environmental Policy Act.

Large Scale Projects. The States are enacting laws giving them special powers to review and control large scale developments likely to have widespread effects. Power plant siting, the location of refineries, large urban developments, superports and airports are typical of the kinds of projects addressed by such legislation.

power plant siting

Maryland has adopted a power plant siting law, the enforcement of which is financed from a tax on electrical power. The State provides alternatives sites if the one selected by the utility is rejected. Texas, Oregon, Washington, Ohio, Virginia and New York have also adopted power plant siting policies. Texas also has established an Offshore Terminal Commission and Louisiana a Deep Draft Harbor and Terminal Authority to determine where and how and under what condition superports can be constructed.

State new community activities

New Communities and Growth Centers. Several States have sought to gain experience in creating new towns. New York State's Urban Development Corporation, with powers to acquire land, facilitates large-scale housing and related development projects in concert with local and substate organizations. Alaska has taken steps to facilitate new communities in areas where development of mineral and timber deposits are likely to lead to an influx of population. Louisiana has passed a New Communities Development Act, applicable to the New Orleans metropolitan region. Ohio has passed legislation authorizing New Community Districts and New Jersey has instituted a New Communities Assistance Program. Arizona has authorized private developers of new cities to finance utilities and streets with general obligations bonds.

Kentucky has authorized new community districts, operating as nonprofit membership corporations to exercise general governmental powers in specific areas,

to promote private initiative and voluntary participation in planned urbanization.

State economic development programs

Promotion of Economic Growth. States have engaged in economic development programs for decades. Nearly all States are involved in a variety of promotional and informational activities traditionally carried out in connection with State chambers of commerce. Some States have vigorous and continuing campaigns to attract industries, even reaching out to foreign prospects. Fifteen States have set up overseas offices for that purpose. South Carolina, for example, is particularly active in attracting foreign firms. Twenty-four companies from seven Nations have developed plans in Spartanburg, South Carolina, since 1960, employing 4,000 workers.

Many States are actively supporting industrial development through a wide variety of means. State economic development and planning agencies conduct studies on various aspects of industrial growth such as labor supply, skill training, natural resources, transportation and fiscal policies. Thirty States have sponsored industrial development programs, leasing buildings, providing loans or guarantees, and other services. Twenty States utilize revenue or general obligation bonds to finance industrial development and 43 have authorized cities and counties to do so.

tax incentives

All 50 States use tax incentives in one form or another to encourage the expansion or creation of industry within their borders. As many as 19 different forms of tax relief were identified in a 1973 nationwide survey by the State of Michigan Legislature. These measures cover all types of taxes including corporate income, inventory, raw materials, equipment and capital improvement taxes. Their use, however, is sometimes limited by particular State constitutional provisions. These provisions cover such aspects of tax policy as forgiveness or reduction of taxes, the extension of credit, and use of accelerated depreciation techniques.

influencing location decisions

In general, States tend to remain neutral with respect to the specific location decision of "prospects," even to the point of enacting State laws to that effect. However, there is a growing trend among

State legislatures to use industrial development programs to influence broad patterns of development within the State so that some areas are avoided and others favored. Colorado has so instructed its Division of Commerce and Development. In Pennsylvania, preferential treatment has been given to depressed regions by providing low interest State loans, tax relief, and guarantees to community development organizations offering industrial land and buildings to firms willing to locate in such regions. Tennessee has created an Industrial Development Authority to attract growth into the underdeveloped areas of the State. Maryland provides loans to counties for the acquisition and holding of land for industrial development, one of the earliest indications of State interest in public "land banking" for future development. Other States indicate an interest in such advance land acquisition for development, a tool long used by European countries.

State housing programs

Housing. The emergence of States as a force in promoting the development of housing is fairly recent. Partially in response to Federal housing programs enacted in the latter part of the 1960's the States have been establishing their own housing finance and development agencies and community affairs agencies to facilitate the planning and construction of housing within their borders and to deal with many of the concomitant factors involved in housing production.

State housing finance agencies

As of 1960 there was only one State housing finance agency--in New York. In the late 1960's, 11 more were established. From 1970 to 1972, 14 additional States set up housing finance agencies. As of November 1974, 33 states plus the Commonwealth of Puerto Rico have enacted legislation to establish housing finance or development agencies and most of the remainder of the States are considering such legislation. These laws have led to the creation of 49 finance and/or development agencies, 40 of which are in some stage of operation.

their primary function

The primary function of State finance agencies has been to provide financial assistance for construction of housing for low and moderate income families. Most of these States play an active role in the development of housing, usually in partnership with private developers who do the actual building or rehabilitation

work. State agencies also participate in site selection and acquisition, design review, and the determination of size and number of units in a given project. They establish the nature and extent of supporting community facilities and set standards for equal opportunity, employment and marketing of the housing.

In general, State finance agencies have been given a broad range of authority in addition to financial capabilities. All but six of the finance agencies are empowered to survey and evaluate statewide housing deficiencies and develop programs to correct the deficiencies. Thirteen of the 33 State agencies directly administer Federal housing subsidy programs, with nearly all of the rest empowered to do so when they become fully operational. Eighteen are authorized to acquire land by purchase or eminent domain. Apart from nine authorized to act as public housing authorities, only a few are permitted to construct or rehabilitate housing directly on their own. Despite the variegated appearance of the above mentioned State institutional capacity to provide housing, nearly 130,000 units were constructed or being completed as of July 1974.

social objectives

Most States are moving toward housing policies addressed to the social objective of improving access to safe and sanitary housing for all citizens. Actions by State and Federal courts are calling into question earlier public policies on housing location for low income families. While State human relations commissions attended to individual complaints during the 1960's they are now faced in the 1970's with resolving far-reaching housing location problems to reduce disparities between suburbs and central cities.

fair housing laws

Assuring non-discriminatory access to safe and sanitary housing requires comprehensive fair housing laws applicable in all areas, metropolitan and non-metropolitan. Twenty-seven States and the District of Columbia have passed laws which provide rights and remedies for discriminatory housing practices, substantially equivalent to or more stringent than the Federal Fair Housing Act of 1968. Among the more effective laws based on both content and administration are those in Kentucky and New Jersey.

property taxation a mixed blessing

Tax Structure. The impact on community growth of taxation is a mixed blessing. As mentioned earlier, States use various tax incentives to promote economic growth and to encourage industrial development. The power to levy property taxes is generally delegated by States to their subdivisions: counties, cities, districts, and townships. These local real estate taxes are by far the most important local revenue source, currently accounting for 85 percent of all such revenues. Operation of local tax systems allows many communities to set their own standards for public facilities and services which they are willing to pay and sometimes to strongly influence the type and location of private development.

But it is also true that the property tax, anchored as it is to a single jurisdiction, can produce various distortions in land market operations as well as severe disparities in access to social services, public amenities and housing. Suburban land speculation, the conversion of prime agricultural land into urban uses near cities, the discouragement of low taxable uses (such as service industries and low income housing) and the determent of extensive property improvement and rehabilitation are attributable in part to the property tax and its dominant role in local public finance.

experiments in taxation

These kinds of effects have spurred States to experiment with means of mitigating the distortions. Thus, nearly half the States have provided for preferential property assessment of agricultural lands on the periphery of urban areas on the premise that rises in tax rates and assessments of these lands compel farmers to sell them to developers. There is also State concern over the impact of high property taxes on the poor and elderly, leading to efforts to grant special property tax relief. As of 1973, 22 States granted such relief through "circuit breakers" which prevent a family's property tax from exceeding a percentage of income considered to be equitable by the State. In addition provisions either eliminating or limiting property taxes for low-income homeowners over age 65 have been adopted in 24 States.

tax base sharing in Minnesota

Perhaps the most interesting change in trying to adapt tax policies to the realities of growth and development is the adoption of tax base sharing

legislation in Minnesota designed to reduce fiscal disparities in the Minnesota-St. Paul metropolitan area by pooling 40 percent of property tax revenues for redistribution among the jurisdictions on the basis of population and need. A local village brought suit challenging the validity of the law; but the State Supreme Court has upheld the constitutionality of the measure.

The Minnesota statute by exempting the tax base existing in 1971 in each community guarantees every unit of government in the metropolitan area a share of the growth of the nonresidential tax base regardless of where in the metropolitan area that growth will occur. Such an approach eliminates most of the incentives for fiscal zoning yet leaves the autonomy of local jurisdictions untouched. Where fiscal disparities among communities are large, a great amount of intergovernmental mutual understanding is needed to utilize this technique.

enhancing local capacity to cope with growth

Modifying Areawide and Local Powers. States can act in a number of ways to enhance the powers of local government to cope with growth: home rule legislation, State mandating of action, State assumption of responsibilities, fiscal reforms, and regulation of local activities. Pennsylvania, for example, has authorized counties and municipalities to adopt home rule charters. Kentucky has granted home rule to Louisville and to the counties. South Carolina voted a wide range of innovations at the local level including the combination of counties and city-county consolidation achieved through joint financing and administration of functions. Iowa has granted greater independence to municipalities in new home rule legislation. New Jersey, Wisconsin, Georgia, and Utah have all substantially expanded the powers of counties to provide services. For another example, in the two Carolinas, the voters have approved measures designed to minimize the proliferation of many local jurisdictions in the established metropolitan areas.

Growth Management at the Local Scale

techniques of limiting growth

Public concern for the quality of life and for better control over growth and development is most evident at the level of local elected officials. Around

the Nation, many local governments are experimenting with various techniques to guide land development activities, to modify economic growth, or to prevent change in environmental quality within their jurisdictions. Some local governments, concerned with high growth rates, have devised methods of guiding or constraining development so as to minimize its adverse side effects. These cities have concentrated on limiting the area taken up by urban development and on discouraging sprawl-type development. One technique used in the "no-growth" movement is the moratorium on building permits, a device seen by some as extra-legal at least to the extent that there may be no specific legislation authorizing the witholding of permits for a specific period of time. There is a limited amount of case law supporting the use of moratoriums to allow time for planning or to deal with emergency situations.

The Lake Tahoe bi-state planning commission is proposing an areawide ordinance to adapt population growth to land use and capability standards. Based on this ordinance, the maximum seasonal population would be 311,000 rather than the 700,000 which is allowed under conventional zoning by the local jurisdictions. In Boulder, Colorado, a campaign to limit growth received wide-spread support. A referendum to limit the city's size to 100,000 did not pass, but the city is studying methods to promote internal growth to provide employment for the resident population without attracting outside population.

development timing ordinances

Another technique to stop or severely limit the growth of local areas is the development timing ordinance. This type of ordinance attracted national attention in 1972 with the decisions of the New York Court of Appeals, In Golden va. Town of Ramapo, that such use of the police power is constitutional. The U.S. Supreme Court later dismissed an appeal for lack of substantial Federal interest. The Ramapo ordinance uses a mathematical formula for determining when land can be developed. The town has set out a schedule of proposed improvements over an 18 year period and will allow the development of land only at the time when the improvements are scheduled to reach the area. A point system has been developed to

measure this state of readiness. The ordinance substantially reduced the number of housing units being constructed in the town and increased their cost. The Court of Appeals upheld the validity of the ordinance in relation to the availability of public facilities.

Petaluma, California has designed a development control program to limit population growth. All residential development, except for small scale buildings, would be alloted through a review process taking into consideration an established quota system tied to the provision of municipal services. A lower court has held that the city could not so limit its growth because the effect would be to deny individuals their rights to choose where to live. This decision has been stayed pending review by an appeals court. Fairfax County, Virginia recently adopted a land bank approach. To relieve development pressures the county approved $2 million for a land-bank fund to buy up open space for eventual resale to developers who would be required to develop the land in accordance with a county plan.

Many localities are concerned with the high cost of services produced by increased population growth. For example, in counties around Washington, D.C., authorities are curtailing development until adequate sewage and water facilities can be provided, at which time growth can continue.

economic growth vs. environmental quality

Most of these local policies to curtail growth are experimental. They are immediate responses to changing pressures, rather than tools for implementing long range policies of community development. It is too early to conclude whether the experiments will prove to be precursors of a major trend toward growth limiting actions. But it is not too early to reach the judgment that there is a vigorous stirring at the local level to develop new public techniques to strike local balances between such goals as economic growth and a quality environment.

Metropolitan Reforms. The traditional prescription for metropolitan reform is to promote the conformity of political boundaries with areawide social and economic problems. Annexation and consolidation, especially city-county consolidation, are often proposed as the means of implementation.

voter reactions to annexation and consolidation

In recent years, some important questions have been raised about the efficacy of such prescriptions. A number of such proposals have failed to win voter approval at the polls. This would seem to indicate that metropolitan constituencies do not necessarily perceive the inadequacies of metropolitan life in terms of the lack of political and administrative "neatness." Of course, certainly a number of such negative votes can be traced to considerations of the income and/or racial mix of a particular metropolitan area. And questions have also been raised about monopoly control of public services which might flow from a theoretical approach to the regionalization of metropolitan government under which most metropolitan services would be the responsibility of a single government. At present, there is considerable interest in "two-tier approaches" to consolidation, in the hope that a degree of pluralism might be preserved in terms of the range and quality of public services offered locally while still accommodating the regionalization of services which are efficiently provided by a larger unit of government.

innovations in metropolitan management

Two-Tiers in Twin Cities. One of the most interesting innovations in metropolitan government adopted in the last six years has been the Twin Cities Metropolitan Council established by the State of Minnesota. The Council's major responsibilities are the preparation of a Metropolitan Development Guide covering sewers, parks and open spaces, transportation, housing, and other major regional activities which establish long-range policies, the conduct of ongoing planning programs, and the provision of standards for measurement of other agency actions.

The plans of boards, commissions, and agencies having metropolitan impact must be reviewed by the Council and be approved within the context of the Council's Metropolitan Government Guide. For example, included among these functional agencies are the Metropolitan Sewer Board, the Metropolitan Airport Council and the Transit Commission.

criteria for physical, social, economic growth

Association of Bay Area Governments Project Review Criteria for Growth. Another technique to manage growth has been developed by the Association of Bay Area Governments in the nine-county San

Francisco Bay Region. The Association has established criteria for use in the review and comment of local applications for Federal assistance and for environmental impact statements. The criteria cover three major aspects of growth: overall patterns, social and economic considerations, and physical-environmental factors. The Association will specifically assess how proposals relate to (1) areas already committed to development; (2) alternative means of travel, particularly public transit, in lieu of reliance on automobiles; (3) fulfillment of housing needs; (4) expansion of jobs, income, and personal mobility for disadvantaged groups; (5) accessibility to recreational and natural areas for low income, young and elderly population groups; and (6) seismic sensitivity, air and water quality, soil and terrain characteristics and flood and fire hazards.

San Jose Development Policy. The Urban Development Policy program in the San Jose-Santa Clara County area of California is another effort at the metropolitan level, this one intended to insure that San Jose's future growth will proceed in an orderly manner and that balance is achieved between industrial, commercial, residential and public uses. A key element in the Urban Development Policy is agreement between the city and Santa Clara County that urban-type developments requiring municipal services should not be allowed in the unincorporated area of the County. The objective of the Urban Development Policy is to guide growth by staging incorporation and the development of urban services. In order to accomplish this objective, it considers (1) the amount of land which will be needed annually to accomodate new growth (2) the areas of the city which currently have adequate utilities and facilities and (3) the amount of land which must be available to avoid artificial inflation of land values. Areas designated for immediate urban growth are those areas which are now serviced or are proposed to be serviced within five years.

EVOLUTION OF SUBSTATE DISTRICTS

substate districts support local governments

Substate general purpose districts, such as councils of governments and regional planning agencies, also perform important functions in implementing growth

policies. Their intended function is to strengthen the capacity of local governments to cooperate in solving growth problems that transcend the boundaries of any one jurisdiction.

The Expansion of Districting

steady growth of districting

There has been a relatively quiet but dramatic revolution on this front since the early 1960's. Ten years ago, there were about 25 councils of government, a handful of transportation agencies, and large numbers of special districts and authorities established to carry out functional programs. Only a few States had substate general purpose districting systems. But, by the end of 1973, there were over 600 councils of government, Forty-four States had delineated substate districting systems, with a total of 488 districts. See Map 3. The creation of general purpose districts and their incorporation into statewide systems are in part an attempt to bring some order to the chaotic proliferation of single purpose functional agencies at the substate level.

Federal Influence on Substate Districts

Federal encouragement of substate planning

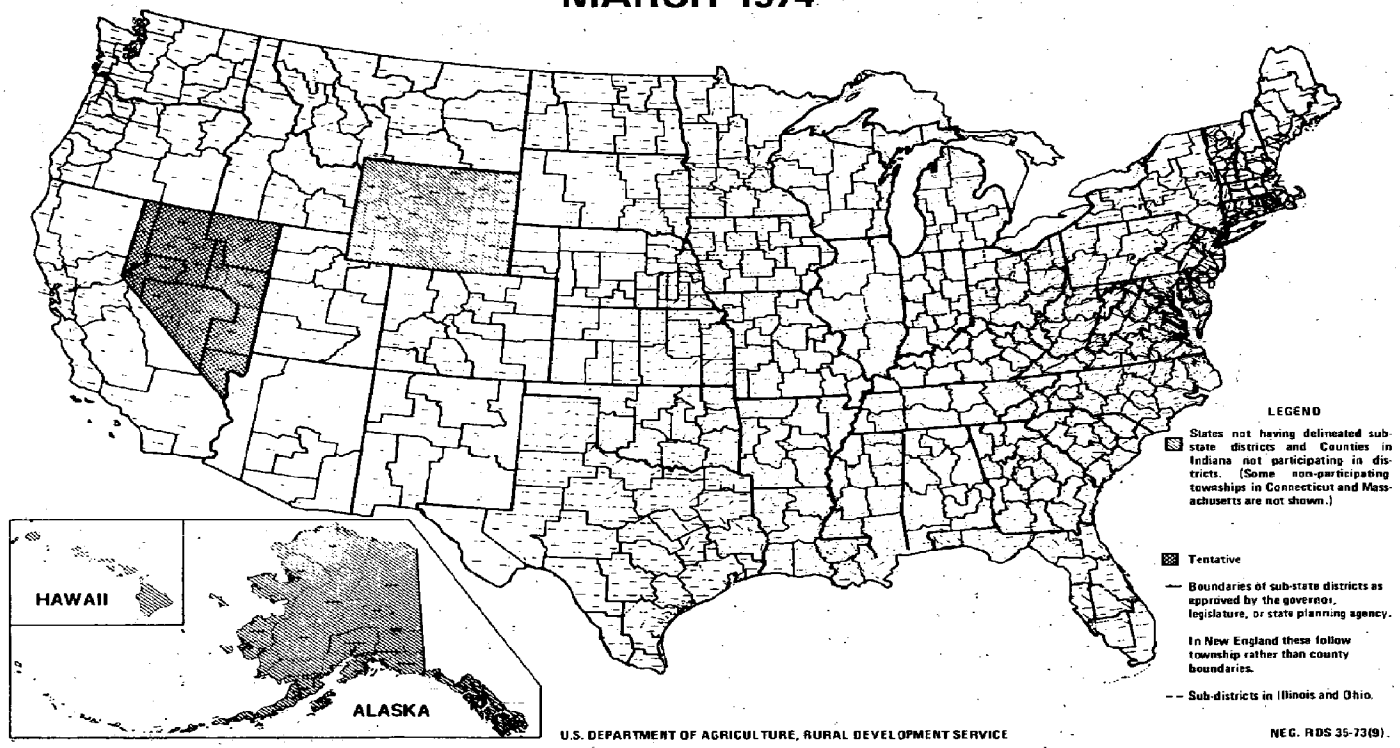
Federal actions have contributed to the proliferation of these substate agencies. Twenty-four major Federal grant programs provide assistance specifically for planning. Ten of these either support or require planning on a multijurisdictional basis: for example, comprehensive health planning, law enforcement assistance, water pollution control and transportation planning. Federal planning assistance and requirements are heavily supportive of district functional and project planning. In FY 1973, $100 million was available for comprehensive planning and management grants through the Department of Housing and Urban Development's "701" program. About $250 million in addition was available for functional planning from numerous other Federal grant programs. A large share of these funds were utilized by substate districts.

role of A-95 review

A major impetus to the formation of general purpose substate districts has been Circular A-95, issued in 1969 by the Office of Management and Budget, pursuant to the Demonstration Cities and Metropolitan Development Act of 1966, the Intergovernmental Cooperation Act of 1968, and the National

Map 3

SUB-STATE PLANNING AND DEVELOPMENT DISTRICTS, MARCH 1974



U.S. DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT SERVICE

NEG. RDS 35-73(9).

Environmental Policy Act of 1969. The circular requires the States to designate clearinghouse agencies to review and comment on project applications for certain types of Federal assistance within the geographic area over which the substate agency has jurisdiction. It encourages States and localities to establish a single areawide organization responsible for all Federally required planning and project reviews.

State Policies

State policies not uniform

State policies regarding substate districts are not uniform. In a few cases such as Georgia and Kentucky, State initiatives predated the major Federal programs that have in the past decade provided the principal impetus for interjurisdictional multicounty planning and programming. At the other end of the scale a number of States remain without an official policy or program to encourage interjurisdictional cooperation.

Urban-Rural Variations

a critical issue

Certain critical issues are emerging with regard to the formation and responsibilities of general purpose substate districts as a practical link in the chain of the Federal system. The first of these is a difference in the setting, role, and priorities of urban as contrasted with rural substate districts. Urban districts typically operate from an established local base with knowledgeable administrators and elected officials. Urban districts draw on substantial economic and fiscal resources as well as private leadership. Urban substate districts do, however, suffer from fragmentation among central city, suburban and exurban governments. Often they overlap State lines, which presents serious administrative and legal problems impeding cooperation. Rural substate districts on the other hand must often cope with a lack of sufficient fiscal and economic base to support an adequate program. Public and private leadership for these programs is only now emerging. The physical difficulty in rural substate districts of conducting public business across a sizeable geographic area also is a serious impediment.

Pressures For a Larger Role

implementation as well as planning?

Another problem is the range of responsibilities of substate districts. For the most part these districts

were established initially to meet Federal program planning requirements. However, there is increasing pressure for substate districts to undertake not only to plan for but to implement public programs and provide needed public services. The eventual role of substate districts within the Federal system and as partners with State and local governments in the process of implementing growth policies will turn on the question of whether substate districts remain principally as agencies to plan and coordinate programs of various levels of government and to provide technical assistance to local governments and private organizations or they assume responsibility for the conduct of public programs and services that cross jurisdictional lines.

ACIR recommendations

In June of 1973, the Advisory Council on Intergovernmental Relations adopted these recommendations to improve substate districting mechanisms, procedures, and planning:

- States with few exceptions are encouraged to adopt a system of substate districts. These districts would serve as "umbrella multijurisdictional organizations."
- The role of the States in substate regional development is now "pivotal." They should enact consistent statewide policies to provide a common framework and a clear set of State and local purposes for existing and future substate district undertakings.
- States and counties should strengthen district programs including membership on governing boards, financial assistance, use of regional plans and encouragement of special district consolidation.
- There should be Federal-State delineation of boundaries and creation of umbrella agencies for over 35 interstate metropolitan areas and Federal-State compacts defining their legal status.

Public Interest Group Concerns

other recommendations

In December 1972, public interest groups representing State and local government issued recommendations on substate multijurisdictional planning and policy development organizations. These groups included the National League of Cities-U.S. Conference of Mayors, the National Association of Counties, and

the National Governors Conference. The recommendations were similar to those of the Advisory Commission on Intergovernmental Relations,. particularly with respect to conformance of Federally sponsored substate districts to the boundaries of State designated districts; enactment of State legislation for multijurisdictional planning and policy development; use by State agencies of official substate regions for planning and delivery of State services; and increased support for multijurisdictional organizations on the part of local governments.

A policy position on substate district development adopted at the National Governors Conference in June 1973 described substate districting as an issue of growing concern to State and local elected officials and recommended:

- "Multijurisdictional planning and policy development organizations" should be public bodies with governing bodies composed at a minimum of a majority of elected officials.
- Federal and State policies should recognize a single umbrella multijurisdictional organization.
- Federal and State programs administered on an areawide basis should move toward integration with the umbrella organization.
- Boundaries of the umbrella organization should be set by the States but be acceptable to local general purpose governments.

the basic need: locally controlled substate districts

Major policy statements on substate districts point to general conformity of views and opinions on this basic need: the importance of establishing state-designated general purpose substate districts that are under the control of local elected officials, and that have a major role in regional planning and coordination of publicly supported projects and programs.

5
Conclusions

Introduction

Although Title VII of the 1970 HUD Act providing for these biennial reports refers to a "national urban growth policy," the statute itself contains ample evidence that Congress is also aware that growth policy is in reality an aggregation of policies. For example, in the same title, reference is made to "policies, plans and programs designed to carry out such policy" and to "recommendations for program policies for carrying out such policy." And following the phrase "the Congress further declares that the national urban growth policy should—"are numerous objectives which themselves represent policy determinations.

growth policy on aggregation of policies

In its findings and declaration of policy, Congress also declares that "existing and future programs must be interrelated and coordinated within a system of orderly development and established priorities..." There appears to be a growing consensus that although there must be constant assessment of the continuing validity of existing broad goals, policies or objectives, the most urgent need today is to develop better methods of assessing the relative priority to be afforded such goals, policies or objectives and to achieve the interrelationship and coordination of existing and future programs called for by Title VII.

urgent need for better assessment of priorities

This is much easier said than done, for we live in a world where, as Daniel Moynihan explained it in the 1970 National Goals Study Committee Report, everything is related to everything else. Nonetheless, there is a need for prompt action on two fronts: first, improving the mechanisms for bringing the necessary range of different policy and program viewpoints to bear on a particular issue and, second, more carefully

defining the matters each participant in such a process should take into account in arriving at an important policy or programmatic decision. Many of the recommendations set forth below are aimed specifically toward accomplishment of these objectives.

FOR THE NATIONAL LEVEL

Improving Mechanisms for Policy and Program Coordination. The authorities and responsibilities of the various departments and agencies of the Federal Government have changed appreciably over the years. With these changes, certain reorganizations within the Executive Branch become desirable. The Administration will continue to assess the desirability of and where appropriate propose further organizational changes. However, no matter what the organization, the cross-cutting nature of most if not all important initiatives put forth by any single department or agency requires consultation and coordination with other departments and agencies. This is particularly true for consideration of the impacts of such initiatives on our Nation's growth.

program coordination for community development

Community development is an excellent example. There are numerous statutes impacting on community development which, for proper implementation, require close coordination among various departments and agencies, such as HUD, DOT, EDA, and USDA. Some programs are coordinated from time to time, but there is room for much improvement. For example, State and local officials now have to make sense out of rural development assistance from at least three sources: USDA, EDA and HUD. They must also tread a line between EPA air quality regulations, which may tend to retard rural industrial growth, and Department of Agriculture loans and grant incentives for just such growth. And businessmen are seeking consistent Federal guidance on what balance to strike between environmental conservation and economic growth trade-offs.

Even if we were to have a single domestic department of the Federal Government, a Department of Domestic Affairs--which would be obviously unmanageable--there would be a need to coordinate with other departments and agencies. For example, export

and import policies can have an important bearing on the economy and jobs of particular communities.

role of the Domestic Council

Creation of the Domestic Council, which brought departments and agencies together in committees, each dealing with broad policy areas (and subcommittees dealing with more specific matters) was a substantial step toward better coordination of Federal policies and programs. The Council is continuing to assess ways in which the Executive Branch can improve policy and program coordination. From a national growth perspective, such assessment should include consideration of better ways to undertake these activities:

- monitoring national trends in the economy, population, social change, and the use of land and other natural resources.
- monitoring current Federal programs that affect urban and rural development so as to assess how HUD, USDA, DOT, EDA, HEW, EPA and other agency programs cumulatively impact on specific population groups and geographic areas.
- analyzing important new legislative and administrative proposals so as to anticipate the likely effects of such proposals on the economy, the environment, natural resources, population movements, and other aspects of growth.
- analyzing specific policy issues that arise from time to time among Federal agencies and recommending means for their solution.
- analyzing and recommending broad policies for the consistent management of grant-in-aid, subsidy, and loan programs, with respect to their impact on urban and rural development and economic growth.
- preparing the biennial Reports on National Growth, pursuant to Section 703 of the 1970 Housing Act, drawing upon findings of other major periodic assessments such as for energy, the economy, transportation, housing, the environment, natural resources and social well-being.

private sector and State and local views needed

Determinations requiring interdepartmental and agency coordination also should take account of the views of State and local government and various segments of the private sector that do not traditionally communicate with the initiating or "lead" department

or agency. But what are the best mechanisms to assure such communication and advice? Should there be standing advisory groups that include representation of all sectors? Or do differences among the kinds of issues call for greater flexibility? How useful would national or regional Executive Branch hearings be? On what kinds of issues? These are vital areas also requiring assessment and decision.

legislative coordination also needed

Of course, a substantial part of any coordination effort by the Executive Branch, present and future, focuses on Federal legislation both old and new and both Administration-initiated and Congressionally initiated. There appears to be growing awareness both in Congress and elsewhere that just as there is a need for better coordination of legislation by the Executive Branch, Congress should continue its efforts toward developing mechanisms affording a more coordinated approach to consideration of legislation which involves assessing relative priorities of policies and the interrelationships of programs, especially in view of their potential impact on patterns of growth.

Most national growth issues–land use, the environment, energy needs, population change, economic development–involve interests and expertise beyond the province of single committees in the House and Senate. Growth issues tend to cut across a number of committees as they cut across numerous departments and agencies in the Executive Branch.

Of course, the committee structure is absolutely necessary. Just as a Department of Domestic Affairs would be unmanageable in the Executive Branch, an authorizing Committee on Domestic Affairs would be equally unmanageable. Floor debate and amendment bring about a measure of coordination, but the floor does not permit the necessary, fully measured consideration of the priority of various policies or the interrelation of programs and their expected impacts. Various procedures for consideration of authorizing legislation by more than one committee are also helpful, but rarely is such legislation referred to a committee that does not have jurisdiction over some explicit feature of the bill at hand, and whose consideration would be useful from the standpoint of program coordination and determining impacts on various

elements of growth.

budget reform legislation

Recent budget reform legislation will allow Congress to view the overall budgetary effects of individual appropriation actions. Congress also has the opportunity to develop a counterpart ability, by whatever suitable means it judges, for assessing the collective impacts on growth of separate legislative acts.

Improved Delivery of Federal Planning Assistance. The current system of Federal planning assistance programs and requirements is fragmented and inefficiently serves local and State elected officials. It is recommended that the Executive Branch and the Congress both work toward administrative and legislative revision of these programs to accomplish the following objectives:

improving planning assistance programs

- simplify and harmonize the basic requirements among as many programs as possible;
- provide flexible and adequate planning assistance to State and local governments to allow them greater discretion in planning to meet locally determined needs and objectives;
- modify or terminate programs whose original purposes have been satisfied;
- achieve better coordination in the delivery and use of Federal planning assistance.

There are 37 major planning assistance authorities funded in the aggregate at an annual level of about $450 million. These programs are intended to help State and local governments and other recipients to plan the best use of billions of Federal dollars to develop highways, construct community facilities, conserve natural resources, educate children, clean the air, purify water and carry out a number of other categorical objectives.

some limitations of planning assistance

But by creating vertical ties between Federal bureaucracies and State or local functional agencies, these planning programs often result in too little coordination with overall State or local development policies. They also shift influence to technical specialists and away from elected State and local officials who should have the final responsibility in deciding how these planning funds are spent. The multiplicity of Federal planning programs and the inconsistency of substantive and procedure requirements causes delay

and confusion among State and local governments and hinders the formulation of unified growth policies.

The search should be for logical consolidations and for a system that assures coordination of functional plans with overall growth development policies. In short, planning must itself be planned.

plan implementation

Management Assistance. In addition to reforming Federal planning assistance, complementary measures are needed to help public officials manage development programs after the planning is done. Too often, planning has been an activity undertaken for its own sake, rather than as a first step toward action. Too often voluminous plans have remained only "on the shelf." But never before has the challenge of action—of management—been greater. Managing a modern American city is at least as complex as running a huge corporation. Revenue sharing and block grant programs are giving State and local officials more flexibility to decide how to use their resources. And accountability to their own constituents increases as citizens continue to expect more involvement in local policy-making and program implementation activities impacting their community or neighborhood.

support local capacity

Thus, it is time for Federal assistance programs to give increased attention to supporting the basic capacity of local officials to develop community programs and implement and evaluate them. An important Federal policy must be to improve and expand public sector skills in budgeting and finance, personal management, information systems and public administration, at the operating level of State and local governments.

improve local public administration

Effective guidance of community growth and development also requires a skilled public administration cadre and the ability to measure the economic growth potential of each community. At the educational centers where future public officials are trained, there is need for improved graduate and undergraduate curricula in public administration.

create sound local investment strategies

There is also a need to expand the capacity of State and local governments to create investment strategies that will take into account private sector development and the potential for local economic

growth. Local governments can utilize analytic techniques that lead to a better understanding of a community's economic base, its growth or loss potential, and opportunities for future private investment. Such techniques can help communities make sound public investment decisions consistent with private sector growth or, conceivably, contraction.

FOR THE MULTISTATE LEVEL

Federal Regional Councils

Strengthen the Federal Regional Councils for Program Coordination. The regional councils are an established means of contact and information sharing between States and their communities and the various Federal agencies which operate domestic programs.

From time to time, proposals are made for the creation of multistate planning and coordination agencies. Typically, such proposals call for these multistate agencies to articulate regional needs and issues, formulate interstate growth strategies, oversee their implementation, and coordinate broad policies governing private and public investments within the region.

Several kinds of multistate agencies already exist. As noted in this report, most are public, like the Title V Regional Action Commissions. A few are voluntary, such as the Southern Growth Policy Board.

expanded FRC's role

In order to avoid the uncoordinated proliferation of such multistate organizations, serious consideration should be given to the alternative of expanding the role of the FRC's and establishing mechanisms to work with the States within each Federal region. The Executive Branch will take action to assess the potential further roles that Federal Regional Councils can play in support of State initiatives for multistate planning and coordination. For example, the FRC's can assist, and already are to a limited extent assisting, the States in their conduct of the following activities:

examples of possible FRC activities

- establishing interstate goals and policies related to interstate aspects of land use, resource development, regional transportation, and similar growth topics.
- developing broad interstate strategies for growth and economic development, which can serve as general guides for private investments as well as the distribution of Federal aid within each region.

- formulating regional positions on interstate aspects of such growth issues as power plant siting, mining, and coastal management.
- proposing recommendations for the types and levels of future Federal assistance that should be available to the region.

Also, the FRC assessment can consider alternative ways for FRC's to utilize discretionary funding from a variety of Federal block grant and revenue sharing programs, for the delivery of multiple Federal resources to meet the unique development needs of each region as defined by the States. These needs vary from region to region. In one, revitalization of declining downtowns may be the top priority need; in another region, support for "instant" communities resulting from development of energy resources may be the paramount concern.

FOR THE STATE AND LOCAL LEVELS

legislative and executive modernization

Modernization. State legislatures and executive branches are encouraged to complete the drive toward modernization and reform. This can be accomplished in many ways depending on each State's unique combination of political history, constitutional authorities and social-economic setting. Examples of governmental modernization include: restructuring legislative committees in line with contemporary policy issues; adequate professional staffing for committees; executive branch reorganization to streamline functions and programs; and increasing chief executive capacity to coordinate large numbers of programs.

State growth goals

Goal Setting. State legislatures and executive branches can expand their efforts to establish goals for the future. Such goals, based on assessments of each State's prospects for economic growth and population change and the relative priorities accorded to various growth related policies, provide consistency of purpose across the board for legislative and administrative actions.

public-private development coordination

Development Strategies. States and localities can continue to define strategies and growth policies regarding the location and timing of future development in their jurisdictions. Such strategies may take into

account realistic assessments of demand for private and public uses of land, probable changes in the economic base of the jurisdiction, and consequent effects on population and the labor force.

Implementation. States and local governments can work toward implementation of growth strategies, through specific actions tailored to their own needs, powers, and strengths. Such strategies can be partially implemented, for example, by orchestrating the investment of Federal funds available for air and water quality improvement, economic adjustment, rural and urban community development, transportation and other purposes. Coordination techniques which can be used include Chief Executive Review and Comment, integrated grant administration, and A-95 procedures. Taxation (including land assessment policies), business development incentives, land use and development regulations are other illustrative means for achievement of State or locally determined growth goals. Most importantly, however, each of these governments must also develop better mechanisms for coordinated consideration of their relevant, often competing policies, both in the executive and legislative branches, much as is proposed above for the Federal government.

orchestrate investment of Federal funds

State-Local Relations. States can continue to strengthen local general purpose governments to guide growth and development by such actions as deemed appropriate to each State. These could include, for example: provision of planning assistance and services to communities; State revenue sharing or block grant programs; delineation of substate growth goals; enabling of community planning and development powers appropriate to the size of the community and the geographic scale of growth problems; and modernization of zoning, subdivision controls, and other regulatory powers.

strengthen local general purpose governments

FOR THE SUBSTATE LEVEL

States and localities are encouraged to work toward strengthening multijurisdictional "umbrella" agencies, giving them the ability to bring under control a proliferation of specialized planning and services districts.

strengthening multi-jurisdictional agencies

tie implementation more closely to planning

Special emphasis should be placed on the need to tie implementation more closely to planning. To do this, substate districting for various purposes should itself be coordinated. Consequently special purpose substate districts–whether for transportation, health services, resource conservation, law enforcement or other functions–should be consistent with general purpose "umbrella" districts. Consistency may be achieved through several means, such as: making all districts conform to one set of coterminous boundaries; requiring district functional plans and investment programs to support general purpose district goals and policies; use of common data bases; and uses of a single umbrella policy board for many special purpose districts.

interstate districts

Also, particular legislative, administrative, or financing actions can be taken, as appropriate, by those State governments whose boundaries contain one or more of the 35 interstate metropolitan agencies so as to assure the utility of their interstate planning role.

TOWARD GUIDELINES FOR FEDERAL DECISION-MAKING

approach issues with similar perceptions

Whatever the mechanisms for bringing people together to achieve coordination in policy and program development and implementation, the likelihood that sound policies and programs will result would be considerably enhanced if each participant were to approach the issue, or bundle of issues, with at least similar perceptions about **how** such issue or issues should be analyzed–and about the **technique** of determining what constitutes the "public interest."

But the government decision-maker rarely pays systematic attention to the effects of his actions except as they relate to his own mission. This myopic tendency is not easily cured.

Existing laws and regulations do not require and may not permit the consideration of Federal actions on the attainment of goals outside of individual mission areas. Further, the effects of Federal actions are often difficult to ascertain; and they are doubly difficult to predict in advance. The data necessary to measure impacts are often unavailable. The methodologies for analysis of that data often do not exist.

The effects may be remote or may occur sometime in the future.

assess multiple impacts program

Yet it is increasingly necessary to take into account multiple impacts of a single Federal action on national goals. Consider the large number and variety of national goals. Most are well defined and long established; some have been more recently emphasized and raised in priority. All relate to "national growth policy." To name only a few:

national goals related to growth

- maintenance of national security and defense of the country,
- preservation and enhancement of a private-enterprise (investment, risk, profit) society,
- economic freedom and efficiency through competition,
- full employment without harmful inflation,
- equal opportunity,
- for regulated industries, quality services at reasonable rates,
- safe and liveable communities, in both urban and rural areas,
- preservation of important natural resources, and clean air and water,
- secure and reasonably priced energy sources,
- decent, safe and sanitary housing, preferably owner-occupied, and
- health, education, and public safety services adequate for individual self-fulfillment.

the policy-makers' task

Thus the policy-makers' task is to understand, as well as possible, how and whether present and proposed actions affect these goals. This requires:

- Systematic review in the course of decision-making of the possible effects, not just on the mission goal of each decision-maker, but on other national goals as well.
- Improved evaluation of existing activities with emphasis on both attainment of the mission goal and effects on other goals.

Much easier said than done. A very useful step in this direction would be efforts toward developing, refining and using an agreed upon set of guidelines for the Federal decision-making process. Such guidelines might well be in the form of sets of questions that should be answered, insofar as feasible, in assessing, on

a "decision-maker's checklist"

a one time or periodic basis, existing policies and programs and in considering new proposals. Such an effort toward a "decision-maker's checklist" will require extensive participation and indeed debate among many parties. For purposes of illustration, the following list is offered:

- **What is the public problem being addressed?**
  - Is the problem real or apparent, or merely a symptom of a larger problem?
  - Can the problem be quantified? How large is it?
  - Are other forces at work that are either solving the problem or making it worse?
  - Does the public perceive a problem?
  - Are those who perceive the problem among the intended beneficiaries?
- **Are the means proposed to solve the problem well suited to attain the desired ends?**
  - Are other means available that are less expensive either to taxpayers, to consumers, or to the economy generally?
  - Are there other means that would be more efficient?
- **Does the problem, the approach selected to solve it, or the effect intersect with other public programs or goals?**
  - Should other agencies be consulted?
- **What methods of evaluation can be designed at the outset to determine at a later time the direct consequences and the effectiveness of the proposed action?**
- **What are possible inadvertent and second order effects of the proposed solution? Do the potential adverse effects outweigh the desirability of taking action on the immediate problem?**
- **What institution is best equipped to resolve the problem?**
  - Can the private sector resolve the problem effectively?
  - If not, what public sector response is suitable and feasible?
  - Is a Federal response appropriate, and if so, should it be uniformly applicable or flexible?

policy-making consistent with national goals

Such guidelines reflect the creed of modern management, that good policy-making results from the discipline of well-thought out approaches to each major policy decision. Procedurally, such discipline, self-imposed, most surely leads to increased demand for better methods of collecting and analyzing data and stronger interest in obtaining the viewpoints of others with different mission goals. Substantively, such discipline also helps to ensure that public policy-making—whether by executives or legislators—will lead to programs that are consistent with long term national goals and the values we hold important in our democracy, including goals and values relating to national growth.

Acknowledgements

This report, produced pursuant to Title VII of the Housing and Urban Development Act of 1970 (P.L. 91-609), is the work of a Federal interagency task force under the direction of the Domestic Council Committee on Community Development. Secretary James T. Lynn of the Department of Housing and Urban Development served as Chairman of the Committee. Chairman of the Task Force was David O. Meeker, Jr., HUD Assistant Secretary for Community Planning and Development.

Appreciation is due the following agencies and their representatives on the task force.

Domestic Council
  Tod Hullin, Associate Director
Council of Economic Advisers
  Herbert Stein, former Chairman
Council on Environmental Quality
  Russell W. Peterson, Chairman
Office of Management and Budget
  Paul O'Neill, Associate Director for Human and Community Affairs
Department of Agriculture
  William Erwin, Assistant Secretary for Rural Development
Department of Commerce
  William W. Blunt, Jr., Assistant Secretary for Economic Development
Department of Health, Education and Welfare
  William Morrill, Assistant Secretary for Planning and Evaluation
Department of the Interior
  Lance Marston, Director, Office of Regional Planning

Department of Justice
Wallace H. Johnson, Jr., Assistant Attorney General for Land and Natural Resources
Department of Labor
Kenneth McLennan, Deputy Assistant Secretary for Policy, Evaluation and Research
Department of Transportation
Peter Halpern, Deputy Assistant Secretary for Policy, Plans and International Affairs
Department of the Treasury
Edgar R. Fiedler, Assistant Secretary for Economic Policy
Environmental Protection Agency
Al Alm, Assistant Administrator for Planning and Management

Thanks are also due the Advisory Commission on Intergovernmental Relations and the Federal Energy Office (now the Federal Energy Administration), both of which assisted the Task Force in varying ways.

Federal agency staff who assisted in development of the report include Messrs. William Matuszeski and Toby Clark, Council on Environmental Quality; Mr. Allan Pulsipher, Council of Economic Advisers; Ms. Adele Jackson, Office of Management and Budget; Messrs. Calvin Beale and Joseph Dougherty (retired), Department of Agriculture; Mr. Nat Maryn, Economic Development Administration; Mr. William Strauss, Department of Health, Education, and Welfare; Messrs. Howard Ball, Stevenson Weitz, and Harold Goldblatt, Ms. Irene Anthony, Ms. Louise White, Ms. Maria Ratcliff, Ms. Kathy Carter, Ms. Carolyn Priest, Department of Housing and Urban Development; Mr. David Deal, Department of Interior; Mr. Michael Dolan, Department of Justice; Mr. Carl Rappaport, Department of Transportation; Mr. John Auten, Treasury Department; and Ms. Cheryl Wasserman, Environmental Protection Agency.

Project Director was James F. Selvaggi, Urban Program Coordination Staff Director, Department of Housing and Urban Development.

☆ U. S. GOVERNMENT PRINTING OFFICE : 1975 571-390/6379

COPY
INFORMATION CENTER

NOAA COASTAL SERVICES CENTER LIBRARY
3 6668 14106 0162

HUD-386-CPD(2)
December 1974