

Is City Population Growth Always Good and Loss Bad?

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Discussions of urban economic development conventionally assume that population growth is good and loss is bad. Journalistic accounts of urban population decline almost always attribute it to people moving out; it is a story of people avoiding the ills of the city—poor schools, poor services, crime, and high taxes. But reality is more complex. We need to consider how populations change. To understand population loss, demographers talk about population change in a particular time period as the net result of births - deaths + immigration - emigration. Population loss occurs when deaths and/or emigration exceed births and/or immigration. Conversely, population growth occurs when births and/or immigration are greater than deaths plus emigration.

Demographers say that a city's fertility rate must be greater than 2.1 for its population to grow from natural increase. This means that there must be at least 2.1 births per woman by the age of 44. Among the major U.S. population subgroups, only Hispanics have a fertility rate greater than 2.1 in the latest available data (2006), and since the early 90s the trend among all groups is generally downward. This means that cities' populations will gradually decline unless immigration outpaces emigration or they have a majority Hispanic population.

Immigration is the explanation for the population growth of Boston, Chicago, and New York between 1990 and 2000 after decades of decline. While Philadelphia's population declined from 1990 to 2000, immigration was the primary reason its loss was only about half of what demographers projected before the 2000 Census. Barring a radical change in American fertility, city population change will be driven by people moving in and out for the foreseeable future.

Is population loss always bad? No, it depends upon who enters and who leaves. Other things equal, cities are interested in populations that contribute more to their tax bases than they consume in public services. If retirees with modest incomes leave a city, it may benefit from

reduced service costs such as for specialized housing, transportation, community centers, health care, etc. New Orleans has found that because its former low income population has been less likely to return since Katrina, its needs for services for the poor have diminished. Data from Metropolitan Philadelphia Indicators Project surveys show that Philadelphia, like many other cities, has been attracting married couples—“empty nesters” and others—who raise the city’s household incomes. Higher household incomes means that there are markets for products and services that might not otherwise be available. Higher household incomes means lower tax burdens for the rest of the population.

Is population growth always good? No, it again depends upon who enters and who leaves. Growth in an unskilled and uneducated population does little to attract and retain the kinds of economic activities that pay well and may increase the burden on city services. Growth can strain the city’s infrastructure. As Center City and South Philadelphia’s populations have grown, the wastewater system often fails during storms; further growth is likely to make matters worse. Growth also increases traffic congestion which often raises prices because of the difficulty of making deliveries.

Population growth raises questions about a city’s environmental sustainability. Philadelphia placed eighth in the 2008 SustainLane rankings of the sustainability of 50 largest U.S. cities. But rapidly growing cities in the arid Southwest such as Las Vegas and Phoenix typically rank far lower substantially because inadequate water supplies threaten their futures.

It is simplistic to assert that population growth is good and decline is bad. The *composition* and *location* of population change matter. It is not just an issue of growth or decline.

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