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Impact of a Major Japanese Investment On Smyrna, Tennessee

A Case Study by David L. Blakemore

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SUMMARY

This is a case study of the impact of a massive Nissan investment on a semi-rural county in Middle Tennessee. Although it is near the Nashville metropolitan area, before Nissan Rutherford County had only limited experience with industrialization; farming remained its primary economic activity. Attracting foreign investment is a key objective of Tennessee's Governor Alexander, and he has been successful. But the state seems to have no interest in the impact on Tennessee's communities of the investments it attracts. Negotiations with local officials were conducted in a fair and generous way by Nissan, and the community consensus is that the company pays its way. It has contributed to highway construction, and expansion of water and sewage facilities.

There is widespread agreement that the economic effects of recent growth have been positive. 3100 jobs have been created directly, and many more indirectly. Unemployment is down and wage levels are up. Nissan sparked a housing boom, and home prices are higher. Even farmers and small industrialists, dubious at first, have come to welcome Nissan's economic effects, and the local governments have had a fiscal windfall.

Social impacts, especially population growth, have been a mixed blessing. There have been improvements in services, such as a new hospital. But there has also been expensive and difficult to manage pressure on the school system. County residents' resentment of the effects of Nissan was expressed through a two-year delay in approving an obviously needed school bond issue.

Quality of life effects have been the most controversial. Many -- including most politicians -- deny the legitimacy of such concerns. But threats to the quality of life have led to community action, so far with regard to zoning, historic preservation and a mechanism to control future growth.

Communities can do a better job of balancing competing concerns relating to growth by planning before the investment is made, by opening the discussion to the fullest possible citizen participation, and by getting professional help from experts who have worked through these issues before.

David Blakemore
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Against a leonine summer -- putting first things first;
Thousands have lived without love, not one without water.

W.H. Auden, "First Things First"

INTRODUCTION

In the fall of 1980 the Government of Tennessee announced with obvious satisfaction that it had won one of the most hotly contested industrial investment competitions in American history: Japan's Nissan Motor Corporation had chosen the tiny town of Smyrna, in middle Tennessee, as the site for a \$450 million automobile assembly plant. The state's publicity about its victory -- and most of the press reporting and commentary about the Nissan site selection -- carried an unspoken assumption about the Nissan decision: that it would benefit Smyrna, the surrounding region, and Tennessee.

The flurry of press reports in 1980 caught my attention. The Nissan decision had national implications because it would lead to the first Japanese automotive assembly plant in America. But I was interested on another, more personal level. In the late '60's I had twice visited an old friend who found himself transplanted temporarily to the small city of Murfreesboro, Tennessee, and I had found the semi-rural character of the town attractive. So when I began to read about a huge manufacturing plant -- Japanese no less -- to be built just down the road from Murfreesboro in Smyrna, I wondered how it would change a region which I had found charming, and whether that change would be for good or ill.

This paper examines the question of whether the many and varied effects of the Nissan investment have produced a net benefit for Smyrna, Murfreesboro, and Rutherford County, in which they lie. Based on extensive interviews with Rutherford County residents of different walks of life, the paper describes the investment and how it came about, identifies its major economic, social and quality-of-life effects, and offers some conclusions about ways in which a community might manage major investments, and economic growth in general, to its greater, long-term benefit.

THE SETTING

Tennesseans have traditionally found it useful to divide their long slender state into three regions, each centered around a major city: East Tennessee/Knoxville; Middle Tennessee/Nashville; and West Tennessee/Memphis. (The state's fourth major metropolitan

area, Chattanooga, shares regions with Knoxville and Nashville.) Tennessee's 6th Congressional District lies entirely within Middle Tennessee. It is comprised of 17 counties arranged in an arc to the north, east and south of Nashville. In the southeastern portion of that arc is Rutherford County, with its county seat at Murfreesboro, about 35 miles from Nashville. Approximately halfway between Nashville and Murfreesboro, on State Highway 41, is the formerly sleepy country town of Smyrna, now the home of Nissan USA's only manufacturing facility.

The 6th District has a solidly Democratic tradition. With one brief exception early in this century, the district consistently has been represented in Washington by Democrats, many of them surprisingly liberal given the Southern, largely rural character of the district. The current incumbent, first-term Democrat Bart Gordon, is generally in the philosophical tradition of two of his illustrious predecessors: Albert Gore, Sr. and Albert Gore, Jr. (The latter is presently a U.S. Senator from Tennessee.)

The most visible public sector economic presence in the district is the Tennessee Valley Authority (TVA), which has been active here. One of Congressman Gordon's predecessors, Joe L. Evins, sought to use the power accumulated over thirty years in Congress to promote TVA activities in his district, and he was immensely successful. (A common quip is that if Evins had lasted another 20 years in Washington one would need a boat to get around the district.) But TVA projects produce their greatest economic impact during the construction phase, and there are no major projects being built today. Therefore TVA is not a major employer in the area. There is, however, ample electric generating capacity, an important prerequisite to industrial development. A nuclear power plant in the northern part of the district was abandoned half-finished a few years ago after \$2.5 billion had been spent. TVA officials concluded that they had greatly overestimated future electricity demand, and that the nuclear plant would not be needed. In the western part of the district a TVA hydro-electric project, the Columbia Dam, has been stopped just short of completion by environmentalists concerned about effects on marine life. The only other significant public sector activity the district could boast, Seward Air Force Base in Smyrna, was closed in 1970.

Thus the economy of the district, and more specifically of Rutherford County, has been dominated by the private sector. Farming has been primary, with the earlier emphasis on cotton having taken second place more recently to an emphasis on cattle and the grains to feed them. Murfreesboro has experienced a gradual process of industrialization since the Korean War, mostly by small firms. Smyrna by contrast had virtually no industry, and was particularly susceptible to an investment proposal to replace the employment lost when the air base closed. This different experience with industrialization may help explain the differing degrees of enthusiasm, discussed below, with which citizens of the two towns welcomed Nissan.

The first settlers came to Rutherford County in 1790. The town of Murfreesboro was founded in 1811, and rapidly achieved prominence in the region. In 1819 Murfreesboro induced the Tennessee legislature to relocate the state government there from Nashville. But by 1826 the legislators reconsidered, the government returned to Nashville, and Murfreesboro reverted to the role it would play well into the 20th century: a market town for the cotton farmers of the surrounding countryside.

Rutherford County's greatest claim to national prominence, at least prior to the coming of Nissan, was the Civil War battle of Stone's River which took place on the outskirts of Murfreesboro in 1862. In a bloody three-day battle which left 13,000 union and 10,000 confederate casualties, the Union Army was victorious, and established at Murfreesboro the logistical toehold in the mid-South from which subsequent pivotal campaigns against Vicksburg and Atlanta were supported.

LURING NISSAN

Smyrna City Clerk Mike Woods describes the successful campaign to induce Nissan's investment as a straightforward, three-step process: Tennessee officials drew Nissan's attention to the State, the Japanese firm's officials narrowed their Tennessee options to Smyrna, and Smyrna officials took over and persuaded the Japanese to locate in Smyrna rather than elsewhere in the United States.¹ Woods' analysis is accurate, as far as it goes, but it greatly understates the difficulty involved in prosecuting successfully the first step: drawing the Japanese firm's attention to Tennessee.

Tennessee's Republican Governor Lamar Alexander is an old-fashioned populist whose style led him to walk the length of the state in his initial election campaign. He has concentrated much of his energy as governor on putting forward, with remarkable success, an image of a new Tennessee. The key elements of the new image are of a state which welcomes manufacturing investment, whether foreign or domestic, which has put an important new emphasis on education, and which has a strong sense of community pride and work ethic. All three elements of the new Tennessee are relevant to Nissan's investment decision, and will be discussed below.

In July of 1985, when he welcomed the decision of the General Motors Corporation to build its \$5 billion Saturn automotive assembly plant in Spring Hill, Tennessee (also in the 6th Congressional District), Governor Alexander talked to the press about the state's interest in moderating the impact of the plant on the environment.

¹ Mike Woods, "A Look at Smyrna: The Nissan Impact," Public Management (June 1984), p. 3.

" . . . we care about how things look. . . We care about whether there are bars along the streets where there used to be farms. . . We even care about what happens to the bluebirds who used to be along the wooden fences in the meadows. So a broadscale environmental look at the whole community -- maybe even the whole county -- is the kind of enterprise that I hope the local officials and state officials and General Motors will participate jointly in. . . ." ²

The Governor's remarks are an elegant statement of the need to moderate the effects of industrial development to take into account fundamental environmental and quality-of-life concerns. And there is no reason to doubt his sincerity, speaking in 1985 after the immense General Motors deal had been closed. But there is also no reason to believe that in 1980, when officials of the state were working very hard to land the Nissan prize, that they gave much thought to environmental or quality-of-life implications. They wanted to win for the economic benefits that would accrue to the state.

The Nissan project had symbolic implications far beyond the plans of the auto maker itself. By 1980 Nissan had concluded that growing adverse American attention to the U.S.-Japan trade deficit in general, and the contribution in particular of the automotive sector to that deficit, would have to be addressed. And the firm seems to have concluded that the most effective way to address it was to begin to assemble vehicles in the United States. Nissan officials may well have been surprised at the attention they attracted. Once their decision to invest in the U.S. became known, it set off an intense competition among 42 states all eager to host the investment.³ Tennessee officials realized that if they could win the Nissan competition over so many rivals they would draw international attention to the advantages of Tennessee as a place to invest. This demonstration effect could far exceed the value of the Nissan investment itself. It was assumed that the economic impact of a major Nissan investment would be positive, and according to a key official of the state Economic and Community Development Agency, other impacts were considered as an afterthought if at all.⁴ It is not coincidence that the state's cost/benefit analysis of the Nissan deal prepared during the wooing stage, considered only economic factors.

² William J. Mitchell, "Governor Welcomes Saturn -- Cautiously," Detroit Free Press, July 28, 1985, p. IA.

³ John F. Gregory, International Marketing Specialist, Tennessee Department of Economic and Community Development, Interview February 13, 1986.

⁴ Ibid.

Even prior to the Nissan deal, Tennessee had been quite successful in attracting Japanese investment. As of 1985 35 Japanese firms have invested or are committed to invest \$1.1 billion in Tennessee, and to employ 7500 people directly. But Nissan was special, in part because of all the international publicity and in part because of its size, and the state took two extraordinary steps to ensure that the investment would be a success.

First, in order to ensure that favorable international publicity would continue into the construction and operations phases of the project, the state set up a special liaison committee to serve as a buffer and disinterested party between Nissan and the community. A state Development official traveled to Smyrna once a week during the construction phase to ensure that company-community relations were going smoothly.⁵ Secondly, after the Nissan decision the state took the initiative to establish the Japan Center of Tennessee to serve the anticipated Japanese community.⁶ Physically located at Murfreesboro's Middle Tennessee State University (MTSU), the Center is jointly funded by the Tennessee Education Department, the U.S.-Japan Friendship Commission and contributions from private firms, some American, most Japanese. The Center is charged by the state with promoting inter-cultural understanding and facilitating social and cultural adjustment of the ethnic Japanese in Tennessee. Operating on a modest \$80,000 annual budget, the Center has made an important contribution to making Japanese feel at home in Tennessee, and thus to the successful Tennessee program to lure Japanese investment.

The Governor's emphasis on education as an element of the new Tennessee is a long-term effort that eventually should have an important positive effect on efforts to lure investment. In 1982 Tennessee ranked 48th among the states on per-student expenditure on education. To improve this situation the Governor has launched a major new initiative for excellence in education. Handicapped in funding this (or any other!) initiative by a constitutional ban on a state income tax, the Governor managed to push through a reluctant Democratic legislature an increase in the sales tax, the proceeds from which will be used for improving education. This program, if it is successful, will make Tennessee more attractive to foreign investment in two ways. It will increase the pool of trained and trainable manpower available in the state, and it will make the state a more attractive place for outside executives -- the ones who make investment decisions -- to bring their families.

⁵ Ibid.

⁶ Esther Seeman, Director, Japan Center of Tennessee, Murfreesboro; Interview February 14, 1986.

⁷ Bobby Corcoran, Professor, Department of Economics and Finance, Middle Tennessee State University, Murfreesboro; Interview February 13, 1986.

The final part of the Governor's program is designed to promote a strong sense of community pride by celebrating what are seen as the traditional values of the people of Tennessee. These include a strong work ethic, a highly developed sense of loyalty to employer and community, and an independence which has made Tennessee workers traditionally unreceptive to union organizing efforts. To the extent that Tennesseans are perceived to embody these traits to a greater extent than citizens of other regions, this should enhance significantly Tennessee's attractiveness as an industrial site.

THE NEGOTIATORS

Responsibility for negotiating details with Nissan, and thus for determining whether an arrangement could be worked out that would meet Nissan's requirements while safeguarding the interests of the people of Rutherford County, fell for the most part on two individuals. The first was the long-time (38 years) mayor of Smyrna, Sam Ridley. Ridley is a wealthy businessman whose commercial interests include land development and ownership of the Smyrna Chevrolet dealership. These commercial interests no doubt help to explain the strongly pro-growth attitude he has taken toward Nissan from the beginning. (As a politician Mayor Ridley has a reputation from sound fiscal management. But he has also been convicted on conflict-of-interest charges in the days before Nissan. Apparently under his direction city vehicles were maintained at his Chevrolet dealership, and excessive and perhaps unnecessary repairs were performed.)⁸ From all reports and appearances, Ridley has dealt with Nissan in an honest way. But he has blended his roles as politician and businessman into a point of view which appears to take into account only the economic and fiscal impacts of the investment. He told an interviewer in 1985: "I don't know any drawbacks to Nissan. People just can't get over the fact that everything is running smoothly."⁹ In the discussion of the details of the Nissan deal in the next section it will be seen that Ridley carried this uncritical attitude into his discussions with the company. In his many years as mayor Ridley has learned to take full credit for everything good that happens, e.g., more jobs, and to dismiss as carping questions about possible negative developments, such as urban blight.

Ridley seems to accept, as a politician, that he has a responsibility for managing growth. But he takes a very narrow view of what management means beyond making sure that the facilities needed to service the growth -- gas, water, sewage, etc. --

⁸ Elizabeth Voisin, "Town a Shrewd Trading Partner with Nissan," City and State (October 1985) p. 19.

⁹ Ibid.

are in place on time, and that this is accomplished without raising taxes. To facilitate Smyrna's ability to provide services to Nissan, the town annexed 1800 acres shortly after the Nissan announcement, including the 825 acres on which the plant would be built. By this action Mayor Ridley enhanced his role in the negotiations vis-a-vis that of Rutherford County, which would have been the key negotiator in the absence of the annexation.

The other major player in negotiating details with Nissan was Rutherford County Industrial Development Board Chairman, Thomas E. Smith.¹⁰ Although Mr. Smith is an appointed official charged only with the specific task of bringing the right kind of investment into the county, as the county negotiator with Nissan he made decisions that affected every aspect of life in Rutherford County. Aside from the question of Smith's standing and qualifications to represent the county so broadly, there are some who believe that the county was ill-prepared to negotiate with Nissan. Economics professor Bobby Corcoran of Middle Tennessee State University says that in many instances county officials found Nissan more knowledgeable on demographics and the cost of expanding facilities than the county people were.¹¹ Under these circumstances it is not surprising that there are some, including some in the county government, who believe that the county got short-changed in the negotiations with Nissan. Without offering specifics, County Planning Director Norris Colvert expressed the view that the special payments the county is receiving from Nissan (see below) provide less revenue than ordinary taxation of the Nissan assets would produce.¹² He also notes that a similar, and much more extensively publicized arrangement in connection with the Saturn plant has drawn fire from Ralph Nader.

Once Nissan had made the decision to locate in Smyrna it made an extraordinary effort to gain acceptance by the community at large. (This is all the more surprising in that community involvement and community responsibility are alien concepts to Japanese firms.) The Nissan effort included setting up a speakers bureau, briefing community leaders, organizing tours of the plant, granting extensive press interviews, and making sure Nissan employees are well informed on the firm's activities.¹³ Perhaps in part as a result of this there is an extraordinarily unanimous view in Rutherford County that Nissan is a good neighbor which pulls its weight in the community instead of throwing it around.

¹⁰ Unfortunately, Mr. Smith was not available to be interviewed for this paper.

¹¹ Corcoran interview.

¹² Norris Colvert, Executive Director, Regional Planning Commission, Rutherford County, Tennessee; Interview February 11, 1986.

¹³ Larry P. Seltz, Director, Personnel Development, Nissan Motor Manufacturing Corporation USA, Smyrna, Tennessee; Interview February 14, 1986.

NISSAN: THE OPERATION AND THE DEAL

DISSENT

Nissan's first stage investment of \$450 million financed construction of a plant with a maximum capacity of 240,000 vehicles per year, the generally accepted optimum size for an auto assembly plant. Production of a small truck began in 1983 at the rate of 160,000 units per year. In 1985 the product mix was changed to 100,000 trucks and 60,000 Sentra sedans annually. The rate of production is increasing slowly, and will reach the rated capacity of 240,000 by the end of 1986.¹⁴

Initial employment was 2500. With the shift to include Sentra in the production mix employment increased to 2900. It currently stands at slightly more than 3100. Both government and Nissan officials are proud of the fact that most of these employees are Tennesseans. Mayor Ridley claims he insisted, as part of the negotiations, that Nissan hire all Tennesseans who were qualified and wanted jobs.¹⁵ For its part Nissan claims that it intended from the start to hire as many Tennesseans as possible, and indeed this is logical, since access to this desirable work force was a factor in the decision to locate in Smyrna. At any rate, some 85% of the plant's employees are from Tennessee, and some 65% from Rutherford County.¹⁶

Perhaps disingenuously, Nissan officials claimed ignorance about the percent of U.S. value-added in the finished vehicles.¹⁷ However, since both the engines and transmissions are imported from Japan already assembled, it seems likely that U.S. value-added is well below 50%. (Nissan has no present plans to produce either engines or transmissions in the U.S.) To support its objective of keeping inventories of parts and components low, Nissan has encouraged its U.S. and Japanese suppliers to locate in the Middle Tennessee area. A partial list of such suppliers is at Tab C.

¹⁴ J. J. Kieltyka, Vice President and Trim and Chassis Plant Manager, Nissan Motor Manufacturing Corporation USA, Smyrna, Tennessee; Interview February 14, 1986.

¹⁵ Sam Ridley, Mayor, Smyrna, Tennessee; Interview February 11, 1986.

¹⁶ Seltz interview.

¹⁷ Ibid.

DISSENT

The top executives from the plant include a number of former Ford employees. This seems to follow logically from the fact that the President of Nissan USA, Marvin Runyon, is a retired Ford employee. There are only about a dozen ethnic Japanese working at the Smyrna plant, the highest ranking of whom is the comptroller. He was added to the staff when the company encountered difficulties in relating to the parent company's arcane accounting system.

Several aspects of the Nissan corporate culture are of interest to the outside visitor. First, everyone is at pains to assert that the U.S. subsidiary operates with extensive autonomy. The parent company is depicted as a resource, not a controlling manager. This assertion is somewhat undermined, however, by authoritative press reports in Japan last year that each of the ethnic Japanese employees of the firm regularly writes private and secret reports to the home office!¹⁸ A second aspect of the culture is secrecy. Access to and movement within the plant are closely controlled, and employees are vague when asked to talk about details of company operations beyond the most rudimentary reports. Although the Nissan firm is an active member of the Murfreesboro and Rutherford County Chamber of Commerce, it is a reluctant participant in informal groups within the Chamber whose purpose is to share confidential information of potentially mutual benefit.¹⁹ There is a view around Rutherford County that Nissan has an omurta policy similar to the vow of silence of the Mafia.²⁰ Finally, Nissan claims to have a very egalitarian attitude in the workplace. This is expressed through such showy features as the lack of an executive parking lot or an executive cafeteria, as well as through more substantive patterns such as extensive use of open offices and team organization on the factory floor.

A key financial concession Nissan enjoys in Tennessee, and which would have been available to it wherever it chose to locate within the U.S., is the ability to finance its investment through tax-free industrial development. This means that Nissan was able to borrow the \$450 million it needed at a lower rate than would have been available to it through issuance of ordinary commercial paper. The tax-free industrial development bonds were issued by the Rutherford County Industrial Development Board. As a part of its basic agreement with Rutherford County,

¹⁸ Seeman Interview.

¹⁹ Marcia L. Richmond, Executive Vice President, Murfreesboro and Rutherford Chamber of Commerce; Interview February 12, 1986.

²⁰ Seeman Interview

Nissan committed itself in writing to "use all reasonable efforts to find one or more purchasers for the bonds, recognizing that the Board shall be under no obligation to find such purchasers."²¹

The industrial development bond arrangement made the Rutherford County Industrial Development Board the nominal owner of the Nissan facility. Because the county cannot tax its own assets, this necessitated a second fiscal concession to Nissan, this time on the part of the county. Instead of property tax liability, Nissan and the county agreed on an "in-lieu of tax" payment schedule of 30 years' duration. The agreement, based on a formula provided by economists at the University of Tennessee, calls for annual payments to the county of \$280,000 in constant 1980 dollars, and \$407,000 annually to the town of Smyrna in 1980 dollars. There is an additional provision for a one-time bonus of \$500,000 to Rutherford County.

Mayor Ridley and others argue that the in-lieu-of-tax payment arrangement yields the city and county the same amount of revenue that would have accrued under normal taxation. They see it, therefore, as an administrative arrangement that is revenue neutral. But even if Ridley's argument is accepted, the arrangement is open to criticism in at least two ways. First, it is politically vulnerable in that it is a special arrangement, less straightforward than direct taxation, and therefore subject to the appearance of special treatment. This can be an important consideration when it involves the biggest "taxpayer" in the county. Secondly, under the terms of the agreement the county and town will lose out if there are increases in property tax over the next 30 years, since it provides that the incremental Nissan bill will be equal to only one-third of the amount of the increase.

Other aspects of the deal involve arrangements for financing required expansion of city or county facilities to meet Nissan's infrastructure requirements.

²¹ Nissan Motor Manufacturing Corporation, Inducement Contract. There is an interesting question of U.S. tax policy here. In a case such as this where a firm is committed to a major investment somewhere in the U.S. -- an investment in another country would not have addressed Nissan's political problem of the trade balance -- it is questionable whether the U.S. Government should be offering a subsidy in the form of a tax exemption which allows the foreign firm to borrow at lower than normal interest rates. The provision of the tax code which permits this arrangement would be repealed by currently pending tax reform proposals.

A. Roads. The State Department of Transportation spent \$19.03 million to improve highway access to the Nissan site.²² This was an outright subsidy agreed on early in the discussions. Nissan also financed a piece of required highway construction, to the tune of \$4.97 million. According to Randell Matlock, financial director for Rutherford County, the company only reluctantly agreed to relinquish ownership of the finished highway to the government!²³

B. Water Storage. Nissan funded the entire cost (\$4.08 million) of adding four million gallons of storage capacity to the Smyrna water system.

C. Water Treatment. The \$1.8 million cost of expanding the Smyrna water treatment facility was shared equally by Nissan and the Federal Development Administration.

D. Sewage. The daily treatment capacity of the Smyrna sewage system had to be increased by 5.2 million gallons. The cost was divided thus: \$4.98 million for Nissan, \$2.5 million for Smyrna, and \$3.0 million for the Environmental Protection Agency.

E. Gas. The required \$1.5 million expansion of the natural gas distribution system was financed privately by the Nashville Gas Company. Nissan agreed with Nashville Gas to pay \$944,700 annually for gas for five years whether it uses an amount equal to that value or not. Until 1987 Nissan will pay a surcharge to Nashville Gas over the price per thousand cubic feet paid by other Smyrna customers.²⁴

F. Training. As a part of its original inducement to Nissan, Tennessee will contribute \$9.2 million to training requirements for the plant. By comparison, Nissan's expenditure on start-up training totalled \$70 million.²⁵

While it is not clear to an outsider whether the foregoing cost-sharing arrangements are fair, it is clear that the people of Rutherford County are convinced that they are fair. From a political point of view, that's all that matters.

²² Mike Woods, op. cit.

²³ Elizabeth Voisin, op. cit.

²⁴ Mike Woods, op. cit.

²⁵ Seltz Interview.

DISCONTINUED

THE RUTHERFORD COUNTY CONTEXT

In mid-1985 Ms. Shirley Hart, the Assistant Director of Research and Statistics for the Tennessee Department of Labor, commented on the economic health of Rutherford County. "Rutherford County is one of the few counties surrounding Nashville that has its own economy that is strong on its own, and doesn't depend on being a bedroom community."²⁶ In understanding the impact of the Nissan investment on the county, it is important to understand that Ms. Hart's statement would have been just as accurate ten years earlier, well before the Nissan factory was contemplated. Nissan did not build in virgin industrial territory. While there was little industrial development in Smyrna or the immediately surrounding parts of the county, Murfreesboro had experienced industrialization at a gradual pace beginning shortly after the Korean War. Long-established industrial residents include White Stag apparel, a General Electric plant which fabricates appliance parts, a Samsonite furniture manufacturing facility, an International Paper corrugated box plant, and a Pillsbury processed food plant. Thus while the Nissan investment was unprecedented in size, it was not a totally new experience for local leaders. The succeeding sections which consider the impact of growth will therefore make no attempt to isolate the effects of Nissan from other engines of growth.

Since at least 1970 Murfreesboro has tried to regulate industrial growth and channel it into a desirable pattern. According to Mayor Joe Jackson, a successful businessman who is completing his second four-year term as mayor, Murfreesboro has been carefully screening industrial applicants since 1970.²⁷ It has sought relatively high-paying jobs which do not bring with them serious problems of air or water pollution. When a firm expresses interest in the area, specific negotiations with city officials are begun which, *inter alia*, set limitations on, for example, the volume and type of liquid waste the plant will produce. Any subsequent expansion proposals are subject to the same negotiation process. Jackson says the city is willing to turn away undesirable or uncooperative investors, and has done so. He cited the example of a metal-working firm located within the city which could not or would not meet the effluent standards to which it had agreed. The city let the plant relocate rather than bend its regulations. This shows a degree of maturity in dealing with investors or potential investors which was not evident when the county and especially the city of Smyrna negotiated with Nissan.

²⁶ Shirley Hart, "Rutherford Economy Stands on Its Own Feet," Murfreesboro News Journal, May 5, 1985, p. 18.

²⁷ Joe B. Jackson, Mayor of Murfreesboro; Interview February 12, 1986.

Among various reasons for the steady flow of industrial firms wanting to invest in Rutherford County, three are most frequently put forward. Most important are the county's geographic advantages. These include proximity to the urban facilities of Nashville, itself a vibrant mid-south metropolis; relatively mild weather; excellent surface transportation in the form of the Louisville and Nashville railroad and the intersection south of Nashville of Interstate Highways 40, 24 and 65; and proximity to a significant portion of the U.S. market. The figure most often cited is that 50% of the U.S. population is within a day's drive of Rutherford County. A second advantage is the Tennessee work force, which as discussed above offers an attractive combination to employers of loyalty, independence and anti-union sentiment. (The latter is likely to be eroded by the coming of the United Auto Workers to the General Motors plant at Spring Hill. But to date, although the UAW has identified the Nissan plant as a priority target, it has made no organizational progress there.) Finally, the growth which the area has enjoyed since the 1970's has had the self-perpetuating effect of calling the attention of would-be investors to the area. Because of these manifest advantages, in the post-Nissan period many in Murfreesboro in particular believe that the town can afford to continue to be selective about the kind of industry it accepts, and under what conditions.

Rutherford County has grown significantly in population, particularly in the past five years, as will be discussed in detail in the next section. There are reasons for this growth besides industrialization. Chief among them is expansion of the Nashville metropolitan area into Rutherford County. A major real estate firm official told me that during the first year after the Nissan announcement he sold no homes to Nissan executives. He speculates this is because they anticipated an inflationary effect in the wake of the announcement, and wanted to allow the market to settle before they bought. But the real estate market did very well throughout the first half of the 1980's anyway, mainly because of an influx of suburbanites from Nashville's Davidson County to Rutherford County. Two reasons are cited for this suburbanite relocation: lower taxes in Rutherford County, and racially-motivated school busing in Davidson County.²⁸

Even within the automotive sector Nissan will soon lose its place as the dominant presence in the area. It has contributed to this development itself by inducing its suppliers to locate

²⁸ Larry Parker, Partner, Bob Parks Realty, Smyrna and Murfreesboro; Interview February 11, 1986.

nearby. There is also the significantly larger GM plant to be built in Spring Hill. And finally, Toyota recently announced plans to build its first American assembly plant in Franklin, Kentucky, just across the state line northeast of Nashville.

Perhaps as a result of the area's gradual exposure to industrialization, and the diversity to date of the industrial activity located there, Rutherford County has a surprisingly open outlook on foreign trade. In the summer of 1985, a Wall Street Journal reporter visited Murfreesboro to do a story on typical grassroots sentiment toward protectionism. He had decided in advance that Middle Tennessee would be "typical," and would favor higher tariff or non-tariff barriers. He found instead a surprising sophistication on the issue, and a general view that trade barriers are self-defeating; they only prompt retaliation by trading partners.²⁹

ECONOMIC IMPACT

Virtually all the Middle Tennesseans interviewed believe the economic effects of the recent growth that Rutherford County has experienced are beneficial. Some, especially the politicians, believe that economic benefits alone justify the decision to induce and subsidize the Nissan investment. They share the conventional economist's assessment, expressed by MTSU professor Bobby Corcoran, that economic growth and development are essential to the region's continued well-being; get the growth first, and deal with any negative effects later.³⁰ (Ridley proudly notes that since Nissan came Smyrna has added two shopping centers, three branch banks, and 26 fast food outlets!³¹ He seems blissfully unaware that many would regard the last in particular a cost rather than a benefit of Nissan.) The Nissan investment pulled the town of Smyrna out of the economic doldrums into which it had sunk following the Air Force base closing in 1970.

Employment

The pre-eminent economic benefit from Nissan is jobs, 3100 of them in the plant so far and hundreds more to satisfy the increased demand for goods and services which Nissan has sparked.

²⁹ Kent Syler, Administrative Assistant to Congressman Bart Gordon; Interview February 10, 1986.

³⁰ Corcoran Interview.

³¹ Ridley Interview.

Professor Corcoran calculates that for each new job at Nissan (or elsewhere in Rutherford County's industrial sector), 2.6 additional jobs are created. Corcoran has found it easier to calculate this multiplier than to predict where the new jobs will be located. No doubt many are outside the area. Nonetheless unemployment in the county fell from the 10-11 percent range in 1980 to 3.6 percent at present.³² Not all of this is attributable to Nissan, of course; unemployment fell throughout the country during this period. But Nissan was an important contributor.

Wages

Nissan pays wages that are competitive within the U.S. automotive sector. County Planning Executive Colvert estimates the annual income of a Nissan production worker at \$25,000.³³ This is considerably higher than the prevailing industrial wage in the area. (The effect of this differential on inter-company relations is discussed below.) The Nissan annual payroll is about \$40 million, a significant boost in local purchasing power. Professor Corcoran points out that much of this money is spent outside the region, for example to pay mortgages held by regional money center banks in Cincinnati and elsewhere. Nevertheless, as sales tax collections attest (see below), Rutherford consumers certainly are more potent than they used to be.

Housing

The Nissan plant and related developments have caused a housing boom, particularly in the Smyrna area, where 68 percent more building permits were issued in 1983 than in 1980. Beyond accelerated housing construction, real estate man Parker says the average value of houses being constructed has increased from \$45-\$50 thousand pre-Nissan to \$60-\$65 thousand now.³⁴ Somewhat disingenuously, Parker attributes this increase not to inflation, but to an upgrading of taste; he says Smyrna is shifting from a blue collar to a white collar town. It should be noted that the housing boom is not directly attributable to Nissan. Most Nissan workers were already Rutherford County residents, and did not need to move to work at Nissan. And as pointed out in the previous section there are other reasons -- including white flight -- for the Rutherford population (and therefore housing) boom.

³² John Mankin, County Executive, Rutherford County; Interview February 11, 1986.

³³ Colvert Interview.

³⁴ Parker Interview.

Agriculture

Since Rutherford County is still a semi-rural area, the economic impact of growth on farmers is important. Farm Bureau Executive Director Tom Hutchinson provided his impression of Nissan's economic impact on the farm economy.³⁵ Hutchinson says that during the negotiation stage farmers were the element of the population most opposed to the proposed investment. They feared that its major effects would be stiffer competition for casual farm labor, and higher property taxes to finance expansion of county services. They assumed, without being specific about it, that somehow Nissan wouldn't pay its own way.

But Hutchinson says farmers have been surprised and pleased to learn that their fears were largely unfounded. Property taxes are going up with a new education bond issue, and the day labor market is certainly tighter. But there have been important off-setting -- and unanticipated -- benefits to farmers. While agricultural land prices elsewhere in the country have dropped as much as 50 percent since 1981, in Rutherford County they have dropped only 15 percent. Farmers attribute this relative price stability to competing uses for farm land, both residential and commercial, brought on in large part by Nissan. A second favorable aspect is that population growth has strengthened the supporting businesses on which farmers depend. Murfreesboro is a more vibrant market town than ever. Finally, many of Rutherford County's farmers have become ex-farmers or at least part-time farmers. They are working at the Nissan factory, and are grateful for alternative, non-agricultural employment close to home that allows them to stay on the farm, a luxury which their counterparts elsewhere in the country do not always enjoy.

A negative impact of growth on the agricultural sector is the accelerated conversion of prime farm land to other uses.³⁶ This does not seem to concern the farmers, but it worries county planners. They know that agriculture has been the backbone of the county's economy since the days when cotton was king, and they are uncomfortable with the recent rapid rate of depletion. They see a precipitous decline in the importance of agriculture to the region's economy as tending to undermine the economic diversity which helps insulate them from economic swings. In the five-year period from 1977 to 1982, 8800 acres of class I farmland were converted to other uses. In the two years from 1983 to 1985 a further 6300 acres were lost, bringing the total stock of Class I farmland in the county down to about 97,000 acres.

³⁵ Thomas Hutchinson, Executive Director, Farm Bureau, Rutherford County; Interview February 11, 1986.

³⁶ Colvert Interview.

Commerce and Industry

According to Chamber of Commerce Executive Director Richmond, initially local businessmen, particularly manufacturers, shared the farmers' opposition to and fear of Nissan.³⁷ Their main concern was that the larger, wealthier firm would stage wholesale raids on their skilled employees. They also feared introduction of automobile manufacturing would bring unions. While a certain amount of raiding was probably inevitable, initial fears have turned out to be exaggerated. Richmond believes that the extent of raiding was kept down by the loyalty of workers to their original employers. A more important factor may have been Nissan's considerable sensitivity to the fears of its fellow manufacturers. Specifically, in its recruiting efforts Nissan tried to spread the effects of its skilled worker hiring among many firms, avoiding taking too many workers from any one local manufacturer. ³⁸

It is generally accepted that the advent of Nissan has caused an increase in manufacturing wages in the region, but this has not been documented. Since Nissan must be competitive with high auto industry wages in Detroit, it probably has increased the level of manufacturing wages in Tennessee. In any event, worker antipathy to unions persists. Prejudice against the ethnic identity of the Nissan investment was much less a problem than the fear that an automotive sector investment would almost inevitably bring with it the dreaded unions. A matter of one prejudice outweighing another!

Public Finance

In addition to its economic impact on specific sectors and groups within the economy, the Nissan plant has had a positive effect on government finances, most notably those of the town of Smyrna. Perhaps most interesting is what might be called a hidden Nissan subsidy of expansion of Smyrna's water and sewage plant facilities to meet future municipal needs unrelated to Nissan. Mayor Ridley claims that he was able to persuade (or hoodwink) Nissan into financing enough utilities plant expansion to meet normal municipal growth for the next ten years.³⁹

The advent of Nissan has had a dramatic effect on Smyrna's sales tax collections.⁴⁰ Beginning shortly after Nissan's announcement in late 1980, an upward trend in sales tax collections began that continued through the first quarter of 1984,

37 Richmond Interview.

38 Seltz Interview.

39 Ridley Interview.

40 Mike Woods, op. cit.

when they leveled off somewhat. The pre-Nissan level was steady at about \$35,000 per quarter; by early 1984 it had reached more than \$150,000 per quarter. Finally, the Nissan growth has greatly increased the value of Smyrna's property tax base. Assessed valuation of property in the town -- not including the Nissan plant itself which as explained above is treated separately -- rose from \$19.1 million in 1980 to \$30.6 million in 1983.

SOCIAL IMPACT

Although the social impact on Smyrna, Murfreesboro and Rutherford County of the Nissan investment and concomitant rapid growth has been extensive, there is no evidence that social factors were considered in advance by the officials who made the decision to woo and subsidize Nissan. An official of the Tennessee Economic and Community Development Department was quite candid in admitting that for his agency the social impact on the communities came as an afterthought if at all.⁴¹ Its primary customer was Nissan, not the affected towns. And Mayor Ridley was defensive in discussing social effects. Since he was heavily involved with Nissan, he was at pains to deny that any of Smyrna's growing pains were attributable to Nissan, a position which he reluctantly partially abandoned as the interview progressed.⁴² It can be said with little exaggeration that the recently accelerated economic growth has touched every facet of life in Rutherford County. This section discusses the impact on four critical areas: population, education, zoning and utilities.

Population

Virtually all social effects can be attributed directly or indirectly to the population growth which economic growth inevitably engenders. The population of Smyrna increased nearly 50 percent from 1980 to 1985, 8,800 to 12,500, and is expected to reach 19,000 by 1990.⁴³ During the same period the population of Rutherford County as a whole increased 40 percent, to 104,000, and it is projected to double by the year 2000, to at least 200,000.⁴⁴ This kind of population growth inevitably

⁴¹ Gregory Interview.

⁴² Ridley Interview.

⁴³ Mike Woods, op. cit.

⁴⁴ Corcoran Interview

means dramatic change, and some dislocation. But according to County Executive Mankin, it carries a fiscal bonus as well. The county has commissioned a special census this year which, if it comes out in line with projections, will lead to an increase in revenue sharing from the state of \$600,000 annually.⁴⁵

As with most economic effects, there are some social effects of Nissan which nearly everyone regards as positive. Since Nissan Smyrna enjoys certain facilities it never had before, ranging from supermarkets and drug stores to a hospital and a medical center. And growth has brought to the area a new kind of people who, in the view of a Murfreesboro minister, have brought new vitality to the community.⁴⁶ Murfreesboro's Mayor Jackson agrees, adding that there is now a greater acceptance of outsiders, and that the community is stronger for their presence. And ironically, the need to deal with some of the issues discussed below, notably zoning, has led to increased community involvement.

Education

Without question the greatest dislocation, and the greatest controversy, have centered around the issue of education, specifically the pressure of rising enrollment. The county's school system is divided into two parts. For historic reasons Murfreesboro runs its own separate K-6 system with an enrollment of 3,500. Grades 7-12 for Murfreesboro and K-12 for the remainder of the county make up the county system of 15,000 students. It seems fair to say that heretofore education has not been an important community value in this area, as it has not been for the state as a whole. (When I made this point to MTSU historian James Huhta he argued strongly that this is an outdated perception which fails to take into account Governor Lamar Alexander's massive new program to improve the quality of education.)⁴⁷ Professor Corcoran of MTSU asserts nonetheless that the relative value accorded education in Murfreesboro and Rutherford County is actually declining when measured against an external standard. Corcoran chose as his standard the average per-student expenditure on education in the ten highest-ranking states. Murfreesboro fell from 45 percent of the standard in 1976-77 to 42 percent in 1983-84; the comparable figures for Rutherford County were 40 and 36 percent.

⁴⁵ Mankin Interview.

⁴⁶ John Williams, Pastor, Murfreesboro Methodist Church, Interview February 13, 1986.

⁴⁷ James K. Huhta, Director, Center for Historic Preservation, Middle Tennessee State University, Murfreesboro; Interviews February 12 and 14, 1986.

These figures are in part a statistical distortion, since the two local systems have had a growth spurt to contend with, during which spending has typically lagged behind the increase in enrollment. In any event there is an enrollment crisis. Having become accustomed to an enrollment increase of 150 to 200 students annually, the Rutherford system had to accommodate 700 new students in the 1984-85 school year alone, and high growth continues.⁴⁸ Professor Corcoran projects that the combined city/county enrollment will double by the year 2000, to 37,000.

The greatest jump in school enrollment has been in the Smyrna area, where 23 temporary classrooms have been pressed into service in the last two years. This localized impact is greater than the growth in the system as a whole, since a significant number of Nissan workers, having tired of commuting to Smyrna from elsewhere in the county, have begun to move closer to the plant.

The educational impact of economic growth has been controversial for one reason: money. After two years of public debate the county has finally agreed on a \$32.7 million school bond issue, of which \$25 million will go for two new high schools in Smyrna. The decision came just in time. The state education department, impatient with lack of action to deal with overcrowding, had threatened to cut off funds.⁴⁹ County Executive Mankin sees the two-year delay as an expression of resentment on the part of county residents, who may be forgiven if they were led by their exuberant politicians to believe that the Nissan plant would cost them nothing. The school bond was the first installment, but there will be more. A second financial consequence of the Nissan arrangements is that the school system is getting less than its usual cut of property tax revenues. Robert Fritz of the school board staff points out that the in-lieu-of-tax payment which Nissan is making is not being divided among county entities as an increase in ordinary property tax revenues would be.⁵⁰ He doesn't know where the money is going, but it is not being allocated to educational operating costs.

⁴⁸ Jere Warner, Curriculum Coordinator, Rutherford County Schools, Interview February 11, 1986.

⁴⁹ Mike Woods, "A Look at Smyrna: The Nissan Impact -- One Year Later," Public Management (June 1985) p. 19.

⁵⁰ Robert Fritz, Business Manager, Rutherford County Schools, Interview February 11, 1986.

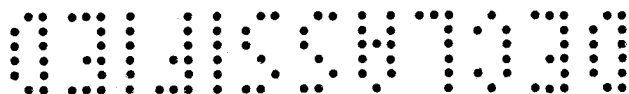
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Perhaps because there is money involved, both Mayor Ridley and school board officials when interviewed made a surprising effort to demonstrate, despite the accelerated growth in enrollment and the concentrated impact in Smyrna, that growth in school enrollment has been "natural" rather than as a result of Nissan. The pressure on the school system is beginning to be felt in terms of quality as well as quantity. The new entrants into the system have behind them better educated parents, such as Nissan's J. J. Kieltyka, who are accustomed to high quality education elsewhere in the U.S., and who want it in Rutherford County. Educators welcome this attitude, but they lament that so far the politicians who control the budget process are as conservative as ever. They still resist long-range planning, and are reluctant to make decisions which imply an increase in the capital budget. Clearly with regard to education the county has not yet gotten comfortable with the implications of growth.

Zoning

Another social impact of growth which has sparked some controversy, especially in Murfreesboro, is zoning. Murfreesboro Councilwoman Mary Huhta says that while elaborate zoning plans exist, developed at federal government insistence in the 1970's as a condition of urban development grants, they have never been used.⁵¹ The city's planning commission, an appointed body, is heavily influenced by commercial interests. Zoning decisions must be ratified by the City Council, and this has given Huhta and others the opportunity to take on, sometimes successfully, some of the more egregious proposed zoning variances. Nonetheless, what the Chamber of Commerce's Richmond calls a hodgepodge of zoning exceptions has emerged, particularly the blighting of middle and upper income residential areas with commercial development. This kind of residential vs. commercial zoning conflict has had the beneficial effect of increasing public interest and involvement in zoning matters. But Richmond says the new activism, often espoused by relative newcomers, sometimes runs headlong into the conservative view that a landowner has an inalienable right to dispose of his land as he chooses. Zoning is another area over which there will be significant community conflict in the future.

⁵¹ Mary F. Huhta, Councilwoman, Murfreesboro; Interviews February 12 and 14, 1986.



Utilities

Finally, growth has put pressure on water and sewage facilities. While as noted above Nissan and others have contributed to expansion of facilities in Smyrna to meet the firm's own requirements, growth has put pressure on utilities elsewhere in the county. And in order to be in a position to borrow capital to expand the facilities, fees for water and sewage have had to be raised. Mayor Jackson explains that he hopes in the long run fees can be reduced, but he is not confident. Meanwhile the mayor acknowledges that there has been a degradation in the quality of other services, for example roads. The requirement for new roads in new subdivisions has meant that maintenance of old streets has been neglected.

QUALITY OF LIFE

Mayor Ridley no doubt would be puzzled by the idea that the Nissan investment could have some negative effects on the quality of life in Rutherford County. His view is simple: "I don't know of any drawbacks to Nissan. People just can't get over the fact that everything is running smoothly."⁵² Professor Corcoran would not go that far, but he does make the point that quality of life must be a secondary consideration when there are no jobs for the young people of a community. On the other hand, Professor Huhta asks whether growth is desirable or worthwhile if its main impact is to cause more and more problems which must be addressed. A specialist in historic preservation who has thought long and carefully about this tension, Huhta describes it as a balance between making a living and making a life. When pressed to define the "making a life" half of the equation, Huhta talks, in the case of Murfreesboro, about hospitality, neighborliness, and proximity to the rural environment. But most important to Huhta is the belief that people need a sense of time, place and belonging. Where these elements are present the sense of personal responsibility for the welfare of the community, and willingness to participate in the search for mutually acceptable solutions to community problems, will be enhanced.⁵³

There were some in the Rutherford County community who opposed Nissan and its related growth on quality of life grounds. Professor Corcoran refers to them unsympathetically

⁵² Elizabeth Voisin, op. cit.

⁵³ Jim Huhta, Interview.

as "we'll never have another quiet morning" types. (By contrast, Corcoran notes there are others who have become intensely competitive and chauvinistic about inducing investment, and feel badly that Rutherford County "lost out" to Spring Hill in the competition for GM's Saturn plant.) Mayor Jackson himself, who must be characterized as generally pro-growth, acknowledges some personal regret over the passing of the quiet town in which he chose to make his home after graduating from MTSU after World War II. He notes that mourning for the old Murfreesboro is perhaps strongest among groups which stand to gain nothing from the economic boom, such as the elderly. Environmentalist lawyer Frank Fly worries about the general impact of population pressure on the quality of life.⁵⁴ He fears that the delicate balance between the farm and the factory which has made Murfreesboro a desirable place to live and work could be inadvertently lost.

In a practical sense, growth cannot and probably should not be stopped. In Mayor Jackson's phrase "You can't build a fence around a city."⁵⁵ And if growth is to be moderated and channeled for the general good, government will have to do the job. But even within this community different philosophical approaches to this issue have been adopted by different government officials. Smyrna's Sam Ridley seems to understand government's responsibility for growth management as making sure that facilities needed by industry are in place on time, and keeping taxes down in the process. Rutherford County's planning officials, however, are striving to learn something from the Nissan experience about how to balance competing priorities. In Professor Corcoran's view the county's decision-making process was overwhelmed by the Nissan negotiations. But subsequently, building on its well-integrated planning/zoning staff and an emerging infrastructure to support industrialization, it has begun to position itself to manage future growth. The county has contracted with Corcoran to develop a computerized data base. It will include analysis of the types of industry already in place, its diversity and the skill level of its employees. This data bank will enable the county to assess any future investment proposal more intelligently to determine its desirability in terms of the kind of people it would employ as compared with the county's unemployment profile, etc.

Most mature in the management process is Murfreesboro, where significant growth dates from 1970. As described in an earlier section, during most of that time Murfreesboro has

⁵⁴ Frank Fly, Attorney, Murfreesboro; Interview February 11, 1986.

⁵⁵ Jackson Interview.

tried to channel growth by screening industrial applicants. Now Murfreesboro is going beyond selectivity among investment proposals to wrestle with some even tougher issues associated with the regulation of growth, ranging from strengthened zoning procedures and sign ordinances to landscaping requirements for commercial establishments.⁵⁶

Murfreesboro may have an advantage in the process of harnessing community energies and participation to promote the quality of life through its experience with historic preservation. Under the guidance of Professor Jim Huhta, MTSU has established an impressive undergraduate and graduate program in the field of historic preservation, and the presence of faculty and students involved in this discipline may have raised the consciousness of the community with regard to its physical heritage.⁵⁷ In 1973 the Murfreesboro Architectural and Zoning Society was formed to fight (successfully) a proposed widening of historic East Main Street. The Society was subsequently expanded into a citizens' group to monitor zoning and development issues. The evolution of this group demonstrates how the involvement of the citizenry can moderate the effects of economic growth so that the quality of life is preserved, or even enhanced.

CONCLUSIONS

As suggested by the W. H. Auden couplet at the beginning of this paper, perceived economic benefits are likely to triumph almost every time over social and quality of life concerns. And in the case of the Nissan investment, Rutherford County citizens may well believe it was worthwhile to embrace rapid growth's economic benefits, and deal with unanticipated costs later if possible. But it is not necessary for a community to view economic benefits and quality of life considerations as elements in an either/or equation. The Nissan case suggests some keys to balancing competing, legitimate community concerns.

1. Plan. The greatest damage is done when a community, such as Smyrna, has not thought through in advance most of the implications of rapid growth. Before an effort to induce investment is launched there should be a public debate on the pros and cons of rapid growth so that there are fewer surprises, and plans can be made to deal with negative impacts.

⁵⁶ Mary Huhta Interview.

⁵⁷ James K. Huhta, "Murfreesboro, Tennessee," in Historic Preservation in Small Towns, Arthur P. Ziegler, Jr. and Walter C. Kidney, eds., Association for State and Local History, Nashville, n.d., p. 105.

2. Open the Discussion. The citizens of Rutherford County had virtually no voice in the decision to induce the Nissan investment, and the conditions under which the investment would take place. (County citizens did not even have an elected official they could hold directly responsible; the actual negotiations were conducted by an appointed official.) Opening the process to the view of the public should give greater weight to non-economic concerns. Politicians with short-run outlooks, especially businessmen politicians, tend to concentrate only on economic concerns.

3. Recognize Strengths. In discussions with Nissan, Rutherford County was probably in a stronger position than it realized. Nissan was eager to build in that area, and for sound business reasons. This means the negotiators probably could have broadened the negotiations without scaring Nissan off. It also means that they could have risked a breakdown in the Nissan talks, confident that their natural advantages are enough to attract other desirable investors.

4. Get Help. The State of Tennessee is irresponsible in attracting investment without giving more thought to the impact of investments on Tennessee's communities. The state could and should develop a background of expertise and experience in helping communities anticipate problems and develop creative solutions to balance competing values. Failing the provision of such services by the state, communities should get help from independent consultants.

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MURFREESBORO

NISSAN SUPPLIERS IN MIDDLE TENNESSEE

DECLASSIFIED

The following firms have built plants in Middle Tennessee to supply components or parts to the Nissan assembly plant in Smyrna. Investment and employment at each plant are shown if I have been able to determine these figures.

Bridgestone Tire Manufacturing (USA), Lavergne, truck tires; 1100 employees.

Calsonic Manufacturing Corporation, Shelbyville, radiators; \$12 million, 300 employees.

CKR Industries, Winchester, rubber parts; 115 employees.

Clarion, Inc., Nashville, automotive radios; \$13 million, 60 employees.

Goodyear Tire & Rubber Co., Union City

Hoover Universal, Murfreesboro, seats; \$5 million, 60 employees.

Kanto Seiki, Lewisburg, plastic parts and instrument panels; \$12 million, 100 employees.

Tsubakimoto Engineering, Nashville, conveyor systems.

York Label, Lavergne.

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