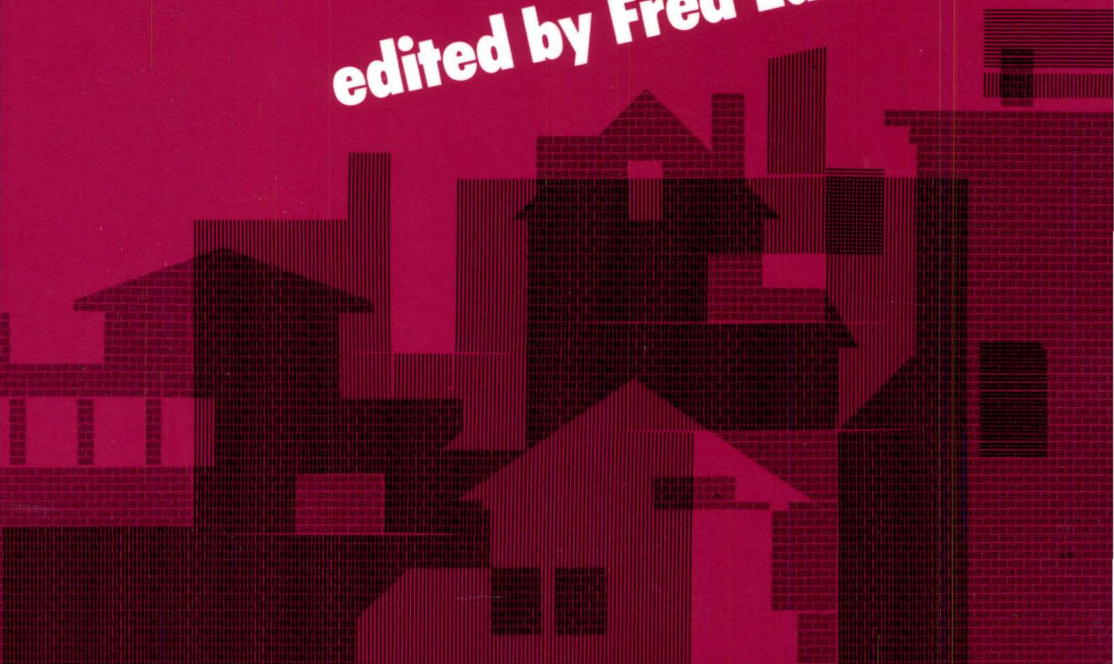


ETHICS IN MAKING A LIVING

THE JANE JACOBS
CONFERENCE

edited by Fred Lawrence



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The Jane Jacobs Conference

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Fred Lawrence

Supplementary Issue of the *Lonergan Workshop Journal*

Volume 7

Fred Lawrence, editor

Scholars Press
Atlanta, Georgia

ETHICS IN MAKING A LIVING

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Boston College

Library of Congress Cataloging in Publication Data

Ethics in making a living / edited by Fred Lawrence.

p. cm.

Supplementary issue of Lonergan workshop journal. v. 7.

ISBN 1-55540-368-9 (alk. paper)

1. Economics--Moral and ethical aspects--Congresses. 2. Jacobs, Jane. 1916- --Congresses. I. Lawrence, Fred. II. Lonergan workshop. v. 7 (Supplement)

HB72.E785 1989

174'.4--dc20

89-10275
CIP

Printed in the United States of America
on acid-free paper



Editor's Introduction

Our Spring Lonergan Workshop devoted to the work of Jane Jacobs took place on April 10th and 11th, 1987, and was entitled, "Values and Ethics in Making a Living." The work of Jane Jacobs is of interest to anyone concerned with the analysis of the real causes of urban decline, industrial stagnation, and falling living standards. But she will also be attractive to people intrigued with the thought of Bernard Lonergan, the mentor to those at Boston College who were mainly instrumental in organizing and speaking at this conference given so much warmth and light by the presence of Jane Jacobs and her husband, Bob; and by her talks and interventions throughout the weekend.

Perhaps best known to the Catholic intellectual community as the author of *Method in Theology*, Bernard Lonergan's most characteristic achievement was to spell out the implications for common sense, for mathematics and the sciences, for history, for the humanities, philosophy, and theology of the statement from Aristotle's *On the Soul* which is the epigraph for his other most famous work. Aristotle asserted that human beings know by apprehending forms or intelligibilities in images or phantasms drawn from data we have sensed. Grasping the intelligible in the concrete and the sensible is what allows us to get from particular cases to general principles and from universal theories and laws back to particular cases intelligently. The title of the 748 page work in which Lonergan concentrated on this is *Insight: A Study of Human Understanding*. Lonergan often said of Jane Jacobs, whose work he had read and followed with immense interest and enthusiasm, "She's Mrs. Insight!"

Lonergan's avid reading of Jane Jacobs's books occurred in conjunction with a life-long interest and labor for which he is hardly known, namely, on the foundations of economics.

Lonergan was inquiring about the structures of production, monetary circulation, and finance associated with advanced industrial economies: What is the underlying intelligibility that relates capital formation to the production of a standard of living within a national economy? Meanwhile Jane Jacobs has focused on the economy and ecology proper to cities and regions that supply the micro-conditions for the macro-phenomena studied by Lonergan. Their work is complementary. And Lonergan always felt deeply the commonality of their approaches. They each seek to understand the intelligibility of concrete processes by accumulating insights and judgments in ways that are "functional, interrelated, and dynamic." They both desire to reach a correct understanding of the concrete and mutually conditioning character of technological, economic, and political aspects of the good of order to promote free human flourishing without yielding to the tyranny of planning in the sense of the word they both despise: using prediction and control to engineer results. So Lonergan esteemed Jane Jacobs highly, and he taught his students to esteem her highly, too.

A few of those students have forged the more proximate link between Jane Jacobs and Boston College as the site of this conference. Fr. Joseph Flanagan, SJ, has ever been a true believer in Jacobs's advice about the messiness and seeming inefficiency of creativity, though he has been quite efficient in his role as Chair of BC's Philosophy Department for many years. But his creativity has made him the *primum movens* of two of Boston College's most outstanding programs: the Perspectives Program, a four-year alternative to BC's Core which features both cross-disciplinary aspects and a well thought out design for the renewal of liberal education; and the PULSE Program. He has taught the PULSE Council course from its inception in the 60s, making central use of Jane Jacobs's work. And indeed it was Fr. Flanagan who first told Lonergan about Jane Jacobs and gave him her books.

One of Fr. Flanagan's (and later Fr. Lonergan's) star students, Prof. Patrick H. Byrne (Philosophy), played a crucial role in founding the PULSE Program and was its first Director. He embraced and helped formulate its approach to education

through joining concerns for moral and social justice with academic reflection, since the days when he was doing his Masters in Philosophy almost 20 years ago. After writing his doctoral dissertation at SUNY Stony Brook on Einstein, Pat returned to Boston College as a teacher with a unique set of qualifications. He continued to be a guiding force in the PULSE Program; he helped to establish and solidify the Faith, Peace, and Justice Program at Boston College. But then too his wonderful comprehension of mathematics and the natural sciences fitted him to lead a several years long collaboration among a group of faculty members from the diverse science and mathematics departments that ended in The New Scientific Visions component of the Perspectives Program.

A genial aspect of the Perspectives Program was that as the teachers prepared and educated themselves to teach in it they had an opportunity that they otherwise would not have had to become liberally educated themselves. Nowhere is this ongoing cross-fertilization between sections of Perspectives and the PULSE Program more strikingly evident than in the way Pat Byrne helped reshape PULSE's pedagogical strategy of letting classic texts illumine the at least twelve hours per week of experience in the field students are required to undertake. Like Fr. Flanagan, Pat used Jane Jacobs's work to help PULSE kids understand the city as the scene of their various field projects; and he uses her in teaching *Insight* to undergraduates as well.

No one has had more to do with making Jane Jacobs's presence at BC for this Workshop possible than Richard Carroll Keeley. Dick too is blessed with a unique combination of diverse gifts. He is an accomplished public speaker and writer. He has been director of PULSE for more than a decade. His organizational and managerial skills have enabled him to oversee the many details and crises involved in the roughly forty field placements for between 200 and 300 students each semester throughout metropolitan Boston, and to coordinate as well as teach in the academic PULSE courses. He also participated for four years in the foundation of the Horizons in the New Social Sciences part of Perspectives. His commitment to interdisciplinary and scholarly and theoretic work is constantly

evident. Thus he has not only used Jane Jacobs's work for guidance in his courses, but has become a genuine authority on her work as well. Dick has corresponded with her for many years, keeping her informed about doings here at BC and repeatedly inviting her to come and share with us. At last she graciously and generously accepted Dick's invitation by way of rare exception from her usual mode of working quietly outside the limelight. And so we are especially grateful to Dick, Pat, and Fr. Joe, without each of whom this volume would have never been possible.

Let us turn now to the overall contents of this volume.

Dick Keeley contributes two pieces to it: a shorter one that conveys with remarkable clarity and brevity the vision animating Jacobs's chief works prior to this Workshop; and a much longer piece which reviews the critical literature on her work and offers responses to these criticisms. In the first piece Dick quotes an astonishing letter from Jacobs in which she expresses her method of investigating and writing, once again demonstrating how richly deserved the title of 'Mrs. Insight' is. We are also deeply indebted to Dick for an in-depth interview he had done with Jane Jacobs the previous summer at her home in Toronto: it's a gold mine.

Pat Byrne's article shows forth the connections between Jacobs's approach to social, economic, and cultural issues of human flourishing in cities and the tradition of inquiry about these matters under the head of the common good, or of Lonergan's notion of the "human good."

Anthony Cichello, now a Masters student in Philosophy at BC, offers us a portion of his senior thesis in which he considers Jacobs's chief works and the main standard objections by her critics in light of Thomas Kuhn's idea of paradigm-change in science and of Bernard Lonergan's cognitional theory.

The papers "Systems of Economic Ethics I and II" represent Jane Jacobs's first public efforts to articulate the latest theme in her research into economics: raiding and trading as two basic models of economic life. With startling freshness she both describes and begins systematically to correlate the relationships within and between these autonomous and

complementary ways of making a living. The bulk of the question and answer periods is devoted to the contents of these papers. But Mrs. Jacobs has also let us publish a paper that gives concrete examples of the dynamics of import-replacement in cities and regions.

We are also publishing a letter to Jane Jacobs soon after the conference from a graduate student in philosophy who was then writing a dissertation on Eric Voegelin's thought, and is now a lecturer at Simmons College, Chip Hughes, together with Jacobs's response. In Chip's letter one can see the sympathetic assessment of the strengths and possible shortcomings in papers so typical of the Workshop; and her reply indicates how her mind is still changing as she continues to work on this novel set of ideas about the way we make a living. My own response to her papers along with her response to all questions and suggestions show how open and flexible her mind is as she develops her insights and judgments.

This volume would not have seen the light of day were it not for the transcribers of the tapes from our four sessions, Paulette and Paul Kidder. As always I am grateful to Charles Hefling and Pat Byrne for all their help to me. But above all I want to express my gratitude to Pat Brown, who has been so painstaking in word-processing, editing, and reading proof, as well as in the seemingly endless leg-work involved in bringing out this issue.

FRED LAWRENCE

9 April 1989

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AN INTERVIEW WITH JANE JACOBS

*Richard Carroll Keeley
Boston College*

This is an edited transcript of an interview which took place in Toronto on July 4, 1985.

What I'm astonished by is the range of things that you draw on to make your case. For instance, in *The Economy of Cities* when you begin to think about "new work" and where it originates, your first point of reference is Herodotus and, then, Martial. The contemporary way of approaching these things is to say, "let's look around and see what's happening now." But here you are ranging back to the Greeks and Romans. Why would you suspect that there'd be something to learn from ancient history, from Greek historians and Roman poets?

It's well recognized in fiction and in poetry and in history that there's much to learn from them! There are certain universals that run through human life, certain puzzles, certain sadnesses and triumphs, whatever. We don't have to reinvent the wheel in every way: there's a lot of experience behind us. And I think this is true in economic life. In fact, our economies are built on what people did before us. To act as if they come full blown from when the steam engine was invented—that kills me! There was a lot of time leading up to that sort of engine.

Sort of the way that if you're reading a history text in high school you learn that the Industrial Revolution "started" in the middle of the 19th century ...

Yes—which isn't true. And I think people in Europe probably are—with the exception of the English—not so prone to this kind of error. They see things around them which predate them. But it's easy to fall into in the U.S.

Because everything looks so new?

Yes, *even* in Boston with its 350 years: that's not very long in human experience. So life began 350 years ago—but it didn't!—even for Boston. And I think we not only have to take that all into account to get some sense of how we came to where we are, for better or for worse, but also because there's so much to be learned from that history.

You say that the English might not have that sense of history that the other Europeans do. Why is that?

They're so hyped on the idea that they invented industry with the Industrial Revolution! And they're also really not that interested in economic life. They were interested for so long in empire.

Their version of economic life ...

Their version of economic life. Now here I come to what I'm working on now and I'll bring it in. As a working title, I think I'll call it *Raiders and Traders*. I think that cutting across all cultures and all times there are two basic ways of making a living. The animals only have one: they take, more or less, what's ready-made. (The bees, and a few others, do a little processing ... and they unconsciously give something back to nature, too).

Human beings do that too: that's a human way, taking. And it develops into what I think of as raiding, taking from other human beings what's ready-made, or what they've created. The other method that's unique to human beings is trading, and that

is voluntary exchange with others. It's not a seizing: it has to be voluntary on both sides. And for that to be successful, there always has to be a lot of making.

It seems to me that, for functional reasons, there are two quite different sets of values and ways of seeing the world that go with these two very different, primary ways of making a living. A lot of what we call "comparative morality," and get confused about, is that these are *very* different moralities. For instance, with the raiders the great virtue is loyalty, loyalty to the group—for obvious reasons. They're dangerous, and they're dangerous to each other if they're not loyal. This runs through chivalry, the Mafia, street gangs, police forces, any group that has a basic function or set-up to be basically raiders in their way of approaching the world and making their way in it. The British upper class has that point of view and so do all sovereign governments, which is why treason is the worst crime going from their point of view.

Trading is looked upon very suspiciously and even hated by raiding groups, again for good functional reasons. It leads to independence, for one thing. It also means dealing with strangers in a way that's dangerous. And it also, very often, means selling out the group. You sell the plan of how to get into the castle or you sell some kind of immunity to the criminal.

Raider groups cannot trade in what they have that's most valuable. Industriousness is not a value for them. They go in for big, sporadic efforts. Generosity *is* very important for the raiders: it buys loyalty and you have no way to use your wealth in investment in the same sense that traders do.

Now the highest value for the traders is honesty. Their system won't work without a great deal of trust and honesty, even among strangers. They also have to believe in contractual law, which makes for equalities among people, rather than hierarchical law. Raiders have to believe in hierarchical law. They have to be under command and quite different rules have

to apply. It's the difference between civilian life and life in the army. It works very differently.

Are there qualities the two groups share, or do their interests always diverge?

Both groups have got to be good at courage, at willingness to take risks, and at cooperation. These are universals for successful societies of either kind. There are symbiotic arrangements between trading societies and raiding societies. We have police forces, which are symbiotic raiding societies, even within the most stringent trading and making societies; but if they get the ascendancy then it's a police state.

We think of the Wild West as a great raiding society. But who were the criminals? Cattle rustlers! They weren't heroes, they were criminals, prime criminals. That's a clue that it was a trading society. They weren't like the Scottish border fighters in Elizabeth's time when the cattle raiders were the heroes. Or like the old Irish sagas which were all, after all, based on cattle raids. *They* were great heroes. But that was different from the Wild West; that's a different sort of society. Who are your worst criminals? What do you regard as a crime? That's a great clue to the character of the society.

In raiding societies, deviousness, not being honest, is very important: whether you're a hunting group that's putting out bait for an animal—you're not being honest with the animal!—or whether you're laying an ambush. It's very important not to be honest for a successful raiding society. *Honor* is a very different thing from honesty.

In all of this, I'm reminded of Machiavelli in *The Prince* ...

Yes. He was writing for raiding. I read it again this summer and was fascinated. It's remarkably good advice for raiders. It doesn't have much to say as advice to a trading society. In fact,

it would be doing everything wrong and disintegrating your society.

Could we interchange these terms—trade and exchange?

Yes: fair and square exchange.

Can we apply these terms to corporations? If so, how? Are they always raiders or always traders?

They're sometimes one and sometimes the other. You know them by their behavior. Creative corporations are usually traders. But ones that want to buy up everything—that's a slightly more civilized form of raiding.

Of course, you can often see overt instances of corporations getting along by bribery, by fraud, by misleading the public—this is all raider behavior. And a society can change from one to the other. It seems to me that raiding is in the ascendancy and this worries me. It's one reason I want to go into this. I am much disturbed by people's—especially young people's—despising of commerce and trade. They aren't thinking what the alternatives are.

Another thing: people with a raider point of view tend to interpret trading as raiding. And people with a trading point of view do just the opposite: they reinterpret raiding as trading. I have a recent example of this. A friend of mine who was mayor of Toronto for a time, John Sewall, has written a book about the police with his idea of how to reform the police department. It's a trader's point of view and the things he suggests would ruin the police department. The sources of their morale are very different from a trading person's source. It works very differently, both ways.

I'm really a trader and I believe in that. I realize that there have to be some raiding organizations but we'd better be aware of what they are and what their sources of strength are and what

their operating means are. And the same with the traders. There are many admirable qualities in the raiding life and I'm going to try and be fair about it. This book isn't just to beat raiders over the head. We have to understand raiding.

There seem to be connections here to the discussion of "corporate culture," which has been given prominence by the popularity of *In Search of Excellence* and to Rosabeth Moss Kanter's concerns with the ethics and ethos of organization.

Indeed. I have recently read a horrible book by an Englishman named Anthony Jay titled *Corporation Man*. He's very overt about it: he likens the whole thing to hunting tribes. This is a picture of a raider who sees *all* economic life as raiding.

Raiding is the zero-sum mentality, isn't it?

Yes. That's the raider's idea and it's true of raiders—but it's not true of traders. Now the way I got interested in this—I suppose I've always been interested in it!—goes back to 1966. I went to Europe for the first time. I'd been invited to speak in Hannover. They were paying me well and after my talk was over they gave me this check and I went into a bank in Hannover. I'd never been in Hannover, only stayed there two days. I hardly knew anyone in Hannover; I didn't know *anything* about this bank. I went into this bank, gave them the check in Deutschmarks and asked them to send it to my bank in New York. I gave them the account number, they gave me a receipt, and I went out into the street. I stood there a minute and I said, "My God, what have I done?" I've got this little piece of paper but imagine if somebody along the way decided they want my money, what would I do? But I'm not worried about this in the slightest. I'm feeling very satisfied by this transaction.

What a web of trust! What a fantastic web of trust! And this is what makes it possible, this web of trust, for economic life to go on on anything but a subsistence level. Trusting strangers, doing

it as a routine and a matter of course. Imagine building this thing up ... what an achievement! What an amazing thing!

This emphasis reminds me of the stress you place on trust in *The Death and Life of Great American Cities*. There, you emphasize how ordinary people create the safety of a neighborhood by relying on each other and welcoming strangers ...

Then of course I know that man does not live by bread alone. All the really important things in our lives are outside of economics.

But there has to be an economic basis ...

Yes, there does. And I think this throws some light on utopias and their troubles and also on socialism and communism and their troubles.

They sound so alluring because they're really based on—I need a word for this that's equivalent to “amoral”—a-beconomic or dyseconomic considerations. I don't know quite what to call it: it's this outside-of-economic behavior. For example, if young girls are sold without their consent by their fathers to their future husbands or if they are raped, that's a raider approach. And if a man can buy a wife and then he's got a servant, this is a form of slavery, and this is a raider approach to sex and love and male-female relationships.

Prostitution is a trader's relationship—when the prostitute's not a slave of the pimp. For whatever reasons, she's exchanging. That's a trader's approach.

Most of us abhor either of these. We want love and relationships and sex to be based on something outside of economics. On respect. It isn't tit-for-tat and it isn't forced. In relationships within a family, if it's a good family, it's outside of economics. People may be contributing and so forth but there's something there that transcends the economic. In our friendships and many of the things we care most about doing, we aren't doing

them for economic reasons at all. Or we do them only to the extent that we have to get along and then we put some more into it because we want that. Most of the worthwhile things in life are that way. Even a lot of the entrepreneurs behave that way. They *could* go to work for another company with much less responsibility and much shorter hours, but they care about the work for its own sake.

Have you read *The Soul of a New Machine*? I'm reminded of the group working on the new computer ...

Yes, you see that kind of thing happening there.

Now, utopias and many ideologies want life in general to be like that, the communal expression of the ideal. "From each according to his ability, to each according to his need." Wouldn't it be nice if society could be that way? But there's also the problem of making a living, the economic problem and the organization of the economic. That always turns out to be the case in any large group. Even if, abstractly, you say, "Everyone is my brother and sister," that's not true concretely.

So, groups always turn into trading or raiding societies. Usually, unfortunately, raiding societies (or they disintegrate into them). You can't evade economics by wanting to be dyseconomic. You can evade it in small groups but there it really does depend on the concrete fact of love—if you can call love concrete. It really does depend on *that*, not on abstraction.

Someone really has to put something of themselves on the line ...

All the time. I'm sorry I've rambled. I have a lot to learn about this, a lot to read about this.

Apart from your many admirers at Boston College, where else do you have people who are trying to think about economics or cities or development along Jacobean lines?

The ones that interest me the most are a few cities and places that are trying to get at their economy in this way. The city of St. Paul is trying—they call themselves “The Self-Reliant City.” That doesn’t mean isolation or doing everything for themselves but instead of expecting their problems to be solved by outsiders, either through companies or grants of money from the Federal government, they’re going to try to solve things themselves. That’s their manifesto.

Jeffrey Ashe’s organization [accion/international] has quite a thing going in Latin America of financing micro-entrepreneurs. Mary Houghton’s a banker in Chicago. She’s been doing the same thing in some poor areas of Chicago. They’re the people who give the most hope, these two. Robert Rodale of the Rodale Press is very interested in bio-regions with regions solving more of their own problems and becoming more self-reliant. Whether you’re a raider or trader has a great deal to do with your attitude towards nature—you raid it or exchange with it. More than anyone I know, he has that notion of relationship with the land as an ethic and as an ethic that runs through all of life.

They’re all practitioners ...

Yes, that’s right. And here comes something else you mentioned, education.

Let’s talk about it here.

The only idea I have about it is that there are two kinds of education. One kind is apprenticeship. A lot of what we don’t think of as apprenticeship in education is just that. It’s the commonest sort of education. For instance, in grade school the little girls who do best are the ones who take the teacher as a model. They’d like to be teachers themselves: they’re getting an apprenticeship education. They may change their minds later but at the time, they’re being apprenticed. The ones who couldn’t care less about being a teacher aren’t getting any of that

and they aren't getting as meaningful an education either—they're resisting it. *I* know: I was *that* kind of little girl! I was a rebel in school ...

Now, the more bureaucratized our educational systems have become—and as you go a little higher, into high school—the students are being apprenticed as bureaucrats. And the ones who will *be* bureaucrats are getting the best education.

So, to borrow a distinction from *The Economy of Cities*, they learn to be efficient and their creativity is stamped out?

Yes. They learn how to manage the system, often very well, and they're often very good people. They know how to follow rules, what kinds of rules apply, how to do the paper work and do the reports, put all the footnotes in—which is a substitute, very often, for not thinking—how not to make waves.

What can and cannot be said ...

What can and cannot be said. And the teachers are that way. They've been apprenticed that way.

There *is* another sort of education and it's what upper class people, aristocratic eccentrics, people of leisure and people destined to rule have gotten throughout history. In every case where this is successful, the teacher is inferior, socially, to the pupils.

Aristotle and Alexander the Great?

Yes. And all the tutors and governesses and the poor browbeaten schoolmaster. And part of the education *they* encountered was that the students are infinitely valuable and that hope rests in them and that they are the servants of the students in a way. *That* kind of education—which is, I think, the foundation of our idea of liberal education—can be very successful but it can't be

done by a teacher who regards himself or herself as superior to these poor little deprived things.

Is there a hybrid? There seems to be something good in the apprenticeship, insofar as you don't have to learn to reinvent the wheel, but on the other hand, there's something of real importance in a teacher who has that kind of respect.

Exactly. And a good mother or father is like that in teaching their children. Not that they think they're inferior to them but they certainly don't feel themselves superior and great hope and respect is put in the children. The parents are at the service of the children, and that's a very important feeling. It's not that the children are their bosses. A good schoolmaster or tutor or governess is like this too. But this is a relationship that's very different from someone who just takes a job and says, "Oh, my God! I've got these thirty awful kids!"

... They get in the way of my own interests.

Yes. "And I really do want to be a good teacher but these people are impossible to teach!"

And in the colleges, what we then say is, "The high schools haven't prepared them" ...

Yes. Now I think where there's some practical use of thinking in this way is that we are obviously much too narrow in the apprenticeships we do in the course of our education. It may be that, ideally, children should be apprenticed to practitioners for at least part of the day, for part of their time. But in a serious way—not just visiting and seeing what happens at the slaughterhouse or what happens at the glassblower's or in an office. Of course, the people who take on apprentices, just as in the past, would have to be recompensed because it's a lot of work.

But you want that other kind of education too: that opportunity should be open utterly wide. An attempt should be made to get teachers for it who really have respect for the students' learning ability, that they're not teaching *that* : it's this miracle that occurs of learning.

Now that doesn't sound very practical, what I've said, at all.

It seems to me a very powerful account of the ways in which we conceive of education, and the accent you put on "learning" as opposed to "teaching" reminds me of Ivan Illich's book, *De-Schooling Society*.

Yes. I talked to him about this once. In regard to the kind of teaching where the teacher is at the service of the students, he said, "All our inspired teachers, like John Holt, are like that: they're almost in awe of the children." They can teach without teaching in apprenticeship.

In the states, among religious educators with whom I'm familiar, there's a fascination with the teaching process developed by Paolo Freire, "conscientization." What bothers me about this is its simplicity. What people are supposed to discover is the political domination all around them. While supposedly according dignity to the learner, it already has the answer.

It already has the answer. And what are you teaching them? It's an apprenticeship. If you're successful, you're teaching them all to be community organizers. A society *needs* community organizers but you can't run it all on community organizers and giving a good apprenticeship to them and let the others just fall by the wayside.

Let me move to another topic which I'll call "Collaborators and Adversaries." If one looks at the Acknowledgments for *Death and Life*, there's citation of Ed Logue and James Rouse. But Ed Logue had a terrible reaction to the book ...

Oh, sure he did!

... and when you and Jim Rouse were on the same stage at the Boston Great Cities of the World Conference, there seemed to be an immense distance between you. Was there a time when you collaborated, then split, or was it always a tense relationship?

Ed Logue always horrified me.

But you learned something from him?

But I learned from him. Jim Rouse never horrified me—he's a very nice man—and I learned from *him*. I *disagree* with him on a lot of things but you can learn from people you disagree with. They had both given me time and I wasn't kidding, either. I would argue with Ed Logue—he always horrified me. He said, for instance, "What San Francisco needs is another earthquake and fire," and I thought, "This sounds like a smart-aleck remark," but he meant it; he really meant it. He said, "It's hopeless until you get a clean slate out there." He was a very ruthless man. He really had a plan for wiping out the North End.

Is that so?

Yes. And he had already gone to the Federal regional administrator with a preliminary plan of it. I know that—although I didn't find out until later on. When he came to New York, Mayor Lindsay asked me if I would invite him to dinner. He said, "He's here without his family." I said, "No, I won't, because I know why he wants to come to dinner with me. It's so that he can give the idea that I approve of what he's doing, that I'm his friend." Furthermore, I would not feel comfortable entertaining this man who has done so much harm to so many people. He was really down on me after that.

But all the same: he told me about a neighborhood bank in New Haven and what a difference it made to that area. He showed me around New Haven even when I didn't approve of what he was going to do at that time. He explained things—sure I should make an acknowledgment!

How about you and Jim Rouse?

I knew him from way back when I worked for *Architectural Forum*. I wrote a story or two on some of his shopping centers and I admired him tremendously and still do. I don't like his idea of "New Town" planning and big plans and so forth. He's not ruthless, he's not mean or power-hungry. I felt sort of bad—he took it badly in Boston, I think—but I just couldn't stand this telling all the young people to make those big plans that would last after them. I just couldn't let that stand without telling them there was a different point of view. I think that hurt Rouse to be argued with that way in public. He's a rather gentler man. I felt very sorry about that. I do think very highly of him.

It's my impression that now, twenty-five years after *Death and Life*, planners and architects are beginning to learn from you. Whether they practice it is another matter.

Some do. There are ones who have learned, and this is another thing about education. I'm inclined to think that, especially in professions, it's very hard, very rare to change this fundamental way of looking at things. The profession as a whole has a momentum. People within it who change their way of looking at it are apt not to get along very well. I think that any change in how we look at cities—and there are a lot of other people besides me who've been influential in this—happens because it's feeding into young people, forming their ideas. That's what changes the professions. When you find a kind of department of education that's just repeating itself, generation after generation—the traffic engineers are doing that, I don't see that they're changing in the ways that architects or city planners are—then you begin to get an ossified profession.

Are there any architects or planners writing that one might look at with profit?

Yes. I don't keep up on this as much as I should. There are landscape architects—there's one of them right at Harvard, Ann Spirm.

I saw a comment you made about her book, *The Granite Garden*, and immediately pulled it out of the library!

That's a very good book. There's one here, Michael Hough, who's just done a book. His idea is to go with what's natural as much as possible in the city. He's brought this kind of thinking to a very sophisticated and important level.

If planners are beginning to learn from you, especially the younger ones, I have the impression that the group which is most resistant to you are the economists. As I was reading through different reviews of *The Economy of Cities* and *Cities and the Wealth of Nations*, they seem to make four charges against you. They say that you hypothesize an eighteenth-century economy, that you presuppose perfect competition, that you glorify the individual as source of creativity and pay relatively little attention to the firm, and—this one, I think, from the Marxists—that you share Adam Smith's blindness to the power and domination dimensions of economics.

Well, I just don't think any of those things are true!

Well, let's suppose we have those economists sitting here. How would you respond to them?

Let's take the first one.

... that what you describe is more appropriate for an eighteenth-century economy (although they never say just what that is).

Pre-industrial revolution, I suppose.

Probably, yes.

I'm talking about economic things that go on today. If you want to bring one really up-to-date, the computer industry. It may consolidate later but in getting off the ground it's been very little firms, with breakaways, with symbiotic arrangements among the firms. If you had depended on IBM doing all this by itself, it would not exist. IBM does exist and it is important in this but it's been influenced by these other things. Something more up-to-date than *computers*? Well ...

I get the impression that they look at your historical examples and then they skip, maybe they don't even read, the book.

Maybe. So, I don't think this is true. One of the interesting things that's going on in Europe now is the economy of northern Italy. These are apt to be very small firms, very symbiotic, very up-to-date and sophisticated and they're among the first using computers in small firms.

There's a good book on this by Charles Sobel and Michael Piore—it's kind of hard reading but important—called *The Second Industrial Divide*. They think that the newest thing is just exactly what I've been talking about and that the mass production economy is becoming obsolete. So I would say, no, I'm not talking about the eighteenth-century economy at all.

I think you have a lot of critics—although they usually don't identify themselves as such—among the Marxists.

Oh, yes. Absolutely. I don't think things can be done successfully by highly-centralized planning. I think that the Marxists have been so concentrated on distribution, the results of economic life, and on power, and have terribly neglected how economic life develops. They really have nothing to offer on that and without that you don't have anything much to distribute. Creation in this way is a very uncomfortable subject for them. It can't come under a dictatorship or central planning. It can't be anticipated—screwballs do it, hobbyists do it. The Marxists want to run an economy like an army and that doesn't work. Of course they see that what I'm talking about is not their bag at all.

There was an English reviewer who said, after giving some kind things to me, "This is really quite coarse." She is not concerned with the distribution of goods. "Coarse" is a kind of English upper-class word; I was rather flattered because that's what the English called Benjamin Franklin and it meant the same thing—too much interested in trade. If you marry into trade, it takes three generations to lose the taint!

One doesn't get involved in those things ...

No, one gets involved in these paternalistic things. So it should have been a different book about how you refine the distribution of these things. OK, that's what the Marxists would be more apt to be interested in. And, again, it's that abeconomic or dyseconomic behavior or view I was talking about earlier to the neglect of economic life.

Furthermore, I think Marxist economies always become raider economies. There's this great emphasis on loyalty and that becomes oppression and I have no sympathy with that. I don't think there are any ends that justify those means.

You have no sympathy with oppression—that's clear. Increasingly, though, I have seen people starting to identify you with libertarianism. Would you accept that characterization or is that just another label?

That's another label.

This came up when I saw *Cities and the Wealth of Nations* included in a libertarian catalogue. Then I saw an appreciative blurb for Charles Murray's *Losing Ground*, a book which has all the left up in arms ...

Sure, he wants "to grind the faces of the poor." But they haven't read his book. Now this English reviewer, again, characterized me as being against all help for the poor. He said I'd do fine in Margaret Thatcher's government. Margaret Thatcher's government *appalls* me. The point I was making was about transactions of decline. You cannot help a region that does not have a creative economy of its own. That says nothing about what a city—when it is creative and does have money—can do for a city and its own region. This is one of the good reasons for having wealth. I'm highly in favor of helping the poor and of giving everybody as good an education as they want and can use—not what they can *pay* for. I think health care, not tied to money, is terribly important. One of the reasons I *care* about a developing economy is that it can underpin things like this. I care about making loans to micro-entrepreneurs ... *but* you have to have some kind of an economy that's developing, not stultifying, to do this. A few economies that are successful can't do this for everybody. The libertarian would say, "Look, we shouldn't even have laws about drugs. That's up to people to be responsible about themselves. We shouldn't have lots of laws about things that aren't harmful to people."

I'm not so sure about that. I think people do need help of various kinds. It has to be empirical, pragmatic, you have to see what happens. You have to try to recognize mistakes, not just keep on doing them because you don't know what else to do. I don't have a sentimental notion that all human beings would be marvelous if they weren't deprived—it's not true. But as for not wanting to help the poor or saying "let everyone stand on their own feet," no, I don't believe that at all. I should think that

that's clear. For instance, when I describe the Tokyo city region and what's been done to help those people with the problem of the river inundating them in the past: that's money well-spent and they couldn't afford it but their region can and their city can.

Most of the time when people criticize *Death and Life*, they take out a section of your argument. You're very clear, there, about distinguishing a street, a district and the city as a whole: a district does things that a street can't, a city does things that a district can't. But there seems to be a very selective reading, an excising of a piece and then saying, "This is what Jane Jacobs says."

Yes.

The characterization that I use—maybe you'll throw this one out, too!—as I think about the way you talk about cities and the theme of trust and the concern for the stranger: it really reminds me of what Aristotle has to say about friendship, friendship as being very important, maybe the chief end of life in the city. I think of the section in *Death and Life* titled "Slumming and Unslumming." You say that the really crucial thing is not how much money is coming in, although you need money, but people who decide that there's something worth staying for. And most of the time what's worth staying for

... is your friends.

... are the friends.

That's part of the abeconomic or dyseconomic behavior that's more important in our personal living by far.

So I always go back to that classical political tradition of Aristotle for thinking about *your* way of thinking about cities. Does that fit or does it seem cranky to you?

No, I think it fits very well.

One thing that's a really complex theme in your work is nature and the organic. There are organic metaphors which run throughout *Death and Life*—starting with the very title. At the same time, you're very critical of people who have a romanticized view of nature which I would take to mean something like, "Well, the trees, the stars and all natural things are themselves the sources of value, good in themselves." You point out that when you take that literally, you get LeCorbusier putting skyscrapers in parks and assuming that's a good thing. Could you talk about nature and history?

Yes. Go back to love for a minute. I think you should stay away from prescriptions for anything that you don't love. If you're doing it because you hate something, you're never going to understand it, it's not going to work out well. This was the trouble with a lot of city planners. A lot of people who did it simply hated cities and they never could understand them.

Now, there are several different ways of looking at nature in this respect. The obvious one is if you love it, you want to preserve it, use it properly. You want to give back so you're not ruining it. Now you can love nature also less as a loving of it than as a hatred of human beings, regarding them as the adversary of nature. They're at opposite poles—"Where every prospect pleases/And only man is vile"—you know that old Protestant hymn?

No, I don't.

Yes, it's an old Protestant missionary hymn (I was brought up a Presbyterian). Well, that's the way quite a few people look at nature. Their attachment to nature is always, right under the surface, self-hatred or hatred of human beings. I think this works itself out very often as a sentimentalizing of nature. These people always regard cities as a tremendous enemy of nature. If

you say to them, "But look, if you don't have cities the alternative is people are spread out all around, they're cutting down all the trees, they're all over the mountains and they're taking and taking from the land and living a miserable life!" Well, then that's "overpopulation"! That's the problem!

There are other kinds of sentimentalization of nature that come out of ignorance, from people who never knew what it is to wrestle with it, who go on Sundays and look at it, a tamed kind of nature. But that's just ignorance.

I remember that stunning phrase in *Death and Life* to the effect that 'people in small numbers are charming but in large numbers are just obnoxious' ...

I think that such people could learn a great deal from Japan, which is heavily populated and—if you mention Japan to them they'll just say "Oh, it's terribly polluted!"

And, "Oh, those subways, they're so crowded!"

Yes! But it's amazing the respect and love with which the Japanese have treated their land, in little, tiny bits and in large areas, too. I was only there once, and that for a short time, but I remember going on a tour with a ladies' club to a little seaside village where a great woodcutter lived who was going to receive us in his home. It was a very bustling place, this little seaside village, but right outside of it—in fact, his house was on the edge of it—was a mountain that looked very wild. There was not even a road up that mountain; they would not transgress on this mountain. It was there for everybody to see and it could be *walked* on but nobody could build up there—there wasn't any great sprawl and nobody had farmed on that land. There are places like that all over Japan and this is a way of treating nature that's possible under the most adverse circumstances, with lots of people.

And it goes back to what you were saying before, the symbiosis: developing the city preserves the land.

One of the things that Robert Rodale has gotten very interested in is: why do we just have these annual grasses for grain? Why have we been totally uninterested in perennials for grain? Think how much that would save the land, and labor, even if you didn't get quite as good yields. Isn't it possible there are perennial grasses which you don't need to plant every year, you don't need to plough, you don't need to rob the land? There are so many things that need to be done, that need to be tried. This is one of the great ones, it seems to me. Now that's a way of looking at nature, and one's relationship to nature, that isn't based on either hatred of nature or hatred of man but on what we can do together. Here in the 1980's—for the first time, to my knowledge—someone says "How did this happen? Why haven't we explored this avenue?" It shows how stultified our ideas of our relationship with nature are.

It's losing the questions. It's the question which reveals the problems ...

Yes. How *received* our answers are. *Here's* the past, all right! A lot of what we have and consider modern we just elaborate on and make more rococco. It's really been received without question from a very ancient past. Who knows, maybe there *aren't* any perennials that would be good food crops. But nature's full of surprises and marvels and I wouldn't think that's so until it was tried. But if you have in mind that the world's overpopulated, that human beings had better keep their hands off nature, that the less they tinker with it, the better, that our whole basic relationship with nature—and there's *no* getting around it— is that we want to be raiders of it, controllers of it ...

There *can* be a very different trading relationship with the land and we've hardly made a dent in it. And that's not a sentimental way of looking at nature.

It's just open to possibilities.

That's right. And not just possibilities for exploitation but possibilities for cooperation and exchange.

Can you say something about Boston? It figures so prominently in your work, I wonder if you're still keeping tabs on the city and whether you have a forecast for it (if you dabble in such things) ...

I'm no better at forecasting than anybody else is. It's hard enough to notice what's really going on at the time. And if you really notice what's going on at the time, people often call it prophecy—but it's right there!

Do you have any opinions about the recent history of Boston? We've had a change in government—I take it you were almost a "consultant" to Kevin White ...

No, I only met him twice. He once had me to dinner. The other time I met him was during the anniversary. Toronto was asked for a delegation so the Mayor asked me if I'd be one of the delegates. So, no, I wasn't a consultant for him at all. I enjoyed him. I don't know the ins and outs of how good he was for the city or how bad. As a person, I liked him.

Boston really has improved economically so much, and in spirit, too. But it seems to me that the improvements in its economy are very uneven. You can't get along with just high tech stuff. I think Boston needs more of this microentrepreneur thing, little things people can do for themselves and for each other economically. I don't think there's been anybody who's done that, who's worked at it in a way equivalent to what Ralph Flanders and the American Research and Development company did for the high tech.

There seems almost an exclusive emphasis on high tech.

That's because it's been successful. But other avenues need to be started.

Do you have any ideas, even apart from Boston, about what cities will begin to breed in terms of new developments for work or is that just a matter of what occurs to the person who's experimenting on the spot?

Yes, but also how much encouragement or possibility they get for it, how much opportunity there is. I wouldn't want to prophesy because I think you only know it when it happens. If I had prophesied about Boston back in the 1930's, I'd have been pretty glum about it. Now, a lot of people say it's because of all the higher education in Boston. That's *part* of it, but there was higher education there when it was going down hill and there are other places, like Pittsburgh. Carnegie-Mellon, in some respects, was, I think, ahead of MIT, but Carnegie-Mellon didn't make the difference in Pittsburgh. This is going back to the eighteenth-century economy: anybody who saw what these little companies were when they first got started, they were scabbly little things.

So it really is ...

...touch and go.

...touch and go, hard to predict. I think your point is well-taken. Just because you have a concentration of universities doesn't mean there's anything going on within them in terms of their environment.

Their relationships to their environments ... exactly. All the people within them may be being apprenticed to become more university teachers or to work in Kodak or DuPont or something.

Why did you leave New York City for Toronto?

Because of the Vietnam War, but the reason we've stayed here is because we like it.

How do the two cities compare? A large question, I know ...

Well, New York is very much bigger. The culture of the cities is very different. But in a curious way, Toronto is more like New York was back in the '30s and I don't mean it's a lot richer or better off. Here are all these new or relatively recent immigrants and they're able to do things and have their own stuff going, be hopeful, in a way the immigrants in New York used to be but aren't so much anymore. (Although what I'm saying is probably dated: my friends tell me that the Koreans, and other Asian immigrants, have this pizzazz and success.) It's really nice, here, to see recent arrivals making it, happy with it and the city happy with them. I hadn't realized how that relationship of New York with its immigrants had deteriorated.

Any thoughts on why that occurred for New York or American cities in general, for there seems to be a fair amount of xenophobia whereas what you describe, up here, is a welcoming of strangers?

There are no ghettos in Toronto. I've come to the conclusion that it takes an awful lot of effort to *make* ghettos. There wasn't red-lining here. There are business areas here that are predominantly ethnic and there may be a high proportion of people of this background living there, but there will also be other people living there and the people who come to the business district will be from all over the city. Nobody's regarded as running down the property or as a danger. The next block over is the chief black business district. It's got other things mixed in, too. But nobody is scared around here or sees a terrible future. There are no blacks on this street but there are Chinese, Koreans, a great mixture on this street, and nobody regards that as, "Oh, dear! How is the neighborhood going?" There's no help for making the neighborhood "go" one way or the other, like the red-lining.

Or real estate people who 'block-bust' ...

Or the real estate people who block-bust. So that's something amazing and very much healthier about Toronto. As a consequence, there is no end of neighborhoods in the city where you'd feel safe; you'd like to live there. And I don't mean just rich ones by any means. There's much more choice on the part of everyone as to where they live, although it's getting expensive. There are lots of problems up here but we don't have a ghetto problem.

The other thing that's very different about immigrants is this: Canada doesn't have a melting pot myth. It has a mosaic myth and image. There's an historic reason for that: it was necessary for coming to terms with the French in Quebec. The English *wished* to assimilate them but it didn't work and any time efforts were made in that direction, trouble ensued.

This is not just a lot of talk. When we first came here, we rented a house which was next to a daycare center, run by a group of nuns, mainly for children of immigrants. When I was out cutting the grass or something, the kids would come and introduce themselves to me—and these were just little kids, three and four years old—"I'm Marie, I'm Rumanian. I'm Joe, I'm Korean ..." The way all this was said they were proud of this, it was part of their identification. American children would have picked up already on being ashamed that their parents were not American. I asked the nuns about this and they said, "Oh, yes, that's true. They're very proud of where they come from." I asked them, what do you do about that? They answered, "It's fine. It's good for self-esteem and respect of their parents." You can be Canadian and hang on to your ethnic things and that's considered being a *good* Canadian.

When I became a Canadian citizen the immigration judge asked me various questions to see if I knew where I was! Then she asked, "Do you like it here?" I said, "Yes" and she asked,

"Why?" I said I liked the way people are not made ashamed of their origins. She told me that she was an immigrant herself. She had had a big fight when she first came here during the war, when she wanted to speak her language, which was Polish, with other Poles in the factory where she worked. Because of wartime fear of spies they had a rule that you couldn't speak your own language. She was outraged at this; she did speak her own language; she was warned against doing this; she was fired; and she took up the fight and helped establish that anyone could speak their own language, anywhere, without penalty. I thought, "Isn't this great! They have an immigration judge who fought for immigrants' rights." I don't think that would be so apt to happen in the United States: they'd want someone who was great on Americanization.

This is an institutional thing that runs through Canada. It's very different from the melting pot and, I think, much healthier. Another thing that's different: I got a little mimeographed sheet when I was applying for citizenship. It stated what the chief duty of a Canadian is—I thought this was so nice: the chief duty of a Canadian is to get along well with your neighbors.

Is that so? It strikes me that if you were coming into the U.S., you'd get a sheet which told you what your *rights* as an American citizen were and here they tell you what your *duty* is.

... what your duty is. And it's not to defend your country and it's not to vote; it's getting along well with your neighbors.

Well, you asked me how it differs from New York. There are lots of these institutional differences, cultural differences. It doesn't have nearly as much pizzazz as New York does. It's a kinder city.

I was wondering: what's become of Hudson Street? Have you been back there?

Yes.

Do you miss it?

Not very often. But Hudson Street is a great place to live, still. A family bought our house and raised two children there, then they moved. Now the people who own it run an antique shop in the ground floor. I've been in correspondence with them, telling them the history of the place. We'd never be able to afford living there now: it's gotten much more expensive.

People still work very hard to keep it wholesome and to help each other. It's a good neighborhood and I'm very fond of it.

Let me ask you a final, hypothetical question. If someone came to you, say from Boston, and said, "You can have or create any post that you want in the government," would you accept the offer and, if you did, what would you do?

No, I wouldn't because I don't like that kind of work. I like writing books. I can't do both.

SOME PATHS THROUGH JANE JACOBS'S THOUGHT

Richard Carroll Keeley
Boston College

My title may suggest that Jane Jacobs's major works—*The Death and Life of Great American Cities*, *The Economy of Cities*, *The Question of Separatism*, *Cities and the Wealth of Nations*—form a trackless expanse in which, without a map, a traveller is bound to perish! But this is far from my intent. In fact, the title draws its inspiration from a well-known section of *The Death and Life of Great American Cities* in which Jane Jacobs demonstrates how the organization of city streets in short blocks, offering many crossways and avenues for exploration, forms a crucial element in strategies for encouraging a flourishing city. The more paths, the better, the argument runs, for as the citizen-pedestrian finds new ways around familiar territory, many good things ensue. The streets become a forum for public life, the constant pedestrian traffic stimulates a level of commercial activity, public safety is generated, and so forth. In offering some paths, then, I am serving as an idiosyncratic guide, inviting you to look with me at certain features of a rich body of work. I hope you will blaze other trails through her work.

My title also reflects a concession. I had hoped to present an overview of Jane Jacobs's work, the critical response it has evoked, and an interpretation of what we might make of *that* discussion. Such a work does exist. But, as my wife and my colleagues will attest, that project, like the imagined "vegetable love" in Andrew Marvell's wonderful poem, "To His Coy Mistress," has grown "vaster than empires/And more slow." Jane Jacobs's work deserves such study, but you deserve to be spared the recitation of my labors.

Let me, instead, suggest three broad paths whose traces may be found, and profitably pursued, throughout Jacobs's work:

(1) the way of innovation; (2) the way of dynamic, functional relationships; and (3) the way of wonder.

THE WAY OF INNOVATION

Where human life and civilization prosper, innovation holds sway. Doing things the same old way, the way we always have done them, will not do in promoting the growth of the body, the neighborhood, the city, or the global economy. Throughout her work, organic metaphors—beginning with the very title *'Death and Life'*—recur. A careful reader will soon learn that this is a deliberate choice, not a rhetorical resort. Growth of the body means, among other things, differentiation, enlarged capacities, new functions. In a similar way, one recalls from *The Death and Life of Great American Cities* that a good neighborhood is one which keeps abreast of its problems; that is, the mark of its goodness is the ability to adapt, to reinvent itself in the face of challenge. In *The Economy of Cities*, the take-off of explosive city growth is spurred by the process of import replacement. That process implies a growing mastery of skills and an accumulated social capital which enables a city to make for itself that which it could formerly only import. Such replacement begins with imitation—her bicycle example—but, given the proper conditions, may usher in innovation. In *Cities and the Wealth of Nations*, Jacobs insists that economic development is a “do-it-yourself” process: it cannot be bought, sold, or packaged. Development means making something novel come about, and that depends, ultimately, on the ability to envision and evoke those new things which the situation demands.

But the emphasis on innovation should not be read as the lionization of the individual inventor. Innovation has a history; it presupposes years, perhaps centuries and millennia, of human undertakings. During a conversation we had in July of 1985, I asked about

the range of things that you draw on to make your case. For instance, in *The Economy of Cities* when you begin to think about "new work" and where it originates, your first point of reference is Herodotus and, then, Martial. The contemporary way of approaching these things is to say, "Let's look around and see what's happening now." But here you are ranging back to the Greeks and Romans. Why would you suspect that there'd be something to learn from ancient history, from Greek historians and Roman poets?

She replied:

It's well recognized in fiction and in poetry and in history that there's much to learn from them! There are certain universals that run through human life, certain puzzles, certain sadnesses and triumphs, whatever. We don't have to reinvent the wheel in every way: there's a lot of experience behind us. And I think this is true in economic life. In fact, our economies are built on what people did before us. And I think we not only have to take that all into account to get some sense of how we came to where we are, for better or for worse, but also because there's so much to be learned from that history ("An Interview with Jane Jacobs," this volume, above).

Robert Heilbroner's dark reflections titled *An Inquiry into the Human Prospect* concluded with a chapter entitled, "What Has Posterity Ever Done for Me?" The innovative person and the innovative society may have access to an answer to that question: our struggle to innovate makes clear what others have done to make our situation possible in the first place. The innovator recognizes the great, unpaid debt to the past: *we* are the posterity of yesteryear. The way of innovation means keeping company with past generations for the benefit of posterity.

THE WAY OF DYNAMIC, FUNCTIONAL RELATIONSHIPS

Pat Byrne, in his sketch of the dynamics of neighborhood life, will indicate Jane Jacobs's ability to understand one thing in terms of its mutual relationship to other things in a constantly evolving situation. This is a rare ability, and especially

frustrating to those, myself included, who fall short of being able to think this way on a regular basis.

My review of the critical literature surrounding Jacobs's work reveals similar inability in many of her critics. Thus, a reviewer of *The Death and Life of Great American Cities* in the *Journal of the American Institute of Planners* attacked Jacobs's interrelated criteria for diversity by separating them out.

A. Melamed wrote:

The 'close-grained' mix [of primary uses] is a familiar one in all of the older cities. Few of these commercial-residential strips are flourishing ... In most sections of the city the rents won't sustain much improvement. Many property owners on these mixed-use streets have found it more profitable to convert store fronts to residential uses instead of waiting for commercial tenants ... Store-front churches have filled this commercial vacuum in many cases. The variety and excitement remains, but the area continues to decline. (1962: 138)

He finds her arguments against superblocks, "either in terms of safety or in the interests of variety ... tenuous at best," reads her preference for old buildings as implying "that there is no need to develop any area from scratch," and charges her with inconsistency in praising the success of Rockefeller Center given its newness and the absence of mixed primary uses in that complex.

Melamed's objections, taken independently, might raise serious questions. But the genius, and the challenge, of Jacobs's analysis of diversity-generators lies in her ability to perceive and think in terms of simultaneous, dynamic, functional interrelationships. It makes all the difference, for instance, to know where those store-front-church-with-beer-distributor strips are located. Do they abut a border vacuum? Are they positioned at an edge which does not admit a seam of cross-fertilizing traffic? And so on.

Responding to *The Economy of Cities*, a reviewer in *Urban Affairs Quarterly* complained, "Who can measure 'new' goods and services? ... This is the type of growth which Jacobs is really excited about, but which we cannot predict because it is the growth of the unexpected" (Cottingham: 482). Jacobs herself

admits the difficulty of this undertaking. Describing city development rates in an article written for the *American Economic Review*, "Strategies for Helping Cities," she wrote:

The strategy would require a continuous program of data collecting, diagnosis and action, with the data collecting ideally coming first. But realistically, considering the need, diagnosis and action would be desirable at the same time data collecting was getting under way. The whole strategy would be directed at the heart of the matter: city economic creativity. ... In a city with a low or falling development rate, the job would be to diagnose, concretely, what factors were hampering the economic creativity of the city's people. This work should certainly not be approached with rigid preconceptions, but rather with hypotheses and these only because it is necessary to start somewhere. Some possibilities suggest themselves immediately: lack of venture capital; racial and other ethnic discrimination, as far as access to capital is concerned; presence of monopolies (e.g., those imposed by organized crime, by otherwise obsolete franchises and licenses, by shopping center developers in conjunction with zoning laws); unwillingness of local government to purchase experimental and innovative goods and services (e.g., for parks, schools, health services, sanitation work); unwillingness of local government to permit competition to its services (e.g., in public transportation, waste disposal). (1969b: 655)

But difficulties are not impossibilities and when stakes are so high—the health of a neighborhood, a city, or the planet—one would do well to learn from someone who has mastered the art of thinking functionally and in dynamic terms. How she acquired that ability may be suggested by my final path.

THE WAY OF WONDER

"The scenes that illustrate this book are all about us. For illustrations, please look closely at real cities. While you are looking, you might as well also listen, linger and think about what you see" (1961: frontpiece). So runs the "apology" for lack of illustrations which prefaces *The Death and Life of Great American Cities*. In fact, these brief sentences constitute a manifesto for a critical, lay intelligence.

Jane Jacobs has more to say about how one learns to understand the city in *The Death and Life of Great American Cities*. Towards the end of the book, she advises us

1. To think about processes;
2. To work inductively, reasoning from particulars to the general, rather than the reverse;
3. To seek for "unaverage" clues involving very small quantities, which reveal the way larger and more "average" quantities are operating (440).

In another context, Pat Byrne and I have characterized this as the "credo of a subject immersed in the city" (1987: 95). However one describes it, it is important to realize that Jane Jacobs is not an idle basher of "expert knowledge."

I have found the best characterization of her method and habits of mind in an exchange of correspondence. I had written:

When you advise us to look for "exceptional" cases in the latter pages of *Death and Life*, I wonder how you have developed the habit of seeing which recognizes an exception as such. When you pepper *Economy* with those startling examples, prehistoric or medieval or modern, I wonder "How did she know *where* to look?" In *Quebec and Wealth*, I wonder about the ability to detect pattern and discern meaning in a welter of statistics and facts. Sometimes, I can work backwards from the conclusion or suggestion but, more often, I am left with an admiring puzzlement: "How *did* she do that?" In seeking to understand your mind and methods, I would not seek to undo wonder but to multiply it by coming to appreciate its sources.

In response, she replied:

Here is what I do. When I start exploring some subject, I hardly know what I think. I'm just trying to learn anything I can about it. Rather than reading systematically, which is possible only if you know what you want, I read as omnivorously as I can manage, in anything that interests me. I often don't even know why I'm interested in some facet or other, and all I can say about that is that from experience I've learned to trust myself when I'm interested. (The experience from which I've learned that is being interested but saying to myself, "no, no, come off it, stop wasting time, this is beside the point," and then learning much later, as I begin to put things together, that it wasn't beside the point at all and my subconscious, or something, was trying to tell me something.)

As I read, and also notice things concretely, patterns from this information begin to form in my mind. Also, I learn that what I thought originally was "the subject" is not necessarily the subject, or is only an alley or sideshoot of it—that there is a lot else to it, or underneath it. So I make outlines as I go along, but they keep changing, and what I end up with bears little relation—or relation only in small part—to what I was starting with, I thought. Very messy. This is also very uncomfortable. I don't like all this confusion. I only keep at it because, hard and uncomfortable though it is, it is worse to stay in such confusion. I tend to think: I would never have gotten into this if I knew what I was getting into, but then it's too late.

Back to the patterns. They begin to show up, of their own accord, just out of the material itself. I am very suspicious of them. I try to find stuff to disprove them, and when they don't hold up, I discard them. Often in doing so, I learn something else, so the process, while sometimes disappointing—hey, it sounded like a great idea but it wasn't—is not wasted. In principle, this process is exactly the same as when I look at other people's patterns or conventional beliefs, and jettison them because they don't hold up.

If a pattern or an idea holds up, instead, and further exploration or examples, insofar as they appear, only reinforce and amplify it, then I begin to trust it, although I keep on the lookout for contradictions.

If I wanted, I could go on and on and on, but that would only be tiresome and repetitive and perhaps self-indulgent in displaying my industriousness and labor! I go in for a different type of self-indulgence. While I'm not an artist, I do feel bound to try, as far as I'm able, to produce a work of art as well as a piece of truth—and one thing about a work of art is that it conceals, rather than parades, the laboriousness that went into it which was, after all, nothing but the work in its service.

But as you see, I've no magic or great enlightenment to explain, rather just messy, muddly work, which I'm inclined to think that thinking maybe usually is. If somebody could tell me how to go about it more neatly and quickly and efficiently, and still make it work, oh would I be grateful. (Letter: March 18, 1985)

What comes through, here as elsewhere, is a tough-minded concern with the truth of the matter. I am reminded of the manner in which a similarly tough-minded and brilliant woman, Simone Weil, described her concern with intellectual

integrity: “as soon as one has arrived at any position, try to find out in what sense the contrary is true” (1951: 37). Like Simone Weil, Jane Jacobs practices the discipline of dialectical questioning, initiated by genuine wondering, in the hope of attaining some piece of the truth.

Thus concludes my excursions along three prominent Jacobean paths. Happy trails to you!

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THE VISION OF JANE JACOBS: AN OVERVIEW AND AN INTERPRETATION

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This essay has three purposes: (1) to provide an overview of, and excite interest in, the major works of Jane Jacobs;¹(2) to review the reception of those works; and (3) to argue that a coherent vision of person, city, economy, community, and nation—in effect, a political philosophy—unifies the works and occasions some of the criticism which has attended their reception. Josef Pieper has written that the beginning of philosophy lies in the perception of “all that is unusual and exceptional, all that is wonderful, in the midst of the ordinary things of everyday life” (1952: 98). Even the casual reader of Jane Jacobs must recognize her keen sensitivity to the ordinary grandeur of a city street or her uncanny attention to the rudiments of trade and the stirrings of innovation; it is one burden of this essay to establish that these powers, remarkable in themselves, are in the service of an extraordinarily intelligent and comprehensive understanding of what conduces to good human living in the late twentieth century.

I. WHAT IS A CITY? THE PROBLEMATIC OF THE DEATH AND LIFE OF GREAT AMERICAN CITIES

“This book is an attack on current city planning and rebuilding ... It is an attack on the principles and aims that have shaped modern, orthodox city planning and rebuilding” (1961:

¹The works under consideration are *The Death and Life of Great American Cities*, *The Economy of Cities*, *Cities and the Wealth of Nations*, and “Strategies for Helping Cities,” *American Economic Review*, Spring 1969. For various reasons, *The Question of Separatism: Quebec and the Struggle Over Sovereignty*, occasional pieces, and “Systems of Economic Ethics I and II” are omitted from formal consideration.

3). The opening broadside of the Introduction to *The Death and Life of Great American Cities* probably accounts for the hostility which greeted the book upon its publication. If the passage of nearly thirty years has softened the critical reception of Jane Jacobs, it is crucial to remember the extent to which her writing, at that time, violated the professional canons of planners, architects, and urban theorists.

Her declaration of war probably also served to distract attention from the difficult, constructive task of her work: a virtual reframing of the way in which the city should be understood. The synthetic statement of that understanding comes at the very conclusion of *Death and Life* in a chapter entitled, "The Kind of Problem a City Is." I want to take it up now, as a prelude to an exposition of the plan of the book and a review of the ways in which it was criticized.

While the city planners of the late fifties and early sixties understood city planning with the unexamined assumption that they were "dealing with a problem in the physical sciences" (1961: 439), Jacobs argued that the city is better understood with reference to the life sciences as a problem in "organized complexity." On her reading, the physicalist approach operates a two-variable analysis and assumes that any complexity it encounters is messily disorganized. It tends, as well, to a static analysis since, by definition, it operates with only two variables. For example, "the two major variables in [Ebenezer Howard's] concept of planning were the quantity of housing (or population) and the number of jobs" (1961: 435). The idea that variables might be multiple, and vary simultaneously, defies both the vision and the limits of this simpler analysis.¹ But Jacobs insists "city processes in real life are too complex to be routine, too particularized for application as abstractions. They are always made up of interactions among unique combinations of particulars, and there is no substitute for knowing the particulars" (1961: 441).

¹As we will see in considering reaction to *The Economy of Cities*, such difficulty of measurement prompts some critics to dismiss her insights entirely.

Thus, the generalities of the phrase “organized complexity” are tempered by extensive attention to the concrete particulars from which it receives its full meaning. Her emphasis on ‘knowing the particulars’ recalls Aristotle’s analysis of free, moral action and suggests why we might best characterize Jacobs’s understanding of the city as that of a dialectical moral patterning of human life.

However, this synthetic understanding of what a city is comes at the end, not the beginning of her investigation. This fact typifies her methodological maxim: observe, inquire, hypothesize, and test *first* and repeatedly; offer the synthetic overview *later*. Three “habits of thought” guide the observation, inquiry, analysis, and judgment which have characterized the preceding four hundred pages. Jacobs encourages the reader:

1. To think about processes;
2. To work inductively, reasoning from particulars to the general, rather than the reverse;
3. To seek for “unaverage” clues involving very small quantities, which reveal the way larger and more “average” quantities are operating (1961: 440).

While we will see examples of what each of these means, a preliminary gloss might read: Jane Jacobs works by discovering as she goes, and, more often than not, her inquiry terminates in a more complex reformulation of the problem, not a simple resolution. Such a method requires unstinting effort and rare intellectual honesty. When asked about her method, she once responded:

When I start exploring some subject, I hardly know what I think. I’m just trying to learn anything I can about it. Rather than reading systematically, which is possible only if you know what you want, I read as omnivorously as I can manage, in anything that interests me. I often even don’t know why I’m interested in some facet or other, and all I can say about that is that from experience I’ve learned to trust myself when I’m interested. (The experience from which I’ve learned that is being interested but saying to myself “No, no, come off it, stop wasting time, this is beside the point,” and then learning much later, as I begin to put things together, that it wasn’t ...) As I read, and also notice things

concretely, patterns from this information begin to form in my mind. Also, I learn that what I thought originally was "the subject" is not necessarily the subject, or is only an alley or sideshoot of it—that there is a lot else to it, or underneath it. So I make outlines as I go along, but they keep changing, and what I end up with bears little relation—or relation only in small part—to what I was starting with ... Very messy. This is also very uncomfortable. I don't like all this confusion. I only keep at it because, hard and uncomfortable though it is, it is worse to stay in such confusion.¹

To understand how patterns emerge from that uncomfortable, preliminary confusion, I turn, now, to an overview of *The Death and Life of Great American Cities*, which is divided into four parts: "The Peculiar Nature of Cities," "The Conditions for City Diversity," "Forces of Decline and Regeneration," and "Different Tactics."

A. Overview

(1) The Peculiar Nature of Cities

In five chapters which explore sidewalks, parks, and neighborhoods, Jane Jacobs gives a first intimation of her understanding of the city. Jacobs encourages us to think that cities might have a common essence, a "nature." In wondering about the "nature" of cities, she suggests a theme that will assert itself later: while cities are often understood as "artifacts," hence *unnatural*, they are profoundly "natural" in another sense. They are the "natural" home of the human species. Here, again, one might detect an echo of Aristotle and the ancient Greek tradition which insisted on the natural sociability of the person and the corresponding importance of the *polis*. The "natural" human life is life together, and this flourishes—or decays—within the boundaries of the city. Accordingly, Jacobs commits herself to an analysis of the interacting conditions—architectural, social, political, economic—which foster or retard the life of cities. She warns against understanding that nature in any ordinary fashion

¹ Letter from Jane Jacobs to the author, March 18, 1985.

and then proceeds to identify three seemingly commonplace things—sidewalks, parks, and neighborhoods—as crucial to it.

Within the first part of the book, sidewalks, parks, and neighborhoods are explored functionally; that is, Jacobs asks, “What do they do?” Her answers surprise: *sidewalks* carry pedestrian traffic, to be sure, but are most important as contributors to public safety, as places where neighbors meet each other and civic conversation ensues, and as sites for what one might call the elementary moral education of children. That is, sidewalks draw children into the life of the neighborhood, expose them to adult presence and imbue them with a basic sense of the moral foundations of local community life. *Parks* are not an end in themselves; they serve the good of the community by knitting together what might otherwise be discrete, isolated areas: places of business, residence, or trade. *City neighborhoods*, finally, function in three interconnected modes: street, district, and the city-as-a-whole.

Street neighborhoods are the most recognizable type, and they are constituted by the interlocking of neighborhood streets and blocks. American cities most sorely lack district neighborhoods, intermediate scale areas such as Boston’s South End, which combine multiple uses—residence, commerce, and so on—and embody some common identity and hold some effective political power. For many cities, strong street neighborhoods lack the support that comes from belonging to a strong district framework. Instances where the city-as-a-whole constitutes a neighborhood, a large-scale civic enterprise, are rarer still in Jacobs’s estimation. Why? The reason lies in Jacobs’s insistence that we judge the health or illness of the body politic with reference to its subsidiary parts. A brisk and affluent central marketplace, symbolized by a bold skyline, may disguise social and economic decay in surrounding residential neighborhoods (Sternlieb and Hughes: 48-53). In all instances, Jacobs maintains, we should understand neighborhoods as “mundane organs of self-government” (1961: 114), the sites where human beings succeed or fail at working out solutions to the problems of human living in the city.

Given her continually cautious weighing and assessing of circumstances, it is difficult to understand the oft-heard criticism that Jacobs romanticizes cities and extols a way of life which no longer exists.¹ She harbors no utopian dream of perfect cities or neighborhoods; in fact, by her measure, the good neighborhood is that which keeps "abreast of its problems" (1961: 112). Humane living requires continuing inquiry, work, struggle, and sacrifice: Jacobs does not share the dream "of systems so perfect that no one will need to be good" (Eliot: 106).

(2) The Conditions for City Diversity

Part Two inquires after the conditions for realizing healthy cities. Here she argues that diversity—social, cultural, and economic—makes for successful cities; and diversity, in turn, may be encouraged by the utilization of four interlocking factors: old buildings, short city blocks, dense concentrations of people, and a multiplicity of "primary uses" among a neighborhood's buildings. This abbreviated list of the diversity-generating factors might suggest that Jacobs shares some of the "physicalist" orientation of which she accuses current city planners: the idea that good cities result from the correct assortment and alignment of streets, properties, monuments, and so forth. But what may be missed in such a charge is her recurrent emphasis on human intelligence and virtuous activity on-the-spot. For instance, Jacobs carefully details the role played in neighborhoods by "public characters," ordinary people whose ordinary conduct of their affairs within the neighborhood pays extraordinary dividends for neighborhood safety, communication, and sense of community. Equally crucial, though operating on a different level, are the "hop-skip" people who can establish connections between neighborhoods or between street neighborhoods and districts (1961: 68 ff.).

¹The best example of this kind of criticism comes from Lewis Mumford. See "Home Remedies for Urban Cancer," in Lewis Mumford, *The Urban Prospect*, (New York; Harcourt, Brace, Jovanovich, 1968). Peter Schrag's review of the later *The Economy of Cities* was titled "Urban Nostalgia."

The four conditions, each treated in a separate chapter, are functionally interrelated: old buildings generally charge lower rents and hence invite newer, undercapitalized enterprises; these newer enterprises both benefit from the proximity of large numbers of people—potential markets—and, in turn, foster an interest in being there; and so forth. In the final section of Part Two Jacobs addresses misconceptions about diversity—its alleged inherent ugliness, its propensity to invite “ruinous uses”—and closes with a reflection, inspired by Paul Tillich, on the deeper significance of diversity. Diversity occasions encounter with difference, with strangeness, and such encounter incites questioning, wonder, and discovery. “Cities,” Jacobs suggests, “have the capability of providing something for everybody, only because, and only when, they are created by everybody” (1961: 238). Great cities are a people’s continuing great work: the work of making a home, a living, and a community.

(3) Forces of Decline and Regeneration

In Part Three of *The Death and Life of Great American Cities*, Jacobs provides a savvy historical analysis of the delicacy of city rejuvenation. She notes the tendency of diversity to self-destruct as original insight and work fall prey to mimicry and thoughtless imitation. She admits the near impossibility of overcoming “border vacuums” (in Boston, one might think of the bisection of the city’s spine by the Turnpike and the rail yards) and locates the crucial element in “unslumming” among people willing to stay with each other in friendship, as they work, slowly, with small inflows of money to reinvigorate the slum. Her emphasis on friendship—in this case, a friendship triumphant over the genuine adversity of living in a deteriorated situation in the hope of restoring life—establishes another connection to the ancient political tradition. Just as thoughtless living and planning can contribute to the undoing of a neighborhood, so, too, thoughtful and committed cooperation among human beings can contribute to its revitalization.

(4) Different Tactics

Part Four amounts to a practitioner's manual for restoring health to cities. The choice of the word "*tactics*" is based, I suspect, on the tendency of "*strategies*" to ossify into fixed plans. Tactics remain sensitive to time and place, whereas strategies would dictate time and place. Jacobs suggests such tactics as subsidizing rents in existing structures rather than razing them and erecting new public housing; thoughtful reintegration of existing housing projects into the life of "real" neighborhoods; and restricting automobile access to residential areas. She concludes with suggestions for re-envisioning urban governance and reframing "the kind of problem a city is."

B. The Reception of The Death and Life of Great American Cities

How has *The Death and Life of Great American Cities* been received? While the reception has varied with the passage of time, fierce opposition giving way to late and often unacknowledged approval, there has been a general approval of the ingenuity of Jacobs's tactical advice, broad disagreement over the validity and generalizability of her methods, and fundamental quarrels with her conception of the city. Planners, urban geographers, sociologists, and general commentators have joined the discussion. Although I cannot hope to encapsulate the discussion in its entirety, I hope to give a representative account.

(1) Jane Jacobs as Tactician

In a review largely critical of *Death and Life*, A. Melamed conceded the logic of her measures for unslumming: "Jacobs ably discredits the fallacy that new slums are preferable to old ones. Her alternatives here are logical and feasible: remove the income limitation for public-housing tenants; permit low-income

families to live as an integral part of the population instead of in isolation; allow the government to subsidize the program but not to be the landlord" (1962: 139). In an article marking the twenty-fifth anniversary of the book's publication, Ed Zotti, a Chicago-based writer on planning and design, noted: "She thought that wholesale slum clearance was foolhardy, and that inward-looking public housing projects were doomed to failure. And she believed that efforts to sort cities into neat little zones for residence, commerce, and industry were counterproductive in the long run. Many of these ideas are now the conventional wisdom" (1986: 25). As such, the ideas are given currency not only in the curricula of professional training but also in the formulation of concrete plans for urban areas. As one small but suggestive example of a Jacobs-inspired change in perspective, one might consider the recent competition for the redesign of the plaza which fronts Trinity Church in Boston's Copley Square. As originally conceived, the plan was developed from an aerial perspective, a view from above to order and articulate the various design components; in the redesign competition, the view was specified from a street-level and pedestrian-user perspective. Jane Jacobs was not credited with the change in perspective, but the change in sensibility has roots in her work.¹

(2) The Validity and Generalizability of Methods and Understanding

While some contemporaries immediately recognized the importance of her thought, many more found reason to quarrel. In part, these disagreements stemmed from a sense of personal affront, especially among planners.² Apart from the response

¹Others, notably William H. Whyte, have also contributed to this change in perspective.

²A sampling: "The Enchanted Ballerina of Hudson Street, with a chip on her shoulder, would throw the baby out with the bath water," grouched Mort Hopenfeld in the *Journal of the American Institute of Planners* in 1962. While recommending the book to all city people, he argues that it is not necessary "to defend ourselves as planners against the fantastic range of accusations and associations Mrs. Jacobs attributes to us." Dennis O'Harrow, executive director of the American Society of Planning Officials, in the *ASPO Newsletter* of February, 1962 sniffed: "Jacobs clearly knows so little about planning that she

which excoriated Jane Jacobs as an amateur or a romantic or as well-intentioned but misguided, critics engaged the book on several fronts.

One branch of criticism took strong exception to the historical accuracy and explanatory power of Jacobs's analysis. Lewis Mumford, for instance, agreed that cities are declining; but, he argued, "it is this massive century-old drift to suburbia, not the building of super-blocks or garden cities, that is mainly responsible for the dilapidation and the near-death of big cities. How could Mrs. Jacobs ignore this staring historical fact?" (Mumford: 202-203). A careful reading of *Death and Life* would indicate that Jacobs is not at all guilty of reducing urban decay to misconceived building projects. As I suggested earlier, Jacobs insists on the interplay of the person with the built-environment; thus neither a garden city development nor a Jacobs-articulated vision of the interrelation of buildings and street alone would suffice to guarantee city life. At the same time, a building or planning scheme which inherently conduces to frustrate social interaction, to segregate economic from cultural from social patternings of behavior, poses a powerful obstacle to the flourishing of healthy city life.

Nor does Jacobs ignore what Mumford calls "staring historical fact"; she disagrees with him as to which historical facts are relevant. For instance, one might ask Mumford: "But how do *you* account for the suburban exodus?" He assumes the logical priority and explanatory power of the fact of urban abandonment. Yet, considerable evidence suggests that this "fact" bears the imprint of conscious government policy (at least in the United States).¹ Federal government subsidies of

continually (or intentionally) confuses it with architecture and, especially, with public housing and site design ... *Death and Life* is lively and gossipy ... Say something, say it firmly and loudly and positively enough, and it makes no difference whether or not it is true." For a vituperative reaction and a remarkably thoughtful response, see the exchange of views between Edward Logue and Edward Chase in *Architectural Forum*, March 1962: "American Cities: Dead or Alive?—Two Views."

¹See, for instance, Kenneth Jackson, *Crabgrass Frontier: The Suburbanization of the United States*, (New York: Oxford University Press, 1985). Robert Campbell, architecture critic of *The Boston Globe*, wrote of Jackson's chapter,

suburban home building in the post-World War II era did much to encourage urban flight and prepare the ground for the era of "urban renewal." While not addressing this problem directly, Jacobs's analyses of the influence of "cataclysmic" money on urban neighborhoods reveals a profound understanding of the effects wrought by "historical fact."

Roger Starr raised a different kind of historical objection. In attributing the vitality of Greenwich Village to the presence of mixed primary uses, Jane Jacobs had made a mistake. Villagers were making the best of a bad situation, asserted Starr:

The connection ... between the mixed uses and the charms of the West Village was ... not that the intrusion of industry into a residence section was attractive; but rather that the mixed uses were literally repulsive. In other old but unmixed sections of the city, the market value of older buildings had long since soared; if the land itself had become very valuable, the old houses had long since given way to apartment house development (Starr: 164).

It seems clear that Starr's measuring stick for city life is the value of real estate. In areas where uses are not mixed, land values escalate along with high-rise construction. This may be so, but it does not invalidate Jacobs's point about the social, cultural, and economic liveliness which she saw in the Village. In effect, Jacobs has tried to understand a phenomenon which does not "fit" in an orthodox way of looking at the city: why is it that an area where business, residence, commerce, and the arts "mix" becomes safe and thriving? The orthodox vision, which takes Ebenezer Howard and LeCorbusier as its inspiration, sees such mixture as chaos; Jacobs recognizes that human interest in,

"Federal Subsidy and the Suburban Dream," that "it tells the astonishing and shameful story of how our federal government, by deliberate policy, helped depopulate American cities and destroy urban neighborhoods from the 1930s to the 1960s, while encouraging the suburbs to grow and remain white." *The Boston Sunday Globe*, March 20, 1988, p. 95. See also the film *Mission Hill and the Miracle of Boston* by the Boston film-maker Richard Broadman, and Sam Bass Warner, *Streetcar Suburbs: The Process of Growth in Boston:1870-1900* (Cambridge, MA, 1962).

and interaction with, such diversity occasions a wonderfully complex order.¹

While Mumford and Starr were critical of what they perceived to be longer-range historical deficiencies of *Death and Life*, other critics charged that Jacobs misunderstood the forces driving current urban history. Morton Hoppenfeld, for instance, accused her of blindness to the economic forces operating within her very neighborhood since she had neglected the "regional population" which made her neighborhood thrive. She ignored "the thousands of walk-up tenements around her, which, in effect, subsidize her range of consumer selection" (1962: 136). Her benefit, in short, derives from someone else's loss. In a similar vein, A. Melamed argued that Jacobs's experience proved an exception to a rule.

The 'close-grained' mix [of primary uses] is a familiar one in all of the older cities. Few of these commercial-residential strips are flourishing. ... In most sections of the city the rents won't sustain much improvement. Many property owners on these mixed-use streets have found it more profitable to convert store fronts to residential uses instead of waiting for commercial tenants. ... Store-front churches have filled this commercial vacuum in many cases. The variety and excitement remains, but the area continues to decline (1962: 138).

Some kind of regional planning approach seems necessary to deal with such imbalances of prosperity and decline, Melamed notes, but he finds Jacobs unsympathetic.

As a kind of leitmotif, Mrs. Jacobs excoriates any attempts at regional planning. Since planners cannot solve the problems of cities, she reasons, they try to find large areas in which to be ineffective. However, if Mrs. Jacobs could be convinced of the desirability of planning of any kind, she could probably be won over to the idea that some urban problems are regional in scope and should be treated as such rather than accretively (1962: 139).

¹In this connection, see Patrick Byrne and Richard Carroll Keeley, "LeCorbusier's Finger and Jacobs's Thought: The Loss and Recovery of the Subject in the City," in *Communicating a Dangerous Memory*, edited by Fred Lawrence, supplemental volume of *Loneragan Workshop Journal* 6 (Atlanta: Scholars Press) 1986.

Both Hoppenfeld and Melamed accuse Jacobs of being wrong because in effect she thinks locally when the real issues must be understood and resolved regionally. But two meanings of "region" need to be distinguished here: regions which include cities, and regions within cities. Melamed's criticism that *Death and Life* does not give adequate attention to regions that include cities has some merit. But Jacobs could not be expected to do everything at once. Her later works represent a sustained intellectual effort to understand the relationships between cities and their regions. As we shall see, Jacobs argues that regions depend upon their cities and not vice versa. Thus, any attempt to solve *city* problems by first resorting to larger regional planning would be mistaken. On the other hand, Hoppenfeld and Melamed's charge that Jacobs has failed to think "regionally" about regions within cities seems to be based on selective citation. As we have already seen, Jacobs analyzed the functional interrelationships among three intra-city regions: street neighborhoods, district neighborhoods, and the neighborhood of the city as a whole. Some problems demand resolution at the street level, others require the "help" a district can provide, still others constitute a challenge for the city as a whole. Further, Jacobs's analysis of slumming and unslumming and her comments on the need for "a strong and inclusive central heart" to vivify the economic and political life of the city reveal a profound sensitivity to "invisible" subsidies and the need to strengthen the entire city.

The grand regional view suffers from oversight regarding the logic of "local regions." Melamed's first observations about those deserted and declining areas are independent of any knowledge of the particulars, while the genius, and the challenge, of Jacobs's analysis of diversity-generators lies in her ability to perceive and think in terms of simultaneous, dynamic, functional, and concrete interrelationships. It makes all the difference, for instance, to know where those store-front-church-with-beer-distributor strips are located. Do they abut a border vacuum? Are they positioned at an edge which does not admit a seam of cross-fertilizing traffic? And so on. Melamed may be guilty of reading the section on diversity as an unflinching

cookbook for urban success such that the lack of one ingredient in a neighborhood counsels despair, or the occurrence of vitality in an area, absent one of the conditions, invalidates the theory.

Perhaps the most important challenge issues from a critic largely sympathetic to *Death and Life*. The sociologist Herbert Gans argues that Jacobs has mistaken the real identity of what makes for diversity and what makes diversity important.

Her argument is built on three fundamental assumptions: that people desire diversity; that diversity is ultimately what makes cities live and that the lack of it makes them die; and that buildings, streets, and the planning principles on which they are based, shape human behavior. The first two of these assumptions are not entirely supported by the facts of the areas she describes. The last assumption, which she shares with the planners whom she attacks, might be called the physical fallacy, and it leads her to ignore the social, cultural, and economic factors that contribute to vitality or dullness. It also blinds her to less visible kinds of neighborhood vitality and to the true causes of the city's problems [emphasis added] (1962: 172).

For Gans, diverse, vital street life, or its absence, may best be explained by class distinctions. Working-class, ethnic neighborhoods value active street life; middle class families seek private, suburban enclaves. By virtue of her blindness to the ethnic/class factor, Jacobs "in effect demands that middle-class people adopt working-class styles of family life, child rearing and sociability" (1962: 172). Further, she misunderstands the causes of slums: "She suggests that if these areas could be made more diverse, the initial occupants might not leave, and owners would then be able to rehabilitate the buildings. ... People leave such areas not to seek diversity but to practice new life styles, and additional diversity would not persuade them to stay" (1962: 173).

In this passage, Gans writes of diversity in a manner which suggests that it means street life and nothing more. If diversity means only street life, then more retiring ethnic groups will, by definition, populate "dying," unsafe neighborhoods or move to areas where they may practice more private "life-styles." But such is not Jacobs's understanding: diversity brings with it economic and political vitality, culture and a sense of adventure.

Slums begin when the many, delicate forces making for diversity begin to falter: work disappears, and with it, commerce; the lack of economic underpinnings ripples through housing stock, schools, and so forth. Note, as well, that Gans operates within the horizon of a liberal social science which sees sociability as a function of class and accords primacy, even if implicitly, to the self-interested individual. His critique thus raises an even more fundamental issue, one properly addressed in philosophical terms: What is the nature of the human person? Jane Jacobs, in a tradition which can claim Plato and Aristotle as ancestors, recognizes a natural sociability in the human constitution. This fundamental difference invites us to take a broadly philosophical perspective in the final section of our consideration of *The Death and Life of Great American Cities*.

C. The Politics of the City

Beneath the disputes about the accuracy of Jacobs's analysis lie larger, political issues. Despite differences in professional orientation, planners, sociologists, political scientists, and other critics have been alike in detecting a submerged political agenda in Jacobs's work. A review of their findings will move us toward a clarification of their answer to the question suggested by Gans—how are we to understand the nature of the human person?—and reveal the contours of a counter-conception of the city.

In an age given to labels, critics have found Jacobs to be both a classical conservative and a classical liberal. While Melamed and Hoppenfeld place Jacobs squarely within the ranks of classical *conservatism* on account of an intolerance¹ that imposes her values and denies the existence of equally valid styles of urbanity, conservatives hold out the possibility of

¹Jane Jacobs figures as a tyrant of taste for Hoppenfeld: "she doesn't accept the existence or desirability of other styles of urbanity as well as her own" (Hoppenfeld: 136). Melamed concurs: "she imposes her tastes and values on the city more narrowly than any planner would dare to do" (Melamed: 137).

judging better and worse forms of taste and thus remain tied to tradition.

But Gans sees an opposite identification:

Jacobs's anger with the planners is so intense that she blames them for the sins of private enterprise and the middle class, and she is eager to return functions to private enterprise which it has shown itself unable and unwilling to perform ... Her blanket indictment of planners ... is likely to win her the support of those who profit from the status quo, of the nostalgic who want to bring back the city and the society of the 18th and 19th centuries, and of the ultra-right-wing groups who oppose planning—and all government action—whether good or bad (1962: 175).

On this account, Jane Jacobs must be styled a classical *liberal*, suspicious of the capacity and intent of government, confident of the ability of a market-driven society to recognize and address problems. Jacobs offers an apology for *laissez-faire*; indeed, Hoppenfeld, perhaps unconsciously switching political categories, sees *The Death and Life of Great American Cities* as exacerbating “an already resistant planner-client relationship in our traditionally *laissez-faire* society” (1962: 136).

The range of disagreement over the political implications of *Death and Life* prompts a fundamental question: Is either interpretation valid? Further, might the categorizations of Jacobs reveal more about the political inclinations of the critics than those of the author? Let us begin with the matter of validity.

The objection that Jacobs imposes taste and acts as the dictator of style may be met and answered by thinking about her method. In every case, her analysis begins with the question: “How does this street or park or district work?” She strives to discover the concrete conditions for the possibility of successful city functioning; when she finds those conditions, her advice becomes: treat the street or park or district as the thing it is, not as you would imagine it to be. *We are, in short, invited to discover the **nature** of these urban things, how they **function**, not indulge some arbitrary fancy.* By way of contrast, the objections of Gans appear to favor any class's life-style,

irrespective of the deleterious consequences for the functional integrity of the city.

The objection to Jacobs as free-market apologist may be met in a similar fashion. Her critique of government policy on slum-clearance originates in her perception of its unreflectiveness. General policy developed and administered from on high overlooks, if it regards at all, the particularities of time and place which condition the problems they try to solve. Her suggestion that "cataclysmic" government funds be gradually channeled through local, private conduits is based on her argument that chances for improvement increase, the more local and focused the redevelopment effort. By contrast, Gans ends his consideration of unslumming with this counsel of despair:

The sad fact is that until we abolish poverty and discrimination—or until the middle class becomes tolerant of poor non-white neighbors—the government is probably going to have to build more low-income ghettos (1962: 174).

For all of its pessimism, there is a poignant nobility in that statement. Who would not wish to 'abolish poverty and discrimination?' Who would not, at the same time, despair of the possibility of converting that intolerant middle class? Of such a marriage between great love for humankind and great realism about its capacity for reform the politics of compassion is born. But both the love and the realism are mediated by abstractions—poverty, discrimination, the middle class—and so invite equally abstract "policy measures." Policy measures cover over the frightening complexity of city life with "comprehensive understanding."

These reflections draw us to the important political issues evoked by *Death and Life*: the vision of the city and its citizens. In the final chapter of the book, as we have seen, Jane Jacobs faults planners for failing to understand that a city represents a problem in "organized complexity," akin to the problems presented by the life sciences, and for "cling[ing] to the unexamined assumptions that they are dealing with a problem in the physical sciences" (1961: 439).

However, the critics of *Death and Life* share another set of unexamined assumptions. They see the city as a geographical place, formally defined by juridical boundaries that enclose an arena of competition wherein individuals struggle to satisfy their own peculiar interests—"practice diverse lifestyles" in Gans's phrase; and governmental bureaus and agencies seek to resolve the problems of allocation of scarce resources attendant upon the competition within the arena. The urbane, tolerant city of the critics is really a modern realization of Hobbesian competition, as Roger Starr aptly if unwittingly expressed it:

The critics of the city—from Mumford to Mannes to Jacobs—assume that there is a "we" in the city, which includes almost everybody ... What none seems to recognize is that the "we's" are not identical; their differences cannot be reconciled by a single appeal to "we" against "they." The differences must be fought over to be reconciled. With luck, the fighting will be only political (1967: 37-38).

One cannot help but hear despair in that judgment: differences of race, class, and business interests will prove insuperable obstacles to realizing a common destiny.

I have termed this orientation Hobbesian, and the adjective was not chosen lightly. The liberal, enlightened political philosophy of Hobbes and Locke begins with a vision of the individual lodged in an uncertain state of nature. From such an origin it is not surprising that the chief concerns become the relation of individuals one to another, their vying interests, and the need to arbitrate, peacefully, their differences. If I begin alone, how will I deal with others? I will recognize their difference, be afraid of their power, wonder what they make of me. When Lawrence Howarth, a philosopher who spent a year with the New York City Planning Commission, wrote a philosophy of *The Good City*, he began with just such an individualistic focus. Not surprisingly, the most vexing chapters of his work concern community; he realizes that some individuals seek more community than others, but he fears the tyranny of the community over the individual and individual rights. Yet Jane Jacobs represents another, more satisfying starting point for philosophizing about the city. Rather than

speculating about how an ideal community might be achieved, Jacobs makes an Aristotelian move: she investigates communities as they are now and how they have been. By attending to the concrete, she avoids the illusion of Enlightenment individualism: in fact, human beings do live together, in better and worse ways. The political philosopher should help to clarify the strengths and limitations of various lived and living answers to the problem of community. This would demand continuing engagement, in thought and in deed, with the problems of life together. Thus, Jacobs can in no sense be seen as a casual advocate of laissez-faire indifference, for she knows that cities work when cooperation occurs on many levels, from streetcorner to corporate boardroom.

A century and a quarter earlier, Alexis de Tocqueville, in the fourth chapter of the first part of his second volume, entitled "How the Americans Combat the Effects of Individualism by Free Institutions," wrote:

Far more may be done by entrusting citizens with the management of minor affairs than by handing over control of great matters, toward interesting them in the public welfare and convincing them that they constantly stand in need of one another in order to provide for it. Some brilliant achievement may win a people's favor at one stroke. But to gain the affection and respect of your immediate neighbors, a long succession of little services rendered and of obscure good deeds, a constant habit of kindness and an established reputation for disinterestedness, are required (1969: 511).

Similarly, time for Jacobs is the most valuable resource for any city; it is the gift which only the human being can give. Tocqueville's analysis uncovers how all those timely gifts each contribute to creating and sustaining humane civic life. "At first," concluded Tocqueville,

it is of necessity that men attend to the public interest, afterward by choice. What had been calculation becomes instinct. By dint of working for the good of his fellow citizens, he in the end acquires a habit and taste for serving them (1969: 512-13).

So too Jacobs gauges the health of a neighborhood by its ability to keep abreast of its problems, not by their being eliminated once-for-all.

To return to the question with which we began: What is a city? For Jacobs, a good, brief answer might be: a city is a problem in organized complexity, the natural place for humans to be, and a historical project whose success depends upon intelligent effort on every citizen's part.

II. HOW DOES A CITY GROW? THE PROBLEMATIC OF THE ECONOMY OF CITIES

In *The Death and Life of Great American Cities*, Jacobs had not neglected the question of city growth; indeed, in keeping with her organic understanding of the city and use of biological metaphors, the dialectic of growth and decay underpinned much of her analysis. But it remained for *The Economy of Cities* to introduce a set of more directly economic issues and themes which have continued to command her attention to the present day.

I will begin with a brief overview of the argument of *The Economy of Cities*. Then I will address two recurring criticisms of the text: its status as "urban romantic myth," and its alleged misapprehension of the fundamental forces promoting the growth of cities. Next, I will weigh the charges of its derivativeness, by inspecting the work of Wilbur Thompson and Charles Tiebout, the two most frequently cited antecedents of Jacobs's analysis. Finally, I will propose how and why *The Economy of Cities* differs and what difference that makes.

A. An Overview of The Economy of Cities

If diversity and vitality are the keynote of *The Death and Life of Great American Cities*, then the many fine and delicately interlocking economic processes which underpin them are the

chief concerns of *The Economy of Cities*. There are strong narrative elements to *The Economy of Cities*, for Jane Jacobs tells the story of how cities begin and what they must do, economically, to thrive. How did cities begin? In her opening chapter, Jacobs challenges

current theory in many fields—economics, history, anthropology—[which] assumes that cities are built upon a rural economic base. If my observations and reasoning are correct, the reverse is true: that is, rural economies, including agricultural work, are directly built upon city economies and city work (1969: 1-2).

According to Jacobs, cities do not figure as the last element in a sequence which runs: hunt-and-gather—> settle down for agriculture—> develop trade via fairs and markets—> trade-fair sites transform into towns—> towns enlarge into cities. Instead, she argues that cities are not towns grown large or relatively late developments in the modes of human living: they are the primary inventors of the forms of human living. She buttresses her argument with an analysis of one of the earliest known city sites, Catal Hüyük, as well as examples drawn from medieval France, and with reflections on the city-origins of those agricultural implements which revolutionized farming in the early days of the Industrial Revolution.

If cities come first, we need to appreciate the city as *sui generis*. What makes a city “be” a city? While *Death and Life* had defined cities as problems in “organized complexity,” in *The Economy of Cities*, Jacobs offers a startling refinement in the functional definition of the city in economic terms. The city is “a settlement that consistently generates its economic growth from its own local economy” (1969: 258).

The seeming simplicity of that definition has invited criticism from many sides, much of it generated by a misunderstanding of what Jacobs sees involved in a ‘local’ economy and how she understands ‘growth.’ It is well to begin with the observation that ‘local’ does not mean isolated or self-sufficient. Moreover, ‘growth’ involves the emergence of innovative technologies and exports which in turn indicate the presence of a creativity and inventiveness supporting the

possibility of long-term prosperity. Innovation, creativity, and inventiveness, while somewhat susceptible to standard quantification measures, refuse to submit to simple measurement; and, from an efficiency-minded point of view, they involve messiness, uncertainty, and failure. Cities are especially important, argues Jacobs, as sites of "valuable inefficiencies and impracticalities" (1969: 82), for only out of the trial-and-error common to the inventive process come instances of fresh, "new work."

Jacobs asks how new work begins in the second chapter of *The Economy of Cities*. The distinction between creativity and efficiency mentioned above catches the heart of her argument. Over against the view of Adam Smith that the division of labor in itself yields up new work, Jacobs argues that discovery makes for new kinds of work and that the discovery presupposes and depends upon a base of old work. If I divide the painting of my house into the tasks of scraping, priming, painting, and trim work, and employ specialists in each, no "new work" is involved; I have simply reorganized existing work. But should one of those specialists become curious about, say, the relative water-repellency of stain and paint, and should that curiosity lead him, further, to wonder about water-proof treatment of pool-side decks, and should he then begin to experiment with mixes of paint and stain and to pursue sidework specialized in pool-decks, then new work might be emerging. The provisional "might" points to the unpredictability of outcome and the possibility of failure: perhaps stains and paints cannot be mixed, or it may prove uneconomical to do so. Jacobs symbolizes the process of the emergence of new work by a metaphorical formula:

$$D + nTE + A \longrightarrow nD \text{ (1969: 57 ff.)}$$

(where D= Division of labor; TE= Trial and Error; A=new work; nD= New Divisions of labor)

So begins new work. But what do such acts of discovery and invention mean for the economy of a city? Put simply, new work plays a crucial role in a series of reciprocating economic

systems, which involve one city with another and which also catalyze economic relationships within cities. (The language of reciprocating economic relationships should not obscure that Jacobs is writing about *trade* and trade practices, themes which will be crucial in *Cities and the Wealth of Nations* and "Systems of Economic Ethics.") At the heart of these reciprocating systems beat two crucial "multiplier" effects, one related to exports and the other to the replacement of imports. Their effects are interrelated.

According to Jacobs, the city in the first moments of its history finds a market for some of its goods in another, older city and the goods are exported. The exports earn income for the exporting city and this income, in turn, can be used for the purchase of goods not available in the young city. A city's exports allow for the purchase of needed imports. As a young city's trade grows more vigorous, an "export-multiplier effect" occurs. For instance, some local suppliers to a city's initial export work may begin to export some of their production directly. Simultaneously, local suppliers to both the "new" and established exporters emerge and, as a consequence, the local economy enlarges. Moreover, exports make possible a greater volume of imports.

So far, we have a picture of a burgeoning export traffic and a substantially enlarged local economy. The growth of the city economy "explodes," according to Jacobs, when the crucial process of import replacement begins, for the replacement of imports in turn contributes a new multiplier effect to the economy.¹ In this phase of a city economy's development, goods formerly available only through importing begin to be produced locally. The local production stems from a number of converging factors such as the perception of a continuing interest (that is, market demand) for the goods, the accumulation of expertise,

¹Marcel Coté of SECOR in Montreal has pointed out to me, in extensive comments on a first draft of this essay, that Jane Jacobs was the first to emphasize the *multiplying* effect of import replacement. While other theorists had recognized the importance of import replacement, it remained for Jacobs to uncover the dynamism of the multiplier in relation to imports. This is an important distinction, one to which I will return in the final part of this section.

and the availability of production facilities. The history of the Japanese production of bicycles proves instructive on this score. The difficulty of securing replacement parts for imported bikes led to local production of parts; gradually, most of the parts came to be made locally, and the new work of assembly produced the Japanese bicycle. The replacement of one kind of import opens the door for the introduction of new imports and, hence, the composition of a city's imports shifts. At the same time, the local economy has expanded, due to the presence of this new work, and multiplier effects from this import replacement ripple throughout the economy. Needs for new supplies and suppliers to supply them arise, and so forth. In fact, Jacobs argues, the import replacement multiplier leads to "room for entirely new kinds of goods and services, that is, goods and services formerly neither imported nor locally produced" (1969: 231).

The explosion wrought by the import replacement process brings destruction along with the new creativity. A moment's thought will indicate why: import-replacement and import-composition shifts mean loss of markets for formerly exporting cities. Hence, the import replacement phase heralds a critical time in a city's history. The obsolescence of some exports means that new exports must be developed to earn needed imports. At this point, Jacobs suggests, the export of services may become especially important. Whatever the exports may be, the continued economic vitality of the city depends upon new cycles of exporting and importing and the attendant expansions which they bring to the local economy.

Diagram 1 in the Appendix sketches the processes involved in a city's economic growth; the language is drawn from Jacobs's final chapter, "Some Patterns of Future Development." Of course, the diagram alone cannot capture the full range of simultaneity in the processes described and it does not render all of the intelligent decisions, made by people and firms, which make innovation, production, and trade possible.

B. Replying to the Critics

With this overview in mind, we turn to the criticisms of *The Economy of Cities*.

1. The Economy of Cities as “Urban Romantic Myth”

Peter Schrag’s August 1969 review of *The Economy of Cities* complained:

Her book often reads like a passion of worlds long gone, separated by continents and ages of time, a romance washed up from a distant shore, well reasoned, documented and persuasive, but mythic nonetheless. A fable of creation (Schrag: 70).

Schrag was not alone in this complaint: the reviewers for *Urban Affairs Quarterly*, John Friedmann and Phoebe Cottingham, lodged similar misgivings. Like Schrag, Friedmann saw the stuff of myth in *The Economy of Cities*: “if you can invent the future, why not also the past?” he asked in asserting that Jacobs’s argument for agricultural primacy was belied by recent research. “This is myth-making, not science” (1970: 478). In the same volume, Cottingham warned, “Make no mistake about it, *The Economy of Cities* represents a revisionistic eighteenth-century economy, or at least the textbook version of the perfect competition model” (1970: 478). As a result, argued Cottingham, the theory turned a blind eye toward oligopoly, the externalities generated by oligopolistic competition, and scanted the role of the public sector.

Two elements, then, form the core of the “urban romance” criticism: first, Jacobs has proposed a false thesis about the primacy of cities; second, in developing her account of contemporary urban growth, she holds untenable assumptions and works with inappropriate data.

2. Which Comes First: Cities or Agriculture?

With respect to the first point, there seems to be genuine division within the anthropological community. For instance, R. J. Holton, in *Cities, Capitalism and Civilization* (a Marxist-oriented study of the origin and development of cities), while firmly critical of Jacobs, has to admit that “the problem of the origins of agriculture, and the connections between city and countryside in the establishment of the major world civilizations continues to be a matter of protracted debate” (1986: 143). Jacobs’s position becomes stronger when one realizes that the chapter title—“Cities First—Rural Development Later”—actually overstates her argument. There is much greater emphasis on exchange of services between incipient city and countryside than comes through in the title. Indeed, the accent seems to fall on simultaneity of development. Cities make possible a countryside which could not have been imagined prior to the advent of the city.¹

Finally, the major counter-example adduced by Friedmann deserves scrutiny. He writes:

The mighty capital city of the Aztec empire, for example, *enriched itself and grew chiefly by conquest* of its neighboring communities, but the origins of Tenochtitlan may be traced to the cultivation of its famous floating gardens, the ‘chinampas,’ that converted an insalubrious marshland into a grid of canals and fields ... Although manufacture and trade also played a role in the total metropolitan economy, they were *subordinate in importance to the tribute the Aztec warrior castes were able to extract from the peoples they had subdued.* [emphasis added] (1970: 477).

Note the emphasis here on what Jacobs has recently begun to call “raiding.” In fact, Friedmann’s account seems to emphasize cities as raiding over agriculture, despite his aim to rebut

¹It is interesting to note that Rousseau, no friend of cities, seems to concede something close to Jacobs’s point in his *Discourse on the Origin of Inequality*. “The invention of the other arts [a city function in Jacobs’s terms] was therefore necessary to force the human race to apply itself to that of agriculture. Once men were needed in order to smelt and forge the iron, other men were needed in order to feed them” (Rousseau: 146).

Jacobs's argument about the priority of cities to agriculture. This section foreshadows Friedmann's governing concern: militarily powerful castes dictate the shape and patterns of the economy both then and now.¹ Thus, the scholarly question regarding the priority of agriculture over cities seems to be an open issue. But even if Jacobs has overstated her case in favor of cities, it may be that her insights will permanently nuance one's idea of the primacy of agriculture into a much more sophisticated interactionist model.

3. Does Jacobs Presuppose the Ideal of Perfect Competition?

Is *The Economy of Cities* modeled on an eighteenth-century, perfect competition economy of the sort found only in textbooks or antique authors? Does Jacobs ignore oligopolistic and monopolistic practices and the ways in which these distort the marketplace? The perfect competition model assumes a marketplace with no barriers to entry and a host of players of relatively equal size and in which no one competitor (a monopoly situation) or group of competitors (an oligopoly situation) dominates the marketplace. If such a situation might have existed in the eighteenth century, argue some of Jacobs's critics, now it has vanished and Jacobs fails to realize this.

When we look more closely at her analysis of innovation, this charge seems hard to sustain. In the first place, while her analysis often does ascribe insight and invention to what some may regard as a vanishing breed of entrepreneur, it draws as well on examples from contemporary corporations and their experiences with research and development. For instance, Jacobs's treatment of the development of 3M (1969: 50 ff.) shows acute sensitivity to how innovation can occur within the large firm. The "break-aways"² which so intrigue Jacobs testify to what she terms the "infertility" of research and development

¹What Jane Jacobs has to say about economic "growth" so conceived, I defer until section III.

²(Jacobs, 1969: 64 and *passim*) Break-away enterprises are spin-offs of existing firms or kinds of work.

within many corporations, and the eagerness of individuals and small groups to try something new apart from corporate restraints. But in breaking away, the person or group most often looks to a new form of incorporation. To use a local example, Data General Computers is the long-term result of the spin-off of Edson deCastro and associates from Digital. Jacobs's analysis of innovation thus suggests a marketplace where new players can emerge and conditions may change; and one in which corporations as well as individuals can play the role of innovator. If this amounts, in Cottingham's words, to revisionism, then Jacobs has revised well for she aptly describes much current economic ferment.

But the charge of blindness to the power of oligopoly may have a different meaning. On a larger scale, it may mean that Jacobs's examples of innovation do not speak to the urgent problems facing the urban economy. What happens across the board, critics ask, when a few industries, and fewer players within each of those industries, shape the American economy? If we take up the question of oligopoly on this larger scale, we might consider Jacobs's analysis of the contraction of the Detroit economy. As Detroit became the home of automobile production, fierce competition ensued. Gradually, the total number of auto producers shrank, but not before the local economy had become preoccupied with auto-related manufacture. As a one-industry-dominated town, Detroit stagnated (1969: 120 and *passim*). So Jacobs knows what the bad results of oligopoly are, even as she sees the possibility for economic creativity and innovation within an oligopolistic framework. Her advice is: respect and attend to the more elemental dynamics at work within an economy, by encouraging invention, trade, and other processes of exchange. Failure to respect these elementary dynamisms leads to stagnation, decay, and death. Hence, Jacobs's supposed "blindness to oligopoly" is really nothing more than a refusal to resign herself to their ruinous powers.

4. What Really Powers the Economic Growth of a City?

John Friedmann makes the most succinct statement of the charge that *The Economy of Cities* fails to explain how cities grow. He argues that

her basic thesis is misleading. Neither artisan creativity nor intercity trade are adequate explanations of why cities grow. We must start to look at the behavior of systems of cities and the structure of political controls by which such systems maintain their stability (1970: 480).

While Jacobs had analyzed 'systems of cities' defined by trading relations, Friedmann has a different kind of systemic relationship in mind. For him, the crucial determinants of city economic growth are political power and interests. "The power to ensure a favorable balance of trade is as much, if not more, a factor than the gains from specialization and temporary monopoly" (1970: 477). Friedmann seems to exclude by definition any thought of the complicated ways that economic vitality itself confers power for driving the urban economy. In contrast to *The Economy of Cities*, Friedmann contends that the most influential systemic interaction of cities is wrought by the politically powerful on the politically feeble. Political power becomes the main determinant of economic destiny.

To better understand Friedmann's allegation let me return to his chief example, the growth of the Aztec empire. Friedmann focuses on the systemic relationship of imperial exploitation of "peripheral" cities by the "metropole." This argument will sound familiar to those familiar with Marxist critiques of "the development of underdevelopment."

The power larger cities exercise over smaller centers is an imperial power that tries to keep them from growing to competing size. Tenochtitlan was neither the first nor the last of the great imperial cities. Economic activity generated in the periphery is quickly brought to heel by the powerful; it is suppressed, bought out, or coopted into the power system. Where the political resentment of the periphery begins to endanger the hegemony of the core regions, conciliatory measures may

be undertaken, hopefully [sic] to reduce the pressure below any possibility of outright revolt (Friedmann: 479).

Jacobs does not use a Marxist framework, but she is aware of the political dimensions of economic conflict. In the closing pages of *The Economy of Cities* she argues:

The primary economic conflict, I think, is between people whose interests are with already well-established economic activities, and those whose interests are with the emergence of new economic activities. This is a conflict that can never be put to rest except by economic stagnation. For the new economic activities of today are the well-established economic activities of tomorrow which will be threatened in turn by further economic development. In this conflict, other things being equal, the well-established activities and those whose interests are attached to them, must win. They are, by definition, the stronger. The only possible way to keep open the economic opportunities for new activities is for a "third force" to protect their weak and still incipient interests. Only governments can play this economic role. And sometimes, for pitifully brief intervals, they do. But because development subverts the status quo, the status quo soon subverts governments (1969: 247).

Note that for Jacobs, while economic conflict gets carried out with and in political manners, its source lies in resistance to the new. Recalling her persistent use of organic metaphors, we might say that the rule of economic life is 'diversify or die.' Unlike Friedmann, however, Jacobs also envisions the possibility of a mutually-enriching, non-dominating relationship between cities with a terrific historical dynamism:

Every city has a direct economic ancestry, a literal economic parentage, in a still older city or cities. New cities do not arise by spontaneous generation. The spark of city life is passed on from older cities to younger. It lives on today in cities whose ancestors have long since gone to dust. New York, far from having sprung from the Erie Canal (a mere artifact of New York), is more likely the great-great-great-great-grandcity of Urartu, say, by a descent that traces back through London, Venice, Constantinople, Rome, and Vetulonia or Tarquinii, oldest of the Etruscan cities (Jacobs, 1969: 178-79).

For Jacobs the key insight is that one form of new work in an older city is the creation of a new generation of off-spring cities.

As the previous remarks indicate, Jacobs is not so naive about the relationship between political power and urban economic growth. Indeed, given the widespread lack of appreciation of how economic growth actually occurs, *The Economy of Cities* might be read as an argument against the primacy of raw exercise of political power. From Jacobs's perspective, we can understand how even though an active state Congressional delegation might win a government defense contract, and hence jobs and local funding, such a transfusion of funds by itself is never going to sustain long-term growth. In an article entitled "Strategies for Helping Cities," published in the *American Economic Review*, Jacobs explained why.

The other American national strategy for helping cities, the war contracts for which there is so much jockeying, also works at cross-purposes to the processes of city growth and development although probably more gradually and cumulatively. From the point of view of a modern city, the war goods produced are export items. Thus they increase, enormously and abruptly, the city's export economy. The trouble arises because war goods and services are not imported by cities. All sections of the country are paying for them but are not receiving imports in return and this import deprivation inexorably affects their economic mechanisms (1969a: 653).

So far from being blind to the reality and perils of imperial economic "development," as the citation above makes clear, Jacobs has a way of explaining, rather than merely alleging, why such expenditures are unproductive. As a final point of response, note that the short-term restriction of imperial economic development forms a salient part of her argument in *Cities and the Wealth of Nations*. That work also displays an impressive grasp of the political and economic relationships among systems of cities which might please even a Friedmann.

C. Tiebout and Thompson on Cities and their Economies

A more daunting challenge looms in the form of a number of reviewers of *The Economy of Cities* who claim it is nothing more than a popularization of especially Wilbur Thompson's *A Preface to Urban Economics* and Charles Tiebout's *The Community Economic Base Study*. To weigh the charge of derivativeness will require a brief inspection of their work.

Tiebout's study was a supplementary paper published by The Committee for Economic Development. It crystallized his continuing work on what is called "export base" theory. Briefly,

An economic base study identifies the key economic activities of the community. ... The goods and services which the community sells outside its boundaries are considered exports. Exports include all sales made outside the community, not just trade with foreign nations. The remaining goods and services go to the local market. Local is defined to mean the geographic region being studied. Implicit in this division of markets is the cause and effect relationship. Export markets are considered the prime mover of the local economy. If employment serving this market rises or falls, employment serving the local market is presumed to move in the same direction ... Because of this prime mover role export employment is considered as "basic." Employment which serves the local market is considered adaptive and is titled "non-basic" (Tiebout, 1962: 13).

In Tiebout's understanding, the export sector "leads" the development of the local economy: its growth makes other kinds of growth possible.

He then develops a mathematical formula to describe the "multiplier effect" wrought by a vigorous export economy. Export earnings translate into local income. Not all of that income, however, remains local: some must necessarily go for the purchase of supplies which are related to the export production and not available locally; some goes by choice for the purchase of consumer goods and services not available locally. In the short-run, some of the locally-spent income will remain in the area and some will leak out. For example, when I buy vitamins produced in Vermont off the shelf of my corner drug-store, some of the purchase price remains in the local economy

as wages or profit, and some returns to the Vermont producer. Thus, in the short-run, the increase in total local income is a function of two factors: the propensity to consume locally times the income per dollar created of local consumption sales. Or,

$$\begin{array}{l} \text{Total} \\ \text{Income} = \\ \text{Increase} \end{array} = \begin{array}{l} \text{Increase in (Export +} \\ \text{Local Investment Income)} \end{array} \times \frac{1}{1 - (\text{propensity to consume} \\ \text{locally} \times \text{income created per } \$ \\ \text{of local consumption sales})}$$

(Tiebout: 59)

Over the long-run, Tiebout argues, the multiplier needs to be modified by the other factors which contribute to local income, notably local investment. But local investment depends upon income derived from local growth.

As local income from the export and local consumption sectors increases, new plant and equipment (consumer investment in housing can also be included) must be added in order to produce this additional output. Thus, along with a propensity to consume, one can imagine a propensity to invest in local capital goods. This can be introduced into the analysis in the same manner as local consumption (Tiebout: 61).

Jane Jacobs makes no claim of exclusive originality. Indeed, it would be ironic if such a champion of the indebtedness of new work to old, should present herself as sole originator of urban economic thought. Yet while her work is indebted to export-base theory, it also goes much beyond it. Critic Gerald Hodge finds no essential difference between Jacobs's description of export and import multiplier effects and Tiebout's two propensities, apart from the graphic vigor of her prose in contrast to the latter's dryness (Hodge, 1970: 133). But he overlooks major differences.¹

To begin with, Jacobs pays far greater attention to the conditions which make exports possible in the first place.

¹In the discussion which follows, I am indebted to conversation and correspondence with Marcel Coté of SECOR in Montreal.

Although she agrees that exports empower local economic growth, she goes on to face the problem of accounting for the origin of exports by showing that there are only

three different processes by which organizations can first become exporters:

- They can add the export work to other people's local work.
- They can add the export work to different local work of their own.
- They can export their own local work.

The significant fact about these processes is that they all depend directly on local economies (1969: 195).

Her way of focusing on the local economy serves to remind us of the crucial role played by an area's "human capital," its talented and resourceful, or slow and short-sighted labor supply. In particular, Jacobs accents the role of the entrepreneur and the dynamism he or she lends to the process. Of itself, and outside Jacobs's set of explanatory dynamic relationships, the export-base model is static and it only begins to throw light on the overall relation between exports and total economic production.

A second difference is this: Tiebout's export-base model demonstrates primarily how a change in exports creates a multiplier effect in the local economy. But Jacobs has added to this local export multiplier effect an explanation of the dynamism lent by the *import*-replacement multiplier and by the unpredictable economic enhancement wrought by innovation. Just as in *The Death and Life of Great American Cities* she directed attention to city processes rather than the "statics" of building, street, park, and so on, so in this book Jacobs focuses attention on what Tiebout leaves out, namely, the *process* whereby new products emerge. Tiebout's export-base model only offers a retrospective, global, and static picture of an aggregate change in the local economy; Jacobs offers a detailed "moving picture."

As regards Jacobs's innovativeness, however, Hodge objects that Wilbur Thompson had already drawn attention to

the “supply side” role in urban economic growth which was long neglected by export-base theory. Thompson distinguishes five stages (sketched in Diagram 2 in the Appendix) through which an urban economy can move. He cautions that these stages are based on “highly impressionistic generalizations and deserve a hearing only as the most tentative hypotheses from which careful empirical work might be begun. Moreover, these growth sketches leave much too strong a feeling of the inevitability of growth and development—onward and upward forever” (1965: 16).

Thompson’s account of urban growth goes beyond Tiebout’s export-base theory in the direction of *The Economy of Cities*, by then considering the role of supply-side factors—land, labor, capital, and entrepreneurship. Such an approach, he writes,

holds considerably greater potential for unraveling the patterns and determinants of economic growth than does the relatively static export-base logic. We might generalize to the effect that the longer the time period under consideration, the greater the relative importance of supply—local resource endowment and industrial culture” (1965: 37).

Of the supply-side factors, entrepreneurship is “critical” (1965: 44) but hard to measure. Thompson sanely urges that

if one rules out of bounds every facet of growth that is difficult to count or weigh with precision—inventiveness, managerial skill, the productivity of the labor force, the supply of risk capital and so on—nothing but second-rate determinants will be left. Growth analysis will remain purely deductive and at roughly the same stage that business cycle analysis was at in the twenties, when, too often, a distinguished professor was distinguished by having his very own business cycle theory (1965: 50-51).

Now Thompson shares Jacobs’s conviction of the importance of the entrepreneur. But his catalogue of “first-order” determinants—“inventiveness, managerial skill, the productivity of the labor force, the supply of risk capital and so on”—shows his approach to be more abstract than Jacobs’s way of paying attention to trial-and-error, experimentation, and the

concrete ways in which old work is reshaped into something new. Thus, while Thompson joins Jacobs in a search for a more dynamic and satisfactory explanation of urban growth, the things he tracks do not reveal that dynamism as well as the concrete processes analyzed by Jacobs. We have to try to focus upon just how *The Economy of Cities* differs from its antecedents and the difference that might make.

D. The Novelty of The Economy of Cities

Jane Jacobs's urban economic analysis differs from those of Tiebout, Thompson, and others in concerning itself with the details of the emergence of new growth in particular situations. In the article, "Strategies for Helping Cities," she proposes

a continuous program of data collecting, diagnosis and action, with the data collecting ideally coming first. But realistically, considering the need, diagnosis and action would be desirable at the same time data collecting was getting underway. The whole strategy would be directed at the heart of the matter: city economic creativity (1969a: 655)

The data collection and diagnosis would be geared to determining city development rates and to knowing, as concretely as possible, the elements contributing to those rates. For theory, this poses a daunting task. Phoebe Cottingham complained, "Who can measure new goods and services? ... This is the type of growth which Jacobs is really excited about, but which we cannot predict because it is the growth of the unexpected" (1970: 482).

What seems to disturb Cottingham most is Jacobs's commitment to difficult, experimental investigative work: if one cannot predict the unexpected, how or why should an economist be concerned with it? Eric Lampard has written that urban economists are more accustomed to working with "morphostatic" models for measuring feedback, systems which are self-regulating like thermostats or the market price system. A truly innovative model would be "morphogenetic," and so "ultimately system-transforming. The latter type of system does

not lead by self-correction back to morphostasis but through deviation-amplifying processes ... to an open-ended development with no evident tendency to entropy" (1968: 99).

The point of a morphogenetic model would be to understand, not predict, the birth of the new, since intelligent and inventive human beings are capable of transforming the system by virtue of their interventions. Jacobs's vision of recurring cycles of export expansion and import replacement in a local economy as driven by the input of individual or corporate entrepreneurs, embodies Lampard's vision of "open-ended development with no evident tendency to entropy." Certainly her agenda for detecting new kinds of growth within an economy, while involving myriad difficulties of empirical measurement, represents the kind of evidence the theorist Lampard would relish. *The Economy of Cities* concludes with the question, "What kinds of government ... [could keep] open the opportunities for economic and technological development instead of closing them off?" (248) In her next major work, *Cities and the Wealth of Nations*, Jacobs sets forth on a global scale the sobering consequences of systematically ignoring the tasks of understanding the dynamics of urban growth.

III. WHAT IS THE SOURCE OF NATIONAL ECONOMIC HEALTH? THE PROBLEMATIC OF CITIES AND THE WEALTH OF NATIONS

A. The Problem of Explaining Decline and Development

In the introduction to his 1984 work, *Dangerous Currents: The State of Economics*, Lester Thurow judged that "the current intellectual disarray among economists is matched only by a parallel time of confusion during the early days of the Great Depression" (xv). The judgment was occasioned by his reflection on a 1982 Tokyo conference where representatives of a host of economic schools—Keynesians, monetarists, supply-siders, structuralists, and rational-expectationists—attacked each

other with great ferocity but, in Thurow's estimation, with no net gain in understanding what ailed world economies and what remedies might be prescribed.

In 1984 as well the World Bank published a volume entitled *Pioneers in Development*, wherein ten prominent theorists of economic development in underdeveloped areas reflected on their original theories, consequences of experimentation based on those theories, and "new" evidence. Intellectual disarray ruled there, too. The reviewer for the *Times Literary Supplement*, Walter Elkan, noted that despite the proliferation of development economists, "in the universities, in the offices of Third World Governments and in the national and multilateral foreign aid agencies a complete consensus about causes and cures by no means prevails" (1985: 559). That judgment seems mild indeed as Elkan proceeds to tick off the long string of mistaken hypotheses—industrialize first; balance growth; let the agricultural sector lead; make the "big push"—about how development might be fostered.

Later in 1984, Jane Jacobs entered both discussions in *Cities and the Wealth of Nations*, where she pursued the argument inaugurated in *The Economy of Cities* that cities are the dynamos of economic growth, noting macroeconomic theory's neglect of the city as an economic organ. One other point regarded the folly for development theory of trying to breed economic life in countrysides lacking innovative, import-replacing cities. Since both macroeconomic theory and development theory are blind to the importance of cities, both disciplines are prone to support policies based on this oversight. Policies based on such mistakes usher us into a "Fool's Paradise" (chapter 1), governed by "Transactions of Decline" (chapter 12), and lead to a situation where "Drift" (chapter 14) becomes a matter of course. As the chapter titles suggest, *Cities and the Wealth of Nations* is Jacobs's most pessimistic book.

Critical reaction would suggest that it is her least successful book, flawed by scanty evidence and chimerical in its proposals. But before taking up that critical reaction, let us review the argument of *Cities and the Wealth of Nations*.

B. The Argument of Cities and the Wealth of Nations

The first chapter of *Cities and the Wealth of Nations* must seem, to most economists, a rash act of bridge-burning. The title, "Fool's Paradise," points to Jacobs's withering critique of current macroeconomic theory. Leaving the tone aside, why the critique itself?

Jacobs argues that any theory worthy of the name should possess adequate explanatory power. But when macroeconomic theory faces the problem of stagflation—the insidious combination of rising prices and rising unemployment—no satisfactory explanation is forthcoming because this combination runs counter to expectations based on reigning explanatory models. Jacobs reframes the issue, arguing that

we can think of stagflation as a coherent condition in its own right: a condition of high prices and too little work. The moment we think of it so, we instantly realize that this condition is not abnormal or unprecedented. Rather, it is the normal and ordinary condition to be found in poor and backward economies the world over (1984: 24-25).

This is a striking insight, a suggestion that the "developed economies" might better understand their problems in light of those characteristic in "underdeveloped" economies. But Jacobs moves beyond a mere recognition of similarities towards a satisfactory explanation by asking what both kinds of economies have in common. And as my introductory remarks suggested, whether they are located in First- or Third-World economies, Jacobs finds the key to economic health or misfortune lies with cities.

As a result, *Cities and the Wealth of Nations* quickly turns from a critique of macroeconomic theory to three other tasks: (1) a systematic follow-through of themes implicit in *The Economy of Cities*; (2) an analysis, in somewhat unconventional terms, of "economic development" theory; and (3) a compressed and controversial foray into political economics.

1. Following Through on The Economy of Cities

Jacobs makes up for whatever neglect of urban regions and systems of cities had been present in her earlier books by giving these themes extended treatment in *Cities and the Wealth of Nations*. In *The Economy of Cities*, Jacobs had shown with remarkable concreteness that new cities arise and begin to thrive only in relation to other, older, better-established cities. Her latest analysis is even more concrete.

In chapter two, Jacobs specifies just what results for the city, its immediate region, and more remote regions from a vigorous, import-replacing urban economy. Since "region" and "regional" are vexed terms in controversies about urban economics, we had better note that Jacobs understands regions in both spatial-geographical and functional terms. A city's hinterland forms a geographically recognizable urban region. There, one finds "rural, industrial and commercial work places ... all mixed up together. Such city regions are unique, being the richest, densest and most intricate of all types of economies except for cities themselves" (1984: 45).

But not every city generates a city region, for the region-creating potential of a city depends upon its aptitude for innovation and import-replacement. Hence, "city regions are not defined by natural boundaries" (1984: 45). Rather one finds a vibrant, urban region in the hinterland, when there is a functional interaction among the "five forces" as results of a city's economic vitality:

abruptly enlarged city markets for new and different imports consisting largely of rural goods and of innovations being produced in other cities; abruptly increased numbers and kinds of jobs in the import-replacing city; increased transplants of city work into non-urban locations as older enterprises are crowded out; new uses for technology, particularly to increase rural production and productivity; and growth of city capital (1984: 42).

These potent forces within a city's hinterland operate in a dynamic harmony. For example, someone displaced by a new technology stands a better chance of finding alternative

employment within the matrix of the booming urban region. In fact, city regions are the most vibrant centers of economic life apart from cities themselves. This, of course, is because "city regions ... are wholly the artifacts of the cities at their nuclei" (1984: 45).

But these potent forces inevitably reach beyond their hinterland and in so doing they unleash powerful disruption. For instance, a job-producing economy will lure workers away from inert economies as the oil boom cities of the 1970s drew thousands to the hope of better opportunities in the Sunbelt and away from perceived declining opportunities in the Rustbelt. The transplanting of city work to non-urban regions will create a facsimile of development: you will find jobs but not the symbiotic nesting of work which can catalyze genuine development. An agricultural implement developed in the city, when transplanted to the countryside, may increase productivity and simultaneously decrease employment.

Jacobs analyzes the extended consequences of these five economic forces for city-poor regions in the five chapters that form the heart of the book (1984: 59-123). These deserve consideration.

Vigorous import-replacing cities need raw materials and supplies and their demand may turn distant regions—indeed, whole nations—into **supply regions**, areas whose productivity is devoted almost entirely to providing raw materials or primary products. A supply-region economy will typically produce only for someone else's intermediate or final use and specialize in extractive industries or one-crop agriculture or specialized animal husbandry. As a result, the region becomes wholly dependent on the external market. Given the way vibrant city economies work, supply regions are doomed to decline. Since supply regions supply and do not innovate or import-replace, the loss of demand for their supplies spells the end of whatever semblance of economic well-being they may have enjoyed. Jacobs argues that Uruguay found itself in this condition when it tried desperately and too late the remedy of crash industrialization.

The lure of city work, as noted above in the oil boom example, can lead to **abandonment** of regions as individuals seek greater opportunities elsewhere. While one might suspect that desertion of a stagnant economy by some would create opportunities for those who remain—a variant on the argument that too many people are the great impediment to development in the underdeveloped world—this suspicion proves false. After all, Jacobs has always argued that only vigorous, diverse city economies spur development. So regions without cities like this do not develop.

Technological innovations can also contribute to what Jacobs calls the **clearance** of regions of work and workers. When a technological innovation improves yield, productivity increases but so does unemployment. Thus:

The situation in clearance regions is exactly the opposite of what happens in regions being abandoned by workers in favor of distant city jobs, for just as the causes of the two phenomena are different, so are the results. When technology, reaching out from distant cities, clears a region of much of its population, the people who must leave the land are often worse off than before, but those who remain at work there are better off. Regions whose people simply leave for city work present a mirror image: those who leave improve their economic lot but ... those who stay do not (1984: 85-86).

Regions floundering economically may resort to seeking **transplants** of plants with their manufacturing capacity and jobs. In fact, luring industry to a region is often the job description of an economic development director. But Jacobs argues that transplanting an industry most often amounts to turning an area into an “industrialized supply region” for a parent firm (1984: 97). Though the example of Taiwan proves that it is not *impossible* for a vibrant city economy to develop on a base of transplanted industry, the Taiwan example is often invoked mistakenly, without reference to the interlocking conditions which made its success possible (1984: 99-104). Jacobs wonders:

Maybe what happened in Taiwan can't be replicated elsewhere. Maybe the improvisation of city capital that worked there wouldn't work out in

another place. But this is the nature of successful economic improvisation of any sort: if it works, it isn't because it is abstractly or theoretically "the right thing" but because it is actually practical for the time, the place, and the resources and opportunities at hand (101-102).

Finally, the absence of capital-creating cities may lead domestic and foreign governments to lend **capital subsidies** which, given the lack of a vital urban economy, are destined to constitute an unproductive drain on a region's resources rather than a foundation for development. For the recipients of subsidies, economic life will be "shaped"—often in bizarre fashion—not created (1984: 110); for the donors, extended subsidies often foreshadow the lender's own decline:

In the past, whenever cities took to exporting capital out of proportion to their own continued abilities to generate jobs, industries and markets, they were neglecting their own economies with fatal consequences. For example, imperial Britain became a fabulous exporter of capital for far-flung investments, but in the meantime British cities were gradually stagnating, preparing for themselves a decline so deep it has thus far proved irreversible. ... We must realistically assume that what happened to Detroit and the cities of Britain is being generalized, as it were; that the powerhouses of economic life, the cities, taken in total are gradually winding down their own development, foreshadowing a deep decline for themselves and for all economic life (1984: 108-09).

Implicit in the analysis of these five forces are elements of Jacobs's challenge to economic development theory. Transplants and subsidies are the conventional policy measures for fostering economic development. Can they? Answering that question depends upon first knowing how development occurs.

2. Cities and the Wealth of Nations and Economic Development Theory

A review of the theoretical literature on how economies develop reveals widespread disagreement. In his historical account, *The Theory of Economic Development in the History of Economic Thought*, Lord Robbins credits Adam Smith with settling upon "production per head, as distinct from aggregate production" (8) as the accepted operational meaning of

economic development and then identifies a host of factors given different weights by different theorists in accounting for development so defined. Some regard growth of population as crucial to development; others, in a Malthusian vein, see population growth as the greatest danger to development. Accumulation of capital and growth of effective demand spur development in some accounts; education and the spread of knowledge fuel it for still others; and in yet other accounts the supersession of barter by money exchange is crucial.

If one moves out from the range of grand theory to more recent writing and thinking about development, disagreement grows more acute. P. T. Bauer, author of a long and thoughtful critique of *Cities and the Wealth of Nations*, offers this summary of the accepted wisdom in postwar development thought:

External trade is at best ineffective for the economic advance of less developed countries (LDCs), and more often it is damaging. Instead, the advance of LDCs depends on ample supplies of capital to provide for infrastructure, for the rapid growth of manufacturing industry, and for the modernization of their economies and societies. The capital required cannot be generated in the LDCs themselves because of the inflexible and inexorable constraint of low incomes (the vicious circle of poverty and stagnation), reinforced by the international demonstration effect, and by the lack of privately profitable investment opportunities in poor countries with their inherently limited local markets. General backwardness, economic unresponsiveness, and lack of enterprise are well-nigh universal within the less developed world. Therefore, if significant economic advance is to be achieved, governments have an indispensable as well as a comprehensive role in carrying through the critical and large-scale changes necessary to break down the formidable obstacles to growth and to initiate and sustain the growth process (Bauer: 27).

As students of economic development in the LDCs know, Bauer dissents from the accepted wisdom, especially with regard to the conventional assumption that government must carry the brunt of development. In this dissent, he is similar to Jacobs, who insists that:

Development is a do-it-yourself process; for any economy it is either do it yourself or don't develop. All of today's highly developed economies

were backward at one time, yet transcended that condition. Their accumulated experience demonstrates how the thing is actually done. Historically, we find two major patterns, or motifs: reliance of backward cities upon one another, and economic improvisation (1984: 104).

In brief, the reciprocating economic systems of cities, coupled with the insights and adaptations of innovators, are the crucial factors in economic development.

These accents on innovation and cities carry an implicit message about scale and place. To recognize promising innovation in situations of underdevelopment requires fine-grained attention: development will happen differently in different places. One may recall, at this point, the emphasis in both *The Death and Life of Great American Cities* and *The Economy of Cities* on the potentially catastrophic effects of the sudden inrush of large amounts of capital or money and the accent in the present work on the way supposedly generous subsidies can savage both donor and recipient. In another context Jacobs's great interest in micro-entrepreneurial development in the Third World as fostered by Jeffrey Ashe and *accion/international*¹ is not surprising. But her phrase, "reliance of backward cities upon one another," stresses the importance of trading among parties at the same stage of economic development. If small Latin American cities persist in trading only with large North American or European cities, they consign themselves to the role of supply regions. Better that they should trade with equals, poor though that trade may initially be; a modest, halting trade prepares the way for a future of dynamic trade. Genuine development is a process which builds capacity for further real development.

Where do these emphases—cities, appropriate inter-city trade, and innovation—place Jacobs within the development discussion?

Jacobs's analysis of the importance of innovation bears powerful similarities to that of Joseph Schumpeter. Schumpeter argued that the culture of capitalism and its major institutional form, the large corporation, would eventually stifle the very

¹See "An Interview with Jane Jacobs," in this volume, above, page 9.

innovation, the “creative destruction,” upon which capitalism arose and through which it has thrived (1962: chapters 7-11). He argued that the entrepreneurial function atrophies as soon as the corporation becomes the chief locus for research and development. Jacobs agrees with Schumpeter that the loss of the innovator spells doom for continuing development.

H. Myint has also indicated indirectly the importance of appropriate inter-city trade. In his typology of “economic backwardness” and the “opening up” of the underdeveloped world by the developed countries, he noted the tendency of the latter to turn the former into specialized economies—what Jacobs would call “supply regions.” He realized that

Paradoxically enough, the process of ‘specialization’ of a backward economy for the export market seems to be most rapid and successful when it leaves the backward peoples in their unspecialized roles as unskilled labour and peasant producers using traditional methods of production (Myint: 154).

Like Jacobs, Myint saw that if a country produces for specialized export alone no diversification of products or enhancement of the skill of the labor force will occur. Mahbub ul Haq, former chief economist for the World Bank, who took up the trade issue directly (though not, it must be admitted, with reference to cities) has seen the need for a trade among the developing countries no longer tied to the interests of privileged minorities:

These [new] systems will also turn to a good deal of improvisation with domestic raw materials, local skills and indigenous technology. Probably, some new trade possibilities may emerge—in pots and pans, bicycles, or simple consumer goods—among developing countries themselves as these countries evolve a new and indigenous life style more consistent with their poverty (1976: 57).

Jacobs moves much closer to the actual conditions promoting or inhibiting appropriate trade by attending to cities rather than to a less developed country considered as a whole.

That attention to cities certainly constitutes her most novel contribution to the development debate. In much of the development literature, cities are taken for granted or viewed,

once they have grown to gargantuan proportions with commensurate problems in pollution and unemployment, as the lamentable end-results of lack of productivity and opportunity in the countryside. From this perspective, cities need planners to sort out the mess before it becomes disastrous. But for Jacobs the cities are victims of prevailing ideologies about how economies grow. Most development plans concentrate on the countryside as the basis upon which to build national economic health. But as we have seen, ill-considered technological introductions in the countryside and vast subsidies of crops contribute to the misshaping of local economies and hasten flight to the cities; factories transplanted into remote rural areas where supplies and communication tools are scarce falter without the "symbiotic nests" of suppliers one can find in cities. Since cities create economic life, no amount of bad policies based on good intentions or money can bring about development by concentrating on the countryside. Development in the Third World means placing our hopes—and investments—in cities first: agricultural improvements will come later. Whether this is an appropriate or feasible strategy we will consider in what follows.

3. *A Foray into Political Economics*

Although much of the preceding exposition implies a concern with political economy, Jane Jacobs is most explicit on this topic as she addresses the history of imperial economy and discusses the viability of the city-state and the multiplication of city-based currencies. Currency offers powerful feedback to an economy: it signals the health or illness of the city's productive forces. But national currencies suppress the distinctive information that a city-based currency could provide: all differences get ironed out. Fortunate, then, are the cities like Hong Kong or Singapore with their own currencies: they get precise information on how well their economies are faring. Despite the fact that she explicitly considers, for example, "the emergence of sovereign city-states in South America [to be] wildly unlikely" (1984: 170), the city-state discussion has

attracted the most attention from commentators across a considerable spectrum.¹

In fact, the exploration of the city-state seems a "thought experiment" designed to provoke thinking about currency systems and "feedback to cities," and to disabuse us of the common assumption that states grow only by enlargement. In *The Question of Separatism: Quebec and the Struggle Over Sovereignty* (1980), Jacobs engaged in a striking 'work-up' to the current issue. She found in the history of Norway's peaceful secession from Sweden a historical example of growth through divestment that proved economically feasible for both entities. Nations so behaving "would substitute for one great life force, sheer survival, that other great life force, reproduction" (1984: 215). But, then, she continues her discussion under the qualifier: "In this utopian fantasy ..." (1984: 215). My suggestion, then, is that this most concrete and non-utopian of thinkers poses a utopian case primarily to create critical distance from the ways we think about economics, government, and sovereignty.

Her analysis of imperial economy, on the other hand, traffics consistently in concrete empires, both current and bygone. "Successful imperialism wins wealth. Yet, historically, successful empires such as Persia, Rome, Byzantium, Turkey, Spain, Portugal, France, Britain, have not remained rich. Indeed, it seems to be the fate of empires to become too poor to sustain the very costs of empire" (1984: 182). The clue to this self-improvement lies hidden in that first sentence: imperialism wins wealth, it does not create it or seek to understand the conditions necessary for its creation. Imperial economies enlarge by aggrandizement, the very act of acquisition bringing more and more activity within their purviews. But, as the analysis of *The Economy of Cities* indicated, imperial enlargement is not the same as economic development.

¹For instance, Robert F. Wagner, Jr., writing in *The New Republic*, calls the discussion of city-states "her major proposal" in his review of July 2, 1984 (30). Marlon Asner, reviewing the book in *Barron's*, August 14, 1984 (33), also harps on the city-state, deriding it as "the wonderful world of science fiction."

Characteristic of the economic workings of empires, argues Jacobs, are three "transactions of decline": prolonged military expenditures, unremitting subsidies extended to poor regions, and promotion of a distorted trade between advanced and backward city economies (1984: chapter 12). These transactions all disrupt the functioning of the import-export replacing cycles vital to the growth of city economies. Military expenditures pump unearned, and unreplicable, items into "depot" cities or regions, unbalancing the trade and making import-replacement impossible. Extended subsidies work in a similar fashion, with the added benefit, to government, of quieting discontent and buying off opposition. Lopsided trade between vital and feeble cities insures continuing enfeeblement of the weaker and eventual decline of the more powerful as well. Nor does the ideology of empire matter. In a comment which echoes Tocqueville's prediction of an impending confrontation between Russia and America, Jacobs forecasts parallel declines: "Today the Soviet Union and the United States each predicts and anticipates the economic decline of the other. Neither will be disappointed" (1984: 200).

This brief review should confirm the earlier suggestion that the work undertaken in *Cities and the Wealth of Nations* represents the most ambitious project Jacobs has undertaken. How successfully is it carried through?

C. Critics and *Cities and the Wealth of Nations*

Critical reaction to *Cities and the Wealth of Nations* has focused almost exclusively on the city-state "proposal" and the analysis of promoting economic development in the LDCs. Passing comments on the book's dependence upon *The Economy of Cities* are offered but no one has remarked upon the way in which it ramifies the argument of its predecessor or how all three of its major emphases dovetail. In fact, with the notable exceptions of Richard Barnet and P. T. Bauer, critics have fractured an argument which demands to be seen as an unfolding whole. In Jacobs's presentation of city-states, for

example, many critics miss the qualifications noted above; others have raised again the familiar complaint about her lack of statistics or the seeming randomness of her examples, complaints voiced about her earlier works and generally indicative of a failure to understand her method.

The eminent development economist, P. T. Bauer, while admitting that “the insights in *Cities and the Wealth of Nations* raise it well above most of the familiar contemporary academic and political literature on economic development and economic change,” argued that “it exhibits regrettable and unexpected shortcomings” (1985: 27). Given his sympathy to much of the book, it is important to assess his criticism.

While Bauer has a number of reservations about *Cities and the Wealth of Nations*, I will focus on two major ones. First, he takes issue with Jacobs’s aversion to the expansion of trade between robust and feeble economies, arguing that history reveals that development is often a process initiated by a vanguard and is usually dependent for its start on just such disproportionate exchange:

Throughout the third world ... the most advanced countries and regions (such as India) are those with the most frequent commercial contacts with the West, and the poorest and most backward (Bhutan or Tibet) are those with fewest such contacts. This relationship is a commonplace of history. Precisely because economic advance is a process it must always be pioneered by a limited number of people and begin in certain specified areas and activities. Its outward spread depends on people’s responses to the opportunities that become available to them, on government policies, and on the state of communications (1985: 27).

The advocacy of trade between backward cities may underestimate how much the conditions for promoting such trade are sorely lacking. The lack of infrastructure for communication, political hostilities, and trade barriers combine to frustrate hopes for this mode of development. Second, Bauer charges that Jacobs pays no attention to the politicization of the local economy in situations of underdevelopment—“in much of the third world, notably Africa, the prevailing economic policies are designed by political authorities to benefit groups in the

cities at the expense of the rural population" (1985: 27)—and "much of her discussion is marred by ... inappropriate abstraction in treating cities and markets as if they were single decision-making units of homogeneous entities whose components had identical interests" (1985: 27).

How might these challenges be addressed? In relation to the trade issue, Bauer himself may be guilty of overstating his case. Jacobs never argues that there should be no trade between the developed and underdeveloped countries; her point, rather, is that trade conducted predominantly on these terms will keep the poor country—or city—poor. She concedes that

potential cities, just getting started, have historically often depended for their chance at life upon older cities replacing imports and shifting their purchases to exotic new goods or to rural supplies that create an opportunity for a depot city to arise and, perhaps, to develop and flourish (1984: 171).

In a related vein, Bauer's inference that Jacobs would not admit the role of an 'economic vanguard' in leading development certainly overlooks her repeated insistence on the indispensability of gifted innovators. At the same time, we must admit the pertinence of his comments on the lack of the conditions for the promotion of trade between backward cities. Although Venice grew by such a process, modern political and economic arrangements militate against the likelihood of similar growth today.

Mention of these political difficulties leads us to Bauer's second major reservation. Domestic politicization of the local economy and the conditions surrounding a policy of import replacement are not treated at length in *Cities and the Wealth of Nations*. At the same time, we might surmise the outlines of a response by Jacobs to this issue. To assume that development can happen in spite of the political realities would fly in the face of the theory she proposed. Development is a "do-it-yourself process," demanding room for opportunity, experiment, and innovation. If local political figures are foreclosing opportunities, development won't occur.

The alternative would be: change the political structures to accommodate the needs of the development process. This is doubtless a difficult task, but not an impossible one. After all, many of the development economists and the governments they serve do want the economy to develop and they have gone to great lengths in their experimentation. While changing the political realities would likely meet with halting and irregular success, could it be any less successful than the "realistic" alternatives which so often turn out to be "transactions of decline"?

To the best of my knowledge, Jane Jacobs has not yet responded to Bauer's critique. An engagement would prove fruitful, given his largely sympathetic response to her work and the tenor of Bauer's approach to development.

Both Bauer and Jacobs think of development as something more than increased consumption per capita. Ivan Illich has written of the post-World War II approach to development in which native peoples

had to metamorphose into underdeveloped people, the sixth and present stage of the West's view of the outsider. Thus decolonization was also a process of conversion: the worldwide acceptance of the Western self-image of *homo economicus* in his most extreme form as *homo industrialis*, with all needs commodity-defined (Illich: 19).

Over against the commodity-definition of need, Illich argues for the promotion of structures which encourage the persistence of "vernacular values," habits, practices and ways of life that have much to do with the possibility of "common" life but escape formal or informal ("shadow") monetization.

Perhaps a similar conviction lies implicit in *Cities and the Wealth of Nations*. In the interview with Jane Jacobs in this volume, she talks about the "abeconomic" dimension in human life, the realm of love, values, and commitments which inspire us to be concerned about making a living in the first place. Her description of the delight which accompanies innovation, her emphasis on symbiotic nestings of suppliers and producers in cities, and her admiration for experiments in development which respect local insights and respond to local scale all

bespeak a concern that development be above all development of the human person in all of his or her richness and capacity for self-government.

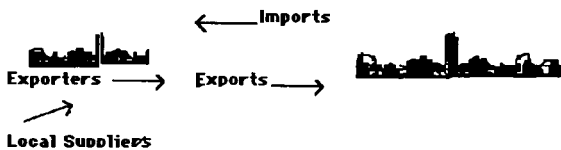
Catholics have heard these kinds of sentiments often in the social encyclicals, most notably in *Populorum Progressio*. Jane Jacobs shows us a way to push toward their implementation, by understanding and careful study.

In conclusion, I want to thank several people who have contributed to the shaping of this essay. My first and greatest debt lies with Jane Jacobs herself who has been generous, and encouraging, in conversation and correspondence over the years. Joseph Flanagan, SJ, has been a constant partner in dialogue on things having to do with Jacobs for fourteen years. Marcel Côté of SECOR in Montreal was especially helpful in his comments on the first draft of this essay, notably on Jacobs's economics. Finally, Patrick Byrne strengthened the essay immeasurably by virtue of his own keen knowledge of Jacobs's work and his patient editorial suggestions.

**Jane Jacobs's Response to Richard Carroll Keeley's
Presentation**

I do not know what I can say, but thank you Dick. To be appreciated like that makes a lot of the muddle worthwhile.

**The Major Processes at Work
in a Growing City Economy**



1. A young city finds an export market in an older city; its exports earn imports. Local suppliers to exporting concerns grow up.



2. Some local suppliers to exporters begin to export their work directly; new local suppliers to these new exporters build up and the local economy enlarges; more exports, of course, mean greater capacity to earn imports



3. The crucial phase: import replacement begins and the composition of imports shifts. The IMPORT-REPLACEMENT MULTIPLIER "creates room for entirely new goods." Import replacement fuels explosive growth.



4. As exports grow obsolete--or are replaced by the importing city--the local economy must spawn new and diversified goods and services to maintain its vitality.

5. This, in turn, generates a new cycle of exporting and importing and their attendant expansions.

Source: *The Economy of Cities*, pp.230-231

DIAGRAM 1

The Stages of Urban Economic Growth

**Source: Wilbur Thompson, A Preface to Urban Economics
pp.15-16**

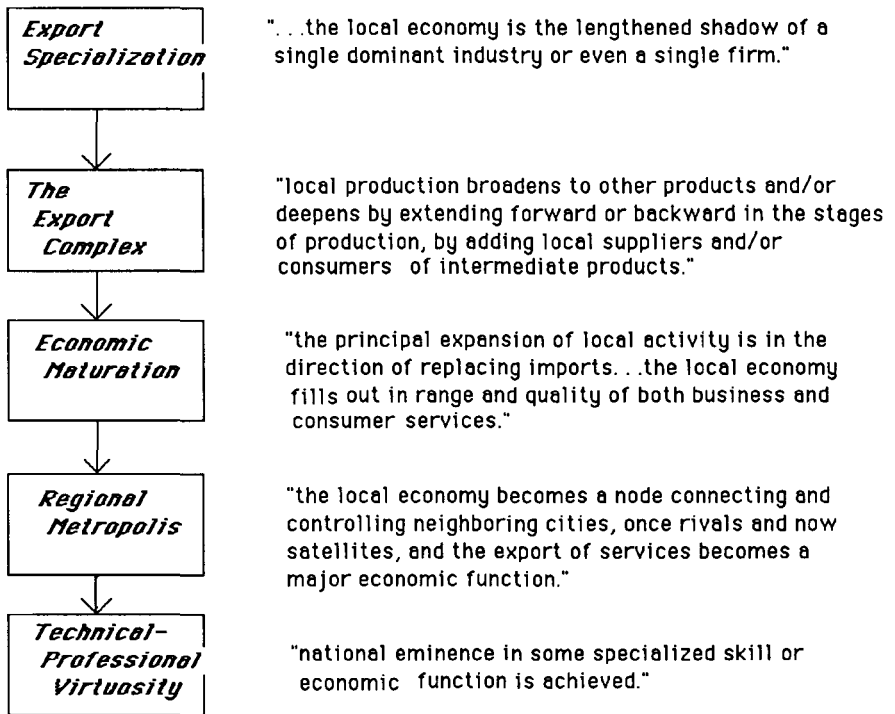


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IN DEFENSE OF JANE JACOBS: AN APPRECIATIVE OVERVIEW

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INTRODUCTION

As long as she has been writing, Jane Jacobs has been a controversial figure. Her books, best described as “iconoclastic,” range freely and expertly over many disciplines—not always gently. She is especially critical of economists and urban planners, who she contends have lost the capacity to handle real urban and economic situations in an adequately empirical way.

Through her writings and activism, Jacobs has gotten a reputation as a “defender of the cities.” While many today view cities disdainfully as necessary evils, she celebrates them for their life and excitement, their variety and diversity. Indeed, to Jacobs this very diversity is the source of their enormous economic potential. Her first two books, *The Death and Life of Great American Cities* and *The Economy of Cities*, painstakingly detail the economic, social, and cultural processes that drive cities. Her latest, *Cities and the Wealth of Nations*, is an extension of her previous work into issues of macroeconomics. She begins by dismissing the centuries-old assumption of nations as the basic economic unit, describes how it results in inherently skewed economic analyses (and consequently in inherently skewed economic performance), and redefines the basic economic unit as the city. She goes on to show how processes of innovation, creativity, and mutually beneficial trade fuel city-based economies.

This paper examines Jacobs's work and the criticisms it has received. In formulating and presenting her ideas, Jacobs uses a combination of personal observations and historical anecdotes—disturbing her critics a great deal! But I wish to show that her methods are indeed scientifically cogent. To do so, I thematize her method in terms of the cognitional theory worked out by Bernard Lonergan in *Insight: A Study of Human Understanding* and in terms of the notion of scientific paradigms developed in Thomas Kuhn's *The Structure of Scientific Revolutions*. According to Lonergan's cognitional theory, humans learn through a complicated process of accumulating "insights." This accumulation, though "messy," is nevertheless guided by a heuristic structure which leads the mind toward fact and truth. Kuhn, who began his scholarly career as a historian of science (Kuhn: 1957), noticed this strange combination of messiness and guidance in the actual historical movement of scientific advance, and worked out a theory of the development of science based on it. For Kuhn the course of science is determined largely by the "paradigms," or frameworks of relevant questions and answers, within which its practitioners operate.

Such paradigms do not succeed one another smoothly and effortlessly like gears in an automatic transmission. As is clear from its history, scientific progress is anything but a smoothly mounting line. Rather, it is a progression of leaps, a series of movements which often enough require a radical re-ordering of data. When the anomalies which cannot be solved within a particular paradigm build up and reach a critical point, a paradigm shift—the radical re-ordering of data—occurs.

Using Kuhn and Lonergan, I hope to show first, that Jacobs's approach constitutes nothing less than a new paradigm for economic inquiry; second, that the fact that it is a new paradigm accounts for at least some of the resistance it standardly receives; third, that her approach is "unscientific" only against the background of a mistaken understanding of science; and fourth, that many mainstream criticisms of Jacobs do in fact derive from certain widespread, plausible, but unacknowledged and mistaken understandings of what science

really is. My argument contrasts her method with the hypothetico-deductive model, which is the standard, dominant conception of how modern science is done, and in light of which most of her critics seem to be operating. Largely deductive, mistrustful of inductive procedures, this model is very different from Jane Jacobs's mode of operating.

I am not, of course, attempting to answer *all* objections and criticisms of Jacobs's work. I seek instead to respond to an underlying, core criticism: the suspicion that Jacobs's work, even if true, is unscientific or somehow lacks proper cognitive credentials. It is to this widely shared presumption that I mainly address myself.

My strategy has two prongs. The first and most important deals strictly with the methodological criticisms Jacobs has received. Here I isolate certain key, recurring objections to her work, and trace them to their roots in their authors' tacit assumptions about the nature of science and of method. (This section, incidentally, should provide some insight into why otherwise intelligent critics should call her work everything from merely confused to silly and pretentious.) The second prong examines some of the more specific empirical generalizations which Jacobs makes and critics dispute. Some of these criticisms merely miss the point; others point to areas where Jacobs's premises could benefit from further analysis. Rather than examining each individual criticism one by one, I differentiate those that are simply a misunderstanding of Jacobs's arguments from those that are both valid and important, and which constitute areas for further study. I then try to formulate responses to the latter that are both developments of, yet true to, Jacobs's basic framework. Any confusions here are, I am sure, mine rather than hers.

Finally, after summing up my analysis of the criticisms Jacobs has received, I examine some of the implications of Jacobs's methodology for the field of economics, and for the structure of university disciplines.

JANE JACOBS'S WORKS

Cities and the Wealth of Nations is an outgrowth of Jane Jacobs's first two books, *The Death and Life of Great American Cities* and *The Economy of Cities*. These books present a progressive unfolding of her thinking through various areas of economic process and thought. *Death and Life*, her first book, was an examination of certain urban microeconomic processes not being adequately addressed in the planning and development theory of cities. *The Economy of Cities* moved into a more complete microeconomic model, in which Jacobs sought a better understanding of the operation and interaction of these processes in the growth of economies. Her latest work, the thematic center of this paper, expands this analysis into a macroeconomic framework by examining the functioning of these and other processes in the interactions of networks of cities. Using the city and its processes as the focus for her analysis, she attempts to redirect macroeconomic theory toward a more dynamic, evolutionary, process-oriented mode of thought.

Because the books build upon one another, a brief exposition of the main themes of each will be helpful. I hope to communicate here something of the sweep of Jacobs's general approach to understanding these various processes.

The Death and Life of Great American Cities

This book is an attack on current city planning and rebuilding. It is also, and mostly, an attempt to introduce new principles of city planning and rebuilding, different and even opposite from those now taught in everything from schools of architecture and planning to the Sunday supplements and women's magazines. My attack is not based on quibbles about rebuilding methods or hairsplitting about fashions in design. It is an attack, rather, on the principles and aims that have shaped modern, orthodox city planning and rebuilding. (1961a: 3).

The first paragraph in *Death and Life* reveals Jacobs's dual purpose in the book: she indicts the state of planning and development theory in the early 1960's, and sets forth her intention to supply an alternate approach to examining and solving these problems. She goes on to concretely detail numerous specific examples of how ineffectual city planners were in explaining the success or failure of various city areas. She cites examples of futuristic planned housing projects such as Chatham Village in Pittsburgh and Morningside Heights in New York. Both of these areas were begun with high expectations for success, but failed miserably. She describes the (to planners) inexplicable return to health of Boston's North End and the Back-of-the-Yards in Chicago. Though blacklisted for loans by bankers and slated for demolition by developers, these areas both were able to "unslum" themselves.

This inability on the part of planners to explain where, when, and how success or failure occurred, and the degree of each, convinced Jacobs of their failure to raise adequately the much more important and fundamental question of "why."

In order to grasp the "why" of these phenomena, according to Jacobs, we need to understand the dynamics of change and development. Jacobs's central insight is that cities are the true source of all creativity, innovation, and diversity in a modern economy. Cities incubate new enterprises and at the same time "unslum" stagnant areas. But they squander this resourcefulness by allowing thriving areas to decline or "slum."

These processes cannot be forced to happen, but only encouraged to occur by setting the conditions likely to bring them about. Jacobs discovered that the conditions which foster the development of new enterprises and allow unslumming have to do with diversity. Diversity fosters situations in which there is an intricate mixture of economic and social uses and opportunities giving each other constant mutual support.

According to Jacobs the "generators of diversity" are 1) a mixture of primary uses of an area that serve many different people and purposes at various times of the day, 2) relatively short blocks that allow easy access from one to another, 3) a mixture of young and old buildings which allow for various

business yields, and 4) a sufficiently dense concentration of enough people to support such a multitude of uses. All four combine to generate city diversity; and the absence of any one of the four "frustrates a district's potential" (1961: 151). Cities, then, are a series of functionally interrelated processes. These processes involve an interaction of diverse and varied social, political, cultural, and economic forces, all working together to shape and direct the growth and development of cities.

Viewing these functional interrelationships from a purely economic standpoint makes little sense. While a given development may be very efficient economically and furnish the optimal allocation of given resources, if social and cultural factors are operating at cross-purposes, failure results. Unfortunately, much of urban planning, as well as of microeconomic theory in general, concentrates on efficient allocation of resources alone. Thus, from the perspective of a planner or economist, one large supermarket or high-rise apartment instead of many small shops or small houses appears most efficient. By pointing to the failure of these "efficient" projects, however, Jacobs shows that efficiency is not the only important factor that must be considered. Other factors affecting diversity must also be considered, such as the social and cultural habits, patterns, and wishes of the people of the area. Since all the concerns of each area are interrelated, an effect on one affects the others as well.

In *Death and Life*, Jacobs begins developing the key distinction between efficiency and creativity. Here she highlights the almost always ignored factor of "messy economic trial and error" or non-predictable creativity. Efficiency and creativity are different: the conditions which make for an efficient outcome are not necessarily the same as those that allow for on-the-spot creativity. To make a fetish of efficiency is, in the limit, virtually to outlaw creativity, and to outlaw with it the growth and diversification that it alone can foster.

Though distinct, the two are not mutually exclusive: both efficiency and creativity are desirable and necessary. Completely inefficient firms and cities will not long survive, any more than anarchic havens of pure creativity would thrive over time. In

fact, the two are complementary: creativity actually heightens efficiency in the long run. "The peculiar benefits that cities afford to incubation operate ... most efficiently and surely where the most complex pools of use form" (1961: 165). Thus, the diversity and complexity of thriving cities ultimately encourage overall efficiency.

Jacobs maintains that the basic reason for failures in urban planning is its misunderstanding of the *type* of problem that cities pose. For her cities are problems of organized complexity, "problems which involve dealing with a *sizable number of factors which are interrelated into an organic whole*" (1961: 432). Because of the *kind* of problems intrinsic to cities, planners cannot successfully treat them either as simple two variable problems (or even multivariable ones) or as problems of "disorganized complexity," rendered allegedly intelligible through aggregates of probabilities and statistics. Adequately empirical planning and analysis require, instead, a different type of thinking altogether, one that is simultaneously concrete, supple enough to handle complex systems of changing interrelations, and analytically rigorous. What urban planning needs, in brief, is an approach—a method—that is avowedly historical or evolutionary, and that is specifically keyed to the central role that concrete insight plays in the development of organized complexity that is a city.

Jacobs's analysis provides such a way of thinking. The life of a city is not the type of dynamism in which variables are changeable while the relation between them is constant (for example, the type involved in gas laws such as $PV=RT$). Rather it is a dynamism in which the variables in the equation can change, but as they do so, the relationships between the variables also evolve or change. For instance, when the economy develops in response to current economic stimuli and problems, the resolution of these problems leads to the emergence of new relations between the processes involved and hence to a whole new set of stimuli and problems.

So we are brought back to complex systems of interrelations, but complicated even further by dynamic, evolutionary, changing relationships among variables. A good

modern example, which Jacobs repeatedly refers to, is the city of Boston. For most of this century, Boston was a stagnating city in decline. New industries were not developing or locating there, and old industries were leaving for warmer, less expensive areas.

A variety of factors in the middle of the century began to reverse the city's downward slide. The founding of American Research and Development in 1946, combined with a wealth of technically skilled people from local universities to allow the development of high tech firms, such as Digital Equipment Corporation (DEC). This growth was augmented by a similar growth in service industries, government support, and the availability and assistance of financial services. By 1986, a Kennedy School of Government Discussion Paper was able to speak of Boston's "self-sustaining feedback loop where high tech entrepreneurs find it easier to start their businesses here because of the abundance of risk capital" (Ferguson-Ladd, 1986: 41).

This revival typifies the kind of dynamic interdependence which is central to Jacobs's theory. It involved changing relationships between government, industries, and universities. In the process, though, relations with surrounding areas and with trading partners also changed. Boston's declining manufacturing industry took a backseat to its rising high tech industry. Its city region looked to, and increasingly found, opportunities for growth and innovation from the city. Meanwhile Boston became a leader in the high tech field, increasing its worldwide trade.

But as one might expect, its very success gave rise to a new wave of fresh challenges. Notwithstanding virtual full employment and vigorous growth, newer, more complex problems have arisen in Boston: a serious housing shortage as well as severe traffic congestion. As old problems have been solved, new ones have arisen. To be sure, as the center of a thriving regional economy, Boston stands a much better chance of being able to solve its problems; nothing succeeds like success. But it is worth asking why, in the case of cities, this truism is so true.

Nothing succeeds like success, particularly not mere efficiency. Efficiency repeats the already established routines successfully; it consolidates previous achievement. But there has to be something to be consolidated; that something is provided by creative insight, and it is the stuff of which economies are made, most conspicuously city economies. Yet it is not even on the map of urban theories other than Jacobs's, never mind given a central location. While the emergence of creative solutions—insights—may seem syncopated or even haphazard in comparison to more efficient or predictable processes (and so are routinely neglected by theories that define science in terms of prediction and control), once they emerge and so long as they remain relevant, they provide a living basis for further advance. Indeed, the most important asset of a community may well be the “capital” of its communal creativity.

In her last chapter, Jacobs gives a series of pointers that are nothing if not clues on how to maximize insight and minimize oversight:

In the case of understanding cities, I think the most important habits of thought are these: 1. To think about process; 2. To work inductively, reasoning from particulars to the general, rather than the reverse; 3. To seek for “unaverage” clues involving very small quantities, which reveal the way larger and more “average” quantities are operating (1961: 440).

As her own thinking reveals so well, these habits of mind yield real results in studying cities or other complex and developing systems.

The Economy of Cities

In *The Economy of Cities*, Jacobs continues to develop the idea of cities as incubators. She both organizes and formalizes the processes observed in *Death and Life* into a more complete microeconomic system, and begins to extend her analysis to relate cities to one another via trade and their import/export relationships. Here, too, Jacobs fills out her distinction—brought

up in a more roundabout way in *Death and Life*—between creativity and efficiency. She notes that “big cities are not necessarily efficient for producing goods and services” (1969: 85). She demonstrates the “inefficiency” of numerous small and highly differentiated businesses; these firms are unable to produce large quantities and reap the benefits of economies of scale, yet they are necessary if there are to be take-offs in growth and innovation within the economy.

Jacobs stresses that there is often a conflict between efficiency and development. For example, while the most efficient way to distribute capital is in large block sums, if this were done exclusively, new businesses would be unable to get the capital to survive or grow. Similarly, from the point of view of the parent company, breakaway firms are inefficient and costly. Companies will often push for a “company town” atmosphere, where the firm dominates and breakaways are unlikely. Jacobs points out, however, that while efficiency and creativity often conflict, they are both necessary and are balanced when an economy operates smoothly. While economies of scale are efficient and desirable, if the economy is to continue to grow and thrive, concern for these efficiencies must not be allowed to strangle creativity.

Jacobs focuses on the reciprocal relationship between the two processes of “export-generation” and “import-replacement.” Export generation is the process by which cities increase the amount and diversity of goods they trade. The process begins when producer goods and services which had previously been only for local use are exported, creating a trade imbalance. The city can afford more and different new imports, which are added to the local economy as producer and consumer goods. The resulting impetus given to the local economy is known as “the export multiplier effect.” Through repeating this process, the city is able to import many more and diverse types of goods, which further increase the volume and diversity of its local economy.

The second process, import-replacement, is “a transferral of goods and services from the import block into the two blocks (consumer and producer) of the local economy” (1969: 255). As

the diversity and size of the local economy grow due to the export generation process, the city gradually finds itself capable of producing locally some of the goods and services which were previously imported. Thus, imports are cut as local production of both consumer and producer goods increase. This leaves a trade imbalance. To correct this imbalance, imports are shifted to new and different goods and increased. A portion of these will necessarily be inputs into the new locally generated goods. The remainder, though, will be "extra" imports to the local economy. The growth to which these extra imports lead is the "import-replacing multiplier effect."

As both of these processes work together in city economies, large, "explosive city growth" can take place. There are several reasons for this. One is that in the import-replacement process all the imports go directly into the local city economy and do not end up as exports. Furthermore, as the city grows and expands, its capacity for producing and eventually exporting consumer as well as producer goods greatly increases. The city becomes better and better at adding new work to its old base. The growth of the city's economy leads to a diversity of production and consumption and fosters the growth of varied tastes and skills. As a result, the export multiplier itself is greatly enhanced when operating in conjunction with the import-replacement process. As this process continues, the size of the local economy grows relative to imports and exports which have remained relatively constant, but which have shifted in composition.

After describing these basic processes, Jacobs explores the basic role of capital in this process. She rejects the definition of a country's "basic" capital as its land and labor: "A country's basic wealth is its productive capacity, created by the practical opportunity people have had to add new work to older work" (1969: 209). Again, "All developing countries generate capital" (1969: 219), and this generation takes place in cities. She describes the importance of capital for start-up firms, many of which, she knows, will fail. According to Jacobs, without the availability of such capital and the institutions to carry it out, cities will not develop, but stagnate.

Cities and the Wealth of Nations

Building upon the microeconomic base of her first two books, Jacobs brings her dynamic, evolutionary approach to macroeconomics in *Cities and the Wealth of Nations*. At this its most advanced stage, Jacobs's theory takes on a normative as well as a dynamic dimension: its extension into a fully-fledged macroeconomic context gives it a comprehensive diagnostic, and in that sense, "normative," capability. (This dimension comes up later in my discussion of "transactions of decline.") She takes many of the specific processes discussed previously and uses these as a framework and basis for a theory of wealth, trade, growth, and decline of cities individually and in networks with others.

As in *Death and Life*, Jacobs begins by examining the shortcomings of current macroeconomics. She is critical of economists for focusing on interest rates, wages, and money as if the most readily determinable variables were *ipso facto* the most significant and most basic variables. The fact that, on the national level, many expected successes somehow went sour, while a number of expected failures rather impertinently succeeded, suggests that even on their own criteria of prediction and control, current macroeconomic theories may be missing something, namely, the really significant variables governing economic flourishing. "In theory everything was so logical. In reality, so little worked out the way it was supposed to" (1985: 5). Notable economic failures included capitalist as well as communist economies, first and second world economies as well as third world ones. On the other hand, "unpredicted but stunning economic successes" occurred in Japan, Taiwan, and Hong Kong. But macroeconomic theory has simply been unable adequately to account for these outcomes.

Jacobs diagnoses a root inflexibility in current economic systems that renders them unable easily to adapt to change, an inability exemplified, for example, in "stagflation." Stagflation is the simultaneous presence of both high inflation and high unemployment in an economy, and it flies in the face of most

modern theories of an inflation-unemployment trade-off (that is, the Phillips Curve). Current schools of economics have had little success in assimilating this anomaly into their theories. Not that they haven't tried, using such devices as a high natural rate of unemployment; but these efforts have met with little success.

Jacobs examines four of the basic questions that economists perennially ask: "Why does economic activity increase? Why do prices rise? Is there a connection? If so, how does the connection work?" (1985: 10) But she sees these questions, and the tangle of inconsistent answers they generally receive, in a different light. For her, all the sprawling inconsistencies and difficulties so evident in the current disarray of economic theory—in a word, all the stubborn anomalies—are a clue that something is fundamentally amiss in the basic assumptions of economic theory. In short, economic theory is ripe for a paradigm shift.

If there is one faulty assumption more basic than all others, it lies in the inveterate idea that "national economies are useful and salient entities for understanding how economic life works and what its structure may be" (1985: 29). This idea has been tacitly accepted without argument since the mercantile Europe of the 1600's. Everyone since (except Marx) has accepted it without much thought, and even today's Marxist nations have assimilated it. Jacobs is perfectly willing to acknowledge that nations "are political and military entities, and so are blocs of nations" but, she goes on, "it doesn't necessarily follow from this that they are also the basic, salient entities of economic life or that they are particularly useful for probing the mysteries of economic structure, the reasons for rise and decline of wealth" (1985: 31). As a basic matter of fact, most nations are composed of a number of diverse and different economies.

It is these individual economic entities that macroeconomics must focus on. Jacobs contends that "economic life develops by grace of innovating; it expands by grace of import-replacing. These two master economic processes are closely related, both being functions of city economies" (1985: 39). By thus focusing on cities and the

dynamic processes that allow them to function, she is able to bring to economics a sense of evolution, change, and history.

What is key here, as elsewhere, is the functional interrelatedness of these two processes. While city import-replacing is "at the root of all economic expansion," this expansion is only made possible through innovation (1985: 42). At the same time, it is import-replacing and the economic prosperity it makes possible which ensure the conditions which allow for continued and increased innovation. These two forces operate and function together through a series of "symbiotic relationships" in which "enterprises that a city generates ... are tethered to relationships with other producers or customers or both" (1985: 98).

Jacobs, as always, insists on specificity when discussing this interaction and its effects. She writes:

It is important, if we are to understand the rise and decline of wealth, for us not to be fuzzy about an abstraction like "expansion" but to be concrete and specific about how expansion occurs and of what it consists. The expansion that derives from city import-replacing consists specifically of these five forms of growth: abruptly enlarged city markets for new and different imports consisting largely of rural goods and of innovations being produced in other cities; abruptly increased numbers and kinds of jobs in the import-replacing city; increased transplants of city work into non-urban locations as older enterprises are crowded out; new uses for technology, particularly to increase rural production and productivity; and growth of city capital (1985: 42).

Notice how very precisely and specifically she untangles a complex series of relations, while at the same time generalizing from these specifics to form a model which is applicable worldwide. Just as the process of export-generation and import-replacement reciprocally complement and encourage each other, so, too, do innovation and import-replacement.

Where these two processes are functioning in coordination and cooperation with one another, according to Jacobs, there will be thriving cities and city regions. In such a situation, networks of cities of similar or nearly similar size and development will trade and grow with one another. Being nearly of the same size, they will generally be able to compete with

each other in terms of productive abilities and costs. As they grow, they will provide one another growing and changing markets with which to trade new and old goods.

Again, in an ideal system, city currencies would give each of the cities individually clear and continual feedback to help their economy correct itself. For example, a declining currency would act as an export subsidy and a tariff. If its value fell relative to other currencies, the devalued area's goods would be cheaper on an international market and imported goods would rise in price domestically. Thus consumption would be encouraged at home, while cheaper exports would sell more abroad. These may combine to give an economy the boost it needs to get it back on its feet.

When these forces are not acting in coordination with one another, quite a different type of result ensues: a complex set of very real phenomena that Jacobs heuristically designates, "decline." Supply regions are an example of an area in which the five previously mentioned forces of city expansion do not act simultaneously and evenly. Supply regions generally lack diversity of any sort, and usually depend upon a few valuable natural resources or rural goods for their prosperity. They can be thriving economies in times of high supply and demand, but should these market conditions change, the underlying weakness of such an economy is exposed quickly.

This is generally true of transplant regions as well. While an area (usually one with low labor costs or similar industrial advantages) may seem prosperous after luring mature enterprises to itself, these transplanted companies generally do not result in the real growth or development of an area that an indigenous firm would engender. This is mainly because most enterprises that move from one area to another tend to be mature and self-sufficient. Thus, there is little of the symbiotic nesting among small growing firms and the ones that grow up to support them. Instead, the transplant is liable to own its suppliers and support companies and have a national or international clientele. If a transplant is a large employer and leaves for another, more advantageous area, serious and

sustained economic hardship rapidly follows since the nondiversified area will have little ability to pick up the slack.

Even in areas which have the five economic forces operating, things can go wrong. Indeed, this is almost inevitable given our current focus on nations and national economies. This tendency is further compounded by our limited understanding of these economies and the dynamic forces which drive them. Enter what Jacobs labels "transactions of decline." According to Jacobs,

These policies and transactions, no matter what the motives for them, are all killers of city economies. They fall into three main groups: prolonged and unremitting military production; prolonged and unremitting subsidies to poor regions; heavy promotion of trade between advanced and backward economies (1985: 183).

These have led to the decline of empires throughout history and will lead to our downfall as well, unless we come to a better understanding of our situation and its problems.

We are, according to Jacobs, in something of a predicament. Our social, political, cultural, and economic traditions have bound us to a system of nation states. But, Jacobs argues, nation states are leading us into ever great economic danger. The information feedback and conditions for dynamism and innovation that cities need are systematically blocked by the nation state taken as the basic economic unit. We are unable to generate enough import-replacing cities for all to prosper. Our economic theory traps us in old and static ways of (mis)conceiving problems while almost automatically depriving us of an adequate understanding of the concrete problems and situations at hand. Consequently, we are stuck with an economy whose performance is not satisfactory and with a body of theory that is impotent to explain or change the situation.

Jacobs's proposed solution to this quagmire does not entail sitting back and lamenting our fate. Neither does it involve ignoring the real limits and inabilities of our institutions and theory. Her solution involves coming to a knowledge of both the strengths and limits of our theory and institutions, and using that knowledge as best we can to expand and go beyond those

limits. While in reality we are “stuck” with national currencies, we can still operate under the heuristic guidance provided by the knowledge that city currencies would be better, and why they would be better. This understanding alone, even without its implementation, is worthwhile: it allows us to compensate for this lack in other ways. And we must be relentless in our attention to concrete process and the dynamics of growth and change. That these are not always strictly quantifiable is no reason to ignore their central role.

CRITICISMS AND RESPONSES

Methodological Criticisms

As I've already noted, Jacobs's work has been criticized on two related fronts: methodological (she appears to be overly anecdotal and underly statistical, therefore not systematic, therefore “unscientific”) and theoretical (from within the reigning paradigm she appears to actively misunderstand and misrepresent economic theory). The criticisms brought to bear on *Cities and the Wealth of Nations* are very similar to those leveled against her first two books. As in *Death and Life* and *The Economy of Cities*, many of these criticisms can be traced to a misunderstanding of her methods and to a misconception of how science is actually being done by scientists.

Hypothetical-Deductive Model

Most modern social scientists today suppose they are operating within the framework of the hypothetical-deductive model of science. V. J. Tarasacio describes the model as characterized by:

A research methodology consisting of the following stages:

- 1) the deduction of predictions from hypotheses;
- 2) the testing of predictions using empirical observations;
- 3) the revision of hypotheses in light of the empirical evidence;
- 4) the deduction and empirical testing of revised predictions”
(Tarasacio, 1966: 388).

The goal of this model, according to Ernest Nagel, is “to discover and formulate in general terms the conditions under which events of various sorts occur” (1961: 4). This is most effectively done, or so this model alleges, through the use of deductive reasoning. This type of reasoning involves moving logically from more universal premises or axioms to less general conclusions. This is the model’s basic account of the process of science. As an account of how scientific laws develop, it is at best laconic.

Considered from the perspective of general laws, the validity of the premises and the logical truth of the argument seem to be the only possible sticking points. According to Nagel, there must be “no grounds for regarding the premises as false” (1961: 43), and there must be grounds for believing them true in that they must be “adequately supported” by both the data on which they are based and by other related data. The logical truth of the statements can be determined through the laws of syllogistic reasoning. If these criteria hold, the law or theory is valid.

According to Nagel, the most important criterion for determining validity of empirical or experimental scientific hypotheses is that they must be “testable.” They must “have logical consequences precise enough not to be compatible with every state of affairs,” and thus be able to be proven or disproven (1961: 9). This is possible, according to this tradition of the philosophy of science, because the things science deals with are specific and determinate. They are countable and measurable. If the empirical results bear the hypothesis out, the assumptions are assumed to be proven correct and accorded the status of laws. If they do not, it is assumed that there is an error in what

the assumptions are saying about reality. The hypothetical-deductive model then insists that the hypothesis be rejected. Nagel stresses this, claiming: "an experimental law is not held to be established until direct experimental evidence for it becomes available" (1961: 85). Just what "direct" means in this context, is not directly addressed. Does it mean, for example, that the construing and weighing of the experimental evidence is not mediated by the minds that scientists have and use? Does it mean that scientists' minds are immune to the dynamics of socialization, acculturation, and historicity? Nor does this model seem applicable to itself, that is, it does not itself appear to be "established" on its own criteria. The "direct experimental evidence" for its *own* validity would seem to lie in the field of the history of science, yet the history of science does anything but behave according to this model. In any case, this model implies that all new scientific discoveries are come upon during the normal course of science and that they emerge easily out of older frameworks: deductive laws lend themselves easily to verification and even to revision when necessary.

Once these general laws are accepted, they are in turn interrelated to form larger, more general theories. These theories must also be formulated to allow for testability. This is what Nagel means when he speaks of the "scientific method," as the "persistent critique of arguments" (1961: 13). Yet what ultimately is testability? It seems to boil down to the ability to quantify understandings of relations, the better to repeatedly and rigorously test or challenge them.

The model indicates that theories, as well, must be adequately supported by empirical data or be abandoned completely for a new vision of the truth. It gives the impression that in their emergence theories are tested empirically a great deal, and that they must be proven or shown to be probable to a given percent within the old framework, or else will bring about a *natural* progression to a new view or framework.

It is this account of scientific procedure, according to Thomas Kuhn, that leads many to see science as an accumulation of piecemeal facts that are borne out empirically (Kuhn, 1970: 1). In such a view, the newest theory embodies the whole truth

as best it is known, while the old truth embodies merely the previous misconceptions of what the truth was. Hence, there is no real value in the old that is not either incorporated into the new or surpassed by it.

Inductive laws, within this tradition, are a much more troublesome matter. They proceed from correlations of specific experiences that occur with "sufficient" frequency and regularity to support formulations of general laws. How one determines just what is a "sufficient" frequency or regularity, and just how this sufficiency relates to validity, is one of the most hotly contested issues in the philosophy of science.

Inductive laws are much more difficult to test for validity because, unlike deductive ones, they move from specific instances to a more general case. If one were to judge inductive procedures by the criteria of the deductive model, it would be impossible to know an inductive law as true without testing it under all times and conditions. But if this were a necessity, there would be no use in having a law at all. A law allows extrapolation from one situation to the next unknown one, but in order for the induced law to be eventually proven under such requirements, every situation would have to be already known. Thus it seems impossible to prove with certainty that inductive laws are viable or true. Clearly, inductive thinking is devalued under this model because it does not register as high on the scale of certainty as do the results of deduction. But ironically, the hypothetico-deductive model simply cannot say with certainty why certainty is or should be the mark of "scientific" knowledge.

People within the tradition of philosophy of science represented by Nagel (and others) recognize the desirability of being able to generalize from specifics in situations where the deductive method is not possible. But this puts the hypothetical-deductive model in a difficult position. It can neither dispense with the messiness of induction, of insight, nor fully account for its legitimacy. The anomalies are there; they are known; they cannot be accounted for on the basis of the model; there is clearly a pressure internal to the paradigm demanding a shift of the paradigm; but it will not budge. Why?

Primarily because it is so difficult to separate science from extra-scientific assumptions about certainty.

It turns out that science cannot get along so well without messy inductive procedures, cannot in fact even say that they are a ladder which, once climbed to a theoretic-deductive roof, can be pushed away. But rather than face the issue squarely, and thereby be confronted with the questionableness of the basic assumption that certainty is the sole and sufficient measure of scientific veracity, the deductive model tends to tacitly shift its ground and, as it were, smuggle induction and insight on board as stowaways. Or, to vary the metaphor, the hypothetical-deductive model seems to have come to an uneasy truce with the inductive method, allowing it as a last resort when deductive thinking is not possible, and yet even in such cases regarding it with extreme suspicion.

The economic theory most often associated with the hypothetical-deductive model is static equilibrium theory. In this type of theory, when specified forces have acted upon one another, they are said to come to a point of rest or balance. This is the point of equilibrium. Changes in variables and conditions can result in a movement from this point, but eventually the forces will tend toward the original or a new equilibrium point. Marginal utility theory is an example of this type of theory: a consumer will consume to a point where the value for each additional unit of each good is equal. While a relative price change or income change may affect the mix or amount of goods, the system will always revert back to a point of equilibrium.

Finally, in the hypothetico-deductive model, much is made of the purifying role of "constant empirical testing." If this empirical testing does not "support" a theory, the theory is discredited and must be abandoned. The traditional expectation insists that new theories and discoveries emerge easily, naturally, and almost automatically from the old ones. The invisible hand of scientific certainty impartially sifts the good from the bad and the rigorous from the merely probable. Once the new theory supplants the old, emerging victorious from the battle-like conditions of constant empirical testing, the old is automatically discredited as inadequate, as a misunderstanding

of reality. The new is said to incorporate all that is accurate and important in the old. But as we already have grounds for suspecting, it is not so simple.

Survey of Individual Critics

Jacobs's methodology has been attacked on two counts. Some of the harshest criticisms have come from reviewers who attacked her mode of thinking as incapable of producing logically tight empirical generalization, as too free-wheeling. But others have criticized her as being overly rigid or doctrinaire. *The Economy of Cities* was dismissed as "myth-making, not science" (Friedmann, 1970: 478). Thomas Bender, professor of humanities at New York University and author of *Toward an Urban Vision*, holds a similar view of *Cities and the Wealth of Nations*: "However right Jacobs may be, her detractors imply her intellectual mode lacks the universalizing power of the work she so tellingly criticizes" (1984: 677).

Jacobs, says Bender, is doing "naked eye" science. He likens this to the method that de Tocqueville identified as "the middle zone of theory" (Bender, 1984: 677). Tocqueville notes that Americans:

mistrust systems and like to stick very close to the facts and study them for themselves. Scientific traditions have little hold over them, and they never spend much time studying the subtleties of any school or will not accept big words as sterling coin. They penetrate, as far as they can, into the main parts of the subject that interests them, and they like to expound them in the popular language. Scientific pursuits thus follow a freer and safer course but a less lofty one. In America the purely practical side of science is cultivated admirably, and trouble is taken about the theoretical side immediately necessary to application ... But hardly anyone in the United States devotes himself to the essentially theoretical and abstract side of human knowledge (Tocqueville, 1969: 459-460).

For Bender Jacobs's type of thinking is less powerful than the "pure" science that modern scientists practice, even though it

has some value as a reminder that "the further these abstractions get from observable historical processes the more unreliable, even dangerous, they become" (Bender, 1984: 678).

Because of the standards of the dominant economic model, with its bias toward static, deductive theory, Jacobs's new work tends to be viewed, much as *The Economy of Cities* was, as "window box economics" (Ragsdale, 1969: 104). Many critics have dismissed Jacobs's work in *Cities and the Wealth of Nations* as neither rigorously stated nor examined. Robert F. Wagner, Jr., former deputy mayor for policy of New York City and currently a fellow at Harvard's Institute of Politics, criticizes "the mushy quality of her analytic method." He asserts that "her presentation is murky, her use of evidence far from rigorous, her arguments sometimes confused and all too often confusing, and [her] claims pretentious" (1984: 29, 31).

In the same vein, James Ring Adams, reviewing her book in *Commentary*, insists that it "swims in ... arguments that at first seem silly" (Adams: 71-2). Adams is critical of her "dismissing all modern schools of economics, from Marx to Supply-side, because of their alleged fixation on the nation-state as the unit of analysis" (Adams: 71). Both Marxism and the first supply-side models of Arthur Laffer and Robert Mundell were based, he notes, on a global economy; hence Jacobs is inaccurate both in her representation of much data and in her presentation of economic theory. Further, "too often her examples and her analysis head in separate directions" (Adams: 71). While she disdains the nation-state, saying that cities are the more natural economic unit, Jacobs dwells on national economies, such as that of Uruguay. He complains that she is illogical when she "shifts her focus from city to region to networks of trade related cities to the economic relations that tie together broad regions and even span oceans" (Adams: 72).

Wagner agrees that Jacobs's analysis is not thorough: "the categories she creates to distinguish among cities and regions are often interesting and suggestive. But they are rarely rigorously examined" (1984: 31). He gives Boston and New York as examples of specific cases in which her analysis does not hold. Jacobs calls these, respectively, an "import-

replacing/export-generating" city and a city in decline. Wagner disagrees with that assessment. He cites statistics on standard of living and employment to show that it is ambiguous why each city is in either category. He notes that New York has a higher per capita income, has a lower percentage under the poverty line, has gained more jobs, and lost a smaller percentage of its population than Boston in recent years. This type of shortcoming, he says, pervades Jacobs's work (1984: 31).

Jacobs's version is disputed by Adams in a slightly different vein. While admitting that New York has been in a downslide, he claims that Jacobs ignores the true factors responsible for the decline of New York City, and contends instead that it is the high tax rate and the loss of people caused by this which have led to New York's downward slide.

Given the hypothetico-deductive model as background, Jacobs's method seems obtuse and foreign in its presentation of data. Because she chooses examples from throughout history and the world, Jacobs seems to Adams "a bit helter-skelter in her approach" (Adams: 71). Wagner asserts, "To justify her position, she presents an eclectic collection of anecdotes, historical observations, case studies, economic analysis and personal observations" (1984: 30). He seems uncomfortable with her "remarkable span of time and space, ranging from descriptions of Ethiopia before the rise of Rome, to the sad plight of twentieth century Montevideo, to the checkered history of the tiny French city of Bardou and the significance of the movie *'Bread and Chocolate'*" (1984: 30).

Marion Asnes notes disparagingly Jacobs's lack of formal economic training, and asserts that this lack of attachment to any economic school allows her to "select what she likes and toss the rest" (1984: 31). Jacobs's *Cities* is "missing the meticulous observation and common sense" of her previous work (1984: 31).

Asnes goes on to bring up the second major criticism which *Cities and the Wealth* receives:

Unfortunately, in her enthusiasm, Jacobs presents these and other less likely insights as dogma, without subjecting them to a reality test first.

She disdains such trivia as facts, dates, lists, and statistics, as if they might dim the pristine glow of her thinking. As a result, it often seems as if Jacobs is basing her principles of economic life on the trading patterns of cities on the moon" (Asnes, 1984: 31).

Adams reiterates this criticism (with slightly less flourish): "There is not much here in the way of precise definition or economic modeling, let alone statistical evidence" (1984: 72).

Lastly, Peter Bauer, author of *Dissent on Development*, suggests that Jacobs's "time perspective is often strangely distorted" (Bauer, 1985: 27). As an example, he cites Jacobs's reference to the decline of Rome and Byzantium which, he points out, lasted 600 and 1,000 years respectively. He compares this to Jacobs's references to present-day underdeveloped countries, and remarks that while she allowed Rome and Byzantium six or more centuries to decline, she allowed the Third World nations less than one century to catch the West. This type of inconsistency, he claims, damages the credibility of her theory.

There is, clearly, a common core of criticisms, a familiar litany of complaints: she lacks rigor and careful observation; her presentation of data is sporadic and selectively chosen to make her case; her examples and categorizations are incorrect or inconclusive, her time perspective distorted, and her theory in general is unsupported by models or statistics. Yet Jacobs's critics cannot avoid the suspicion that she is doing something right, though they are at a loss to say what. For example, after castigating Jacobs for her lack of statistics and formal modeling, Adams admits, "Still, Jacobs more than compensates for these lacks by her remarkable intuition" (Adams, 1984: 72). He admits, in effect, that "her remarkable intuition" somehow possesses a mysterious relevance to the real world—the world after all that any science seeks to arrive at—and he seems to be rather concerned if not confused by this. But his inertial, trickled-down assumptions about "science" are still calling the shots, and so if something is not backed up or discovered through the statistical or deductive analysis he expects, it is not valid scientifically. He is forced, in consistency, to relegate her work to the wholly unscientific level of "intuition."

All these critics assume a background account of science or valid theory which allows them to assert that Jacobs is not going about her work correctly or scientifically. What is this account? Basically it is a trickled-down version of the hypothetico-deductive model, a kind of *haute vulgarisation* of it. In short, urban critics and economists tend to subscribe to what is merely a particular (and none-too-adequate) philosophy of science, routinely mistaking that version for science itself or for 'Scientific Method.'

The range of criticisms against Jacobs's work makes it abundantly obvious that she is not operating within the same framework or with the same methodology as most of those who have read and reviewed her book. The tradition with which Jacobs may be more properly aligned is a fairly recent one in the philosophy of science. It involves a dynamic, non-linear picture of scientific development, similar to that outlined by Thomas Kuhn, and remarkably cognate with the stunning account of cognitive process outlined by philosopher Bernard Lonergan.

Thomas Kuhn

In the bold philosophy of science expressed in *The Structure of Scientific Revolutions*, Thomas Kuhn argues that science is not "the piecemeal process by which these items have been added, singly and in combination, to the ever growing stockpile that constitutes scientific technique and knowledge" (1970: 2). He insists, instead, that scientists begin to see science in a developmental framework, asking new sorts of questions in order to "display the historical integrity of that science to its time" (1970: 3).

The single most important notion in Kuhn's developmental view of science is the concept of a paradigm. Once sciences become sufficiently developed and organized, they become systematized into paradigms, "universally recognized scientific achievements that for a time provide model problems and solutions to a community of practitioners"

(Kuhn, 1970: viii). Paradigms set bounds on the types of methods and means that are appropriate and useful in doing science.

Once science is operating within such a framework, it is operating within the parameters of “normal science.” This mode

consists in ... extending the knowledge of those facts that the paradigm displays as particularly revealing, by increasing the extent of the match between those facts and the paradigm's predictions, and by further articulation of the paradigm itself (Kuhn, 1970: 24).

Once firmly in place, the fundamentals of the paradigm are taken for granted, not disputed; radically new ideas are neither expected nor desired. Scientists are not interested in personally investigating every blind alley their science ever wandered up, and radically questioning the prevailing paradigm seems like just such an exercise in futility. Hence “normal science does not aim at novelties of fact or theory and, when successful, finds none” (Kuhn, 1970: 52). The focus of the practitioners is on the areas the paradigm identifies as important, and their commitments to these areas, personal and institutional, intellectual and monetary, are large.

When ideas occur which contradict or oppose the predictions and expectations of the accepted paradigms, these anomalies will be assimilated into the status quo (if possible), ignored, or, if persistent, will set off the process of a scientific revolution. A scientific revolution is a battle between an established paradigm and a new one which threatens to supplant it. They are judged, for the most part, on their ability to fit current data, and on their possibilities for developing and explaining other problems in the future (Kuhn, 1970: 145, 157).

The views of the prevailing paradigm, of course, influence how an emerging—and potentially competing—paradigm will be received. Nor is this so different from even everyday perception:

Something like a paradigm is prerequisite to perception itself. What a man sees depends both upon what he looks at and also upon what his

previous visual-conceptual experience has taught him to see (Kuhn, 1970: 113).

In any situation of interpretation, our previously achieved understanding is already at work sifting and configuring the data, so that there is not first a layer of pure data and then a layer of pure interpretation slathered on top of it pretty much like peanut butter on a sandwich. Rather, data and interpretation interpenetrate and are, as it were, co-emergent. Likewise, in science,

theories do not evolve piecemeal to fit the facts that were there all the time. Rather, they emerge together with the facts they fit from a revolutionary reformulation of the preceding scientific tradition, a tradition within which the knowledge-mediated relationship between scientist and nature was not quite the same (Kuhn, 1970: 141).

An established paradigm determines not only what counts as important and relevant data, but by channeling anticipations it also determines what one “sees” when examining data. Paradigms set standards of relevance; data that are not seen as relevant do not stand out, and are therefore not available to undermine the prevailing paradigm. Paradigms usefully organize data, and so perform a heuristic function. But because they are selective—and necessarily selective—they are a potential source of bias as well. In any scientific community there is usually a heavy bias toward the dominant, already-established paradigm.

Kuhn says that two competing paradigms, when they yield contradictory predictions and pictures of reality, are incommensurable. If this is the case, there is no chance for a compromise or resolution between the two, or for one to fit as a special case into the other. One must win out over the other. Because of the bias discussed above, the new view must result in a significant advance over the previous one if it is to win out. If it does, previous facts, experiments, and theories then have to be reinterpreted in terms of the new paradigm.

Kuhn notes that such incommensurability is not exactly a theme in the textbooks which talk about scientific advances. Instead their narratives of scientific advances are written as if

the progression of science were linear and continuous rather than a series of stages. Kuhn proposes a quite different model: a dynamic, stage theory of scientific development in sharp contrast to the linear one presented in scientific textbooks.

Bernard Lonergan

While most of Jacobs's readers evaluate her in terms of the hypothetico-deductive model or a watered-down version of it, Jacobs does not use it. Without realizing it, she operates within a process outlined by Bernard Lonergan in his book, *Insight: A Study of Human Understanding*. In this painstaking and highly nuanced work, Lonergan sought to understand the basic pattern of cognitive processes by which humans come to know or apprehend things. *Insight* is a *tour de force* in both cognitive science and philosophy of science featuring chapter titles like "Complementarity of Classical and Statistical Investigations" and sections such as "The Concrete Intelligibility of Space-Time." The entire work is an attempt to move, as he puts it, "from the objects of mathematical, scientific, and common-sense understanding, through the acts of understanding themselves, to an understanding of understanding" (1958: 374). While he emphasized the profound importance of verification of systematic laws and theories, Lonergan also supplied the hitherto missing foundations for the theory of the emergence of inductively generated laws.

The theory he outlined focused on a gradual process of accumulating "insights," based on the experience of the mind as always questioning, and searching out truth—based, that is, on "the restless dynamism of human understanding" (1958: 69). This process begins with the observation of sensible data from which questions about the data emerge; gradually, through a self-revising process of question—image—insight—further question, one begins to find clues which point toward true understanding. As a series of gradually accumulating and ever more suggestive images lead to more and better insights (which pivot between

images and concepts, definitions, or formulae) a grasp of the true intelligibility of an object or relation emerges.

This process is guided by a heuristic structure which leads to continual evolution and development of the theory. Lonergan sketches how heuristic structures work in the early part of *Insight*. How to methodically seek insights?

Name the unknown. Work out its properties. Use the properties to direct, order, guide the inquiry ... [The heuristic structure] anticipates insights ... and, while prescinding from their as yet unknown contents, works out their general properties to give methodical guidance to investigations (1958: 44, 45).

Thus, through a series of evolving questions the process is guided toward the revelation of fuller explanation and understanding.

In experimental science, the process leads one from observations and experimentation, to tabulations and graphs, to insights and formulations, to forecasts, and through empirical testing, to new observations and experimentation with fresh data, and from there, to fresh and more comprehensive insights. Experimental work either helps verify past work and sheds light on new problems or casts doubt on previous findings. The heuristic thus leads to an expression of insight in "some general correlation or function that, if verified, will define a limit on which converge the relations between all subsequent appropriate measurements" (1958: 44).

This allows for a mediation between two types or differentiations of knowledge. Lonergan makes a distinction between "descriptive" or "commonsense" knowledge of things and relations and an "explanatory" knowledge of them. Description is defined by insights which deal with things as related to us, while explanation deals with "the same things as related to one another" (1958: 291). Thus, through the kinds of insights which systematize and organize things explanatorily, we can come to an understanding not merely in terms of their relations to us, but also an understanding in terms of their relations to one another. Speaking of the range of usefulness and applicability of the two kinds of knowing, he tells us,

“common sense makes concrete judgements of fact and it passes judgement on the correctness of insights [proper to description] into concrete situations,” while “analytic principles [proper to explanation] are universal” (1958: 307).

Both types of knowing are important for Lonergan:

If the domains of science and common sense are distinct, so also they are complementary. If one must recognize the differences ... one must also insist that they are the functionally related parts within a single knowledge of a single world. The intelligibility that science grasps comprehensively is the intelligibility of the concrete with which common sense deals effectively (1958: 297-8).

In Lonergan’s view, both spheres of knowledge are necessary; knowledge of one or the other is not sufficient. At the same time, knowledge of even both spheres separately is useless, unless one is able to integrate them. It is the ability to move from a descriptive observation of circumstances, to a general law or universal theory, and then return back into a scientifically transformed common sense with its descriptive frame of reference, that signifies adequate knowledge of concrete reality. Upon returning to the descriptive, one has an expanded view of the situation *and its possibilities*, which will allow application to specific, concrete, particular situations. It is this capacity for cooperation and interaction between the two spheres that “constitutes applied science and technology, that adds inventions to scientific discoveries, that supplements inventions with organizations, know-how, and specialized skills” (Lonergan, 1958: 298).

Within this framework, the logical “problem of induction” (288) ceases to be a problem. The transition from one particular to another particular or to a general case is a kind of spontaneous and native procedure of intelligence. This is because the mind cannot but understand similars similarly. Since “similars are similarly understood” through insight into concrete situations (1958: 288), if a law holds in one case, it will hold in another if the situations are truly similar. There is no problem of getting people to have concrete insights or to formulate them in generalizations or analogies; this happens

spontaneously and with great frequency. The problem is to teach people to frame their universals accurately and to refrain from generalizing on insufficient grounds.

Any "problem of induction" arises not from the inductive process itself, but "because the particular case is not properly understood; it is solved by seeking that correct understanding" (1958: 301). As Lonergan summarizes the point:

If our view makes generalizations an easy matter, it also clips the generalizer's wings. There must be a correct insight with regard to the basic situation. Before similars can be similarly understood, there is needed an act of understanding; if that act is mistaken in the first instance, it will be equally mistaken in the second (1958: 288).

Responses to Methodological Criticisms

This first group of criticisms fell into two types: those regarding Jacobs's methodology, and those regarding her alleged lack of rigor and completeness in the application of her method. Both strands of criticism often present examples which show that they have not understood Jacobs's arguments. Instead of attempting to examine each of the specific criticisms for inconsistency or inaccuracy, I will try to explain how Jacobs's methodology is capable of forming valid scientific results and to point out where the criticisms themselves have either missed the flow of her arguments or are inconsistent.

On Lonergan's analysis of knowledge, Jacobs's mode of thinking is clearly *capable* of formulating valid scientific universals. As he shows, people quite naturally and easily generalize. In order to do so accurately, though, they must learn through a process of trial, error, and gradually growing understanding what are sufficient grounds for such generalizations and how to correctly and accurately state them.

Once an accurate generalization is formed, the "problem" with induction is coming to an understanding of the particular situations or problems to which it must be applied; the situations must indeed be comparable if the rule of similars

similarly understood is to hold. Understanding is arrived at through a repeated process of observation and questioning, and the steady accumulation of more adequate insights into the situation. This is the process that Jacobs displays in the course of *Cities and the Wealth of Nations*: a process not of piecemeal, stockpiled insights and observations, but of findings ordered and re-ordered in light of new discoveries and higher levels of understanding. Previous observations get transformed in light of the new knowledge.

Bender's introduction of Tocqueville into the discussion seems to be an appropriate one, but not necessarily for the reasons that he adduces. While Bender introduces Tocqueville as a critic of American tendencies to operate in the "middle zone" of theory, examination of *Democracy in America* reveals similarities between his methodology and presentation and those of Jacobs. Before writing the book, Tocqueville spent several years travelling in the United States, observing, interviewing people, and writing down things that struck him as important. Thus, Tocqueville's work, much like Jacobs's, is the result and compilation of a series of interviews, historical facts, anecdotes, and generalizations, all put together and organized by a basic understanding of the underlying processes. While Jacobs focused on mainly economic processes, Tocqueville studied how a combination of political, social, economic, geographical, and cultural conditions and processes all interacted to give the American nation its unique identity and characteristics. In light of these similarities, one wonders if Bender would also identify Tocqueville as operating in the "middle zone" of theory, since his quoting of Tocqueville in his review certainly seems to imply that Tocqueville's work is scientifically valid and reputable.

Tocqueville actually operated in a scientific way and, for the most part, it is the same way Jacobs works. For Tocqueville and Barber, Americans generally mistrust dogma, especially when that dogma does not seem to fit common experience. They tend to avoid being trapped by specific schools of thought, or impressive but incomprehensible terms, and to follow subjects of interest where they seem to lead. But Bender does not seem to recognize that there can be a method to this

seeming madness. He fails to detect in Tocqueville's comments any heuristic structure leading and guiding the mind through its series of expanding questions and its determining of relevant data.

Bender also misunderstands the importance and role of applied science. For him, applied science is a practical compromise between commonsense knowledge and pure, abstract, "lofty" science. But as Lonergan shows, applied science is the synthesis of a commonsense descriptive view of things with an abstract theoretical knowledge of them. This synthetic view forms a higher viewpoint which is able to account for the descriptive properties of the thing by incorporating them into the theoretical framework.

Accusations that Jacobs's work is "murky" or lacks rigor can be understood much more clearly in the context of Kuhn's and Lonergan's account of science as opposed to that framed by the hypothetical-deductive model. Most scientists do not actually employ a clear logical presentation of deductive assumptions and conclusions, but the "messy" cycle of trial and error, insight accumulation, subsequent theory formulation, and revision which Lonergan describes.

The apparently "helter-skelter" or illogical quality of Jacobs's work actually typifies this process. Insight accumulation is not a steady linear progression of thought in which ideas logically and easily build immediately upon one another. An insight is a sudden and unexpected "release to the tension of inquiry" (Lonergan: 1). It involves a continual re-evaluation and transformation of old information to take into account the expanded understanding of the new view. Progress can happen in jumps from one stage to the next, as new insights shed additional light on old.

Ever since Archimedes discovered the basic principles of displacement and specific gravity while relaxing in the baths of Syracuse, we have known that insights can (and often do) come at the least expected times and places and in regard to surprising examples. The occasioning or engendering images may be as diverse and varied as Ethiopia before the time of Christ or the twentieth-century movie *'Bread and Chocolate.'* But what

counts, as with Archimedes, is the understanding that emerges, the insight that is evoked. Theoretically the principles of displacement and specific gravity could have emerged under any number of other circumstances—there is nothing sacred about Syracuse or its baths. But concretely the relevant insight came to Archimedes when he was literally immersed in the data. (Perhaps this is the secret of Jacobs's "remarkable intuition"!) In any case, there is something about this whole process which Jacobs clearly exemplifies and which the hypothetico-deductive model clearly ignores. Archimedes operated within an operative heuristic structure, whether he knew it or not; so does Jacobs, and so indeed do her critics. It is not, therefore, unreasonable that Jacobs's examples come from numerous sources and times. If anything, it lends credibility to her generalizations if they do hold true across such diverse frames of reference.

With this as a backdrop, several criticisms can be addressed. Asnes's accusation that Jacobs is selective in her presentation of data—choosing only those facts that fit into her theory—brings up several important issues, if not the ones he feels are central. First, Asnes is simply bumping up against the fact that human inquiry takes place within heuristic structures. The alternatives are not between being selective or nonselective, but between being intelligently selective or unintelligently selective. Perhaps, though, what he really wants to say is not that Jacobs is selective but that she is biased. This raises a second point.

In prefacing his accusation, Asnes cites Jacobs's lack of formal economic training. Though he admits that this frees her from attachment to a particular school of economics, he really suggests that it limits her understanding of the field. His acknowledgment of her freedom is more accurate and certainly more important than the latter assertion. Jacobs's lack of standard university economic training frees her not only from commitment to a particular school of economics, but from standard assumptions that undergird the traditional dominant economic paradigm. As Kuhn points out, this can be advantageous since,

almost always the men who achieve these fundamental inventions of a new paradigm have been either very young or very new to the field whose paradigm they change ... for obviously these are the men who, being little committed by prior practice to the traditional rules of the normal science, are particularly likely to see that those rules no longer define a playable game and to conceive another set that can replace them (1970: 90).

As a relatively detached observer, Jacobs can think about economic issues in more novel and innovative ways than can many who have been trained in standard economic theory. Of course, this does not relieve us of the duty to carefully examine Jacobs's work to see that she does have a knowledge of the work and types of study underway in mainstream economics.

Asnes's critique of Jacobs's selectivity brings up another important issue. Kuhn notes that all paradigms are selective in what they regard as important variables or objects of study: "the areas investigated by normal science are, of course, miniscule; the enterprise now under discussion has drastically restricted vision" (Kuhn: 24). By its nature, a scientific paradigm is selective in the problems and data it considers important. While most of macroeconomic theory focuses on national economies and indices, monetary and price theory, and static equilibrium analysis, Jacobs focuses on city economies and indicators, dynamic growth processes, and innovation. Thus, what Asnes views as a limit to Jacobs's understanding and a selective presentation of facts seems to be largely a difference of opinion concerning the problems and processes on which an economic paradigm should focus.

Though Jacobs's specific assertions themselves must be examined individually to determine their accuracy and consistency, and those that prove faulty must be corrected, her work cannot be dismissed out of hand just because it is based on different axioms or focuses on different problems. In Kuhn's analysis, both conceptions may be valid as paradigms, for they both form a set of basic questions and answers which seek to explain the operation of the economy. Because the two competing paradigms, as based on different and often conflicting

premises, are incommensurable, they make no sense to one another when viewed from within the opposing framework.

How is a discipline or science to mediate the conflicting sets of claims implicit in incommensurable paradigms? How is this to be done in the human sciences, where such conflicts are most inveterate and most conspicuous? The question is an enormous one, touching on the basic issue of the distinctive methodology of the human sciences in contrast to the natural sciences. Kuhn's response is that the two should be compared and the one which best fits the data at hand and shows the most promise to solve problems in the future should ultimately prevail. Lonergan, however, is much less sanguine and views the whole process of "comparing" as the crux of the complexity; he stresses the necessity of what he calls "dialectical method" (1958: chapter seven; 1972: chapter ten).

In any case, if we bear these issues in mind, other criticisms that Jacobs lacks rigor begin to make sense. For instance, Adams cites a divergence of analysis and examples in her work, but this is mainly a misunderstanding of her analysis. He criticizes Jacobs for denouncing the nation state as an inappropriate economic unit of analysis and then discussing nations at length. He is further vexed by her shifts from studying cities, to regions, to networks of cities as trading partners. He seems to think that she is changing her unit of analysis from one entity to the other.

Since the paradigm of national economies has prevailed for several centuries as "normal science," most of the work that has been done in economics is focused on national economies; the bulk of the data available has been compiled on a national scale. Much of Jacobs's analysis therefore involves an examination of data at a national level: in many cases, it is the only, or at least the most accurate and detailed, information available.

More importantly, though, Jacobs's focus on the nation state is motivated by what she sees as its shortcomings as a basic economic unit. National economics is the prevailing paradigm, and to discredit it she had to do so thoroughly to be convincing to those who have accepted it as the primary focus of analysis for their entire careers and so have a vested interest in it. A

thorough treatment of the issue, not just a cursory once-over, is required. As a result, Jacobs had to spend a great deal of time focusing on nation states.

Again, when Asnes criticizes Jacobs for shifting from one unit to another, he fails to note that she does not change her basic economic unit. She argues that national economies work poorly and should be abandoned. For her, the city is the unit of choice from the beginning of the book to the end; and she shows how a city operates as a unit to generate new growth and development for itself. She then shifts her focus from the city to the region surrounding it to clarify how cities are able to change and develop these areas. After exploring the city and its surrounding area, Jacobs turns her attention to the relations between cities. She studies how they interact and influence one another. While her focus has necessarily shifted, her basic economic unit of analysis is still the city.

Adams may have been confused by the fact that the city itself is capable of causing change, as well as of reacting to change. Jacobs uses a dynamic type of thinking not yet usual in the bulk of economic theory, because she regards the city as an agent causing change and not just a passive receiver. Through the processes of export-generation and import-replacement, cities can transform themselves, their trading partners, and their relations with these partners. They act on their surrounding environment, developing and building up their city regions. Often they will even incorporate these areas closest to themselves, transforming themselves further. Through shifting imports and exports, they change the relations with other trading cities. Ultimately these changing relations allow the cities to transform one another, as one shifts to meet the changing conditions in the others. Thus, cities actually change—and even create—the conditions in which they exist, within limits set up by the reciprocity of the process and the mutual interdependence of each city with the others. In short, Jacobs operates with one constant unit, the city, but within a dynamic, changing framework. In doing so, she first examines the city and its ability to transform itself and the region immediately surrounding it. Then she shifts her analysis to discuss how

several dynamic cities interrelate and, within limits, condition themselves and one another via trade.

Adams complains of Jacobs's "dismissing of all modern schools of economics" (Adams: 71) because of their focus on the nation state. But, he reminds us, Marx and Mundell based their theories on a world-wide economy, rather than the nation state. Yet Jacobs directly addresses part of his complaint, contending that, "in practice, Marxist economies have been assimilated into the prevailing assumption [that the nation state is the fundamental unit]" (1985: 31). While Marx's original theory may have been based on a world economy, the reality of the current situation is that Communist nations, with their centralized national planning, are even more dependent upon this perspective than capitalist nations.

Jacobs's main argument against the nation state is the way it fails to supply feedback and support to innovation and growth. In contrast, a city currency would provide some of the information necessary. Adams seems unaware that Mundell's view might well have been compatible with Jacobs's conviction about cities as the optimal area over which currencies should be standardized. In a 1961 article in *The American Economic Review*, Mundell stated: "If the world can be divided into regions within each of which there is factor mobility and between which there is factor immobility, then each of these regions should have a separate currency which fluctuates relative to all other currencies" (1961: 663). The "factor mobility" of which Mundell speaks is basically the "close proximity" and availability of necessary goods and services which are the operative conditions in a city. This effectively pulls the teeth from Adams's criticism.

Moreover, Adams's misunderstanding or inattention to Jacobs's argument is underlined. If Jacobs is correct in her view that national currencies fail to provide effective feedback because they lump many discrete factors together, a world perspective which would lump all economies together certainly would not do better. Adams seems to bring out how decisively the method by which Jacobs operates is a complex one, which is difficult for those unaccustomed to it to follow.

In one of the areas of her work that has received the most serious criticism, Jacobs also weighs statistics differently than do most of her critics. When Wagner asks what distinguishes a declining city from a thriving, growing, successful one, he looks to such statistics as per capita income, percentage of the population under the poverty line, jobs gained, and the percentage of population gain or loss over a given period. Jacobs admits that these are very important factors, but assesses the importance of these statistics in the light of the understanding they convey of the actual processes that underlie them: if they convey information regarding the true intelligibility and operation of the processes, they can be useful, constructive measures; otherwise, they are useless.

Jacobs reminds us that while statistics may measure conditions at a certain time, they are not ultimately the cause of those conditions. A measure of jobs or unemployment can be an effective measure of the conditions, but it can neither create work or jobs, nor even tell us how the job creation process works.

In order to appreciate Jacobs's approach, consider an analogy to a doctor treating a sick patient. In the first place, a doctor must know the general history of her patient. She must know if the patient is generally strong and healthy, or weak and often sick; must know the illnesses and conditions to which the patient is prone; and know if the patient has been sick in the recent past, and, if so, how sick, and how he or she responded to treatment. If the patient has recently been very ill or is generally weak, the doctor adjusts her expectations accordingly. She would not expect a very sick patient to recover immediately and to be as fit as a healthier brother. At the same time, she does not expect the healthier brother to take weeks to recover from a minor illness.

So too, in looking at the economies of New York and Boston, the histories of the two cities must be taken into account. While New York was thriving at least through World War II, Boston had been in decline since the turn of the century. In comparing the relative prosperities of New York to Boston, it is not appropriate to judge them both by the same standards.

Wouldn't it make more sense to try to look at the direction of their change, comparing each city to its own past first, before examining one in terms of the other? Instead of going into any such statistical analysis, and bearing in mind that statistics can be found which will seem to prove both sides of the argument, I will make some observations about factors that must be considered, but which Wagner may have ignored. Among the most important factors is the dimension of history. A historical, evolutionary view, which embraces the processes involved in the changes, the previous conditions, and the direction of movement may be more telling than libraries of prematurely aggregated statistics. From such a standpoint, Boston's economy may well look healthy and be moving in the right direction in comparison to New York's.

In terms of our doctor/patient analogy, there is the consideration that a disease may incubate in the patient for a considerable time before its symptoms become apparent. Again, even after they become visible, the symptoms may not be noticed by the patient who does not know what to look for. Just so, Jacobs contends that while the decline of New York has not yet manifested all of its signs openly, neither has a rising Boston yet displayed the full effects of its recent regeneration. An intricate pattern of lags is at work here: it took many years for the benefits of such enterprises as the venture capital firms to become readily apparent. Ralph Flanders began his venture capital group in 1946, only to see it fructify much later on. The growth of Boston has become so visible and pronounced only in the 1980s (Jacobs, 1985: 228-229). In the same way, Jacobs thinks that New York's decline has not yet shown its full effects.

The doctor, through training and experience, knows the course that a disease will take, and so is likely to notice a problem before the patient is even aware of it; she knows what causes the disease and prescribes medicine to deal with those causes, not treating the symptoms, but aiming at correcting the condition that caused the disease in the first place. But this presupposes a thorough understanding of the interrelated functions of the body, and of how the disease is disrupting this

normal function. A mere examination of the outward signs of the illness will not suffice.

At times, though, limited understanding of the cause of a sickness leads doctors to treat symptoms, rather than causes, as in cases of the common cold. Doctors do not know exactly what causes colds, so they treat its symptoms and let the body heal itself. Jacobs suspects this is being done in many areas of economics. Much of economics, with its focus on prices and national aggregates, is dealing with the symptoms rather than the causes of economic events. Jacobs, on the other hand, is trying to incorporate knowledge of the underlying, functionally related processes into economic analysis. Not only is proper diagnosis essential to treating real underlying causes rather than symptoms. But adequate diagnoses are essential to accurate prognoses. So, to complete our medical analogy: statistics built on inherently faulty analyses are no more helpful than knowing with extreme precision the national averages of blood lost in blood-letting. Jacobs agrees that statistics are necessary and useful, but only if they are grounded in accurate analyses and appropriate categories.

Bauer's criticism that Jacobs's time perspective is distorted, is one that seems to have some merit. Jacobs's comparison of the decline of Rome and Byzantium (which took 600 and 1,000 years respectively), hardly seem comparable to the one century allowed Third World nations to catch up with Western progress. In Jacobs's defense though, it could be that the decline of Rome did not set in until it forced cities to begin to use Roman currencies: "even the Roman Empire only gradually eliminated non-Roman currencies of its conquered provinces and dependencies" (1985: 157). Though it could be argued that the declining cities took time to show the full effects of these changes, a similar argument could be made that the underdeveloped nations Jacobs insists have been harmed by Western contact have not had time to show the positive results of this contact. Jacobs might argue that while these empires survived for quite a long time, much of that time was spent in decline, in conditions which were far from desirable for their citizens, and even less so for the slaves and captive populations

they exploited and destroyed. In either case, Jacobs is not clear on this point and further exploration and explanation would be helpful.

By answering the methodological criticisms in terms of the framework provided by Kuhn and the cognitional theory of Lonergan, a strong case can be made that Jacobs's methods are indeed scientifically justifiable, and that in large part, the criticisms against Jacobs's work arise from misunderstandings. It is worth suggesting, in light of Kuhn's paradigm theory, that these misunderstandings are due to the limitations connected with strict adherence to a paradigm. Far from suggesting, however, that all paradigms are useless or misleading, I have shown that some heuristic structure is necessary for any understanding at all. Yet paradigms must be recognized as having limits, and those limiting qualities must be taken into account when examining other proposed paradigms. As Kuhn pointed out, to anyone operating strictly within one paradigm, it is difficult to understand another.

While we have seen that many of the criticisms are based on a misunderstanding of Jacobs's methods or arguments, there are still many areas which need further study and explication such as Jacobs's time perspective, the criterion for categorizing growing and declining cities, and aspects of selectivity.

Specific Empirical Criticisms

As well as challenging the validity of Jacobs's methods, critics also question many of the specific empirical generalizations that make up her theory. They are said to be inaccurate, oversimplified, overly general, or simply invalid. At the same time she has been attacked for ignoring, misunderstanding, or failing adequately to incorporate social, political, or cultural concerns into theories.

Jacobs's thesis is that cities are the wellspring, the fundamental building block, of economic life. This has been attacked as inaccurate on several levels. Robert Wagner insists that "to see [economics'] central weakness as the failure to

conceive of cities as the central force for growth seems at best a tremendous oversimplification. In fact, it's quite hard to know how to respond to such a generalization" (Wagner, 1984: 31). Wagner is reiterating a common criticism: that Jacobs's work is full of monocausal explanations. He backs up his charge by disputing Jacobs's claim that cities are the agent of economic change on several counts.

First, his sense is "that cities are on the receiving end almost as much as on the passing end of economic change" (Wagner, 1984: 31). This was true during the Industrial Revolution and is true today with the decline of manufacturing and the rise of service industries. Later, he contests Jacobs's conception of cities as supporters of poor areas: "Cities, even prospering cities, tend to have a disproportionate number of poor residents. Cities, therefore, gain more than they lose from transfer payments" (Wagner, 1984: 32).

Bauer counters Jacobs's thesis by saying that if breaking nations into city-states would be helpful, breaking large cities into smaller units would be the next logical step. Theoretically, such a plan would spread development throughout the city, but it turns out to be unworkable because of the costs of regulation by many sovereignties and costs of currency exchange (Bauer, 1985: 27).

The third criticism cites her apparent lack of attention to political and cultural factors. Adams, characterizing Jacobs's city as a classical Greek *polis*, notes that such a system was only possible because actual citizens comprised only a small percentage of the population, while the majority were slaves. He implies that Jacobs's idea somehow encourages social hierarchies and insists that modern society will not accept such a solution (1984: 77).

Wagner's political argument takes the slightly more sophisticated tack that "cities are not financially independent entities being milked by the national government. American cities are dependent cities—dependent on the other levels of government for their operations" (Wagner, 1984: 32).

Bauer suggests that "the primary factor is not the size of the entity but the degree to which political goals are imposed on

economic activity" (Bauer, 1985: 27). Without dominant political controls, the size of the entity will not affect its operation or process. For him it seems that political factors are the sole cause of economic decline and only where politics seriously hinders the economy will there be economic problems.

The second major area of criticism of Jacobs's empirical generalizations is her understanding of the operations, conditions, and interactions of a modern economy. As far as Asnes is concerned, Jacobs is operating with an archaic model of economy:

If this were the nineteenth century and little businesses were busy expanding into big ones, she would be right on target. But advances in transportation and communications wipe the floor with her theory. The kind of proximity she requires is no longer necessary when it's as convenient (and maybe cheaper) to have your data processing done in another country as two floors down (1984: 33).

Bender challenges Jacobs's "notion of a city as a natural system" and her frequent use of organic and biological metaphors (1984: 678). He is troubled that "she treats cities and their economies as self-regulating entities" (Bender, 1984: 678). Wagner reiterates this criticism, saying, "in her own way, Jacobs is also a believer in the 'invisible hand' ... Adam Smith's 'invisible hand' did not work in the past; there is even less reason to believe that Jane Jacobs's would work in the future" (Wagner, 1984: 32).

A third criticism of Jacobs's understanding of economic realities concerns the role of prices and money in economic behavior. Bauer is the main source of this attack with his insistence that her "treatment of her main themes would have much benefitted from greater understanding of price theory and its applications to import-substitution, the terms of trade, or urban unemployment" (1985: 28). He accuses Jacobs of making an invalid comparison between the stagflation of developed Western nations and the high unemployment and rising inflation of poor Third World nations, whereas he thinks that "the material backwardness in the Third World is related to such matters as isolation from more advanced societies, the

continuing practice of subsistence farming (or very recent emergence from it) and local mores, culture, and political arrangements" (1985: 27); in contrast, these factors "in the Western countries need to be seen in relation to monetary arrangements, such as interest rates and the supply and demand for labor" (1985: 27). In short, Jacobs ignores relevant monetary variables in the West, and the relevant cultural, economic, and social factors in the Third World.

Bauer also alleges that Jacobs has little understanding of the realities behind loans and trade relations between nations of the world, especially those of unequal size and economic power. He does not agree that countries should trade primarily with others in a similar stage of development. As he puts it,

Why is there little economic intercourse between, say, Lagos and Kinshasa, or even Lagos and Accra, in contrast to that between Lagos and London, or that among Singapore, Penang, Hong Kong, and many other cities and towns in Southeast Asia? The explanation is that people in African cities have little to offer one another, and what little there might be is obstructed by high costs of transport, lack of public security, political hostility, and officially imposed trade restrictions. (1985: 27).

In regard to such supply regions, he believes that, as is the case for many less developed nations, "people in the Third World often produce cash crops, because this accords with their aptitudes, skills, and the markets facing them" (Bauer, 1985: 27).

He takes issue with Jacobs's assessment of the harmful results of such trade:

This form of production and the associated trading activities often help to promote other forms of activity, including manufacturing, for instance, by promoting habits, skills, and attitudes appropriate to a money economy. Throughout the third world, practically all successful unsubsidized indigenous industrial enterprises have grown out of trading firms, usually traders in cash crops who were able to raise capital for further investment (1985: 27).

He notes that many prosperous areas such as Canada, Australia, Malaysia, Singapore, and Hong Kong are former colonies, while

many of the poorest areas of the world such as Tibet, Afghanistan, Liberia, and Bhutan were never colonized.

Bauer describes in detail how Malaya was transformed "from a sparsely populated region of hamlets and fishing villages into a prosperous country with substantial cities, extensive commerce, and excellent communications where many people lived longer and had a much higher material standard" of living (1985: 27). So trade between developed and undeveloped nations is not necessarily damaging.

Asnes similarly accuses Jacobs of practicing "economics in a vacuum." He thinks she "completely ignores the political dynamics that motivate the loans less developed countries receive: What the West won't provide for the Third World, the Russians will" (1984: 33).

Bauer faults Jacobs's analyses for failing to account for these political, social, and cultural realities. He points to poor nations in which subsidies to encourage import-replacement and local manufacturing have raised the prices of exports and hurt farmers and the nations as a whole (Bauer, 1985: 27).

Response to Empirical Criticisms

In responding to this second group of more specific criticisms, I will attempt to distinguish valid objections which deserve a very thorough review, from those that are not very well-framed or involve a misunderstanding of Jacobs's methods or arguments. While the reviewers are not always totally on target with their criticisms of her work and are often blinded by their strict adherence to the hypothetical-deductive model, they sometimes do bring to light issues that need to be addressed more adequately. This section will both clarify Jacobs's assertions that have been misunderstood and identify those areas needing further study; in some areas I have attempted to extend Jacobs's analysis to answer some of these objections.

Wagner's dismissal of Jacob's theory as an oversimplification is brought about by his reliance on the hypothetical-deductive model. In his observations on competing

paradigms, Kuhn remarks that “the normal science tradition that emerges from a scientific revolution is not only incompatible, but often actually incommensurable with that which has gone before.” (1961: 103). This seems to be particularly relevant to Wagner’s admission that “it’s quite hard to know how to respond to such a generalization” (1984: 31). As Kuhn observes concerning the large part played by expectations in one’s examination of data:

Novelty emerges with difficulty, manifested by resistance, against a background provided by expectation. Initially only the anticipated and usual are experienced even under circumstances where anomaly is later experienced. Professionalization leads ... to an immense restriction of the scientists’ vision and to a considerable resistance to change. Novelty emerges only for the man who, knowing *with precision* what he should expect, is able to recognize that something has gone wrong (1970: 64-65).

Thus Wagner, firmly entrenched in mainstream economic theory, is unable to see any merit in Jacobs’s argument, and not surprisingly, dismisses it as simplistic.

When Jacobs’s theory is viewed from outside Wagner’s paradigm, it quickly becomes evident that it is far from simplistic. Far from being less complex than mainstream economic theory, on account of its dynamic capacity Jacobs’s theory can examine things in terms of stages, and allow for great variability both in the individual aspects studied and in their relationships to one another. This is a clear and significant advance over the relatively static theory it attempts to displace.

Nonetheless, Jacobs’s theory is far from being completely developed. According to Kuhn, development occurs within the domain of normal science. Theories do not develop fully immediately, but develop first “in embryo.” It is normal science’s role to continue to develop and expand upon this framework (Kuhn, 1970: 24). Speaking of new developments in economics, Wilbur Thompson notes that:

The history of economic thought teaches us that the pace of intellectual development is slow: A gestation period of a generation for a new field is not unusual. The generation that lights the torches is not likely to balance the scales (1968: vi).

While Jacobs's work is not fully developed and her framework and generalizations must be examined more closely, she is far from a simplistic thinker. She thinks deeply and clearly about very complex interactions and dynamic processes.

Wagner's specific criticism that cities are receivers of as much change as they cause is among the areas which need further study. On a commonsense level, during the Industrial Revolution changes ranging from electricity, to telephones, to automobiles, came about in urban settings and then went on to transform rural areas. Rural areas seem to be dependent upon urban markets for consumption of their goods. While rural cash crops can lead to great changes in an underdeveloped economy, Jacobs points out that the prosperity usually vanishes together with city markets.

Specific modern instances seem to support Jacobs's theory as well. For example, in Massachusetts new industries and growth seem to have begun in Boston and spread from it throughout its metropolitan area, even to nearby states. Its effects can be seen as far south as Providence, Rhode Island, west to Worcester or beyond, and north into southern New Hampshire. Few will dispute that Boston is the center of these changes. At the same time, while the unemployment level in the eastern part of Massachusetts has declined in the past ten years to well below the national average, the western sections of the state along with a few heavily industrialized cities in the southeastern part are well above this level (Ferguson-Ladd, 1986: 44). It seems that the areas that are within trucking distance of Boston have been able to benefit most from its thriving economy. Few would try to insist that this type of change comes about because of rural growth instead of city development.

In spite of these examples and the others supplied by Jacobs, the true origin of these changes should be studied further; Jacobs's theory provides an effective heuristic for further study or even a model to be refuted.

Wagner claims that because cities have a large number of poor, are actually subsidized by other areas. This may be true if one considers only central cities, since large amounts of the

money actually earned by cities are removed by suburb-dwelling workers. When one considers the statistics of metropolitan areas, the outlook might be very different. For example in 1983, the New York City Metropolitan Area paid over three billion dollars more in taxes than it received, while New York City proper received more than it paid (Department of Commerce, 1986a: 216).

Of course this is not the main point of Jacobs's analysis. She is more concerned with the breakdown of the system which causes so many poor and unemployed in the city in the first place. While she recognizes that there will always be some unemployment and economic hardship, her focus is on the processes which will minimize the problems by attacking the causes. If there are a sufficient number of thriving import-replacing cities to create jobs for all who want to work, the problems will disappear. According to Jacobs, rural areas will not provide the jobs for the unemployed; the city areas must do so. But continually subsidizing other areas negates their ability to increase employment within.

Bauer argues from the premise that benefits derive from splitting nations into city units, to the conclusion that benefits would be added from making parts of cities, such as East Boston or Harlem, their own entities, allowing them to put in place import tariffs or have their own currencies. Besides pointing out that cities are not "single decision-making units of entities whose components have identical interests" (Bauer, 1985: 28), he cites the problems and costs of such numerous currencies. While Jacobs acknowledges the costs of currency changes, she insists that these would be offset by increased growth and diversifications which cities which currency feedback would foster. She also recognizes both that areas are not totally homogenous, and that some factors such as mobility of labor and access to necessary skilled laborers and technical expertise may be available and convenient at the city level while they are not always so on a sub-city or national scale. For Jacobs, therefore, there are reasons for taking division to the city level and no further.

The conception of the city as a basic economic unit is criticized on a broader, disciplinary level as well. Adams's comparison of Jacobs's city unit to a Greek *polis*, while inaccurate, does introduce some of the serious political questions which must be dealt with in an examination of the viability of cities as individual entities.

Ronald McKinnon, who wrote an article on optimum currency areas as a follow-up to the one by Robert Mundell cited earlier, brought up the political dimension in pointing out that, "currencies are mainly an expression of national sovereignty, so that actual currency reorganization would be feasible only if it were accompanied by profound political changes" (McKinnon, 1963: 661). Although Jacobs is not unaware of these political realities, she analyzes the economic realities which indicate that national currencies do not provide adequate feedback to cities. She knows that city states will not soon become the norm, but suggests that something else in lieu of city currencies would need to be done either to provide this sort of feedback or at least to promote rather than discourage policies of growth.

Wagner's criticism that cities are not financially independent entities, but dependent upon government for financial support may seem legitimate at first glance. But when one begins to think of the sources of these government-level funds, such criticism quickly begins to dissolve. Wagner is so caught up in the framework in which he lives that he does not seem to realize that there could be another way of doing things. Cities are so dependent upon the other levels of government for financial support mainly because the cities' own methods and means of support were either taken out of their hands, usurped by state and federal governments, or were never put there in the first place.

If Wagner were able to detach himself from his nation-state viewpoint, he might be able to attach a significance to the fact that cities earn tremendous amounts of money, a large portion of which supports the various branches of government on which they are then said to be dependent. In this light it is not the cities that are dependent, but the branches of government which these cities support.

This argument is not meant to denigrate national governments as totally functionless. Certainly, there are advantages to this level of government. For instance, a national government has a much greater capacity to collect taxes, because its power is greater, more consolidated, and much more difficult to escape by moving across borders. Again, a national government has great social advantages over cities as well: protection of the rights of minorities and the underprivileged from bias or discrimination seems to be more effective at a national level. The point of Jacobs's argument is that, at least economically, one must not put the cart before the horse. Cities function and operate without nations, but nations do not do so without cities.

Bauer's observation that it is the imposition of political goals on economic activity which causes decline is an intelligent one. Jacob's analysis seems to point out that national governments by their nature are forced to interfere with economic activity to further their interest:

Cities in nations that preside over numerous cities are handicapped by feedback flaws in any case; those come with the territory. They make it chancy or impossible for cities that begin to decline to reverse themselves ... and they also hamper or prevent the formation and flourishing of new cities. ... Transactions of decline, no matter which guise they take, are not remedies for stagnation and don't address causes of poverty, yet transactions of decline are precisely what national governments have become fitted to deliver (1985: 182-3; 203).

In order to protect their political interests, nations must resort to the transactions of decline discussed earlier. They must distribute money from wealthy areas to poorer areas of a nation. Jacobs certainly is not objecting to helping the poor and unfortunate; but she shows how in doing so thriving cities are slowly destroying themselves and their ability to provide that help. The point is not to provide fodder for elitists but to come to an accurate understanding of the conditions which will foster prosperity and growth. We must understand the processes by which a city can flourish, and then foster the conditions which will allow other areas to do the same. In this way, government

controls can become helpful substitutes for the unavailable feedback, rather than additional reasons for decline. According to Jacobs, until we begin to focus on these objectives, we will continue to undercut our own wealth and success.

The second major area of specific criticisms is of Jacobs's understanding of the operations and interactions of economies. Asnes, Bender, and Wagner all accuse her of operating within the framework of a nineteenth-century economy, relying on the "invisible hand" to maintain a balance.

Asnes argues that transportation and communications have made Jacobs's requirement for close proximity unnecessary. While this is undoubtedly true for some aspects of business, closer examination seems to bear out Jacobs's claims. Easy personal access to university personnel, faculty, and students seems to have been a key to the growth of Boston's high tech industry. The proximity to colleagues, competitors, customers, and new technically trained graduates seem to have spawned a plethora of small, innovative research and development firms within the Boston area. The completion of Route 128 outside of Boston and the Mass Pike also have been cited as important factors in this growth (Peterson, 1986: 3). These all seem to have been factors in the dynamic "self-reinforcing feedback loop" which has developed around Boston (Ferguson-Ladd, 1986: 41). It is ironic that the industry which has made long distance data processing and instant telecommunications possible, seems to be largely dependent on the conditions it is in some cases making unnecessary. At any rate, while some things such as data processing seem to be done easily at great distances, it seems that many firms, especially the important young and innovative ones Jacobs cites, still require the close proximity that a city provides.

As for the argument that Jacobs believes in an "invisible hand" which will heal all economic woes or right all economic wrongs, she clearly contends rather that:

City economies that aren't self-correcting can be helped to correct themselves if what is done is indeed germane. ... Germane correction depends on fostering creativity in whatever forms it happens to appear in a given city at a given time. It is impossible to know in advance what

may turn up, except that—especially if it is to prove important—it is apt to be unexpected (1985: 230).

Jacobs does not believe that cities are capable of self-regulation or self-correction, at least in their subservience to nations. It is possible that, given ideal conditions where a city could function as an independent entity among other independent cities, this might be possible, but Jacobs knows that is not a realistic possibility now.

Jacobs is also criticized for the biological metaphors she uses to convey a sense of the complexity of the many series of interrelated systems that come into play, as well as to convey a sense of the historical or evolutionary heuristic needed by economic analysis in order to be successful in dealing with future economic problems. Such a heuristic structure must be a dynamic one which will allow for change and growth; it must be able to embrace differentiation. Jacobs believes that instead of trying to deal with all situations through general laws alone, we must understand the intricacies of particular situations and apply these general laws appropriately, rather than indiscriminately. By her examples, she is goading the field of economics into attempting a more complex and intricate type of analysis.

The criticism of Jacobs's failure adequately to understand and incorporate wage and price theory and trade relations may have some validity. It remains that when Bauer criticizes Jacobs's comparison of stagflation in the West with the similar conditions of high inflation and not enough work in Third World nations, she still perceives an equivalence between the two situations that Bauer is unable to see. Nor is this a new phenomenon.

Once again, in this case, Jacobs is seeking an understanding of the processes which underlie these conditions, rather than focusing on the measures of them. This is why she sees an identity between the two situations. In both Western and Third World instances, the conditions which would foster growth and development are lacking. Certainly, the reasons for the conditions were different in the two situations, but

conditions for growth were inoperative in both. In the poor nations, they may never have been operative, but in many modern economies they are clearly in decline. This is what links the two situations. Still, Jacobs's theory would benefit from a more in-depth analysis of the specific role that monetary factors play in a modern economy, where they are vital practical concerns. In doing so, though, we must keep in mind applicability to particular situations.

Bauer's inattention to the role of concrete processes affects his criticism of Jacobs's views on trade. He takes exception to Jacobs's premise that trade with advanced nations is always harmful to underdeveloped nations, adducing former colonies that are now thriving and uncolonized lands which are economically deprived. Bauer wonders why smaller nations do not in fact trade with one another, but trade instead with more well-developed nations, and answers that their cities have very little to trade and are unable to trade what they do have because of high transaction costs and political concerns.

Bauer may have a point in that developed nations are not always the empire-building ogres Jacobs sometimes seems to make them out to be, yet he still misses the main point of Jacobs's argument. For her, it is a much more mutually beneficial process when two relative equals trade with one another than when a dominant country trades with a less developed one.

Be that as it may, she does recognize the need for some trade between unequals. "A new city, to form, needs one or more older cities with which to begin its initial trade" (1985: 133). Developed nations need the natural resources and crops of the less developed nations. By the same token, undeveloped nations can learn a great deal from better developed ones, and this can greatly assist their growth and development. Jacobs's main point is that even though a new city should have some trade with larger, more developed economies, and some with smaller ones, the bulk of a city's trade should be with relative equals, because this trade among equals allows the full effects of import-replacement to be felt and so makes rapid growth and expansion possible.

To Bauer's question about why advanced/undeveloped nation trade is so extensive, Jacobs would probably respond that much of this trade is carried on because of a lack of understanding of its consequences; nations usually do not realize the harm that they ultimately do to themselves by supplying poor nations with goods on credit or in channeling so much money into armaments. Nor is it likely that the poor nations realize either the predicament they are getting themselves into by becoming so dependent upon larger nations or the capacity they have to grow and develop into modern nations themselves.

Asnes wonders why Jacobs does not take political realities such as the Cold War more into account. But any theory can only cover so much ground at one time. Jacobs offers a macroeconomic theory, not a theory of history or politics. Her point is to lay bare the economic realities at stake in these situations. If in fighting a Cold War we are forced to court the favor of underdeveloped nations with loans and other aid, at least we ought to understand this aid for what it is and realize its true implications and costs. Moreover, as our understanding of the underlying processes grows, we may ultimately learn ways in which we can help these countries form truly innovative and dynamic economies.

In confronting the second group of criticisms of specific empirical generalizations made by Jacobs, then, the overall coherence and integration which ties her theory together becomes more clear. In the face of specific criticisms of the city as a fundamental economic unit, we see Jacobs's reasons for breaking things down to a city level and no further. Again, the Kuhnian point is brought home that many critics, trapped in their national economy paradigm, are unable or unwilling to examine city units from outside their national model; they cannot see the dynamic and evolutionary capacity for change present in Jacobs's model and methodology and largely absent from their own.

These objections surface the political implications of city states and their current lack of feasibility. Aware of these aspects, Jacobs's point focuses on economic costs of political decisions. Although political concerns determine economic

conditions to a great extent, politics cannot simply dictate these conditions. She thinks it is ultimately city economies which support national governments, which become destructive both to themselves and their trading partners whenever they allow political concerns to dominate and destroy the conditions for innovation and growth. For Jacobs, the proper intelligibility of economic conditions has political implications that should not be overlooked.

Jacobs is cognizant of the role of politics in trade and loan considerations but, again, she wants to make the economic costs of policies explicit. She does not believe a self-regulating city is possible under current conditions, and we can only speculate whether one would work under ideal conditions that do not obtain. For Jacobs, the key is understanding the entwining of concrete processes, recognizing the intricacy and complexity of city economies and their relations with other nations. The available metaphors for dynamic process in our language tend to be biological, so it is natural enough that she attempts to formulate these complex, evolving interrelations through biological and organic metaphors. Language is rife with metaphors. But far from vitiating thinking, metaphors make it possible. The key question is not whether they are used, but whether they are used naively. In Jacobs's case, they are not.

We also began to clarify some areas in need of further study. Much more needs to be learned about the extent to which cities or other forces cause change. Much more needs to be discovered about the conditions which foster growth and creativity, and especially about such factors as the necessity of close proximity or the role of risk capital. Their analysis will require a flexible, adaptable, yet still rigorous system.

CONCLUSION

I hope to have made a case for Jacobs's work as a body of coherent, well prepared, and clearly presented theory. Her methods can be shown to be intelligible and scientific, although

they differ greatly from those of mainstream economists and scientists. Jacobs's empirical generalizations seem to be valid and consistent, which is not to deny that her work needs a great deal of further development and examination.

Her methodology deviates from the hypothetical-deductive model which has been the traditional norm in economics. This deductive, syllogistic type of reasoning is biased against induction as coarse and inconsistent, yet wants to be firmly grounded in empirical testability and statistical theory.

This model assumes that science is a linear accumulation of facts which easily and naturally build upon one another. According to this assumption new discoveries come about as a matter of course and are quickly assimilated into current theoretical work; as soon as a law or theory is shown to be inaccurate, it is abandoned.

My contention has been that both Kuhn and Jacobs would disagree with this picture of science. It is not so much an accurate phenomenology of what scientists do when they do science, as it is an appendage to their extra-scientific presuppositions about the epistemic status of certainty and rigor. In Kuhn's theory of scientific revolutions, the overcoming of one paradigm by another results in a reinterpretation and reordering of all the data, and this is far from a natural and easy process of logical arrangement. The normal science which reigns between paradigm shifts accepts its foundations without question, and so focuses all energy and attention on the questions and problems which the ruling paradigm defines as important. It is only when anomalies or unexplainable lapses in the theory become severe that another paradigm can possibly threaten its preeminence. When a battle of paradigms does take place, the theories, based on different premises and measured by different standards, are, as Kuhn says, incommensurable. It is no wonder, then, that new paradigms are often greeted with incomprehension.

I have used Kuhn's ideas to explain much of the criticism Jacobs's work has received. Jacobs, in confronting the grave failures in our current economic system of nation states, questions the very foundations and premises on which modern economics is based. Many of her critics, schooled in standard

economic ways, either cannot see the failures perceived by Jacobs or do not think them as serious as she does. They may be unwilling to go through the painful upheaval, uncertainty, and likely reordering of facts that a shift of paradigms entails. To put this another way: Kuhn claims that results are colored by the perspective and habits of the viewer. If so, those firmly entrenched in and committed to a paradigm will be less likely to see and acknowledge inadequacies than a detached or new viewer. Perhaps this tendency explains the difficulty many of her critics have in accepting any of Jacobs's work and in following the progression of her thought. Her framework is incommensurable with theirs, so it is no surprise that her theories seem silly or oversimplified when viewed from within the national economy paradigm.

To further compound the problems engendered by the gap between the two paradigms, Jacobs operates out of a different methodological framework. She clearly follows the process of insight accumulation outlined by Bernard Lonergan, and not the normal hypothetico-deductive model. Her method proceeds inductively, progressing from specific experience and personal observations to general laws and theories. It uses observations from numerous areas to build a base of experience, understanding, and knowledge of particular things and relations. And all along she is in fact guided by a heuristic structure, a series of interrelated questions which eventually lead the mind to uncover the true intelligibility of the unknown.

Lonergan provides a theoretical foundation for inductive laws which involves both a positive and a critical component. The positive component is provided by his uncovering of the structures and procedures, native to the human mind, by which *de facto* and willy-nilly we generalize. The critical component shows how people are so often in error when reasoning inductively due to a lack of training or experience in forming generalizations accurately from sufficient data, or due to a misunderstanding of the situations to which the law is being applied. Both situations and generalizations must be truly similar for the law to hold; and it is the underlying

understandings of events, occurrences, and relations which establish or rule out this similarity.

Loneragan explains as well the role of application in science, and its role in the combination and integration of descriptive, commonsense knowledge with explanatory, theoretical knowledge. By integrating the two, a much more comprehensive knowledge of a thing, both in its relation to the human world and to other things, can be attained. This integrated understanding can then be applied to specific problems, leading to innovative, creative solutions.

In this light, Jacobs's theorizing can be seen as authentically scientific. She focuses on understanding situations and their processes, both in relation to human capital and in relation to other forces and processes. While she recognizes the importance and usefulness of statistics, she is more concerned with grounding statistical data within the underlying intelligibility of the process that they measure, than with statistics for their own sake. She moves from specific and particular observations to general laws and theories, which she in turn is able to apply to other specific situations. Her work is guided by a relentless wonder, by a series of ever-expanding questions, displaying a naturally inductive mental process which the mind can be trained to perform accurately and rigorously.

In scrutinizing concrete economic processes, Jacobs spends a great deal of time trying to discover the conditions under which they function best. She seeks to understand the role that these conditions play in growth and development in order to know how to foster and encourage innovation and creativity elsewhere.

However, she does not believe that there is a necessary cause and effect relationship between these conditions and innovative growth. Jacobs makes a distinction between creativity and efficiency, insisting that while efficiency can be forced and guaranteed, creativity cannot. The creative process is messy, inefficient, and unpredictable. We can foster the conditions of freedom and opportunity which creativity needs, but we cannot coerce or guarantee results.

If Jacobs's methods and data can be seen as scientifically valid and useful, we can still ask whether she has rigorously and consistently applied her theory and considered all relevant variables in the formation of her empirical generalizations. Jacobs's basic approach to a question seems to convey quite well the method and rigor with which she approaches any problem. When Jacobs is asked a specific question about application of her theory in a concrete situation, she will first examine that situation for similarities and differences between the general case and the specific. Before she actually applies a law, she returns to the specific situation at hand to see if it is indeed truly covered by the law she has formulated. If it is not, the situation must be examined more closely and understood in its concreteness, and either the law must be modified to compensate for these differences or a more appropriate law must be applied. The ability to do this consistently and accurately takes judgment, which is acquired with experience through a process of trial and error. Jacobs's years of experiences, observations, and analyses have endowed her well for such a process.

In answering specific charges of inaccuracy, we have found Jacobs's theory and generalizations are for the most part consistent, rigorously applied, and fairly accurate. But we have only undertaken a preliminary examination of her premises and assertions. If her theory is to be accepted, each of her assertions will have to stand up well against a more rigorous and thorough inspection. Indeed, we have identified some areas as especially in need of examination, elaboration, or clarification: Jacobs's time perspective in examining the rise or decline of cities and nations, the role of money and prices in a modern economy, and a statistical analysis which will support and effectively do justice to the complex understanding initiated in Jacobs's her work.

There is the further issue of bridging the gap between mainstream economic theory and Jacobs's evolutionary dynamic analysis. As we have seen, some discrepancies stem from the fact that in looking at economics concretely from a historical, process-oriented perspective, Jacobs often uses organic

biological metaphors, since organic systems manifest an ability to change both themselves and the conditions in which they live.

A scientific framework based on logical expansion would not allow for a bridge between two paradigms. But Lonergan's framework as grounded in the operations and virtualities of acts of understanding does. Two incommensurable paradigms may undergo an expanded, reordered understanding on account of the emergence of a higher viewpoint which would enable them to be integrated. For Lonergan all questions have a relevance in relation to other data and other sets of questions and answers. A higher viewpoint allows a new perspective for understanding previous limits and an ordering and integration of data that go beyond them.

The hope of this paper is to indicate the need for that higher viewpoint. It would allow us to begin to recognize and move beyond the limits of both mainstream economics and of Jacobs's theory to an integrated, fuller understanding of modern economic forces and processes and their interrelations with one another in order to begin to combine the significant advances and theoretical understandings which mainstream economics has achieved with Jacobs's evolutionary, dynamic method and process orientation.

Nevertheless, even such an economic viewpoint alone will not be sufficient to fully understand either the problems of inflation or unemployment which confront us, or the processes which Jacobs discusses. Full understanding may only be attainable through an integration of the disciplines within the university as a coherent whole. Concrete economies will not be adequately understood until we begin to explore and understand economics in relation to social, cultural, political, ethical, and moral concerns.

But the needed ideals of versatility and comprehensiveness have been lost as the university has fragmented into a series of highly specialized disciplines. While isolated disciplines have provided invaluable insights and advances, in order to move to an adequate understanding of ourselves and the things we are studying, we must look to a more fully integrated system of education and analysis which would take the expanded

knowledge of the specialized disciplines and integrate it into an interdisciplinary understanding of things that would enable us to arrive at a body of practical knowledge.

One last area for further study to which Jacobs's work points is the question of the role of ethics and morality in our lives and within our everyday social, cultural, political, and economic processes.

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JANE JACOBS AND THE COMMON GOOD

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I would like to provide an overview of Jane Jacobs's work by relating it to what has been called the "tradition of the common good." The "common good" is a term used largely in Catholic social thought to designate a standard for approaching questions of justice, public morality, and the like. It is a notion fallen into disuse today even in Catholic circles, partly because of the rise of modern liberal thought. But the neglect of the standard of the common good is also due in part to the limitations associated with the classicist ways in which the common good has been conceived.

The limitations as well as the strengths of the classicist conception of the common good were recently highlighted in one of the most interesting and insightful commentaries on the American Catholic Bishops' recent Pastoral Letter (NCCB, 1986), that of R. Bruce Douglass (Douglass, 1985 and 1986). Of the letter he wrote:

The basic underlying issue in any such attempt to make theological sense of economics, consonant with the distinctive theological claims of Christianity, is how to reconcile the competing claims of godly living and economic efficiency. Unlike some of the other great world religions, Christianity—in its Western mutations, at least—is not in principle world-denying, nor does it deprecate material well-being. On the contrary, as an extension of Judaism, it affirms the goodness of human efforts to take control of the earth and exploit it for human benefit, and it treats as part of God's providence the goods and services which human beings acquire through their labor to improve their lot. There are different emphases among the Christian communions in this regard, to be sure, but in principle Christian teaching has supported consistently efforts to improve the material conditions of life. On the other hand, Christian thought long recognized that true human fulfillment lies beyond material well-being, and that there is always a danger with economic activity and material prosperity that mundane pursuits and pleasures may distract us from our true vocation. ... The question for

most of the history of Christian thought has been how to do justice simultaneously to both of these concerns. Economic efficiency has a certain theological dignity in Christian thought, but so, too, does living one's life in accord with the demands of piety and virtue (however defined). How do we bring the two together in a way that does not entail sacrificing one for the other? *The common good tradition developed, in its economic aspect at least, precisely to meet this demand, and it prevailed as long as it did because it was reasonably successful in this regard.* It provided a way of acknowledging the intrinsic worth of economic pursuits without allowing them to become the be-all and end-all of human existence. *It was not, however, geared to economic growth in the sense to which we have subsequently become accustomed;* and this ultimately proved to be its undoing. For [with] the rise of "economic man" in the later Middle Ages and the *possibility of the steady multiplication of capital* provided by the instrument of the free market, the thinking embodied in the common good tradition was increasingly perceived as restrictive and even reactionary. If only, said the early apologists for capitalism, we could be free of the restraints imposed on economic activity by the church and the state in the name of the common good, a new dynamism could be introduced into our economic life that will enhance in unparalleled ways the material benefits available to us. (Douglass, 1986: 26-27. Emphasis added.)

The problem Douglass raises, then, is that of adapting the notion of the common good to a context of dynamic economic growth. In the classicist conception of the common good, there was an inadequate distinction between the variable and the invariant dimensions of the common good. Drawing the adequate distinctions consists in discovering the functional aspects of the common good which do not change over a series of dynamic transformations—and indeed actually explain the dynamism of that series itself. I suggest here that one way of understanding the significance of Jane Jacobs is that she has made massive contributions to this task.

In order to show how Jacobs has contributed to this task, I must first provide at least some clarification of the notion of the common good. I cannot attempt a comprehensive account, because that term has had many meanings in different periods of history. Its virtual disappearance from contemporary discussions is largely due to the fact that our culture has been trying for quite some time to work things out on the basis of the

liberal standard of "individualism" (see Douglass, 1986: 27-29). Failures of this approach have prompted both the American Catholic Bishops and Jane Jacobs to reconsider the need for intelligent and true norms, commonly understood and commonly accepted, as standards for our life in common.

One of Aristotle's discussions of the common good is to be found in the discussion of justice in his *Nicomachean Ethics*: "The laws [of a community] make pronouncements on every sphere of life, and their aim is to secure *the common good* of all [either directly or indirectly]" (1129b14-15). Here "the common good" designates a good grander than that of either the individual human being or the family alone, since it is the fuller context and condition for individual human fulfillment. It designates the vast range of human cooperation and interaction, including but going beyond ventures in crafts (carpentry, shipbuilding, and the like), commerce and trading, and military enterprise. The "common good" goes beyond such forms of cooperation because for Aristotle it embraces far more than the "common goods" produced by such patterns of cooperation, namely, *the kind of community* brought into being and sustained through these patterns of cooperation and interaction, which is the goal of the city's constitution or regime. However clear Aristotle's awareness of the need of "equipment" for "good life," both personal and communal, still the production, acquisition, and distribution of economic goods and services are not primary for him because concerns for the material basis of community are subordinate to the excellences of character and intellect—the moral and intellectual virtues—which are essential to the kind of community which can truly be called a "common good." While for some the "common good" might refer to the whole range of human cooperation and interaction, already in Aristotle and his premodern interpreters it designated primarily human cooperation and interaction precisely as having to do with the formation of exemplary persons and noble interpersonal relations—or what Hans-Georg Gadamer has called its "moral patterns." Moreover, by means of the comparative studies carried out in his *Politics*, Aristotle carefully spelled out the functional relationships among acquisition of wealth and

household economy, the family, forms of governments or regimes, and the legal institutions that are all components of the common good.

That Aristotle clearly acknowledges the need for "equipment"—or economic goods and services in contemporary parlance—but so emphasizes their subordination to the virtues that he pays scant attention to the practical economic patterns is one of the drawbacks of his presentation. He never sets forth the "higher" component of the common good in its full functional relationships with the concrete dynamics of economic growth, since his account is limited to the conditions of a traditional, pre-capitalist or barter economy and because of his pessimistic judgment on the political effects of major technological innovation. This limitation reinforced Jewish and Christian strictures against lending at interest and eventually helped to motivate modernity's negative answer to the questions: Is the acquisition of equipment compatible with the life of virtue? And is a common good characterized by public virtue consistent with economic prosperity? It is also true that Aristotle could take for granted a "slave" economy. Even if he did not believe that all who in fact were slaves should, in justice, be slaves, he held that those who were "by nature" slaves because they were incapable of controlling their own lives would, in a truly just order, be assigned their proper role in the moral patterns of the political community, the *polis*.

Be these matters as they may, after Aristotle the functional relationship between the virtues that crown the common good and the production of goods and services that underpin it remained largely undeveloped. As soon as production, acquisition, and distribution did become a preoccupation, the millennia of neglecting to explain these relationships also became an excuse for considering the idea of the common good irrelevant.

More recently in his work, *After Virtue*, Alasdair MacIntyre has drawn attention to the moral patterns as a common good. There (141 ff.) he asks what would be required for any group, embarking upon a common venture, in order that their goals be achieved. A little reflection reveals that virtues

such as honesty, self-sacrifice, courage, generosity, cordiality, and so on, would be indispensable. Why? Because any cooperative venture can succeed only to the extent that its participants contribute diverse efforts and ideas, share information, and make adjustments to one another for the sake of the good of the project. And when the good in question is not the product of some particular institution like a company, a charitable foundation, or a neighborhood crime-watch program, the virtues are all the more indispensable. That is, when the common project or goal is not just some product which results from the cooperation and interaction, but the very character of the cooperation and interaction itself, the higher good achieved by cooperating is living together excellently. This "higher level" in the common good is a *good* each member of the community shares in by contributing to the emergence and nurturing of its "moral patterns." (What people spontaneously mean when they say they work for a "good" company is not primarily its rank in the Fortune 500, but its "moral patterns," though the two meanings may be integral to each other.)

Hence, this "higher level" of the common good in a family, a company, a neighborhood, city, region, or nation is a kind of goodness which has the primary character of a conversation, inasmuch as it involves an ongoing need to learn by example, to allow one's shortcomings to be pointed out and corrected, and to achieve a commonly shared understanding of what is in fact truly excellent. Only when a group arrives at a commonly shared understanding of what is in fact truly excellent in particular circumstances can authentic common action proceed. Therefore, persons of excellence (that is, the morally and intellectually virtuous people) are essential to the common good. In medieval thought, the common good was thought of in terms of the metaphor of a "social organism," in which, according to Douglass,

The parts, in their several diverse interactions with one another, contributed not only to the mutual well-being of each one but also they contributed to sustaining a larger whole; and that whole in turn, was essential to the health of the parts. (1980: 105).

In human society, the “parts” are the various functions of the different members of society—both classes and individuals. All functions are supposed to contribute to a common end by playing their respective roles. The value of each function was determined by its contribution to the common end, and in terms of a hierarchy of functions and classes. Each individual or class derived a sense of purpose in life from the common end which elevated it above the level of mere barbarism. Catholic medieval culture added to Aristotle’s apprehension of the “higher level” in the common good in terms of nature the supernatural perfections (virtues) of human living. Hence, the ultimate “common end” is specifically supernatural: the eternal union with God. The goodness of each function and class is in accord with its contribution to this ultimate end. The “organic” interactions among these functions and classes consist in a “system of mutual, though varying, obligations” (Tawney: 29) underpinned by a “complex structure of habits, knowledge and beliefs, the destruction of which would be followed within a year by that of half the human race” (Tawney: 19).

From this point of view, economic issues were handled in light of the “common end” and the social solidarity requisite to that end. Thus, economic rewards are considered just when they are proportionate to one’s contributions to the common good. This also meant that special provisions ought to be made for the extremely poor, especially widows and orphans, so that “no person goes in want.” It went without saying that the functioning of the social organism ought to provide gainful employment and a just living wage for all (Douglass, 1980: 104). Consequently, avarice and excessive accumulation of wealth were condemned since they distract in a powerful way from the spiritual end of common life, and result in an unexplained disparity within the fabric of social cooperation (Tawney: 26-54).

The tradition of “modern Catholic social teaching”—of which the American Bishops’ Pastoral Letter is an instance—has continuously attempted to adapt the notion of the common good to the modern context of dynamic economic growth, beginning with the Encyclical of Pope Leo XIII, *Rerum Novarum*. Modern social teaching on the common good has tended to draw

attention to the evil impacts of early modern industrial and political society upon the family and religious life. Although its protestations were much to the point, one of its greatest limitations had to do with its approach to the common good in the most general sense. Its emphasis upon the common good as familial lacked a developed, positive, analytic account of the sense of a larger "common good," on the level of what used to be referred to as "political community." Later, more positive accounts of the relationships between the family and the political community, especially in the sequels to *Rerum Novarum*, tended to be prescriptive rather than analytic: they were replete with phrases like "the state must provide for ..." or "society has the obligation to ..." without any explanatory, functional analysis of how various institutions condition and are conditioned by the common good of the family; or of how both function in concert to establish the common good of the political community. In sum, the weakness of Catholic social teaching is not yet to have developed an explanatory account of the family as regards its full complement of invariant, functional relationships to other forms of human interaction.

I want to interpret Jane Jacobs as a thinker in the common good tradition. When she writes of a "lively city neighborhood" or of "dynamic cities," she is drawing attention to *the kind of community* brought about and sustained through patterns of cooperation and interaction. But unlike Aristotle, she focuses upon the functional relationships of the higher level of the common good to the production of goods and services which underpin it. Indeed, she identifies the ways in which the dynamics of economic production and distribution pose special problems for the emergence and continuance of the "moral patterns."

In *The Death and Life of Great American Cities*, Jacobs characterizes the "lively neighborhood" as a place which both protects and invites the large numbers of people characteristic of an urban setting. By definition, they are strangers to one another; but in a neighborhood which has successfully constituted a common good, the large numbers and diversity of people which make impossible intense, intimate friendships

among all, are turned into a positive good: "public acquaintanceship as the foundation of casual public trust" (64).¹

Jacobs's *The Death and Life of Great American Cities* is filled with numerous concrete, real-life examples of how this all functions. Reading her books and being exposed to her numerous concrete illustrations, gives one a sense of what the "common good" in a modern city can be like. For instance,

Action usually requires, to be sure, a certain self-assurance about the actor's proprietorship of the street and the support he will get if necessary ... When Jimmy Rogan fell through a plate-glass window (he was separating some scuffling friends) and almost lost his arm, a stranger in an old T shirt emerged from the Ideal bar, swiftly applied an expert tourniquet and, according to the hospital's emergency staff, saved Jimmy's life. ... The hospital was called in this way: a woman sitting on the steps next to the accident ran over to the bus stop, wordlessly snatched a dime from the hand of a stranger who was waiting with his fifteen-cent fare ready, and raced into the Ideal's phone booth. The stranger raced after her to offer the nickel, too (38, 54).

This is a concrete illustration of a "moral pattern." Everyone on the street participates in creating the neighborhood as an organically functioning entity. The small, individual acts of courage of many make for its safety; the generosity and friendliness work in reciprocating ways, sustaining an atmosphere in which people are willing to risk getting involved because of a realistic expectation that others will support such an action.

Though Jacobs's gift for communicating a sense of what the common good of modern city life can be like through her telling anecdotes is truly remarkable, her real genius is in the way she explores the series of conditions for their emergence and continuation, including the underlying economic conditions

¹ In this regard, Jacobs's insistence upon not only "intimate friendships" but also casual public friendships (1961: 56-68) is in continuity with Aristotle's emphasis on different levels of friendship as indispensable to the good common life of the *polis*. More recently, the authors of *Habits of the Heart* have re-echoed this theme, criticizing the tendency to romanticize the modern town as a "big family," and the real failure of town-as-paradigm of common good to understand the town's relationship to the complex network of institutions (Bellah et. al., 11-13, 170, 175-77, 207).

which make this higher level of living possible and likely. First in this series of conditions are the crucial characters she names: "self-appointed public characters" and "hop-skip people."

The social structure of sidewalk life hangs partly on what can be called self-appointed public characters. A public character is anyone who is in frequent contact with a wide circle of people and who is sufficiently interested to make himself a public character (1961: 68).

These public characters include storekeepers, pastors, community agency workers, a variety of private citizens (many of them mothers of school-aged children), and occasionally even people with more formal public roles such as police officers and formally elected politicians. (I say "formally elected politicians" because such people may or may not be one of these public characters who *de facto* perform the *political* roles in the classical sense of the term.) The public characters are the anchors and nodes in the "moral patterns" which constitute the common good of a sidewalk or block neighborhood. But this small-scale common good will not survive unless "hop-skip people" integrate it with many other such neighborhoods into a viable "district neighborhood."

The cross-links that enable a district to function ... are neither vague nor mysterious. They consist of working relationships among specific people, many of them without much else in common than that they share a fragment of geography. The first relationships to form in city areas ... are those in street neighborhoods ... The crucial stage in the formation of an effective district goes much beyond this, however. An interweaving, but different, set of relationships must grow up; these are working relationships among people, usually leaders, who enlarge their local public life beyond the neighborhoods of streets [or blocks] and specific organizations or institutions and form relationships with people whose roots and backgrounds are in entirely different constituencies, so to speak. These [are] hop-and-skip relationships ... It takes surprisingly few hop-skip people, relative to the whole population, to weld a district into a real Thing. A hundred or so people do it in a population a thousand times their size. But these people must have time to find each other, time to try expedient [forms of] cooperation—as well as time to have rooted themselves, too, in the various smaller neighborhoods of place or special interest (1961: 133-34).

“Public characters” and “hop-skip” people perform analogous roles, but on different scales. Chiefly, they regularly converse with large numbers of people and, although Jacobs does not explicitly state this, they are people of excellent (virtuous) character—what we are likely to call “civic-minded” people. Their deeds are instances of moral action; they provide crucial links in a network of information and friendship; and they serve as constant sources of education in virtue to adults as well as children, both by their prudent interventions and their by example. In short, they are indispensable facilitators of genuine self-governance.

While the presence of such public characters is indispensable for the moral patterns of the common good, their continued presence itself has its conditions in turn: there must be many of them; there must be practical reasons for large numbers of people to regularly encounter them and each other; they must have *time* on their hands to engage in the conversations which constitute these moral patterns, and enough leisure to attend to the construction and maintenance of this public order. Thus it is that for Jacobs, proprietors of low-turnover stores figure prominently in this group and exemplify it.

Yet there are also economic conditions for the viability of such shopkeepers and the other kinds of public figures who facilitate the common good. There has to be *enough* economic prosperity to free up time from making ends meet for *conversing* with people, introducing them, counseling them, and for reading and thinking things over.

Thus, while the public characters are a first condition for the common good, next comes the economic conditions of their viability. But, thirdly, Jacobs identifies a characteristic unique to cities—their diversity—as the fundamental condition both of the common good in the sense of the variety of personal qualities to be integrated into a “moral pattern,” and of the economic prosperity needed to sustain a sufficient supply of low-turnover establishments. Fourthly, she explores the very practical process whereby diversity itself is produced in cities in her analysis of the systematic and detailed interrelationships among

the four "generators of diversity": (1) a mixture of primary uses in an area; (2) small blocks; (3) aged buildings; and (4) a high concentration of people (1961: 143 ff.).

But the "kind of problem cities are," as Jacobs puts it (1961: 428 ff.), demands more than an understanding of this system of interrelationships of social and economic patterns. It also requires the recognition that the patterns themselves are dynamic. That is, each successful solution to a challenge creates a new challenge which must in turn be faced. And to attempt to stop this process is to make decline inevitable.

To give but one example, Jacobs identifies the "mixture of primary uses" as one of the four generators of diversity (1969: 152-177). By "mixture of primary uses" she means a diversity of things which brings large numbers of people into an area of a city at a variety of times. Offices, factories, residences, shopping districts, places of entertainment and culture (museums, libraries, concert halls), schools and universities are all examples of primary uses. A diversity of such primary uses, in combination with the other generators, provides the conditions for the multiplicity of "secondary uses" such as low-turnover shops, social agencies, and volunteer groups (such as Boston neighborhoods' "Friends of the Library").

But while the four generators give rise to secondary uses, they do not of themselves give rise to the primary uses. Just as importantly, the four generators do not guarantee the continued existence of the mixture of primary uses. Primary uses such as offices and factories, exist in a dynamically changing economic environment. Some grow and need to move to larger quarters; others find the "competitive climate" more favorable elsewhere; still others which once prospered fall upon hard times. In all such cases, businesses move out of the area they once helped to sustain. Workers are laid off, and their mortgage payments, their purchases at small, secondary enterprises, and their contributions to non-profit organizations begin to decline. If these decline far enough, mortgages are foreclosed, shops fail, agencies operate on shoe-string budgets, and public characters are lost. The situation is hardly inviting to prospective new primary uses, and is certainly threatening to those which

remain. Thus a cycle of decline is initiated. Classicist conceptions of the common good are prone to too strict an identification of the common good with a particular institution, such as a particular General Electric plant in Lynn, Massachusetts. But the general failure of a city's dynamism to replace obsolete primary industries with sufficient rapidity is a failure to sustain the common good itself and not just any components that are the focus of classicist abstractions.

For Jacobs, the root problem is to sustain an adequate diversity of primary uses. In the classicist approach to the common good, this supply is maintained by resisting change. But if our notion of the common good is to be adequate to the contemporary dynamic context, what is needed is an understanding of, and a cooperation with, the normative dynamic processes by which primary uses themselves are generated. This would mean understanding the common good itself as a dynamic way of life of a community, conditioned by and conditioning growth and replacement of primary uses.

Hence, in *The Economy of Cities* Jacobs moved on to examine in detail the processes by means of which cities themselves grow in diversity and prosperity: the how of adding new work to old work, of import replacement, of generating new exports, of "breakaway" (or "spin-off") enterprises, and of the "Jacobean multiplier effect." And in *Cities and the Wealth of Nations* she built upon these insights to situate the dynamics of a city's growth within the larger dynamic context of the dynamic interactions among networks of cities. Here she examined the indispensable norm of a city's paying for its imports by its exports; she highlighted cities' need for accurate feedback as to how well they are abiding by this norm; and she raised the controversial question of the role that a city-based currency *could* play in this feedback, and spoke persuasively about the distortions in cities' information that arise from national currencies; she also explored the importance of city growth to both urban and non-urban regions through transplantation of city work. Having argued that too-easy reliance upon government contracts and "foreign aid" loans is a major source of "transactions of decline," she showed how transactions among

underdeveloped cities, rather than dependence upon developed ones, is the medicine of recovery.

Throughout her writing, Jacobs's analysis depends upon careful attention to detail, and so there is no real substitute for reading these works. Yet I would like to cite one illustration of the dynamic growth of primary uses through the processes of "adding new work to old" and "import replacement." The illustration is that of the growth of the Japanese bicycle industry (Jacobs, 1969: 63ff., 148ff.). At the end of the nineteenth century, there was virtually no bicycle industry in Japan. Suppose you were confronted with the task of starting a bicycle industry in such a context; what would you have done? Without much imagination, you would have proceeded to obtain a huge sum of venture capital (including your own money, a sizable loan and stock sales), built a factory and purchased machines of various sorts, hired workers and had them trained. It would have been quite expensive, because you would have had to pay the costs of importing both the machines and the trainers from foreign producers, since they would be the only ones who knew about manufacturing bicycles. And you would have had to carry your debt payments for quite a long time until sales brought profits—if they ever did. This would have made you think long and hard about starting such an industry from scratch.

In fact, this is not at all how the Japanese bicycle industry began. As Jacobs tells the story, it all began with importation of foreign bicycles which inevitably needed repairs. And so for very sound economic reasons there grew up a series of bicycle repair shops, often located in the very stores which sold imported bicycles. But since the cost of imported parts was expensive, repairers gradually began to make their own less expensive replacement parts. First the easiest parts were made by hand-craft, and later specialized tools and machines were gradually developed to make the more difficult parts. This is adding new work to old—first, the work of repairing to that of sales, and then of parts-manufacturing to repairing. So the industry evolved very organically. Gradually almost every imported bicycle part was being manufactured somewhere in Japan itself, and all that remained was to bring them together and assemble

them into entirely Japanese bicycles—all without having imported any machines, trainers, or factories! As the industry grew and was refined through domestic competition, the bicycles were improved to the point where they could be exported and compete successfully with foreign bicycles in their home markets. On account of this two things happened: part of Japanese incomes was freed up from the higher expense of imported bicycles (import replacing), and they had a new source of foreign trade earnings from their bicycle sales. These two financial bonuses combined to make it possible to import other goods, improve their standards of living, and begin the whole cycle of import-replacement anew. Today every knowledgeable cyclist speaks the name, “Fuji,” with a reverent gasp and eyes rolled toward heaven.

I have spoken briefly about two kinds of process-dynamic Jacobs discusses: decline, when primary uses leave and are not replaced; and growth, when new work is added to old work and imports are replaced. There is a third kind of dynamic process, the dynamic of recovery. It may be best illustrated by Jacobs’s analysis of the process of “unslumming.” The modern way of “saving” the slum dwellers has been to tear down slums in large swaths—as was done in Boston’s West End in the late fifties—and put up new, clean projects to replace the ramshackle slums. Jacobs has shown how this only adds to the misery of decline. She looked, instead, at neighborhoods which “unslummed” themselves without the intervention of urban renewal projects. Her discovery was that unslumming occurs when people who *could* leave the neighborhood choose to stay instead; and devote their financial and personal resources to the improvement of their apartments and communities. Their decisions help keep the few remaining shops from going under; they begin the rebuilding of the “social capital” of public acquaintanceship described above; this provides the ground for renewed concern for safety and thus encourages new enterprises to open up, yielding more “eyes on the steet” and a reputation for greater safety, and so on. In short, those who decide to stay set the conditions for more who decide to stay, and eventually for

attracting new people to the neighborhood. Such is the dynamic of recovery.

I have been going into some detail to communicate some understanding of Jacobs's development in her writings, and its relationship to a dynamic notion of the common good. Let us ascend now from details in order to regain a broader view. It seems to me that all of Jacobs's work has a certain methodical approach to it that one can see recurring throughout her writings. Her first step is to *understand* the complex, functional system of interrelationships, be it in the street neighborhood, the district, the economic growth of cities or the transactions among cities. Her second step is to determine the dynamic ways in which these functions transform themselves into new ways of functioning, either in growth, decline or recovery. Her third step derives certain ethical precepts from these sets of understandings. These precepts would include things like:

Thou shalt promote the four generators of diversity.

Thou shalt not turn small blocks into large ones.

Thou shalt intelligently resist the temptation to make a fast buck by replicating successful enterprises, thereby destroying diversity.

Thou shalt undertake decisions which encourage people to stay by increasing the probabilities of their successes.

Thou shalt be "staunch" in thy public institutions.

Thou shalt not spend cataclysmic amounts of money or build out-of-scale projects.

Thou shalt dynamically add new work to old and replace imports.

Thou shalt not undermine spin-offs, but rather give them thy blessing.

Thou shalt pay for thy imports with innovative growth of exports.

Thou shalt not strangle growth with ineffective currency information.

Thou shalt resist transactions of decline.

Thou shalt use thy intelligence.

But precepts are totally ineffective in the real world, unless they are embraced by virtuous people. Their virtues include classical one like honesty, generosity, courage, friendliness, and so on, that are essential for the maintenance of the "lively" sidewalk community. But these traditional virtues also need to be complemented by more contemporary ones such as enterprise, innovation, and, above all, a love of diversity itself as a challenge to economic and cultural creative integration. Finally, virtues such as love of one's neighborhood, love of one's city, or love of the world out of love of God, are also needed: Why else do people stay in a declining situation when they could leave for greener pastures? People who *voluntarily* (which in this case also means virtuously) stay in a neighborhood or city which has declined do so with a clear sense of accepting the relative deprivations and even possible sufferings such a choice entails. And so the last virtues mentioned are the basic source of all recovery.

And so we eagerly look forward as Jacobs is now turning her careful attention from the economic underpinnings of the common good to ethical systems of virtues themselves, along with their sets of dynamic processes.

POSTSCRIPT

In her remarks following the presentation of the foregoing paper, Jane Jacobs voiced some reservations about my praise for the notion of "the common good." (See her response to this paper, below, page 188.) If I understand her rightly, the reservations have less to do with the substance of my interpretation of the common good, than with certain uses of the phrase, "*the common good*," to justify the *necessity* of a single person's (or perhaps an oligarchy's) pretense of already *knowing* what the concrete common good is, and to legitimate their power from above to impose its implementation. Her prime example was Robert Moses and his use of the metaphor (made famous by Lenin) of the "omelette" for *the common good*,

and the need for “breaking a few eggs” (that is, people’s and neighborhoods’ lives) in order to produce it.

Clearly, my interpretation of the common good along the lines pursued in Jane Jacobs’s work runs counter to the Robert Moses approach. In fact, Moses’s approach seems to epitomize what I have indicated as the “limitations” of the classicist or merely abstract conception of the common good. So I agree whole-heartedly with Jacobs’s excellent point insofar as the phrase itself, along with many of its historical connotations, have a built-in tendency toward classicist abuse. Perhaps this is why Bernard Lonergan did not employ this phrase in his account of the functional invariants of communal life but instead spoke in more broad terms of “the human good” (1959: 21-93; 1972: 27-55).

The latter phrase has the advantage of including the participants in their concreteness (the “human”) rather than suggesting some “common” quality to be abstracted by compact, classicist conception from the rich, concrete diversity of any real community in order to be made the exclusive possession of one or a few powerful people. More importantly, Lonergan’s explicit explanation of “the human good,” has several notable features which parallel Jacobs’s concerns. First, Lonergan thinks of “the human good” as intrinsically dynamic: the “human good as *developing* object” (1959: 21). Second, the several aspects of the human good (for example, capacities, skills, roles, institutions, the good of order, personal relations, and so on) are cultural invariants to be understood by means of their functional and emergent relationships to one another. Third, the developing human good for Lonergan is always a matter of human beings constituting the good of their common living through their own insights, judgments, and decisions; it is not of something basically made by someone else apart from that common life. Fourth, the human good shares the qualities of its component Lonergan names “the good of order,” inasmuch as it

consists in an intelligible pattern of relationships that condition the fulfilment of each [person’s] desires by [their] contributions to the fulfilment of the desires of others ... This good of order is not some entity dwelling apart from human actions and attainments. Nor is it some

unrealized ideal that ought to be but is not. ... [Rather,] while the practical common sense of a community may be a single whole, its parts reside separately in the minds of members of social groups, and its development occurs as each group intelligently responds to the succession of situations with which it immediately deals" (1958: 213; 223).

Finally, Lonergan does insist upon a differentiation of roles within the human good and attaches crucial importance to roles of explanatory (or theoretical) understanding and reflection on the level of culture to promote the critical evaluation of a community's meanings and its mediation of God's grace, but not in a manner inconsistent with Jacobs's concerns. He too was upset that modern academics typically have been seduced by the lure of planning and the exercise of power; ecclesiastical authorities have all too often equated preaching the Gospel with exercising control, and he was opposed to these ways of institutionalizing those roles. Instead, Lonergan regarded real education—which would include education to the kinds of insights Jacobs has had into functional invariants—as the real basis for promoting the human good.

Jane Jacobs's Response to Patrick Byrne's Presentation

Jane Jacobs: This is a very peculiar experience. It is like listening to your own obituary—but of course more cheerful. This is very hard to respond to. I would like to say one thing about the common good. I think that there are an awful lot of people who are not thought to think much about the common good, maybe seeming to be bound up with liberal individualism and so on, but who turn out really to have quite an idea and quite a concern for the common good. You find that out when there are neighborhood fights, or reasons to bring the topic up. It is in the background of an awful lot of people. Self-appointed exponents of the common good have done an awful lot to ruin the notion of the common good. Many of them have gotten it mixed up in a strange way with omelettes. Robert Moses did more harm to New York City than any other hundred men you

can imagine put together. One of his favorite sayings was, "You cannot make an omelette without breaking eggs," and the omelette was the common good, and the eggs were the people who were broken. If you protested that people were not eggs, and that this was a false analogy—or however you tried to reason about this—you were called selfish. And there has been quite a long era when people who really are concerned concretely with the common good, in a way that was understandable and tangible to them—and very validly because they were worried about their family or their neighborhood or their city—were called selfish because they were concerned with those things instead of some abstract "common good" that was defined by the omelette makers.

So you can see why I am a little worried about such words as "common good." I am not worried about the idea as I think all of us here would define it or feel it. It is absolutely necessary, and I am sure it is important to all of us. But I am worried about two words as generalized and as abstract as that, which can be corrupted so easily, and turned against the common good. I do not know what the solution to this is. We do not need to replace the word, "good." But people understand when you say "the neighborhood good." That is not so abstract. "The good of the city," that gets a little more abstract, and you can "justify" a few more eggs broken, usually wrongly. And the bigger and more abstract the subject of this "good" gets, the more easy it is to make it a grindstone for somebody's axe.

I do not know what we do about that kind of thing. It is a very important concept and I am awfully glad you talked about it. We have almost lost our way of saying anything about it. We can be cynical about it. But anyhow, thank you very much.

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RESPONSE TO “SYSTEMS OF ECONOMIC ETHICS”

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The work of Jane Jacobs both in social economy and in the ethics of making a living gives us a wonderful example of what Bernard Lonergan means by normativity. To recall that meaning, think of his oft-repeated phrase with regard to human conscious intentionality to the effect that its dynamic pattern of operations of experiencing, inquiring, reflecting, and deliberating as we come to know is “immanent, operative, and normative.” This means: (1) It is intrinsic to the verifiable intelligibility of the concrete unfolding of human knowing. (2) It is actually at work any time we know. (3) There is an exigence built into our consciousness for us to attain knowledge in this way: we ought to operate this way because, if we don't, we won't come to know anything.

This sense of normativeness for Lonergan also brings to mind his use of the word ‘normative’ in relation to the three kinds of objectivity in *Insight*. They are proper to the operations of our conscious intentionalities whenever we truly know. There is the empirical objectivity proper to being attentive; the *normative* objectivity proper to being intelligent; and the absolute objectivity proper to being reasonable and responsible. These kinds of objectivity are combined whenever conscious intentionality does what it is built to do by nature as we ask and answer questions. By inquiring, reflecting, and deliberating about data we transcend ourselves sensitively, intentionally, cognitively, and really. But the component of normative objectivity has to do specifically with the way we grasp the intelligibility immanent in the data as sensed and imagined by understanding the nature of what we are inquiring about. *Insight* satisfies the inquiring mind by cutting through irrelevant or incidental aspects of data to the significant variables—the relationships in the matter under investigation that constitute this kind of thing instead of something else entirely. To return

to what was said earlier about the normativity of experiencing, understanding, and judging, this patterned set of operations constitutes the nature of our knowing as human. It is possible for that nature to be violated in the concrete, but if we do violate it, then we aren't knowing.

The point of these remarks is to draw our attention to a precise sense of the intelligibility apprehended by acts of understanding as having a *normative* character. This sense of normativity is what the ancient philosophical contrast between *physis* (nature) and *nomos* (convention) was all about. When human beings are trying to get their bearings in life they need to sort out opinions about what's what to discover the opinion that is true or correct because it is not just a matter of opinion, or arbitrary preference, or mere human agreement, but hits off the *nature* of what is and so reveals what is 'right by nature.' Something known in this fashion sets the standard for opinion and the norm or measure for conduct.

Consequently, if some set of correlations constitutes the *nature* of something, it specifies a principle of the kinds of motion (change) or rest which this sort of thing undergoes when it's working the way it's built to work. This is of course just a way of saying that what "ought to be" is grounded in what "is" or in nature. According to Lonergan's transposition of this idea of nature as normative, sets of verifiable correlations specify the limits of the flexibility proper to individual or social schemes of recurrence. To the extent that people are behaving in a way that is attentive, intelligent, reasonable, and responsible, these verifiable limits or patterns as natural supply the framework of "realistic expectations," or rational courses of action, and hence, of values.

Note that this use of the term 'normative' stands in stark contrast to the currently dominant usage that is ultimately rooted in the thought of Kant and Nietzsche. This usage has been domesticated for academic consumption and for use in social scientific discourse by the great founder of modern sociology, Max Weber. This use of 'normative' entails the assumption that there is a split between facts and values. This split, in turn, grounds the distinction between science and

politics. Science lays bare the facts of social and economic reality, but politics promotes social policy and action on the basis of values that are grounded either in the ethics of conviction (The Sermon on the Mount or Kant's formalistic ethics) or in the ethics of consequences (pragmatic realism). Scientific rationality tells us the facts and so is *descriptive*. Politics implements values and so is *normative*. But science can never provide rational grounds for values, since values are ultimately arbitrary and irrational.

What is so refreshing about Jane Jacobs's work in economics and in ethics, then, is her attachment to verifiable intelligibility as normative in the determination of the absolute that is to ground behavior and guide consensus. In the economy of cities there is an intelligible relationship between imports and exports; and this intelligibility has normative implications: you have to pay for your imports. If your economy is going to flourish, you have to start replacing imports by producing them on your own, and so on. For Jacobs, normative precepts arise from a correct understanding of the nature of the city economy.

Similarly with Jacobs's ethics of making a living. What Jacobs has been trying to discover are verifiably distinct ways of making a living that define the basic options open to human beings, so that when we concretely exercise the cardinal virtues such as responsibility, courage, and good judgment in relation to the production and distribution of the material fabric of human existence (that is, food, shelter, clothing, entertainment, and the material underpinnings for education, art, and religion), it will usually be within either of these two patterns of raiding or trading.

Jacobs hypothesizes that the raiding and trading ethics are distinct because they have their specifically different intelligible relationships to basic survival systems. Hence, they ought to be kept separate and allowed to function in their own appropriate contexts. For example, what is fitting in commerce or in the give-and-take of parliamentary procedure in accord with trading ethics would be inappropriate and even destructive in an area like the military services, where raiding ethics rules. Marine

training turns trading citizens into raiders, and that's not necessarily unsuitable.

In her critical remarks on Alasdair MacIntyre's tendency to exalt the aristocratic or raider ethic over the values embodied by the trader ethic, Jane Jacobs invokes the normativity entailed by the kind of contractual morality at the heart of modern theories of natural right. She doesn't understand why MacIntyre does not acknowledge what she admires about the democratic ethic so neatly expressed by Abraham Lincoln in his famous debates with Douglas: "As I would not be a *slave*, so I would not be a *master*. This is my idea of democracy. Whatever differs from this, to the extent of the difference, is not democracy."

Here I think we also see Jane Jacobs's proclivity towards trader ethics rather than raider ethics, even though she is bending over backwards to make the best of the latter. Her main point in these talks is that making a living requires both ethics. We need to understand this and to appreciate the limits of this viewpoint.

The truth of what Jacobs has discovered about the ethics of making a living is that making a living for her is related to the sphere of what Aristotle called *ascholia*: the occupational side of life that is concerned with the work necessary for getting what we need to sustain life as physical, chemical, and biological. It is a sphere of continuous necessity set by the compulsory requirements for material needs to be fulfilled. It is distinguished by Aristotle from *scholia* or leisure, which is the aspect of human life that is free from the need to make a living: what we make a living for.

If I am correct that Jacobs's 'making a living' along with the two kinds of ethics relevant to that sphere may be given such a circumscribed meaning, then it is clear that taken singly or together, trader and raider ethics are partial or elementary perspectives rather than integral or comprehensive ones. They correspond to the economic dimension of the good of order; and so they are governed by but do not themselves embrace the fullness of 'the good life.' To go beyond the issues cognate with making a living to ask about the good life would involve going beyond the standpoint of economics and entering the political

domain to inquire about the highest and most choiceworthy ends of human living. Perhaps Jacobs's cardinal virtues also mediate between the economic and the political dimensions of human society; perhaps the political is to dispose of the economic. Even so, this would not deny Jacobs's sobering point that we can't live the good life without understanding and respecting the intelligible demands of making a living.

Jacobs defends the bourgeois virtues not simply on utilitarian grounds, but as indispensable protection for rational as opposed to merely arbitrary legitimacy based on sheer power. It remains that neither raider nor trader ethics as geared to making a living offer a comprehensive horizon for asking and answering the question about the good life overall. Jacobs's belief in the natural freedom and equality of all people is evident from her life-long concern for city life. But I would say that the grounds for justifying this belief lie beyond the scope of the ethics of making a living. Aren't they rooted instead in the moral and political horizon that classically wonders about the right way to live in a way that regards the higher and nobler ends that need to be justified as choiceworthy for their own sakes and not simply on account of material values? I am sure Jane Jacobs would be inclined to agree.

Indeed, her whole orientation in her investigations into cities, their economies, and the ethics of making a living seems surely to be based upon what *The Federalist* described as the experiment in self-government—the ideal of government based upon reflection and choice instead of accident and force. Her message is clear: If we are to govern ourselves in regard to all that goes into making a living, we need to understand these two ethical patterns and take them into account. But we go on to ask, "Mustn't we do this in light of something else higher and more integral?" If, say, one were faced with having to choose between raider loyalty and trader honesty, how should one reasonably proceed? Surely, one would have to go beyond the horizon of raider and trader ethics as presented in Jacobs's lectures and enter the realm of the ethical foundations of democracy.

Not only Jacobs's response to MacIntyre, but her entire life's work serves to highlight the goodness and strength of liberal democracy. But I am not sure how aware she is about how the original theoretical foundations of liberal democracy may actually favor the raiders in this life over the traders, and promote the social dominance of the Robert Moses types in the end. As a matter of fact, in the conceptions of Hobbes and Locke, liberal democracy goes hand-in-hand with a conscious lowering of the ends of human life from the lofty heights of religious or philosophical transcendence to a more attainable comfortable self-preservation. Within such a trajectory, the social contract is ultimately a calculating one in which raider-like power stands a good chance of prevailing over trader-like fairness in the long run.

Still, I feel sure that Jane Jacobs does not want the raiders' strategic behavior based on the capacity to keep other individuals or groups from perceiving their interests to win out over an exchange-based formation of consensus in which people affected by the public exercise of power have a say and are given a hearing in the civil conversation. However much we have to vigilantly keep raider and trader ethics in their rightful places, it would seem that the ethical and cultural conditions needed for self-government through civil conversation transcend the perspectives afforded by the two kinds of ethics entailed by making a living.

Be that as it may, Jacobs's approach still has an overwhelmingly salutary effect. People who affect high-mindedness often fail to come to grips with the intelligibility of the nitty-gritty of making a living that, when all is said and done, supplies the underlying conditions for the enjoyment of higher operations of mind and spirit. On the other hand, others treat the nitty-gritty as if that's all there is, and so they mishandle the issues and trivialize and brutalize whatever and whomever they set out to manage. But for Jane Jacobs the higher things in life and the freedom and dignity of human beings in their aspirations and striving often go without saying even as they seem to be what motivates her to investigate the nitty-gritty in such humane and liberating ways.

Jane Jacobs's Response to Panel Discussion

I much appreciate what you have said. I have learned a lot very fast. Your thoughtfulness, and good examples, and originality I appreciate so much.

Let me begin by saying that I think there is more than a third thing missing. I think that there is a third, a fourth, and a fifth thing. There may be more than that, but there are those. And you two are talking about the same third thing, I believe; and you, Fred are not talking about the same third thing; let's call yours a fourth.

The third thing that you two are talking about is very necessary and very practical. When you were telling these examples of people in these systems that really are not made for being productive, or honest, or whatever, and their wonderfully constructive and ingenious push towards being productive and honest anyway—and it can even be done within the system by the negotiating—this is very heartening, and it also indicates that these are natural ways to be. This is not just artificial. The situation, if it is to be responded to constructively, impels this kind of thinking. As you said, the Ik did not know about this, they did not know that they could act that way, and I think that the third kind of thing that you two were talking about is terribly important, and it is experience with both sorts of systems, and imaginative identification with both sorts. I think when people are able to do that that then they can act in a third way; they can be a bridge. It is the kind of people we need for presidents of the United States. If they cannot be that third sort of person, they are going to be in bad trouble.

We get it a lot in our literature—even children's literature. You live with Robin Hood's band, and if you do that as a child, you have a sympathetic understanding of the raiding life, even when it is not legitimized. You live with Dick Whittington, and you hope that the trading voyage is successful, and that this poor orphan boy's hard work and hopes pay off. And you know that

luck has something to do with it too. You identify with him. You identify with all of these different worlds, and if you start that young enough (and we do it without even thinking about it a lot of the time), then you grow up, very possibly, as this third thing, and are able to function like the people talked about. I think that the more such people there are, the better. The opposite are those I mentioned, like the one who wants to reform the police forces. He is a wonderful man. He is a friend of mine. He is very good at what he does, but he cannot possibly sympathize, or imaginatively put himself into this other situation. So I think this third thing can embrace both ethics and put bounds on them both; it can understand self-restraint in both systems, and does not hate one system or the other, or refuse to acknowledge that it is valid.

Now, the thing you are talking about, Fred, is what I criticized philosophy for—concentrating too hard on the virtuous life, and virtuous ruling. Not that they are bad things to concentrate on, but this shouldn't be at the expense of saying, "Oh, this is a lovely thing," and pushing the other characteristics out of the way. This fourth thing is what I call non-economic values. We get into a great mistake if we think that we can look from an exclusively economic viewpoint at how to make a living and at what is right in various situations, not just to keep ourselves going, but even keeping the common good going as if that embraces everything. It does not at all. The things that are most important to us as people are not economic at all. They are left out of it.

Let me give a kind of shocking illustration. There are various ways to look at sex. You can look at it through a raiding point of view: that would be rape, or the selling of brides without their consent. You can look at it through a trading approach: that would be prostitution, or marrying for money, or for a title. Now those are not the only ways that you can look at sex. We are not very satisfied with those. You do not lead a very good life if you are satisfied with either of them. There is a way of considering sex that has nothing to do with either the raiding system or the

trading system. But a person who fits into one of those configurations can have this entirely non-economic view about sex that is much more important to him or her, probably, than their economic life. You regard your children and your friends in ways that do not fit into raiding or trading. In fact, all kinds of love relationships are corrupted if you try to make them raiding or trading things.

So that is a fourth thing that I do not think you can even fit into the third one we were talking about. It is outside. We must recognize that the best things in life have nothing to do with economics. They have nothing to do in an abstract way even with our responsibilities to our societies. So I think that to acknowledge that and understand that, and not try to warp life into the sheerly economic world is necessary. But you cannot make this life that is outside economics substitute for economics, either. But you do not have to keep it separate in the same way that I think you have to keep raiding and trading separate. It can infuse either your raiding life or your trading life, and is non-corrupting in infusing them; but they are corrupting if they infuse it.

Then there is another, fifth thing. I do not think that either raiding or trading is in a very advanced state of development, considering what we are obviously capable of. In either the raiding system or the trading system, you can see some instances in which either one transcends itself. And they become a far greater good in themselves than we customarily see in their operating. The raiding or ruling system can sometimes be instances of stewardship, in the best sense of the term. And we need that. This is why we need raiding, why I did not end up thinking, as I did in the beginning, "Gee, it would be nice if we could get all of this raiding out of our lives." I do not think that trading is fitted to transcend itself into that sense of stewardship. The church, when it is a good shepherd, is transcending itself into that stewardship, and out of the kind of organization that just comes out of the raiding tradition. It can be the good steward too.

You also occasionally see this in the trading system. I think of it as trading across time. The good stewardship is thinking of posterity, of course, and is honoring predecessors. So it is honoring time, and time is the other ingredient that comes in here in both of them. Regeneration is what you sometimes see built into the trading system. You do not just log the forest. You log it selectively so as not to ruin the forest, and all of the life that is depending on the forest, and you also plant replacement trees. Now, that is trading with the earth, that is not just taking, and it is not trading with another person. It is trading with the environment and with the future. We have so many debts to the past; we all know that we would be nothing without our societies; we would be nothing without our languages; we would be nothing if somebody had not given us birth and taken care of us when we were little. We owe everything, in every sense, to the past. Those are debts, if you are thinking in trading terms. Those are not things that you just picked up. They are debts. And there is no way in the world that you can pay debts to the past. You can only repay those debts by giving to the future, trading with the future. You can only repay your own birth and upbringing by another generation, and if not directly your children, then by being part of the context for the younger generation. That is the only way.

Now, if you think of trading across time in that way—that you have incurred debts from the past, that you pay them to the future, repay them, you might say, by moving them on to the next generation in a constructive way—to do that, you constantly have to bring into the trading ethic the notion of regeneration, of always repairing, always renewing, as part of the trading operation. The two of them, the notion of stewardship out of the raiding ethic and the notion of regeneration and trading with the future out of the trading ethic, converge here—which is not impossible. At its best, it is that way; or it is possible that they converge and become almost the same thing, or at least mutually supportive. And in a way, that may be another, fifth, kind of thing.

I think that, if we can keep out of the worst traps possible as human beings, and do not drive ourselves to extinction and so forth, that we will never be perfect, but we can realistically hope that maybe the human race will go a little more in that direction. Anyhow, that is what I hope.

And I thank you all so much for what you have said.

SOME FURTHER REFLECTIONS AND COMMENTS: A LETTER

*Patrick H Byrne
Boston College*

Prof. Patrick Byrne of BC's Philosophy Department kindly shared with me a letter he wrote to Jane and Bob Jacobs soon after our Conference. He has graciously consented to my editing it for publication with this volume. It conveys the gist of his original comments on Jane Jacobs's work as well as observations in response to her comments which appear above. Editor

April 14, 1987

Dear Jane and Bob:

I want to thank you for your visit, Jane's talks, and your insightful remarks this past weekend. It was certainly one of the highlights of my year, and I think I speak for a wide cross-section of those who attended the sessions. ...

First, I want to restate the comments I made at the panel discussion on Saturday about your functional, interrelated account of the virtues which is so unique and important; the account of systemic corruption; and the "heuristic" potential for this analysis to release all sorts of new insights. My experience has been that most people think about economic/ethical problems from the viewpoint either (a) that whatever the market will bear is OK, or (b) that personal greed is the root of all evil. Neither gets to the systemic root of the greatest problems, and your approach is really enlightening and liberating—especially through its concrete illustrations. ...

I was quite excited by your "third, fourth, and fifth things," but the "third thing" I was talking about is different

from yours. There might be some benefit in trying to clarify the similarities and differences.

I was raising an issue already present in your references to the necessary "symbiosis" of the raiding and trading systems; in your phrases, "human enterprise" and "human nature," which indicate something not limited to either raiding or trading; and in your list of common virtues. These elements all point to at least a third thing, which is definitely not a third "system of ethics" parallel to raiding and trading; nor a "third way" such as Solidarity in Poland. It is what Lonergan, unfortunately perhaps, called a "higher viewpoint." The term "higher viewpoint" may suffer in ways that "raiding" and "the common good" do. I was much impressed by your comments about the term, "common good," and I trust you recognize that my usage differs from that of Robert Moses or the authoritarian degeneration of the common good tradition in the late medieval period. It is striking how Lonergan himself shifted from speaking of "the common good" to analysis of "the human good," characteristically transforming the idea as well as the term.

In *Insight*, chapter VII, Lonergan argued that "common sense" needed to be infused with a "higher viewpoint": without it common sense would never be able to surmount shorter and longer cycles of decline. Ultimately, the highest of the "higher viewpoints" was an influx of self-transcending love. In your papers you depict the "common sense" of raiders and traders. Traders (like some of the people asking questions from the audience) just don't have the common sense of raiders; they cannot comprehend them and they don't like them. And vice-versa. I am convinced that your third, fourth, and fifth things are "higher viewpoints" in Lonergan's sense. Especially the fourth thing of the trans-economic values (love, friendship), and the fifth thing of stewardship and trading with the future clearly involve what Lonergan meant by self-transcending love. They go beyond the present and immediate as apprehended by one or another limited, commonsense viewpoint toward the "longer view."

Another aspect of this self-transcending love is really what Lonergan dedicated his life to. Rosemary Haughton has said

something you yourself would probably say (maybe even have said): "When you truly love something, you care enough about it to *really* understand it." Not love alone, but understanding born of love is the point here. Your third thing, "imaginative identification with both sorts of systems," requires a *love* of learning about the two systems through literature and arts, travel and association; other motives will probably not lead to understanding, but just to information storage.

You were right in saying my "third thing" was like yours. In fact I was only talking about one relatively small but very important "higher viewpoint" and you went far beyond what I would have tried to raise in the short time we had. I want to reflect on the difference in our third things because the integrated diversity of these higher viewpoints is also very important. My concern is for a higher viewpoint that has to do with the *kind* of understanding needed to facilitate and mediate the relationship between raiding and trading.

There is a kind of understanding born of "imaginative identification" with both ethical systems, and people who have attained it are tremendously valuable. But there is *another, distinct* kind of understanding which is not spontaneously born of imaginative identification, though it cannot come about without imaginative identification. I am sure it is *your* kind of understanding—what I kept characterizing as "functional, interrelated, dynamic." Lonergan called it "explanatory understanding." It can help mediate between raiders and traders because it comes from a pure love of intelligence, of figuring things out, and an ability to discover functional relations which have an "invariant" intelligibility to them, so that they can be realized in all sorts of diverse ways. Because of its concern with "invariant intelligibility" this type of understanding is important for overcoming the various types of systemic decline rooted in a certain ignorance of long-term future consequences. A *true* grasp of invariant intelligibility (for example, the pattern of import-replacement) is a basis for knowing what will continue to function in certain patterns in the future, and so for realizing its consequences for growth, decline, and recovery.

I used the theory of relativity as an illustration of explanatory understanding because the theory of invariants (technically, "co-variance") is at the heart of this science. I ended my comments by saying that my "third thing" would involve answering the question, "What are you doing when you're being Jane Jacobs?" because your work is so filled with understanding of this sort and with repeated references to the importance of this kind of understanding. In responding, you gave a much deeper answer to that question than I could have hoped for.

I hope you don't mind my constant reference to Lonergan here. ... I am convinced that our ability here at BC to grasp the importance of what you've been doing was prepared by what we learned from Lonergan: not just his canonization of you as "Mrs. Insight," but what we learned about ourselves from him concerning love, understanding, and their importance to the human enterprise.

Now let me say a few things that I didn't get to say at the Conference. The first has to do with Alasdair MacIntyre. As Fr. Flanagan said when we first read your criticisms of MacIntyre, "I can see Jane didn't realize we think *After Virtue* is an important, but limited, context." Here at BC we've become very preoccupied with the pernicious historical consequences of notions of individualism and of contract law, so we read MacIntyre in the best possible light, insofar as he is concerned with a "wrong turn" whose date is something to be settled by historians, and not central to my point which concerns John Locke. As an undergradate I read Locke, but never really thought of him as a shaper of the culture I was living out of. But as a grad student, I had a part-time job as a research assistant to the late Benjamin Nelson, professor of sociology at the New School for Social Research, and a sociologist of the older, European style. He read about everything, from ancient China to medieval science and medicine, and from Islamic religion to the origins of double-entry bookkeeping in medieval Jewish customs. So I read about those things too. (That's where I really got my graduate education.) One project he had me working on involved reading eighteenth and nineteenth century books about

principles of law used in Great Britain. I was amazed to discover that John Locke was quoted on practically every other page. When I went to tell Prof. Nelson about my discovery, he, of course, already knew about Locke's profound impact upon the way Anglo-American law, including contract law, has developed.

But isn't Locke's way of formulating individual rights—*especially* property rights—as legal principles a raider formulation? If you look at the section, "Of Property," in his *Second Treatise of Government*, you see that property is legitimated through the labor of picking up what is already there. There's more to it than this, and Locke may also have been trying to get the raiders (Stuart kings) to stop making a mess of things. But Locke's principles didn't completely do what he wanted them to do. Instead of formulating an independent trader system of virtues, he added a set of trader virtues to a raider context. In this, he was the student of Hobbes, and Machiavelli before him. So to the extent that MacIntyre has something like Lockean individual rights in mind when he speaks of the "wrong turn," he's not really talking about individual rights and contract law as you mean them, but about the systematic corruption also at work in a very powerful and influential tradition.

I think what you are drawing our attention to is not Locke's ambiguous idea of contract but the complex and spontaneous development of modern trade out of the late medieval and renaissance periods. "Individual rights," as you have argued, are essential to this, and a very positive thing rather resisted and suppressed by a "common good" tradition corrupted by its inability to think functionally and dynamically. But your meaning of "individual rights" is neither Locke's nor the "first language of individualism" of *Habits of the Heart*. For you "individual rights" are defined functionally by their role as they function in the system of trader virtues, and not by the raider notion of labor as "picking up what is already there."

So what is the meaning of "individual" here? I think you've gone to the heart of the matter in saying that MacIntyre wants to define rights completely in terms of social role. You say this was Aristotle's way, but you may have been misled by

MacIntyre. Aristotle *did* define virtues by means of social role (and sometimes in ways we must regret); but he also defined the virtues as “perfections of human nature.” This somewhat parallels your concern for the requirement of “individual rights, quite apart from their Aristotelian social roles.” Human nature is irreducible to social roles, even for Aristotle. This does not come out in MacIntyre because he says that in order philosophically to retrieve any real sense of virtue, we have to break with Aristotle’s presupposition of a “metaphysical biology.” (p. 139) He never exactly says what he means by this, but I’m pretty sure MacIntyre thinks that modern biology has replaced Aristotle’s teleological explanation in terms of a metaphysics of potencies and their perfections. No biologist today would concede the explanatory value of a biology as a theory of souls and their perfections. Therefore talking about virtues as perfections of the human soul is eliminated by modern science. The only “rational” basis left for virtues is social roles.

I think MacIntyre is mistaken on this. Most centrally, he has missed the presence—albeit underdeveloped—of a functionally interrelated approach to the account of the human soul in Aristotle. He has also not grasped that a functionally interrelated *and* dynamic account of the functions and operations of human consciousness and the natural dynamics of questioning and understanding (which is missing in Aristotle) can, with great versatility and concreteness, do for our day what Aristotle tried to do for his. In short, there can be a meaning of individual rights (and contract law) which grounds the meaning of “individual” in this way rather than in the distorted Lockean account.

I want to say something about your remark on the two major questions of philosophical ethics: “how the individual may lead the virtuous life, and how society should be virtuously ruled.” You are correct in saying that “who should rule” is a preoccupation of the philosophical tradition. Whether it, or the question how to *live* (versus who should rule) is the predominant strain in the tradition is a good question. They do have a kind of “symbiotic” relationship which makes it necessary to consider one in order to answer the other (just as raiding needs trading

and vice-versa). Plato himself, in *The Republic*, ultimately answers the question, "Who should rule?" this way: "The philosopher, of course!" Most Plato scholars insist that this answer cannot be taken at face value. Plato begins with a LeCorbusier-type game of "building an imaginary city" in which the "guardians" (raiders) moderate the rest (the trader-minded). This phrase certainly seems to fit what you said. However, this just focuses the question of the proper education of the guardians, since the kind of education the Athenian aristocrats actually received only made them despoil the city's traders. While the raiders are supposed to moderate the traders, the problem of moderating the raiders becomes the crucial one. For Plato, this comes down to proper education into the "higher viewpoint" of "THE GOOD," which is prepared for in an indispensable way by education in mathematics—the paradigmatic education in thinking in terms of functional interrelatedness.

So who exactly should rule? Those who have been infused by higher viewpoints and can really serve the human enterprise. Do they have to be aristocrats (raiders)? Here are a few possible thoughts. (1) *The Republic* itself is clearly addressed to aristocrats—in fact, Plato's own brothers, Glaucon and Adeimantus. It is calling *them*, and anyone who wants to be Plato's brother or sister, to a life guided by something more than raiding alone—raiding transcended into stewardship. (2) Why the LeCorbusier game of urban design? Because Plato knew his aristocracy well, and wanted to deceive them, entice them, capture their interest by using the raider traits to push the raiders to transcend themselves, and by slowly opening them up to infusion of the higher viewpoints. Something similar happens in other Platonic dialogues, like the *Meno*. (3) This is a natural approach, since after all the aristocratic-raiders were the only ones in Athenian society with enough leisure and time to pursue such higher viewpoint-type thinking. (4) *But* there is a notable exception in the *Apology* of Socrates, where Plato presents Socrates as having tried to infuse the whole of Athenian society with higher viewpoints. All the aristocrat-raiders are presented as hopeless—religious figures, politicians, poets, and so on—but a

ray of hope shone in the *artisans*, because they actually understood what trading was all about. Socrates ultimately despaired of them as well, but only because they did not stick to trading, but had all sorts of ill-conceived ideas about ruling. In fact several scholars argue that Plato uses the kind of understanding found in trading as the basis of his whole emphasis on intelligence as the guide for living the good life. Of course, a wily raider like Plato would not come right out and tell other aristocrat-raiders that he had learned something important about understanding from imaginative identification with traders. He'd have to sneak it in on them.

Well, this is already long enough, and I'll have to bring it to a close. Thanks once again for your wonderful presences. Until we meet again,

Cordially,

Pat Byrne

SYSTEMS OF ECONOMIC ETHICS

Jane Jacobs

PART ONE

I feel both grateful and humble to have been invited to give these lectures which memorialize Father Loneragan, so great and good a man. Father Flanagan and Dick Keeley have been most kind and hospitable in offering me the opportunity to explore with you an idea I have in process.

The idea is this: that in everyday life our societies employ two different ethical and value systems very distinct from one another. Not one over-riding system of everyday right and wrong as it would be more comfortable to believe, and not innumerable systems either as moral relativists suppose, but rather two systems that have arisen for good reasons and that recur and endure for good reasons

In this first talk I will outline the two systems. Tomorrow I plan to describe how the two systems corrupt each other by failing to keep their purposes separate, and how failing to recognize the two systems abets ethical breakdown.

After each of these presentations, I hope you will ask questions about matters I leave too unclear or seem not to have considered. I hope you will express your doubts, disbeliefs, or possibly outrage about what I have to say. The same goes for contradictory information, because my learning is only too limited, both in breadth and depth. I promise I won't be offended by anything whatever you share with me on the subject, but on the contrary will be grateful for your candor.

The reason we have two different systems of everyday ethics goes back to a basic economic reality of the human condition. Unlike any of the other animals, we possess two fundamentally different approaches to making a living.

On the one hand—and here we are roughly analogous to the other animals—we can simply take what we need or want without by-your-leave, depending on what is available. The primitive prototype would be a band of hunters and gatherers in the wild, working their territory for what it yields more or less ready-made. As a kind of shorthand, although I am not fully satisfied with the term, I shall call this approach and its many later derivatives and offshoots “raiding,” its ethics and value code “the raiding system,” and groups that live by this system “raiding configurations.”

On the other hand, and here we human beings are unique, we also possess a second and different approach. We can assemble or produce certain items, or provide a service, and by voluntary negotiation and agreement, exchange what we have for other things we need or want, again depending on what is available. The prototype in this case is a simple market or fair where sellers come, set out their wares in confidence these won't be seized, haggle with buyers, and come to agreements. I shall call this approach and its many derivatives and offshoots “trading,” its ethics and value code “the trading system,” and groups that live by this system “trading configurations.”

Both raiders and traders alike seek to make their economic approaches prosper, but here we must think about the phrase, *depending on what is available*.

The trading approach to economic life, when it is successful, multiplies what is available by adding new kinds of products and services into trade. As a by-product, volume of trade expands too.

Not so with the raiding approach. Consider that band of hunters and gatherers. They can multiply what is available by expanding the size of their territory. To do this, or to prevent other bands with the same idea from encroaching on theirs, hunters must also work as warriors when need be.

Now I am going to take a big jump from primitive hunter-warrior bands to much more highly developed configurations that preside over territories. These need warriors too, but along with them successful tax or tribute gatherers and successful rulers. Falling within this great family of activities in our own

time are governments, especially national and imperial governments; military forces; intelligence agencies; police and many other regulatory bodies; the bureaucracies these functions require; and landed aristocracies and gentries in societies where these exist.

All these configurations revolve around territories and jurisdictions—around acquisition, defense, control, exploitation, or protection of territories and jurisdictions. All of them are eternally prepared against foes, whether internal or external.

Much the same is true of certain other modern configurations which are illegal: for instance, guerrilla bands and organized terrorist groups and well-organized criminal groups such as the Mafia. Economic monopolies, whether legal or illegal, fall into the group. So do such folk organizations as street gangs.

What this whole bag has in common, besides preoccupation with territorial control and territorial threats, is their system of everyday ethics and values.

The most important virtue is loyalty. This is the bedrock for all raider configurations. It is a very ancient virtue, if for no other reason than that armed men are inherently terribly dangerous to one another. As comrades, armed men need bonds of loyalty so strong and so much valued that these cannot be broken in the heat of anger, or under pressure of greed, envy, jealousy, or any other temptation to do in a brother-in-arms. And of course in times of danger they must also feel they can depend on one another utterly—whether they are hunters, warriors, police, intelligence agents, or members of successful gangs.

To be sure, this primary virtue of loyalty is often transgressed. But transgressions must be kept in hand. Members have to be acculturated or indoctrinated in loyalty, if possible until it is second nature as we say, and transgressions must be punished. Sovereign states thus rank treason as the most heinous crime. So it is with all the groups I have mentioned. At its mildest, the punishment for disloyalty in raiding configurations is ostracism.

The second most important virtue may sound, at first-thought, to run counter to virtue, but not so in the raider system. Deceptiveness and dishonesty are highly virtuous—but only deceptiveness and dishonesty used on behalf of the configuration itself. Employed by members of the configuration against one another, deceptiveness and dishonesty are disloyal.

This element of the system obviously also goes back to extremely ancient times. Hunters necessarily use hidden snares, ambushes, silent stalking, decoys, baited traps, and so on, but not to deceive one another. Warriors necessarily use analogous deceptions and dishonesties along with many others, in pursuit of victory; and so do police and regulatory bodies in pursuit of criminals. People who publicly tell outsiders about illegal practices or abuses of the public by their raider configurations are called whistle-blowers. Far from being admired within their configurations for being honest men, they are typically ostracized as disloyal and often enough are cast out, unless investigative bodies or other outsiders come successfully to their defense. Government officials, no matter what the system of government or in which country, lie and prevaricate in good conscience when they are convinced it is in the national interest.

After loyalty, and loyal dishonesty or cunning, come these other raider virtues and values: prowess; obedience and discipline; respect for hierarchy and for hierarchical law, rules, or customs; fortitude; vengeance; ostentation; largesse; traditionalism; exclusiveness; rich appreciation of leisure; honor; and extreme wariness of trade, even to the point of holding it in disdain and contempt.

These values are not arbitrary. They are elements of a coherent social survival system. To be sure, their respective weights differ in differing configurations, but the system itself is holistic. Its various elements interlock and reinforce the whole. In the interests of time, I am not going to pursue the usefulness of every element, or illustrate its workings within this, that, and the other configuration. But I will suggestively sketch out a few kinds of interlocking.

Consider wariness of trade, by which I mean wariness of genuinely voluntary bargaining, compromise and exchange. Historically, any personal contact with trade has been absolutely forbidden within some raider configurations. The taboo applied, for instance, to members of the old Japanese warrior class and to members of the Polish aristocracy. Among knights of feudal Europe it took three generations to remove the taint of an ancestor who had been in trade. Disdain for engaging in trade is a common aristocratic or noble attitude even today. Aha, we may say, the Mafia or other organized crime groups do not disdain trade. They take to it. But indeed they do disdain trade as genuinely voluntary bargaining. Organized crime converts the trading configurations it controls to monopolies and to instruments of force and extortion. It converts trading into raiding.

But what is the terrible shame and contamination attached to trade by respectable and traditional raiding configurations? How harmless trade seems in comparison with looting, pillaging, or extorting tribute; how kindly in comparison to serfdom, peonage, or slave-holding on the part of great land-owners. How innocent the doings of merchants and craftsmen seem in comparison to executions, imprisonments, tortures, and other oppressions on the part of rulers. Does the traditional baseness of trade carry any ethical meaning?

It does indeed. Think, for a moment, of a warrior, whether a commander or a member of the ranks. The most valuable items he likely has for potential sale may be secrets: the hidden way into the fortification; the plan for the coming attack; information on a surprise weapon; the knowledge of an unexpected alliance in the making; identification of a spy or secret agent in the enemy's council; word of discontent on his own side which might be cunningly exploited by the foe; the hidden place where hostages are confined. The higher the warrior's rank, likely the more valuable his potential stock-in-trade.

It can be enormously tempting and profitable—whether the price paid is money or promised position and power—for a traitor to negotiate and strike a bargain. Indoctrination against

the very idea of trading itself is hardly too extreme a precaution. Historically, a warrior might honorably plunder, might loot, might gamble, might extort, might kidnap enemies for ransom, and meet with nothing but admiration from his fellows. But *trade* to acquire wealth—never.

Does all this carry any meaning in the everyday life of other types of raiding configurations, and in our own time? Indeed it does. The potentially most valuable thing a building inspector, say, has to sell, or a policeman has, is immunity for wrongdoers. Normally in our society, a lawyer can trade his knowledge and skills for a fee from any client he chooses. But if that same lawyer, or his counterpart, accepts an appointment to a regulatory body, this same behavior is shameful. It becomes bribe-taking. Think of the device of blind trusts for the economic holdings of people who accept government office entailing influence on economic decisions. Consider the many possible conflicts of interest—periodically erupting as scandals—which are automatically built into the very activities of making laws and regulations, or administering them.

Raiding configurations *must* be wary of trade if they are to maintain stewardships of territories and jurisdictions successfully. We all know what “selling out” means.

In other ways too, besides betrayal of loyalty or a trust, a bent for bargaining and trading can threaten the integrity of raiding configurations. It can subvert the penalties of crime, in favor of compromise. And if independent negotiation on the part of random individuals in a configuration is successful, it can undermine hierarchy, obedience, and discipline.

Feudal commanders and dignitaries often had command of vast wealth for their times. But they had quite other uses for it than investment in production and distribution—that is, capital for trade. So do raiding configurations today. Ostentation and largesse are wasteful uses of money according to the trading ethic. But they are not wasteful in the economy of raiding.

Largesse is a form of investment necessary to raiding and its objects of territorial control. If Robin Hood had simply taken and taken, and not distributed some of his takings as largesse, we may be sure he would not have enjoyed enthusiastic local

popular protection for very long. The same is true of Robin Hood analogs, right down to our own time. In Robin Hood's case, the rich involuntarily provided the wherewithal, and the poor got the largesse. This is so appealing an arrangement, except to the rich, that even the most flagrant robbers of the poor, like the Marcos family, for example, when they ruled the Philippines, typically strive to present an image of themselves as being generous to the needy.

Largesse buys loyalty and support. It undercuts unrest. It forestalls schisms and revolts. It helps win elections. To understand the principles of how largesse works as the raider form of investment, and how it interlocks with other elements in the system, one cannot do better than to read Machiavelli. Nowadays, pork barrel projects and other forms of government patronage are very ordinary forms of largesse. So are the various benefits that flow from calculated judgments by rulers about just who in the body politic needs placating at given times. So are gifts of weapons and most other components of foreign aid. The police undercover agent, the commander of an occupation force, and the Mafia godfather all have largesse at their disposal. Serious largesse is not only investment in power, but in the specific form of power we can call territorial control.

Ostentation reinforces loyalty and evokes pride in what one is loyal to. It also interlocks with prowess when it invokes awe or fear, or conveys an impression of invulnerability. Even so humble and so temporary a raiding configuration as a bunch of battlers against a highway that will destroy their neighborhood dresses up its pathetic show of prowess with ostentatious signs, banners, and other eye-catching gimmicks, and of course with crowds as large as it can muster. Such groups may even win their battles if they adhere unyieldingly to the raider code of conduct. Incidentally, it is remarkable how swiftly and spontaneously such folk groups sometimes reinvent for themselves the whole raider system, making it up as they go along.

At its most naked, ostentation parades the instruments of sheer power, as in the Soviet May Day military parades. But it is subtler in most guises, such as the fabulously ostentatious

country houses with which English aristocrats and gentry used to impress their inferiors, but most especially each other. In whatever guise, whether the rich panelling and high ceilings of a courtroom approached by wide flights of marble stairs, or the lavish parties of embassies, the pomp and circumstance associated with territorial power is not mere frivolity or self-indulgence as is often the case when members of trading configurations go overboard on ostentation.

Rich appreciation of leisure—that sounds like a strange ethical value until we reflect once more on the ancient hunting life and its territorial approach to making a living. Tracking and killing game, especially large game, is intense, energetic, and often enough dangerous work. But it is also sporadic work. It involves explosive bursts of excitement and effort, not daily continual effort from nine to five. Anthropologists tell us that primitive hunters have enormous amounts of leisure at their disposal by our standards, and sometimes so do even the women gatherers in these bands who typically actually provide most of the bands' food. The anthropologists Laurens van der Post and Jane Taylor describe, for instance, how a quite recent band of African bushmen used their abundant leisure when they were still pursuing a life untouched by trade. Among other things, they spent extravagant blocks of time etching and coloring designs on ostrich shells and making gorgeous necklaces from bits of shell. They told stories endlessly, played games, drummed, dressed up, chanted, danced. Their ancestors had decorated cliffs with innumerable drawings and paintings of the most desired prey, the eland. This leisure activity was lost by the band because they lost the territory containing the cliffs. They did none of this for earning their livelihoods—as craftsmen, artists, or performers in trade would do.

One is reminded of the tournaments, the brilliantly colored tents and pavillions, the heraldic blazonings and other elaborate and beautiful accoutrements, the pageantry, the games of prowess and skill, the tapestries made by aristocratic women with painstaking care, the poetic epics, the love of musical performances, that marked the flowering of chivalry. We are reminded too of the long aristocratic tradition of the gentleman

amateur, exerting himself strenuously for sheer love of a sport or a field of learning, not for economic gain.

Perhaps the very first stringed musical instrument was a twanging bow-string, the first halting and happenstance bit of literature a story of yesterday's stirring hunt. Be that as it may, we clearly owe to the abundant leisure of ancient raiders and to their rich use of that leisure, the very conception of art itself, the very idea of decoration, the very notion of recreational games, sports, and performances. We owe to later raiders and their configurations much, if not most, of the later development of all the arts and recreations, and patronage of them too. Even today, many of our team and board games formalize struggles for territory. Even today we make a distinction, or try to, between fine arts and the inferior versions implied in the terms commercial art, or commercialized art.

What can be the functional connection of all this with the raiding approach to making a living? Glenn Gray in his book, *The Warriors*, gives us a hint when he speaks of warriors who become killers for pleasure, with incalculably terrible consequences. We may think also of the businesslike killers, going about their work with nine-to-five industriousness and efficiency, as in the Nazi death camps, and the incalculably terrible consequences of such diligence.

Gray says that the unbridled impulse of killing for sheer pleasure is countered not only by other impulses in the soldier's nature, but by *the episodal character of battle and combat*.

Perhaps back in history, there were unsuccessful hunting bands which did not keep their hunting sporadic, or to use Gray's word, episodic, and instead went in for more or less unremitting killing. But successful bands did not adopt that course. Instead, they took and valued their leisure. Otherwise they would have exterminated their food supplies in short order, to no economic purpose.

Just so, successful and enduring ruling configurations—those that have escaped being mere flashes in the pan—have managed to keep in check their extreme possibilities for destruction, extortion, and oppression, and to discipline their members against indefatigable and unbridled raiding exertions.

Even members of modern government bureaucracies can easily go too far in throwing their weight about to no purpose except their own diligence or their own pleasure in the sheer exercise of their power. When they do, one may wish that instead they would take the option of more abundant leisure.

Abundant leisure, however, has its own hazards. People with time on their hands can molder in sloth and boredom, which leads to all manner of unfortunate consequences, both personal and social.

On the other hand, people with time on their hands can energetically create and enjoy non-economic activities. This, I think, is the vital connection between successful raiding and rich appreciation and use of leisure.

In addition, for members of a configuration to share non-economic or non-workday activities powerfully reinforces loyalty—as religious observances so magnificently do; or on a frivolous level, as sports teams do, or policemen's balls, or the roistering of soldiers and sailors on leave.

Honor is a kind of catch-all virtue. In chivalry, we are told, its main ingredients were loyalty, prowess, and largesse. The precise components shift with circumstance. What does not shift is honor's basic meaning of position or status and the respect owed to that status because of the duties, rights, and privileges attached to it. It interlocks with hierarchy and discipline.

Vulgarly, the term honor is sometimes taken to mean honesty. But they are not at all the same thing. One did not fight duels to establish honesty, but to avoid losing status. We may hope that the recipient of a medal of honor, an honorary degree, or an honorific such as The Honorable Member, is honest; but if so, that is not why he is given the honor. The expression, "On my word of honor," can solemnize a promise to cover up the truth, if pressed. Even children understand that.

The wise and beloved commander, the just judge, the artist of integrity, the teacher who passes on learning as if it were a sacred pact of the present with the past and the future—these and others who do their positions honor are figures of honor to us, and rightly so. Especially in raiding configurations,

where the concept of honor originated, honor is an important compensation and reward for people whose position has denied them the worldly goods they might have reaped more abundantly through trade.

Now for the trading system of ethics and values, which is very different, but is also coherent and holistic.

You may remember I mentioned that the trading approach to making a living is based on transactions of mutual voluntary agreement, and that it multiplies what is available by adding streams of new goods and services into economic life.

Among the many modern derivatives of this approach are most manufacturing and crafts, most production of services for public sale, most banking, much farming, most endeavors devoted to science and many devoted to scholarship. The family of trading activities also includes some services now commonly performed by governments, which are neither monopolistic, regulatory, nor military. Examples are weather forecasting services, banking services available to certain groups of borrowers, non-regulatory information services for consumers, some transportation services, and the like.

In many places, the family of trading configurations includes informal or underground economies, relying on voluntary agreements both unrecognized and unenforceable by the state. Perhaps in these folk arrangements, we get a hint of how trading first insinuated itself into economic life. At any rate, today it is remarkable how spontaneously illegal folk trading adopts the trading system of ethics and values, reinventing it underground as it were, without institutional approval or guidance. An example is the amazing underground economy of Peru, particularly in Lima—an illegal economy which is estimated to account for three-quarters of the country's production and domestic commerce. It comprises virtually the only true trading life in that country, the official sector being largely monopolistic.

Instead of loyalty being the prime and supreme virtue of the trading life, honesty occupies that position. To be sure, it is often transgressed. But successful and enduring trading configurations must constantly acculturate and indoctrinate

members against dishonesty, ferret it out, punish it, and in sum keep dishonesty in hand or the system as a whole breaks down.

Many years ago, the first time I traveled in Europe, I was given what was for me a large fee in the form of a check for Marks. I took this into a bank entirely foreign to me, in a city where I knew almost nobody at all and no one well, and handed it over to a stranger to send to my bank in New York. With a receipt in my pocket I walked out unworried and light hearted, and then stopped on the sidewalk and marveled at how extraordinary this was—that I could feel so secure and protected within a great web of responsibility and trust, a web in which my own trust in honesty was a tiny part. Without that web and its many routine but ingenious safeguards, most of them contrived far back in the past, we could not engage successfully in most of the exchanges that make up the trading life, and many of our other social arrangements as well.

The trading approach, instead of revolving about territorial control, revolves about production, the finding and servicing of customers, and money—money both as a measure of the success of an activity, and as capital for production and distribution.

The system of ethics and values that serves these purposes appropriately is ancient. We find some of its elements in the policing and regulatory Code of Hammurabi. In very early written laws the world over, standard weights and measures tend to turn up as one means of combatting cheating. Nearly every element of the system is acknowledged, either directly or obliquely, in the Biblical Book of Proverbs, which reads to me as if it were compiled by a committee with a heavy representation of traders.

In addition to the bedrock, honesty, the successful and well developed trading system incorporates these ethics and values: industriousness; thrift; investment for productive purposes; contractual law; easy and trusting collaboration with strangers and aliens; competitiveness; comfort and convenience; security; compromise; inventiveness and novelty; avoidance of force, and often enough fear of force and hatred of violence. These are not heroic virtues. They are bourgeois virtues and values.

Most of the interlocking connections are self-evident. I shall sketch out only a few. Creation of new products and services, and injection of them into everyday life, demands initiative and enterprise, competitiveness, appreciation for inventiveness and novelty. It also demands contractual law which, unlike hierarchical law or custom, applies equally to all regardless of position. Contractual law is extremely important to the trading system and I shall have more to say about it tomorrow in a somewhat different connection.

Where the good raider takes pride in enduring hardship with fortitude, the good trader takes pride in discovering means to evade hardship by promoting comfort and convenience. This is an eminently useful and important attitude for people who prosper by adding new goods and services into economic life, and catering to the convenience of customers.

Successful and enduring trading organizations necessarily invest for productive purposes. This conduct is reinforced by the values set on thrift and efficiency. In their nature, trading and producing are not sporadic activities. They are accomplished most successfully by dint of steady, unremitting effort, hence the values of industriousness and, again, efficiency.

The bit of sociological jargon we have picked up for some of these elements, "the Protestant work ethic," is misleading. It implies peculiar identification with Europe, and at that, one part of Europe. Historically, among the greatest of trading cultures was apparently that of the Phoenicians. They seem to have concentrated on trading to the point that they had no territory of their own of any renown, but instead far-flung depots and ports-of-call. The merchants of the north European Hanseatic League plied their indefatigable trade centuries before the Protestant Reformation, and so did the Venetians, Genoese, Florentine, and other north Italian merchants and the industrious producers who supplied them with ships, cloth, glass, leather goods, and many other wares. The Jews took a major part in developing investment banking, and the safeguards to honesty in commercial banking, and invented what later became, by imitation, governmental consular services to facilitate trading collaboration among strangers and aliens. And

of course today there are the Japanese, Koreans, and overseas Chinese, all of whom extraordinarily exemplify the illnamed Protestant work ethic. As for Protestants themselves, they have been quite as notable exponents of the raiding ethic as of the trading ethic, with the exception of members of a few, relatively minor Protestant sects such as the Quakers.

Most national heroes come out of the heroic raiding approach to life, and most mythological heroes too. Few from the trading life. In America, the outstanding figure associated with the trading system is probably the Quaker, William Penn. Another is Benjamin Franklin, starting as an apprentice who ran away from his master in Boston, and went on to become an extraordinary and innovative businessman as well as an enterprising creator of public aids to security and convenience. Later, of course, Franklin loyally distinguished himself as a diplomat, in service to the war alliance with France. Perhaps the figure closest to a modern hero of the trading ethic is Mahatma Gandhi. Consider the value Gandhi set on non-violence and honest dealing, on industriousness and thrift which he symbolized with his spinning wheel, on contractual law, rather than hierarchical law, through his opposition to the caste system and his espousal of the cause of outcastes. Consider his combat against economic monopolies, and his enormous efforts, which failed, to promote trust and easy collaboration between Hindus and Moslems. Gandhi omitted, however, respect and appreciation for inventiveness and novelty, and so he omitted also other elements of the system tightly interlocked with this quality, such as comfort and convenience, economic initiative on the part of individuals, competitiveness and efficiency.

Unlike the arts, the sciences are closely allied with the trading system. There are several reasons for this, I think. Trade and production stimulate all manner of scientific curiosity and at the same time provide practical, diversifying tools for pursuing this kind of curiosity. More important still, the practice of science requires trading ethics. Honesty, not loyalty, is its bedrock, along with openness to novelty, respect for initiative on the part of individuals, including disobedient initiative, competitiveness with colleagues, and collaboration

with aliens. Historically, raider ethics and values have been inimical and sometimes fatal to science. It is worth noting that in the old universities of Europe, which arose and developed under the patronage of raiders, the sciences were typically admitted to the curricula very belatedly, in some cases not until our own times. As with sciences, so with technology. Technical schools of higher learning are very recent and certainly lack aristocratic prestige.

In the interests of emphasizing the differences and contradictions between the raiding and trading systems, I have not mentioned kinds of conduct, traits, and values that are esteemed in both. But they do hold certain ethics and values in common. The most important among these, I think, are courage, responsibility, competence, good judgment, and tenacity. But even these take on somewhat different meanings, in practice, in the two systems. C.S. Lewis has called courage the master virtue, in the sense that it makes possible the practice of the other virtues. I think this is true with respect to both the systems I have outlined, but the courage shows itself in different forms in the two.

As for the old question of whether war is normal and peace an aberration, or peace normal and war the aberration, both propositions are true. For raiding configurations, war is normal and peace an aberrant interlude. For trading configurations, peace is normal and war an interruption.

As individuals, most of us are inherently capable of operating either as raiders or traders. Indeed, many of us can switch from one system to the other, as need be, like the lawyer I mentioned illustratively who accepts an appointment to a regulatory agency, or Benjamin Franklin, or the neighborhood protesters doing temporary battle, or people who serve in an armed force and then return to a life of commerce. In short, if we are savvy, we can successfully adapt to the configuration in which we find ourselves, although I suspect that by temperament or upbringing most of us feel more comfortable with one of the systems or the other.

Clues abound to inform us which system is which, not only now but across the centuries or millenia. Who is a hero and who

is a criminal? This is one of the easy give-aways. In the ancient Irish culture celebrated in the epics, cattle raiders were heroes, not criminals. But in the American West they were criminals, low-lives, varmints. The Wild West, even at its wildest, lived basically by the trading system. But not all of it. The sheriffs combatting those cattle rustlers lived by the raiding system. So did fighters in the Indian wars, on both sides.

The raider who betrays his trust for a price, like the trader who defrauds and cheats his customers, his workers, or his suppliers, are constant reminders that we have innate capacities of wrong-doing, as well as right-doing, built into us as part and parcel of our inborn human capacities to make a living in two radically different ways. We would not be human if we lacked inherent capacities for both raiding and trading. But it takes two distinct and contradictory everyday systems of ethics and values for us and our societies to live successfully with our fundamental economic duality and its consequences.

First Question Session

Question 1

You told me ten years ago you fell in love with Boston, when it was a run-down, stagnant, backward city. I cannot think of a better place for you to be today. Right down the street we have what appears to be one of the most successful economies in the entire world (so our governor tells us) and rents and condominium prices say it. What I find, working for a group of banks, people who are concerned with money, and among a lot of people who are doing very well in Boston right now, is a strange sense of unease. We do not know why we were so depressed for fifty years; we do not know why we are the way we are now; we do not know if the whole thing is going to fall apart. It is a little like being a baseball team. Can you now assure us that it is real?

Jane Jacobs: It is real, all right, but nothing is forever—unless you keep working at it. Why did Boston stagnate in the first place? If we could find that out we would be protected a good deal from repeating it. One thing that strikes me about Boston's first stagnation was how little chance the immigrants in Boston had to make enterprises of their own. It was a place where you could tell from what happened that there was great economic and social discrimination. Sure we know about the Fitzgerald Bar; the whole world knows about it. But people were kept as servants, and their capacities just did not get a chance in many, many places. So that is one thing that I think contributed to Boston's stagnation. During the stagnation here there was growing a class system that was unusual in America. The term, "The Boston Brahmins"—who else had brahmins?—except India, which was also stagnant. It was a good name.

These things that I have just mentioned are some things just on the surface. There were lots of concrete things underneath them, like who could get money, and what was money put into. Money was not the only thing. Education probably had something to do with it. Just because Boston is prosperous now,

you cannot expect to explain it with what happened ten years ago. I credit Flanders with a great deal of the start more than forty years ago of the present prosperity—with turning it around. He had a great deal to do with it by diagnosing that Boston had a “low birth rate” of new enterprises—that was his expression—and asking why. If you do not want to let it happen again, and of course you do not, I think this has to be understood and guarded against. For instance, there is the problem with the immigrants, or the people who are not *in*. They will not be the same people that they were last time. They will not be Irish; they will not be Italian. They will be Asians; they will be Blacks—somebody that we are not apt to believe in. And that will not do again. And the establishment, who wants to lend its money somewhere else instead of helping a good birth rate of new businesses, of new enterprises not all of which will survive—it will not be the same establishment that it was last time. But it will be an establishment hampering things.

This is very sketchy, but I think that a lot more city history, with these things in mind, would not hurt.

Question 2

In *Cities and the Wealth of Nations* you talk about the danger of the lack of feedback loops, and you especially focused on national currencies. Do you think that there is a role for national currencies in an economy, or do you think that without these feedback loops there will be an inevitable drift, and eventually stagnation?

Jane Jacobs: Well, I am not that pessimistic. I think that we are stuck with national currencies. Let's not kid ourselves about it. Nobody is going to start up with city currencies now. Maybe they might start up in places that have gotten so disorganized and so fallen apart that they could, but we do not want that to happen. We are stuck with national currencies as a practical matter. Also, they are *not* giving good feedback to cities. Let's not pretend that they are. Let's try to find ways of substituting

for city currencies if we do not have good feedback coming. Let's find substitute ways of replacing imports when the automatic tariff mechanism does not work out. We see that this mechanism does not work when there is a nation-wide currency. It may work in a few places but it is the wrong time, the wrong thing for most places. So we have to find substitutes.

There are people who are working at this kind of thing, and some of them are quite successful. There is one experiment going on in Oregon that seems to me very promising. When Flanders started his new venture capital for specifically young, untried ideas in Boston, he was substituting for the kind of feedback that might have created new kinds of exports. If you do not have feedback that tells cities these things, almost like the feedback in our bodies that we do not have to think about, then people have to know what is missing and try to find ways to substitute for it. That is what I am saying.

It can be done; and it has been done. Take the Boston that I saw in 1938. (I remember when it was exactly because my sister and I came up on the boat, and were so glad we came up that weekend because the next weekend was the big hurricane, and we never would have made it. That was the famous hurricane of 1938. We just beat it.) The Boston that I saw then was down and out. Of course it was the Depression, but it was down and out in comparison with a lot of other places. I fell in love with Boston. I have always loved it ever since then. It was so wonderful to walk around in, and people were very nice. But that Boston was so poor and full of people who had never had a chance ancestrally as well as right then (it wasn't that they had fallen from a higher station). If *that* Boston could be regenerated economically by thinking out what its trouble is and what can we do about it with what we can come up with from our heads, it is clear that we can substitute for the feedback that is not coming automatically. You see, it is much better to do that than to groan and moan that we cannot have the right kind of currency.

I put that in my book because it is good to know that we do not have the right kind of currency, so that we know that we have to do something else; but not to get people to concentrate on changing the whole currency system. I think that would be a waste of energy compared to what could be done.

Question 3

Mrs. Jacobs, in view of your answer to the previous question, can you envision any context in which cross-fertilization of economic growth factors could occur across geographically distinct regions? For example: a case where two regions decided to identify themselves as a single economic unity, and the flaws resulting from the geographic distance would be offset by communications networks, and things like that. Is the city necessarily the unit, or can the equivalent of what happens in the city by virtue of the fact that the same people who create the situation have to live with the results be created among geographically distinct locations?

Jane Jacobs: Yes, and I will give you an example. I think it is very important to understand what does make cities so fertile for this kind of economic activity. It is not just magic, and it is not because they are cities in the abstract. It is because they have certain qualities and certain interactions. And if we understand better what these are, then we can also try to strengthen them or create them in places that do not qualify as cities. And what was impossible in the past is not so impossible now, because of our communications and transportation.

I spoke of an import-replacing scheme that started in Eugene, Oregon. It is very simple, very practical. You ask companies in your locality what they are planning to buy from outside in the next year. They talk to the purchasing agents. "Outside" can mean anywhere in the world. It can mean the next community over. That does not matter. Then they help any company that could compete for this, not with preferential treatment, but fair and square, for this kind of imported commodity.

This was a compensation for not having good feedback, and a way of getting around that. It did not happen automatically, the way it used to in the past. And it was so successful that the state of Oregon gave the woman who had worked out the idea behind this a small office and a grant to teach import-replacing to twelve other localities that were hard-up in the state. It was not to be a centralized thing. The people in these twelve other localities were to learn how to do this, so they could do it themselves. Portland was not one of these places. Portland is probably going to start one of these things on its own, it has been so successful. These localities are all smaller than Eugene, and some of them are pretty small; Oregon is pretty sparsely settled. So, what has happened?

Well, Eugene is small, but it is amazing the variety of things that could be produced locally. This scheme of import-replacement not only helped the sellers in Eugene. Because the savings averaged twenty percent to the buyers, and went up as high as forty percent, and because everybody could save time and get things closer to their own specifications, it was helping Eugene's economy from the purchaser's point of view too.

Now when you come along to these little places, much smaller than Eugene, how do they manage? They do the same thing: look for companies, ask what are they going to buy, then put the answers on the network to each other, because it is so coincidental and so rare that in such a small place there would be another company that could supply these commodities. But by putting them on the network to all of the twelve localities, they can begin to help each other, since the localities are not geographically separated as if it were Oregon and Wisconsin.

I think before we think about such great distances we better learn how to replace imports in a place like Oregon, or a place like New England. There are lots of small places in New England that could benefit from this kind of network, helping each other, and probably do it very quickly. There is no reason

why we have to depend as much upon cities for things that we did in the past now that we have better communication and transport systems. It does not overcome the need for cities at all. When the distances get too great, and the time gets too great, and the clumsiness of it all gets too great (and that happens pretty soon) you are back in trouble again. But I do not see any reason why with all of these artifacts that we have managed to get in the course of development we cannot apply them this way.

Question 4

Much of the *ethos* of *The Death and Life of Great American Cities* concerns itself with how to keep cities alive by mixed uses of old buildings, and maintenance of them. I would like to know when you know to start using extraordinary means to keep a neighborhood alive. When does it become necessary to start anew in order to make it economically feasible for people to live there? It becomes very expensive to rehabilitate many times, because sometimes it is easier to level buildings and put a whole new place for people to live. When does the cost of keeping the patient alive outweigh the benefits of starting anew? How do you know?

Jane Jacobs: I have yet to find a place where it is really cheaper to level it and start all over again. It can *seem* to be that way if you make regulations that force renovation to be terribly expensive. I do not know how it was in Boston, but for decades in New York we were always told by public housers that they could not think of renovating buildings because it was far too expensive. At the same time, lots of people like my husband and I who, I assure you, did not have much money and did much of the work themselves, were finding it very economical to live in a renovated house, and so were lots of other people.

Why was it privately economical to live in a renovated house, and why was it publically *not* economical to live in a renovated house? Well, the answer was very clear. The public regulations

about how many feet of windows you had to have for so many square feet of floor, how high a doorway had to be, what you had to do about stairways, how close a building could be to another—all of these things had to be followed if you were talking about public expenditures (which would be the case if you were talking about improving the slums)—made it so impossible to do any renovation that *of course* it was less expensive to level everything. It was not that it was cheap to level everything; it was that renovation had been artificially made so expensive. That is very often the case in general.

You wouldn't believe how many regulations now stand in the way of in-filling. In Toronto we have been doing in-fill housing instead of project building. You take whatever kind of site there is, and sometimes it is just a little strip, and you knit up that hole in the fabric, or that bunch of holes in the fabric, so that they will not show, and so it fits in with the neighborhood. And it works. But you cannot believe the red tape that had to be overcome in order to do that: all of the federal rules and regulations the government relies on in Canada (the same as here) to guide itself in giving mortgage money; all of the provincial rules and regulations (like the state ones here) that have to do with supervision of such projects; and, until the city started in-filling, all of the city rules and regulations. These had grown up since all of the parts of the city that everyone likes had been built and they were now making it impossible to build ones like that. All of that had to be attacked and changed.

Once you do this you find that it is *very* economical to do in-fill housing, to do renovations, to accept what is there, and when it is not literally acceptable the way it is, to bring it up to scratch in an economical way, and to add what is missing. Always the greatest treasure is what is there to start with.

So, this is a very round-about way of saying that when you hear that the cheapest way to do it would be to wipe things out, you

should never accept it. That is artificially the cheapest way, and in social costs, as well as in money, it is horribly expensive.

Question 5

Are you familiar with the Nehemiah Project in Brooklyn? The one associated with Mr. Robbins?

Jane Jacobs: No I don't think I am. I am familiar with a park that I.D. Robbins had put into the Lower East Side Project when he was housing commissioner. It was awful. I mean, it was fabulously expensive, but he broke every rule about what would make a decent park. Poor Mrs. Astor, she financed it.

Question 5 (continued)

Through an association of churches in East Brooklyn they have put together a twelve million dollar trust fund that they are using to leverage construction financing to rebuild vast sections of Brooklyn, in which there were some remnants of the old buildings there, but large portions of them were burned out. The argument was that in a neighborhood like that you would have to build a new neighborhood, because the construction costs are outrageously expensive to do the in-fill method. In fact in a visit to the Nehemiah Project, Robbins mentioned your name, though he did not know that I had read your book and even taught it in classes. But he said: that would not work here because the construction costs would outweigh the possibilities of delivering the homes at an affordable price. Now they sell them for \$43,500 for a three-bedroom, eleven hundred square foot unit in the inner part of Brooklyn. They are all sold now, and every one they built has a waiting list that is enormously long. So the Project has been the delivering of homes to people at a rather low price. The carrying cost is about \$450 a month, including taxes. So there is a success in doing it that way, and I am wondering what the costs are, though I realize that there may be some factors that you would need to know about first in order to make an analysis.

Jane Jacobs: I am not familiar with it, and I really do not know whether he is right about that or not. I am wary of it, because he has been wrong about so much. I have also heard that same thing in New York for thirty-five years at least, and over and over again it has been disproved. Now, maybe this is the case where “Oh, you can’t save that neighborhood, it’s too expensive, construction costs won’t allow you to do it,”—is true. I do not know.

Question 6

I lived in Brooklyn for many years, and I was working in construction, so I got a little insight into the amazing array, or disarray, of New York’s laws. They have an increasing scheme of recurrence, in Lonergan’s terms, of illegality, because the codes are impossible to build by, so the construction companies disobey them, because it is the only way to build. This puts them in a position to be set up by the Mob, and so on. How does one begin reversing that process? Various people have tried it, and after three years, you are right back to where you were before.

Jane Jacobs: There is so much vested interest in the corruption itself by now. I think part of the trouble is that a city as big as New York is just too big to get a handle on it, and I think that a great mistake was made in making greater New York of the five boroughs. Brooklyn is one of the places that has been most victimized by that—well, every place has. It was done to facilitate construction of the subway. But you do not need to put all of the boroughs together in their zoning (which is what I am getting at) and in their building codes in order to build a subway. You can have separate entities. If we can have multinational corporations, for heaven’s sake, we can build a subway across separate boroughs. But I think that as long as there is city-wide zoning, and city-wide building codes, in a great big huge city, it just boggles the mind and the efforts of everybody. I do not know if it would be better if they could again separate the boroughs; the boroughs in themselves may be even

more corrupt. I do not know if that would work, but I know that it will not work the way it is.

Second Question Session

Question 1

I was wondering how you would fit academia into this schema. Are we raiders or traders?

Jane Jacobs: I was wondering about that, too, as I was writing this. That is why I put in the part about the old universities. I think that academia is made up of basically raiding organizations. They have intellectual territory, you know. There is a lot more territory involved here than the university campus. There are whole fields of learning that are jealously guarded as territory within certain departments of academia.

Question 2

I think we have more than just two categories. I was thinking of a production category. Historically, there have been organizations that specialize in trading; there have also been organizations that specialize in producing, in creating things.

Jane Jacobs: I think that they use the same system, if they are successful. Producing organizations use the same system of ethics and values as trading organizations. They are not distinct. Successful banking ones use the same system.

Question 2 (continued)

Banking is trading.

Jane Jacobs: It is also producing. They make money out of nothing, often.

Question 2 (continued)

But if you talk to people who work, say, for a computer company, or a farmer, part of their work is trading, but many of those people think of most of what they do in their daily lives as producing and creating, and the exchanging is on the margin.

Jane Jacobs: But if their configurations are successful, they are living by the trading ethic. There are many different kinds of configurations that I have telescoped in this shorthand, which, as I said, I am not really happy with myself, of “raiding” and “trading.” But these many different kinds of configurations still use, I think, only these two basic systems of ethics and values, unless they break down, which is what I am going to talk about tomorrow. Then there are innumerable ways of breaking down.

Question 3

Modern corporations have different, specialized units with raiding and trading built into them—like the marketing section versus the production section.

Jane Jacobs: Yes, but if it is going to be successful, enduringly, all of those sections are living by what I call the trading ethic.

Question 3 (continued)

There was an investigatory, accusatory program on television about the image of business in America. The reporter was interviewing writers in Hollywood, saying, “You guys are really unfair. Every time we see a business person on television he is a rapacious bastard.” Most of the business people I know are clearly traders, so you once again cast a whole new light on another cultural artifact. I now begin to see that there is something different going on in the whole question than even that reporter realized. Why is it that these dull, plodding traders are being turned into raiders, and then the dull plodders are upset about their image?

Jane Jacobs: Right; and I won't go into that now because I go into that tomorrow.

Question 4

Pat Byrne gave a nice sequence of your books, showing how one flows out of another. But it is not as easy to figure out how this one flows out of the prior ones. Although he gave a pretext for this development, I am wondering what yours actually was.

Jane Jacobs: Actually, I have been thinking about this distinction between raiding and trading for years. I was looking back, and I noticed that in *The Economy of Cities* I was talking about the early history of what became the medieval cities, how people would meet from great distances at fairs, or at seasonal times; and I said that the line between raiding and trading was probably not very well understood. I was thinking of it then. What really got me going on this was when in the last book I wrote I was thinking about why military dictators or people like Mao, or revolutionaries in general really make such poor rulers where the economy is concerned. All of their intuitions are based on things that work very well for fighting or attaining rule, but do not work at all for economics.

Another thing that made me think of it was that way back I saw the General Motors Research Center when it was first built. It was very highly touted. I was working on an architectural magazine at the time, and I did not know why, but this center struck me as a misfortune and a phony. I thought, "This is like a castle. Why do I think it is like a castle?" I was already in my mind making a distinction that I did not understand, really, between castles and the buildings of capitols—the grand, ostentatious buildings—and the buildings of city streets, which were often cheek-by-jowl. Along comes General Motors Research Center, and it does not belong with the one; it belongs with the other, with the castles. But I did not know why.

I have been keeping track for a long time of these different virtues that I mention. When I would come across one in my reading, I would keep two lists. I found that quite a few of them showed up on both lists, and then I would cross them off, because I was looking for differences. This is just done in a catch-all way, and it may be wrong. I mean, there may be others that should be added, and maybe some of the ones I have here are not so important, but this is what I have for now.

So that is how I got from my earlier books to this one. There is also one more connection. I got curious about the almost gut-hatred that some people feel for cities, and that some classes feel for cities. The English upper classes are just so nasty about cities. What is it that is so offensive about cities to them? They do not mind London so much, because it has Buckingham Palace and all kinds of great monuments and things, but places like Sheffield or Birmingham or Leicester—oh, what contempt there is for them. It is the same contempt that there is for trade: any dealings with money are dirty, and all of that sort of thing.

So my concern with trading and raiders has a great connection with cities. Cities are the locus of these bourgeois, these trader virtues. The locus of the raider virtues is the battlefield (that is obvious), but also the great buildings of government, and many things that we treasure, and should treasure, things at the very root of civilization, like just courts. I do not like this name, “raiders,” really, because it includes so many things that it seems wrong to call “raiding.” But they do have this same system of loyalty first and foremost, and then all of the other things. So there is a connection, you see.

Question 5

Describing the raiding configuration at the outset, you mentioned monopolies. Did you have in mind what we normally mean in economics by a business monopoly—a firm that has dominance of the market, with a large share of sales?

Jane Jacobs: Yes. Either what we think of as a monopoly, or what is called a “cartel.” Both of them are very much concerned with territorial control—a territory in which they will be supreme, and will not meet competition. They can manage to evade competition in a certain territory. That is what a monopoly is really.

Question 5 (continued)

The term, at least as it is used in economics, normally refers to a firm that has a dominant share of the market. It seemed to me as you were going through the various aspects of the trading configuration, there were virtues there that would be more descriptive of business monopolies than the raider virtues. It doesn't seem that a firm with a large share of the market would have these heroic virtues.

Jane Jacobs: Well, it would, if it were IBM for instance, which had a great big share of the market, and which you would probably call a monopoly. But I would not call it a monopoly as long as Apple can spring up, and many other computer companies.

Question 5 (continued)

So you would exclude most business monopolies.

Jane Jacobs: Actually, for a business monopoly—and maybe I am using the wrong word; maybe I should say “cartels”—to operate in the sense I am talking about, it really has a territory; and to operate legally, it has to have a government sanction the way American Telephone and Telegraph used to, but does not have now. It may still have the big share of the market, but now it has to meet competition. It does not control the territory; it has to think about competitiveness now. In the past, when it was a monopoly it did not have to think about that, and it did not have to think about a lot of things that traders have to think about.

Question 5 (continued)

But assuming it is involved in production, adding goods and services rather than raiding someone else's territory, and the activity is not sporadic but consistent—these seem to be things that characterize a trading scheme rather than a raiding scheme.

Jane Jacobs: That's right. There is a blurring and an overlapping there.

Question 6

If I could shift gears entirely here and go back to 720 B.C. in Israel. I have forgotten the king's name, but Isaiah is preaching to him about not entering into a deal to keep the land. Isaiah walks naked in the streets so that the king might not make the deal. But the king does make the deal, and Israel becomes a vassal state and loses the territory.

The topic of trading and raiding corresponds to something that was going on in Hebrew culture as the Bible was being written. They were dealing with two distinct covenants with God—one that was made up of the conditions of the raiding configuration that came out of the patriarchal stories, for example, the Exodus, Joshua. We can think of Esau and Jacob in terms of the configuration of prowess: he steals his brother's birthright. If he didn't, Israel would be in the hands of a jerk—he sells his birthright for a mess of pottage. It is a lucky thing that Jacob cheated him out of it.

Jane Jacobs: Yes. That is the way that territorial power has to think of these things.

Question 6 (continued)

O.K. But then the society evolves, and that configuration under Joshua conquers the land of Canaan, but it does not conquer it all at once. It settles in, and there are two traditions: conquest

and settlement traditions in the book of Judges. So now here is a society that has in it a dynamic containing these two traditions.

Jane Jacobs: So do we; so does every society that is not just terribly, terribly simple. Even some of the simplest ones have it. I will go into this more tomorrow, but what I will say now is that we need them both, and any society that has any complexity has got to have them both. And they are symbiotic, at their best.

Question 6 (continued)

Now, how do we maintain them both? Why I am interested in the references that I am giving you is that the Hebrew Bible can be read as a book that balances these two, in the context of its unfolding. That is a strictly secular reading of its importance, but it supports this thesis in a cultural and historical context, and I think it would even give, with some metaphysical analysis, a basis for this that would be very exciting.

Jane Jacobs: I never looked at it in this way. That is fascinating.

Question 6 (continued)

The way they balance it—Isaiah is a prophet from the old tradition reminding the king that he will lose the land if he does that, and he turns out to be right.

Jane Jacobs: You can't sell it out.

Question 6 (continued)

Right, and the aristocracy never sells the land. Don't cut up the land. Even in the legend of Tarzan, the old man tells Tarzan not to sell the land.

Jane Jacobs: That is the raider ethic.

Question 6 (continued)

But the traders think that they are entitled to the land. They think that the land is theirs because they are the custodians of it. I think that assumption grows in the trading ethic. The traders think, "We are here, we are taking care of it; it is ours."

Question 7

It strikes me that we have both configurations in so many organizations, and in so many aspects of life. I gather that that is the gist of what you are saying. Referring back to the question on the corporation, the two configurations often exist in a tension, a tension often between the production department and the marketing department. Marketing must be raiding, at least to a large extent.

Jane Jacobs: No, and I think when it is, it is preparing its own downfall. I know that this is sometimes so, and it is part of the breakdown of things.

Question 7 (continued)

But marketing does not know it.

Jane Jacobs: Marketing is, above all, voluntary agreement with customers, and it ought to be honest, and everyone knows that it ought to be honest. That is why we have all of these laws about its being honest: fair disclosure, ingredients on the packages, recalls if the product is not safe. We have endless acknowledgments that marketing, properly, is honest, and that it is built on an open competitiveness, and on ingenuity, and so forth. It is not that it is built on deceptiveness on behalf of the corporation. That is considered all wrong.

Question 7 (continued)

But the term, "horse trader," is as old as trading itself, and "used car salesman." Let me give you a more primitive example. I love the flea markets, which is as close to the old market as we

can possibly get. In listening to you I was so struck, thinking about the honesty that is there in a sense, because I can buy a chair, give the person cash, get no receipt, and say that I will pick the thing up on my way out, and I have done that enough to know that it is going to be there. There is an honesty that pervades that market. And yet, there is also an accepted deceptiveness, just a whole game for me that keeps bringing me back—the search for overlooked bargains. If I find one, I am going to buy as cheaply as I can, and that is an accepted part of the system. I am the hunter and this is the prey.

Jane Jacobs: Not really; you are speaking in metaphors. If you were really the hunter and that was the prey, you would wait until that man who had the chair (or whatever it is) turns his back, and you would grab it without paying. *That is raiding.*

Question 7 (continued)

But true honesty would compel me to tell the person exactly how much the item was worth, wouldn't it?

Jane Jacobs: It all depends on: what are the understood rules of the game? If part of your stock in trade is that you know what a Chippendale is better than somebody else does, that is fair going, and everybody recognizes it. Your expertise and your observation are part of your stock in trade, either as a customer or as a seller. But you do not just grab it from him, and you do not lie about it.

Question 7 (continued)

... Well ... The real bargains come from someone who has just cleaned out his attic and doesn't know what he has. He just puts it out there on the table. Those are the ones that you would be searching for, not the dealers who know what they have. This, I think, is what keeps people coming.

Jane Jacobs: We have yard sales all of the time in Toronto, and they are just what you were talking about. If you buy something, or even if you do not buy it—say I am going to buy it, here is twenty-five cents, and will you save it for me—it is always saved, even if you come by to get it after the whole thing is closed up. It will be behind the pillar on somebody's porch. It is perfectly honest in all of these ways. But everyone looks for bargains, in just the way you mentioned.

Now, I have also been on the holding-the-lawn-sale side of things. We decide that we have *got* to get rid of a lot of stuff, and maybe some neighbors want to at the same time, or our son says he will too, and we have a sale. As a seller, I am not so much interested in getting the maximum amount for everything as I am in the turnover. And if I have to hold this sale three weekends in a row, it is not worth it to me, nor to most people. You have to have turnover. That is worth something to you. You also (and I have noticed this when I am on the buying end of these things) get a certain bang out of seeing that the right person is getting this plant, or whatever.

Question 8

I think that you said that your configurations apply to a segment of society that constitutes the “doers” in society. I can also see that there is a segment of society that is the “done to” segment of society, that really does not have the ability to enter voluntarily into contractual obligations. Two choices appear to me. Either that “done to” segment of society has its own system of ethics that is apart from your two, that is a more passive system of ethics, or it operates without a system of ethics of its own while these two systems are imposed on it. That would have the effect of creating a kind of psychosis within this segment of the population—a system of ethics is imposed on them that they do not really share in.

Jane Jacobs: Yes. There is a great deal of truth in what you have said, and it is full of puzzles. Slaves, for instance, would be

an extreme example, and they are on the passive, "done to" side of the raiding system of ethics, even though their master may sell some cotton, and so do some trading. He lives by the raiding system of ethics. It is very striking to look at the pre-Civil War South (and even after the Civil War) and to notice how the ethic of the South was this raider ethic through and through, even though they sold their cotton or they sold their corn. But notice how important honor was to them, how they fought duels after no one else was fighting duels, and the loyalty. We all like loyalty and we all like honesty too, and if you can be both loyal and honest that is good. But that is when life is easy. It is when they come in conflict that you have to find out whether loyalty is paramount or honesty is paramount. In the South, in the slave society, loyalty was paramount. And the loyalty often operated against the slaves. The whites were "right" in all cases; they hung together, and fundamentally for the same reasons that loyalty is there in all of those cases.

It gets harder when you think about a company town, but not that much harder. The people in the company town can leave the town the way a slave or a serf cannot. But the company town, by virtue of being a company town (if that is the correct definition of what the place is), does not offer alternatives, as you said. Those people really have no alternative, no voluntary bargaining power in what they are doing. This is a kind of monopoly too. It may not be a monopoly of the commodity market, but it has a monopoly of the labor, and of the power in the area. Almost willy-nilly in its locus, it begins to operate as a raider. It is in those companies in company towns that there have been the worst conflicts (often armed conflicts) with labor unions when the unions would try to overcome this helplessness of the have-nots. These conflicts actually become wars, and both sides are acting under the principles of raiders.

When you get to a big city where there many, many choices of jobs, but there are a lot of people who are going to be left out because of their lack of education, or because there simply are not enough jobs, what about them? It is a far more complicated

situation with them. A lot of them are not passive. Some of them are passive. A lot of them who can make a choice will know, maybe without analyzing it, what is more comfortable; whether they like to work for what they call a "good" company, or not a good company. They are making an ethical choice there, as I think Pat Byrne mentioned earlier today. Paul Goodman, the author of *Growing Up Absurd*, wrote about the fix of young fellows who go to work, say, for a garage that is not honest, and are taught to cheat people who bring in the cars. Well, in a place that has a good choice of jobs for repairmen, for people skilled with their hands, those people are not just passive. They are making a choice as to whether they want to work in a dishonest place, or whether they want to hunt a job in an honest place. People can be very unhappy working in a dishonest place, and will do exactly that. We all know people who have done that kind of thing. On the other hand, there are people who think that only jerks work for less money in an honest place, and they will make their choice on this basis.

So I do not think that you can say about employees, in a blanket way, that they are passive, or that it is "done to" them, or that they have ethics just imposed on them, or that they have no ethical system. All of those things are true of some of them, but not across the board.

Question 8 (continued)

What about the so-called "underclass" that are permanently unemployable, those who really are never able to make choices about how they will live?

Jane Jacobs: I think that very many of them are in a much worse fix than being either in a trading configuration or a raiding configuration. They are in a situation of systemic breakdown. They can rely on neither honesty nor loyalty from the society, nor do they give it to the society. This is a terrible fix. This is one reason, I think, that both of these systems are so important.

When they break down, and you do not have them in working operation you have got a *real bad* mess.

People who operate without either configuration are dreadfully deprived in every way—even if they inherited a lot of money, and do not have to worry about making a living, and operate without one system or the other. Their life is hardly worth living, in a way. They cannot rely on anybody; nobody can rely on them. And that is to be very much alone in life.

Question 9

Is there any chance of reforming an institution such as the public school system, for example (which I imagine you would put under the raiding configuration), of reforming the governance of that system (which conforms to the hierarchical model), so as to make it a collaborative, or voluntary agreement kind of thing? Does it have to go to a trading kind of configuration?

Jane Jacobs: John Holt, whom many of you probably knew here in Boston, began by hoping that is what could be done, and gave up on the idea that it could be. I tentatively think now (and I will tell you tomorrow why I do) that it is very, very dangerous to take a configuration that goes by one of the ethics and to try to reform it into the other one. You usually break it down instead and make it into something worse. I am inclined to think that the only way that these things successfully change is by new young ones coming up and taking the place of the system that is not working.

Now, in the case of the schools, I think that it was almost inevitable that the public schools begin to work by the raiding ethic, even though they did not necessarily start that way. Certainly, when Benjamin Franklin started the Academy in Philadelphia, he did not intend it to be a raiding configuration. But the minute that schools get captive customers, and schooling is no longer a voluntary agreement because they have a

territory, and everyone in that territory (unless they can buy their way out of it) has got to go there, it becomes a raiding configuration.

And this is one of many, many puzzles that I think we have to try to get at if we are not satisfied with the public schools being a raiding configuration. I do not think that it is good to bring up children too thoroughly in the raiding configuration, and we tend to do that. They play war games, and they play Cowboys and Indians, and they learn all about how to behave in a raiding configuration. That's O.K. It's fun, and during childhood you don't have to take this too seriously. I had a great time playing—well, we did not call it Cowboys and Indians, we called it Pirates. These things are fun; I am not being a prude about it. But on the other hand, if you are in a society that makes it easy for children to be that way, and the schools they are sent to are run by people abiding by the raider rules; and if at the same time, you discourage them from having anything to do with trade, and regard it as child labor to learn to use the cash register when they are little, or to run the lemonade stand ("That is a sissy thing," the boys are told), you can skew the society very much to one of these or the other. We need them both, as I say. But to skew it to one is breaking down the symbiosis in a very elementary way; and when you have the schools definitely running on a raiding system, so much the more skewing of society.

Question 9 (continued)

The reason I had a question about it is that Albert Shanker (strangely enough, the head of a teacher's union) is opting for a much more collaborative style instead of a bureaucratic, hierarchical style in the model they presently have. From what you were just saying, I did not get the sense that you would want to do away with the public school system. Would the idea of having at least the teachers in a contractual arrangement with the system change the configuration?

Jane Jacobs: I think that as long as they have those captive customers, and the territory for them, that they are not going to change fundamentally.

SYSTEMS OF ECONOMIC ETHICS

PART TWO

Yesterday I argued that for good reasons we have two contradictory systems of ordinary workaday ethics and values. As a kind of shorthand, I call them the raiding and trading systems. The sheet you picked up at the door is to remind you of the salient characteristics of the two systems, or to help fill you in if you weren't here yesterday.

I also spoke of the dangers to both systems from corruption on the part of random individuals, such as dishonest traders or disloyal raiders.

Today I want to explore a more serious kind of corruption: systemic corruption. The system itself breaks down. The code of ethics and values shatters. Systemic corruption is more mystifying and intractable than aberrant, random, individual corruption.

I am going to argue that when raiding and trading functions are institutionally mixed up together so that the same people are institutionally involved with both at the same time, the system breaks down. This mingling can be imposed, or can simply be drifted into. No matter how it occurs, it produces something far worse for an entire group or configuration than either the intact raiding or trading system of ethics and values.

For a stark illustration of the principle, let us go back to the primitive hunting and gathering life. I am drawing this example from a book, *The Mountain People*, by an anthropologist, Colin Turnbull, who got involved from 1964 to 1967 with an African tribal people called the Ik. Traditionally the Ik had preyed on wild animals and gathered termites, honey, and wild plant food in their ancestral territory located in mountains and valleys bordering the southern Sudan, Uganda, and Kenya. They numbered about two thousand people organized in loose bands.

When the Kidepo animal and wilderness preserve was established in their region, and hunting forbidden in it to conserve African wildlife, the Ik were removed and resettled nearby on arable land. To set them up for a different way of making a living, the Ik were presented with seeds of maize, millet, sorghum, and pumpkin, simple field watchtowers and shelters, and instructions on how to farm and to construct granaries. The Ik were being introduced to traditional, simple methods of subsistence farming life.

But what worked for others didn't work at all for the Ik. Even though the new function was subsistence farming, it demanded some of the same ethics and values as the trading system, and the Ik were raiders. They were used to roaming about their territory, taking only what they needed when they needed it. This commonsense conservation not only made industriousness pointless, but immoral. Thrift was equally pointless. Deception was so much a part of workaday life and economic skills that the Ik even made entertainment of it in their abundant leisure time. Fooling each other or outsiders was the form their sense of humor took. A big kill meant a feast that lasted until the kill was gone. Big game was hunted by small parties of men armed with bows and spears. Small game was hunted by larger parties of about a hundred men, women, and children equipped with nets. One of their many hunting skills was setting fires in gorges and then netting the small animals as they fled the smoke and flames filling the gorge. Termite hills were the only food resource traditionally belonging to particular families.

Being predators, the Ik found agricultural life boring and its drudgery insupportable, besides contradicting their sense of right and sensible behavior. So instead of working extra hard in seasons of good rainfall, they did only what they had to for getting by at the moment. The farming was based on family and household responsibilities. When food ran short, families ate even the seeds they should have saved, to say nothing of harvests which were intended to carry them over lean times, some families sooner than others. This was disastrous because under

spur of hunger, the less provident or less fortunate took to preying on families that still had supplies.

The Ik still retained their propensities and cleverness at raiding, and once their rapacity turned upon each other it knew no bounds short of outright murder, and came very close to that. Adults took to snatching food out of the very hands of foraging children. Any possibility that they might become industrious, thrifty, or honest, or that some among them might set an example of these qualities went down the drain. As Turnbull says, "Every Ik knew that trying to store anything was a waste of time." It would only be raided anyhow.

At the time Turnbull was first among them, the rains had failed, and the Ik were not only bored, brutal, and disorganized, but also starving. Yet when the authorities distributed famine relief, relying on young, able-bodied men to take it to the children, the old and the sick in their villages, the men would carry it only a few miles from the depot, then gorge themselves as rapidly and exclusively as they could, even though eating it all meant they must vomit what they had just eaten to consume the rest before rivals could get to it. All solidarity across the generations was gone by the time Turnbull turned up. Parents resented children, did not value them, and if they survived to the age of three literally put them out of the house to fend for themselves as best they could. For their own protection and aggression, children had formed their own cliques and were pitiless to those younger, to the old, infirm, or injured, and often enough to their own clique companions. The bonds between husbands and wives had broken down. Young women, hardly out of childhood, had taken to prostitution. They had something to sell, but not to their own people who had nothing to give them and couldn't be trusted anyhow. The most resourceful men took to instigating cattle raids among bands of herders when they roamed into the vicinity for pasturage. By providing intelligence information to both sides in a raid they fomented, they got payoffs from both.

In sum, everyone was exploiting and deceiving everyone else, including Turnbull, to his amazement and chagrin, and finally to his despair with human nature itself. From his previous

anthropological experience with intact hunting peoples, he had idealized hunters and gatherers. In their harmony with one another and with their environment he thought he had identified what was best and most unspoiled in human life with lessons for all. The Ik destroyed his trust in the human enterprise itself.

At the time Turnbull was among them, the grandchildren of those who had originally been dispossessed were growing up. The population was dwindling rapidly, in part from the conditions at the time of famine and near-famine, and in part from their victimizations of one another. The law of the jungle does not serve human survival well, even when people happen to be in the jungle.

Turnbull at first excused some of the degeneration and lovelessness he saw as a product of starvation and near-starvation. But when he returned later, at a time of good rainfall and glut of food in neglected, untended fields, he was completely horrified. "If they had been mean and greedy and selfish before with nothing to be mean and greedy and selfish over," he writes, "now that they had something they really excelled themselves in what would be an insult to animals to call bestiality." He particularly despised their parasitism. They had managed to make a thoroughly dishonest racket out of famine relief, finding it a permanently easier way of getting food than farming, as they let food in the fields rot. They had also worked up a new wrinkle in their trouble-making among cattle-herders by establishing a cleverly hidden compound for stolen cattle. Some people from all the villages were involved; they had worked out a system of lookout towers and signals from horns to cover all approaches to the compound. Herders who had been successful in their raids on other herders could stash their stolen animals with the Ik until the hue and cry from government police had died down. The police were trying to stamp out the unusually rampant cattle raiding. The Ik men who had organized and were operating the compound were making a rather good thing of it, since they served all sides in all raids and got payoffs from all, and were in high spirits over their hoodwinking of the police, the herders, and each other as well

when there was any advantage in that. Turnbull, with good reason, now viewed them as corruptors of everything they touched.

He has described, in a very extreme form, a type of systemic breakdown that has often afflicted simple raider societies when distant authorities, intent on their own territorial schemes, settle the hash of people about whom they understand almost nothing. To be sure, the authorities were to blame for disrupting the traditional Ik easy of life. Yet laying blame, in itself, explains so little. After all, many a human society has been horribly disrupted, sometimes from natural catastrophes and probably more often from war, and many a human society has been dislocated and has had to adapt to radically changed conditions, and yet has not necessarily undergone systemic breakdown. In particular, raider configurations tend to be able to endure extreme hardship, yet often maintain or even strengthen their sense of loyalty instead of turning against each other.

We come closer when we say the Ik were demoralized. They became literally *de*-moralized. Institutionally, a new function demanding elements of the contradictory ethic had intruded on them. The new ethical demands changed things just enough to shatter the old system. The two different systems collided like matter and anti-matter, and the collision produced something horrifyingly worse than either the intact raiding or trading system.

Although Turnbull castigates the individualism which had supplanted the family and the band, it is worth noting that emergence of individual *rights* had nothing to do with the breakdown, a point to which I shall return later. The Ik had no concept at all of individual rights, either before the breakdown or afterwards. Perhaps if they had, they would have been less brutal to one another.

Now let us take a leap to a very different example of functional mixing—in this case what has been happening to American investment banking. Improbable as it may seem at first thought, the bankers have been afflicted with the same basic trouble, or pattern, as the Ik. That is to say, institutionally

they took on a function unsuited to their ethic. In this case it was a trading configuration that took on a raiding function.

Traditionally, investment banking has provided capital for purposes of production and trade. This gave rise to associated trading services, among them the service of advising and assisting corporate clients who contemplated mergers. After passage of the anti-trust laws to combat monopolies early in this century, mergers were for a time undertaken largely for practical production or distributing reasons. For instance, a corporation with a product that had seasonal ups and downs might seek to merge with a company whose seasonal fluctuations complemented its own. A book publisher doing poorly might be bought up by another because of its back list of titles, or a magazine or newspaper folding up might be bought by another to try to capture its subscribers. A corporation with a large cash flow or advantageous borrowing power might buy up a promising company that needed investment for expansion. A company with patents might buy up another holding more recently related patents. A corporation might want a supplier on which it had come to depend heavily. And so on. Whatever the reason, almost invariably mergers were arranged in accord with the trading tradition of mutual negotiation, compromise, and voluntary agreement.

Another set of services and practices arose from the bankers' work of issuing stock and bond issues for their clients. This led to trading in securities of various other kinds on behalf of clients, and also to speculative trading on the investment bankers' own behalf to increase the capital available to them for underwriting the issuance of clients' stocks and bonds or for other investment. So far, all this was suitable to the trading system of ethics and values.

But during the 1960s a different type of merger rapidly came to the fore—the building of conglomerates. This was not based on production purposes but, rather, on a kind of power game. It amounted to economic empire building for the sake of empire building. A corporation, or sometimes an individual, picked up one after another conglomeration of companies, ready-made, much as raiders from time immemorial have

depended on picking up what is available, more or less ready-made. Big economic empires could even be built rapidly from scratch in this way and some were. The very word entrepreneur began to lose its meaning of an economic creator—a meaning just now being rediscovered—and took on the different meaning of a sheer acquirer. By serving clients like these, investment bankers were insidiously starting to accept a raiding function. But still, so far, the raiding notion of taking without a by-your-leave remained very uncommon.

In due course, however, along came a bolder and more ruthless breed of raiders. These cared nothing about the trading practice of voluntary agreement. If they couldn't get a company's management to agree to a takeover, they took over anyhow. Hostile takeovers became an everyday feature of corporate raiding by 1983. The business sections of newspapers began to read like reports from battlefronts, complete with much of the imagery of war and extortion.

Investment bankers were in the very thick of it all, masterminding defenses for some clients, plotting aggressions with others. Enormous fees were to be made in either service. Since the bankers still retained their propensities for the trading values of industriousness and ingenuity, their exploitation of the new raiding function knew almost no bounds. They found ways of financing raiders that had hitherto been unknown, all of course at the expense of productive uses of capital. They found ways of corporate defense hitherto unknown, also at the expense of productive uses of capital. They worked so industriously and ingeniously that by last year almost every company in America, according to *The Wall Street Journal*, was in jeopardy as a potential target for raiders. Some likened what was occurring to a feeding frenzy by bluefish.

The collision of the two incompatible ethical systems began to show. The symptom that has drawn most publicity is illegal insider trading. Trading in stocks was at the core of both aggression and defense. A raider needed to get control of blocks of stock in a victim company. The victim management needed to get control of blocks of its own company's stock. Either way, or both at once, the value of the stock rose, sometimes

fabulously. People who accumulate stocks professionally on speculation that a takeover attempt might occur are called arbitrageurs. Some are independent, some are partners or employees within investment banking firms. Fortunes could be made by arbitrageurs who guessed right. But guessing is risky. The risk could be wonderfully minimized for arbitrageurs who had inside information on takeovers in an early stage of planning, information it is illegal for them to be given on grounds of unfairness to other buyers and sellers of stocks. The transmission of such information in return for bribes or a cut of the profits is what created the insider trading scandals.

However, bribing is the least of it. As a practical matter, accumulations of stock are necessary both to raiders and defenders against raiders. Therefore, as one investment banker has explained, although ethical bankers do not take bribes from arbitrageurs, nevertheless they do try to convey information circumspectly because, as he says, "you are being paid by your client to win, and arbitrageurs can help you win."

This is systemic corruption. It is imposed by the very fact that a trading configuration has assumed raiding functions which demand contradictory ethics. The elements of the two systems that have collided in this case aren't the same elements that collided in the fields, granaries, and heads of the Ik, but they are quite as incompatible and *de-moralizing* in their own ways.

In spite of the fortunes made, systemic corruption has been destructive to investment banking. Again according to *The Wall Street Journal*, some firms are likely to fail in the aftermath of civil suits brought against them, apart from criminal prosecutions against bribed employees or partners. The *Journal* speculates that in light of the mess revealed, the function of investment banking may in future be largely assumed by commercial banks after appropriate changes in the law. People who don't want to see that happen are advocating more regulations and expanded financial policing to curb what they call excesses. But as long as the ethically unsuitable function itself is mixed up with the trading function of supplying capital for productive purposes, we may be sure that conflicts will

emerge in forms other than those already evident. They are built into the fact of the mixing.

Commercial banking has also drifted into an incompatible raiding function—in this case, distribution of largesse which is the raiding form of investment, not the trading form. The commercial banks made foreign loans in huge amounts that did not serve productive purposes. To be sure, they were often buttressed by incompetent, untruthful, or wishful projections of commercial success, but it is realities that count in these matters, not appearances. The loans were influenced and encouraged in an atmosphere of political considerations. Did this or that friendly or potentially friendly foreign regime need support? Would Communists make inroads if they didn't get it? Provide loans. Because the officers and employees of commercial banks retained their trading values of industriousness and competitiveness, once they got into the business of distributing largesse, their exploitation of this raiding function knew almost no bounds.

The largesse distributed under the name of loans cannot be repaid. Even interest, in many cases, can't be paid, creating what is called the Global Debt Crisis, or the International Debt Crisis.

Under the trading system, honest accounting is very important. When interest is defaulted, after a grace period commercial banks are supposed to depreciate the value of such debts on their books. But if banks were to follow this practice in the case of their huge largesse loans, their own solvency would come into question, to say nothing of their own reckonings of their profits. Therefore banks have lent their huge foreign debtors still more money so they can appear to be paying interest with the proceeds of new debts. How this will end we have yet to see.

But again, an ethically unsuitable function has produced ethical collision. What occurs as an aberrant corruption when individuals in a banking system want to conceal what they have done with money and hide the consequences, has become systemic corruption. And again, mixture of unsuitable functions has been destructive to banks themselves.

Government or quasi-governmental agencies seem especially prone to confusions of trading and raiding, perhaps because of trying to be all things to all constituencies. Was it NASA's function to create and run a space transport service that would pay for itself—a trading function? Or was NASA's purpose the patriotic mission of outdoing the Russians—a raiding function? Should NASA's contractors have been chosen strictly on the basis of how they could perform—a trading consideration? Or with a view to distributing government patronage—a raiding consideration? When trouble was emerging, which should have ruled—deceptiveness on behalf of the configuration, or honesty? How paramount should loyalty, obedience, and respect for hierarchy have been?

In the post-mortem investigation of the Challenger's explosion, these and other raider-trader confusions were identified as real and tangible contributors to the disaster. The explosion was not caused by aberrant transgressions like sabotage, treachery, or carelessness. This was systemic failure, and it was destructive. If NASA, reconstructed, continues to embody raider-trader confusions, we may expect further systemic failure.

Sometimes configurations that take on unsuitable functions seem only to grow stronger. But the appearance is deceptive. For example, imperial governments are raider configurations. Historically they have made promotion of trade into central policies. But in the process they convert trading into raiding. The price has been loss of economic creativity in the imperial nation itself, to say nothing of the shackles fastened on the economies of its conquered territories.

Throughout our society today, in low places as well as in high places, systemic corruption is appalling. In some parts of society, people cannot rely on either loyalty or honesty. That situation is much worse than either the raiding or the trading system, whether the people concerned are Ik or Americans, and it is intractable.

I am not prepared to say that all systemic failures are owing to institutionalized confusion of raiding and trading. Life is too complicated, as a rule, for one bit of truth to cover

everything. But what I am saying is that mingling raiding and trading together does shatter ethical and value systems and that this is serious. These two systems, in their holistic integrity, are basic social survival systems, nothing less. That is why they have emerged, as systems, again and again, in widely different cultures and times.

Behind unsuitable mingling lies much intellectual confusion. People imbued with one of the two systems often do not comprehend there is another. When they encounter the other they try to make it fit the one they know. For instance, in a recent Canadian book proposing reforms for urban police forces, the author recommends that executives of successful corporations be brought in as police chiefs to make departments more businesslike, that recruiting and training practices be radically altered to undermine the absurd loyalty police evince for one another, and that new functions, such as social work, be given police so they can become steadily industrious, efficient, and productive like proper workers. Here is a trading-minded author who observes the sometimes dangerous, often devious and deceptive, and inherently sporadic job of discovering and apprehending criminals, and does not see a valid system of ethics and values for that function, but rather an inept and slovenly version of the different system he knows so well.

Just so, people who by temperament, education, or aspiration are imbued with the raiding system tend to think of trading as undisciplined, dull, and mean. Well-educated Englishmen seem especially prone to this incomprehension. One such, who says he is a consultant to corporations, advises them in his books to get their acts together by adapting Machiavelli's advice to the prince, and by organizing their workers into bands deliberately modeled on the values of tribal hunting groups.

People who are perpetually amazed that the Pentagon is wasteful, that the CIA is untruthful, and that their hard-earned tax money is squandered on patronage and largesse, are trader-minded. People who assume that all business is a form of organized crime, that all dealings with money are dirty, and that

all non-profit enterprises are morally superior to profit-making enterprises are raider-minded.

For their part, learned and thoughtful philosophers seem to suppose it is possible to pick and choose virtues as wisdom might dictate and mix them up together, willy-nilly. In the course of a beautiful historical survey of ethical philosophy, Alasdair MacIntyre deplores the fact that in about the year 1400 the notion of individual rights took root in European society. The classical tradition, he points out, had it that rights do not rest in individuals, but rather, like responsibilities, rights belong to social roles. The Aristotelian concept thus held that to be a man is to fill a set of social roles, "each of which has its own point and purpose: member of a family, citizen, soldier, philosopher, servant of God. It is only when man is thought of as an individual, prior to and apart from all roles," says Professor MacIntyre, "that 'man' ceases to be a functional concept."

Rights, he correctly points out, are social attributes. They derive from society. But from this truth he comes to the conclusion that therefore rights cannot be inherent in the raw, abstracted individual. By definition, he thinks, this is unsocial and therefore leads to all manner of social chaos, nonsense, destructive selfishness, and breakdowns of responsibility, ethics, and morals. One suspects that he would diagnose the Ik, who had no conception in their ethic of individual rights, as having been led astray by individual rights.

To see where Professor MacIntyre has gone astray, we must think about contractual law. Contractual law is as necessary to the successful trading life as hierarchical law or custom are to the successful raiding life. As traders and producers, people need to sell and buy goods, negotiate leases, accept employment or hire employees, borrow and lend money, and so on. When they deal with strangers, as is often the case, they need to know that the courts will enforce their contracts if need be, and will do so justly—which means, above all, without regard to people's social roles or positions. Nobody's social role, under contractual law, permits terminating a lease on whim, evading a legitimate debt, infringing a patent or copyright, welshing on a promise to deliver, and so on.

Contractual law or custom, unlike hierarchical law or custom, applies alike to all individuals under its jurisdiction. It is inconceivable without the concept of rights belonging to individuals purely as individuals and for no other reason. So inseparable is this link that we even have the fiction of a corporation being a person, so that corporations too may be able, like individuals, to make contracts and to carry on the trading life of producing, buying, selling, and enjoying the civil protection of due process of law.

Here too we must think about dissent as opposed to obedience, loyalty and conformity to existing roles. We tend to think of dissent primarily as intellectual dissent, in the sense that right now I am dissenting from Professor MacIntyre's reasoning and opinion. But a somewhat different kind of dissent, although it is related, is at the core of economic development and therefore at the core of the ongoing, successful trading approach to economic life. Every sort of goods or service that is added into trade, every change in how things are produced or distributed, is dissent to established ways of doing things. The changes are subversive of already well established, respected, and powerful existing interests, particularly so when we think of such changes in the aggregate.

Hierarchical law and custom stifle and suppress this sort of dissent, much as economic monopolies do when they are effective. But contractual law permits and abets this process, precisely because it socially frees individuals, as individuals, to attempt practical acts of dissent under protection of egalitarian contractual law. Without such acts of dissent in the past, we would not have, among so many other things, publishing houses to print and distribute the works of philosophers, nor sufficient funds to support such institutions as Boston College, nor probably even enough fabrics to clothe ourselves. Without such acts of dissent in the future, we cannot have even the hope of overcoming the many practical problems that press upon us and our environments today.

Wherever and whenever contractual law does not in reality apply to all individuals alike, those excluded are automatically deprived of the opportunity to engage fairly and justly in the

trading life; and the trading life itself is deprived of their skills and even of their potential ingenuities, innovations, and practical problem-solving. In the generation just younger than mine, significant numbers of American women set out to create businesses of their own. Many of them discovered, to their incredulity and outrage, that by custom they were blocked from signing business leases on their own responsibility or borrowing money on the responsibility of their own enterprises. To do so, they required rights as individuals, quite apart from their Aristotelian social roles as wives, daughters, sisters, or mothers.

Slaves have always been given social roles, and along with the roles, certain hierarchically determined rights suitable to their roles, but *only* suitable to them. Lacking individual rights, purely as individuals and for no other reason, slaves are automatically outside contractual law. Many blacks and others have discovered that this legal disability often carries over into racial discrimination by custom and force in the absence of slavery. After the Civil War, when freed slaves began to set up various business enterprises of their own, especially in Washington and in northern cities, custom and force closed in, effectively preventing or destroying much of this initiative, in my opinion doing incalculable harm whose effects are still with us. Blacks were being excluded from the egalitarian workings of contractual law. Every time a black homeowner has been driven from his home, or harassed within it because of his race, as has often happened to blacks in predominantly white neighborhoods, he has been treated as if social role law ruled, instead of individual rights under social contractual law.

To get back to Professor MacIntyre's thesis that in about 1400 a wrong turning occurred, it was no accident, much less a bit of intellectual mischief, that the conception of individual rights was percolating through European society. During the Middle Ages, a remarkable degree of economic development and increase in trade had been occurring. In the process, what was called the Custom of Merchants, precursor to our contractual law, was spreading, and so were the courts that adjudicated this sort of law. In other words, along with the goods and trade that had been pulling Europe up from the almost inconceivable

poverty of the Dark Ages, came contractual law, and along with contractual law came the emergence of individual rights. The option that Professor MacIntyre implies when he speaks of a pernicious wrong turning was an option that did not exist.

Certainly, much socially chaotic thinking wears the mask of individual rights. Much pitifulness and frustration too. That statement of aggressive helplessness, "the world owes us a living," sounds like a raiding notion, but it is more passive, simplistic, and fragmentary than the intact ethic of the most primitive hunting and gathering band. Rousseau, the Utilitarians, G.E. Moore and others for whom individual realization or gratification over-rode in ethical or practical importance almost all other considerations, were abstract to the point of being disconnected on the subject of how societies make their livings.

At the other extreme, although ironically they might have delighted Rousseau, are the so-called Deep-Ecologists of our own time. They deny the validity of any human individual rights or gratifications different from those of the other animals, and as far as I can figure out, wish there were only about five million of us on the planet, all living much like the Ik while they still had their hunting territory, and with death rates high enough to prevent further population expansion.

But all this is far from the conception of individual rights attached to contractual law. Far too from the people who struggle for those contractual rights, typically with deep concern for their societies and for the future. Why suppose that individual rights are defined by the disconnected, the vengeful, the apocalyptic, or the naively raider-minded, while ignoring the economic reasons for the concept, and its validity, necessity, and usefulness in one of the two great social systems? That is really my quarrel with Professor MacIntyre's wistful proposition.

Philosophical concern with ethics and morality, it seems to me, has primarily centered on two major questions: how the individual may lead a virtuous life, and how society may be virtuously ruled. But ruling, whether virtuous or not, is inherently a raiding function. So philosophy is steeped in the puzzles, the necessities, and the potentialities of the raider

approach to life, with its loyalties, hierarchies, prowess, discipline, and at its best, its wise and selfless service to the territory and social life in its keeping. But this is a lop-sided intellectual enterprise.

Why this singular fixation on virtuous rule, I don't know. Perhaps it has been taken for granted that if society is ordered properly at the top, then by virtuous example, wise precepts, and good and stable organization, all else will follow.

Or perhaps a humbler system of ethics and values, concocted by humble people to meet the needs of their own puzzles, necessities, and potentialities, was simply overlooked in the high-minded philosophical tradition. The kinds of people who devised the trading system have traditionally ranked low in most times and places. Caste or rigid class systems that have allocated suitable occupations to various hierarchical groups have placed merchants and artisans in lowly roles, and usually money lenders too if they were acknowledged as having valid roles at all. In old Japan, merchants were at the bottom, artisans next above them, then farmers, and at the top warriors. In early medieval Europe, as Pirenne has explained, merchants emerged out of the lowest riff-raff: runaway serfs, paupers, and the like, and so did city artisans. It is true that in India occupations traditionally associated with castes gave merchants third ranking, after priests and warriors. Artisans came next below, lumped with servants, just above outcastes who were allotted leather skinning and tanning, along with the lowliest forms of servants' work.

We must think, also, how menial much of the work of traders and producers has been. It wasn't all the glorious work of building ships and venturing forth in them, making armor and battle-axes, or building cathedrals and palaces. There was also spinning, weaving, dyeing, tailoring, leather work, pot making and pot mending, compounding of herbal remedies, salting fish, selling cheeses—not only menial work but, all the worse, so much of it derived from what had traditionally been women's work.

Whatever the reasons, the system of ethics and values that was contrived along with the goods put into trade has been all

but ignored as a system by philosophers—even as it was becoming a major force shaping so much of life and its ways. Today, so belatedly, we find thinkers in schools of business racking their brains over how to formulate and teach business ethics—usually under pressure of the sorts of scandals that have afflicted investment banking. It is good they are putting their minds to this subject but odd that they have to re-invent the wheel, as it were.

Utopian thinkers have tended to follow the same lop-sided tradition as other philosophers. They have paid attention, as Marx, Lenin, Mao, and Tito did, to questions of how Utopia should be established, organized, and governed—or in the case of Utopian anarchists, not governed. And indeed, governments aimed at Utopia *have* been set up, seemingly taking everything into account, getting everything under control. Offhand, it seems everything was covered, but it wasn't.

Thus, today countries like China, the Soviet Union, and Yugoslavia have all become deeply concerned about their economic deficiencies, their backwardness and failures in trading and producing. They are in an embarrassing position. They have bodies of theory on the organizing of society and, in that context, on the proper behavior of officials and citizens. But they have almost no theory relevant to their economic difficulties. In great confusion they try to patch and stretch the raiding system of ethics and values, which is what they have, to encompass the successful trading and producing life they wish they had.

In all but the simplest societies, and even in some of them, both raiding and trading are necessary. Raiding and trading are symbiotic. Raiders need symbiotic traders, if for no other reasons than to equip them, to provide tax yields for their support, and in countless ways to make the work of governing practicable. And traders need symbiotic raiders, if for no other reasons than to protect them from crime within their own trading configurations, and crime and force from without, and to distribute the largesse necessary to redress intolerable economic shortcomings and misfortunes.

In less obvious ways too, raiding and trading are symbiotic. Perhaps one of the many advantages of a complex society is that people can find in it many and diverse niches, legitimate and socially constructive niches, for either the trading or the raiding approach to life. Even the same individuals can serve well at trading sometimes and at raiding other times, if they know what they're doing.

Peter Drucker, analyzing last month what went wrong in the White House leading to Irangate, blames poor management and says, "If for whatever reason two conflicting policies have to be carried out at the same time, and that, of course, does happen—they must be carried out by different people and in separate organizations. The right hand must not know what the left hand is doing, if the two are working at cross-purposes. Otherwise there will always be a scandal and both policies will miscarry ..."

But this leaves unanswered the question of how we identify cross-purposes. The authorities who tried to make farmers of the Ik did not recognize they were about to destroy the Ik with a cross-purpose. If they did understand, and if they cared, they might have tried to work up some other, and legitimate, raiding function for the Ik in place of the forbidden hunting. The investment bankers who took on conglomerate building and then hostile takeovers apparently did not realize they were acting at cross-purposes to the very reasons-for-being of investment banking. NASA apparently did not understand it was building cross-purposes into its organization, nor probably did the staff at the White House. If we identify cross-purposes as being ethical cross-purposes, which I think we must, and if we further understand that functions fall into one of two ethical systems, then we are ready to profit from Drucker's management advice.

But of course some endeavors are beyond any help from proper management. Functions built upon neither the bedrock of loyalty and its associated value system, nor the bedrock of honesty and its associated system, are intractable.

F. Scott Fitzgerald wrote that "the test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function."

We can intelligently hold in our minds the two opposed ideas of the raiding and trading systems of ethics and values. But not even first-rate intelligences can simultaneously apply these two systems successfully in the same configurations at the same time.

Perhaps, at bottom, the art of civilization is the art of keeping raiding and trading symbiotic, keeping them genuinely useful to each other, while preventing them from corrupting and destroying each other. At best, this is difficult and chancy. But surely it can only be more difficult and unlikely in the absence of understanding.

Third Question Session

Question 1

I am interested in your observations regarding the virtues common to both configurations. There are similarities in your list of courage, tenacity, responsibility, competence, and good judgment to what were known classically as the cardinal virtues. It is interesting that the cardinal virtues were called "cardinal" because in Greek and Roman cultures they formed a hinge between the household and the forum. I wonder if you could say some more about these common virtues, because I think they would be very important in what happened to the Iik, or what happened in investment banking. These things happened when good judgment was lacking. "Good judgment" here is somewhat analogous to *phronesis* or *prudentia*, prudence—and courage, tenacity with *fortitudo*, which really means something more than the English "fortitude," which you put with the raider ethic. Then in terms of responsibility, there is the classical definition of justice as giving to another what is due—so responsibility as responding to someone. As to competence, I have sometimes seen that term associated with translations of *sophrosune*, moderation.

Could you speak a little more about these common virtues as possibly providing a hinge, so that we do not confuse the two configurations, and bring about systemic breakdown? Do they come under what Pat was referring to as the means of pursuing transformative recovery after the decline?

Jane Jacobs: I much appreciate what you have said. I did not think of them as the cardinal virtues. I thought of it as rather coincidental that they are so important in both. I think there is one other that is so self-evident that I did not put it down, but perhaps I should have. Cooperation is common to both. But now that you mention this, and I think about it, two other things occur to me.

One is that these basically are what we think of when we speak of good character. If a person really internalizes and cultivates

these joint virtues, that may be what enables them basically to work O.K. in either system, but people are not the same in both systems.

For instance, you mentioned justice, giving what is due to a person. Well, you see, under the Aristotelian notion of rights and privileges, what is due a person is a very different from the contractual law, and what is due a person under it. So they operate differently. There is the idea of justice, there is the idea of what is due, but in the concrete, there are important differences.

It is the same way for good judgment. I don't think that just good judgment is enough to tell you what things not to take on, without understanding. Good judgment, in an army general, and good judgment in a military dictator of a country, are not going to be the same at all as good judgment of an entrepreneur. The kind of people who in Lima, Peru, are running that fantastic underground economy are using a lot of good judgment and competence and justice (without even institutional help for it) and responsibility. The way it works is like another planet to the people who rule Peru. And yet, you could make a good case that they too have the concepts of responsibility, and so on.

So, these are basic qualities of character, I think. But they are interpreted differently and used differently. Courage is used differently. Physical courage is far more important in many of the raiding configurations, but courage in taking a chance, in believing that something will work, sacrificing for it and so on, going against the conventional wisdom—these are quite as important as kinds of courage in the trading life.

Now, the other thing I thought of has been in the back of my head, but I did not think of until you were talking: the deadly sins. Are deadly sins in both systems? They are quite as deadly in one as in the other. So, the deadly sins and the cardinal virtues are common to both systems, and then people have their different ways of applying the virtues. And maybe there are different ways of avoiding the sins. I have not thought about it. Thank you very much.

Question 2

You mentioned that both of these configurations refer to economics. It seems that the raiding configuration is more at ease with the political forms that exist in most countries. In the case of China, where the raiding configuration in power let loose of the economy and there was a very rapid expansion of the trading configuration, isn't the push against the raiding configuration going to cause enormous political problems?

I was also wondering whether the trade imbalance between this country and Japan is in some sense a similar example of a trading pattern pushing against the raiding form of the political. Would letting the trading pattern require a reformation at the political level?

Jane Jacobs: I think everything that you have said makes very good sense. I would add to it that in a country like China, where ideologically everybody has been imbued for generations with the idea that the trading virtues are vices, and then you take the lid off and allow trading, there is a lot of confusion about what is proper to do, and what is not proper to do, both on the part of those who are succeeding (and maybe succeeding by foul means) and people who are not succeeding at it (who will interpret everything that is done as done by foul means). Very little understanding exists about the boundaries of what you can do and what you cannot do. It is a difficult thing when a country has tried to expunge one of these whole sets of ethics and values, and then decides that it needs it and wants it back again. It is very difficult when it is done as if they were stone deaf.

Question 3

In the trading configuration, if these defaults lack containment, what is the penalty? Compromise? That is one of your attributes. What would happen?

Jane Jacobs: Are you speaking of the banks and their largesse loans now?

Question 3 (continued)

Yes, how would you regulate that?

Jane Jacobs: My guess is that it would be done by compromise. I don't know, but here is what I imagine will happen. I am no prophet, but this is what I think is most obviously workable, and furthermore, Japan is already starting it (and Japan is pretty smart about these things right now). It will be a compromise between the banks and the taxpayers. If largesse is being provided, you can look at it this way, that the taxpayers should have been providing it all along. It is not up to the banks to provide largesse; it is up to the government to provide largesse. It comes out of the tax yields. I think that what will happen is that the banks will take part of the losses, as much as they feel they can without threatening their solvency or appearance of solvency, and that the public money will be put in as necessary to buy off the rest of the loans, or write them off. I do not know, as I say, but I think that kind of compromise is probably what is going to happen.

Question 3 (continued)

So there is no form of vengeance that is going to try to get people.

Jane Jacobs: No, back in the days when people were thrown into debtor's prison for a default, you might say that vengeance was tincturing this, although it was a different raider notion, really: the idea of ransom. The reason people were thrown into debtor's prison was the idea that their relatives would get together and ransom them by paying the debt for them. But that is a raider way of treating defaults, and you are quite right that the trader way of treating debts is compromise, and the whole bankruptcy system is a very elaborate form of compromise, where the different creditors compromise with one another, under the aegis of the court, to divide the losses. We have even more complicated forms of compromise than that, where a

company is kept going under oversight of the court, in the hopes that it will pull through.

Vengeance is no longer an element in any of this sophisticated dealing with defaults. But vengeance is apt to come into it when there are foreign debts, partly because this is so much on the touchy edge of the raider system. But vengeance is not going to accomplish anything. I think the trader idea of compromise is what will be worked out, one way or another.

Question 3 (continued)

I think that the trading system is a lot better. I mean I cannot see too many advantages in raiding. It is an exploiting system, and I am wondering why you put it on equal footing.

Jane Jacobs: When I began this, I felt the same as you do, and I am most sympathetic with the trading system, personally, although I have been in situations where I have acted as a raider, in neighborhood fights. You would just lose your neighborhood if you acted according to the trading system. You have enemies, and you have to recognize that you have enemies. They will just rook you, and take your neighborhood, and you will all be lost if you try to act as if you can compromise and trade with them and so on. You can't. You have to beat them. Now, I can do that. I don't like to live that way. In a way, I think it makes your life absurd, because to my mind you cannot accomplish much, you are just reacting to absurd things, and doing absurd things in response—which is what war is, too. But if you do it, you have to enjoy it, you know? These things are unbearable if you do not have a good time with them.

I really do think that we need the raiding system too. It is needed for certain purposes. The police have to have it, and we are not perfect enough that we can get along without police. And all kinds of regulatory boards, that seem kinder than policing, have to work according to the raider system of ethics.

Question 4

I was struck by the fact that you seem implicitly to be working with a higher- and lower-order ethic within both configurations. I would like you to say something about that. I would also like you ask you whether you have encountered situations in which you have a transformation, for example, in a trading configuration in which the available trading ethic does not work, and you do not have a change in function. I am thinking, for example, of the situation that Pat Byrne brought up yesterday, after transactions of decline, when you have to reverse a declining situation, either within a city, in terms of a neighborhood, or in terms of the structure of the economy, when the trader has to stay even though the natural instinct of the trader would be to get out, and the ethic of the trader says, "Cut your losses."

Jane Jacobs: I think that the only thing that works there is a high birth rate of new trading configurations.

Question 4 (continued)

But if they are still working with the old tools, they are not going to work either.

Jane Jacobs: Not if the transactions of decline continue going on and sapping everything. The transactions of decline are really the raiding part of raiding-trading—taking too much, sucking up too much of what is produced, allocating it to raiding functions. In a way, it is starving the trading process. And there is no way, when these have far advanced, that we can overcome it just by being more bumptious.

This is a great puzzle: we need this symbiosis of raiding and trading without either ethic destroying or corrupting the other. I don't think that we know how to do it successfully. I think that there are many ways we can look at, that are unsuccessful, and at least you learn from that what the hazards are. But a great

deal more needs to be tried and thought about, more we need to be aware of, too.

Question 5

The U.S. bishops recently came out with a pastoral letter on the economy, and I found some inconsistencies in it, especially in the policy implications. I was wondering if maybe this tension between trading and raiding might be part of it. The hierarchical Catholic Church would fall under raiding, and here it is speaking on trading, and trying to impose its configuration on another configuration.

Jane Jacobs: I think that there are misapprehensions of that sort. We have to be clear, though, that just because an organization is institutionalized as a raiding organization, it does not need to promote just raiding ideas. To turn it around, consider a publishing house. It is a trading organization; and a writer writing for money, or if not writing *for* royalties, at least gets them if the book sells—a writer of that kind is in the trading system. That does not mean that the writer can promote only trading ideas, or that that publisher can publish only books that are promoting or explaining the trading ethic. It can do both. The same is true with a church. Most churches are hierarchically organized, i.e., organized in a ruling system. (The more I talk with you about it, I do not want to call it “raiding,” I want to call it “ruling.”) Religions almost always are. I don’t know about witch doctors and so on, but they may well be, too. Anyhow, the religions with which we are familiar, the great world religions, are organized as part of the ruling arrangement. But that does not mean that that is the only kind of ideas or ethics that they can promote.

Question 6

When a raiding, or ruling, organization like the U.S. bishops, or the political authorities in the case of the Ik, or yourself as a thinker, are trying to understand the two configurations, are they not using intellectual operations which cause them to go

beyond the two systems or configurations, and if so, how can they understand the other, and make, for example in the case of the Ik, a right decision, respectful of the Ik system?

Jane Jacobs: Well, if you understood about the Ik, that they were going to be destroyed when you tried to make them go against their ethic, and if you respect their ethic as a functional thing, a workable thing, and a valid thing, then you would have good reason to worry about what was going to happen when you tried to turn them into farmers. At least you could think: "What else could we do?" Now, I am not going to sit here in some distant way with these Ik that I do not even know as much about as the authorities who ruined them, and say what should be done with the Ik. But I will suggest maybe the kind of thinking that there should have been.

One kind of thinking would say, these people are part of the wild life; they need protection as much as the elephants do. I think that they did. Another would be, what is really the threat in this wildlife preserve? The threat actually, as in all of these wildlife preserves, does not come from this scanty little population of people who hunted them; it comes from poachers who are killing the elephants to sell the tusks for ivory, or killing the zebras to sell their hides. It also comes from grazers who are encroaching on the wild animals' land with their animals. That being so, at least it would have been worthwhile thinking, it seems to me, to ask, why don't we enlist the Ik as protectors of this territory? It is their territory. They have always protected it as best they could. Why not have them as our partners in protecting it from poachers and from grazers? They probably would have been excellent at this, and it would have kept within their ethic.

As I say, I do not know enough about it to know whether that is practicable or not. It may be a foolish idea. But I think that that is the kind of thing that you have to think about if you are noticing and respecting what ethic people are running on.

Question 7

This might be a bit of a follow-up on that question. Michael Walzer writes in the book, *Spheres of Justice*, about a theory of social justice that sees different spheres that are interdependent, and that there are different ethics or different conceptions of justice that function within each sphere, and that the important thing is recognizing the boundaries. He sees the political sphere as the sphere that debates about where those boundaries are, discusses them and enforces them. If there is this symbiotic relationship between the two types of ethics, where does that discussion go on, about where the boundary line is and how the boundary is protected concretely?

Jane Jacobs: If you leave it to the political professionals to do the debate, it is going to be very lopsided, because the political people usually see things from the ruling point of view, the raiding point of view. And they are not going to take the trading point of view and its ethics into consideration enough. That is one reason why I think it is good to have *everybody* interested in these things, debating these things, understanding their own system and the other one, if possible. I also think that it is good if in our imaginations, and even in reality, we have experience in both of these spheres. I think that intellectual understanding does not take the place of living some of this. Again, that is the advantage of a complex society, and it is one of the terrible things about a class society that is based on this. People really have abysses in their understanding that cannot be bridged, because it cannot be bridged in their experience, and hardly in their imaginations. We are lucky, in America, when you look at what class-ridden societies there are and have been in many places. People are often cynical about America, and say that it is not a classless society at all, that it has very marked classes. We do have those abysses, especially where race is concerned; but really, functionally, we are relatively classless. Compare us with England, for instance. The freedom with which we can move between ruling and trading configurations, and be respectable in

each and operate in each, is almost impossible in England and many other places.

Question 7 (continued)

I do not know if you are familiar with Immanuel Wallerstein, author of a book concerning absolutism and the emergence of European statehood. He comes up with a model of a world economy, whereby you have core states and states on the periphery. States on the periphery are states that are highly taxed, that have unsophisticated goods that are given over to the core states. States in the core are states with status, and they are selling their sophisticated goods back to the periphery. He gives this as a model that has been working throughout the emergence of states. Other people say no, that is not true anymore because we have places like Brazil and Korea that are on the horizon right now economically. But this does not convince me because what we have also seen is the decline of the British Empire, which right now has a GNP comparable to Italy's.

Jane Jacobs: Not as good.

Question 7 (continued)

And people took a good look, and realize what is frightening about that is that we will be witnessing also the decline of America economically. The only thing maintaining our position is our military ties with Japan and West Germany, who are doing it economically. So, what I guess I am trying to say is that I think that this is a rigid model, and I do not want to be part of an empire, nor part of a periphery, or colony, because someone is being an empire. And other people are saying, well, core and periphery states are still very much being formed. States which seem in the middle are being either empowered or disempowered. So I am wondering if there is an alternative to this cycle of rise and decline of empires, this switching of places between core and periphery states. It seems as though we are asking too little of ourselves.

Jane Jacobs: Very well put. It is another form of, "I would not be a master, and I would not be a slave." And there is no reason that the world has to be organized like that. This is raiding going beyond all bounds, and is destructive to the raider as well, as you noted.

Question 8

I want to take you back for a minute to the mergers and the investment bankers, because it is an important example of what you do. I found myself wondering who are the traders and who are the raiders in these transactions, because at one level, the take-over artists taking over another firm, do this by acquiring stock in a voluntary transaction with other stockholders at a price they deem acceptable; and the people who are really resisting are the entrenched managers who treat the firm as their own, though legally it is not: and they see their position is endangered, and they are defending their turf, fighting back with every technique that they can possibly manage. The investment bankers got into this on the philosophy that they will provide funds for any legitimate purpose. It seems to me that the people who are taking over the firms are acting much, much more like traders, with voluntary exchanges, and on the analogy with what you said about protecting the neighborhood, your neighborhood is threatened because someone is trying to exercise voluntary trades, or exchanges in the purchase of property under the law; that somehow you see your rights, your neighborhood, or your turf being threatened, and you lash out as raiders. I think that that is exactly the same thing that has been going on in the mergers and investment banking. People have been trying to make voluntary transactions with other stockholders, and it is the managers who are holding out in their entrenched positions who are the raiders. And the people taking over the firms are really the traders.

Jane Jacobs: Well, in the first place, you misunderstand about neighborhood fights. I never heard of a real neighborhood fight that was against somebody operating in a voluntary trader way,

buying a piece of property in the neighborhood. It is usually against the power of eminent domain by the government, which wants to put a highway through, or wants to urban renew it, and is not doing it under contractual law. The sovereign is exempt from that. Once in a while it will be against a property owner. There will be a big neighborhood fight against one, usually when that property owner wants to get exempt—sometimes by paying bribes—from the by-laws or the zoning laws or whatever the people have thought were protecting their neighborhood. So, I cannot see that the analogy that you have used about the neighborhood has anything to do with this. The neighborhood fighters are not fighting against traders, fair and square, in the voluntary trading situation.

Now, the rationale that you have used for the hostile takeover: this is a way of seeing all of the trading life as not trading life at all, but as raiding life, the way the man does who wrote the book I mentioned about organizing your people like hunting bands and studying Machiavelli. As I am reading this book, I am thinking, "What in heaven's name does he think the producing and distributing life is all about?" You never read about producing anything, or really getting it into the hands of customers. You only read about battles; so at the end it was all about getting a good enough bottom line by these devices to come out terrifically in a takeover. That is what it was all about: converting the whole trading life into battle formation. And that is what you are talking about. You are not recognizing that there is voluntary trading life. Everybody is everybody's enemy in the picture you have just drawn. The management is the enemy of the stockholders, who own the firm. They are entrenched. It would be good if somebody could get them out—just as if they were an enemy. The stockholders are the enemy of the management. They may sell out the management. This is the Ik, in economic life: everyone at everyone else's throat, everyone the foe of everyone else. And it will not work.

Now I will give you an example of what this attitude does in actual cases. Somebody gets fortunes out of it—often the people

who held the stock. Sure, if you persuade them the company they formerly owned the stock in may now go down the drain, but, boy, they made something out of it. One of the textile companies in Virginia, that is still viable and quite successful, became the target of a hostile takeover bid, or its management did. Obviously, since this was a company that actually had a very good management in an environment that most textile companies have not been able to manage in, it was doing fine; that is what made it look desirable. That is *often* what makes these companies look desirable. If they are really on their last legs, if they are really badly run, they are often undesirable.

Now, this company was resolved not to be taken over, and so, with the help of investment bankers, it went through all of the defensive maneuvers of making up poison pills, and golden parachutes, and everything—booby-trapping itself, in short. It did that successfully enough that the next outcome was what is called “greenmail,” which is blackmail. The other company, the raider that wanted to take it over, would give up as long as the target company would buy its stock at a very inflated price. That is the blackmail, or the “greenmail.” And how are they able to do this? The same way that a raider is able to afford the hostile taking-over of another company: they mortgage their future. This is the opposite of constructive trading with the future; this is leaving the future worse off than things were when you arrived on the scene. They had, in effect, to do a leveraged buy-out of their own company, which means that you can incur debt (a money debt) great enough that you can only pay for it with the earnings of the company. They will support that debt into the future, so they have mortgaged their cash flow to this purpose. That is what this textile mill did: it mortgaged its cash flow for long into the future to keep its independence, and the money went to this blackmailer. Now about the same time, a lot of people in the state of Virginia who cared about regeneration had, with great effort, managed to get into the law that you have to put certain equipment in textile mills (which the Japanese do and the Germans do and the Italians do, but Americans have not been doing very much) to protect the workers from what is

called "brown lung," that comes from little flecks of stuff in the air. And this mill had to put in that equipment for its workers, but it could not do it. The money that would have been spent for that equipment, or to support the loan for that equipment, was now tied up in this money that the company had had to raise to keep its own independence to *no productive purpose at all*—it was certainly not a matter of rescuing the stockholders from a nasty, entrenched management. This is a *big piece of balony*, as you don't mind my saying so (I think you probably do), that the investment bankers use to justify the worst possible things that they do, and to pretend that they are rescuing the poor, helpless stockholders. The poor, helpless stockholders can sell that stock any time they please, and they do not need to make tremendous fortunes out of it in blackmail, or through its rising in price for no reason at all except that there is a power struggle going on. To make that into the idea that this is the way trading should operate is really to turn things on their head.

Question 9

I think I have a related point. When you were talking about merger activity, initially you were talking about horizontal and vertical mergers. If I understood you correctly, you suggested that that was within the trading configuration, because firms, as a consequence, would be able to produce a better product, and produce it more cheaply. Then when you referred to a conglomerate merging across product lines, you seemed to be saying something else.

Jane Jacobs: No, it is not always across product lines, because for instance, a company, like the first company I mentioned, has big seasonal fluctuations, and so they want to merge with another company, and will have two divisions, now, say, that have the opposite seasonal fluctuations, so that they will not have to lay off workers. They are almost certainly two different products or they would not have this relationship. It is not a matter of vertical or horizontal.

Question 9 (continued)

But to stick for a moment with the vertical and horizontal, is it true that that is consistent with the trading configuration—if a firm acquires a supplier in order to produce a product more cheaply?

Jane Jacobs: That might be, yes.

Question 9 (continued)

But then you began talking about moving away from merger activity solely related to trading, and towards a kind of merger activity that seems to shade imperceptibly into the kind of activity that the last questioner was talking about. I just wanted to get clear about when you are talking about conglomerate mergers—there is the argument that these are an effort by managers to diversify their risk in order to have a steady rate of profit, not to have big fluctuations in profit, the same way that an individual might buy a mutual fund rather than individual stocks in order to diversify risks. I was wondering if you were suggesting that that is now outside the trading configuration.

Jane Jacobs: Yes, because I do not think that very often it actually has anything to do with diversifying, except in the misguided sense that if you own the whole world you do not have as much risk as when you do not own the whole world. In a smaller sense it may be trading. But conglomerate-building got all beyond that, and had nothing to do with reasonable diversifying—as you can see from the way a conglomerate, once it has been built, will very often either shut down subsidiaries, which does not indicate that they were bought for diversification; or they will shed them, sell them to somebody else, which does not indicate that they were bought for purposes of diversification. They were bought to get bigger. And very often the subsidiaries are very badly run, because nobody is paying any attention to them. That was not the point of the takeover. They really were not gotten for production purposes.

If they were, they would not be shed that way, they would not be shut down that way, and the minute that you see conglomerates behaving in that fashion, you know that this had nothing to do with acquisitions for sensible production or distribution purposes.

Question 9 (continued)

But in the case of the firm with seasonal fluctuations that moves into another market where a firm fluctuates with a different seasonal pattern, that is a form of conglomerate merger, and a merger across product lines.

Jane Jacobs: Yes, that is fine. It is a difference in scale (scale is very important in these things), and it is also a difference in how many things are you going to get. A company that does that sensibly does not think that it has to get eleven new products so as to have one for each month's fluctuations. If it has something that sells big for Christmas, and so does well when the Christmas things start to be bought, it will try for one that is big the other part of the year, in a sensible way, and will try to cover the other part of the year as much as possible. It will not just buy everything around, and then say that it will all even out the more one has.

Question 9 (continued)

There is an economic argument in reaction to this that goes something like this: this capital in the particular firm that is, say, about to be taken over is earning a much lower rate of return than potential investors could return. So the argument could be made that this merger activity, which you referred to as hostile takeovers, could result in moving capital into more productive uses, therefore benefitting, in some sense, the general public through a more productive use of capital. And so, getting back to an issue raised last night, that raiding is less concerned with productivity than territory—couldn't an argument be made that some of these takeovers are related to the productive use of capital?

Jane Jacobs: You can make the argument, but I do not think that that has been happening. I think that all of the time this has been happening the American economy has been in decline. Investments have *not* been made for productive purposes—like the brown lung thing. Think of it like this: General Motors (and before General Motors there was U.S. Steel, and you can have any number of them, but let's take General Motors)—the argument was made for years, and everyone believed it, that there were huge economies of scale to be gotten in a company like General Motors, and that the more automobiles, the bigger its share of the market, and the more it controlled its suppliers, the better. That is the productive use of capital, much better than being in things where it might be lost. What could be more productive use of capital than General Motors?

But it wasn't. It was not doing any of the things for the future that it should have been doing. It controlled its suppliers so much that its suppliers did not have freedom to improve things. I think that there is no mastermind that can say, "This is the most productive use of capital." You only know it by how it works out, and trying to second guess it ahead of time does not work. That is one reason why experiment and the markets are so useful. They are what tell us. When you second-guess it, you put it into economies of scale, which means big companies that can buy a lot of stuff and shed off the ones that are not productive and concentrate the money in something else, saying that this is the most productive use of capital and is good for society. Maybe it is and maybe it is not. The only way you can tell is by the number of different things that there are, and which ones win out, fair and square, in the trading system. That system will probably tell you. What General Motors' use of capital is telling us right now is that probably for a long time, this was not the most productive way of allocating capital. But who would know it if the Japanese had not come along?

AN EXCHANGE OF LETTERS

Glenn Hughes
Simmons College

May 1, 1987

Dear Mrs. Jacobs:

I had the very good fortune of being present at the workshop you gave at Boston College last month. This letter is first of all a note of thanks for the many insights you shared, and for the impetus I received toward thinking through some issues of my own. And I want to hasten to add that, in spite of some questions that I have about certain elements in your current work, which I will mention presently, I found the trader-raider configurations "schema" enormously illuminating. Not only did patterns of data in economic and social life become more explicable, but light was shed on my own upbringing and ... the sets of values that make up the atmosphere of moral persuasion in my family's horizon of social and cultural alliances. Because one's personal temperament and experiences form the inevitable background—I should say soil—from which present interests, questions, and prejudices emerge, I'll introduce my theoretical questions by saying that my early sympathies are perhaps precisely opposite to your own early sympathies—I mean in terms of the trader/raider categories, and one's comfortableness with their respective sets of values. I read an interview from 1985, with Dick Keeley, who kindly gave me a copy, in which you state clearly your own sense of being a "trader," and in which you are quite a bit harsher on raiders than you were at the conference. I especially recall you saying last month how you had mellowed quite a bit on the raider "type," recognizing it as indispensable for the give-and-take of human commerce and social organization. ... My family

background was such that I grew up devoutly uninterested in all aspects of “economy,” “business,” “trade,” entrepreneurship, and so on. In retrospect it was a deprived sort of upbringing, as most inevitably are, in one way or another...

But weakness in one area may mean strength in another, and so I want to humbly acknowledge my indebtedness to art and philosophy and the sets of values they have let me live by.

Getting right to the point: “economic” life, as you frequently acknowledge, is not the end-all and be-all of human life. The things we value most—love, friendships, and so on—exist outside the economic sphere—at least if we define economy as “ways of making a living.” Now that doesn’t mean that there aren’t types of significant “exchange” outside of economy. And since economy involves exchange, and other crucial types of human intercourse involve exchange, often material exchange, it is tempting to use the term “economy” analogously or metaphorically, and speak of such phenomena as the “economy of the spirit,” “sexual economies,” and so on. But let’s resist the temptation. Again, as you will no doubt agree, the most significant of all types of exchange (I mean significant in the sense of “experienced as meaningful”) in human life are those which don’t have the character of economic life, but of sacramental life. It doesn’t matter if the experience is “secular.” When we experience the gift of another’s love; or the miracle of our own life as a gift; or the immeasurable gift of the artist to society (immeasurable is not the right word—that leads to \$40 million Van Goghs; non-measurable is what I’m after), then we are not speaking of making a living, we are speaking of, well, gifts. I will offer, as a sort of collective image, the triad of artist, philosopher, priest, as “functionaries” in society who, although they certainly need to make a living, have, in their *essential* function, nothing whatsoever to do with economy. The priest, in principle, is supported by gifts for his own service as a gift; the philosopher *also* teaches; the artist scrapes by and, preferably, starves (we know that society gets enormous satisfaction from the artist’s starvation; it “feels right,” since it confirms the incommensurability of his “product” with those of market and commerce). I think Lewis Hyde is on the right

track in *The Gift* in distinguishing market-exchange and gift-exchange, and working out principles of each. Of course one wouldn't want to set up "market-exchange" in *this* twofold configuration as parallel to your own configuration of "trading." Gift-exchange is neither trading nor raiding, and so whatever category it is distinguished from must include all of "economy," or economic exchange, that is, trading *and* raiding. But of course you've already seen the problem that is emerging. Gift-exchange, and gift-functionaries, bear a striking similarity to raiding activities and raiders. They tend to profess the same sets of values; they both tend to be condescending toward traders and trader-values; they tend to foster each other's growth; and yet they are quite different and distinct. The gift of an artist to society has *nothing* to do with largesse—or if someone thinks it does, even the artist herself, it is a mistake. And the obligation incurred by the participant in a work of art has nothing at all to do with the loyalty to an economic group, a leader, a benefactor in the material sense, or a Don. Properly speaking, it incurs an obligation to one's truer self (cf. the final line of Rilke's meditation on the archaic torso of Apollo: "You must change your life"). Art, philosophy, religious life depend upon leisure, so there is fostered in and by them a rich appreciation of leisure. And the bond of the sacred community, established through the soul's participation in the *eros* of the beautiful and the true and the good, sets up without fail the hierarchy of spirit determined by sensitivity, discernment, and practice, and the resulting exclusiveness as a social value. Yet neither of these traits, in these contexts, are prompted by the same types of exchange as those involved in "raiding." For they are not economic relations.

The difficulties are becoming clearer. Values developed and promoted by human experiences of momentous and disproportionate meaningfulness—of sacrality, of the sublime, of one Call or another—are remarkably similar to those values developed and promoted by "raider" economic relations. And the disregard, if not the disdain, for the values of "trader" economic relations will tend to emerge among those whose vocations are gift-functions. Nevertheless—and this is my first

point—that subordination of the bourgeois values to a lower status by the artist, philosopher, priest is *not the same act* as the contemptuous dismissal of trade on the part of the “heroic” types. It is rather a declaration of the incommensurability of *any* economic relations with the supervalue of spirit and gift. Because in trading configurations exchange becomes abstracted to the point of solid measure and money, trader activities place gift-exchange in high profile; they become the way to highlight the Nonmeasurable. And raider configurations, from the perspective of our noble triad, are in one sense an “image” of the way things are with spirit, a favored type, therefore, of economic relation; but in another sense an insidious imitation, a desecration, in the concrete-economic, of the spiritual. In the latter sense, the ways of a highly organized raider group like the Mafia or oldtime pirates caricature our loving gift-relations as human. The Mafia Don’s ostentation, largesse, and vengeance are a perverse *imitatio Dei*.

But all this—which perhaps, in the main, you are not substantially in disagreement with—leads me to my second point, which is more difficult to express.

Even assuming these separate spheres of economic and non-economic life—of raider configurations and gift-relations—resemble each other and are apt to be confused with each other (and mistake themselves for each other as well), there remains the issue of how tightly knit these economic and non-economic aspects of our lives are, one with the other. There is a very real valuing of gift-exchange, from birthday presents to self-sacrificing love to casual friendships of non-utilitarian nature to letters like this one, that is intimately a part of our involvements with making a living. That is to say, gift-values massively intrude, so to speak, into our economic lives—coloring them, realigning them, even guiding them, and in the limit determining or destroying them. Can economic life even be described, in terms of general configurations, without taking into account the presence, the radiating influence, of this “non-economic” factor which, because it is experienced as a paradigm of exchange, and even sometimes of material exchange, establishes itself as a measure of exchange-conduct in all our

dealings? I'm as aware as you are of the connection between such questions and the deeply unrealistic plans of "utopians," advocates of communities based on pure gift-exchange, and so on—what the philosopher of history Eric Voegelin calls the "immanentization of eschatological symbols." But that is a confusion bred of apprehension of real values. From a balanced perspective, in which it is recognized that "making a living" and "gift"—one could almost call them "world" and "spirit"—interpenetrate, complement, and preserve each other, wouldn't it be possible (even necessary) to show how the very *meaning* of complementary sets of economic values and virtues, as basic as those of trading and raiding, arises in the context of the meaning of human exchange *per se*? I'm not suggesting that economics should be philosophy; only that to explain *as a whole* man's "ways of making a living"—especially raider-style—without including, as an elemental component, the experience of the paradigmatic status of gift-relations such as those that form the vocations of artist, philosopher, and priest, is perhaps something of an abstraction. Our economic lives are not explicable, I think, without a discussion of non-economic motives.

Well, those are two rather long-winded points. I hope you'll excuse the first-draft informality of this letter. It's a very busy time for me, but I wanted to raise these questions and take this opportunity to tell you how very stimulating (as you can see) I have found your recent work. I wish you all the best with your efforts, and I know I'll find your next book as important and fruitful as I have your earlier ones.

Sincerely,

Chip Hughes

July 23, 1987

Dear Chip Hughes:

This is much too belated thank-you for your wonderful letter of May 1. It reached me at the same time I was reading "The Gift," which Fred and Sue Lawrence gave me while I was at B.C. Your letter helped illuminate that book for me and vice-versa. I'm going to refer to your letter often. It's packed with ideas and thoughtfulness, quite beyond a mere "two points."

I agree that the gift relationship is central to life, as much so as love-relationships. At bottom, they even be the same thing—at any rate, love without giving, and gifts without caring and loving (even if only for the gift of the gift!) seem to me to be inconceivable.

Now I have to work out how the gift ethic infuses territorial and commercial ethics, when it does, and how it gets (disastrously) lost from them. The "true" entrepreneur, a creator, is very similar to an artist in many ways and his "gift" tends to be paramount to his economic life. The same might be said of the territorial (raider) exponent when the concept of stewardship is paramount with him. Well, these are just some of the thoughts your letter instigated. I do thank you for that gift!

Sincerely,

Jane Jacobs

CLEVELAND AND THE WEALTH OF THE NATION

Jane Jacobs

We human beings have only two basic ways of trying to get a living, two ways very different from each other.

On the one hand, we can take what we can get—or get away with. This is the raiding approach to economic life. The social prototype is a hunting band, living by the game it can catch and the other items it can pick up from the environment. Hunters who turned warriors found a way of multiplying things available for the taking. They could loot other people and their territories, or they could rule people they conquered while living off their labor. This kind of thing still happens of course. Other modern versions of the raiding approach include fraud and crime, whether white-collar or street crime.

On the other hand, we can get a living by the more round-about means of producing some goods or services and deliberately exchanging them for what we lack, again depending on what is available. The social prototype is a market or fair where buyers and sellers meet, display wares, make choices and haggle with one another. This approach to economic life implies considerable security against being robbed of what is displayed or offered. It also implies enough trust between buyers and sellers to permit mutual agreement. In this approach, things available multiply as people add new kinds of goods to older kinds, new skills to older skills, and new ways of solving problems in place of older ways.

We owe to this approach our many different kinds of manufacturing and crafts, most production of services for public sale, our banking and other financial arrangements, most of our agricultural and animal products, most endeavors devoted to scientific research and scholarship, and many devoted to the arts.

Here is where cities come in. Trading and making, not raiding, creates city economies. Cities are places where trading is heavily concentrated. They are also places where new kinds of work can most easily and abundantly be added to economic life.

Since we need to eat to live, and if we are lucky are able to eat three times a day, we are constantly reminded how much we depend on agriculture and other rural production. So we do. But that is not the same as saying that therefore the rural parts of our economies are the motors that drive the making and trading life. If that were so, then countries in which almost everyone is rural would be the best off economically and would have the most diverse economies. Highly urbanized countries would lag behind them. Exactly the opposite is true. Cities are the motors of the trading and making life, not for any mysterious reasons, and certainly not because city people are superior to rural people in some way, but rather because the trading and making life develops and flourishes in cities for practical reasons.

Because of old economic traditions, we tend to be fixated on national economic statistics and national economic problems. That being so, it is easy to assume that cities must be rather passive economic dependencies of nations. But that is not so. No matter how strong a nation may be militarily, politically and socially, or even no matter how successful it may be at raiding or ruling others, a nation depends on its cities for prosperity and development. If its cities stagnate, a nation stagnates economically.

What do cities, then, depend on? At bottom, cities have to depend on constantly rejuvenating their trading and making life.

Rejuvenate means "to return to youth," or "to bring back youth." As a practical matter, it means letting in youth. Let us think about this literally for a moment. Back at the time when I was a very young teen-ager, I belonged to what my friends and I thought was the finest Girl Scout Troop in Scranton, Pennsylvania. It was so popular it had become very large and unwieldy. The reform worked out by the powers-that-be was to form a second troop, meeting in the same church at a different

time. All new applicants went into the new troop. Our old troop continued with the members we already had. That was fine at first. However, after about two years our old troop was not only rapidly dwindling, it was becoming boring and lackadaisical. Out of curiosity, my best friend and I dropped in on the new troop to see how things were there. What a contrast! It was jumping with life. All those "new" little girls were full of enthusiasm; the older ones among them were helping the younger ones and they proudly told us *they* had the finest troop. Our old troop was soon opened to new applicants but few wanted to join it by then and we couldn't blame them.

The afternoon I saw the contrast between that lively new troop and our declining troop, a cliché came vividly to life for me: without a continual stream of youth, there is no future for an organization. Of course this is no news to John Carroll University.

The same principle applies to the new trading and making economy of greater Cleveland, just as surely as it applies to Girl Scout troops and to John Carroll University.

In other words, no matter how successful a city economy may have become at a given time, unless that city economy is thereafter always developing new enterprises and activities, it must dwindle over the course of time, become aged, obsolescent, idler, ingrown, boring, and lackadaisical, to say nothing of offering too few opportunities for its young people, whether as entrepreneurs or as employees.

Cleveland hasn't been standing still. But neither has it been rejuvenating its economy sufficiently over the past generation. The same is true of many other cities in the nation.

We sometimes hear from disappointed or angry young people, "I want my piece of the pie." This implies that enough pie exists through somebody else's efforts, and need only be shared around. It expresses a raiding approach to economic life. The trading and making approach would be expressed instead by saying, "I want to make pies." Actually, I think this is often what is really meant by the pie-talk, although not always. In any case, chances to make new pies are what vigorous cities offer. That isn't an option; it is necessary for a flourishing city. To

concentrate instead on working up protection or other benefits for aging and dwindling industries is no substitute. That is geriatric treatment, not rejuvenation.

If we examine the histories of existing American enterprises we discover these three points, repeated over and over. First, their founders typically got a few years' experience working in an older enterprise, usually in the same city, and then broke away from that work, either alone or with a partner or two, to start something of their own. Second, entrepreneurs have typically been young at the time they started something of their own, usually only in their twenties or early thirties. And third, to start up they needed capital, at first only small amounts, which were almost always provided by their families or friends to augment their own small savings. Only after these starts have young enterprises been able to draw upon more formal financing, including even the kind of financing we have come to call venture capital.

A Canadian economist has called start-up capital "love capital." The phrase is good because it is so true. Traditionally, start-up capital has been extended to young enterprises because of the love, trust, hope, and pride extended to their founders by their own family members and friends. It has seldom been extended by banks in the past, and seldom is today. It is too risky for banks. Even the relatively small size of the loans needed is a disadvantage. Banks find it too expensive to investigate small loans of this sort. If the start-up capital is for financing an unfamiliar idea, so much the worse.

Love capital seems to have become more scarce in America than it used to be when the founders of 3M, for instance, were supported at first by a friend who had a local plumbing business in Minneapolis, or when Ford started with the help of friends who included, among others, a carpenter and a local coal dealer in Detroit, or when machine tool manufacturing was still young and new in Cleveland, or when the early high-tech industries of Boston were hatched by young academics drawing on family savings. To see at least one reason why love capital is scarce, we need look no farther than our income-tax forms. Tax rates on the middle class and on working people generally, as well as on

small businesses like those run by the friends of Henry Ford and the 3M founders, have become so steep as to squeeze out potential love capital at its sources. Arrant consumerism, especially ostentatious consumerism, has probably also played a part by undermining thrift. Perhaps the decline in size of extended families, along with high divorce rates, have played some part. And of course when potential breadwinners are unemployed or underemployed, so much the worse; love capital is then simply out of the question.

What about the exceptionally rich, then? Money is exactly what they have. But the very rich can't be depended on to supply love capital to strangers, and never could be in the past either. Historically, the very rich—after becoming rich—have invested in enterprises already successful or already showing signs of becoming so. Today there is plenty of financing to buy up existing enterprises, and plenty of investment bankers, too, to find takeover money or underwrite bonds for buy-ups—indeed, so much financing that even mutual agreement to buy and sell falls by the wayside and hostile takeovers have become a commonplace—a sophisticated version of the raiding approach to economic life.

Perhaps another reason, still, for scarcity of love capital is that so many people have come to believe small enterprises belong to a horse-and-buggy era. This idea, that modern means big, is no longer as persuasive as it sounded a few years ago, before the statistical studies of David Birch at MIT revealed that today—as in the past—small companies are the largest generators of new jobs, and that young companies are better generators than old ones. As Birch has shown, large and old enterprises are actually job eliminators and job losers. Only creation of young and small companies compensates for those job losses from big and old companies, as well as providing all net job increases.

Fortunately, instead of being stopped by sneers about horse-and-buggy thinking, or yielding to despair, here and there ingenious people have begun inventing a few ways of trying to fill the love-capital gap. These inventions and efforts are the sorts of things I think Cleveland must also develop on its own. I shall mention a few examples. There are others, but these suggest

the principle at work and the kinds of things that can be tried, not as charity or to make a publicity splash, but as practical, hard-headed attempts to get start-up capital into the hands of young people who seem capable of putting it to practical use.

First, for the simplest and humblest invention, or actually re-invention—nothing more than pushcarts. After having been despised and even outlawed in most cities, pushcarts are making a comeback in the Quincy Market in Boston and in a mixed rehabilitation development in Toronto called Queen's Quay. In these places—and maybe in others I don't know about—pushcarts are used not only to give some verve and color to the scene, but also as a way for a person too poor to afford renting and equipping a shop in a good location, to get a good start nevertheless. The idea is that pushcart people who can succeed with their crafts, their foods, or their other goods can in time “graduate” into stores, or—as has already happened in Toronto—can develop themselves into wholesale producers, supplying other retailers.

In Toronto, the pushcarts themselves are an improved product. They are designed with generous enclosed storage space under the display for extra stock, and so that at the end of the day everything can be put inside and locked up for the night. They are also attractively painted, with their own lighting. Making the pushcarts is, in itself, a bit of new work that a metal-working shop can add to its older work.

To keep costs low, the pushcarts are rented by the month. Besides offering a start at low-cost, the carts can give young entrepreneurs with a specialty their early training in the elements of running a business. The first I heard of reviving pushcarts for all these purposes was from a downtown church congregation in Toronto who wanted to set up pushcarts in their churchyard. Although that hasn't happened yet, the thought was taken up by a Toronto architect, Eberhard Zeidler, who tried to design them into a downtown shopping project. That was turned down, but later Zeidler got them into the Queen's Quay scheme. In Boston the idea came from James Rouse, developer of the Quincy Market.

Now for a more ambitious scheme, this one worked out not in a city but in a semi-rural area. The idea for it came from two former New Yorkers, Susan Witt and Robert Swann, who migrated to a farm near Great Barrington in western Massachusetts. They became concerned about the gap between the skills and good ideas of some of their neighbors, on the one hand, and their lack of capital on the other hand.

Under their leadership, the community has started for itself a program it calls SHARE, an acronym for Self Help Association for a Regional Economy. SHARE makes small loans that banks won't touch, although it enlists the help of the Great Barrington Savings Bank. The way it works is that the bank takes savings deposits from people who want to support SHARE and puts the money in a special time savings account, paying the depositors six percent interest. The SHARE board of depositors investigates applications for loans from the fund and takes the risks on those it accepts and recommends to the bank. The bank then makes those loans, charging ten percent interest. It keeps the four percent difference in interest rates as its cost for servicing the transactions. "Essentially," as Susan Witt explains, "SHARE has separated two functions of banking, leaving the role of accounting with the bank, and letting the community of SHARE depositors decide which businesses to support."

The sorts of loans made by SHARE include funds for yarns and for maintaining a line of credit for a woman who already owns a knitting machine on which she makes sweaters, tights, and the like to her original designs, selling them both directly to customers and to shops; a loan for a supply of spare parts to a man with a talent for repairing washers and dryers who has added a workshop to recondition old machines for resale; a \$5,000 loan—this was a big loan for SHARE—to a woman who makes cheese of goat milk and herbs and sells it to stores and restaurants, but needed stainless steel equipment to meet state standards; a \$3,000 loan to a woman who designs kites so she could buy a bulk lot of unusual bargain materials; this designer, who works at home, employs a number of local sewers who work in their homes. Even a semi-rural area, obviously, presents diverse opportunities for filling the love-capital gap.

In a city opportunities are bound to be much more diverse and numerous. I can visualize an organization in Cleveland. Let us call it, for convenience, CASH, Cleveland Association for Self-Help. It could be funded by savings depositors who are interested in economic rejuvenation, and it could probably work in practical association with a bank on the model of SHARE's ingenious arrangement. In a city the size of Cleveland, there might be use for many such funds, perhaps even including neighborhood or ethnic-group funds and special funds for technical work. Close understanding and personal attention are of the very essence in filling love-capital gaps, and so any single fund should not become huge. Centralization and impersonality are not suitable for providing love-capital.

Now for something still more ambitious. Imagine a start-up investment of \$35,000, which within its first year, 1983, returned itself by more than 5,000% in the form of contracts to local businesses.

This happened in the little city of Eugene, Oregon, and its county, where a young woman named Alana Probst figured out the economy could be helped if its own businesses could supply some of the goods being routinely imported. The \$35,000 budget was put together as a grant by the City of Eugene, the Industry Action Council of the county, and the Economic Action Council of an Oregon bank. The scheme was also partly self-sustaining. It charges businesses a 5% commission on initial contracts they get as a result of the program. The commissions and a small annual grant have supported a staff of three people, now being increased to five.

Probst, whose program is called "Buy Oregon," set out, in her words, to "systematically seek to plug some of the leaks in the economy where a product or service now being imported can better be supplied locally." The purpose, she has said, is to build the economy "from the bottom up by introducing a degree of self-reliance."

The way it works is that a Buy Oregon staff member meets with a business to identify goods and services it plans to import within the year, and then the Buy Oregon staff, through personal contacts, phone calls, mail, or advertisements hunts out

potential local suppliers of some of these planned imports, solicits bids from them, and delivers the returned bids to the buying company, which decides whether it wants to try a local supplier.

There is no requirement whatever for local suppliers to be given preference over distant suppliers, yet within the first year total contracts—initial ones plus follow-up contracts—came to \$1,750,000. This is the figure which represents the 5,000% return to the economy from the start-up grant. The figure does not include the multiplier effect. At the 2.5 rate which economists think applies in this locality, the multiplier effect probably brought the first year's impact up to more than \$4,000,000. The program has continued to yield good returns in the years since 1983. Savings for the buying companies have typically run between 10% and 20%, and for two companies as high as 40%—all of which does its bit to help put the buying companies themselves in a little stronger economic position. The savings are mainly owing to reduced freight expenditures. Other advantages to the purchasers have included getting goods more closely tailored to their specifications than the imports were, and savings in time and gains in convenience.

The program charges its small commission only on initial contracts, because repeat sales are achieved by the sellers' own efforts. The small grant makes it possible for the staff to work quite as hard to get very small initial contracts as larger ones.

Eugene's replaced import work includes all sorts of things, ranging from printing, metal working, plastic goods and boxes, to noodles, filbert paste, and bicycle wheel assembling. One county poultry raiser, after an experimental contract, won such large contracts for prepared chicken to supply a local producer of airline meals for export, that he has now invested \$1,500,000 in new plant and equipment. This company and some of the others have hired more workers. The new jobs consist for the most part of well-paying entry-level jobs, directed to the unemployed through the county Private Industry Council's Employment and Training Program.

Because of the success of the program, this year the state has made a \$440,000 grant to the Eugene Buy Oregon office, so

it can start up similar programs in twelve other localities and teach people there how to run them. This is why the staff has increased from three to five people, so it can add this new work to its older work. Probst writes me that the city of Portland is now also becoming interested in starting an import-replacing program there.

I can visualize a Buy Cleveland program, systematically bringing together local business buyers of imports with potential local business sellers, and in the process automatically strengthening Cleveland as a symbiotic collection of enterprises. If some such program were to be tried here, perhaps it would make use of a pamphlet the Buy Oregon office is now preparing for "communities anywhere," Probst says, "that would like to start a program like ours without reinventing the wheel."

It seems to me the most remarkable fact about the Eugene program is that Alana Probst found people with enough faith in her plan to support it. Almost any new idea, in any field, meets with discouragement, simply because it is unfamiliar. Probst got her share of criticism and resistance. Some critics said it implied setting up barriers to interstate trade. That was nonsense since buyers were perfectly free to import or not, from anywhere: local firms got business only because they could compete successfully, fair and square, with former imports.

The other chief criticism was more sophisticated and harder to answer because it required the critics to unlearn something they thought they knew, perhaps had even been taught. Their reasoning went that replacing imports in Eugene did nothing more than subtract the same work from other places. They called it purely selfish, like raiding another locality by luring away its industry.

To understand why they were wrong we must first reflect that when Eugene replaced imports it did not, as a result, import less than it otherwise would or could. Instead, it shifted its purchase to things it didn't produce. For instance, these likely included some imported consumers' goods the newly employed workers could now afford to buy, some of the components going into the chicken-plant expansion, and so on.

As far as the world outside Eugene was concerned, to be sure some localities or businesses were losing out from the change in Eugene. But at the same time, other localities or businesses were making roughly equivalent gains. The change did not amount to any economic loss for the world outside Eugene, taken as a whole, and neither did it represent economic gain.

However, in Eugene itself, the change caused expansion of the economy. Eugene had everything it formerly had, now in part locally produced, plus its added multiplier work, plus the new and different imports to which it had shifted. The net effect, considering economic life as a whole, was thus a bit of economic expansion. Taken as a whole, the national economy was being expanded a bit by Eugene's import-replacing.

In the days when American cities were spontaneously vigorous at replacing imports, they were automatically also splendid and swift customers for one another's innovative products. Stagnant cities are poor customers for one another. But import-replacing cities are good ones, especially for innovations, because when they shift significantly to different imports they can afford unprecedented goods, among other things. Then in time they replace many of those imports with local production, and shift to still other imports.

As we all know, American cities nowadays are deplorably poor at replacing imports from abroad with their own production, whether those imports are high-tech, or very simple and low-tech. That deficiency has become a huge national problem. But American cities now are also poor at replacing domestic imports. The capacities to do both go together. At Probst discovered, an intelligent push helped regenerate the process in Eugene. I doubt that Cleveland is any longer a vigorous spontaneous replacer of imports with local production. It needs an intelligent push in that direction.

For thirty-five years now, beginning with the urban renewal legislation of 1949, and the Interstate Highway Program of 1956—longer, if we consider the start of the public housing programs—the Federal government has introduced program after program aimed at regenerating cities. Immense amounts

of money have poured into Cleveland—and other cities—for these programs, in total hundreds of them. By now it seems everything has been tried by Washington, and everything has proved disappointing or inadequate. To understand why this is, I think we must look deeper than the natures of the programs and think about the nature of regeneration itself.

Literally, regeneration means to create again, or to experience rebirth. It means bringing degeneration to a halt, and going further than that, actually improving. How do such constructive wonders actually happen in a practical way, in a living, changing system?

Robert Rodale, whose Rodale Press in Pennsylvania, started by his father, publishes books on organic gardening, soil restoration, self-sustaining systems, health and ecology, as well as a young newsletter called *Regeneration*, and who is himself a bold and gifted experimenter with crops and ways of nurturing them, has carefully studied the ways in which natural systems heal and restore themselves after degeneration and then go on to improve their capacities to support life. He has observed that the principles at work in natural systems also apply to human organizations, such as publishing companies, manufacturing plants, universities, or cities.

The chief principle is something we have long been told by religious teachers: all successful regeneration is primarily self-regeneration.

In Rodale's terms, and in the context of systems, this means regeneration depends primarily on using the system's own internal assets and resources constructively. What Rodale calls external inputs can't take their place. Worse, excessive external inputs make a system degenerate. Then attempts to repair the damage with still more external inputs reinforce the degeneration. Meanwhile, the system becomes less self-reliant, more dependent, more addicted as it were, while its own assets and resources are neglected, suppressed, wasted, unused, betrayed.

Rodale observed that in cases of regeneration, the system has to be allowed, or encouraged, to use and strengthen its own assets and resources.

That principle certainly applies to city economies. For instance, it is the principle Probst was following in Eugene, although she was not thinking of the program abstractly as a basic regeneration principle, but simply as a practical way to improve things by depending on resources and assets already right there within the system, resources and assets which had been neglected in favor of excessive external inputs, in this case excessive importing of goods Eugene could make for itself. This is also the principle of the SHARE program, which puts to work a community's own internal assets and resources, which have been right there but neglected. It is the principle to be found in the humble pushcart revivals.

This is not the principle behind the addictive Federal programs intended to regenerate cities. Those programs have encouraged cities to rely on heavy external inputs of money, methods, and controls. And just as Rodale's principle predicts, the more that cities like Cleveland have tried to rely for regeneration on Federal programs and external inputs of other kinds, the more dependent they have become while, in the meantime, they have neglected their own complex internal resources and assets, overlooking them, even sacrificing them.

This is a fix that reaches a crisis stage by the time many of a city's own people can no longer get the very necessities of life except through external inputs of aid. Sooner or later, in a widespread degenerating situation, even the external inputs dwindle, as is already happening.

If Rodale is right, and I am convinced he is, the sooner city people can put their minds to their own internal assets and how to use them for regeneration in their own ways, the better. Indeed, this is a stark necessity if poverty and dependence are not to deepen.

Let us go back, then, to the question of what a city economy is and what its place in the scheme of things may be. To repeat, a city is an important center of the trading and making approach to economic life. Everything else that cities have, and all that they can do to serve the world as well as serve themselves, is ultimately supported by those functions of trading and making and is built upon constructive use of those assets.

Even a city's own internal problems, like lack of love capital to take that instance, are part and parcel of its internal resources because as a city inventively overcomes practical problems, out of its own strengths, true regeneration and rejuvenation are under way.

To look at the bright side of all this, think for a minute what life would be like if all we had to do was to maintain things as they already are, living passively off the creativity of the past. In such a utopia, life would be intolerably boring. Sheer maintenance and well-worn routines are drags, especially if there is no relief from them.

In contrast, along with all the difficulties that city regeneration presents, the effort is interesting. It demands imagination, pioneering, trial and error, risks. It offers discoveries, surprises, and also, in small things as well as large, the satisfactions of achievement.

All this, in principle, is no news to people at John Carroll University. As I read Donald Gavin's fascinating history of the university, I reflected that this institution has always primarily depended on its own splendid assets and resources—among them, capacity to teach and teach well, love of learning and teaching, belief in the young, integrity of purpose. The university has been faithful to these through changing circumstances and, often enough, in spite of discouragements and difficulties. It has used external inputs in service to those internal assets and resources, not as substitutes for them or diversions away from them. And as we can see, although this institution is old, it is not aged. On the contrary, it is more full of vitality than ever. I feel honored and grateful to help celebrate this living manifestation of the powers, strengths, and rewards to be found in true regeneration. Thank you for letting me have a part in this occasion for great rejoicing.