URBAN ECONOMY AND DEVELOPMENT

INTERVIEW OF JANE JACOBS

WITH

ROBERTO CHAVEZ, TIA DUER, AND KE FANG

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(Note: This transcript has been edited by Jane Jacobs, for clarity and to eliminate repetitions, but none of the subjects discussed during the interview is eliminated.)
MS. JACOBS: First I would like to mention some points that I think are basic, going through the list of questions you have given to me.

The significance of cities for developing countries, and also for developed countries is their economic behavior and their indispensability for a prospering economic life and everything associated with that, which is a lot of things that we call non-economic.

This is a new idea to many people, and also to the World Bank. The last time I talked with the World Bank in 1984, it was assuming rural life with its agriculture and raw materials resources supported an economic life, and cities were a frill.

MS. DUER: I think it's changed a lot.

MS. JACOBS: And for a long time, the Bank ran on those premises, and it was one reason I was reluctant to get involved again until you explained to me that they had learned better, because it was a waste of time.

MS. JACOBS: Important as livability infrastructure is in cities, I don’t think it is as basic as infrastructure that connects cities which are in about the same stage of development as one another. The conventional supposition in developed countries, which have often been imperialist, of course, has been to concentrate on infrastructure between very developed cities and poorer, undeveloped economies. That's okay to provide a kick-start for an undeveloped economy, but if that remains the only significant connection between a developing city and the rest of the world, what you get is something like Argentina or Uruguay. They although those cities had strong...
connections with European and American developed cities, and for a while this seemed very successful. But they had little connection with each other or with other cities of Latin America. Yet economic connections between cities in initiative stages of development are vital; they can sell to each other, copy each other, and feasibly replace their imports from each other. and they can, develop much of their economic life on each other's shoulders, which they can't do only on the shoulders of a highly developed economy because the gap in capabilities is too large.

MR. CHAVEZ: The metropolis.

MS. JACOBS: They can be given transplanted companies, but that doesn’t provide them with the process for their own development. An infrastructure connecting cities in more or less the same stage of development must be safe, and to be waylaid by bandits is very bad, or to have thugs extorting tolls. The infrastructure, whether it is for pack animals, or for people on foot, bicycle, train, truck, water transport, or plane, whatever it consist of, it must be safe, and extortion.

[Gender and city development]

Especially in poorly developed economies, a great deal of attention needs to be given to the fact that women are probably the most natural traders, and the most natural developers of the economy, especially at first.

In traditional occupations, almost all the actual work, and a great variety of it is done by women: the garment making, the food processing, any comfort provided in the home, of course, the care of infants, cleaning, medical treatments, and so on, all things that women do.

The men have less variety, and in the modern world, even in undeveloped economies, they're losing much of what they once did do. They don't hunt much
anymore. They still herd animals but that does not occupy very many men; ruling, of course, but that's limited, too. As for actual productions, metal working and construction work are about it. Along with cobbling and some other leather work. An economy cannot prosper if its men are largely idle. In that case, the problem is to get them to become productive, domesticate them, you might say.

MS. JACOBS: Now, how is this done? All our ancient productive and economically complex societies, like Japan's and China's, for instance, but long ago domesticated men, so did most of Europe--not all of Europe. If you travel in some parts of the Balkans, you will see gendered idleness. At the most harmful men who have been displaced from, let's say, the hunting life, are busy at are busy at piracy, ruining at war. And at its least harmful, they're sitting around like us and talking about how to settle the problems of the world while the women are doing the work.

[Laughter.]

MS. JACOBS: And combined with this situation, almost always is oppression of women, making it impossible for them to develop their work.

The problem is to make it possible for the women to develop their work and then draw the men into it. This is what has often happened historically, and what happens today in such societies, if they're fortunate. In the borrowing circles in Latin America, for instance, which typically consist of women more often than men, the women say that they appreciate the support they get from one another in keeping their men from getting their hands on the loans because they will use the money for ostentation and often non-productive purposes. I once asked Mohamed Yunus of the Grameen bank whether the bank discriminated against men, because at the time I was talking with him about 90 percent of its loans were going to women, although it had
begun with loans to men. He said no, they didn't discriminate but that seems the men are simply more satisfied with the status quo, while the women are fiercely determined that their children's lives will be better than theirs. He also said how remarkable it was, Bangladesh being a Moslem country, that so many women had gone into business. The very first ones who took out micro loans, he said, were amazingly brave, because they had so little self-confidence. But when they repaid loans, you could see how their dignity and confidence was visibly growing. The men put up with this because, after all, the loans were bringing in income. That was very important.

Reading some of the results of micro-lending in Latin America, I was struck by how men can get drawn into micro businesses. For example, a woman who made window frames that she sold in the market was successful enough to enlist help from her sons. Then, when business continued to grow, it was joined by her husband when he lost his a couple of hundred miles away, as a construction laborer.

This is much the same story as is told in a history of Rochester, New York, about how Italian restaurants were started there. It’s a story repeated in many American cities. The wife in an Italian immigrant family would cook for men who were saving money to bring their kids from Italy. In the mean time, they would pay to eat with a family. If the husband lost his job, he would help with the cooking and other work. They would get more space and more customers. Now the husband had been domesticated into restaurant work. This was different from washing dishes at home which would have been considered women’s work. Men get into such work when it becomes commercial and, therefore, respectable for a man.

MS. DUER: Could you elaborate on that just a little bit, the role that women play in starting activities?
MR. CHAVEZ: You said that encouraging women in underdeveloped economies everywhere, whether developed or underdeveloped, is essential to the economic development of cities.

MS. JACOBS: Such kinds of opportunities for women are even more to the point than livability.

MS. DUER: Because it's giving people power and wherewithal to, in fact, make their situation better.

MS. JACOBS: Yes, and not selectively, because you never know in advance who will succeed. Even people who succeed only for a while benefit the economy for that while.

[Specialization is no answer to local economic development]

Here's something that the World Bank didn't understand in the past and I am not sure it does now. Specialization of economic activity in a city can be a starter, a transitory starting point. If the city doesn't diversify rapidly, specializing is a dead end. No specialty is safe. All become either obsolete or outgrown. That's true whether in Detroit or Uzbekistan. So forget it as an economic strategy, except as a very transitory phase. The world is littered with little cities that once had a successful specialty. A city can even have once been successfully diversified--this was true of Detroit--and then decline often specializing, as Detroit did, in favor of an activity that became particularly successful. As a strategy for cities, specialization is never good.

MR. CHAVEZ: In connection with that, could I ask a question? We have something of a debate in the Bank about promoting the competition or the competitiveness of cities, and the assumption underlying that is that some cities will be better suited to develop certain areas or specialization, we're suggesting that we should
encourage competitiveness, by finding out what makes a city, “special” in order to build upon that. This seems to be in contradiction with what you're saying.

MS. JACOBS: Yes, it's very much in contradiction. For example, Halifax in Nova Scotia was a great port and ship-building site in the early 19th century, the days of wooden ships and sail. Nova Scotia stagnated economically. It never progressed to building iron and steel ships, powered by steam. In contrast, Norway, which had been much like Nova Scotia in the days of wooden ships and sail, not only progressed in shipbuilding but diversified into navigation instruments which it could export everywhere and proceeded to diversify much further, with many kinds of design, technology and products, one kind of skill building on another.

The notion that some cities are best suited for this or that kind of work is a carryover from Adam Smith's notion of regional division of labor.

Of course, geography and weather give Smith’s idea some grounding. Gruyere cheese made in Switzerland is better than imitations elsewhere. You can grow apricots in some places and not in others.

But there are very few things that one city is naturally equipped to do better than other cities.

MS. DUER: One thing you're pointing to is how to support, not stand in the way of but hopefully also support people's inherent creativity and looking for opportunities.

MS. JACOBS: Yes, but when something is successful in a city, it can be a danger, if almost everything else is given up and starved of capital and encouragement.

MS. DUER: It's like monoculture in agriculture. It's not sustainable.
MS. JACOBS: Yes, exactly.

[Directly Lend to Cities]

MS. JACOBS: But it is also destructive to try to make all the cities of a nation alike by putting them into a comprehensive development framework. This ignores the particularity of cities. The minute you begin to prescribe for cities’ infrastructure or programs comprehensively, you try to make one size fit all. Actually, different cities, if they're working properly, are not behaving the same way at the same time. Some may be doing well on exporting but aren't replacing imports much. Others are doing just the opposite. Some, at a given time, may be receiving many immigrants. Others are not. If they're behaving properly, each has its own kinds of work emerging.

Creative cities have even more individuality than nations. Cities are much older economic entities than nations.

I think it's important that whoever is working on aiding cities, doesn’t work on bunches of cities through a centralized intermediary government.

MS. DUER: Not through an intermediary, but one city at a time?

MS. JACOBS: One city at a time, focusing on each individually and on its own situation at that time. So I wonder whether the Bank’s negotiations and loans always need to be with national governments.

MS. DUER: This is a big, big issue for us with regard to supporting cities.

MS. JACOBS: If you really are serious about supporting cities, you should be able to lend directly to cities and negotiate directly with them. After all, you've got a big clout - the money that you have gives you a big clout. If you are
intimidated into dealing only with national governments, your intended help for cities will be inefficient at best and perhaps self-defeating.

MR. CHAVEZ: That certainly doesn't have the city's best interest at heart.

MS. JACOBS: National governments often don’t. They often are afraid of cities. For one thing, economic development always upsets the status quo, and it does this first in cities. You have to face the fact that what you want to do for cities is not going to make everybody happy.

[Nobody wants to live in a district that's considered undignified]

Now, as for physical planning, if it's done well the most significant results won't happen, zip. Good results take time and time itself can be your ally. Consider a city district full of poor people who have come from somewhere else, from farms, or as refugees, wherever, most new comers are apt to be poor. This is true in the most developed cities, as well as in the poorest.

Two different fates can befall a district full of newcomers. If the city is working well economically, their children and grandchildren will be better educated. They'll have connections that the first immigrant generation lacked. The second and third generations will have many different kinds of jobs and professionals. If many remain in that district, the district will reflect all these changes and improvements.

In America and Canada, some of the most outstanding city districts that have improved in this fashion are Chinatowns and little Italy’s.

Today in America and Canada many immigrants from Asia and Latin America are settling in inner subcities. Are these going to be districts where people stay and improve the places as their own lives prosper? Or, in contrast, as soon as people
become better off will they leave and a new collection of poor people come into the
district? If so, it can interminably be an unfortunate place, merely becoming more
dilapidated with time. It goes three steps back for two steps forward. This is very bad
for a city, and it's bad for those people as a rule.

How are these two kinds of districts different? Nobody wants to live in a
district that's considered undignified and a disgrace. People leave that sort of place when
they can.

[Help people help themselves]

MS. JACOBS: It is usually the city government that treats the
neighborhood shabbily. The district is typically neglected socially. Fraud,
crime, and extortion of the people are not taken seriously and combated physically.
Holes in the street are not repaired, for example.

In Scranton, Pennsylvania, where I grew up, there was such a district that
was called "The Patch," and it had no sidewalks. You just knew when you went into The
Patch that this was a miserable place. Recently I went back and saw that it's very nice
now. What is meant by "very nice"? Trees, for one thing. Perhaps a public library.
The school is pleasant and welcoming. In sum, dignity is present, visible signs that
people are valued here. Attention has been paid, to what the people want.

Paying sensitive attention to people means more than trying to help
them. It means knowing how to help. I'm reminded of Dallas. It has an influx of
Vietnamese immigrants who asked the authorities if they could set up a market.
Vietnamese and other people in South Asia know a hundred times more about how to set
up a market than anybody in Dallas does.

MS. DUER: No joke.
[Laughter.]

MS. JACOBS: But the Dallas government wanted to help them. So its planners applied to the Federal Government for a market planning grant. The paperwork and plans took about a year. Finally, when everything was ready to go, the Vietnamese had all moved away from that area. They couldn't just suspend their lives for that length of time. There have to be quick responses. Basically, the reason this failed was that there was unconscious disrespect for those people, unwillingness to concede that they themselves knew how to set up a market.

MR. CHAVEZ: It sounds to me like they were trying to do for the people rather than letting the people do for themselves.

MS. JACOBS: Exactly.

MS. JACOBS: There was already a vacant lot which the Vietnamese had discovered was owned by the city. It was not even necessary to buy a site. The only thing the city actually needed to do was to get an agreement from the people who wanted to established the market that they would clean up after themselves.

MR. CHAVEZ: And they could have done it themselves.

MS. JACOBS: They could have started it the next week after the request.

MS. DUER: Right.

MR. CHAVEZ: And, undoubtedly, they would have started with little shanties, and then they'd eventually be upgraded, and before you knew it, they'd have a perfectly modern functioning, hygienic market, you know.

MS. JACOBS: And it would have been attractive to people from all over Dallas.

MR. CHAVEZ: From all over. That's a very interesting story.
MS. JACOBS: Systems, transportation systems, the same principles can apply to them. I've seen transportation jitney buses and how they work in the Caribbean islands. They know more about how to run buses than anybody in America does: how big to make the vehicle, I mean, whether you need a little one or a big one, what hours to go, how to adjust the fares and so on.

MR. CHAVEZ: They respond to the client's needs.

MS. JACOBS: All you need to do is make sure they know how to drive and have insurance.

[Laughter.]

MS. JACOBS: And you could get a fine bus system serving a district that needs public transit.

The main thing for livability is to outlaw crime, extortion, fraud, whatever is victimizing people; facilitate ownership and facilitate entrepreneurship. You probably know Hernando de Soto’s book about registering property.


MS. JACOBS: And getting rid of all the nonsense, that means it takes years to establish a tailor shop or anything productive.

MS. DUER: Could I just pick up on the last point before we even go into anything else? You raised this point about facilitating ownership and entrepreneurship, and in many of the really profoundly poor slums in the cities in developing countries, people don't have secure tenure. It's the worst possible insecurity for them. They can be rousted out of there anytime and the whole area razed to the ground.

MS. JACOBS: Yes. It's what makes gentrification so dangerous.
MS. DUER: Are there ways in which the thinking that you've been doing about this question of supporting local entrepreneurship can support working directly with the communities in those slums—you know, dealing with the slum dwellers in terms of their own self-organization and getting the services in that they want and so on? What are the key things you think that we should bring to bear?

MS. JACOBS: I think it goes without saying, almost, that the authorities ought to pay real attention to what the people in an area say they want. I have mentioned tree planting because I love trees, but everybody doesn't love trees. And there may be other things that they want more, like a market.

Who can say what they care about the most?

MR. CHAVEZ: Only they can. Only they can.

MS. JACOBS: Only they can. And that should be listened to very carefully and, above all, not disregarded on grounds that the authorities intend to do away with that district eventually, or give it a big makeover. No, small responsive evolutionary things are the ones that matter, and of course insuring security of tenure.

[Community-based organizations]

MR. FANG: Jane, I have a question following up on this topic. In terms of better understanding what those dwellers and the residents need, what do you think about the roles of community-based organizations?

MS. JACOBS: You have to be careful that nobody is playing that old imperialist game of naming the organizations that authorities will recognize. Puppet organizations.

We had a genuine citizens’ organization that very successfully fought a dreadful urban renewal project in New York. Anybody who lived or worked in the
neighborhood could belong to this organization. There were no dues, and no other qualifications. You only had to be there. Anybody who saw some need could start working on it, and anybody who wanted to join with them could do so. Totally permissive except for one hard and last rule: Nothing that was done in connection with the community association could displace any person or business in the area. That was like a rule against murder.

We're used to the idea that you can do all kinds of things, but you can't murder somebody in the course of doing it. We called it the sparrow principle; not a sparrow shall be moved. Now, almost 45 years later, it's still a very vigorous organization, and it still has that rule and it still has that looseness of organization.

How is it supported with no dues? It needs money for quite a lot of things, including the newsletter, which I still get, and various other things. It has fundraising events. That’s good because they're fun and bring people together. People can give small donations if they like, and specify their purposes.

But inclusiveness is what's important, and so is recognition that do no harm is basic to doing good. First, do no harm.

When authorities want an organization that they can co-opt and handle, they approach it very differently. It's not inclusive. There are various qualifications. They get very formal about Robert's Rules of Order. In our organization, we never voted on anything. We depended on consensus.

At the annual meeting, anybody could get up and say what they thought should be done, like the playground at such and such a place needed supervision, or there was a terrible plan afoot to do something or other to the neighborhood. There are always terrible plans afoot in New York. So as anybody mentioned something to be
done, or need to carry on with something already under way, it would be written on the blackboard and given a number. At the end of the meeting, everyone interested in number one would be told to go over beside the piano, anybody interested in number two go near the door, and so on. Maybe nobody would respond to a number except the person who had said it. Maybe many members would response to other numbers.

Whoever showed up as wanting to work on a given task--cared about fundraising or whatever--would elect their own chairman out of their groups of volunteers. This was self-organization. Regular meet was held once a month. If there was a squabble about something, or an emergency arose, the system was flexible enough so that members could add or subtract what was being done. If there was dissension about any proposal or program, we wouldn't continue it or start it in the first place. What was done was always what people agreed should be done or at least had no persuasive objection to.

MS. DUER: That is a really important learnings, actually, the--I mean, I know it has to be reinvented with every group, but in a sense, you know, the experience of this is really, really instructive. And helping groups that are starting to organize by having them meet and talk with people who have lived through this, gone through this, could be really helpful.

What's the name of this particular one?

MS. JACOBS: This was the West Village Committee. They still have a newsletter. And as far as I know, they are the only neighborhood in New York that succeeded in getting a plan for housing built: the West Village houses. It was hard to get. The city planning department lost the plans and there were other delays of seven
years. Somebody at one of the planning department meetings said if we let this neighborhood plan for itself, every neighborhood will want to plan for itself.

MS. DUER: What a great idea.

MS. JACOBS: And it would have saved the city so much money because we worked out a plan that didn't require anything to be demolished. The new houses could go into vacant places. We had good architects who worked out three different plans that could, in combinations or alone, fit in any site. You could have the advantages of scale in design and construction without needing a big clean slate.

And those houses remain very popular. They were an early example of infill.

Your report on the direction the World Bank should take for cities is the most intelligent World Bank literature I have seen of any kind; just about the most intelligent report I've read from any government agency.

[Diversity of urban economy and small businesses development]

Now, I will go on to your list of questions. In "Cities and the Wealth of Nations," I argued that strong and creative urban economies are the backbone and motor of the wealth of nations and not vice versa. You ask how such an economy gets started, particularly in the poorest countries. It starts with any hook it has. It could be a natural resource. It could be a good place for trading. Whatever. But, then, it has to build diversity upon that initial advantage, at first producing inputs that the early work requires. Differentiations of those things will then create more economic development, diversity and skills.

You ask what public and private sectors can do deliberately, as a matter of policy, to create a strong urban economy? Don't specialize. Don't squelch other
things. Welcome any new departure. Try to give it a chance. And what goes with that is don't support failures. Bankruptcy is not so bad, especially if the person can try again.

I use an example in one of my books: Henry Ford, who had two failures before his success. Taiwan is particularly notable, according to The Economist, because it's so easy after a failure to get back in business again. You have to recognize that entrepreneurs who fail don't want to fail. It's not a matter that they're, failing on purpose for some reason, and often they have learned a lot of lessons.

Of course, a failure because of fraud is different, and that has to be severely dealt with. The Economist makes the point, and I think it's true, that small failures or even large failures that are dealt with fast, are more constructive than trying to protect failure by feeding it more and more money because of fear, for some reason, of letting it fail.

Economic life has many failures. If it doesn't, it probably means that not enough things are being tried.

What should be done first? A lot of things have to be done at once, at the same time.

How would the outside intervener, like the World Bank, go about it? It depends what they're going about. You don't go about suppressing fraud and crime in the same way as you go about making microloans.

You ask why small businesses in neighborhoods can be considered important to local economic health. The principal reason I would give is that they are possible bases for further development and diversification. Many significant economic activities grow directly or indirectly out of small businesses in neighborhoods. For
example, here in Toronto, there are quite some important kitchenware enterprises serving the metropolitan region as a whole with stoves and refrigerators and many other items for restaurants and food-processing companies. Restaurants themselves can evolve into important exporters, so can local garment makers and their suppliers. And all this helps diversification.

How can we make small businesses work better? I don't think it’s up to the World Bank to make them work better. I don't think you should meddle in how people run their businesses other than don't let them be fraudulent.

MS. DUER: And make it easier for people to start up, not very big impediments to starting up.

MS. JACOBS: Yes, that’s important when outsiders try to make businesses work better, they often stifle originality.

What kind of physical surroundings and other support do small businesses need? They find feasible sites themselves. Again, you can stifle originality.

You can become like the planners in Dallas with the market, who though they knew what kind of physical surroundings and other support the Vietnamese market needed.

You ask about development processes and human potential as keys to organic or ecological development, pointing out that the World Bank's work has been moving from a focus on things to a focus on people and processes. Well, that's what I was talking about in the points we discussed earlier.

Why is this transformation of World Bank thinking so important? Because focusing on things doesn't help with development. Focusing on people and processes can.
Gentrification and neighborhood rehabilitation

You ask economic opportunities created for poor people by historic preservation in their "distressed" old neighborhoods and "inefficient" old buildings.

MS. DUER: You've written about how conservation and restoration, in fact, can push out poor people’s activities because, in fact, only the people who can afford high rents can move in.

MS. JACOBS: Yes.

MS. DUER: And that is a very powerful lesson for us, certainly, in terms of what not to do. I think it would be useful for the staff at the Bank to hear a little bit about your experience and your thinking about the role that not so glitzed up inner cities play in supporting microenterprise development because the rents are low and so on, all these things that you've discussed. I thought it would be useful for us to just talk a little bit about that.

MS. JACOBS: It's not only important to have low rents and sort of knock-about places where lots of things can be done, there aren't rules against them and they don't have to be manicured and that sort of thing. It’s also important that there be such places in the right locations.

Now, what do I mean by that? Right locations are easily accessible to customers and suppliers. It may mean accessible on foot. In other cases, on-foot isn't so important, but they still need to be easily accessible.

In poor neighborhoods, a little gentrification, the start of gentrification, is usually quite constructive. It’s akin to the improvements in a district where people are finding their feet, doing better, and staying there. That's internal gentrification, which is really the most heartening. But external gentrification is also useful to start with because
it brings in new blood, new disposable income, and often helps the pride of the neighborhood because some things are visibly improved, the same as occurs in internal gentrification.

It usually starts, in America, and in Canada, with artists who are looking for--

MR. CHAVEZ: Low cost buildings.

MS. JACOBS: Besides the low cost, there has to be in such a neighborhood considerable tolerance for differing lifestyles in stead of resentment and bigotry. That is essential.

Physically, it's amazing what can be tolerated and fixed up by artists, but usually a sense of human scale and diversity of buildings is essential. These can include some awful examples, but the effect of diversity is interesting, which is good.

It is useful to be aware that a city district or a neighborhood that's all high income does not have good staying power. We can see this from so many slums that have what were once very grand mansions and ambitious buildings. It's surprising how many slums have them, much declined and dilapidated.

That tells us that grand city neighborhoods don't necessarily have good staying power. They probably appealed to the people that built those mansions, but not to their children or grandchildren or other heirs who abandoned them.

MR. CHAVEZ: They have to rent them out and so on.

MS. JACOBS: The reason they abandoned them is that such districts are boring. You need variety for a city neighborhood to be interesting. In cases of gentrification, after the artists come, artisans and then young professionals who also want cheap rents and whose eyes have been opened by the artists and the artisans. They
wouldn't have touched it before but at this point the neighborhood is seen to be trendy and fashionable. Then comes the feeding frenzy in which people are evicted and--

MR. CHAVEZ: Prices go up, people can't afford to stay anymore.

MS. JACOBS: This is a miserable state. Now, here's where market-driven jargon will help.

[Laughter.]

MS. JACOBS: The supply of such places is not sufficient to meet the demand. That's why prices soar and the people are evicted, including the artists who started the gentrifying. Even the high income people being priced in are cheated because the diversity and vitality that attracted them are vanishing.

What can be done about it? Several things, I think. Any housing that the city government is able to build or encourage in a rapidly gentrifying area should be affordable housing, to retain as diverse a population as possible. It would also be important for low-income people who have been evicted from the neighborhood to get the first chances of those buildings.

This is done in Vancouver. That city has hardly any money for affordable housing anymore because of neo-conservative ideologies adopted in the federal and the provincial governments. But the city government has found loopholes for some affordable housing. It works out arrangements for developers to make 20 percent of their housing affordable. They get this into the very areas that are becoming fashionable.

But more important, because more fundamental, is to bring demand and supply into better balance. Try to divert excessive gentrification from areas where it's
getting too heavy and into areas that need some gentrification. They do that in Vancouver, too.

They've got a very smart planning department, and they concentrate heavily on diversity of all kinds: mixture of uses in a neighborhood, different kinds of work and residence and institutions mixed up together, and diversity of people of ages, incomes, ethnic origins, anything. The more diversity the better.

MS. DUER: Often in industrialized countries, there are--because there are functioning tax systems, you know, these kind of fiscal incentives can be used, where in most of the countries we deal with, the sad truth is that the fiscal system, the taxing incentives, you know, that doesn't work. So--well, okay, it's a process. But that's one reason why this idea of actually striking deals with developers to actually provide, you know, 20 percent of the housing stock will be affordable, that makes a lot of sense.

MS. JACOBS: They don't do it in Vancouver with tax incentives. There are all kinds of rules of zoning for density and so on, most of it wrong headed. Well, the city gives developers more density and other things developers want, which are not actually harmful. They find out what developers want and see what can be negotiated with them in return, especially inclusion of units with affordable rents.

MR. CHAVEZ: On this subject, I'd like to draw your attention to a real dilemma that we had in the Middle East in particular. We're working in Morocco, and we had these ancient, ancient cities. For the most part, they're occupied by the poorest of the poor. In fact, you had the same process by which the rich, many of whom several hundred years ago had wonderful mansions, have abandoned them. They've gone to live to the new city or to Casablanca or Rabat to the new towns. And we have these priceless urban environments with palaces, Medina and mosques and so on. And the challenge
we're finding is how do we upgrade these? How do we preserve this incredibly valuable cultural heritage without displacing the very poor that live there?

The concern is that as we start to do investments in improving the sewerage system and the water and the services and providing access for transportation whilst trying to preserve the environment, we're starting to see a bit of gentrification taking place already, in one city, Fez, wherein you're finding families come back to their old palace and they've turned it into a bed and breakfast and it's a very, you know, elite sort of place. There's not a lot of tourism, but that's one of the objects to get more tourism coming to these cities.

Do you have any thoughts on that? How would you tackle something like that? It's not just a matter of preserving the neighborhood and the diversity within an area and avoiding excessive gentrification, but it's a matter of preserving the actual architectural heritage as well.

MS. JACOBS: Well, there's something wrong there. A middle class is not being created. There's the rich people who used to have those palaces and they're still the rich people. There are the poor people way down at the bottom who took the discards when they were discarded, and they're still the poor people.

This place is not working economically. A city that is working creates a middle class. That's where the middle class comes from. So there's something much deeper than the architectural problem that's wrong there.

MR. CHAVEZ: Right. I think you're absolutely right on that.

MS. JACOBS: I think for one thing you have to present it to those people who live there and say, look, here's the problem and what do you think could be done? I mean, there's no use having it descend on them as a thunderclap.
MR. CHAVEZ: No. Exactly, but rather finding out what they want to do. Okay, I guess we can move to the questions on urban development.

[Urban development challenges]

MS. JACOBS: According to your report, two or three years after the millennium--well, that's about now--for the first time in the history of humankind, a majority of the world's six billion people will live in cities. Most population growth and economic growth will occur in cities throughout the developing countries. In this context of rapid urbanization, what critical challenges will the cities face in this first urban century?

I'd like to make two comments about this. The In Canada, we say 80 percent of the population is now urban. But actually this does not mean that they live in cities with actual functional city economies. Company towns are counted as urban. So are stagnant cities. So are declining cities.

Actually, the number of people living in creative cities with live economies can be pretty small in these statistics. I think a distinction should be made, but it isn’t.

I'm not a prophet, and I don't have any idea what critical challenges cities will face in this coming century, and I don't think anybody else does, either. You just have to deal with what is happening now and try to make it as good as possible and recognize that you can't tell what's coming.

MS. JACOBS: Your next question on big projects speaks of losing human scale and of streets that are developed more for the car than for pedestrians trying to copy the West.
Of course, if you have advisors that come from the West and advisors you're likely to get such a city. What American traffic engineer going to the Middle East doesn't want to make limited access highways and doesn't think in terms of wide streets and automobile capacities? They victimize American cities this way. Why won't they victimize foreign cities this way?

What houser educated in England or America which learned from English planning doesn't think in terms of class when he thinks of housing and has no idea how to mix working people up with middle-class people? This questions involves who your planning advisers are and their assumptions.

MS. DUER: Could I digress, or at least pursue this? We may not want this on the big tape and so on, but this is always a challenge for us in terms of identifying really superb people whom I could call expert practitioners, not theoreticians, and who know how this can work and have a good finger feel for this situation in the countries we work in.

MS. JACOBS: And so many of them have been trained in the West.

MS. DUER: Are there people, groups, individuals, organizations who are great out there today?

MS. JACOBS: Well, I don't know because I don't know enough people in other countries. But there are lots of smart people around the world, anywhere. They haven't all been trained in the West. I don't know how you find them, but you don't find them with Western credentials.

MR. CHAVEZ: I think that's the point.

MS. JACOBS: After all, it's a World Bank. It isn't a U.S. bank.

MR. CHAVEZ: It appears that way sometimes.
MS. JACOBS: Your material mentions Hong Kong and Singapore and Jakarta. I've been to Hong Kong, and I've read quite a bit and have friends from Singapore, but I haven't been there, and I haven't been to Jakarta, and don't actually know anybody from Jakarta. Shanghai I know a little bit about. I think Hong Kong and Singapore and Shanghai are successful cities.

But I don't think they can be models of other cities. Every city--I can't emphasize this enough--is its particular self, and you'll get into trouble trying instead to make them into little Hong Kongs or little Singapores or little anything else. They're something in their own right. And why should we be so afraid of originality and of diversity and so eager for models? A question like this disheartens me.

You ask whether the lessons for mega-cities are different from those for small- to medium-sized cities? You know, a small- or medium-sized city can grow into a mega-city. They all were small once. The notion that there are small- and medium-sized cities and that they're going to remain so and that there's big cities and they're going to remain so, is ridiculous. I think a planner wrote that question. The besetting sin of planners is that when they plan something, they want and expect it to stay as planned and built. They seem to think that things which are completed ought properly to that way; whereas, we should recognize that everything is going to change and try to think how it can change for the better, rather than the worse.

[Physical intervention and public spaces]

MS. JACOBS: For example, if you're going to encourage community esprit and community action, you need to consider what physical things will act the formation of a community. The most obvious and indispensable requirement is a place that everybody understands is the center of the action. Without that, people don't
casually and naturally run into each other and unlikely to have a sense that they have a community.

In every city culture, and almost every town too, a center of the action is where there's an intersection. In traditional towns it is often a Y intersection where three main roads joined.

People talk about the corner store where they hung out or the corner this or that. It can be a T intersection, it can be a Y intersection, or it can be an X intersection. But always it's always at an intersection.

What makes that particular intersection peculiar? It's because significant pedestrian travel comes together from several directions. It has to be pedestrian travel. You can think of the intersection as a community heart, but it doesn't heat without the arteries and veins leading in and out of the surrounding tissue of the city. Even given an intersection, a heart can’t be plunked down where you please. Without its arteries, you can't make a community heart form. With them, you can’t prevent a heart from forming. The principle applies an many scales from the corner pub or store, right up to a major San Marco or and it's on all different scales. It can be that corner pub or the corner store, right up to a major San Marco square, or a beautiful Latin American park fed by major promenades.

Wouldn’t you think that people designing cities or neighborhoods would be aware of such a universal fact? No. Right here in Toronto, you should see the money and effort have been spent to make a town center in one of the city’s sections, Scarborough. And nobody is ever there.

[Laughter.]
MS. DUER: They weren't there before the town center was created there, either.

MS. JACOBS: There's an indoor shopping center, connected with the subway where you will find people. But the civic building, the outdoor arena, the skating place, the park, all of this, empty, empty, empty, even the nicest days. It has no anatomical relationship with the city around it. They picked out an arbitrary place to plunk it down.

So right here in one of the most developed countries of the world, presumably, something so fundamental to planning as that was not recognized.

MR. CHAVEZ: And this I think probably applies to city centers and to sub-centers.

MS. JACOBS: Yes.

MR. CHAVEZ: Neighborhood centers.

MS. JACOBS: That's right. I'm not saying people can't develop a sense of community in spite of no heart, but it having one makes a big difference.

MS. DUER: A lot of people in poor neighborhoods in Indonesia, in the cities in which some of our staff is starting to work very intensively now, are bringing up this issue. They're referring to the need for community--they refer to it as cultural space, but basically we're talking about social interchange as well as the cultural events and activities.

MS. JACOBS: Sure.

MS. DUER: Where people are actually watching the puppet shows at night and on the markets, and it's a hub of activity. You know, they are coming to us and saying they think that this is crucial and they want support for it.
This also raises the question of the role of public spaces in that kind of dynamic growth, not monumental public spaces but public spaces for people.

MS. JACOBS: Spaces people can use. In Mexico, there are beautiful ones, and they are very much used. Those wonderful squares and the promenades that lead into them.

MR. CHAVEZ: That's true.

[Affordable housing and gentrification]

MS. JACOBS: Next question, you ask what are the crucial issues of shelter for poor people that you think should be understood? Well, they need a roof over their head. That's the most crucial. This involves gentrification again.

People who own buildings in a neighborhood becoming fashionable may decide that it's most profitable to them.

But sometimes tax policies force them to sell. If a city raises the taxes on buildings based on their increased values if they were to be sold, that can throw people out as surely as if the buildings had been sold. Taxes should not be based on market value unless you want to evict people.

I think it's very important not to evict people. Pushing people around, moving them involuntarily, is bad for a city, very bad socially, and terrible for children who grow up with the notion that their parents can be kicked around and that they, too, are helpless.

It is destructive to bring up city children with the idea that they're powerless. Worst lesson possible.

Gentrification hits workplaces and shops too, with exorbitant rent increases causing moves or failures. That can make the streets uninteresting and also
inconvenient compared to what they were. This has been happening on our section of Blorr Street down here. It's largely become a street of restaurants, because they can pay high rents. Or they hope they can. There's quite a turnover because they all can't.

Normally on a gentrified street, the bookstore goes, the hardware store goes, everything but the banks goes and standardized chains move in, and whatever's the going thing.

Our street as faced somewhat better for an interesting reason. The independent bookstore survived and flourished even though big box bookstore chains were driving out many independents in the city. The local hardware and paint store, survived even though the city was greet big Home Depot hardware chains. Not only did the local hardware stay, it doubled its space. A Hungarian delicatessen and butcher shop, with fascinating European products stayed. Of course, the three banks stayed.

Now, how were these three others able to survive and prosper? They owned their buildings. They were thus impervious to abruptly raised rents, but so many other convenient shops and services vanished.

It made me reflect that the only security for small businesses like these is ownership of their own buildings, or else of their own space, as if they were condominiums or else members in a cooperatively owned building.

All little businesses wouldn't be able to own their workspace, nor would all want to. The same is true about people owning their houses. But there has been much experience with making it possible for people of quite modest means to own their homes. If my memory of the statistic is correct, 65 percent of American households own their homes, the highest percentage in the world.
The devices making that possible, long-term mortgage loans, low-interest rates, government guarantees to lenders, are not avoidable for small businesses prosperities. Couldn’t they be?

An organization in Toronto called Artscape, which is devoted to the interests of artists, has come to the same conclusion. Artists who start gentrification but often become its victims, losing both homes and studios, has concluded that the only security is ownership.

MS. DUER: Including condominium-like ownership.

MS. JACOBS: Artscape helps form artists' cooperatives or it finds philanthropists to buy buildings for groups of artists, and accepts provisions that they won’t sell the buildings or raise the rents.

[Metropolitan development]

Your next question reminded me of Jaime Lerner in Curitiba, Brazil. He offered excellent lessons in urban governance.

Now, this question is about regional consolidation. There is no magic in it. For instance, Boston, which is a pretty creative city, and San Francisco, which certainly is, have never undergone regional consolidation. Both of these metropolitan areas are patchworks of many small governmental units.

MR. CHAVEZ: Yes, Municipalities.

MS. JACOBS: Municipalities. I don't think that they're disadvantaged. In fact, they do a lot better than most consolidated metropolitan areas. An awful lot of energy goes into governmental reorganizations, and it's largely wheel-spinning. And municipalities can be made so large that real supermen or superwomen are needed to run them, and they aren't available.
MR. CHAVEZ: And where utilities or transport systems are required beyond the boundaries of the municipality, they can establish metropolitan authorities, as we have in Washington, Maryland, and Virginia.

MS. JACOBS: Sure. We should also remember that railroad systems and many other utilities were established, notably in Europe, right across national boundaries. You don't need to have one government to get these things. They can be done with negotiations, agreements and treaties.

About urban neighborhood corporations, I think they often work quite well. But they must not be co-opted and used as a deceptive façade.

MS. DUER: Right. What do you think from your experience would be really good cases for us to learn from in terms of urban neighborhood corporations?

MS. JACOBS: Portland, Oregon is very good. And it was one of the first cities to work out this device.

[Relationship between elected governments and communities]

MS. JACOBS: You ask about Charismatic mayors. Just mentioned one--Lerner. He's a governor of Curitiba state now.

MR. CHAVEZ: That's right.

MR. FANG: I guess, the question here we are more interested in is: what kind of relationship between the mayor and the community?

MS. JACOBS: There's often very low turnout in municipal elections for mayors and other officials. That's almost always a sign that people feel powerless, so why bother about voting? It seems unimportant to people who don't believe what politicians say or promise, and don't see any meaningful contest between contenders
because you can't trust any of them. Sadly, that's the case in many cities. Or things can be hidebound that mayors and council members are themselves helpless.

The institutional relationship that there should be between the community and the elected government is that the government will be responsive. What else? What other reason is there for electing them? Responsiveness is what makes a government democratic, not the fact of election in itself.

I was surprised to find out that in the Netherlands, mayors are never elected; they're appointed by the Queen. And I had a chance to watch how the Queen was governing. She was very bright, and hard working. Several times a year she brings together people from all over the country who share some community interests. They may be musicians, say, or people interested in city planning as they were the time I was invited as a speaker; or they may be interested in some facet of education or design; whatever. She and her advisers in parliament confer to decide on a subject. Besides hearing a speaker, everybody networks with each others and that is what’s important.

The event lasts all day. At lunch, the Queen sits at a little eating, but also indicating to her lady-in-waiting -- who seems like an ordinary person, not a courtier -- who she wants to talk to. The lady-in-waiting brings that person to the table. The Queen had my husband and me sit with her and conducted her conversations mostly in English so we could understand. It was fascinating. In some cases, the Queen’s main purpose was to hear what a person had to say about some problems. Often the Queen was able to make a suggestion. In one case she scolded a man who had been put in charge of environmental protection because he wasn't answering his letters from complaining citizens and had gotten timid about protecting the environment. The reason
he had been appointed, she reminded him, was that he had been an activist. Now he had
gotten the job, why had he become quiet and timid? He had better get cracking again.

The Queen told my husband and me that she appointed the mayors. She
called some over and had real conversations with them, not scolding but inquiring how
things were really going. My husband asked her, whether people didn’t object to having
their mayor appointed instead of elected? She said, that could be a hazard, but she was
very careful to appoint the kind of person that they would have elected in that city.

[Laughter.]

MS. JACOBS: He said how she knew that. She said, Well, that Utrecht,
for instance, is a very conservative city so I appoint a conservative mayor. She had the
lady-in-waiting call over the mayor of Utrecht so we could have a few words with her
and judge what a conservative mayor was like.

[Laughter.]

MS. JACOBS: That mayor was a very proper lady. The Queen said that
in Amsterdam, they would want a radical mayor. She called him over, and he was
indeed a charismatic radical. The Queen understood that responsiveness was the point.

Since there is power in votes, election can be of the essence, although not
if that power is easily overridden by money, which it too often is. One has to keep an
eye on the responsiveness to the public community.

MR. CHAVEZ: Actually, I think I know where you're going, but we
spoke quite a bit earlier about the sparrow principle and the importance of the
community coming together to define their own priorities and so on. What has the
relationship been between the city government or the mayor and the community? If we
have very, very strong communities, and that's very highly desirable, how does that work?

MS. JACOBS: Maybe because I always identify with ordinary people of whom I'm one in any city where I live, I think the relationship should be that the central city government is responsive to neighborhoods of the city. There's a lot of cant in America about governments being the servants of the people. But they so often behave like the rulers of the people. If the people don't insist, they won't be the servants of the people.

MS. DUER: That's really the crucial part, isn't it? People being organized so that they really put pressure on the city government.

MS. JACOBS: Yes. And there are a lot of techniques and tricks to effective pressure that can be learned in fights with the city. For one thing, before an election you don't rely on anything that candidates promise for after the election. You make them deliver something important to you before the election, or you won't vote for them.

MS. DUER: Are you talking about the incumbent?

MS. JACOBS: You make the incumbents deliver because they're the ones currently in a position to deliver. If they won't deliver, then you do your better to throw them out. The corollary is that if they do deliver, then you have to be grateful. You can't betray them any more than you want them to betray you.

MS. DUER: What are the other tricks? Because this is all extremely important.
MS. JACOBS: That's the most important one. Get the things most important to you before the election or throw them out. You often have to demonstrate that you can defeat them.

One thing we did in one of our crucial fights, was to show that we could get posters up all over the neighborhood for a rally that we had just decided on. We did it so quickly, it followed that we could get posters up about who to vote for just as quickly. We sent the children out with these posters. That's how we got them up so quickly. The funny thing was that the posters were all placed only about this high.

[Laughter.]

MS. DUER: They just weren't clearly visible.

MS. JACOBS: This actually turned out to be eye-catching, although we hadn't intended it. They were noticed but seemed to realize children had put them up. It didn't matter; the point got across that things can happen very fast and effectively in this neighborhood.

Elections can be a great danger to a neighborhood if people get very partisan about them.

MR. CHAVEZ: Divisive.

MS. JACOBS: You have to make the election serve the people, or it's going to divide the people.

I didn't make up techniques I’ve mentioned. These were things we discussed together in that neighborhood. They were very much community settled and discussed.

MR. CHAVEZ: And that's what's important.
[Community participation]

MS. JACOBS: Community participation was a great danger to us, too. It was mandated in the national urban renewal law but the way the city planning commission and other city agencies interpreted it was that if any community organization discussed with the officials or their staff what they thought would be good for the community, no matter whether they were going to get it or not, the participation provision in the law was fulfilled.

MS. DUER: Oh, my God.

MS. JACOBS: We would have been caught trapped.

MR. CHAVEZ: Just by talking.

MS. JACOBS: Just by talking. Fortunately, somebody in our neighborhood, by pure luck, knew the federal official who was in charge of the New York and New England office of urban renewal. She got him to tour the neighborhood and see if he thought it was a slum. He didn't; he thought it was a wonderful neighborhood. But he told us about community participation, and said that if we wanted to save this neighborhood, the one thing we must never do was to speak of what we would like. This was the single most important thing we learned. We were called names for this: selfish and negative; what a bunch of negative people. But everybody in the neighborhood understood and was careful never to talk to anybody in government about what we would like.

We knew what we would like. Those houses I told you that we finally got? We were discussing those among ourselves. We were getting up a booklet about them. But we said never a word about them to the city until after we got the urban
renewal designation officially removed. Absolutely, the only thing we would tell the
government we wanted was to remove this designation.

We went to hearings where we proved that according to law the
neighborhood wasn't a slum. That made no difference to the city. We were a slum; we
were designated. But always they were trying to get us by one trick and another to say
what we would like. Everybody in the neighborhood knew why but we never could get
the newspapers to print this information. The New York Times wouldn't print it,
although many of its reporters knew why we seemed so negative. We told them, and
they could look at the law.

Their editors wouldn't allow it to be printed. This information was such
ammunition for the public that the establishment just didn't want the public to be armed
with it. We were so lucky we had it.

MS. DUER: And all because someone knew someone on the inside,
basically.

MS. JACOBS: That's right. I'm sure that this kind of thing happens in
cities the Bank works with, and I wouldn't think you would want to cooperate with that
kind of chicanery.

MS. DUER: No, no, no.

MS. JACOBS: I see over and over your emphasis on importance of
community participation, and I want to make sure you understand what traps can be
arranged under its name. The Bank should not be a party to these traps, even if people
are not warned and fall into them and are victimized by them, maybe especially then.
People will know what happened to them. They will know who to hate, and the Bank
will be among those.
This is vicious stuff, and under such nice names: community participation, power of the people, and so on. You always have to look for the substance of these things, not how nice they sound.

MR. CHAVEZ: I think that's extraordinarily important for ourselves, for our work. I'm thinking back to a point you made earlier which had to do with doing for the people rather than the people doing for themselves. Somehow that ties into what you're saying here now. The true community action is where you're not substituting for the people or using that label to push your own agenda, but rather, to really allow the people to do for themselves.

MS. JACOBS: Yes, that's very well put. I don't like the conception of economic trade-offs, meaning you sacrifice this in order to get that. On social trade-offs either. It implies belief in a zero sum of social good or a zero sum economy instead of an expanding economy in which nobody needs to be worse off.

Also, communities that want a certain thing, are derided for saying "not in my back yard." If you listen to "not in my back yard" people, their objection is often to something that shouldn't be in anybody's back yard. What has been proposed should be done differently. One example in America was low-income housing projects, awful projects, which shouldn't have been done that way. People were quite right not to want them. But they were called selfish and told they must accept a trade-off for sake of the housing.

When enough people said no, either of two things happened: low-income housing was dropped, which is bad because it is needed, or planners learned how to do it better than just do projects.
Housing projects weren’t a necessary way to build affordable housing. Sewage treatment shouldn't be done in a way that stinks up a neighborhood. Those are just examples. But trade-offs and the notion that people have to make them, always need examination.

[Comments on the Bank’s latest report on Globalization]

MS. JACOBS: Your material comments that globalization can be a political opportunity for redistribution policies that favor the poor. Redistribution policies are stop-gaps but not cures for poverty. You want to help the poor be able to support themselves. If cities’ economies are working, they keep manufacturing a middle class. There probably will always be some poor, but they needn't be the same poor and there needn't always be so many. In fact, good economies and good policies can reduce the poor to almost none.

In the Netherlands, there are almost no poor. In Switzerland, there are almost no poor. It can be done, but it isn’t accomplished by redistribution. I'm not saying there shouldn't be redistribution, which is vital for some people, but it's no cure for poverty.

Globalization does involve shifts in economic power, and these shifts do not always favor the already powerful. In fact, the shifts never favor the already powerful. It wouldn't be a shift.

MR. CHAVEZ: That's right.

MS. JACOBS: Development, whether it's globalized or not, always involves shifts in power. If development occurs in a feudal economy and feudal society, it undercuts the power of the feudal authorities. In a capitalist society, development undercuts the power of old money, older capitalists, enterprises and fortunes. Bound to happen. You might as well recognize this. It doesn't mean absolute losses in prosperity
for people who formerly were well off. But it does mean losses of ability to control other people, which is a different thing.

MS. DUER: Because there's more power sharing in real development.

MS. JACOBS: Yes, sure. And so that's going to happen. I find it hard to put myself in the place of people who want to control other people, and to whom that’s important to their own identity. But there are people like that, and they are in an unavoidable conflict with development. Better that such people should become dissolute playboys.

[Laughter.]

MS. JACOBS: I don't think that's so bad as becoming tyrants.

Your material mentions that global growth often threatens the environment. But so does stagnation, lack of development, because the same resources are exploited too long and monotonously. Parts of the world have been devastatingly deforested where wood was used too long for fuel.

It's only in developing and growing economies that you find shifts to alternative resources, and ways of repairing what was done in the past. That's where hope lies.

Global warming is quite rightly emphasized in your material. Also are pollution by fossil fuels. Notice what kind of stagnation goes along with that: stagnation of transportation in America and Canada. It's not because there's been progress in the sense of development of transportation. In fact, we need development to combat this pollution.

MS. DUER: Yes, get past it. Diversification, types of transport.
MS. JACOBS: I thought this material about the different waves of globalization is very interesting. The period from 1870 to 1914 was notable in the United States for inventions and innovations of all kinds, and also for globalization of trade. The gains in transportation were only part of a much larger, very complicated collection of technical changes and also shifts in power. The country went through a period of growth of monopolies and trusts, but then embarked on trust busting and break-up of monopolies, which was important to allow development to continue.

I'm old enough to be very aware of what an extraordinary period that was because my parents were born in the 1870s. I loved hearing about their childhood when I was a child in the 1920s. It was like another world, things had changed so much. When my mother was eight years old, she was chosen to push the button that turned on the first electric lights in her town.

Imagine no electricity there before. This is so close to me, it makes modern history seem very short.

In the period from the First World War until after the Second World War there was much less invention and innovation. I marvel at that too. For instance, my family had a dishwasher in the 1920s. And yet there were no further advances in dishwashers for decades and few more people had them. My parents weren't rich, but they liked to try practical improvements.

My father, who was a doctor, had an automobile so he could use it to call on patients before the first world war. They had a telephone, again, because that was important for a doctor. At the same time, the building where he had his office had an elevator. I even flew in an airplane as a child. Then came the long period of not much
change except in fashions. Now we have the Internet and another wave of globalization. So I think I was fascinated to read this about these waves.

One thing very different in the two--I hope it's different--is that the first wave of globalization coincided with imperialism. Back in 1905, there were only 50 sovereignties in the whole world.

MS. DUER: That's amazing when you think of it.

MS. JACOBS: Yes. Now there are about 187. The reason there were only 50 was the fact of empires. Think how much of the world came under the sovereignty of the British and how many new sovereignties have broken from that empire. There were the Austro-Hungarian and the Ottoman Empires and Russian, German, French and Dutch Empires. Why settle on 1905 as the high point of Empires? Because in 1906 a new sovereignty, the first one for a long time, came into being. That was Norway, which broke away from Sweden. Once, of course, Sweden had been a great empire but about its possession left at the time was Norway.

The reason, I said I hope globalization is different this time, is that there is a danger that the current globalization wave can be a kind of new imperialism. This is what frightens many people. It's very common to call America an empire. This is not only because of the World Bank and the IMF, but these institutions are reasons for people fearing a new empire, especially if your policies are like imperial policies. For instance, economic specializations in conquered possessions were so often imposed by imperial governments. It’s another reason for you to be so wary of specializations.

MS. DUER: What role do you think, in fact, the role of multinational corporations have in pushing this kind of imperialism in the sense that they have much more power than a lot of countries have, they're trans-jurisdiction, they can move from
place to place at will. And they have, as all corporations have much more economic power than the dispersed consumers who are doing the purchasing, it's that much greater a disparity when you're talking about the people in fully organized societies.

MS. JACOBS: Yes. Multinational corporations may not be monopolies, but they have a lot in common with monopolies. The reason why they're menaces and why they remain disproportionately powerful is that there is not a good birth rate of other enterprises in their field. There have long been these multinational corporations. Under imperialism, they were the East India Company and so on.

MS. DUER: Big tool of imperialism.

MS. JACOBS: The opium dealers who started opium sales in China--

MR. CHAVEZ: Were English.

MS. JACOBS: They were a combination of what now we would call a drug cartel and a monopoly, and ruinous in many ways. That's why there were the Opium Wars. President Roosevelt's ancestors made their money selling opium in China. It was a big Yankee thing. Turning Chinese into junkies, that was awful.

These are not new, whether they're drug cartels, which are another kind of multinational corporation, or whether they’re McDonald's or Walmarts, they aren't new. And the only way to keep them from concentrating power, is competitions to keep emerging. Walmart's itself is an example which rose up from some little in Arkansas and did a better marketing and assembling job than old department stores, which were very powerful in their day, but stagnated and have been disappearing, along with Woolworth and Sears. Walmart's really did do a better job for consumers than they did. But it will probably stagnate. Even if it doesn't, we can presume others will arise, and this is not so bad.
The worst multinational corporations are not ones that go after customers in that way; they're very vulnerable. Consumers are flighty. Somebody else will take their fancy, just as Walmart's won them away from Woolworth's or Penney's or other stores. The really dangerous ones are corporations that are big buyers. They are the ones that use pressure on forestry companies to clear-cut. They use pressure on all kinds of companies to trim costs at the expense of their workers and at the expense of the environment.

MS. DUER: You're talking about ones that are mining companies and manufacturing--

MS. JACOBS: Mining companies--

MR. CHAVEZ: Gas trading companies.

MS. DUER: Gas trading.

MR. CHAVEZ: To use a correct example.

MS. JACOBS: Right. And it's useful to distinguish between those two kinds because Walmart's is not really hurting the environment. It might even turn into an Ikea.

MS. DUER: Well, you could make arguments that stores like Walmart really undermine local economies because they come in at such scale, and they also don't care about the environmental impact where, in fact, they're developing. But I can see what you're saying. It's a different scale of impact overall. It's on the locality in which they operate.

MR. CHAVEZ: It's not global.

MS. JACOBS: That's right, and the reason they undermine local economies--I look at this also from the viewpoint of a consumer--is that in so many
places there isn't a decent general store. There could be, like the good local book store I
told you about on my shopping street, or our hardware store, which have flourished in
spite of big-chains. Even though they own their buildings, if they weren't good stores,
too, they would succumb.

So for anything that's in direct contact with consumers it's true that to a
great extent the consumers are their bosses. In some places consumers may be prisoners
of stores; there may be only one grocery store. When my father finished medical school,
the first place he worked as a doctor, as part of his apprenticeship, was for a mining
company, as a company doctor, in West Virginia. The people there had no choice of
anything. The mining company controlled the entire local economy.

MS. DUER: It was a company town, basically.

MS. JACOBS: It was a company town. An Indian friend of mine has has
a photograph shop in this neighborhood, a good shop. He has a nice wife, also Indian,
who’s a doctor, by the way, and delightful children. In India he would be stigmatized as
an outcaste. He devotes his space time to fighting the institutionalized discrimination in
India. He lobbies the United Nations, and publicized the atrocities against outcastes
there.

MS. DUER: So, on the one hand, the discriminations and the prejudices,
right?

MS. JACOBS: Here in Canada, where who cares who's an outcast or not,
there are other kinds of bigotry in Canada, but that doesn't happen to be one. It's so
obvious that he and his family are wonderful human beings. Cultures ingrain
discrimination of various kinds. Afghan and Pakistani men can't bear the idea that their
women should become independent. That's one of the things they hate about Western culture, independent women, although their hatred of it usually isn’t put in these terms.

You can't get rid of deep prejudices by revolution, but you can by slower evolutionary change, as power shifts. With development, it will happen with outcasts, and with women.

People worry about losing cultural prejudices; these are precious to their own sense of identify. With globalization, the other kind of fear of cultural loss is benign: fear of losing arts. Lose of religion overlaps arts and prejudices when you think of industries, you have to think what facets of culture. It's illuminating and useful to be aware of those two: prejudices and arts.

MS. DUER: Yes, indeed.

MS. JACOBS: American and Canadian cultural dependence on automobiles and urban sprawl are terrific culprits in pollution and global warming.

Advanced economies ought to be taking more responsibilities for promoting sustainable energy sources, like wind. Denmark is way ahead of other countries in that. Development of solar energy is important because so many poor countries that need energy and are spending their money on oil imports have wonderful amounts of sunlight, all year round.

Typically the most advanced economies have been laggard in solar energy development, unfortunately.

MS. JACOBS: I'm full of admiration for lots of things in your globalization paper. It mentions that developing a sound investment climate is primarily a national and local responsibility and should focus particularly on the problems facing small firms. It points out that employment in small and medium sized firms in towns
and rural areas will be central to raising living standards of the rural poor. It's also even more true that in cities employment in small and medium sized firms is central to improvement. Plenty of such firms represent the best chance for development, and this will also indirectly help rural economies.

Your material about the high returns from education is very good, and how important this is to poor people.

I'm glad to see that empowerment with respect to organizing property rights and government in a way that involves poor people is mentioned.

Debt relief is mentioned. Yes, there must be debt relief for unrealistic, unpayable debts, the same as in any bankruptcy. Think of debt relief in the context of pseudo-imperialism; that is, how did these bad debts to rich countries arise? What were the assumptions behind them? Who did the loans benefit?

Canada is culpable in this respect. For instance, much of Canada’s foreign aid is not really for the benefit of people who are getting the aid. These are actually subsidies to Canadian companies, called foreign aid to make them more palatable. They go especially to Quebec companies because of a domestic Canadian problems. At least in these cases Canadians, not poor countries, pay. But all tied aids need to be looked at suspiciously, as economically imperialistic.

[Closing]

MS. DUER: It would be, I think, really important if you could reflect on what you think would be the most important advice to give urban staff working in the Bank in terms of the role that the Bank should play in urban development. What's the most important type of contribution that should be made?
MS. JACOBS: You know, I hate doing those things. It's like, What is your favorite color?

MS. DUER: Too glib, you mean?

MS. JACOBS: Yes. In some cases, one thing's more important. In other cases, other things. This is a kind of short-cut I do not think is valuable.

MS. DUER: So we won't end up with a--I think the issue that you're trying to raise here was one--one instance. Since the Bank does play quite a lot--has a lot of influence, plays quite a lot of a big role in terms of influencing both central governments and provincial and city governments in terms of what role they should play and what planning they should do, or not do.

There are certain consequences that flow from what you were saying about the role that government--local governments, for example, should not be playing in terms of overriding what local communities want, assuming that they know best and so on, which very much flies in the face of the normal Bank practice, because our normal clients are, in fact, the national and city governments.

MS. JACOBS: Yes. I gathered that.

MS. DUER: Yes. So we were not trying to say what is your favorite color or what's the simple formula. It's not a case of what's a simple formula. But I was really trying to think out with you if there were major lessons that we should draw from this in terms of how we should view our clients and our major task in terms of how we relate to the agenda of city development that really addresses the needs of poor communities in particular. You know, that was really the question.

MS. JACOBS: Maybe the Bank isn't the right instrument for urban development if it must deal with superior governments all the time.
MS. DUER: In some countries it can lend through subsidiary loan agreements down to city governments.

MR. FANG: The Bank is proposing to establish a new fund through which the Bank may directly give some funds to cities, because it is, as you mentioned, very important for supporting urban development.

MS. JACOBS: If you have a means of doing it, it should be done in preference, whenever you're dealing with cities. In preference to going through a central government, it's better to deal directly with the city and the city government. If you can't do that, it's questionable whether you ought to be doing anything.

MS. DUER: Well, you raise something that's a real challenge for us, actually. It's something we're trying to come to terms with, but it's a real problem. It's also a problem because when you operate through central ministries, it will often be a certain sector, like the Ministry of Construction, that actually is the conduit for the funds. And then you don't, in fact, get a whole city government with all its departments interacting around solving the problems.

MS. JACOBS: That's absolutely right, it undercuts city autonomy as well as particularity. It is serving the agenda of another government, which may not even recognize what is actually needed in the city. I was serious when I said maybe not do anything. Remember do no harm. You may just be adding to future unpayable debt. Which is harm.

MS. DUER: Jane, this has been wonderful. Thank you very much. This has been fabulous, really.

MS. JACOBS: Well, it's been very nice to meet you, the three of you.

MS. DUER: Yes, thank you all.
[END OF INTERVIEW]