# 10

# Coda

Throughout this book I have drawn attention to the social theory that underpins and unifies Jane Jacobs's economics, especially in relation to economic development and public policy. Nevertheless, I thought it might be useful to recapitulate the main elements of her overall analytical framework, as I see it, in terms of these three areas. In the final section of the chapter, I draw attention to particular topics I feel most deserve following up.

What in a nutshell, then, have we learned about economics and social theory from Jane Jacobs? The following lessons appear, not in the order in which Jacobs presents them or how they appear in this book but in an order that I think corresponds to their logical coherence.

## 1 Elements of Jane Jacobs's Social Theory

- Relevant knowledge is local and contextual. It is also imperfect and incomplete. This is the "knowledge problem."
- The knowledge problem means we must engage in trial and error to achieve success.


S. Ikeda, *A City Cannot Be a Work of Art*,
https://doi.org/10.1007/978-981-99-5362-2_10

- Social networks and market prices, especially in cities, help to harness relevant knowledge and coordinate plans.
- The outcome of myriad interactions over time is a complex socioeconomic order whose precise details are largely unpredictable and that arises spontaneously within evolving social institutions and physical forms, without the need for overall conscious control. A "sidewalk ballet" that is more piazza than parade. A living city is a "spontaneous order," *par excellence*.
- A living city is the ideal incubator of new ideas and innovation because it attracts a disproportionate percentage of diverse, socially distant strangers having a wide range of knowledge, skills, and tastes in a safe environment. It promotes and accelerates the discovery and diffusion of new ideas.
- What generates land-use diversity and safety in public space are multiple primary attractors, street-level intricacy and granularity, affordable floor space, and population density (a.k.a. the "four generators of diversity").
- Norms of tolerance and inclusivity allow us to break strong ties and form weak ties to accommodate strangers into our social networks. "Weak ties" add dynamics to our networks, and "strong ties" stabilize them. The distinction between weak and strong ties implies two kinds of trust—cognitive and behavioral.
- Norms of tolerance need to include tolerance of change. This implies a tolerance for the messiness that accompanies trial and error.

## 2 Elements of Jane Jacobs's Economics

- Jacobs's main concern in economics is with economic development and innovation, and her relative lack of interest in efficiency is a consequence. The starting point is the knowledge problem.
- Social networks complement market prices in the competitive market process.
- The four generators of land-use diversity create "effective pools of economic use" in which entrepreneurs may discover complementarities that represent profit opportunities.

- The elements of these pools of use are in turn the diversity of people, places, and things; their creative use is enabled by the freedom of strangers to trust and contact one another in public space.
- City economies innovate and mutually develop through inter-city trade. "Import replacement" and "import shifting" are key stages in this process. Import replacement is entrepreneurship on the supply side of innovation, through altering and creatively extending the complex division of labor. Import shifting is entrepreneurship on the demand side of innovation, through broadening consumers' tastes and producers' uses of inputs.
- Innovation and the attendant creation of new work entail the constant creative destruction of parts of the division of labor, with the price system and social networks helping to coordinate the process.
- Profit-seeking through copycat investment can result in coarser land-use granularity, a commercial monoculture, and an endogenous "dynamics of decline" in innovation.

## 3 Elements of Jane Jacobs's Public Policy

- The legal setting and physical form of a city can promote or hinder peaceful, informal contact among strangers. When authorities are insensitive to the way the design of public space impacts social interaction, they risk hampering that essential contact.
- Because a great or living city is an incubator of ideas and attracts and retains so many anonymous strangers living close together, each seeking uncertain opportunities, the result can appear chaotic and indeed often is chaotic. But in a living city, where successes mingle with failures, order outpaces chaos and it is sometimes hard to tell them apart.
- In such an environment it is tempting, and perhaps occasionally justified, to address the perceived failures and the apparent chaos from the top down.
- The danger in doing so is to substitute a less visible emergent order with a "pretended order." Jacobs bases her critique of urban planning on these concerns, and her positive prescriptions are meant to ensure that interventions complement rather than displace spontaneous

orders. Designed complexity should not crowd out spontaneous complexity: more piazza, less parade!

- This entails placing limits on government intervention, where those limits depend on how sensitive authorities are to local knowledge and how well they can monitor the consequences of their interventions and adjust accordingly.
- This is the basis for her recommending "subsidiarity" as a governance structure.
- She cautions against constructing massive projects (private or public or public-private partnerships) in or near existing neighborhoods for fear of undermining local networks with cataclysmic money, border vacuums, and visual homogeneity, which erodes pools of economic use and stifles the ability of locals to utilize their resourcefulness.
- Functional zoning tends to block the interactions of the multiple "primary uses"—in combination with street intricacy, a range of building vintages, and population density—that generate the land-use diversity needed for safety, social networks, and the emergence of effective pools of economic use that is the basis for urban vitality and economic development. Functional zoning is unnecessary.
- In addition to regulating negative externalities, Jacobs would limit zoning to form-based zoning to combat vacuum-creating constructions.
- Jacobs's support for rent ceilings is limited because it does nothing to address the underlying causes of housing unaffordability. She recommends increasing the supply of housing through a "guaranteed rent method," which is a form of subsidy to the landlord. This reflects her appreciation for the signaling role of prices.
- The same goes with Jacobs's qualified support for tariffs to protect not infant industries but struggling regions against unfavorable changes in international currency exchange rates.
- This leads to perhaps her most radical, and self-described "utopian," suggestion: The deconstructing of nation-states into their economically relevant regional- or city-states.

## 4 Looking Ahead

I don't wish to give the impression that this book contains my final thoughts on the topics covered. Among them, the following I think most deserve further attention. (I suspect, and hope, that you may have a list of your own.)

**The "Nature" of Economies** Some readers familiar with Jacobs's later work may be disappointed to find relatively little on Jacobs's original ideas on the relation, indeed the identity, of the forces operating in the natural ecology and the social economy, as she treats in her book, *The Nature of Economies*. Actually, however, I have drawn significantly from it. Recall in particular her observations on the signaling role of prices, the parallels between her discussion of the growing complexity of an economy via "import stretching" and the concept of the "lengthening of the capital structure" of production, and the concept of dynamic stability as a potential alternative to the concept of economic equilibrium. At the same time, I have admitted to being unpersuaded by Jacobs's characterization of such ideas as exports as "discharges of economic energy" and uncomfortable with her vagueness about the nature of value.

To be honest, I don't have a better reason to give for not pursuing these ideas further other than my belief that doing so would have taken me beyond my goals of relating the core principles of her social theory and economics to market-process economics. The possibility remains, then, to link the social theory I have brought to light here to a more explicitly ecological approach to market systems.

**Limits of Jacobs Density** In my discussion of Jacobs Density (JD) I tried to refrain from using it as a normative benchmark in the sense that, ceteris paribus, a higher JD is always preferable to a lower one. Its positive use would simply be describing the impact of planning on systematically altering the potential for making diverse and socially distant contacts. JD would become a normative standard, however, if planners' objective is

expressly to boost a city's liveliness or to increase the opportunities for creative discovery that may arise from enabling these kinds of contacts.

Also, as has been pointed out to me (HT to Alexander Schaefer), certain assumptions underlie my version of JD, namely, that Ego's ties to John or Mary (or whomever) in Figs. 5.4–5.6 are the same in terms of their strength or direction and that its practical usefulness is limited by its intent to measure potential rather than actual diversity and social distance—that once Ego makes direct contact with, say Morticia in Fig. 5.5, JD would actually fall, as the potential contacts reflected in a given JD become actual. Even under these assumptions I believe it can be a useful conceptual tool for evaluating the fecundity of action spaces, say, in different neighborhoods or in cyberspace. And speaking of action space…

**Limits of Action Space** While I believe the concept of action space offers a valuable lens through which to view social environments, especially with respect to urban dynamics, its usefulness depends on the kind of problem we are analyzing and is not always worth including. But I believe it can be useful, for example, as a way to conceptualize the link between the physical design of a space and the social interactions in it and the potential for entrepreneurial discovery—via the social networks, diversity of people, land-use granularity, and prevailing norms. Again, this is a question for further study.

**The Metaverse** I touched on this topic in Chap. 5, where I discuss the impact of new technologies, particularly apps that facilitate first contact with strangers, on urban agglomeration and how some of our urban concepts then need to adapt to these changes. (One of these adaptations is, of course, Jacobs Density.) I would like to add a few more thoughts on the subject.

People use the term "metaverse" fairly broadly (Ravencraft, 2022). It can refer to online platforms for gaming, social media, shopping, and entertainment of various kinds in "cyberspace." It can also refer to so-called augmented reality or virtual reality, in which some or all our senses are enhanced or replaced, so that I can take a tour of Berlin while

comfortably seated in my home in Brooklyn (Greenwald, 2021). The latter technology seems to be the most immersive and therefore perhaps the most likely to replace some or all of our interactions in physical space. These days virtual classrooms and workplaces have become common, and the convenience of not having to commute long distances to school or work is huge. But as it stands now, there are significant drawbacks to this way of interacting.

To make my point, imagine a virtual technology so advanced it can recreate the sights, sounds, smells, and overall feeling of a concert hall. The three-dimensionality of the orchestra, stage, and music, the hues and spaciousness of the house, the pressure of the cushioned seat against our backs, the quiet struggle for elbow room on a narrow armrest, the fragrance of someone's cologne, and the smell and feel of our clothing; in short, everything exactly reproduced aurally, visually, and tactilely. We are transported from the physical reality of our living rooms to the virtual reality of the concert, and when it is over, we "materialize" instantaneously where we started (having never left).

The metaverse spares us the experience of traversing time and space, of getting dressed, navigating traffic or passersby, bundling against the evening chill, chatting up familiar concert-goers, waiting in line at the restroom, searching for a bar or restaurant to pop into, or dealing with strangers along the way. No checking out flashy cars and people on the street, deciphering the meaning of an overheard conversation, calculating the best way to squeeze through a crowd, or daydreaming while absently strolling. In short, we wouldn't have to experience the spontaneous complexity of the action spaces we would otherwise traverse.

Going to a concert is so much more than just being at the concert.

Some might say, "Good riddance!" Perhaps, but we wouldn't then have the chance to experience and discover the things, good and bad, we didn't know about the social cosmos.

Could such a complete metaverse be artificially created? Some maintain that the universe we actually experience is just such a metaverse. Possibly. But whatever the nature of our reality, to be an accurate reflection of it the metaverse would have to allow for the possibility of creativity, discovery, disappointment, and real danger, of genuine surprise and deep regret—experiences that are at the heart of what brings life to a city.

It shouldn't come as a shock that I don't think designed complexity can come close to simulating the social context needed to create such spontaneous complexity.

One day artificial intelligence and sensory technology might advance to the point where the metaverse could affordably replace our physical realities. Until that day arrives, however, no doubt we will live in cities. And if it does arrive? I would wager, even then, we would still want to dwell in real, living cities. Like X (formerly Twitter), Facebook, and Tinder today, the AR/VR technologies of the future will complement urban reality, not substitute for it.

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Still, my mind is not completely made up about that. Indeed, I haven't stopped pondering most of the topics in this book, including those on which I have expressed an opinion or made a prediction. Like a living city, intellectual progress is driven by persistent trial and error and by radical tolerance and sincere criticism. And as with a living city, that process is characteristically messy and at times disagreeable. But the results can be unexpectedly pleasant and, often enough, enormously worthwhile. I look forward to your responses.

## Works Cited

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