

Anthony Comegna ([00:24](#)):

Cities have really taken center stage for much of 2020, so far, the awful year that it's been. Their propensity for spreading disease, clustering people together, serving as the focal point for police violence, police reform, protests, and statue smashing. Confrontations between maskers and anti-maskers, Karens and anti-Karens, and a whole host of other unique challenges and changes. In fact, for the first time in world history, just recently, most of the global population now lives in cities. And that figure is just likely to increase over the next several decades. So what to do about all these cities? Well, today we welcome Scott Beyer from The Market Urbanism Report on the show. Scott is an urban affairs journalist who writes for Forbes, Governing Magazine, The Independent Institute, housingonline.com, and of course, his own marketurbanismreport.com.

Okay, so Scott, I'm fairly new to this whole subject of market urbanism, and I think in part, because it's actually a very... Even though it seems like sort of a new topic, and maybe you can fill me in on that, it is a very, very big topic, that nonetheless has been around for quite a while now and has a lot of people working on it, so it's very fleshed out, and there's a whole lot to study here. And every now and then, I listen to the Cato Daily Podcast every day, and every now and then they run an episode about YIMBYs versus NIMBYs and that sort of thing, some sort of policy, a bit that they're talking about, and it's market urbanist implications.

I really love the show, Anarchitecture, which is put on by two architects and engineers. And I actually listened to you on that just this morning. And they analyze the built environment from a sort of Austrian lens in that show, and so I hear a lot of market urbanist material on that, but that's really about it. That's all I get on this subject from my regular consumption and I really, really love the bits of it that I do get. So, I'm hoping that you can introduce the concept for our audience here. Tell us at its very base, what is market urbanism all about?

Scott Beyer ([02:39](#)):

Well, the short version is that market urbanism is the cross between free market policy and urban issues. And so, I like to explain a little bit about what that means specifically, because it means in my mind, two different things. So on one hand, I view market urbanism as a theory and a theoretical model towards cities, asking the question, how would a city function if it were completely private? So, if the way that it was planned, laid out, and the way that it grew was fully dependent on the negotiation between producers and consumers, in other words, people can live where they want as far as the housing goes, they can get around the way that they want and private transportation companies can rise up to meet their needs, and they can have public administration models that are completely private rather than government run. And so, the reason that I say that's a theoretical model is that while there are some people working in the private city space that are trying to make this sort of thing a reality, it's not really a common thing around the world. Most cities around the world have public governments and the idea of having a private government is pretty radical. And so, that's the theoretical side of market urbanism.

I think the more, let's say politically likely and pragmatic version of market urbanism, which is the one that I like to focus on more is viewing it as a set of policy reforms that may not be full libertarian or full in cap, but are kind of getting in that direction, and they're dealing with some of the same issues as far as housing and transportation and public admin, but they're kind of market oriented as opposed to full on libertarian, and they can actually be used in a given public context as far as the way cities are run now.

Anthony Comegna ([04:43](#)):

So, market urbanism is really about basically, people who love cities and want to be in a city, these giant melting pot areas or salad bowl or whatever model you want to use for what a city is. Maybe we could talk a little more about that. What exactly is the city? What are its special characteristics and qualifications that make it especially important to render these processes into market processes. And then the other component is a general belief that the greater the market and free activity, the better outcomes, is that the case?

Scott Beyer ([05:23](#)):

Yeah. So, I mean, I think you divided there between the concept of markets and the concept of urbanism. I think the urbanism side of this is to your point, it's the agglomeration of people. And I think people are always going to have a slightly different definition of what a city is or what urbanism is, but I like to look at say, a larger metropolitan area, which can be a city proper, but it also can be quite a number of suburbs. I would view that as urbanism or urbanization. It is the act of millions of people agglomerating into a given area and benefiting off of one another's services and activity. I think the market side of that is imagining cities as areas that can apply free market economic thinking and thinking about ways that the use of classical liberal economics and free market exchanges and really the diversity of city life can be applied to larger metro areas.

Anthony Comegna ([06:33](#)):

So now, is there any way to sort of lump together the major problems that market urbanists are trying to tackle in the major types of solutions that they offer?

Scott Beyer ([06:47](#)):

Yeah, I think the way that I usually divide it is housing and transportation and public administration. And I'd say, the thing that we are likeliest to talk about, we meaning market urbanists and really urbanists in general, is the housing issue. It's talking about ways that, I think, for my generation of millennials, one of the biggest problems that we see resonating through our body politic is the high housing prices. And so, market urbanism is making a critique of that issue and really identifying the causes of why we have such high housing prices in the United States. And a lot of it boils down to government regulation. So, we're looking at things like restrictive zoning and parking minimums and setbacks and urban growth boundaries, and really the whole coterie of regulatory apparatus that applies to land use and viewing that as something that collectively needs to be attacked and reformed, so that we can have a cheaper housing.

Anthony Comegna ([07:57](#)):

And on the philosophical side, it seems to be in the discussions around market urbanism or anti-market urbanism, which may be the dominant model, there's a real divide between the market urbanists who recognize the problems involved with a classic issue like the tragedy of the commons. And so, they offer privatization as a solution for that, where they recognize the public choice problems in let's say, doling out special projects to certain contractors and they offer laissez faire as a solution. Tell us a little bit about those philosophical divides among the community of urbanists in general.

Scott Beyer ([08:47](#)):

Yeah, I think one certainly does exist because the two problems that you mentioned, tragedy of the commons and public choice problems, are something that I don't think a lot of urbanists appreciate, but I think that market urbanists are likelier to. So I think if we were to give a concrete example of a policy

that I'm talking about, it would be something like traffic and roads and why are roads frequently congested in U.S. cities? Well, a lot of it is that they don't have tolls. There's not a direct user fee that's being applied at the point of use. And so, you do get a tragedy of the commons. We fund our roads through a gas tax, and that pays for them to some degree, but that doesn't necessarily price use. And so, you'll get a traffic congestion at certain times of the day.

I think a market urbanist would look at that and say, if we price the roads based on the demand during the day, then we have a way of dispersing the demand across different parts of the afternoon and the evening, and we also have a revenue stream then, for fixing and maintaining the roads so that it can keep its optimum capacity. So, that would be one thing where we recognize the tragedy of the commons problem and we answer it through market-related things.

Another thing with bringing up the public choice issue, that's something that we might apply to something like mass transit. We would look at something like the New York MTA, which is tasked with running the buses and the subways through New York City, and we would say, this is a top down government agency. It is not prone to responding to actual new information and consumer demand. It's effectively a bureaucracy. So, it's a bureaucracy and it's one that's very ridden with patronage. So, if there was a reform that would bring better services to the MTA, say maybe automated trains, that is often resisted because there are labor unions that want to keep jobs for the train operators. And so, that would be a nice cost cutting reform that doesn't get done because of the public choice problems that you're talking about. So yeah, it's applying concepts like that to urban policy.

Anthony Comegna ([11:28](#)):

Now, let's talk about another one of these divides, the issue of centralization versus a general preference for a spontaneous order. You said earlier that you're not really on the anarchist end of things so much as you're a reform kind of guy, and I get that, although I'm definitely more on the anarchist side to be perfectly candid about it, but hey, lots of us are now. And I'm wondering though, often the city is given as the prime example of the smallest level of government that is effective and legitimate. And yet still we see, once a city gets massive enough, it's like a small state government in its size and scope and powers and intervention in the local economy and stuff. Like New York or LA, they can be absolutely massive intrusive governments, even at the most local of levels in the American state. So I'm wondering, could you comment a little bit on what are the elements of spontaneous order that you think should be introduced here when cities become far too centralized and what are some of the more overlooked problems in life in our cities? And can you give us some of the more ingenious and inventive market urbanist solutions to those problems?

Scott Beyer ([12:55](#)):

Yeah, so I think that centralization is often viewed as the better model by a lot of urban planners and urbanists on the left, who would view cities as these big complex organisms that can only be corralled and really managed if you have big, powerful central governments. And so, especially when we're talking about things like transportation and the carving out of right of way, say to put a rail or a road, it's thought to be that you need centralization to enact the necessary conditions and eminent domain to create the right of way, and you need general taxation to be able to fund the transportation. And so, that might be true to some degree, but I think it's only one example of how cities work.

I think if you were to dismiss say, the large transportation projects for a second, and just look at cities at a block by block level, I don't really view that as being... If you were to take the ingenuity that is found on any given block in a city, it's not so much because of centralization, maybe the infrastructure

facilitates things to some degree, but it's really a thousand different actors cooperating with one another and engaging in mutually beneficial exchange.

So, if you have a block that has a laundromat on the corner next to a bodega next to a restaurant and on and on and on, the various different services, and then you have hundreds of people living above those services that are benefiting from them, that's really a spontaneous order. And it's more microscopic and organic per se, and based on all these different little transactions than it does having to do anything with central planning.

Anthony Comegna ([15:01](#)):

Now, could you back up a little bit and give us kind of a history of market urbanism? When did the movement, as you see it, really begin and maybe what were some of the historical antecedents of that? Because going back to your talking about peak load pricing on roads earlier, I remember seeing a Drew Carey video for Reason Magazine, oh gosh, probably about 10 years ago, maybe a little more now, on peak load pricing experiments in Los Angeles. And my roommate at the time in college who was sort of a milk toast libertarian, not very committed to the ideas, but sort of intrigued. And he'd been reading Reason for a while, that just absolutely convinced him on private management of roads. And I think that's probably the earliest example of a clearly market urbanist material that I remember encountering.

Scott Beyer ([15:56](#)):

Yeah. Well, I am not claiming as a market urbanist to have invented the idea of congestion pricing. That actually dates back, I believe to William Vickery. I think his nickname is the... He was an economist, and I think his nickname was the godfather of congestion pricing. And of course, we've had private roads through history that had their user fees and everything. And so, it's not a new idea. I think, as far as the history of market urbanism, it is ideas that date back well before market urbanism. I'd say if there are two, sort of godfathers, of the ideology on one hand, the market side would be the economist, Hayek, who talked about how the use of information and pricing and society created informational feedback loops that brought efficiency and that these sorts of mechanisms existed more in the private sphere than they did in the public sphere.

So, classical liberal economics. I think on the urbanism side, we take a lot of our ideas from somebody like Jane Jacobs, who applied a lot of the hierarchy and critiques of government to city life specifically, and talked about how cities were spontaneous orders that really generated innovation and productivity from the ground up through the actual people, rather than the government. And so, Hayak and Jacobs would be too intellectual, I'd say, inspirations for market urbanism.

As far as the actual movement, you obviously have marketurbanism.com, which is the original blog that invented the term. And they've been a fairly active, I'd say, blog and set of social media networks, that date back to I believe, 2008. And then, I started the market urbanism report in 2017, to really expand on the idea to apply market urbanism to a different set of issues than they were talking about. And also, to try to bring it more into the mainstream and really grow the concept so that it's known by more people. So, in the way that new urbanism is a commonly used phrase now, and really understood around the country and around the world. My goal with starting my own platform was to try to bring market urbanism up to that level and really make it a mainstream urban ideology.

Anthony Comegna ([18:36](#)):

Yeah. As I mentioned earlier, I'm not very well read on this subject and so, when I asked you for references, you sent me to the market urbanism reports, what is? page, which is sort of an encyclopedia

style collection of articles and references. I really, really enjoyed a couple sections here in particular like your attention to certain social issues. So, one of the very worst things I've experienced in city policy was in Pittsburgh several years ago, when I was in graduate school. There were a lot of homeless people living under bridge overpasses, or they were living in the underpass, I guess, whatever the term is. And so, what the city did, a democratic administration in the city, what they did to combat that horrible blight on the city, was they walled it up with chain link fences, so nobody could even walk through there, let alone live there. And all those people, God knows where they were kicked out to, and I just thought that was absolutely heartless and horrible. And so, I wanted to be sure to ask you, what are some of the market urbanist solutions to homelessness?

Scott Beyer ([19:56](#)):

Well, it's a complex problem because not every homeless person is the same and is homeless for the same reasons. So I think for the sake of brevity, I'll give you three different ideas that could be market urbanist. I think on one hand, you have a lot of people who are homeless, do not have any underlying psychological or substance abuse problems. They're just the working homeless, or maybe they can't find a job. And so, you see that particularly in a lot of inelastic supply constrained, metros, like say, San Francisco, where people are homeless simply because they're too poor to afford housing because their jobs don't pay them enough. And so, I think the market urbanism stance for that, is just build more housing. Have a lot more housing so that the private market is allowed to produce more inexpensive entry-level housing that could accommodate people in that situation.

Now beyond that, if you're talking about homeless people who are suffering from mental illness or drug abuse, it's a little more complicated. There are some models that are called Housing Readiness, and that's like recovery programs that usually deal with people who are dealing with substance abuse and try to help them kick their addiction and teach them life skills and job skills and emotional intelligence type stuff that will enable them to function in the job market. And Housing Readiness programs put them through transitional housing to try to help them become self sufficient. And then, I think a third leg of that would be if somebody is severely mentally ill and they cannot go through a transitional program or any sort of housing readiness program, and they're never going to be able to support themselves, then there is a concept called Housing First.

And that literally is just the government contracts with developers to build housing for them that will give them supportive services. And that isn't particularly market urbanist, but I think a market urbanist twist on that idea would be, loosen zoning laws and various regulatory hurdles that make building housing first solutions very expensive. So, when you hear about all these half million dollar homeless units that are being built out in California, a market urbanist would look at that and say, well, if you had looser regulations, the land values would not be so high, and if you had looser labor laws and all that stuff and contracting processes, the cost of building it, wouldn't be so obscene. So yeah, market urbanists can push its reforms in all three of those categories, I think.

Anthony Comegna ([22:57](#)):

And I agree with you. That last solution doesn't sound particularly market oriented, but it's certainly a heck of a lot better than just walling off the housing homeless people have made for themselves under a bridge, and kicking them out, because you don't like the sight of them there. That was just absolutely terrible. And then, another issue that's touched me in my experiences of city life has been gentrification, and I find that this is an issue that a lot of classical liberals can't really wrap their heads around. So I wondered if you could explain to us, why is gentrification a problem? And again, what is the market urbanist solution to this issue?

Scott Beyer ([23:40](#)):

Well, if gentrification is defined as simply the integration and improvement, as far as the improvement of the services of a neighborhood and increasing the value of the homes and the property, that unto itself is not necessarily a bad thing. That's just city revitalization in a nutshell. I think where gentrification becomes problematic, is when you have new wealthier people moving to and revitalizing the neighborhood, and it ends up pushing out the existing residents and they get displaced either into homelessness or having to move to a different neighborhood. That's where I think gentrification becomes a problem. And I think the market urbanism solution to this, as it is with a lot of things is, build more housing. Loosen the regulations so that more housing can get built pretty much anywhere within a given metro. And I think that if we were to apply that in a lot of cases, that the new housing and the new population inflow would not necessarily even go to the gentrifying areas in the first place. In a lot of cases, they would go to the wealthy job intensive areas that now very much resist new housing.

So, if I were to give you a concrete example, a place like Harlem, New York City, a lot of transplants who move to New York end up going to Harlem. And the reason for that is, that it's cheaper to live in Harlem than it is in other parts of Manhattan. So, the people who are already living in Harlem have to deal with more incoming development pressure and new incoming populations that put pressure on the housing prices. Meanwhile, if you look at the neighborhoods further down the borough like Soho and Chelsea and Greenwich Village, they often very much resist development. And so, even if a transplant would technically rather live in those neighborhoods than they would in Harlem, they have no other choice. So they end up invading the Harlem neighborhood because the other areas won't rescind.

Anthony Comegna ([25:55](#)):

So, let me restart this question because I think of market urbanism as, it's certainly a very present oriented philosophy in the sense that you want to solve problems that currently face people who live in urban settings, but it also seems very future oriented to me. In part probably because it's, sorry to say, but it's so unlikely that so many of these very bold types of reforms actually take root right away. So, it's more like a set of prescriptions for how we should organize cities in the future, or maybe how we should leave them a little less organized to develop on their own as need be. And a lot of it is giving advice to people who are not just planning for the present, but planning for the future as well. And so I'm wondering, do you see a certain type of future in which cities are no longer anywhere near as attractive, appealing and productive as they are now?

Scott Beyer ([27:00](#)):

No, I don't think so. I think that cities are always going to be pretty attractive. And in fact, the world is urbanizing. The global share of the population that is moving, that is rural based, is declining, and the share of the population that is metropolitan based is increasing. And the United States is no exception. I know that a lot of people are using Coronavirus, as the latest thing that's going to dismantle cities and make everybody want to move to the exurbs, but I'm not buying it.

Anthony Comegna ([27:35](#)):

So now, what about for example, if you can... Have you ever seen those videos of the Japanese lettuce factories where it's just row after row vertically stacked of lettuces being grown extraordinarily cheaply by fluorescent light? I'm wondering, what about in a world where so much land is reclaimed both for nature and for habitation as opposed to farmland or cattle land or something like that, useless infrastructure projects and stuff. When all that land is reclaimed and we have open borders and other

types of classical liberal reforms, or geez, what about the digital revolution? Connectivity with people, no matter where they are, maybe not down the block, but certainly in your home from across the country. Is there a way in which cities kind of melt away because there's no longer much need for us to be pressed in together so closely?

Scott Beyer ([28:39](#)):

Well, I've heard this theory. I call it the rural 2.0 theory. It's the type of thing that I'm seeing circulate on Facebook and Twitter now that the Coronavirus has hit and people are asking these questions. So, in a rural 2.0 type scenario, the premise is that, because of things like Zoom and Skype, that now allow work to be remote and because of faster broadband internet, which I think is probably going to be coming to rural areas sooner than later, and because of faster delivery apparatuses such as Amazon, but also drone delivery, which I think could be in the future. Yeah, I mean, I think it would make rural living a lot easier. All the things that make rural living difficult now would be erased and there would be no fundamental advantage for living in the city.

Now, my rebuttal to that is that, those three technological shifts that I just mentioned have already been happening to some degree and yet, if you look at the demographic trends in the United States, people are moving out of rural areas into cities and into metropolitan areas. So, a lot of the growth ends up going in the inner ring suburbs around the city, or even in the exurbs, but by and large, people in America are becoming more metropolitan. So, I think what's going on there is that people will actually pay a premium despite the technological advances. They'll pay a premium to be around other people and have access to amenities and services. And I don't know that any level of technology will ever reverse that fundamental aspect of human nature, that people just want to be around other people, and they don't want to be alone out in the boondocks. So yeah, that's pretty much my answer to that.

Anthony Comegna ([30:41](#)):

Our greatest ideas and progress. Thanks to Scott Beyer for joining us this week, and I very highly recommend you all check out marketurbanismreport.com. It really is a wealth of resources for those of you who are already well informed about market urbanist issues. And for those of you who, like me, are just now getting into it. I, for one, am firmly in the YIMBY camp. I love living in cities and would not have it any other way, and I'm dying to see the great futuristic city scapes of tomorrow, that people like Scott are working so diligently to build today. My absolute best to Scott and to all of you out there listening every week. If you want to help out the show, the most effective way is to rate and review us on your favorite podcatcher. Til next week, keep the progress coming.