

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)***
- ***Cities and the Wealth of Nations (1984)***
- ***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**



From the *Nature of Economies*

- **“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

Jacobs Concept	Economic Concept	Austrian Economist
Organic Development	Spontaneous Order	Hayek
Adding “new work” to old	Incremental development	????
Import substitution	Entrepreneurial discovery	Hayek, Kirzner, Mises
Inefficiency & “messiness”	Disequilibrium	Lachmann, High, Rizzo
Impracticality & instability	Capital substitution	Lachmann, Ikeda
Diversity	Agglomeration	Ikeda
Differentiation	Real time & creative destruction	O’Driscoll & Rizzo, Schumpeter



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 streetscales”
- **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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