

“Making North Carolina Prosper . . .”

Meets Mixed Reaction

by Brad Stuart

The Center report *Making North Carolina Prosper: A Critique of Balanced Growth and Regional Planning*, released in late August, stated three criticisms of the Balanced Growth Policy of Governor James B. Hunt Jr. First, state government is wrong in attempting to allocate growth among the state's multicounty planning regions. Second, the policy is generally vague and provides inadequate guidance in such basic areas as land use planning, water resource allocation and workers' skills training. Third, the Administration has not mandated the planning at either the local or regional level which is necessary to make the policy democratic and to make it work.

The Center proposed recommendations to remove the policy's three major failings.

On the planned effort to allocate growth among the state's multicounty planning regions, the Center's recommendation boils down to a simple "don't." Under the Administration's proposed definition of "jobs-people balance" a region should be in balance when it had the same proportion of jobs per capita as the average region in the state. Bringing regions into balance would mean emphasizing the creation of job-creating growth in regions which have surplus labor. In practical terms this means shifting growth away from the more metropolitan regions toward more rural areas through the use of subsidies.

If it is ineffective in bringing growth to lagging rural areas, the report argues, the policy will waste money — Soul City fashion. On the other hand, if it is effective in channeling growth, it will — by reducing growth in relatively high-wage metropolitan regions — reduce the overall income of the state's citizens and exacerbate the state's problem of lagging wages. The Center's critique, in essence, is that Balanced Growth Policy would encourage growth in low wage areas at the expense of growth in high wage areas.* The Center recommends that the state's public investments generally follow and support rather than lead private sector growth, except where carefully planned investments can release untapped economic resources — an example of this being Research Triangle Park. The state should avoid the broad-brush prejudgement of public invest-

ments implicit in the notion of "regional balance" and regional growth targets.

To remedy the policy's vagueness in dealing with the state's substantial development problems, the report recommends that the Administration take a formal and public stand on the recommendations of its own policy document, *An Urban Policy for North Carolina*. The document has been shelved, if not forgotten. To develop policy on particular subjects such as water resources, forestry management, etc., task forces should be appointed from the state's research community. The Governor should agree in advance to take formal stands, yea or nay, on their recommendations.

To remedy the policy's lack of mandated planning to implement its goals, the report proposes that every county in the state be required to perform joint multicounty development planning similar to that proposed, but never carried out, by the Scott and Holshouser Administrations.

Reaction

The reaction to the report has been varied, with the most favorable reviews coming from planners, economists and others professionally interested in economic development issues, and the worst assessment coming from officials in the Hunt Administration.

Among a third group, the press, the reaction has been mixed. The editorial page of the *News and Observer*, for instance, repeated the report's call for more emphasis on skills training and confirmed the report's warning that the Governor is attaining increased power through the vehicle of Balanced Growth Policy. (The power is coming through increased control over federal and state investments in North Carolina.) But N&O columnist Ferrel Guillory saw this power as having potential for good. He opposed the report's multicounty planning proposal because it would involve Councils of Governments, in whom Guillory places little faith. But, in another column, published a week later, Guillory echoed the report's theme that the state evidences an anti-

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*In this connection see also the article, "Unpublished Figures Link Wage Gap, Balanced Growth," on page 20.

The most basic of the Administration's criticisms of *Making North Carolina Prosper* is the denial that Balanced Growth Policy's aim is to allocate growth and to shift growth away from the state's larger cities. The related claim is that, contrary to the Center's report, the policy would not reduce the state's income.

The Administration characterizes its policy as "growth dispersal" but Secretary of Administration Joseph Grimsley says that this means merely that towns in rural areas would be built up. He denies that this would mean a concomitant reduction in growth of metropolitan areas. He points to the recently initiated Metropolitan Area Development Strategy (MADS) and the big cities' special "statewide growth center" status (both only recently initiated at the insistence of metropolitan leaders) as evidence for the Administration's concern for promoting metropolitan growth.

Yet the intended impact of the size of North Carolina cities is stated succinctly in the second paragraph of the summary of the Policy statement publically released in June 1978:

"We want . . . to preserve . . . the small, more livable scale of our cities and towns."

The cities' small size is to be preserved by dispersing growth more equitably across the countryside. Until they were criticized on this point, Administration officials took credit for the policy's potential to relieve growth pressures on the cities. The environmentally concerned *Winston-Salem Journal*, for instance, has quoted with favor Commerce Secretary D.M. Faircloth's statement that Balanced Growth would allow the cities to avoid sprawl and remain "manageable in size."

Grimsley's denial that the government intends to shift growth among the regions doesn't stand up against the fact that the Balanced Growth Policy documents propose, and the Balanced Growth Act authorizes, that the Administration set goals for economic growth in different areas of the state. According to written statements quoted in the Center report, Administration officials are seeking control of federal loans and grants to localities. The stated aim is to influence the geography of growth.

On what basis is growth to be allocated? On the basis of "need" and what officials call the "needs index" — the regional balance ratio. The ratio tells whether a given multicounty planning region has proportionately more or less jobs per capita than the state average. A region is said to be "in balance", according to the June 1978 statement of Balanced Growth Policy, if it has a ratio of one — indicating an average proportion of jobs. The Center report quotes written statements by the architect of the policy, Asst. Secretary of Administration Arnold Zogry, saying labor surplus regions (usually economically lagging rural regions) would be targeted for infusions of public funds, in order to bring them into "balance."

The reason the Administration now equivocates about the Policy's intent is that some will object to its necessary complement — that metropolitan areas will receive less money, less immigration, and less growth. The Center report quotes state government studies which state that the "dispersal" policy will hurt incomes and wages by shifting growth to low-wage areas. For a state already on the bottom rung of the nation's wage ladder, the policy seems most inappropriate.

metropolitan bias. The *Winston-Salem Journal* indicated that the paper does not agree with all the report's conclusions but lauded the Center for being the only organization in the state which had systematically evaluated Balanced Growth Policy. The editorial, "A Periodic Exchange," referred to *Making North Carolina Prosper* and a previously released study entitled *Which Way Now?*

Economic Development and Industrialization in North Carolina.

Some of the press reaction seemed determined by geography. The *Hickory Record* hailed the "strongly argued" report and repeated its warnings of biased public investments. The newspaper noted that Hickory is in a foothills region which has the greatest proportion of jobs

per capita of any region in the state. A Greenville newspaper in a rural eastern region, which would be more favored by Balanced Growth Policy, warned its readers to "beware" of the "biased" report and of its possible political effects.

Administration Response

While local government officials have expressed mixed reactions toward *Making North Carolina Prosper* (the report has been used by local officials in recent regional hearings on the Balanced Growth Policy), state government officials have been quite negative. Secretary of Administration Joseph Grimsley denied, in an eight-page written response, that the intent of the Balanced Growth Policy is to shift growth among the regions. He said the goal was rather to "encourage economic progress and job opportunities throughout the state." As to the Center's warning that the governmental attempt to disperse growth in a more even or "balanced" way would harm the economy by reducing growth in high-wage regions, Grimsley replied, "The argument that dispersal lowers income is valid only if we assume that adding lower wage jobs in North Carolina somehow decreases the number of high-wage jobs we can get." Despite the denial that the state intends to shift growth, Grimsley declined to abandon the "regional balance targets" which would serve as goals for growth and as guideposts for public investments in each of the state's 18 regions.

Grimsley called the Center's assessment of local participation in the policy's formation "the greatest failure of the Center's report." While the report regarded the Administration's Local Government Advocacy Council as window-dressing serving to legitimize the policy, Grimsley said the local officials on the council "have a central role in designing the . . . policy." On the recommendation for mandatory multicounty development planning, Grimsley said local governments already do a variety of regional planning projects voluntarily. "To require multicounty economic development planning by counties seems unwarranted in light of these efforts," he added.

On recommendations for alleviating the policy's vagueness, Grimsley said *An Urban Policy for North Carolina* "has not been formally adopted for recommendations or implementation" by the Administration and that no action would be taken on it until it had been studied further by Secretary Howard Lee of the Department of Natural Resources and Community Development and by a subcommittee of the Local Government Advocacy Council. On the recommendation for research task forces on development problems, Grimsley said growth problems are already "being addressed in

many ways by our public and private universities." Grimsley specifically mentioned a so-called "Center for Urban Affairs at UNC-CH" which was "working with Secretary Howard Lee on identifying urban problems." This is an apparent reference to the Center for Urban and Regional Studies, whose director, Jonathan Howes, headed an advisory group that helped write *An Urban Policy for North Carolina*. Ironically, this is the "shelved" document mentioned above. The advisory group Howes headed has been dismissed. □

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dissolution of the agency may have made it more difficult for North Carolina to get national foundation money for education. The last time he approached a large foundation on behalf of a university, he said, he found foundation officials unreceptive and curious about what had happened to the Learning Institute. "One person at Carnegie told me, 'LINC was at one time the only organization that knew what was going on in the schools and had a way of getting into it.'" he said. He and some others noted the development in the last five years of LINC-type agencies in other states.

Ray said a re-established LINC should have some changes in its board structure to stimulate board involvement in the program. "Any time you've got people like the governor and Terry Sanford on your board, it's hard to get them together for a meeting," he said. But Sanford said LINC, as it has been organized, needs the governor for a "champion." "Its great value was to the governor, and to the extent he used it, it would be good," Sanford said. Of Hunt, he said, "I think he has just had a hard time trying to find a mission for it. We have more new ideas now than we've had in a long time."

Sanford suggested that a recreated LINC might be able to evaluate the state's new reading program. If the program has a flaw, he said, it is that the Department of Public Instruction will have a hard time evaluating its own program. But that suggestion, like others, remains to be dealt with at some future time. As it stands now, the agency is deactivated — one administration staff person described it as "phased out" — the state has gone on to new directions in education, and many of the people who worked with education in the LINC era say they are puzzled. Said one former LINC official, "It's odd that this governor, above all, with his interest in children, hasn't yet got a handle on the one agency that had a handle on children's programs in this state." □