

NO NEW URBAN JERUSALEM

by Benjamin A. Rogge

Dr. Rogge is Distinguished Professor of Political Economy at Wabash College. A graduate of Hastings College, he holds an M.A. degree from the University of Nebraska and a Ph.D. from Northwestern University. He delivered this presentation at Hillsdale College during the Center for Constructive Alternatives seminar titled "Recycling the City: Alternatives to Decay."

In the paragraphs to follow you will find me critical of most of the work now being done on the nature of the urban crisis and equally critical of the public policies proposed to ease that crisis. To compound my sin, I offer no alternative scheme by which the New Jerusalem can be erected on the shores of the Hudson or Lake Michigan or Lake Erie. I intend to argue that no one even knows how to *define* the New Urban Jerusalem, let alone *construct* it.

In all of this, I will be utilizing no special knowledge of urban processes but rather the simplest of analytical and evaluational concepts of economics. In so doing I am acting upon my firm belief that a handful of hypotheses about human action are sufficient for most, if not all, decisions on economic policy. I would be prepared to argue that the practice of breaking up this useful discipline into agricultural economics, transportation economics, development economics, labor economics, urban economics, etc. has been productive of much mischief. Behind the shield of special circumstances and special knowledge, theories have been developed and given wide acceptance that would be regarded as patently absurd if they were put as a general model; policies have been developed and urged upon society that would be recognizably catastrophic if applied generally.

One Man's Atlantis

Proposition No. 1: The first of the propositions on which I wish to base my argument is the fundamental proposition of all modern value theory: Value does not consist of objectively definable characteristics of a good or service; value exists only as subjective judgment in the mind of each beholder. It cannot be measured directly but only indirectly by the behavior it elicits. There is no way that the subjective valuations of two people can be summed or even directly compared.

Thus, the value of a chair is not something inherently residing in the physical properties of the chair or in its costs of production; its value is different to each viewer and for any one man can be measured only

by what other goods or services he would be willing to give up to acquire this particular chair.

There is no way of defining in absolute and universal terms the essential characteristics of the Good Chair; one man's throne is another's torture device. What is true of a chair must be true equally of a city. There is no way of defining in general terms the essential characteristics of the Good City; one man's Atlantis is another's Hell. Nor are there other objective ways of measuring the degree of goodness of a city. For example it is sometimes argued that a good city is one that survives or one that grows. But as circumstances change, the functions served by a city change, perhaps even disappear. Were some of the ancient cities of history and legend less successful because they no longer exist?

Some illustrations: From the introduction to a recent book with the title *Environment for Man: The Next Fifty Years*, sponsored by the American Institute of Planners:

If we had the technology and the economy—both said to be imminent—to build an ideal environment, what kind would we build? What could environment contribute to a "good" day? Do we know how to define and work toward "Optimum Environment with Man as the Measure"? To date neither optimum nor environment has been defined, nor have we made an adequate beginning at measuring man. *And we must somehow learn to allow for subjective human values.*¹

Here we find repeated the ancient myth of planning, that it is possible to both plan the allocation of resources from the center and also to serve the subjective preference systems of the individuals who make up the society. It is doubtful if the planners are capable of designing programs and processes (even with unlimited funds at their disposal) that will in fact produce the outcomes that they, the planners, desire—to say nothing of the outcomes desired by the other members of the society.

im•pri•mis (im•prí•mĭs) adv. In the first place. Middle English, from Latin *in primis*, among the first (things). . .

IMPRIMIS is the journal from The Center for Constructive Alternatives. As an exposition of ideas and first principles, it offers alternative solutions to the problems of our time. A subscription is free on request.

A second illustration: In another recent book with the title, *Sick Cities: Psychology and Pathology*, we find the following:

The *Saturday Evening Post* in an editorial in 1961 called sprawl "perhaps our cruelest misuse of land since our soil mining days. Urban sprawl," it went on to state, "is not the growth of cities. Instead, the cities are disintegrating and spreading the pieces over miles and miles of countryside."

Robert Moses, responsible for so many of Gotham's public achievements in the present century, takes the opposite point of view in an article in the *Atlantic Monthly*: "The prosperous suburbanite," he says, "is as proud of his ranch home as the owner of the most gracious villa of Tuscany. The little identical suburban boxes of average people, which differ only in color and planting, represent a measure of success unheard of by hundreds of millions on other continents."²

Quick about it: Is "urban sprawl" a vice or a virtue? Well, that all depends. On the basis of my admittedly incomplete reading of the materials in this field, I would conclude that urban sprawl (and all similarly achieved outcomes) are *per se* unacceptable to those who see any unplanned outcome as less than optimal. In other words, any characteristic of the urban environment that, like Topsy, "just grew" stands condemned by its very origins.

One final illustration of my thesis, this one drawn from one of the most instructive and civilized books yet written on this topic: *The Death and Life of Great American Cities*, by Jane Jacobs.

People gathered in concentrations of big-city size and density can be felt to be an automatic—if necessary—evil. This is a common assumption: that human beings are charming in small numbers and noxious in large numbers. Given this point of view, it follows that concentrations of people should be physically minimized in every way: by thinning down the numbers themselves insofar as this is possible, and beyond that by aiming at illusions of suburban lawns and small-town placidity. It follows that the exuberant variety inherent in great numbers of people, tightly concentrated, should be played down, hidden, hammered into a semblance of the thinner, more tractable variety or the outright homogeneity often represented in thinner populations.

On the other hand, people gathered in concentrations of city size and density can be considered a positive good, in the faith that they are desirable because they are the source of immense vitality, and because they do represent, in small geographic compass, a great and exuberant richness of differences and possibilities, many of these differences unique and unpredictable and all the more valuable because they are. Given this point of view, it follows that the presence of great numbers of people gathered together in cities should not only be frankly accepted as a physical fact. It follows that they should also be enjoyed as an asset and their presence celebrated.³

Quick about it: Is high population density a vice or a virtue? Well, that all depends. As that great, mythical Irish bartender, Mr. Dooley, once put it: "As the Frenchman said, as he drank from the fire extinguisher, 'Each to his own taste.'"

To sum up: Given the fact that value is subjective

by its very nature, given the fact of the enormous internal diversity of human populations, and given the never ending changes in tastes and circumstances, it is impossible *per se* for there to be constructed a universally valid, objective definition or description of the Good City. City planning is by definition, then, an exercise in either futility or coercion (or both).

It is possible for a group of people of like values to agree upon a definition of the Good City and to attempt to implement that particular vision with their own monies and without coercion, and to this I offer no objection. But most True Prophets prefer to work with other people's money, obtained by the exertions of the tax collector, and with the sheriff at their side to deal appropriately with those recalcitrant few who stand in the way of the developing New Jerusalem.

Right Rules Promote Right Outcomes

Proposition No. 2: The Good City will be whatever arrangement of things and people emerges out of the decisions of those people when such decisions are made within a framework of appropriate rules. That is to say, *the Good City cannot be defined in terms of its own characteristics but only in terms of the correctness or incorrectness of the decision-system within which it emerges. Right rules promote right outcomes; wrong rules promote wrong outcomes.*

The point that I'm attempting to make here is one I believe to be of greatest significance to this and to all other discussions of social policy-making. I need hardly admit that it is not an idea of my creating but one that many of my betters have developed before me. The best explicit development of this idea, in my opinion, is to be found in the article, "Individualism: True and False," by F. A. Hayek.

... by tracing the combined effects of individual actions, we discover that many of the institutions on which human achievements rest have arisen and are functioning without a designing and directing mind; that, as Adam Ferguson expressed it, "nations stumble upon establishments, which are indeed the result of human action but not the result of human design,"⁴ and that the spontaneous collaboration of free men often creates things which are greater than their individual minds can ever fully comprehend.⁵

In this and other writings, Hayek points out that this thesis does not imply that good results will flow spontaneously from individual decision-making under any and all institutional frameworks. On the contrary, Hayek and his predecessors have all stressed the necessity of right rules. Here, for example, again from Hayek:

True Individualism is, of course, not anarchism, which is but another product of the rationalistic pseudo-individualism to which it is opposed. It does not deny the necessity of coercive power but wishes to limit it—to limit it to those fields where it is indispensable to prevent coercion by others and in order to reduce the total of coercion to a minimum.

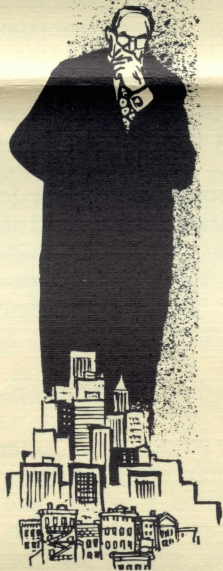
The most general principle on which an individualist system is based is that it uses the universal acceptance of general principles as the means to create order in social affairs.

He concludes with a sentence that is the stage-setting for the rest of this paper.

But if our main conclusion is that an individualist order must rest on the enforcement of abstract

principles rather than on the enforcement of specific orders, this still leaves open the question of the *kind* of general rules which we want.⁶

Our search, then, is for the right kind of rules, within whose framework the spontaneous forces of social development would work to produce the better city. It is my argument that these rules, in their general form, are not to be found by assigning a team of urban affairs experts to the task but rather by identifying those *general* rules of human conduct that are morally correct and economically efficient. *Note:* Unless the world is totally absurd, that which is correct in principle will also be that which works. It follows from this that those who come closest to understanding and discovering the right principles of human conduct (by whatever means, including, if you wish, revelation) will also come closest to understanding that which will work.



The few simple principles from which I will work from here on out are the ones that make moral sense to me. I need hardly direct your attention to my obvious fallibility and hence to the strong possibility—nay, certainty—that I am wrong in one or more or all of my presuppositions. I go through this exercise as an illustration of what seems to me to be correct procedure—even if the specific principles (and hence answers) are not themselves the correct ones. I remind you that, in my opinion, the correct procedure is one in which, whatever the topic, we reason from first principles to specific policy positions.⁷

You will note that, in doing this, I am careful *not* to attempt to predict the specific details or even the general nature of the outcomes (in terms of urban characteristics) that might flow from the application of the suggested rules to this problem area. The reason, as Hayek has made clear, is that it is impossible to predict the nature of the outcomes of free and peaceful decision-making. Just literally, no one knows what our cities would have looked like had they developed under different rule systems than have in fact prevailed.

What it is possible to do, though, is to relate many of those characteristics of urban life that many see as undesirable to those rule systems that have prevailed—and this I intend to do. This implies that I know what rules would have been morally correct and economically efficient. With a reminder of the caveat issued earlier, I present below a list of some parts of what I consider

to be the proper rules system for the dealings of men, one with another, whether those men live in a wilderness or at Broadway and 42nd St.

1. Individuals and groups shall be permitted (have the right) to enter into voluntary exchanges of goods and services on terms of their own choosing, provided that neither force nor fraud is involved.

2. Individuals and groups shall be permitted (have the right) to use properties legally under their control in any manner they choose, provided that in so doing no damage is inflicted upon the person and/or property of unwilling third parties.

3. The coercive power of government shall not be permitted (has no right) to be used for any purpose other than that of minimizing coercion in human affairs, i.e. for any purpose other than that generally described in the phrase, “law and order.”

4. The price to be charged for any good or service shall be that which emerges from the voluntary exchange process.

I am not insisting that this is a complete listing of the appropriate rules. I wish to deal with a manageable number of rules and cases as an illustration of the procedure I believe to be proper, and I do not presume to be presenting a complete, definitive statement of the case.

What I now intend to do is to take each of these four rules and to provide illustrations of specific urban problems that seem to have been brought on or to have been exacerbated by the fact that the rule involved has not been in force.

Rule No. 1: Freedom of Exchange

Case No. 1: I intend to argue here that coercive intervention in labor contracts by government and by labor organizations granted special privileges by government has been an important cause of one of the most dramatic and difficult of the urban problems: the high rate of unemployment among low productivity work groups in urban areas—the young, the old, minority race members, etc.

Let us begin with minimum wage laws. For the purposes of a book on which I have been working for some time, I have had occasion to examine what I believe to be every major study ever made of the employment effects of minimum wage setting. Most such studies show in one degree or another a significant direct relationship between upward changes in legislated wage minima and increases in the rate of unemployment in low productivity work groups (with a particularly severe impact on young people from minority race groups).

One of the most informed men in this field, Professor Yale Brozen of the University of Chicago has written as follows:

It is hardly surprising that unemployment among the unskilled increased with this rapid rise in the minimum wage. To the extent that teenagers are inexperienced, unskilled workers, they are the ones who have been priced out of the labor market by the rise in the minimum wage rate.⁸

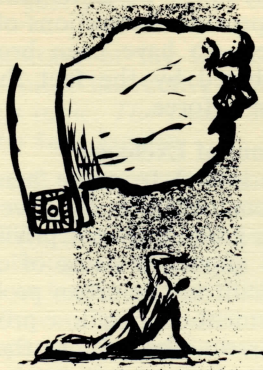
That this interpretation of the evidence is not restricted to those identified as conservative economists is attested to by the fact that the Swedish socialist economist and sociologist, Gunnar Myrdal, reports the same kind of finding in his well-known study of American race problems, *An American Dilemma*, where he notes that Negroes have been the main sufferers from the employment effects of minimum wage laws.⁹

The distinguished modern liberal economist, Paul Samuelson, asks, "What good does it do a Negro youth to know that an employer must pay him \$1.60 per hour, if the fact that he must be paid that amount is what keeps him from getting a job?"¹⁰

To the problems caused by the minimum wage laws must be added those caused by child labor laws. Senator Abraham Ribicoff has noted that most of the things he did to earn money as a boy would now be forbidden. His conclusion: this country has far too many laws coddling children.¹¹ Indeed, as many have noted, the great problem of the urban young person is not overwork but a deadening, self-destroying idleness.

Case No. 2: Another one of the critical problems of American cities is the fact that the proportion of blacks in the inner city is increasing dramatically and these blacks do not have ready access to high income employment and particularly to positions in the skilled trades. This too is a topic to be covered in the proposed Rogge book and, in a continuing show of immodesty, I quote again from that source:

... trade unionism has tended to produce the following consequences on the economic position of the Negro in the American economy: 1) to reduce his access to many of the industries and trades in which trade unionism is an important factor (and particularly in the high-pay, skilled



trades) through outright discrimination against non-whites; 2) to reduce the opportunities for the Negro to move to the higher-paid skilled or supervisory positions, again through outright discrimination; and 3) to reduce generally the opportunities for the Negro to find employment in union-covered industries and trades through a) the raising of wage rates above what the market would have brought into being, and b) the insistence on equal pay for equal work. Admittedly, some Negroes have shared in the higher incomes associated with union pressures on employers; on balance, though, the Negro has probably been a significant "loser" from the growth and present strength of trade unionism in the American economy.¹²

The same point has been made by Sir Arthur Lewis, the Jamaican-born black economist (and socialist) now teaching at Princeton University, who has written recently, "The trade unions are the black man's greatest enemy in the United States."¹³

To summarize: some of the problems usually identified as afflicting the city relate to the high unemployment rates in the low productivity work groups in the city and to the difficulty of minority race group members moving into the higher paid, higher skill jobs. I have argued that both of these urban problems have arisen in part from coercive interventions in the labor-exchange

process by agencies of government and by private groups granted semi-governmental privileges.

As Vic Fingerhut, once principal speech writer for Vice-President Hubert Humphrey has pointed out, one of the central economic functions of the American city over the decades has been as a locus of relatively low-cost labor supplies. This was reflected in the great variety of light manufacturing, service and labor-intensive industries that were to be found in the cities of this country.

As artificial restrictions have been imposed upon the labor market, the city has produced unhappy consequences for urban populations.

Welfare legislation, minimum wages, maximum work hours, and the like have minimized the economic function of the conglomerations of poor-but-willing people in our cities. Similarly, the goad of hunger has been mitigated by the rising level of welfare payments. In Newark a woman with three children lives very badly on welfare payments, but these nevertheless average somewhere around \$300 to \$350 per month. To live at the same level, a man with a wife and three children would have to make about \$5,500 a year. For unskilled labor, that sort of money just isn't available.¹⁴

This factor also accounts in part for the high welfare costs of most cities today—and for the high living costs in urban areas. A city can function only as it uses a high ratio of service-oriented industries not called for in the countryside, and it is precisely such services that are made much more expensive as a result of wage interventions.

Some of the market interventions that damage urban dwellers deal not with city processes but with farm processes. Thus the whole of the American farm program, including milk marketing programs and the whole paraphernalia of price supports and output restriction, impinge unfavorably on the urban consumer. Its impact is particularly severe on the low income urban consumer because he spends a very large part of his income on food, fiber and alcohol—all derived in whole or in part from farm outputs.

In one market after another, in one interference with voluntary exchange after another, the state has added to the woes of urban America. The policy implications would seem to be obvious.

Rule No. 2: Property Rights and Control

Individuals and groups shall be permitted (have the right) to use properties legally under their control in any manner they choose, provided that in so doing no damage is inflicted upon the person and/or property of unwilling third parties.

This rule would seem to be a two-part rule. Part 1 deals with the bundle of rights known as "private property," while part 2 deals with the problem usually identified as "pollution" or "externalities" or "neighborhood effects." In fact they are two sides of the same coin. A's right to use his property as he sees fit cannot be used as a defense of an action of his which denies B his right to his, B's, property. The freedom of your fist ends at my nose; the freedom to use private property ends at the property line. Spillovers from A's actions that affect B's use of his property are a direct violation of the right of property.

It should be obvious to one and all that modern governments have sinned grievously in both aspects of this private property rule. They have themselves invaded

the property of private citizens in a great variety of ways and they have not protected the property rights of the B's of this world from the unwanted intrusions of the A's.

In what ways have governments in cities (and elsewhere) invaded the property rights of its citizens? In many, many ways. An example would be the use of the weapon of eminent domain to confiscate private properties for use by the state or for use by other private persons or groups. Is a road to be built? Seize the property of the citizen, paying him a price for it that, had he been willing to accept, would have made the confiscation unnecessary. Is it decided that some collection of assets is unsightly and undesirable? Seize those assets, tear down the buildings, then make the land available to other private parties and at a price by definition lower than they would have had to pay in a truly voluntary exchange. This is known as urban renewal or city planning or what-have-you.

If you wish to understand the true consequences of such actions, read the Martin Anderson book, *The Federal Bulldozer*,¹⁵ or the following pages from the Jane Jacobs book:

There is a wistful myth that if only we had enough money to spend—the figure is usually put at a hundred billion dollars—we could wipe out all our slums in ten years, reverse decay in the great, dull, gray belts that were yesterday's and day-before-yesterday's suburbs, anchor the wandering middle class and its wandering tax money, and perhaps even solve the traffic problem.

But look what we have built with the first several billions: Low-income projects that become worse centers of delinquency, vandalism and general social hopelessness than the slums they were supposed to replace. Middle-income housing projects which are truly marvels of dullness and regimentation, sealed against any buoyancy or vitality of city life. Luxury housing projects that mitigate their inanity, or try to, with a vapid vulgarity. Cultural centers that are unable to support a good bookstore. Civic centers that are avoided by everyone but bums, who have fewer choices of loitering place than others. Commercial centers that are lack-luster imitations of standardized suburban chain-store shopping. Promenades that go from no place to nowhere and have no promenaders. Expressways that eviscerate great cities. This is not the re-building of cities. This is the sacking of cities.

That such wonders may be accomplished, people who get marked with the planners' hex signs are pushed about, expropriated, and uprooted much as if they were the subjects of a conquering power. Thousands upon thousands of small businesses are destroyed, and their proprietors ruined, with hardly a gesture at compensation. Whole communities are torn apart and sown to the winds, with a reaping of cynicism, resentment and despair that must be heard and seen to be believed.¹⁶

Explicit Ownership, No Zoning

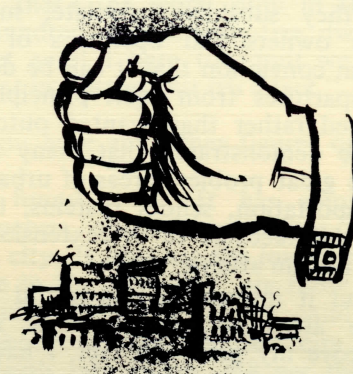
In the same way that it has itself violated B's property rights, the state has permitted, in one form or another, to one degree or another, the A's of the world to trespass on B's property through air pollution, noise, etc. It is not that laws have not existed dealing with such questions. Indeed, that most remarkable of the unplanned creations of Western man, the Common

Law, included a long history of cases in which the courts had redressed B's grievances against the trespassing A's of the world. (See for example, an unpublished doctoral dissertation by my colleague at Wabash, Steven Schmutte)¹⁷

In many cities the general welfare was thought to require that the A's (perhaps major employing firms in the area) be permitted to continue to trespass on the properties of the B's in the community, else they might leave and set up shop in another city.

Admittedly, once a firm has been permitted to pollute for many years, a kind of adverse possession problem arises, and equity may demand an appropriate time period for a remedy to be developed. Moreover, it is inefficient and inappropriate for the court to state precisely *what form* the remedy is to take. To the charge that this is going to "cost a great deal," I reply that the cost is already being assessed—but it is being assessed in part against innocent third parties. The cost should be borne by the users of the goods and services involved, not by unwilling recipients of smoke, irritants and noise.

I might add that the proper approach is not to prescribe certain activities (such as brick-making) in certain areas, but to proscribe the externalities. If a firm can find a way to make bricks in the center of an affluent suburb in such a way as to produce no



externalities, no damage to surrounding properties, and if this is what it believes to be the appropriate site for the activity, the state should not intervene—as it now does with its zoning laws. The city of Houston, Texas has demonstrated the practicability of a city operating without zoning laws. Such laws represent an unwarranted invasion of private property and are certain to be abused by the governments involved.

A substantial part of the problem of externalities relates to the choice of uses for "spaces" (such as the air, lakes and streams, oceans, etc.) to which no one has explicit ownership. The Tragedy of the Commons arose precisely because it *was* a commons and not the private property of any one person or group. Should a given pond of water be used for boating or for fishing or as a wild game preserve or as a focal point for home sites or as a source of a cooling agent for a generating plant? Permit private ownership of the lake and such questions are readily resolved by the simple process of competitive bidding. And if the people of the city, who want more electric power, outbid the fishermen, so be it. As such questions are now decided, a few hundred (upper-income?) fishermen and nature lovers may be able to secure the lake as a fishing reserve at no cost to themselves and to even persuade the state to provide the fish as well.

This has been a most hurried and oversimplified look at a difficult problem area. But the difficulty

lies not in deciding the proper principles to apply; the difficulty lies in the details of working out the applications of the principle.

To summarize: Through sins of both commission and omission, governments at all levels have violated the principle of private property. Some of the serious problems of urban America seem to arise from precisely the fact that states have themselves invaded private property and have permitted one private citizen to invade the property of another, in the form of spillover effects. Again, the policy implications seem obvious.

Rule No. 3: Only Minimize Coercion

The coercive power of government shall not be permitted (has no right) to be used for any purpose other than that of minimizing coercion in human affairs, i.e. for any purpose other than that generally described in the phrase, "law and order."

Here again governments at all levels have been involved in sins of commission and omission. They have undertaken a whole host of activities that have nothing to do with minimizing coercion and at the same time they have done a rather poor job in this country of maintaining "law and order."

Governments are involved in owning and operating schools, hospitals, utilities, housing projects, parks, golf courses, airports—but the list is almost limitless. In addition they subsidize, regulate, supervise and harass private owners and operators of enterprises.

It is my firm conviction that it can be demonstrated that these departures from right principle have produced unwanted rather than wanted outcomes. I believe it can be demonstrated that many of what are said to be the great problem areas of urban America—housing, transportation, school systems, tax burdens, etc.—are directly traceable to overextension of government's role in human affairs.

I would find it interesting and useful to take but one of these areas—say, hospitals or schools—and attempt to prove my point. In fact, I have done just this for higher education and have come to the conclusion that "tax-supported education tends to make of our schools and colleges a collection of non-students under the tutelage of non-teachers and the administration of the incompetent."¹⁸ However, time will not permit any fuller exploration of this and related topics. Suffice it to say that it is precisely the areas where the state has stepped in that problems of quality, quantity and cost are most in evidence; those goods and services relatively untouched by the dead hand of the state are precisely the ones about which we need not be concerned.

This disease of overextended government seems to strike urban areas more severely than rural (although God knows it is not unknown in the latter). One of the more obvious consequences of this fact is the constantly rising tax burdens that must then be imposed on urban populations. This in turn prompts both private citizens and businesses to "escape" the city, thus reducing the tax base, increasing welfare costs, etc. which in turn calls for even higher tax rates, and so on. The great multiplication of governmental activities has taken both attention and funds from the one legitimate area for government action: law and order. City planners seem always to be better paid than city policemen.

Non-market Pricing of Services

We turn now to the consequences that flow from

the fact that many of the services offered within and around the city are not priced in a market process.

Example: One of the more dramatic examples is to be found in the transportation services in urban areas. Specific users may be charged nothing and or may pay a charge having little or nothing to do with costs of providing the facility. This distorts the decision-making of both those who use and those who provide the facilities involved.

Here is the way in which Dean Dick Netzer of New York University's School of Public Administration and chairman of the Inter-University Committee on Urban Economics, has described some typical cases:

There have been a number of estimates of the full social costs involved in peak-hour use of high-capacity urban freeways to and from the CBD. One such estimate is that the costs commonly exceed 11 cents per vehicle-mile. Ordinarily, the only prices for specific trips on highways that motorists confront are the gasoline taxes they pay, amounting to no more than 1 cent per vehicle-mile. So the peak-hour motorist should really be paying a price for highway use which is ten (or more) times greater than the price he usually does pay, while the peak-hour transit rider's fare should rise by much smaller proportions.



For the latter, an extreme case—for example, the construction of a new subway line in New York City to relieve overcrowding—might require a three- or four-fold increase in the fare. For peak-hour motorists, the extreme cases are truly fantastic. For example, if peak-hour uses of the proposed third tube of the Queens-Midtown Tunnel in New York, required only for rush-hour traffic, had to pay its full costs, the indicated toll would be at least \$5, compared to 25 cents at present.¹⁹

In describing the impact of such pricing practices on city characteristics, Netzer concludes as follows:

Thus, the highly dispersed form of residential development characteristic of most American urban areas, involving heavy auto use even for commuting to work is not necessarily independent of change-

able transportation characteristics. If auto use were no longer faster, more comfortable, and cheaper, it is a fair bet that some consumers would choose other transport modes and some of these would alter their residential location choices as well.

In a longer, more complete demonstration, a wider range of rules and cases could be explained. For example, no study of the city should be thought complete that ignores the consequences that have come from the modern system of welfare. The appropriate rule of right principle would be one that speaks against any coerced transfer of assets from one person to another. The case would build upon the incredible problems that have come from the impact of state-welfare-availability in urban areas upon the social, political and economic faces of the city. But enough is enough. It is time to summarize.

Summary: Toward The Good City

I have argued that, given the subjective, individual nature of value, it is impossible *per se* for there to be created a single, objective, meaningful definition or description of the Good City. I have questioned whether it would be possible by any means whatsoever to construct such a city, even were it possible to define it in advance.

I have presented as my central thesis the idea that the Good City cannot be described or aimed at in terms of its own characteristics but only in terms of the rightness of the rules system within which it emerges. Again, right rules promote right outcomes; wrong rules promote wrong outcomes.

I have admitted (nay, insisted) that the exact nature of the outcomes that would flow from right rules cannot be predicted in advance. I have insisted though that it is possible to identify kinds of generally admitted city ills that have been brought on by wrong rules. The greater part of the paper has consisted of case studies of this part of the argument.

Let me close with a summarizing example of what I am trying to say. This, too, is drawn from the book by Jane Jacobs, *The Death and Life of Great American Cities*, and it relates to the "grew-like-Topsy" evolution of a given section of the city of Boston.

Twenty years ago, when I first happened to see the North End, its building-town houses of different kinds and sizes converted to flats, and four- or five-story tenements built to house the flood of immigrants first from Ireland, then from Eastern Europe and finally from Sicily—were badly overcrowded, and the general effect was of a district taking a terrible physical beating and certainly desperately poor.

When I saw the North End again in 1959, I was amazed at the change. Dozens and dozens of buildings had been rehabilitated. Instead of mattresses against the windows there were Venetian blinds and glimpses of fresh paint. Many of the small, converted houses now had only one or two families in them instead of the old crowded three or four. Some of the families in the tenements (as I learned later, visiting inside) had

uncrowded themselves by throwing two older apartments together, and had equipped these with bathrooms, new kitchens and the like. Mingled all among the buildings for living were an incredible number of splendid food stores, as well as such enterprises as upholstery making, metal working, carpentry, food processing. The streets were alive with children playing, people shopping, people strolling, people talking.

I could not imagine where the money had come from for the rehabilitation, because it is almost impossible today to get any appreciable mortgage money in districts of American cities that are not either high-rent, or else imitations of suburbs. To find out, I went into a bar and restaurant and called a Boston planner I know.

"Why in the world are you down in the North End?" he said. "Money? Why, no money or work has gone into the North End. Nothing's going on down there. Eventually, yes, but not yet. That's a slum!"

"It doesn't look like a slum to me," I said.

"Why, that's the worst slum in the city. It has two hundred and seventy-five dwelling units to the net acre! I hate to admit we have anything like that in Boston, but it's a fact."

"Do you have any other figures on it?" I asked.

"Yes, funny thing. It has among the lowest delinquency, disease, and infant mortality rates in the city. It also has the lowest ratio of rent to income in the city. Boy, are those people getting bargains. Let's see . . . the child population is just about average for the city, on the nose. The death rate is low, 8.8 per thousand, against the average city rate of 11.2. The TB death rate is very low, less than 1 per ten thousand, can't understand it, it's lower even than Brookline's. In the old days the North End used to be the city's worst spot for tuberculosis, but all that has changed. Well, they must be strong people. Of course, it's a terrible slum."

"You should have more slums like this," I said. "Don't tell me there are plans to wipe this out. You ought to be down here learning as much as you can from it."

"I know how you feel," he said. "I often go down there myself just to walk around the streets and feel that wonderful, cheerful street life. Say, what you ought to do, you ought to come back and go down in the summer if you think it's fun now. You'd be crazy about it in summer. But of course we have to rebuild it eventually. *We have got to get those people off the streets.*" 20

I submit that the problem lies in the attitude expressed in that last sentence. The solution lies in a return to those principles of human conduct that are generally and universally valid, in fact, to the ancient principles of private property, limited government and individual freedom.

¹*Environment for Man: The Next Fifty Years*, sponsored by the American Institute of Planners, edited by William R. Ewald, Jr., Indiana University Press, Bloomington & London, 1967, p. 3.

²Mitchell Gordon, *Sick Cities: Psychology and Pathology*, Penguin Books, Baltimore, Maryland 1963, p. 20.

³Jane Jacobs, *The Death and Life of Great American Cities*, Vintage Books, a division of Random House, New York, 1961, pp. 220-221.

⁴Adam Ferguson, *An Essay on the History of Civil Society*, 1st ed., (1767), p. 187.

⁵F. A. Hayek, "Individualism: True and False," *Individualism and Economic Order*, the University of Chicago Press, 1948, pp. 6-8.

⁶*Ibid*, p. 19.

⁷See Leonard Read, "The Consistent Life," *The Coming Aristocracy*, the Foundation for Economic Education, Inc., N.Y., 1969, pp. 142-9.

⁸See Yale Brozen, "Minimum Wage Rates and Household Workers," *The Journal of Law and Economics*, Vol. V, October 1962, pp. 103-109.

⁹Gunnar Myrdal, *An American Dilemma*, Harper, N.Y., 1944, p. 297.

¹⁰Paul Samuelson, *Economics* (7th ed., McGraw-Hill, 1967), p. 377.

¹¹*Top of the News*, Vol. 3, p. 218, July 10, 1961.

¹²B. A. Rogge, unpublished manuscript.

¹³*Chicago Tribune*, May 11, 1969, p. 2.

¹⁴George Sternlieb, "The City as Sandbox," *The Public Interest*, No. 25, Fall 1971, p. 17.

¹⁵Martin Anderson, *The Federal Bulldozer*, M.I.T. Press, Cambridge, Mass., 1964.

¹⁶Jacobs, *op. cit.*, pp. 4-5.

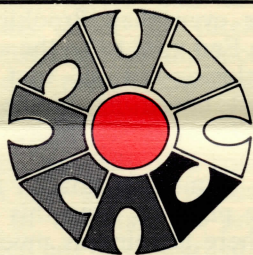
¹⁷"Interrelations of Law and Economics: The Case of Stream Pollution," Ph.D. diss., Purdue, 1971.

¹⁸See B. A. Rogge, "The Financing of Higher Education," *Wall Street Journal*, May 5 and 9, 1959.

¹⁹Netzer, *op. cit.*, pp. 143-4.

²⁰Jacobs, *op. cit.*, pp. 9-10.

Hillsdale College is marked by its strong independence and its emphasis on academic excellence. It holds that the traditional values of Western civilization, especially including the free society of responsible individuals, are worthy of defense. In maintaining these values, the college has remained independent throughout its 130 years, neither soliciting nor accepting government funding of any sort.



Center for constructive alternatives

"Energy or Exhaustion: The Planet as Provider"

Among the participants for our first CCA seminar September 29th through October 4th are:

Edward Teller, atomic scientist, University of California; Romulo Betancourt, ex-President of Venezuela and founder of Organization of Petroleum Exporting Countries; Luis Alcalá Suñer, past president of Mene Grande Oil Company; Ricardo Zuloaga, president of Luz Eléctrica de Venezuela; Philip Gramm, professor of economics, Texas Technological College; John

Robertson Cox, architect; Gary Farmer, president of an environmental consulting firm; Leslie Burgess, director of Energy Analysis for Fluor Corporation; Stuart Winter, atomic scientist, Lawrence Livermore Laboratories, California.

And also invited: Robert Dorsey, chairman of the board of Gulf Oil Corporation; Carl E. Bagge, president of the National Coal Association; Gilo Murrighi, of the International Monetary Fund; and His Excellency Sheikh Ahmed Zaki Yamani, Minister of Petroleum and Mineral Resources of Saudi Arabia.