

Musings on “No”  
July 20, 2011

I recently attended a conference organized by the Boston Fed on the challenges facing mid-sized former industrial centers. I was struck by a comment made by one panelist to explain why leadership in these cities was often ineffective. She observed that many groups have the power to say “no” but no one has enough power to say “yes.” It seemed to me that a similar phenomenon may be hindering the U.S. response to the decline in manufacturing – and to host of other challenges.

We have talk and sometimes, we have initiatives. But we don’t seem to get much action. A recent case in point is trade agreements with Korea, Colombia and Panama. These were negotiated at the end of the Bush administration but at this writing they had not been enacted. President Obama has stressed the importance of promoting U.S. exports. And conceptually, promoting exports is probably one of the few objectives still falling into the apple pie and motherhood category. But promoting exports usually means accepting increased imports of some products; so enacting trade agreements is always difficult. These three agreements are no exception. First, the Democrats were opposed to the agreement with Korea because they feared it disadvantaged U.S. automakers. They were also concerned about labor rights issues in Colombia and Panama. Then, when the Korean agreement seemed acceptable to Democrats, the Republicans did not want to move forward unless all three could be approved together. The latest hold-up is over whether Technical Trade Assistance should be part of the agreement. All of these are legitimate concerns. But this has been a very long process and, at this point, nothing has been done. (Note: The agreements went into effect in 2012.)

It seems that this type of situation is repeated over and over again at all levels of government. Leaders profess a desire to achieve some objective - promote economic development or create affordable housing. There is general agreement on the desirability of the overarching objective. But when it comes to the specifics, a lot of people say “no” and the voices saying “yes” fail to carry the day. Sometimes, when the economics are really favorable, the private sector – through persistence – prevails despite opposition. The housing boom provides examples. Although economists and housing advocates argue that land use regulations prevent housing construction in more affluent communities in Massachusetts and other northeastern states, developers often refused to take “no” for an answer in this time of strong housing demand and through a combination of aggressive site plans and persistence, they still managed to build more units than many residents of these communities wanted.

I am not asserting that “no” is wrong. Twenty-five years ago I had occasion to drive through Texas City, Texas. I have not been back since, so it may have changed. I hope so. Because at that time, it was a horrible place – nightmarish, with oil wells and smokestacks venting burning gas all around. I thought – at the time – that we are fortunate not to allow such environmental destruction today. But I also wondered how the oil industry would have developed in Texas if more stringent environmental protections had

been in place early in the 20<sup>th</sup> century. Perhaps the industry – and Texas – would have been just as prosperous. I doubt it. But Texas City would have been a better place in 1985.

It seems that today's regulatory and political environment provides many more opportunities for many more people to say "no" than in the past and the economics of "yes" are rarely so powerful that they compel action. And so factories do not get built – here in the United States. Trade agreements do not get ratified. No single "no" is all that consequential, but the cumulative effect of a series of "no's" can be significant, both in its direct consequences and in discouraging future initiatives. Meanwhile, other parts of the world are not standing still. In other parts of the world – not all, but some – factories are being built, new energy and other resources are being developed, major infrastructure projects are moving forward. In some cases, people may be opposed to these activities but lack the power to say no. But in some cases, people are eager to advance economically and they are willing to say "yes" to projects that will help them do so. In the United States, we tend to assume that the self-interest of private actors will drive projects to completion. But the hurdles faced by the private sector are higher than they used to be – more rules and more parties who may wish to express an opinion. And alternatives frequently exist elsewhere. "No" here in the United States may not mean "no" everywhere.

So what is to be done? Clearly, we do not want to prevent people from expressing opposition. "No" may be the right answer. But it should be a timely, decisive "no", not a long, drawn-out process where time is the real deal killer. A decision should be made. I am tempted to say that opponents should be limited to those with a direct interest, but that is wrong. I am concerned, primarily, about the social costs of inaction; so the social costs of action must also be recognized and outsiders may be the most knowledgeable and most representative of the general public good. But again, protests that rely on the "time is money" principle to defeat projects should not prevail. Decisions, whether negative or positive, should be made and should stick.

We have too much talk and not enough action. Proponents of reviving manufacturing and creating jobs of any kind must be clearer in their objectives, focused in their priorities, and more inclusive in building coalitions of support. Those concerned about economic development issues must be clear in their own minds what they hope to accomplish and must use their persuasive powers to bring others on board. Focus on priorities means developing strategies to achieve these ends and pursuing them aggressively. Strategies may evolve. They should not be wedded to individual projects, although a balance must be struck between solid support for promising projects and adjusting to changing circumstances. But strategies must stay focused on the ultimate objectives. Finally, building support for action is key. In many situations, people may be in the "yes" camp but do not feel a need to express their views. They do not see a need to say "me too." But "me too" from respected individuals and organizations can win additional friends. Those who are on the fence may be drawn into positions of support if they are engaged at an early stage and their questions and concerns addressed.

As noted at the outset, these musings were prompted by discussions of economic development at the city level, but I believe they have broader relevance. The fact that "no"

is so prevalent at the city level is a disturbing sign of the extent of the problem, as many older industrial cities have very serious problems. One cannot explain inaction on the grounds that the people are comfortable with the way things are. Yet, in many places where the need for change is pressing, many people seem ready to say “no” to new ideas that might improve things and the voices pushing for “yes” are weak.