

Tallahassee's Uncertain Road to Economic Growth

By J. Robert McClure III - October 2006

As a life-long Tallahasseean, I've heard many an earnest discussion about economic development and the delicate balance between "growth and green." What usually followed, however, was generally long on talk and short on action as ambitious goals gave way to multiple studies that sat on a shelf gathering dust.

Yet as a sage once noted, "Even if you're on the right road, you're apt to get run over if you're standing still." That is, charting a worthwhile future for Tallahassee must include meaningful action in the area of economic development.

Indeed, without policies that encourage wise growth, all other major issues facing local officials risk grinding to a halt. Southside improvements? At risk. Better schools? At risk. Creating high-wage jobs? Also at risk.

Even the environmental programs that protect our lakes, our beautiful canopy roads, and our lush green space could be at risk unless our local elected officials adopt policies that allow tax-paying private enterprise to flourish in a region that has been far too dependent for far too long on tax-dependent government as its main industry.

In an article in *The Wall Street Journal* entitled *Live Free or Move*, Lawrence McQuillan and Hovannes Abramyan cite a study from the Pacific Research Institute (PRI) that rated the economic freedom of each individual state, ranking each according to how friendly it was toward free enterprise.

What the PRI study found was fascinating: Not only do those states that are friendly toward free enterprise have more revenue in their coffers, but they are also gaining residents from those states where high taxes and government red tape make them less friendly to free enterprise.

This same model can be applied to cities and counties, which often compete to attract businesses, medical professionals, teachers, and middle-income families. The PRI study shows that economic development and free enterprise tend to raise, not lower, the quality of life in a given area.

The alternative to a growing economy is stagnation, and high taxes and costly regulations are often the root cause. When folks don't want to live or do business in a high-tax area, they move away and take their money with them. As people move away, the jobs leave with

them. Consequently, communities experience a downward spiral of poor economic growth resulting in less tax revenue. Often the stagnant or shrinking jurisdictions compound their problems by raising their tax rates to make up for any shortfall, leading to even faster economic decline.

Lest you think that those who believe in the power of free enterprise want to make Tallahassee into one large parking lot dotted with strip malls, consider these two points. As we survey the world, where do we see the greatest environmental degradation? The greatest abuses have occurred in places where citizens have been historically less free – countries such as the old Soviet Union, its satellites, China, and various despotic countries around the world.

Consider this as well: With economic development comes more jobs and, hence, more tax revenue. And this revenue can be used to buy land for parks, to protect our lakes, and to help take care of the underserved in our community.

“Growth and green” are not mutually exclusive.

The Tallahassee area has three options. It can promote free enterprise through lower taxes and less regulation; it can do the opposite, causing families and jobs to leave; or it can simply do nothing, while keeping in mind that doing nothing is a dramatic choice as well.

In short, Tallahassee’s leaders face a choice: They can either shape an economic future in which private enterprise can prosper or else they can wait passively as the area’s economic future is shaped by the forces of inertia and stagnation. Let’s hope the choice is the former.

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