



## Episode 3: Why American Cities Are Broke — The Growth Ponzi Scheme

Episode Link: <https://www.youtube.com/watch?v=7IsMeKl-Sv0>

Running Time: 9:39

“When you lose money on every development, you don’t make it up in volume.”

### Discussion Questions

- Do you see the Growth Ponzi Scheme at work in your own community? If so, where?
- The North American development pattern—the Suburban Experiment—needs constant growth to stay financially solvent. When growth stops, everything falls apart. What are some factors that can disrupt growth? How have you seen these disruptions play out in recent history, both around North America and in your own community?
- Unlike other Ponzi schemes, the Growth Ponzi Scheme wasn’t devised as an outright fraud. Should knowing there weren’t fraudulent intentions influence how we talk with others about the Suburban Experiment? Why or why not?
- This influx of state and federal dollars, as well as upfront costs that are paid for by developers, encourage cities to create new developments, even if they don’t make financial sense. What are some criteria a city should use when evaluating when to move forward with a project? (For one approach, see the “Go or No-Go?” Action Guide linked below.)
- Watch the “Traditional Development” video linked below. Jason Slaughter of Not Just Bikes once called it “the most important video for everyone in North America to watch.” How does this video illustrate the fragility of the suburban development pattern and the resilience of the traditional development pattern?
- “In the end, all Ponzi schemes fail,” Jason says. “It’s just a matter of when.” The way of the Growth Ponzi Scheme leads to outright bankruptcy or functional insolvency. What can we learn from the example of Detroit and other cities about what happens when the Growth Ponzi Scheme collapses?
- What else stood out to you from Episode 3?

### Ideas for Taking Action

- This advocacy is more effective (and more fun) when done with others. If you haven’t yet, consider joining or starting a [Strong Towns Local Conversation](#) in your town.

- Read Chuck Marohn's article, "[What Should My City Do About Our Infrastructure Backlog?](#)" In it, Chuck offers three simple but profound steps cities should embark on if they face huge backlogs in infrastructure maintenance (as many cities caught in the Growth Ponzi Scheme do). Discuss with others how to introduce the concept of the Growth Ponzi Scheme to neighbors and city leaders. Next, discuss ways to advocate for the three steps in Chuck's article:

1. Stop adding more infrastructure.
2. Stop bringing more acreage into the city limits.
3. Shift focus from expansion to getting more out of existing investments.

- Share this episode with someone whom you think the content will resonate with.

## Essential Strong Towns Content

- Articles
  - Overview: "[America's Growth Ponzi Scheme,](#)" by [Charles Marohn](#).
  - "The Grown Ponzi Scheme," a five-part series by Charles Marohn:
    - [Part 1](#) | [Part 2](#) | [Part 3](#) | [Part 4](#) | [Part 5](#)
- Video
  - "[Traditional Development](#)" (Curbside Chat #6).

## Go Deeper

- Articles
  - "[The Growth Ponzi Scheme: A Crash Course,](#)" by [John Pattison](#).
  - "[We Are All Detroit,](#)" by [Charles Marohn](#).
  - "[What Should My City Do About Our Infrastructure Backlog?](#)"
- Action Guide: "[Go or No-Go? How to Analyze a New Project with a Strong Towns Approach.](#)"
- E-Book: [Kansas City: The American Story of Growing Into Decline](#).

## Got Questions?

Check out the [Strong Towns Action Lab](#). You can type in any word, phrase, or question into the search bar and be directed to core insights, top content, and case studies for your query. Try it out by typing in "Growth Ponzi Scheme."

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