A City Cannot Be a Work of Art: Learning Economics & Social Theory from Jane Jacobs

CHAPTER 8: “Cities of the Future?”

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DRAFT NOT FOR CITATION
Wise in his daily work was he:
To fruits of diligence,
And not to faiths or polity,
He plied his utmost sense.
These perfect in their little parts,
Whose work is all their prize —
Without them how could laws, or arts,
Or towered cities rise?

George Eliot. Middlemarch

Whatever position you set men in, they pile up and arrange themselves by moving and crowding together just as ill-matched objects, put in a bag without order, find of themselves a way to unite and fall into place together, often better than they could have been arranged by art.

Michel de Montaigne

I hope to have shown that Jacobs’s critique of urban planning and her suggestions for improving cities follow from an analytical framework that is based on a set of coherent socio-economic insights. Namely, that cities are indispensable for peacefully coordinating the plans of myriad, self-interested strangers; that a living city is a natural unit of economic analysis, the principal locus of innovation, a system of organized complexity, and a spontaneous order; that locals tend to know better than outsiders about the problems and opportunities, large and small, in their locale; and that with limited outside guidance locals are able to effectively address those issues with intelligence, creativity, and resourcefulness.

In the last chapter we examined the limits of urban micro-interventions from this Jacobsian market-process framework. Here I would like to use the framework to address a different but related set of questions: To what extent is it feasible to consciously plan for “urban vitality,” i.e. to promote or foster the experimentation and creativity essential for a real, living city? Is it necessary to use political power – i.e. a monopoly on the initiation of physical violence – to do this? And what does a Jacobsian-cum-market-process theory say about the feasibility of some current proposals for city building and rebuilding? To do this I will need first to dig more deeply into some concepts I have been using throughout this book.

WHAT ARE THE BROADER CONCEPTUAL LESSONS FROM OUR ANALYSIS?

As in the previous chapter, I do not presume to speak for Jacobs on the issues and proposals that I raise here, except where she has herself written about them, but to address them by inferring from the Jacobsian market-process framework developed so far. Toward that end, there are several conceptual lessons we might distill from earlier chapters.
Planning for Vitality

In Chapter Three we saw how, by promoting the four conditions for generating urban diversity (multiple attractors, population density, street intricacy, and cheap space), Jacobs argues that “planning can induce city vitality” (Jacobs 1961: 14).

Planning for vitality must stimulate and catalyze the greatest possible range and quantity of diversity among uses and among people throughout each district of a big city; this is the underlying foundation of city economic strength, social vitality and magnetism. To do this, planners must diagnose, in specific places, specifically what is lacking to generate diversity, and then aim at helping to supply the lacks as best they can be supplied” (Jacobs 1961: 408-409).

As we have noted, for Jacobs some form of government planning is indispensable for urban vitality. Cities need “a most intricate and close-grained diversity of uses that give each other constant mutual support, both economically and socially... the science of city planning and the art of city design, in real life for real cities, must become the science and art of catalyzing and nourishing these close-grained working relationships” (Jacobs 1961: 14). But this is more in the form of cultivation of the inherent creative forces of a living city – “catalyzing and nourishing” – through zoning for diversity for example, than through wholesale rebuilding.

Jacobs argues, however, that the urban planner lacks the “locality knowledge” to effectively plan on the scale and at the level of detail of Le Corbusier or Moses.

To know whether it is done well or ill—to know what should be done at all—it is more important to know that specific locality than it is to know how many bits in the same category of bits are going into other localities and what is being done with them there. No other expertise can substitute for locality knowledge in planning, whether the planning is creative, coordinating or predictive (Jacobs 1961: 418).

She concludes that the government of a great city can effectively foster urban vitality, with the appropriate administrative structure and a proper understanding of the nature and significance of living cities. The problem is that the vertical governance structure appropriate for a town or a small city, in which governmental functions are all centrally directed, breaks down in a city of millions of people and dozens of distinct districts and neighborhoods because a centralized, vertical structure of administration cannot effectively transmit locality knowledge up through the chains of the municipal bureaucracy. Instead, a great city requires a different structure of government administration.

In short, great cities must be divided into administrative districts. These would be horizontal divisions of city government but, unlike random horizontality, they would be common to the municipal government as a whole. The administrative districts would represent the primary, basic subdivisions made within most city agencies (Jacobs 1961: 418).
Jacobs argues that a horizontal administrative structure, for which she elsewhere invokes the concept of “subsidiarity,” would undoubtedly be more complex than a vertical one. Each district would have officials responsible for overseeing the provision of most public services and collective goods in that particular district including traffic, welfare, schools, police, parks, code enforcement, public health, housing subsidies, fire, zoning, planning (Jacobs 1961: 419), but this administrative complexity is necessary for effective governance. “City administration needs to be more complex in its fundamental structure so it can work more simply. The present structures, paradoxically, are fundamentally too simple” (Jacobs 1961: 421). Not all municipal functions could be administered horizontally, however; Jacobs mentions “water supply, air pollution control, labor mediation, management of museums, zoos and prisons” (Jacobs 1961: 421) to which we could add intricacy highways.

Jacobs nowhere denies that with such subsidiarity, along with greater patience and openness, the planner will be able to learn what social order means to those she plans for, or that they can learn to appreciate that neighborhoods, districts, and cities are neither simple nor inherently disorganized. But she does not expand on why planners have a hard time making that adjustment. Why don’t central planners learn about and appreciate locality knowledge? In Death and Life Jacobs blames the faulty training professional planners (and in the related fields of architecture and finance) following intellectual trends in the early 20th century (Jacobs 1961: 436) and later traces this to a break-down in the respect for scientific method (Jacobs 2004: 64-101). But she doesn’t really explain why the planners so trained make these mistakes in the first place, nor why, apart from sheer arrogance, this disconnect should persist.

It is from Hayek and Kirzner, discussed in previous chapters, that we are able to fill this gap to say decisively, given the complex and changing nature of social reality and the inherent cognitive and epistemic limitations of the human mind and conditioned by the dispersed and contextual nature of knowledge relevant for planning by flesh-and-blood people (Hayek 1948, Kirzner 1992), that the a central planner cannot in principle bridge the distance between her conception of orderliness and the facts relevant to those for whom she plans. Of course, in more general terms Jacobs recognizes this, too.

Central planning, whether by leftists or conservatives, draws too little on local knowledge and creativity, stifles innovations, and is inefficient and costly because it is circuitous. It bypasses intimate and varied knowledge directly fed back into the system (Jacobs 2004: 117).

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1 “Subsidiarity is the principle that government works best— most responsibly and responsively—when it is closest to the people it serves and the needs it addresses” (Jacobs 2004: 103).

2 Her observations here are consistent with F.A. Hayek’s on the rise of what he calls “scientism” or the inappropriate application of the methods of the physical sciences to the social sciences (Hayek 1942).
Through horizontality and polycentricity, combined with a modest scale and detail of plans, a planner may be able to plan successfully. As Hayek et al. explain, the fundamental challenge for the planner is to recognize and respect this knowledge problem. So why don’t they?

**O-Judgments versus S-Judgments**

In this light, perhaps the most damaging error that planners of all kinds can make is to treat a complex, spontaneous order as if it were an order subject to human design and effective direction [Hayek]. In other words, a work of art.

Our concern, of course, is with urban planning and design, but, historically, planners have made the same mistake in the areas of macroeconomic policy and collectivist economic planning: that a comprehensive, rationally designed outcome can be realized by imposing it on a dynamic, emergent system [Mises; Lavoie; Boettke]. The fundamental flaw in all such approaches is to assume that at any moment in time people possess sufficient knowledge to successfully coordinate their plans with one another, either vertically or horizontally, without emergent coordinating institutions such as market prices or social networks.

But, again, why is it that urban planners typically do not appreciate the underlying order of a city and the nature of its complexity? Political philosopher Bertrand de Jouvenel suggests an answer.

Thinking in general terms, let us consider an arrangement of factors that serves some purpose and is instrumental to some process. Let us call it an operational arrangement. A mind concerned with this purpose, well aware of the process, dwells upon the operational arrangement and finds that it might be made more effective by certain alterations. We shall call a judgment passed from this angle an O-judgment to denote that the arrangement is appreciated from the operational standpoint. O-judgments are the principle of all technical progress made by mankind. Quite different in kind is the judgment passed upon the same arrangement of factors by a mind that regards it without any intensive interest in or awareness of the process. Such a judgment is then passed as it were from an external, extra-processive standpoint. We shall call it an S-judgment (de Jouvenel 1956: 46).

There is a tendency, according to de Jouvenel, for people to seek “tidiness” and “seemliness” in the world; a desire to have an explanation for the important forces and phenomena we encounter in our daily lives. Where we have intensive and critical dealings, e.g. in our jobs or in raising a family, we are able to render O-judgments because we have devoted time and effort in seeing beneath appearances to the deeper order. Think of Jacobs’s distinction between slumming and unslumming slums discussed in Chapter Five for example (Jacobs 1961: 270). But O-judgments are difficult and costly “in terms of attention and time” (de Jouvenel 1956: 46) to develop and we are unable to gain that depth of understanding and expertise in all cases, which is so in the vast majority of perceptions in our daily lives and indeed trying to do so would not be in our best interests. In our quest for tidiness we then often resort to S-
judgments. As the number and scope of activities on which we are required to pass judgment increases, especially those outside our primary areas of experience and concern, we are more and more likely to render inappropriate S-judgments in those areas.

Therefore the larger the number of arrangements upon which I venture to pass judgments, the higher the proportion of the arrangements examined which I shall pronounce unseemly, and the more the world will seem to me to be made up of “bad” and “wrong” arrangements (de Jouvenel 1956: 47).

This tendency for passing inappropriate judgments when confronted by the “unseemly” and apparently chaotic is inherent in even the most superior, rational intellects.

It is a relief to turn to problems of which we are ignorant and to which we therefore may apply our models. Be it noted that the greatest scientists who have mastered prodigious complexities are apt to come out with the most naïve views on social problems, for example (de Jouvenel 1956: 48).

Hence, we may surmise that planners lack the cognitive ability to develop proper O-judgments on all matters, even some that touch on their professional concern. But why don’t more social scientists and urban planners acknowledge the complexity and emergent nature of urban phenomena and thus turn attention to the more-relevant locality knowledge?

This brings us back to Jacobs’s discussion of organized complexity, and the tendency under the influence of 20th century intellectual trends to resort to explanations in terms of simplicity or dis-organized complexity: “The theories of conventional modern city planning have consistently mistaken cities as problems of simplicity and of disorganized complexity” (Jacobs 1961: 435). This in turn is related to Hayek’s discussion (Hayek 1942) of the “scientistic” turn in social theory in which the methods of the physical sciences are naively and inappropriately applied to social phenomena. As we saw in Chapter Seven, when this is the basis and justification for public policy the consequences have been disastrous and tragic.

Once they recognize the nature of the problem they are grappling with and acknowledge their cognitive limits in influencing the shape and direction of living cities, urban planners could then rely on market prices or social networks and institutions to assist them in coping with their ignorance [Hayek, Nobel lecture; BERTAUD 2018]. The effectiveness of their plans therefore depends on how well these market prices, social networks, and institutions consistent with economic freedom [FREETHETWORLD], are allowed to function. The gist of Chapter One of this book was to explain why beyond some point there is a tradeoff between what can be designed and the level of spontaneous complexity that is enabled. That is, when the level of intervention is low the plans of the designer tend to complement the plans of the people for whom she is planning; as the level of intervention rises, beyond some point they crowd out more than they complement. We have seen that for Jacobs and market-process theorists that turning point is at a fairly low level of intervention (i.e. planning for basic infrastructure, removing negative externalities, and promoting the vitality of urban processes). As the scope of design elements
increases, market prices do a poorer job of effectively providing feedback [Hayek, Kirzner], social networks erode [Jacobs, Ikeda], and the sphere of personal autonomy shrinks. The limited knowledge and hubris of the government planners obstruct the aspirations of ordinary people.

So although subsidiarity may be a step in the right direction, by itself it cannot offset the debilitating effects of large-scale government planning. In the following sections I therefore argue that it’s possible to separate the case for decentralized governance from the question of whether such governance requires the use of political power.

**Governance versus Government**

As I discussed in Chapter Two, the spontaneity of a social system, its emergent properties, happens beyond or above the level of any particular plan. That is, you can design a piazza but except for certain negative rules (e.g. no disruptive behavior as defined by local norms) not how people in it will use the piazza. To use an economic example, the capital structure of a competitive market (i.e. the way investment in capital goods of myriad people cohere) is unplanned, even if the decisions of individual businesses, households, or non-profit organizations to invest in capital goods are each carefully and minutely planned [Lachmann]. In a Jacobsian context, the decision of a neighbor to pay attention to what’s going on in front of her house contributes in unplanned and unanticipated ways to the formation of social capital and dynamic social networks, which in turn results in the safety and security of a neighborhood and the reinforcement of social norms. While it’s possible that neighbors may know that their choices do contribute to this outcome, they likely do not know how it does so nor do they need to know.

Still, residents of a neighborhood, community, or city do deliberately create the physical infrastructure necessary for their comfort through some form of collective decision-making – to provide roads, sewers, power, water, etc. What then does this imply about the nature of the collective decision-making needed to design and implement that infrastructure? In other words, while there may be order within design, to paraphrase Alain Bertaud (2018), does this imply anything about whether political power is necessary for the process of decision-making and implementation of that design? I suggest that although governments may provide collective or public goods (in the strict economic sense of non-rivalry and non-excludability) it is not always necessary for government to do so. Governance, i.e. the creation and enforcement of rules and administration, may be something governments typically do, but governance need not entail government. Private entities such as corporations and housing developments also govern, but must do so through non-violent persuasion rather than the threat of physical violence.

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3 For an extensive treatment of this phenomenon in an economic context, see Ikeda (1997) and (2004).
The remainder of this section will deal further with the nature of government and the separate problem of governance, but do so in the context of the kinds of rules found in them. This will provide the conceptual foundation for an approach to the understanding of cities called “market urbanism.” That in turn will lead to an analysis and critique of current proposals for urban revitalization and rebuilding.

**Kinds of Rules and Their Enforcement**

The distinctions between planned and unplanned orders and between governance and government rest on differences in the nature of the rules on which each of these phenomena is based. Essentially, the rules that mainly constitute governance that depends on political power (i.e. governmental monopoly of the initiation of physical violence, [Oppenheimer]) are essentially different from the rules that mainly constitute governance that relies on private, mostly voluntary, decision-making. In order to design from top to bottom a city, a neighborhood, or a single building, the rules of construction imply conscious choices to discriminate for or against certain uses or persons. Merely designating a building as office space rather than residential space advantages those who place a higher value on the former use than on the latter. As discussed in Chapter One, these uses become less compatible as the scale and degree of design of the construction increases.

For example, Robert Moses used eminent domain to construct massive highways to benefit people who drive cars, but to do so he deliberately displaced thousands of residents, businesses, and others from that space. When he undertook to rebuild a portion of Brooklyn Heights to create a large, modern plaza (Cadmen Plaza), he deliberately replaced three blocks of old but still usable private buildings with parks, municipal buildings, and subsidized, high-rise apartments. When Frank Geary designed “8 Spruce Street” in Lower Manhattan he drew up detailed architectural plans for the a 76-story skyscraper that left hardly a cubic foot unaccounted for. The crucial difference between these examples, however, is the scale (for a given level of design) of the project, from building to neighborhood to city, and the relative displacement of a spontaneous and complex social order with deliberate design. Design beyond some point – and I contend that Jacobs would agree that this point is relatively low on the scale of Figure 2 in Chapter One – ceases to complement peaceful and spontaneous social interaction and begins to substitute for it the design and limitations of a single human mind.

Of course all planners, public and private, must issue and enforce such rules – rules as commands to achieve a specific objective. But the problem facing an architect in designing a single building, even a massive one, is not only quantitatively but qualitatively different from attempting to design a neighborhood or a living city, where the knowledge requirement is impossibly large.

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4 In the process of construction, of course, some of these rules may require adjustment, yet not without the approval of the master planner.

5 Recall from Chapter Six the description of the “socialist calculation debate.”
Rule of Law

In contrast to rules as commands are rules aimed at generating a general pattern and not a particular outcome, that apply to everyone under its jurisdiction, and that are stable and predictable to those subject to them (Hayek 1942). For example, a speed limit on a road, which while it may benefit or harm some drivers depending on the situation (e.g. leisure drivers versus those late for work) it is not intended to do so, in contrast to a rule that, for instance, allows only certain individuals to use a road or certain individuals to ignore the speed limit. While these rules may be wide in their scope (e.g. a national speed limit) their content and level of design, the actions they mandate or prohibit, are lower than rules aimed at achieving narrower and more specific objectives, which are necessarily more detailed. (Recall the discussion in Chapter One of Wagner’s “piazza versus parade.”)

Other things equal, the less general, universal, and predictable a rule is the more difficult and costlier it is to enforce, e.g. the previous example of a rule that allows only privileged drivers to use a road versus a simple speed limit applied to all. Of course, a rule that is general, universal, and predictable – characteristics of what some have referred to as the Rule of Law – may be difficult or controversial to enforce, such as a rule that says all persons eighteen to twenty-five years of age must serve in the military. But this suggests that the content of the rule needs to be considered, perhaps judged by an ethical standard, especially in terms of how desirable or not are the exceptions and contingencies the rule contains.

Another kind of “rule” are conventions, which we might define as rules that have been widely accepted and largely self-enforcing, such as “drive on the right” (on pain of causing serious harm to oneself). And then there are norms, which we might think of as rules that we have internalized or that are enforced through non-political means such as disapprobation and social pressure: I should drive on the right because it’s the right thing to do (Greif 2006).

People in all societies, including authoritarian societies, abide norms, conventions, and governmentally enforced rules. The difference is the degree to which politically enforced rules predominate. Other things equal, the greater the degree of central planning and intervention to consciously direct individual activity, when it comes to interactions in public space there will be greater reliance on the kinds of rules that depend on political power for enforcement and less reliance on self-enforcement, social pressure, or voluntary acceptance. Turning this around, when planners use rules to achieve concrete rather than abstract outcomes for particular persons or groups the result is necessarily a planned and not a spontaneous order.

Nomos and Thesis

6 See for example Moroni, et al. (2018)...  
7 It’s true that the same rule may fall under all three of these definitions, but not for the same person at a given moment in time.  
8 Nomos, the law of liberty; thesis, the law of legislation (Hayek 1973: 126).
It may help to look at rules from another angle that derives from Hayek [Errors of Constructivism], who distinguishes three kinds of rules. There are

(1) rules that are merely observed in fact but have never been stated in words... (2) rules that, though they have been stated in words, still merely express approximately what has long before been generally observed in action; and (3) rules that have been deliberately introduced and therefore necessarily exist as words set out in sentences (Hayek 1978: 8-9).

I will characterize these three kinds of rules respectively as “tacit,” “contextual,” and “explicit.” The tendency then for “high modernist” thinkers (Scott) in urban planning and social theory generally in the 20th century is to treat social phenomena as if they were characterized by rules of the explicit type: simple enough such that their meaning can be effectively expressed in words or symbols.

The concept of rules as explicit commands fits phenomena of “simplicity” and “disorganized complexity” more closely than phenomena of “organized complexity” because the relationships among elements in the first two are relatively simple. Explicit rules enable planners, who might not know any better, to address complex social orders such as living cities using mainly explicit rules or rules as commands. The urban designs of Le Corbusier, for example, entail rules that designate in detail the placement and uses of all the major structures in a “radiant city,” as do zoning ordinances though on a more limited scale, while ignoring the contextual and tacit rules that underlie the spontaneous, harder-to-see patterns that emerge or don’t emerge in the interstices of the built environment. That is why when Corbusier-designed or -inspired projects such as Chandigarh and Brasilia were constructed they looked beautiful and orderly from a distance but lifeless and chaotic (in the strict sense) at ground level. As discussed in Chapter Six, the consequence for residents is boring, unsafe, and disastrous, which the passage of time may or may not heal.

The emergent outcomes of social networks and living cities entail more contextual and tacit rules, rules that by nature conform to nomos or the Rule of Law rather than thesis, as well as conventions and norms. The tradeoff between the scale of conscious design and the degree of complexity and spontaneity imply this distinction because the idea that central planning should complement rather than substitute for individual planning implies that individuals in making their O-judgments rely on rules the central planner does not (and perhaps cannot) know. Those who use “rules as commands” to govern either don’t take into account the contextual and tacit rules that the people for whom they plan follow, which can produce deep disorder, or they do take them into account, complementing rather than substituting for the plans and judgments of the people who use that space.

What do these limits of planning and design imply about the kind of city we can realistically hope for – cities of the future? The distinction among rules/norms/convention helps to explain how governance without government can be achieved, and will be relevant when we examine proposals to build new cities or rebuild existing ones; while the distinction among
explicit/contextual/tacit helps us to understand what advocates of central planning miss when they claim cities can only be centrally planned. To clarify these connections, it will be useful first to outline the approach to the study of cities called “market urbanism” that rely on these distinctions, and then examine several different proposals that claim to plan for vitality in the sense of Jacobs or to establish brand new urban centers.

**MARKET URBANISM**

I have stressed throughout this book that Jane Jacobs was careful not to align herself with any ideology, left, right, or in between and that includes so-called “free-market advocates.” That is why I have been careful not to claim more for Jacobs regarding her political philosophy and policy prescriptions than what has been documented in her books, articles, speeches, and essays; and I have been careful to point out, as in the last chapter, where I am extrapolating into territory she did not tread. What I have done throughout is to show how the fundamentals of her approach and most if not all of those prescriptions align well, if less than perfectly, with the approach to economics that I have described as market-process theory. Market-process theory, itself, as I have tried to make clear, is not an ideology but an approach to understanding how market and non-market systems work or don’t work over time, even if it is often aligned with free-market policies (e.g. free trade, monetary neutrality, and minimal government intervention) and classical liberalism (e.g. open immigration, concern with the least-well-off in society, tolerance, and civil criticism).

Although urban economics is a well-established field within the discipline of economics, for market-process theory urbanism, broadly considered, is relatively new territory and I would consider this book among the first forays into the area. Recently, market-friendly writers on urban policy who are entrepreneurs, journalists, and scholars from economics, public policy, law, and an array of other disciplines have formed a new movement dedicated to applying market-based policy solutions to socio-economic problems facing cities. Many of them have adopted “market urbanism” to describe their approach.

Adam Hengels, who coined the term “market urbanism,” defines it succinctly as follows:

> Market Urbanism“ refers to the synthesis of classical liberal economics and ethics *(market)*, with an appreciation of the urban way of life and its benefits to society *(urbanism)*. We advocate for the emergence of bottom up solutions to urban issues, as opposed to ones imposed from the top down.10

And the journalist and urbanist-blogger Scott Beyer defines it this way:

> Market Urbanism is the cross between free-market policy and urban issues. The ideology calls for private-sector actions that create organic growth and voluntary

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9 Other notable predecessors would be...
10 [https://marketurbanism.com/](https://marketurbanism.com/)
exchange within cities, rather than government ones that are enforced by bureaucracy. Market Urbanists believe that if cities were liberalized as such, they’d have cheaper housing, faster transport, improved public services and better quality of life.\footnote{https://marketurbanismreport.com/}

In the context of this book, Market Urbanism is 1) an approach to understanding living cities as complex, spontaneous orders that drive economic development and material well-being and 2) that uses this understanding to analyze urban problems and 3) to recommend solutions to those problems that rely as much as possible on non-political alternatives.

Would Jacobs endorse any or all of these conceptions of market urbanism, as a whole? Probably not. Would she endorse the general approach of relying on market-based solutions, with their reliance on the Rule of Law rather than commands, as much as possible and being highly cautious in using political power? Yes, I think she would. What is the basis for my belief?

First, her understanding of a city and the important institutions within it as complex orders that emerge spontaneously within designed frameworks, as in her discussion of how a city such as New Obsidian arises and the emergence of agriculture within it. Second, her scathing critique of comprehensive central planning and the high-modernist philosophical outlook that ignores local knowledge, as in \textit{Death and Life} and her discussion of organized complexity. Third, her hostility toward Euclidean zoning with its artificial separation of uses, again as in Part II of \textit{Death and Life}. Fourth, her proposals that do involve political power are less-interventionist than conventional approaches, such as her recommendation to get government out the landlord business and instead complement “private enterprise” by making it profitable for private landlords to rent to low-income families, as in chapter seventeen in \textit{Death and Life}. Fifth, her rejection of the common leftist proposal of rent regulation, as an approach that doesn't get at the “core problem” of building new, affordable housing, as I cited from \textit{The Economy of Cities} and \textit{Dark Age Ahead}, all of which is a reflection of her understanding of the feedback mechanism of prices. Sixth, as we saw in the previous section, her support for regulations that are mainly limited to addressing economic externalities and safety issues, not aesthetic ones.

Jacobs does say, of course, that government administration should practice subsidiarity and as a result be more complex than the current, vertical structure. But her polycentric, horizontal solution does not entail increasing the political power of local officials. Rather, keeping the level of political power constant, subsidiarity entails shortening the administrative distance between the people who live and work in an area and the authorities who govern it, in order to empower ordinary individuals to communicate problems and their solutions. Far from advocating an overall increase in the scope of government authority, Jacobs argues instead that this is a way of minimizing the negative impact of government administration on the spontaneous complexity of the urban order and of maximizing effective governance. As such, Jacobs’s subsidiarity is neutral with respect to the size of government, and could also promote effective governance in voluntary, private organizations. Subsidiarity works best to safeguard individual flourishing when political power is strictly limited for the same reason democracy
does so [Hayek RTS]. The lesson from market-process economics is that if public authorities at any level of government are tasked to do too much, no amount of political decentralization, horizontality, or subsidiarity will improve the situation [Hayek, Ikeda].

What other evidence is there of Jacobs’s classical liberal tendencies?

In her most “ideological,” but still nonideological, book Systems of Survival, Jacobs spells out carefully what she concludes are the fundamental norms that effectively guide the private sector “the commercial syndrome” and public sector “the guardian syndrome.”

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<tr>
<th>THE COMMERCIAL MORAL SYNDROME</th>
<th>THE GUARDIAN MORAL SYNDROME</th>
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<tr>
<td>Shun force</td>
<td>Exert prowess</td>
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<td>Come to voluntary agreements</td>
<td>Take vengeance</td>
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<td>Be honest</td>
<td>Deceive for the sake of the task</td>
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<td>Collaborate easily with strangers and aliens</td>
<td>Be exclusive</td>
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<td>Compete</td>
<td>Shun trading</td>
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<td>Respect contracts</td>
<td>Respect hierarchy</td>
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<td>Use initiative and enterprise</td>
<td>Be obedient and disciplined</td>
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<td>Be open to inventiveness and novelty</td>
<td>Adhere to tradition</td>
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<td>Be efficient</td>
<td>Be ostentatious</td>
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<tr>
<td>Promote comfort and convenience</td>
<td>Show fortitude</td>
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<td>Dissent for the sake of the task</td>
<td>Be loyal</td>
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<td>Invest for productive purposes</td>
<td>Treasure honor</td>
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<td>Be industrious</td>
<td>Make rich use of leisure</td>
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<td>Be thrifty</td>
<td>Dispense largesse</td>
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<td>Be optimistic</td>
<td>Be fatalistic</td>
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Jacobs’s objective here is not to privilege government or commerce but to make explicit the morals that, if adopted and practiced in each respective sphere, will result in a well-functioning society overall; and to warn that applying the morals of the private sector to the public sector, or vice versa, will generate “monstrous moral hybrids” that undermine the effectiveness of each sector. Nevertheless, comparing the character of those elements that comprise the “guardian moral syndrome” to those of the “commercial moral syndrome,” it may not be going too far out on a limb to suggest that governance by government should be strictly limited.

Further evidence of her liberalism is her tacit reliance on economic freedom, property rights, and free markets in Death and Life. While no advocate of laissez-faire, at a time when socialism was the prevailing ideology among academics and intellectuals around the world as well as the United States, Jacobs’s recommendations for government intervention in 1961 were extremely modest compared to equally prominent public intellectuals of the day [Galbraith, Chomsky].

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12 The following lists are from Jacobs (1992: 216).
Where there is evidence that Jacobs was anti-business she always, as far as I have seen, balanced it with an equally strong condemnation of government, within a few pages or often in the very next breath. Here’s one example.

Suppose, ten thousand years from now, people of the future who contemplate our own times—which they might aptly call the midpoint crisis between their times and the origin of agriculture—ask themselves what, by hindsight, could have forestalled fatal deterioration of the wonderful North American culture. I suspect the advice might be much like that about the goats: “Let things grow. Don’t let currently powerful government or commercial enterprises strangle new departures, or alternatively gobble them as soon as they show indications of being economic successes. Stop trying to cram too many eggs into too few baskets under the keeping of too few supermen (who don’t actually exist except in our mythos)” (Jacobs 2004: 170).

Others examples aren’t hard to find. What accounts for her ideological neutrality?

First, I believe this was a conscious effort on Jacobs’s part, as I’ve said before, to appear as non-ideological as she could. Then, too, she might always have actually seen things in this balanced way. Second, although it may be true that Jacobs’s sympathies were genuinely on the ideological left, which I personally think is the case, perhaps her clear understanding of and profound appreciation for how markets work constrained her vision [Sowell] of the good that political power effectively could do – that “ought implies can” [Horwitz].

While Jane Jacobs probably wouldn’t openly endorse the Market Urbanism approach outright, given her obvious appreciation for and understanding of complex and emergent social orders I am confident that her urbanist outlook and careful endorsement of limited and democratically sensitive government intervention, that she would fit well within the Market Urbanist camp. Keep in mind that the Market Urbanism approach ranges from the anarchist wing of the Startup Society approach to that of Alain Bertaud (2018), who combines a respect for the necessity of government planning within strictly limited bounds with a deep respect for the ordering capabilities of the market, gleaned from a lifetime of planning experience.13

13 I believe she would find a great deal of common ground with Bertaud’s outlook. Perhaps I should elaborate on this connection.

Bertaud’s (2018) attitude is highly unusual for an urban planner. His thesis is simple: Urban planners need to understand basic economics – that demand curves slope down and supply curves (usually) slope up – and apply that understanding to their work. This attitude is evidently quite rare among professional urban planners. For Bertaud, a city is first and foremost a labor market, and as such an urban planner (as he himself has been for over five decades) needs to be aware of land values, the costs of commuting and of construction, and the trade-offs that exist among them. The job of the planner is to continuously monitor these magnitudes and to adjust infrastructure and regulations in order to promote the mobility of urban residents in terms of access to productive work and to enable complex economic
CITIES OF THE FUTURE

It is an oft given statistic that by 2050 68% of the world’s population will be urbanized. But what will cities of the future look like? If I take what I’ve said about the unpredictable nature of living cities seriously then the only legitimate answer to this question is, “I don’t know and neither does anyone else...and that’s a good thing.” So while prediction is impossible we can use our framework to examine the possibilities and some of the current proposals for future cities. The number of possible topics I could explore here – e.g. revitalization of Pittsburg and Detroit, Singapore and Shenzen – is just too vast and would itself require a book-length treatment. Instead, I will draw on specific examples of urban revitalization and city building that illustrate in a general way a few potential ways forward.

Let’s begin by looking at several smaller-scale experiments in what we’ll broadly term Market Urbanism. These come under the heading to urban revitalization more than city building.

Urban Revitalization

Elinor Ostrom, winner of the 2009 Nobel Prize in economics, spent a lifetime studying how communities in culturally diverse locations around the world – including Spain, Switzerland, Japan, and the Philippines – have found ways to solve “common pool resource” (CPR) problems. These arise when a valuable resource, such as a river or a forest, is not owned

development.

When city governments competently provide main roads and infrastructure and deal effectively with negative externalities, people can then rely on market values for land, construction, and transport to decide where to build, live, and work. When they attempt to go beyond these critical but limited functions, as I pointed out in Chapter Two, they substitute the conscious design of the urban planner for the far-more complex, robust, and responsive orders that emerge when ordinary people, operating in and through well-functioning markets, make their own decisions. In this view, population density or floor-area ratios should be dependent variables, not policy objectives.

Bertaud’s understanding of the city as a complex, dynamic, and emergent order and his appreciation of the limits of urban design echoes that of Jane Jacobs. Jacobs effectively challenged, from the outside, the very planning mentality that Bertaud challenges as an insider. I have no doubt that she would have delighted in his 2018 book, Order Without Design. Indeed, as a student of Jane Jacobs it’s easy for me to imagine that, if she had been an urban planner instead of a public intellectual, she might herself have penned a tome very much like Bertaud’s.

14 See for example the United Nations figures.
entirely by any person or group, a condition that can create powerful incentives for individuals ("appropriators") to overuse the CPR to the long-term detriment of the entire community. In technical terms a CPR is a resource that is rival and nonexcludable. Each individual appropriator might realize that self-restraint is in her own as well as her neighbors’ interests, but if she believes those neighbors will opportunistically free-ride on her self-restraint, she too will be sorely tempted to free-ride (Ostrom 1990).

Ostrom found that in the majority (though not all) of the cases she studied, the appropriators themselves, mostly or entirely without help from the government, established rules, conventions, and enforcement mechanisms effective enough to keep overuse and conflict to a minimum and flexible enough to adjust to changing circumstances over long periods, sometimes centuries, while preserving the CPR (Ostrom 1990). Again, these complex arrangements were essentially self-organizing and self-regulating based on local norms and conventions. These kinds of CPR situations appear in many places, including on the streets of a major metropolis. Which brings us to the concept of “shared streets.”

Shared Streets

Around the turn of the 21st century a radical way of addressing problems of traffic congestion, accidents, pollution, and reduced mobility appeared on the scene. “Shared Streets” has been spreading across northern Europe, including the Netherlands, Sweden, the United Kingdom, and elsewhere. In physical terms, shared streets removes traffic lights, caution signs, and marked pedestrian crossings; where possible it substitutes traffic circles for traditional intersections and blends sidewalks seamlessly into streets. Motor vehicles, pedestrians, and bicyclists have equal legal priority. In principle a driver or bicyclist could go through an intersection without stopping for anyone; a pedestrian could cross anywhere at any time. All are liable for any injury or damage their actions might cause, of course, but no one would be guilty of a traffic violation insofar as there were no particular laws or regulations to violate.

Instead of chaos, the result has uniformly been fewer accidents and injuries, a smoother flow of traffic, even in busy London, and perhaps less pollution from needlessly idling vehicles [footnote]. Without signs to guide (or distract) them, drivers have to be far more alert and careful when they approach an intersection, pedestrians more cautious when crossing the street. Common sense, self-preservation, and norms of civility prevail for the most part. There is less reliance on explicit rules and more on tacit rules, norms, and conventions. According to available data, municipalities that have implemented shared streets have seen the accident rate and injuries plummet [REF]. Although it’s undoubtedly true that the first intersections were chosen for these experiments because of their greater potential for success. Still, where the concept has been applied you generally don’t see pedestrians fearfully scampering across the street or cars dangerously bullying for the right-of-way. On the contrary, cars, walkers, and bicyclists rather routinely intermingle, as equals, as they negotiate unmarked intersections.

No one announced what norms of civility people should observe in the traffic commons, nor what tacit and contextual rules of crossing they should follow. Instead, ordinary people simply
use their eyes-on-the-street and the brains behind their eyes to interact safely through the intersection. Order emerges, like those communities Ostrom studied that successfully preserve CPRs. The potential appropriators — the drivers and pedestrians — regulate their own behavior because no one wants to cause an accident. It’s common knowledge that most of the rules of the road are unwritten anyway — which raises the question of how many really need to be written down at all.15

When I first saw a video of shared streets I was reminded of when I was in Beijing in 1984 trying to cross one of those menacingly wide boulevards filled with a thick, endless stream of bicyclists. I stood paralyzed on the edge of the traffic until our guide told me that I should simply start walking through, slowly but without stopping, and the bicyclists would avoid us (a little like a cowboy wading through a herd of cattle) – and they did! Today, cars have largely replaced these swarms of bicycles and so I’m not sure how the norms have changed, and in cities today where bicycles still dominate as in Amsterdam an entirely different set of rules may apply that have been adapted to fit the circumstances of time and place. The point is that these are examples of Ostrom’s principle of governing the commons, without any or very little reliance on government intervention.16

You couldn’t do that safely in the congested streets of New York City today, of course. But without all those explicit traffic regulations giving everyone a false sense of security, it’s very easy now to imagine that some day you might.

Sandy Springs, Georgia

Typically, the problems a town might have is more narrowly financial. Although it’s not unusual for some towns to contract with private providers to a limited number of municipal services, Sandy Springs, Georgia, a town of about 94,000 in 2012, voted to privatize nearly all of its services. According to its website:

The city of Sandy Springs pioneered the Public-Private Partnership model for service delivery in 2005, using a private sector partner to provide general city services including Public Works, Community Development, Finance, IT, Communications, Recreation and Parks, Municipal Court, and Economic Development. With the exception of public safety personnel – police and fire – only eight members of the City Manager’s executive staff were “city” employees.


15 Architect Léon Krier makes a related observation: “Such non-parallel, unpredictable geometries induce spontaneously civilized behavior from car drivers – without the help of ubiquitous traffic gadgetry” (Krier 2007: 130).

16 Naturally, if an accident occurs the parties involved may have recourse to the judicial system, but whether that system need rely on political power to operate effectively is problematic. This is an issue would take us beyond the scope of this book.
And according to an article in the *New York Times*:

To grasp how unusual this is, consider what Sandy Springs does not have. It does not have a fleet of vehicles for road repair, or a yard where the fleet is parked. It does not have long-term debt. It has no pension obligations. It does not have a city hall, for that matter, if your idea of a city hall is a building owned by the city. Sandy Springs rents. The town does have a conventional police force and fire department, in part because the insurance premiums for a private company providing those services were deemed prohibitively high. But its 911 dispatch center is operated by a private company, iXP, with headquarters in Cranbury, N.J. (Segal 2012).

In 2019 Sandy Springs elected to move from privately contracted back to city-provided municipal services – retaining under private contract only Municipal Court Solicitors, City Attorney, and Non-Emergency Call Center – because it estimated a significant cost savings from doing so. So rather than sticking slavishly to private-public-partnerships, Sandy Springs approach is to use whichever approach, or some combination of the two, it deems most efficient. Ultimately, flexibility may be the bottom-line virtue of their approach to governance, which relies less on government for its operation.

You could argue that this flexible approach incorporating private operation with public governance works because Sandy Springs is a small town of about 94,000 persons. But if New York City were to first adopt a Jacobsian approach of subsidiarity in which a district government were granted the authority to provide a larger or smaller set of services under its jurisdiction a Public-Private-Partnership solution might be the best alternative for certain of its funding problems.¹⁷

What might larger municipalities with deeper economic and social pathologies do?

**Cayalá, Guatemala City**

Guatemala City, Guatemala is a city of well over two-million persons and growing. Outwardly, it is a vibrant metropolis with big-city traffic problems set amidst lush ravines and a mountain rain forest. On the street, however, it’s a different story. Decades of civil war and, more recently, drug trafficking have made its public spaces dangerous and forced drivers to use dark-tinted windows on their cars and hire shotgun-wielding guards to protect their shops, all in the midst of an economy in which poverty reaches sixty percent. As a result, genuine street life is rare and limited to a few promisingly emergent areas of the city, including “Sixth Avenue” in Zone ____________

¹⁷ Not all experiments in PPP have had Sandy Springs’s success. Maywood, California a town of about 27,000 persons seems to have been unable to solve problems of poor financial practices, political corruption, and other civic maladies by contracting out. [https://www.latimes.com/local/lanow/la-me-ln-maywood-search-warrant-20180226-story.html](https://www.latimes.com/local/lanow/la-me-ln-maywood-search-warrant-20180226-story.html)
One, the oldest part of the city and a few gentrifying streets in Zone Four. Less indigenous prosperity can be found in the lavish Oakland Mall in the relatively safe (though still dangerous) Zone Ten, “Zona Viva.”

Guatemala City then is a good candidate for some form of urban revitalization.

In the midst of this economic and social pathology, or rather on its outskirts, lies the New Urbanist development of Cayalá, designed by famed architect, Leon Krier. Despite being designated on its website as “Ciudad Cayalá” or “Cayalá City,” a city it is surely not, at least not in the Jacobsian sense where endogenous innovation, import replacement, et al. are central. It is at best a possible beginning of a revitalized city, planned eventually to reach 870 acres, larger than New York’s Central Park. But it represents a rather dramatic and striking approach to chronic urban problems.

Although Krier is considered the father of New Urbanism, which I have already discussed in Chapter Seven in the context of large-scale city rebuilding, I would like to examine his ideas separately here in the context of urban revitalization, because the similarities and differences with Jacobsian urbanism is enlightening.

Léon Krier is known for his adamant rejection of 20th century architectural modernism and city planning. In broad terms Krier’s objection is its lack of “maturity”:

“The desire for growth and unlimited progress corresponds to a negation of adulthood, to a childish view of never-ending adolescence” (67). “Architecture that claims to be exclusively of its age implicitly contains the principle of obsolescence; it has its sell-by date engraved into it…Modernist buildings encounter a fundamental existential difficulty: the time taken by the public to become familiar with them generally exceeds their lifespan” (Krier 2007: 65).

Instead he advocates a return to a more human scale, traditional architecture, by which he means an architecture that employs time-tested materials, techniques, and an ethos that reflects history and character of where it is applied. One might think of Krier’s traditional architecture as an emergent phenomenon that has withstood the test of time. Thus, “Architecture finds its highest expression in the classical orders: a legion of geniuses could not improve them any more than they could improve the human body or its skeleton” (Krier 2007: 179). But rather than the mere repetition and slavery to the past or a kitschy historicism,

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18 https://cayala.com.gt/
19 Krier does write that “Traditional architecture is a pure invention of the mind (181)” but by this we can understand him to mean that “It has greater universality than language for its elements are comprehensible to people everywhere without translation” (181) so that in inventing new applications for traditional architecture, it draws on a vocabulary that has emerged over time.
The generating principles of traditional architecture seem to have the same inexhaustible capacity for creating new and unique buildings and towns. The classical notions of stability and timelessness are clearly linked to the life-span of humanity – they are not metaphysical and abstract absolutes. In this context the age of the principle is irrelevant (Krier 2007: 183).

At the heart of traditional architecture are the classical principles of “harmony, stability, utility” (Krier 2007: 185) to guide the architect-planner in “the art of building cities” (Ibid: 207). That is, while traditional architecture may be an evolved, emergent phenomena, a well-functioning city to which it is applied is not, and it must be carefully guided by land-use and building regulations. “The beauty of an ensemble, of a city or landscape, represents an extremely vulnerable and fragile state of balance” (Ibid: 207). Maintaining this fragile balance requires strict adherence to a “masterplan” devised by master architects and enforced by local authorities.

Thus, for example, Krier would ban most one-way streets (Krier 2007: 163) because they promote vehicular interests; limit buildings to five stories to preserve human scale (Ibid: 157) although no limit on height per se; prohibit setbacks for buildings, which “are not allowed to occupy the centre of the plot” in order to preserve the distinction between public and private (Ibid: 139), and “the differentiation in scale, materials and volumes must be justified by the type and civic status of buildings and should not depend on the mere fancy of the architect or the owner or on purely technical imperatives” (Ibid: 141). The list goes on. Such a degree of control over the visual order of the cityscape is at odds with a more tolerant Jacobsian approach.

Yet in many ways Krier’s ideas overlap with those of Jane Jacobs. For example, he favors walkability (Krier 2007: 128), sees the value of street corners and intersections (Ibid: 125), sees the value of mixed uses although more of the secondary diversity than of the primary use type (Ibid: 125), recognizes that “the feeling of security in public spaces increases with the efficiency and density of the street pattern” (Ibid: 129), appreciates the “fractal geometry” of urban patterns (Ibid: 131), values the the dispersal of public and civic functions throughout urban quarters (155), and warns against placing border-vacuum phenomena (although he does not use that term) in the midst of the urban core (Ibid: 129) and voices his disdain for functional zoning (Ibid: 19).

Krier also favors the reform of traffic regulation that appeal to advocates of shared streets: “The speed of vehicles should be controlled not by signs and technical gadgets (humps, traffic islands, crash barriers, traffic lights, etc.) but by the civic and urban character of streets and squares that is created by their geometric configuration, their profile, paving, planting, lighting, street furniture, and architecture” (Krier 2007: 151).

20 Although even here he differs from Jacobs, who does not completely eschew cars (?????) or impose a strict norm of “the pedestrian must have access to all the usual daily and weekly urban functions within ten minutes’ walking distance, without recourse to transport” (128).
Unlike Jacobs, however, he would place strict limits on the size of a city.

Exactly like an individual who has reached maturity, a “mature” city cannot grow bigger or spread out (vertically or horizontally) without losing its essential quality. Just like a family of individuals, a city can grow only by reproduction and multiplication, that is, by becoming polycentric and polynuclear (Krier 2007: 124).\textsuperscript{21}

I am in no position to comment on the merits of Krier’s architectural designs \textit{per se} except to say that I personally like them very much, and that if I were planning to build a villa of my own on a hectare of land I would seriously consider employing a Krierian design. I would not, however, wish him to build a living city, or rather attempt to build one, which is a feat that, as it should be clear by now, I regard as a good Jacobsian as literally impossible. But for Krier, planning is essential in order to achieve the timeless beauty, livability, and humane values of great cities of the past. How should this be done? Through a detailed masterplan.

The basic elements of Krier’s masterplan are as follows:

“The masterplan is to the construction of a city what the constitution is to the life of a nation. It is much more than a specialized technical instrument and is the expression of an ethical and artistic vision. The masterplan represents the legislative form of such a vision; it is the geometric expression and the necessary complement of the law. To guarantee its efficacy, the masterplan must have the rudimentary simplicity of moral precepts. It is divided into five parts:

“1. A plan of the city, defining the size and form of its urban quarters and parks, the network of major avenues and boulevards.

“2. A plan of each quarter, defining the network of streets, squares and blocks.

“3. The form of the individual plots on each urban block: number, shape and function of floors that can be built.

“4. The architectural code describing materials, technical configurations, proportions for external building elements (walls, roofs, windows, doors, porticoes and porches, garden walls, chimneys) and all built elements that are visible from public spaces.

\textsuperscript{21} As will become clear in a moment, “polycentricity” for as Krier uses the word is based on the idea that a city should consist of largely “autonomous” economic units in which residents should be able to obtain most of the weekly services they within easy walking distance. For Jacobs “polycentric” refers to administrative structure within the city as a whole. A city quarter in Krier’s sense could be polycentrically administered, but he does not, at least in Krier (1998), argue for this political structure.
“5. A code for public spaces, defining the materials, configurations, techniques and designs for paving, street furniture, signage, lighting and planting” (Krier 2007: 113).

The profound philosophical difference between Krier and Jacobs is perhaps best reflected in his pronouncement: “The form of a city and its public spaces cannot be the object of arbitrary experiments. The city is not a laboratory” (Ibid: 143). Given what has been said so far, the reason for Krier’s attitude is straightforward. For Krier, successful cities must be master planned; they cannot be left merely to the whims of the market. “It is everywhere evident that private developers, private foundations and institutions, however well-intentioned, are incapable of building and preserving public spaces that are in any way the equal of European historic centers” (Ibid: 117). So for example, “There is no ecologically defensible justification for the erection of utilitarian skyscrapers; they are built for speculation, short-term gain or out of pretentiousness” (Ibid: 156).22

Thus, a masterplan is essential for Krier’s concept of decent urbanity since the unfettered market will (despite some observations to the contrary) result in too much verticality (skyscrapers upward sprawl) and too much horizontality (outward sprawl).23 To achieve this “traditional” or “natural” effect requires the guiding hand of the master planner, who relies on centuries of human experience in building cities.24

A city should grow not by sprawl by “reproduction” and “multiplication.” The basic unit of urban growth should be the “urban quarter.” With a growing population, the 5-story limit means an outward spread. In order to avoid “sprawl” Krier argues that each urban quarter should be relatively “autonomous,” providing most services its inhabitants would typically require in a week at no more than a ten-minute walk (Krier 2007: 128), such as schools and grocery shopping. The only way to achieve this result is through a master plan that limits heights, mandates materials and construction methods, dictates the size and location of public spaces as well as uses, especially secondary uses. In this way the city grows modularly with replicating, polycentric social units. No “city is a scale-free phenomenon” for Krier! [West, Krugman]

22 On the other hand Krier recognizes that “the hotchpotch appearance of our towns is not the result of uncontrolled laissez-faire but of erroneous planning ideology” especially through the use of functional zoning (Krier 2007: 19).

23 Like Jacobs, Krier takes it for granted that government authorities implementing the masterplan will act largely in the interest of ordinary city dwellers, and like Jacobs seems to assume that the government will be strong but limited, with effective “state capacity” [REF]. As a result, Krier like Jacobs appears to omit public-choice challenges in their policy advocacy.

24 It should be noted that the reknown urban planner, Alain Bertaud, is highly critical of such masterplan approaches, not in the sense that they are useless but that the overwhelming tendency on the part of politicians and urban planners is to assume that their job is done once the masterplan is in place and implemented. On the contrary, such an approach has indeed proven to be useless or worse. What Bertaud argues is that the planning, implementation, and follow-up should be a detailed, ongoing process and data-driven (Bertaud 2018: 353-72).
Thus Cayalá appears to be an attempt to revitalize Guatemala City by transforming it, quarter-by-quarter, into a polycentric city. On paper this makes sense because the City is built atop a series of deep ravines that cut-off various sections and exacerbate a growing traffic problem (which itself however may be evidence, despite its social problems, of Guatemala’s economic growth). At the moment, however, Cayalá strikes one as an exclusive enclave for the wealthy, difficult to reach and too expensive for the vast majority of Guatemala’s citizens. Indeed, it is seemingly designed to exclude the poor, mostly indigenous population despite being touted as “a public space created by the private sector.”25 It is a textbook case of cataclysmic money, with the attendant visual, social, and economic homogeneity. On the other hand, I have been told that this designed “white city” is but the beginning of a plan for expansion, lending support to the Krierian city-quarter approach. I have also been told that for locals Cayalá is a kind of oasis and an inspiring example of what is possible in this poverty-stricken country via private financing.26

To succeed in the coming years as a living city, Cayalá and its subsequent expansion and incarnations in Guatemala City need to be knit into the rest of the City and not remain an exclusive enclave. At the moment, safety and security seems to rely less on human “eyes on the street” and more on technological surveillance,27 which is understandable given the high crime rates in the surrounding areas but not encouraging in any case. Perhaps time will tell. Likely, in the end Cayalá will wind up something very different from what its designers intended and that, of course, may be a very good thing.

But a universal application of the Krierian approach to city building would not create a world of traditional cities; it would on the contrary undermine the dynamic processes that foster the kinds of beauty and values that future generations would venerate in the same way Krier and people like myself venerate the achievements of a messy, “inhuman,” urban past. The problem with Krier’s characterization of the urban problem is that it focuses too much on the form (e.g. skyscrapers, glass curtains, etc.) and not on what we have seen is the messy, unplanned,

26 A colleague, an architect on the Cayalá project, related both the expansion plans and confirmation that the financing is totally private, although the city operates the streets and the developers work with city government for public thoroughfares. [I’m awaiting further confirmation.] But see also https://news.yahoo.com/crean-ciudad-privada-para-los-ricos-en-guatemala-231448179--spt.html and https://www.theguardian.com/world/2013/jan/09/guatemalan-capital-wealthy-haven-city
27 See https://www.asmag.com/showpost/24205.aspx. Extensive surveillance and policing is, as Jacobs noted, indicative of community failure.
unpredictable, and innovative, wealth-generating nature of a living city. The result, as Jacobs might say, is taxidermy.

Sidewalk Labs: Toronto...

Like Cayalá, seemingly an adjunct of a city for potential revitalization or vitalization of a dead zone. An experiment or demonstration of designs and technologies that may be adopted and adapted elsewhere...

**City Building: Charter Cities and Startup Societies**

It’s hard to reform a pathological social order from within. Maçur Olson (1984) has argued for example that in a stable society distributional coalitions tend to form to protect the interests of homogeneous groups (i.e. they rent seek), creating layers of legal and moral protectionism between pathologies and their cure that are difficult or impossible to penetrate or dismantle. Radical change sometimes requires a systemic crises and even then the outcome may not be one that most people find amenable in the long run (Ikeda 1998). Internal reform is uncertain and very costly in terms of wealth destroyed and lives ruined or lost. Historically, this has led people to pursue the still-risky-but-often-easier route of establishing new settlements to start afresh, whether these are called bastides, colonies, or polei (Vance 1990: 178; Gebel 2018; Pirenne 1980). That is the motivation behind the so-called Startup Society movement. Rather than trying to reform entangled politico-economic systems within existing cities which “city revitalization” advocates, the “city building” approach entails starting from scratch. The most well-known approach is perhaps that of the Charter City.

**Charter Cities**

Paul Romer, 2018 Nobel Prize winner in economics, has proposed “Charter Cities” as a way to jump-start chronically under-developed economies.

The Charter Cities concept derives from the experience of politically autonomous cities located in countries other than their source of governance. Just as Hong Kong, a former British colony established on the Chinese mainland, has spurred the People’s Republic of China to create Special Economic Zones with greater economic freedom than other parts of China, it has also inspired the Charter Cities concept. With the host country’s blessing (People’s Republic of China), a highly developed “guarantor” country (Great Britain) or group of guarantor countries, may establish a legal framework and basic infrastructure, patterned after their own, by leasing and chartering a city-sized tract of undeveloped land within the host country. With the promise of a stable, market-friendly legal and social environment in place, the guarantors arrange for private business investment from abroad to create jobs and housing, and for a liberal

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28 See http://www.chartercities.org/.
immigration policy for anyone who would like to move to the Charter City.\(^29\)

Charter Cities promise rapid economic development by allowing a portion of a less-developed country to start off with a clean slate and side-step the frustrating complexities of reforming a system entangled in entrenched interests, excessive restrictions on business and immigration, and unpredictable intrusions into domestic life. The concept promises a legal system already established elsewhere that preserves relative economic freedom and provides the needed legal and physical infrastructure conducive to development. It also holds the possibility of inculcating norms of behavior sympathetic to entrepreneurship, openness, and trade, which are norms consistent with Jacobs’s Commercial Moral Syndrome. Populated by those who self-select for ambition, tolerance, resourcefulness, and energy, a Charter City is proposed as a way of more quickly and effectively overcoming political, economic, and social obstacles that typically block economic development and allowing for the emergence of effective action spaces.

A Charter City confronts a number of problems, even assuming a host country and an agreeable foreign guarantor government can be found. First, the entire concept smacks of colonialism. Suppose the concept is successful and gains popularity among governments worldwide. It is easy to imagine at least some of these governments chartering cities not to promote the economic interests of the citizens of the host and guarantor countries, but strategically to invest in such cities for geopolitical reasons. Similarly, such a scheme would seem to be vulnerable to public-choice considerations such as rent-seeking businesses and politicians vie for privileged investment positions in the provision of infrastructure or in new businesses. There is also the threat of post-contractual opportunism by the host government, especially should the Charter City become, as it is hoped, a thriving metropolis. From that perspective, private companies and productive workers would look like attractive cash cows to exploitative host countries. More seriously, should the host give in to the incentive for large-scale post-contractual opportunism against investors from guarantor countries who have sunk large sums in location-specific investments – say, by threatening to nationalize businesses – what would be the appropriate response of guarantor countries? An armada of warships?

Finally, the Charter City proposal, contrary to the spirit of Jacobs, especially in the final chapter of her 1961 book (“The kind of problem a city is”), has troubling constructivist (Hayek, 1978) overtones. That is, trying to design complex systems is what Jacobs refers to as a problem of “organized complexity” and encounters the problems explained in Chapter One. The attempt will inevitably frustrate the designers’ intentions owing to a lack of what Jacobs calls “locality knowledge,” the knowledge of the particular circumstances of time and place. As with those of mice and men, the best-laid plans of even benevolent planners usually come to naught.\(^30\) That is not necessarily a bad thing; what is a failure to some may turn out in the long-term to be a

\(^29\) Honduras has gone the farthest so far in implementing the Charter City concept.

\(^30\) To misquote Robert Burn’s poem, “To a Mouse”, 1785: ‘The best-laid schemes o’ mice an’ men gang aft agley.”
success. But how the host and guarantor countries would respond to plan failure is critical, and their responses will probably be driven by political expediency rather than considerations of the general welfare. There is an element of what Hayek (1988) has called a ‘fatal conceit’ in the way Romer has conceived Charter Cities.\textsuperscript{31}

**Startup Societies\textsuperscript{32}**

The distinction between governance and government is relevant to these proposals by classical liberal/libertarian thinkers who would like to see social cooperation and social order rely as much as possible, perhaps exclusively, on arrangements that do not entail an agency with a monopoly of the use of aggression (i.e. the initiation of physical violence) even where the provision of physical infrastructure (e.g. roads, sewers, public safety) is concerned. The term “startup society” is sometimes used for specific approaches within this movement, but I will use that term here generically to include various proposals such as “seasteading” and “free private cities.” Each entails somewhat different financial arrangements – private investment versus government spending, purely voluntary associations versus governmental guarantors – and even within the private-investment approach some are more focused on marketing and profit-seeking while others emphasize liberty and autonomy\textsuperscript{33} although these ends can be complementary. One example of the former is to treat a liberal “free city” as a commodity. As Patri Friedman puts it, why not treat a city like an iPhone?\textsuperscript{34} Another is an extension of the Charter City concept without the heavy reliance on guarantor governments.

Here I would like to focus on the related proposals of free private cities and seasteading. To my knowledge, Jacobs had little to nothing to say about either of these proposals and I will therefore not dwell on their details.\textsuperscript{35} Nevertheless, I think it’s a good idea to say a few things about the approach and to try to related this approach to Jacobsian social theory and economic insights.

As Frazier & McKinney (2019) describe them:

\begin{itemize}
\item \textsuperscript{31} The Appendix to this chapter contains notes from a conversation with Bertaud on the challenges of establishing charter-city like settlements.
\item \textsuperscript{32} There are many other challenges raised against Startup Societies than I discuss here. Frazier & McKinney (2019) respond with possible solutions to many of them. My aim here is to focus on the deeper conceptual issues.
\item \textsuperscript{33} Titus Gebel, for example, addresses his fee-city concept “for those who want to achieve liberty and self-determination during their lifetimes, but who have recognized that any transformation of existing systems from the inside is difficult to impossible” (Gebel 2018).
\item \textsuperscript{34} Podcast at https://podcasts.apple.com/us/podcast/patri-friedman-on-charter-cities-investing-and-society/id1316769266?i=1000460127368
\item \textsuperscript{35} For a handbook on implementing a Startup Society see (Frazier & McKinney 2019). Gebel (2018) describes a free private city proposal and offers several purported examples of free cities throughout history, with particular emphasis on the German region.
\end{itemize}
“Free Private Cities”

Proponents of Free Private Cities advocate for-profit startup communities, where instead of paying taxes, individuals and companies would pay fees to a for-profit company. Free Private Cities are similar to Private Residential Communities in the way they manage infrastructure and services privately. Unlike a traditional private community, Free Private Cities would not just adopt the rules of the host jurisdiction. The city governs itself with its own charter document, rather than by a general law of a surrounding host government. Free Private Cities put a large emphasis on safeguarding personal liberty and property rights (Frazier & McKinney 2019: Kindle Locations 1021-1025).

“Seasteads”

Seasteads aim to be autonomous floating communities on the ocean, experimenting with new policies and institutional practices. Seasteads with modular designs would have a “dynamic geography” (Friedman, Patri and Brad Taylor), so residents can “detach” and form new communities...The intended result is improving choice in governance and legal systems. Seasteads are an emerging and scalable form of an Integrated Startup Society. They offer depoliticized environments inspired by examples set in Free Economic Zones and Private Residential Communities...Many seasteaders favor permanent dwellings outside any political jurisdictions, creating this vision in response to a lack of faith that true variation in governance can occur on land. The seasteading community now favors a gradualist approach which seeks host nations that will initially partner in creating a Free Economic Zone — a “SeaZone” — in their territorial waters. There, floating communities could provide tax-free or low-tax conditions for residents and businesses. In parallel, “LandZone” options would exist for local champions to gain free zone incentives for their own ventures. These initiatives could boost economic activity and awaken assets in the SeaZone and LandZone areas (Frazier & McKinney 2019: Kindle Locations 1046-1050).

The father of seasteading, Patri Friedman, now seems to be pinning his hopes of raising funds for creating new settlements based on Paul Romer’s charter city idea. Each city could specialize in one form of legal infrastructure, and they would compete against one another, offering residents a chance to vote with their feet and as a result have an effective voice in how each settlement is run.36 While Charter Cities draw from the complex, existing legal structures of guarantor countries whose very participation is supposed to lend credibility to enforcement, Startup Societies for the most part depend on a legal structure that evolves from a baseline of minimal-state authority.37

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37 Frazier & McKinney (2019) offer concrete suggestions for how this might be done.
I think Jacobs would have had great reservations about these schemes to build new “cities.” Still, her opening salvo against “city planning and rebuilding” in Death and Life is followed immediately by her intention “to introduce new principles of city planning and rebuilding” (Jacobs 1961: 3), which I have described earlier in this book. But those “city starters” behind Startup Societies need to fully appreciate the nature and significance of cities: a city cannot be a work of art. If the aim is to eventually create a dynamic city of innovation – their chances of success would be higher and (I believe) Jacobs’s reservations fewer to the extent city starters understand that a living city is a spontaneous order and take seriously the implications of that understanding. Gradualism is in this regard encouraging.

A living city is first and foremost an entity that attracts people and makes them want to stay. What attracts people is the opportunity for betterment, typically economic betterment, for themselves and their loved ones. Whatever their pursuit, people will need to find productive work along with the necessaries, conveniences, and amusements for a fulfilling life. What those attractors, those primary uses, are cannot be known with certainty beforehand. Early proponents of Seasteading, for example, mentioned offshore healthcare offering drugs and treatments heavily regulated or illegal on the mainland. That is not a sure thing. It’s likely that there will be many failures and many failed Startup Societies before any get far off the ground. We have seen that is the nature of any activity in a world of uncertainty and radical ignorance. As noted in Chapter Six, imperfect knowledge requires experiments and experiments are messy.

But as Jacobs argued, multiple attractors are needed in order to generate diversity of land use and of knowledge, skills, and tastes that lay the groundwork for a dynamic, complex division of labor, unpredictable innovations, growing imports and exports, and import replacement as explained in Chapter Five. Once off the ground, expansion into some forms of residential and construction industries seem likely along with the “secondary diversities” of commercial businesses, but it is not possible to know what shape these will take down the road or what other, unexpected, primary uses, a delight to some an offense to others, might arise. That is why I find the gradual, modular approach to Startup Societies preferable (as I believe Jacobs would as well) to the larger-scale, constructivist Charter City approach, at least to the extent that the physical infrastructure is scalable.38

I am also uncomfortable treating a Startup Society as a business venture, especially if the goal is to create a living city and not simply a resort where visitors consume wealth they earn elsewhere.

38 Among the unscalable infrastructure, Bertaud [Powerpoint] mentions airports, deep ports, sewer plants, water supply systems, main roads, and major administrative and social facilities. The last items might be scalable to the extent governance is done according to subsidiarity. It’s worth exploring the extent to which the others might be scalable in an open-water setting à la Seasteading.
If a living city is a spontaneous order, such an order has no specific purpose, even if it’s to make a profit. It’s true that a real business over time can be thought of as a spontaneous order: its proprietor makes conscious decisions at a point in time without perfect information, the results of which interact in complex ways with the market process and in doing so generates an outcome that is imaginable but unknowable. But a city is comprised of a multitude of persons each pursuing their own businesses (so to speak) and whose outcome is even less imaginable and correspondingly less knowable.

To take an extreme example, if all the land of a settlement is owned by a single entity, where the users are leaseholders, then governance could be private and, as argued by Spencer Heath McCallum (1970), externalities can more easily be internalized and governance would be private. The originator of this concept, Spencer Heath, was inspired by the operation of hotels (today we might look to multiuse residential malls). Certainly, hotels and malls turn a profit and there is no reason why a settlement planned along the lines of McCallum or Friedman might not also, gaining revenue from increasing land rents. In marketing terms, it makes sense to sell the real-estate as a commodity. But in that case you’re not selling the city. At best you are using the possibility of a real city as a setting for making a business investment which in turn is an element of an unpredictable whole vastly greater than its parts. But the level of uncertainty would be enormous were the settlement to grow into a living city and so perhaps the expectation of profit ought to be correspondingly more modest.39

So while not entirely wrong, I do find the city-as-a-business concept off the mark. Friedman himself seems to appreciate that “something is lost” when treating a city in this way,40 although he doesn’t quite articulate what it is that would be lost except to say that it has something to do with loss of “local identity.” But it’s much, much more than that. What is lost is economic development based on innovation and creativity, and that, as discussed in Chapters Three and Four, rests on a non-market foundations of largely unplannable social capital, dynamic social networks, and norms of reciprocity, trust, honesty, and fair play without which neither the market process nor a living city would flourish. Implicit in Startup Society schemes then should be the awareness that in addition to private property, freedom of association, and the rule of law – i.e. the basic foundations of the market process – a living city (as well as the market process) rests on nonmarket foundations such as these. A city may be marketed in a general way but it is not itself an iPhone. In this sense it’s naïve to believe that market exchange and private property can solve all our problems — they can’t, and we shouldn’t expect them to.41

39 The reader may recall from Chapter Six that this was also more or less the financial scheme of Ebenezer Howard and his Garden City concept, except that while profits were expected they were not expected to be maximized in the sense of say, Alphabet Inc.


fear treating it as such would doom a Startup Society to stillbirth. Titus Gebel, an advocate for a “free private city,” does seem to acknowledge this:

A private city is not a utopian, constructivist idea. Instead, it is simply a known business model applied to another sector, the market of living together. In essence, the operator is a mere service provider, establishing and maintaining the framework within which the society can develop, open-ended, with no predefined goal (Gebel 2016).

These libertarian schemes must avoid the constructivist mentality that Jacobs and Hayek together so thoroughly bashed. Just as markets cannot be planned, constructed, and operated from the top down with any hope of robust success, neither can a city be and for exactly the same reasons. This is not how real cities work, but like Cayalá it may be the basis over time for an actual, living city to evolve. What would it take from a Jacobsian market-process perspective to enable this to happen?...

Other Examples of Startup Societies

Gurgaon, India...

Gurgaon is a private city with massive problems, but despite its obvious problems it has been along certain dimensions strikingly successful.

In this city that barely existed two decades ago, there are 26 shopping malls, seven golf courses and luxury shops selling Chanel and Louis Vuitton. Mercedes-Benzes and BMWs shimmer in automobile showrooms. Apartment towers are sprouting like concrete weeds, and a futuristic commercial hub called Cyber City houses many of the world’s most respected corporations. Gurgaon, located about 15 miles south of the national capital, New Delhi, would seem to have everything, except consider what it does not have: a functioning citywide sewer or drainage system; reliable electricity or water; and public sidewalks, adequate parking, decent roads or any citywide system of public transportation. Garbage is still regularly tossed in empty lots by the side of the road. With its shiny buildings and galloping economy, Gurgaon is often portrayed as a symbol of a rising “new” India, yet it also represents a riddle at the heart of India’s rapid growth: how can a new city become an international economic engine without basic public services? [...] In Gurgaon and elsewhere in India, the answer is that growth usually occurs despite the government rather than because of it. (Yardley 2011)42

Is this a viable model for a Startup Society? Perhaps its most important function is to demonstrate that such a thing is possible when no one thought it was. Or to put it another way, if the goal is to build apparently unscalable infrastructure – such as city-wide sewers and water provision, unified street grids, and so on – then using the political power of government may the most feasible, perhaps the only solution; but if the goal is to provide waste disposal,

42 See also Tabarrok & Rajagopalan (2015).
clean water, mobility, and so on, then Gurgaon demonstrates that this doesn’t require massive, city-wide infrastructure investment. While the latter may be more efficient from the point of view of reducing long-run average costs, that may not be the most relevant consideration, especially 1) if that comes with an easily corruptible, politically ossified administrative structure and 2) if, as in the case of Gurgaon, the city and the opportunities and wealth creation that come with it would never have emerged in the first place...

Dubai, UAE...

By contrast, the constructivism of Dubai represents a massive government gamble. Cataclysmic money, border vacuums, visual homogeneity, expensive aging structures.... [Colleagues who spent time in Dubai describes beautiful outdoor spaces that are underpopulated and vast distances between upscale venues, but where the liveliest streets and public spaces can be found in the poorer quarters – slums – where mostly foreign workers who build and service the massive construction live and spend their time.] [VERIFY]...

WHAT THEN MIGHT A CITY BE?

It is fantasy to believe that we can accurately foresee the global development of politico-economic systems and the urban entities that constitute them. One trend may be a continuation of the age-old dream of political consolidation and the merging of nations into super-states. But other forces point in the direction of increasing political disintegration of historically large, regional alliances, which we have witnessed with the breakup of the Soviet Union and more recently with the exit of Great Britain from the European Union. If the latter trend continues then those who predict the (re)emergence and dominion of the sovereign city-state may be right,43 heralded perhaps by the Startup Society movement. City-states have been around for a lot longer than nation-states.

Independent, largely self-governing cities preceded the ancient empires of China, India, Mesopotamia, and Egypt, just as they preceded the creation of the European nation-states centuries after the dissolution of the Roman Empire [Pirenne, Weber, Vance] in the West. As we have noted, the city is a natural unit of economic analysis but evidently also of political governance. Contrary to Krier’s notion of urban “maturity” cities have shown themselves to be scale-free phemonena, capable of growth without upper bound in population, wealth, and other magnitudes correlated with human well-being (as well as sometimes wars and disease).44 The city has always been the driving force of cultural and economic change, whether or not

44 See for example the work of the Santa Fe Institute here https://www.santafe.edu/research/projects/cities-scaling-sustainability and reports on their work on the “superlinearity” of certain urban phenomena.
national authorities are willing to admit it, and they will continue to be. But what can we say about the future?

A resident of a small, depopulated European town in AD 1000, say Rome (population circa 20,000), would have had an accurate sense of what her “city” would look like and how it would operate in two or three generations, if she even bothered to wonder about such a thing. A resident of one of the growing number of new settlements of the Late Middle Ages after the Treaty of Paris in 1229, bastide or imperial new town, would have had a much harder time predicting the pattern of development in that same period of time, even if the original settlement were planned very carefully. Just as Jacobs’s hypothetical New Obsidian grew from a trading post into a large, diverse and innovative city, the new towns and the reviving ancient cities evolved over time in ways that no one could have predicted nor certainly in ways that everyone liked. The paths taken by the “once-startup societies” of Frankfurt am Main, Lübeck, Hamburg, Paris, Venice, and Hong Kong – their morphology, economy, society, and politics – have been and will continue to be inherently unpredictable, along with their progress or poverty.\(^45\)

What we can say then about the living cities of the future, what they will be, is therefore extremely limited. Normatively, to ensure their continued existence we can look to the kinds of things Jacobs points out, and that we have examined in this book, that are important, perhaps indispensable, ingredients for the emergence of complex social order, innovation, and prosperity, whatever forms these may take. Positively, there is even less we can say about how they will look or feel like; nothing for certain about their morphology, culture, or socio-economic characteristics. The consequences of unpredictable changes in ethos, technology, and political economy are of course themselves unpredictable. But I would hazard that at the level of public space they will manifest some robust form of Sasaki’s “tactility” and Jacobs’s “intricacy,” along with their messy imperfections.

To repeat, any city that aspires to greatness must have something to offend everyone. But by the same token, a living city will have wonders and delights no one can now possibly imagine.

\(^45\) This open-endedness of urban evolution is nowhere more brilliantly illustrated than the analysis of “Green Street” in Lower Manhattan by development economist, William Easterly. See http://www.williameasterly.org/research.
APPENDIX: Alain Bertaud on the Practical Problems of City Building

The urban planner, Alain Bertaud, related to me in a recent conversation the multiple challenges with which anyone must contend who wishes to establish an ambitious, new settlement, whether Charter Cities or Startup Societies. The gist of those challenges are as follows:

- Cash flow is critical. Projects extending years or even decades into the future must generate sufficient revenue to cover start-up costs of infrastructure and expansion. This is problematic given the levels of uncertainty involved.
- Timing is critical. Large projects run smoothly only if all the pieces come together at the right time, e.g., acquiring land, legal permissions, engineering issues of constructing infrastructure in proper sequence, and especially acquiring sufficient financing to cover the various stages of the project.
  - Any snags in the process creates costly delays and jeopardizes cash flow.
- Engineers like to build everything at once because it’s easier that way and possibly cheaper in per unit cost, but it increases financial costs by creating long periods of negative cash flows. To decrease financial costs it is usually useful to generate revenues early in the project by selling or leasing land to end users. This assumes a phasing of project where some areas of the project can be occupied early (water and sewer connected, schools operating. Etc), Even if the cash-flow is still negative when including the revenue from early occupants, an early stream of revenue reassure lenders that there is demand for the project, and that eventually the cash flow will one day turn positive.
- However, it is usually more sensible to build these projects in slower, discrete stages in order to accommodate the actual inflow of immigrants with complementary skills. This however creates the problem of not getting sufficient ROR and cash flow in time to cover the cost of building out.
  - Any delay or interruption of the sequence in the stages of production spell disaster for the project.
- Most “charter cities” (not really in Romer’s sense) situated themselves close to existing cities, i.e., as satellites, not in the hinterlands, in order to minimize the costs of transport and commuting and to draw on local skills.
  - Building in the hinterlands, on a large scale, is a logistical nightmare.
  - These satellites may never become true cities.
- New capital cities built by governments, like Brasilia, Islamabad, Canberra, Abuja, Chandigarh (capital of Punjab State) escape both the cash flow and the “viable population size” requirement. The state orders the civil servants to move at a set date, they have no choice if they want to keep their job. This already create a critical mass for

46 The conversation took place on 6 October 2018 in Maspalomas in Gran Canaria, Spain and was later followed up with written correspondence on 27-28 December 2018, 30 December 2018, and 4 January 2019.

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services. The cash flow is financed by the treasury and is subsidized by the taxpayers of the entire country. There is never any problem of a bank refusing to roll over a loan because it finds the loan too risky. Often the construction of new capitals is built under very soft budget constraints. These soft budget constraints are fortunately not available to privately built cities.

- There has to be a “critical mass” of population size and complementarity of skills in the population in order to sustain supply and demand in enough markets to constitute a living city.
  - In addition to ordinary markets, this includes fees/taxes to cover infrastructure and formal security/safety services (as well as informal eyes-on-the-street security/safety a la Jane Jacobs).

[I would add that there are the potential problems of political instability.]
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