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Volume 14, Number 1, June 1985

URI: <https://id.erudit.org/iderudit/1017882ar>

DOI: <https://doi.org/10.7202/1017882ar>

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Publisher(s)

Urban History Review / Revue d'histoire urbaine

ISSN

0703-0428 (print)

1918-5138 (digital)

[Explore this journal](#)

Cite this note

Taylor, J. H. (1985). *Cities and the Wealth of Nations: A Propitiation for Our Sins*. *Urban History Review / Revue d'histoire urbaine*, 14(1), 54–59.
<https://doi.org/10.7202/1017882ar>



Downtown Winnipeg, 1984.

SOURCE: Institute of Urban Studies. Photographed by P. Tittenberger.

Cities and the Wealth of Nations: A Propitiation for Our Sins

John H. Taylor

The wealth of nations is in their cities. Indeed, “societies and civilizations in which cities stagnate don’t develop and flourish further. They deteriorate” (p. 232). So ends Jane Jacobs’s most recent book, *Cities and the Wealth of Nations*.¹

Heady stuff this for the students of the city, assured by Jane Jacobs that their subject matter is not merely interesting but crucial. What might be only a subject of academic curiosity becomes central, the engine of nations and civilizations. But while satisfying the egos of scholars of the city, Jacobs’ book embodies both an implicit criticism of their scholarly preoccupations and a template to guide future work.

Jacob’s approach will not be unfamiliar to urban scholars. This book is the fourth on a single theme: an examination of the birth, growth and decline of cities and city economies.² In this volume Jacobs sets out to show, in particular, that city economies are the only economies that matter. She begins with a critique of those economists who think otherwise. Perhaps only a non-economist could exhibit so little reverence. Marx, Adam Smith, and a host of macro-economic luminaries seem to share a common bond. All are wrong. And what they are wrong about, among other matters, is their “unit of analysis” — the nation. All macro-economic theory contains the assumption and delusion “. . . that national economies are useful and salient entities for understanding how economic life works and what its structure may be . . .” (p.29).

Jacob’s chapter, “Fool’s Paradise,” thus provides an analysis and, seemingly, a demolition of conventional macro-economic theory. Her conclusions are harsh: “. . . it would be rash to suppose that macro-economics, as it stands today, has useful guidance for us. Several centuries of hard, ingenious thought about supply and demand chasing each other around, tails in mouths, have told us almost nothing about the rise and decline of wealth” (p. 27). Moreover, the use of conventional thought is not only useless but dangerous. It provides no cure, but can only exacerbate such problems as stagflation, itself “the condition of sliding into profound economic decline” (p. 27).

The appropriate unit of analysis is the city, or, to be more precise, those special cities in which special sorts of economic activity occur: innovation and import-replacing, the “two master economic processes” that are functions of only

city economies. Indeed, “any settlement that becomes good at import-replacing becomes a city” (p. 41).

Urban scholars, however, should not preen themselves too quickly, for while Jacobs pin-points the city as the correct unit of analysis, it is very clear that for her they are “contexts” for economic activity. Cities’ “. . . vital functions are to serve as primary developers and primary expanders of economic life . . .” (p. 195). Those special cities that are the providers of the *Wealth of Nations* “. . . require continually repeated inputs of energy in two specific forms: innovations, which at bottom are inputs of human insight; and ample replacements of imports, which at bottom are inputs of the human capacity to make adaptive imitations” (p. 193). Cities are useful because “they supply contexts in which those inputs — insights and adaptations — can be successfully injected into everyday economic life” (p. 193). But in the end, it is the human animal that counts. Jacobs’ is an heroic approach, but the heroes are numerous and only emerge in defined milieus.

In reality, the city for Jacobs provides the mid-range link — what some have called the “meso” — level of activity — between the “micro”-economic activity of individuals and the “macro”-economic activity of nations and empires. Even to address this very tough conceptual problem, Jacobs has provided an enormous service to the intellectual community. She is not of the schools that are attached, limpetlike, to determinist explanations. Choices can be and are made. Nor is she of the schools that indiscriminantly embrace everything from geography to metaphysics in their urge to explain. Some things do matter more than others.

Alas, Jacobs, when it comes to prescription, falls into her own macro-level, single-factor trap. There is, according to Jacobs, a “deadly interplay between nations and their cities.” Among other things, nations provide “faculty feedback” to their cities, largely through the inappropriate indicator of the consolidated national currency. They also try to hold themselves together through “transactions of decline,” chiefly equalization grants, to inactive regions, cultures, classes or individuals, or in the form of military and other public sector expenditures, which are incapable of “earning imports” and which produce neither producers’ goods nor consumers’ goods. These stagnant national economies, however, produce vibrant capital cities because “capital cities thrive on transactions of decline” (p. 231). The prosperity of the capital is almost a litmus test of the decline of the nation.

Urban History Review/Revue d'histoire urbaine, Vol. XIV, No. 1 (June/juin 1985)

Since nations in time become “lethal environments” for cities (the very source of the wealth of nations), the solution, gingerly proffered, is the devolution of nations before the decay goes too far. Indeed, that is her prescription for Canada, especially *vis-à-vis* Quebec, as set out in her volume *The Question of Separatism: Quebec and the Struggle over Sovereignty*.³ It is, in effect, a macro-political solution to a micro-economic problem.

Yet Jacobs' own analysis would tend to preclude too absolute a devolution. For, as she says, nations serve well one “bedrock” city need: they can eliminate the gratuitous barriers in domestic trade that can cripple city growth. Nations can be helpful as well as “deadly.” The real question is how do nations become so structurally ossified that they can no longer provide either “appropriate feedback” or “germane assistance?” And surely one must wonder that if a nation is still sufficiently flexible to embark upon devolution, must it not be sufficiently flexible to recognize and respond to the needs of its cities.

But perhaps it is not simply the Nation that wears the black hat. Perhaps some fault should be placed in this federal national with provincial levels of jurisdiction, which historically have raised gratuitous barriers to domestic trade, but more important have engaged in “transactions of decline” on their own account as well as encouraging the national government to do so the same. Power without responsibility has practically been the motto of the provinces of Canada for 117 years.

And to spread the fault around a little more, what of the cities themselves? A plausible case can be made that cities, more often than not, have “shot themselves in the foot.” They have embarked on courses of action that have prevented growth, or inhibited it or killed it once begun. And they have not only done it to themselves, but to each other. Engines of decline, as well as growth, may be found in the cities, and one need not go beyond Jacobs' line of thinking to find them.

Much evidence in this direction has begun to emerge in the works of urban scholars in Canada. But this work, to date, has been intuitive and inchoate. And efforts to elaborate historiographical taxonomies in an effort to explain what has gone on, and in a sense establish an agenda for further research, have been helpful, though, so far, unconvincing.⁴ The questions Jacobs asks and the directions of her analysis are worthy not only of an audience of governmental policy makers, but of an audience of urban historians in their efforts to explain approaches and interpretations, and also to set their own agenda. What then has been done by urban historians and historiographers? How can Jacobs help?

Much urban history focuses on the urban biography. Most older ones are of little value except to preserve an historical consciousness of the city, though some more recently are rooted in a larger sense of history, approach the city in a

more systematic manner, and, with some notion of a conceptual framework, have opened the way to larger questions, some of heuristic value.⁵

Another large category of urban research, at the opposite end of this spectrum, focuses on aggregates of cities, in an effort to categorize, and finds patterns that might form the basis of explanation. Demographic studies are common, as are functional ones that divide cities by type: industrial, commercial, resource, etc. These approaches are especially favoured by the social sciences. They also tend to lead to a search for theories to fit the facts. The seekers of the holy grail that explains the Zifp curve are a notable example.⁶ A few chronological aggregations have also emerged. Some of the stages of growth sort, à la N.S.B. Gras and made manifest in D.C. Masters, *The Rise of Toronto*; or in the change of activity sort, exemplified in the commercial to industrial to corporate city schools.⁸ Locational patterns, too, have been elaborated into theory like that of Christaller.⁹

These approaches have their uses, especially for organizing lectures, but their phenomenological and tautological (an industrial city emerges because it industrializes) nature makes them poor vehicles for explaining whatever needs to be explained. At best one is left with examining a symptom in the hope of finding an explanation. And the historiographical discussions rarely discourage an abandonment of this agenda.

Perhaps we should be doing more of what Jane Jacobs does — ask questions about important matters. Indeed, by asking some important questions, and then looking into our scholarship to discover whether some useful answers have been posited might best suggest where we have been and where we might well go. The pertinent question could both define the historiography and set the agenda.

By asking Jacob's master question, what makes a city grow (or not grow), the contours of an urban historiography emerge with some clarity, as do the contours of an agenda.

One side of the basic division in this area treats the city as a black box. Its growth is the product of faceless forces and its influence a manifestation of them. One large category of scholars might then be called “black box” theorists. They come in a number of varieties, but all are distinguished by the fact they treat the city as an undifferentiated unit — there are inputs and outputs, but what goes on inside is left unexamined.¹⁰ It matters little. External forces make cities grow, and also more or less determine the patterns inside the city: whether the rise of industry, social segregation, group consciousness, or Georgian doors. The patterns such theorists see inside the black box have no purpose or dynamic of their own, but are only evidence of and confirmation of the action of the external activity.¹¹ At its best, such scholarship is useful for the examination of *how* such patterns come about, their timing and such like, but they preclude any originating

force from inside the black box, from inside the city. At best, a city can be conscious of currents of economic and social life flowing around it and, as best it can, adapt to them and exploit them.¹²

One variant of “black box” theory embraces the notion — known generally in this country as metropolitanism — that cities are not merely acted on but are in themselves actors, and sometimes very powerful actors. They control hinterlands, transmit culture, enforce political decisions, and are even at the root of nationhood. This view seems to imply that something or someone inside the “black box” is generating some sort of effective activity that reaches beyond the boundary of the city or metropolis. But so far little effort has been made to look inside. Is there an active principle? What is going on in there? To merely tell us that a city has a reach beyond its boundary, really tells us very little about the city. The pattern of influence may be symptomatic of something. But what? Jacobs, in her third chapter, “Cities’ Own Regions” has some interesting insights in this regard.

In contradistinction to those scholars who treat the city as a black box, either active or acted upon, are those who look inside the black box of the city to study the internal dynamic of the city in an effort to discover the sources of growth and influence, and other matters of interest to them. They represent, to a greater or lesser degree, those scholars who accept the city as a meaningful unit of analysis. It is that acceptance, in fact, that chiefly distinguishes them, in an historiographical sense from both their colleagues who study cities and those who, like labour historians study city-based activity. Since few have, as yet, said why they accept the city as a meaningful unity of analysis, most should be especially thankful for Jacobs’ contribution.

“Micro-urbanists,” however, have tended to pursue courses similar to those of their black-box counterparts. Those who accept the city as a unit of analysis and set about to examine its “innards” nonetheless seem to be seeking patterns in its society, spatial organization, policy, pathology, culture or form, and from the patterns hope to tease out explanation. All is tautological. All will fail. And historiography organized on such a basis, however accurately it portrays the scholarship, will neither explain where we have been as historians, nor point to the directions that we ought to go. Lacking a critical component, it has no possibility of setting an agenda.

Such history may point out, however, areas of city success or failure, and perhaps its nature. It will in this way present us with a sort of scholarly smorgasbord from which relevant choices might be made. But it will not provide a guidance system for making those choices. That guidance system, whatever it might be, will rest on asking significant questions about important matters. And if one accepts the notion of Jacobs that the city is the legitimate unit of economic analysis, that is, that it is important, then the central ques-

tion must surely be what makes a city grow (or not grow). And those who look at existing scholarship in terms of that question are in a position to establish an effective historiography and make headway on a scholarly agenda. It might come down to confirming what Jacobs has done already.

There already exists in the scholarly bibliography a number of insightful examinations of what has made Canadian cities grow, or not grow: in the former case, for example, Tulchinsky on Montreal,¹⁴ White on Toronto,¹⁵ McCalla and Weaver on Hamilton¹⁶, Artibise on Winnipeg,¹⁷ Bloomfield on Berlin.¹⁸ Some, like Weaver, have also examined decline and rebirth.¹⁹ There is also scholarly material on less successful or failed centres, notably Acheson on Saint John.²⁰ In many of these cases, concerns other than growth, are foremost. Neither the question nor the answer are in a pure form. Urban micro-historians really have no theory on city growth, or, more important, have not isolated the contextual elements that make growth possible. But they are very close on the latter score. So close that a speculative leap is in order.

In successful cities there appears to be consensus, commitment and autonomy. In unsuccessful cities one or more of these elements appears to be absent. They provide Jacobs’ critical “contexts.” The mere presence or absence of a rich endowment seems to have little, if any explanatory power.

Consensus about measures to enhance local economic activity can be either agreed to by a community or imposed upon it by a sufficiently powerful element within it. That element may be quite small. It must also be committed to the community, a guarantee that consensus will not be regressive or narrowly self-serving, conditions, as Acheson and Artibise have observed, that have emerged where an elite becomes entrenched. That commitment has often been in the form of boosterism, which is really a form of Milliband’s state/capital nexus operating at the local level. But in the booster schema, growth of personal fortunes is tied to the growth of the community. The community, not capital, is the means of production. The community, given this feedback mechanism, becomes a milieu in which improvisation and import-replacement can occur and is rewarded.

Finally, neither consensus nor commitment is of much use unless the community has the capacity to carry out its agenda. It must have a basic level of autonomy, in both a political and economic sense. Autonomy does not necessarily mean devolution. A city must be able to set its agenda, make its compromises, and control its financial resources. It must also, perhaps as Jacobs would say, be able to detect feedback and respond to it. Conditional grants and program directives from *provincial* governments, or a stale local elite destroy that capacity as surely as a consolidated *national* currency. There is more than one bully on the block.

An agenda for urban historians perhaps emerges. In the first place, one must decide whether Jacobs is right or wrong.

For if she is wrong about the city as the appropriate unit of economic analysis, then the only salvation for urban historians is to become "black box" theorists. Things, in this scheme, mostly happen to cities, at least in an economic sense. Or, alternatively, if cities are not economic engines, they may well be something else, and our historiography and agendas will have to reorganize on the basis of another set of questions. One might ask, for example, if the salient role of dynamic cities is as generators of national culture, rather than as generators of national wealth. But for the nonce, the first question on the agenda is what Jacobs takes as axiomatic: have cities created the wealth of nations? Is the unit of analysis the correct one? Historians can investigate the question, or take Jacobs' word for it.

Having satisfied themselves on that score, they might well organize themselves around Jacobs' central question, examined in greater detail (but incompletely) in the *Economy of Cities*, and ask what makes cities grow (or not)? And it is in the light of this question that systematic investigation of *contexts*, possibly along the lines of consensus, commitment and autonomy, can begin.

When we come to the examination of the structures of our cities, we will not be examining them for their own sake (in the hope that explanation will emerge) but for the way in which they contribute to or detract from the essential *contexts* for economic growth. The examination of the social, spatial, and political contours of a city is in this way given purpose and meaning. And so, too, is the examination of its pathology, its institutions and its built form. For as Jacobs points out, successful cities not only produce wealth, they solve problems and export those solutions to other places. The nature of a city's culture or its architecture reflects its problem-solving capacity and is a clue to the choices it has made or whether it has the capacity to make choices at all.

Jacobs, in her writings, does not penetrate very convincingly into her dynamic cities: just who or what sets off the sustained reaction that produces the "import-replacing" settlement? Nor does she provide a very clear understanding of the nature of the linkages between the active city (or the active parts of it) and its economic and political milieu, except for the contention there exists both a beneficial and "deadly" interplay between nations and their cities.

In *Cities and the Wealth of Nations* Jacobs' most important contribution is to single out settlements and cities as the salient unit of economic analysis. The neutrality of economists, political scientists and sociologists, who see the contemporary emergence of the nation to dominance is not for Jacobs. Hers is not the momentary lament that the modern city is "in a state of decay while the new community represented by the nation everywhere grows at its expense."²¹ Hers is the conviction that the decline and destruction of the city represents the bleakest possible future for nations and individuals alike. "Everywhere, all would become *morosos*,

those without hope. We all have our nightmares about the future of economic life; that one is mine" (p. 134).

NOTES

1. Jane Jacobs, *Cities and the Wealth of Nations: Principles of Economic Life* (New York: Random House, 1984).
2. The others are: *The Death and Life of Great American Cities* (New York: Random House, 1961), *The Economy of Cities* (New York: Random House, 1969), *The Question of Separatism: Quebec and the Struggle Over Sovereignty* (New York: Random House, 1980), and the sibling of the latter, *Canadian Cities and Sovereignty Association* (Toronto: CBC, 1980)
3. Jacobs, *Question of Separatism*.
4. The most recent and best of these is A.F.J. Artibise and P.-A. Linteau, *The Evolution of Urban Canada: An Analysis of Approaches and Interpretations* (Winnipeg: The Institute of Urban Studies, University of Winnipeg, Report No. 4, 1984). Other, less recent articles include G.A. Stelter, "A Sense of Time and Place: The Historian's Approach to Canada's Urban Past," in *The Canadian City* (Toronto: McClelland and Stewart, 1979), 420-441; Stelter, "Urban History in Canada," *History and Social Science Teacher*, 14 (1979), 185-84; and John Weaver, "Urban Canada: Recent Historical Writing," *Queen's Quarterly*, 86 (1979), 75-97.
5. The best of these are in "The History of Canadian Cities" series, published by James Lorimer (Toronto) and the National Museums of Canada (Ottawa). They include, to date: A.F.J. Artibise, *Winnipeg: An Illustrated History* (1977); Max Foran, *Calgary: An Illustrated History* (1978); Patricia E. Roy, *Vancouver: An Illustrated History* (1980); John C. Weaver, *Hamilton: An Illustrated History* (1982); and J.M.S. Careless, *Toronto to 1918: An Illustrated History* (1984).
6. George K. Zifp, *Human Behavior and the Principle of Least Effort* (Cambridge: Addison - Wesley Press, 1949) is the key text. A generation of scholars have elaborated the point and sought its dynamic.
7. N.S.B. Gras, *Introduction to Economic History* (New York: 1922). D.C. Masters, *The Rise of Toronto* (Toronto: University of Toronto Press, 1947).
8. Favoured by left historians. Perhaps its most explicit exposition is in David Gordon, "Capitalist Development and the History of American Cities," in W.K. Tabb and Larry Sawers, eds., *Marxism and the Metropolis* (New York: Oxford U. Press, 1978), 25-63. This pattern has also, in various forms, been used in Canadian urban history, largely as an analytical device.
9. W. Christaller, *Central Places in Southern Germany* (New Jersey: Prentice-Hall, 1967) is the classic, but the theme of central place has seen many permutations and combinations.
10. See for example, James W. Simmons, "The Evolution of the Canadian Urban System," in A.F.J. Artibise and G.A. Stelter, eds., *The Usable Urban Past* (Toronto: Macmillan, 1979).
11. One might argue that the whole Chicago school is of this stamp. Though the inner working of cities are examined in often excruciating detail the major premise remains that the entire "ecological" system is externally driven by some sort of primal force. This would also seem to be the premise of the new social historians, whose chief study in Canada is that of Michael B. Katz, *The People of Hamilton, Canada West* (Cambridge: Harvard University Press, 1975).
12. Leo Johnson, "Ideology and Political Economy in Urban Growth: Guelph, 1827-1927," in Stelter and Artibise, eds., *Shaping the Urban Landscape* (Ottawa: Carleton University Press, 1982) represents among the best of this sort of work. But in the end, faceless forces prevail.
13. The literature is huge. In Canada one begins with J.M.S. Careless, "Frontierism, Metropolitanism, and Canadian History," *Canadian Historical Review*, XXXV, 1 (March 1954). The end is not in sight. See Gilbert Stelter, "A Review (Framework for Urban History,"

- Urban History Review* XIII (February 1985), and Don Davis, "The Metropolitan Thesis' and Canadian Urban Historians," Unpublished paper presented at the Canadian Historical Association meetings, Vancouver 1983.
14. Gerald Tulchinsky, *The River Barons: Montreal Businessmen and the Growth of Industry and Transportation. 1837-1853* (Toronto: University of Toronto Press, 1977)
 15. William A. White, "Toronto's Reluctant Entrance into the Railway Mania of the 1850s," *Urban History Review* X (June 1981).
 16. Douglas McCalla, *The Upper Canada Trade. 1834-72: A Study of the Buchanan's Business* (Toronto: University of Toronto Press, 1979). John Weaver, *Hamilton: An Illustrated History*.
 17. Alan F.J. Artibise, *Winnipeg: A Social History of Urban Growth, 1874-1914* (Montreal and London: McGill-Queen's University Press, 1975).
 18. Elizabeth Bloomfield, "Building the City on a Foundation of Factories: The 'Industrial Policy' in Berlin, Ontario, 1870-1914," *Ontario History* LXXV, 3 (September, 1983).
 19. Weaver, *Hamilton*.
 20. T.W. Acheson, "The Great Merchant and Economic Development in Saint John, 1820-1850," *Acadiensis* 8 (Spring 1979).
 21. Don Martindale and Gertrud Neuwirth, "Prefatory Remarks," in their edition of Max Weber, *The City* (New York: The Free Press, 1958), 62.