Disequilibrium, Market Process and the Dynamism of Cities: Jane Jacobs in an Austrian Economic Context

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Jane Jacobs in Historical Context

- One of the most influential urbanists of the 20th century
  - Voted #1 by Planetizen among top 100 thinkers of the 20th century
- Highly critical of conventional Post-War urban planning
- Not a professional planner or academic
  - Journalist
  - Housewife
  - Neighborhood activist
  - Author (later in life)
- Ignored by economists
- Mixed place in professional planning
  - Criticized and dismissed at first
  - Lauded by significant factions of the profession later
Key Books

• *Death and Life of Great American Cities* (1961)
• *The Economy of Cities* (1969)
• *The Nature of Economies* (2001)
• *Dark Age Ahead* (2004)
Jane Jacobs “Method”

- **Research method**: empirical, qualitative
- **Theoretical method**: inductive
- The lack of analytical precision allows Jacobs’s work to be interpreted from varying perspectives
- Verification of her ideas is problematic
What Are Cities?

• Human constructs
• Agglomerations of people & businesses
  – Dense
  – Large
  – Dynamic
• Filled with important actions that are “seen” and “unseen”
The Case of Slums

• Economists think of them as ugly and disorderly
• Planners don’t appreciate their organic nature
• Jacobs:
  – Cities are dynamic and organic
  – Neighborhoods go through periods of “slumming” and “unslumming”
• Slums have economic value
Dharavi, Mumbai
What Can Dharavi Tell Us About Cities?

• Dharavi is a contemporary version of the slums that populated US and Western Cities at the cusp of the industrial revolution
• Dharavi can’t be understood by compartmentalizing the parts
• Dharavi’s vibrancy derives from its ability to evolve, adapt and provide opportunity
“Differentiations become generalities from which further differentiations emerge. In other words, development is an open-ended process, which creates complexity and diversity, because multiplied generalities are sources of multiplied differentiations—some occurring simultaneously in parallel to others in succession. Thus a simple basic process, when repeated and repeated and repeated, produces staggering diversity.”
A Jacobsian Framework Emphasizes…

- Organic development
  - Integrative & bottom up
- Incremental economic activity
  - Add “new work” to old
- Spontaneous human action
  - Unplanned & decentralized
- Entrepreneurial discovery
  - Non-dirigist import-substitution
- Non-equilibrium
## A Conceptual Taxonomy

<table>
<thead>
<tr>
<th>Jacobs Concept</th>
<th>Economic Concept</th>
<th>Austrian Economist</th>
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<tbody>
<tr>
<td>Organic Development</td>
<td>Spontaneous Order</td>
<td>Hayek</td>
</tr>
<tr>
<td>Adding “new work” to old</td>
<td>Incremental development</td>
<td>???</td>
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<tr>
<td>Import substitution</td>
<td>Entrepreneurial discovery</td>
<td>Hayek, Kirzner, Mises</td>
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<tr>
<td>Inefficiency &amp; “messiness”</td>
<td>Disequilibrium</td>
<td>Lachmann, High, Rizzo</td>
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<tr>
<td>Impracticality &amp; instability</td>
<td>Capital substitution</td>
<td>Lachmann, Ikeda</td>
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<tr>
<td>Diversity</td>
<td>Agglomeration</td>
<td>Ikeda</td>
</tr>
<tr>
<td>Differentiation</td>
<td>Real time &amp; creative destruction</td>
<td>O’Driscoll &amp; Rizzo, Schumpeter</td>
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</tbody>
</table>
Role of Planning

• Public objections to development are not to land use or densities
• Public is concerned about
  – Noise
  – Smells & odors
  – Heavy traffic
  – Destruction of parks, open space, views
  – Blighting signs & illumination
  – Transgressions against “harmonious streetscapes”

• **Solution**: Performance-based planning and development regulation
From *Dark Age Ahead*

- “The object of a good performance code should be to combine the greatest degree of flexibility and adaptability possible with the germane and direct protections needed in close-up view. The training and credentialing of planners and zoners does not equip them for this task, nor does their work experience.”
Implications

• Planners cannot “plan” cities because they result from the spontaneous actions of millions of individuals
• Urban form cannot be determined absent the experience of human action
• Economists cannot understand cities because their models can’t grasp the dynamics and intricacies of urban life
• Are we faced with a *Dark Age Ahead*?
Thank You!

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