



Governor Responds to Center Report

Which way now? Economic Development and Industrialization in N.C.

The Center's latest report, *Which way now? Economic Development and Industrialization in N. C.*, which was released on May 9, raised six major issues concerning the development of the state:

- the limited influence of government over economic development as compared to other factors such as regional and national economic trends;
- the importance of water, four-lane highways, and urban areas in industrial site selection;
- the concentration of new North Carolina industry in the "urban fringe"---the areas outside of cities but accessible to their advantages;
- the effects of capital-intensive *vs* labor-intensive industries on personal income in rural areas;
- the complexity of forces affecting economic development and the need for better local understanding of these forces and for more citizen awareness of important economic choices; and
- the inadequacies of the Hunt administration's Balanced Growth Policy.

The first five points were virtually obscured by the attention given by the media and the Hunt administration to the criticism of the Balanced Growth Policy. At his press conference the day after the release of *Which way now?*, Governor Hunt said that the authors of the study had not "done their homework" and, specifically, that the study failed to consider:

- industry that is going into non-metropolitan areas;
- the administration's metropolitan area development strategy;
- the involvement of local officials and citizens in the development of the Balanced Growth Policy and especially the administration's survey of 100,000 citizens and the work of the Interim Balanced Growth Board and the Local Government Advocacy Council; and
- the views of corporate executives and state employees engaged in industrial development.

The Governor was correct on two counts. The study did not consider the administration's metropolitan area development strategy. It was not complete at the time the Center report went to the printer (April) and is still unfinished as of this writing (June). The authors were aware of the beginnings of the metropolitan strategy that occurred very late in the evolution of the Balanced Growth Policy, largely in response to complaints from urban areas.

Which way now? also failed to mention the involvement of local officials and citizens in the Balanced Growth Policy through the administration's mass survey and in the work of the Interim Balanced Growth Board and the Local Government Advocacy Council. The authors chose to concentrate instead on a far more important element, the informed participation of citizens in local economic choices affecting their communities.

May 16, 1979

Dear Editor:

During the past few days, members of my administration and I have had an opportunity to review the report "Which Way Now?" released last week by the N. C. Center for Public Policy Research on economic development and industrialization in the state.

I have found the report to contain some useful information and recommendations. In response to one concern expressed in the report, I am asking my staff to develop ways to assess progress in achieving goals outlined in our Balanced Growth Policy.

But I am afraid that, in many instances, the authors of the report did not do their homework.

In the first place, many of its findings are out-of-date. At no point is there reference to the Interim Balanced Growth Board which has addressed many of the issues mentioned in the report during the past few months. This board, which is composed of the State Goals and Policy Board, the chief citizen advisory group in the state, and the Local Government Advocacy Council, which represents local government interests, was appointed last December to develop and refine the Balanced Growth Policy.

Since the Board began its work, it has focused on the special needs of our large cities, as well as small towns and rural areas; the unique and distinctive characteristics of communities all across the state; the need for adequate highways and water and sewer services; and on many other areas noted in the report as requiring consideration.

The Board's membership also refutes the report's criticism that local governments are not adequately involved in setting growth policy. It is, in fact, local government representatives---mayors and county commissioners---as well as citizens from a variety of business and professional backgrounds, who are formulating the policies that affect them at home.

The report also fails to mention the Balanced Growth Policy Act, passed by the General Assembly on April 19. No valid critique of the policy can take place unless the actual provisions and language of the act are used as the basis.

Another weakness of the report is that it limits its investigations to only two multi-county regions of the state. Certainly, these two areas are not representative of development in the Piedmont and mountain areas---or in fact, the coastal counties---and especially do not illustrate the problems of the metropolitan areas. Yet, the report's recommendations are aimed at the entire state, including our larger cities.

A more complete response to some of the questions raised by the report is attached to this letter. I hope that you will take the time to consider these matters carefully and that you will contact my office if you have further questions.

Our Balanced Growth Policy can withstand close scrutiny, and I welcome dialogue concerning the policy.

My warmest personal regards.

Sincerely,
Jim Hunt

Figure 1

On May 16 the Governor sent a letter to editors across the state. (See Figure 1.)

There were three enclosures with the Governor's letter. One of them, a "Background Paper on Balanced Growth," asserted that "an effective statewide growth policy must address four areas: 1) Growth trends; 2) A statewide perspective; 3) A state-local partnership for decision-making; and 4) Strategies for dealing with specific problems." This background paper criticized *Which way now?* It discussed each of these four areas and stated that the report

Distribution of Manufacturing Jobs in State

| Region | 1962 | 1976 | % Increase | |
|--|---------|---------|------------|------------|
| Distribution of Manufacturing Jobs In State | | | | |
| Metro* | 78.8% | 72.0% | | |
| Non-Metro | 21.2% | 28.0% | | |
| Distribution of High Wage Manufacturing Jobs as % of All Manufacturing Jobs | | | | |
| Metro | 16.7 | 19.4 | | |
| Non-Metro | 2.2 | 3.4 | | |
| Total | 18.9% | 22.8% | | |
| Distribution of High and Medium Wage Manufacturing Jobs as % of All Mfg. Jobs | | | | |
| Metro | 39.6 | 39.6 | | |
| Non-Metro | 10.4 | 12.4 | | |
| Total | 50.0% | 52.0% | | |
| Distribution of Manufacturing Jobs In State | | | | |
| Metro | 414,968 | 530,174 | 27.8% | (+115,206) |
| Non-Metro | 113,040 | 205,804 | 82.1% | (+ 92,764) |
| High Wage Jobs | | | | |
| Metro | 87,829 | 143,009 | 62.8% | (+ 55,180) |
| Non-Metro | 12,874 | 25,247 | 96.1% | (+ 12,373) |
| High and Medium Wage Jobs | | | | |
| Metro | 208,321 | 291,721 | 40.0% | (+ 83,400) |
| Non-Metro | 56,377 | 91,263 | 61.9% | (34,886) |

*Metro Regions are B, E, F, G, J, M, O

Conclusions: 1/3 of all new manufacturing jobs added were high and medium wage in non-metro.

1/2 of all new manufacturing jobs added were low wage in metro.

Figure 2

- overlooks "very important growth trends in North Carolina and in locations actually selected by the industry;"
- does not offer a "statewide perspective" of the kind provided by the Balanced Growth Policy "as it is now being developed;"
- "overlooks the paramount importance of local elected officials' participation in the statewide decision-making process;" and
- fails to recommend measures to encourage state and local governments to work together.

Governor Hunt's Response to Recommendations

1. "Adopt a 'growth management' policy that recognizes and builds on the differing patterns of growth in different counties and regions in order to maximize the benefits of probable growth to all North Carolinians."

The Balanced Growth Policy is just such a policy. It provides for local growth plans as part of the growth center strategy being developed by the Interim Balanced Growth Board, and those growth management plans are the responsibility of local governments.

2. "Amend the General Statutes to require counties to accomplish multi-county economic development research and planning in accordance with certain specific criteria."

This action is not needed because all counties and cities are already members of regional planning organizations. All have just completed land use guides, and many are preparing detailed overall economic development plans. To require multi-county economic development planning by counties seems unwarranted in light of these efforts, but I will ask the Local Government Advocacy Council to consider this idea.

3. "Appropriate \$1 million to the counties to accomplish this research and planning with not less than five per cent of each county's allocation to be used in presenting the results to the public."

Such a request for funds would not be appropriate for the reasons outlined in Number 2.

4. "Require citizen planning boards to approve county development plans by July 1, 1981, as a prerequisite for further local government participation in non-mandated state and federal economic development programs."

The county boards of commissioners are the proper authorities responsible for developing these plans. Many of them already require citizen input in this process, and I see no need for the state to impose further requirements.

5. "Direct state agencies to periodically provide the information counties need for their research and planning tasks."

This is now the law. Where state agencies have information, it is made available. Indeed the decision to generate new data is often in response to local needs. The range and sources of data now provided are the subject of a directory newly developed by the Department of Natural Resources and Community Development.

6. "Request the University of North Carolina to identify major urban, urban fringe, and rural growth problems and solutions to these problems and to distribute this information to all local governments and to appropriate state agencies by July 1, 1980."

The identification of growth problems is being addressed in many ways. In fact, the Center for Urban Affairs at UNC-CH has already been working with Secretary Howard Lee on identifying

Figure 3

Other documents enclosed with the Governor's letter were information on the distribution of manufacturing jobs in the state (Figure 2) and a response to recommendations in *Which way now?* (Figure 3).

Much of the criticism from the Governor's office was focused on the report's failure to consider various aspects of the Balanced Growth Policy. *Which way now?* was not intended to be an analysis of the Balanced Growth Policy. It considered that policy only as it related to the principal purpose of the report, which was to consider "the impact of state and federal

urban problems. The Department of Natural Resources and Community Development, along with the Local Government Advocacy Council, are serving as focal points for coordinating these efforts. In addition, the universities are sponsoring workshops and seminars on growth management. And, I might add, the Institute of Government is recognized as outstanding in its support role to local government.

7. "Request the private colleges and universities to develop ideas for economic growth in rural areas, other than through manufacturing, and to distribute this information to all local governments and to appropriate state agencies by July 1, 1980."

I believe the private colleges and universities could best speak to this issue.

8. "Request the Commissioner of Labor, the Secretary of the Department of Natural Resources and Community Development, and the President of the Department of Community Colleges to study ways to increase the technical job opportunities for low-income people, especially in rural areas, and to report the results to the Governor and to the General Assembly by January 15, 1980."

These people are now on the N.C. Manpower Services Council. That council is addressing those very issues.

9. "To appropriate \$40,000 to the Board of Governors of the University of North Carolina for research on urban problems and solutions to these problems, with the requirement that the results be distributed to all local governments and to the appropriate state agencies by July 1, 1980."

The current budget already has funds to be allocated to the University system to study urban problems and issues. I'm confident that the Board of Governors is satisfied this amount is appropriate. As a footnote, the work done on Balanced Growth Policy was with contracted assistance by the Center for Urban Affairs at North Carolina State.

10. "Establish a study commission to recommend to the Governor and the 1981 session of the General Assembly changes in state law and appropriations to strengthen the state's role in the management of water resources."

Secretary Howard Lee established a Water Resources Council in April to assist in establishing a Water Resources Division within his Department which will be responsible for directing the state's role in water resource management.

11. "Request the Governor's Committee on Rural Public Transportation to recommend to the Governor on December 1, 1979, specific ways to encourage the development of energy-conserving transportation systems for rural workers to reach employment opportunities near urban areas."

On December 6, 1978, I signed Executive Order Number 29 creating the Public Transportation Advisory Committee along with an Interagency Transportation Review Committee. I have requested that they develop transportation policies which are consistent with Balanced Growth Policy.

policies and programs on the growth of industry and on economic development."

A review of the material provided by the Governor's office and *Which way now?* suggests that there are five basic areas of disagreement.

1. In discussing where industry is locating in the state, there are major problems of definition. The administration considers only two types of regions in describing where industry goes, the metropolitan and the non-metropolitan. There are good reasons for using the metropolitan/non-metropolitan categories, but the authors of *Which way now?* feel this

division overlooks and even obscures the concentration of economic growth that is occurring in the urban fringes. These areas, which generally lie outside of cities but are accessible to them, may be located in either metropolitan or non-metropolitan regions as those regions are defined by the administration. The definitions are important because failure to illuminate what is happening in the urban fringe areas can lead to a general failure to recognize and act on the problems and the opportunities there.

2. The administration's position suggests that the state can and should exercise strong, centrally controlled influence over many aspects of the social and economic development of communities and counties. Although the state does have some important functions that can influence economic development in a very general way, especially in the long run, *Which way now?* argues that the state does not have the means to significantly alter most economic trends at the local level, especially in the short run. And if such state efforts are generally ineffective, they are also generally wasteful.

3. The administration states that citizen involvement in the development of the Balanced Growth Policy has been extensive and cites as evidence of this the citizen survey, local meetings on balanced growth, and the activities of local government officials on the Interim Balanced Growth Board and on the Local Government Advocacy Council. The authors of *Which way now?* agree that there has been constructive discussion by local citizens and officials of some aspects of economic growth. However, the authors suggest that the results of these forms of local involvement have not reflected very much consideration of alternatives to the Balanced Growth Policy and have not been a major factor in shaping state development policy. The authors of the Center report would argue that a more important form of public participation is the inclusion of local citizens in the local planning processes through aggressive efforts by state and local governments to involve these citizens in meaningful discussions about the economies of their communities and about the full range of economic choices available to them.

4. The administration's criticisms suggest that the Balanced Growth Policy includes matters that have been discussed within state agencies but that have not yet been resolved in any definitive way, such as the metropolitan area development strategy. The authors of the Center study would argue that addressing the question is not the same as providing an answer.

5. The administration assumes that the Balanced Growth Policy is in fact policy because it is labelled "policy." The authors of the Center study submit that any real policy must be sufficiently explicit to guide present and future decisions. The authors would argue that neither the Balanced Growth Policy Act enacted by the legislature nor the balanced growth documents of the administration meet this definition.

The preface of *Which way now?* states the hope that the study would lead to "lively and informed debate about state development policy and about how communities and the state can benefit most from growth that will surely continue." Governor Hunt welcomes dialogue on the Balanced Growth Policy, according to his May 16 letter, and he has made a significant contribution to it. The Center will continue the debate in a report to be issued in August, *Making North Carolina Prosper: A Critique of Balanced Growth and Regional Planning*.*

—Mercer Doty

*See facing page.