California Commentary

Lock the Gates and the Castle Crumbles

■ **Growth:** Anti-development forces aim to stabilize life and bar newcomers. But better use of market forces could make room for everyone.

BY JAMES E. MOORE

Los Angeles is blessed with full participation in the Pacific Rim and North America, two of the globe's three principal economies. The immediate five-county region is the fastest-growing industrialized megacity on the planet, under circumstances in which the demand for skilled labor exceeds the supply (unlike the equally explosive but utterly destructive urban growth in the Third World).

This robust growth provides an astounding level of opportunity, but long-term residents are naturally apprehensive. Such technical, economic and social rates of change are not to everyone's liking. Yet in trying to make sense of our growth, we must approach the special case of Los Angeles with caution. We are, after all, participating in market opportunities that are unparalleled in human history.

Unfortunately, the debate about how to manage growth often invokes images of a quaint, pre-automotive urban form that was never representative of life in Los Angeles, offers no satisfaction to modern households and would require an incredible diversion of resources to create.

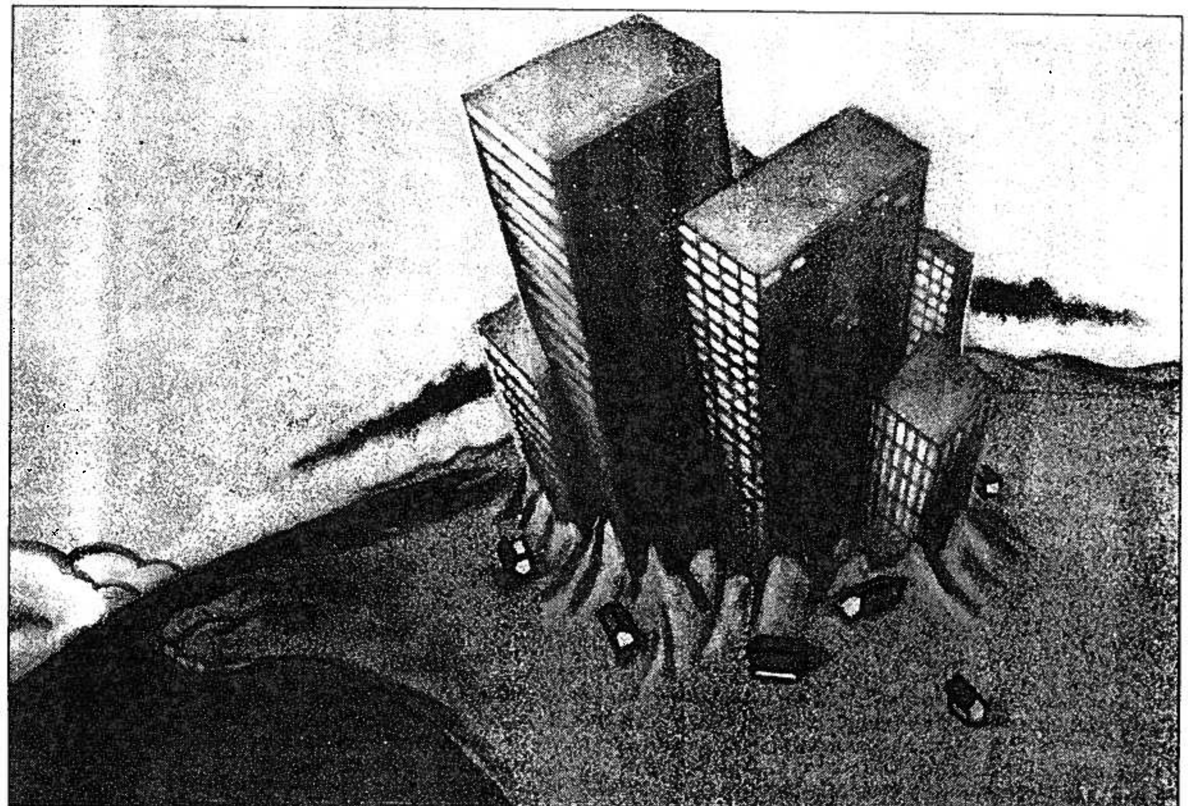
It is foolish to try to impose this vision, but we do. Construction on Metro Rail continues apace, even though the 1980 census showed that only 3% of the metropolitan area's jobs are in downtown Los Angeles. Research by USC indicates that the region's 19 major employment centers account for only 17.5% of its jobs. The rest are dispersed in patterns not effectively served by fixed-route systems. The subsidies needed to keep the trains operating would bleed the funds available for more productive transportation services, including buses and management technologies, such as synchronization of traffic lights.

Despite all the dismay about freeway congestion, commuting times in the five-county area are not increasing. Average work-trip times held almost constant from 1976 (24.4 minutes) to 1980 (24.3 minutes), and decreased to 22.4 minutes in 1985. Media accounts of the commuter experience dwell on the hardship cases. The truth is that adjustments in life style, hours of travel and location have mitigated the cost of new bottlenecks. The most obvious of these adjustments is decentralization, shifting growth to the urban periphery.

Many current residents see no benefits in continued growth. Local land development is usually interpreted as encroachment. Local, domestic and international immigrants are viewed as a source of disquieting change. Slow- and no-growth advocates couch their quality-of-life arguments as a conflict between residents and developers, or between residents and local government. In truth, arguments that transactions on land, buildings, and infrastructure should be limited or capped focus entirely on the effects these transactions have on existing residents; they ignore the benefits, from jobs to housing, that are brought to new residents.

At the core of the slow- and no-growth movement is a philosophical assertion that local residents may enhance the quality of their own lives by withholding economic opportunity from non-residents. That this point of view is contrary to the moral and economic foundations of our society is less important than the self-destructive policies the no-growth argument promotes. The only way to forestall growth is to remove the economic incentives that drive it, but we cannot maintain a strong economy in the absence of change. Growth can be managed, but it cannot be suppressed by other than Draconian restrictions that would benefit few at the expense of many, including most current residents.

Fortunately, even if public policy-makers embrace slow-growth principles, it is unlikely that their policies would actually manage to subvert Los Angeles' unique economy. Slow-growth interventions are inefficient, but our marketplace is probably strong enough to forgive even serious public policy mistakes. Opposition to national and global economic forces is not evil. It's just not a winning proposition.



TIM TEEBKEN/for The Times

There are, however, winning propositions that would help us to accommodate growth while retaining and enhancing the quality of life in Los Angeles. Once the role of price as a balancer of supply and demand is understood, prices become superb public-policy instruments.

For example, the decision to drive on a road imposes delay on other users of the facility. A "congestion toll" would ensure that the individual accounts for such costs before deciding to drive. If the trip is not postponed, it should be because its value to the individual exceeds the social cost of the additional congestion the driver creates.

Market forces, in the form of transferable development rights, are also an efficient means for controlling land-use densities. If the right to develop land must be bid away from neighbors who must subsequently forgo development of their own sites, or even from the state, local densities would be reduced. This would require very little in the way of administrative oversight, because markets operate on the voluntary self-interest of buyers and sellers. Similarly, a well-organized market for transferable pollution rights would improve overall local air quality without the cumbersome interventions proposed by the South Coast Air Quality Management District.

We have an open society, and we cannot expect to retain the advantages of our unique economy without sharing with the new residents who will inevitably settle here. Subverting the markets for urban land and development is unlikely to control growth, and if it does it can only be because we have managed to outlaw the special economic advantages of Los Angeles.

The marketplace that makes this region attractive to so many people is not the enemy of current residents. In truth, the organizing capacity of our markets may prove to be our salvation. We have much more to gain by harnessing our markets and using the incentives they provide for the public good than we do by suspending market transactions.

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Letters to The Times

Growth

Prof. James Moore's article ("Lock the Gates and the Castle Crumbles," California Commentary, Feb. 26), is a classic misapplication of cold economic theory to a human issue. He asserts that the unregulated marketplace ought to determine whether and how Los Angeles grows, rather than the democratic political process. That is the mistaken path that has produced smog, closed beaches, polluted water and diminishing open space.

Instead, we ought to focus on the public health implications of development. Los Angeles suffers from the dirtiest air in the nation. Our beaches are too often the repository of sewage and sludge. Moore's marketplace theory ignores these ugly realities of overdeveloped Los Angeles.

Responsible slow-growth advocates do not want to hurt our strong economy. In fact, cleaning up the Los Angeles environment would improve property values and attract more tourists.

I will have more confidence in our future if it is guided by the collective will of the public as expressed at the ballot box rather than by an invisible, unaccountable market dominated by an elite few. Public health must come before profits.

TERRY B. FRIEDMAN
Chairman, Assembly Ways and
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