CHAPTER I

What We've Lost—and Why

IN THE FIRST HALF of the twentieth century, Detroit's black ghetto was known as Paradise Valley.

Apparently, this was not meant ironically or sarcastically. In one former resident's memory, the place was "next to heaven!" It delivered "economic growth, first-class entertainment, and new opportunities for Detroit's Black community."[1]

What an odd—even outrageous—thing to say about a ghetto. For many decades, if you lived in Paradise Valley and crossed certain streets into other neighborhoods you might get a beating—or at least some hard questioning by a cop. You faced relentless discrimination in the workplace and in public accommodations, your kids went to segregated and grossly underfunded schools, you got minimal services from City Hall, and you were daily confronted with injustices and indignities that today would make any sane person boiling mad. Yet it's not uncommon to read similarly fond reminiscences about other segregated neighborhoods of that era, from New York's Harlem to San Francisco's Fillmore district.

We may be less puzzled by warmhearted portrayals of the various Chinatowns, Little Italys, Poletowns, or other ethnic enclaves that have long dotted America's urban landscape. Perhaps we delude ourselves into thinking that such segregation was more about ethnic solidarity and personal choice than it really was, or are comforted by the belief that these groups faced less overt hostility than did blacks when they arrived as immigrants. At the least, however, the bias that consigned certain racial or ethnic groups to limited areas caused them to pay higher rents for smaller quarters of lower quality and greatly handicapped them in their pursuit of employment or goods and services.

Nevertheless, these groups kept flocking to America's great old industrial cities and not only put up with the indignity, overcrowding, noise, and grime that typified urban living conditions at the time but commonly *celebrated* their quality of life. Why?

Because cities worked. Or, rather, because there was every bit as much injustice and bigotry elsewhere—*plus* grinding poverty and a reduced array of opportunities for work and play. In cities, there were not only plenty of jobs, but jobs that paid wages that were far higher than those in rural areas. In Detroit in 1930, for example, the average unskilled factory worker made $1,762 a year (almost $25,000 in today's money). That may not seem like much, but it was *triple* the amount a similar worker could earn in, say, Madison County, Alabama, or Troup County, Georgia.

And the new residents of America's booming cities of the first half of the twentieth century did not just have more money to spend, but more and better things on which to spend it. Their higher incomes and cities' dense populations could sustain markets for goods and services unimaginable down on the farm. In Paradise Valley in the 1920s, that meant a sharecropper's son could, after riding the streetcar home from a lucrative shift at the Ford plant, don a suit and take his wife to hear a top jazz band at the Music Bar at Hastings and East Adams Streets; bowl a few strings at the Paradise Bowl; or—if it was a really special occasion—see Ethel Waters, the "Charleston Dance Queen," perform at the Gotham Hotel downtown. Nothing like that could be done in rural Alabama or Georgia in the 1920s—or, perhaps, ever.

A RISING TIDE, LIFTING BOATS

Because people could get richer and have more fun in cities, America was completely rearranged during the first half of the past century. Three-quarters of the nation's population lived in rural areas as the 1900s began, but over the next few decades its industrializing cities grew rapidly outward (and upward) until, sometime between the 1940 and 1950 censuses, America became a predominantly metropolitan society. By 1950, a third of its citizens resided in central cities and another 23 percent in surrounding suburbs. Detroit was the biggest boom town of all, its population exploding over six-fold, from 286,000 in 1900 to 1.85 million by mid-century. The average population density in central cities peaked at 7,500 people per square mile, 2.5 times that which now prevails in cities and almost 40 times that in modern suburbs.[2]

Though crowded, these central cities functioned quite well. Most notably, residents of the biggest American cities in 1950 were, on average, relatively well-to-do. As Table 1.1 shows, median family incomes in the ten most populous cities exceeded the national median of $3,073 (about $30,000 in today's money), usually by a comfortable margin. In Chicago and Detroit, median family incomes exceeded the national figure by 29 percent; in Cleveland and New York, by 15 percent; in Boston and St. Louis, by 6 and 4 percent, respectively. Poverty statistics had yet to be invented, but all of America's ten largest cities had a smaller proportion of families with incomes below $2,000 than the national norm. At the other end of the spectrum, all had a larger proportion of families with incomes above $5,000 than the nation as a whole.

If you had lived in one of these cities at mid-century, your neighbors likely were a representative sample of the country as a whole: their average age, education level, labor-force participation rate, and unemployment rate differed little from national norms. And if you and your neighbors had been polled on quality-of-life issues, you probably would have said that things were relatively good—though this should *not* be taken to mean, of course, good in all ways or relative to modern standards of well-being. Only a nostalgic fool would argue that living three generations ago was better, on average, than living today. In those days America was not just

TABLE 1.1 *Incomes in the Ten Largest U.S. Cities, 1950*

Cities	*Median Family Income*	*Families with Monthly Income < $2,000*	*Families with Monthly Income > $5,000*
Chicago	$3,956	14.5%	33.2%
Detroit	$3,955	13.2%	33.1%
Washington, D.C.	$3,800	17.6%	34.6%
Los Angeles	$3,575	21.2%	27.7%
Cleveland	$3,531	17.4%	24.1%
New York	$3,526	19.4%	28.0%
Philadelphia	$3,322	21.6%	22.9%
Baltimore	$3,275	22.7%	23.1%
Boston	$3,249	21.0%	21.2%
St. Louis	$3,205	23.5%	19.9%
United States	$3,073	27.8%	19.1%

SOURCE: U.S. *Bureau of the Census, U.S. Census of Population, 1950, Volume II, Characteristics of the Population* (Washington, D.C.: U.S. Government Printing Office 1950), Table 92.

poorer and less technologically advanced than now, but less just; for almost everyone, life then was harder and shorter than today.

What's clear is that cities were not just livable but *superior to the alternatives of the day*. They had slums, but substandard housing was common outside central cities, too. For example, 17 percent of the homes in Baltimore in 1950 were classified as dilapidated or had no running water, private bath, or toilet, but 20 percent of those in Baltimore's surrounding suburban census tracts were similarly classified.[3] And though big-city crime rates were high, they were yet to become catastrophically so. In 1950, the murder rate in large cities (those with over 250,000 residents) was just one-third above the national average for all cities and suburbs, and the burglary rate was just 15 percent higher.[4]

Even the most deprived and racially segregated neighborhoods of large cities exhibited signs of health, as sociologist William Julius Wilson has summarized:

> Blacks in Harlem and other ghetto neighborhoods did not hesitate to sleep in parks, on fire escapes, and on rooftops during hot summer nights in the 1940s and 1950s, and whites frequently visited inner-city taverns and nightclubs. There was crime, to be sure, but it had not reached the point where people were fearful of walking the streets at night. . . . There was joblessness, but nowhere near the proportions . . . that have gripped ghetto communities since 1970. . . . There were welfare recipients, but only a very small percentage of the families could be said to be welfare-dependent. In short, unlike the present period, inner-city communities prior to 1960 exhibited the features of social organization—including a sense of community, positive neighborhood identification, and explicit norms and sanctions against aberrant behavior.[5]

In sum, through most of this period American cities were magnificent engines of economic and social progress. As the great urbanologist, the late Jane Jacobs, once put it, "[A] metropolitan economy, if it is working well, is constantly transforming many poor people into middle-class people, many illiterates into skilled (or even educated) people, many greenhorns into competent citizens. . . . Cities don't lure the middle class. They create it."[6] Our cities performed this wonderful work for many decades, until something fateful—and a bit mysterious—changed.

THE TIDE GOES OUT

The most obvious sign that something had gone wrong, that many core cities had lost some vital life force, was the great post-war exodus to surrounding suburbs and exurbs. In the second half of the twentieth century, the population of St. Louis fell 60 percent; Pittsburgh, Buffalo, Detroit, and Cleveland weren't far behind, losing half their residents. Newark, Cincinnati, Rochester, and Baltimore lost a third or more, Washington, Louisville, Philadelphia, Minneapolis, Boston, Birmingham, and Chicago at least a fifth, and New Orleans, St. Paul, Milwaukee, and Kansas City slightly smaller proportions. The losses would have been greater but for the fact that those cities' buildings couldn't sprint for the exits, too. While they slowly deteriorated, they'd shelter some inhabitants and give these cities an illusion of continuing viability.

This evacuation didn't merely signal that there were problems, but made them worse. With smaller populations and shrinking tax bases, city governments would experience chronic fiscal crises that forced service cuts, tax hikes, or both. And core cities' populations didn't just fall—they changed. Those who fled tended to be better-educated and have higher incomes than those who stayed or moved in to replace them. Demand for social services grew; the wherewithal to provide them shrank.

Slowly, over a few decades, public perceptions of the American city changed. Cities had never been perfect, but had been undeniably attractive and important. By the 1960s, however, many of America's core urban areas had become desperately poor and afflicted with the kinds of problems that both result from concentrated poverty and contribute to its endurance. Crime rates soared; illicit drug markets took root and flourished; schools became dysfunctional; neighborhoods crumbled; infrastructure deteriorated; good jobs became harder to find.

By the 1970s, it was clear that America's core cities were no longer cornerstones of its citizens' social, cultural, or economic lives, no longer keys to national identity and sources of strength and pride. Rather, they were things to be pitied and propped up by taxpayers living in wealthier areas or, more often, just ignored. At some point, it became routine to define cities by their problems rather than their (apparently nonexistent) virtues. By the early 1980s, for example, *The World Book Dictionary* would define the inner city as that part of a metropolitan area "characterized by congestion, poverty, dirt, and violence," adding "especially U.S."[7] Ouch.

WHODUNNIT?

Foul play was assumed, and scholars and opinion makers rounded up the usual suspects. Racism that caused some to flee from minorities toward segregated enclaves. Corporate greed that drove employers to shutter their factories and seek cheaper labor in the Sun Belt or overseas. Our unfortunate preference for cars over mass transit (or walking), for detached homes over rowhouses, and for office parks over skyscrapers—tastes which made living and working in cities passé.

Library shelves soon groaned under the weight of volumes containing stinging indictments of these perpetrators, somber discussions of the terrible consequences of their crimes, and urgent pleas for a commitment of resources to relieve the suffering of their victims. An alphabet soup of federal, state, and local agencies began handing out billions of dollars annually in subsidies to those willing to build whatever might help revive moribund central cities, from affordable housing to luxury hotels to stadiums and convention centers.[8] Other agencies tried to cope with the fallout from deindustrialization, doling out cash to the disemployed and funding training programs so that the undereducated and unskilled might participate in America's "New Service Economy." Generous subsidies flowed to mass transit projects aimed at luring commuters out of their cars and onto buses and trains. Restrictions on land use tried to keep developers from claiming more of the open spaces on the periphery of cities, motivated partly by the belief that if the suburbs became prohibitively expensive then cities would become popular again.

It would be wrong to say that all these well-intended policies failed to contribute to the revival of core cities. But even the various policies' most ardent fans might admit that, individually and collectively, they've been less than resounding successes. While the tax dollars flowed and the recovery plans proliferated, just about all the cities on the aforementioned list continued to lose population (though perhaps at a slower rate than if we had tried to do nothing to staunch the bleeding). All have much higher crime and poverty rates than a half-century ago; many of their residents continue to suffer the ill effects of failing schools, inefficient transit systems, decaying infrastructure, and restricted economic opportunities. And though some cities (or parts of them) have made progress in recent years, no dictionary is yet defining the American inner city in glowing, positive terms.

This may just mean that the time and treasure we have devoted to urban renewal are but a portion of what is needed. That is surely what many policymakers argue as they plead for more subsidies, more land-use regulations, more power to turn back the tide of deurbanization.

On the other hand, it may mean that the theories of the case are faulty or, at least, incomplete. Perhaps efforts to breathe life back into cities have proved disappointing because policymakers have never fully identified the root causes of their demise—and, so, have been misdirecting the resources committed to this noble goal. In short, *perhaps the real perpetrators are still on the loose*, continuing to do harm and defeating our best efforts to make cities great and prosperous once again.

Which is not to say that the usual suspects aren't at least accomplices. Who can deny that racial and ethnic bias have influenced urban form throughout American history? Groups have harbored prejudices against and fears about each other for as long as there have been cities—and probably before that. Which is precisely the point: cities have demonstrated their capacity to grow and prosper in the presence of bias (and a troubling ability *not* to do so even when bigotry was, arguably, on the wane). Racism has been a reasonably constant feature of American life, but cities' fortunes have not been constant; they've risen and then fallen with little regard for this ugly aspect of our national psyche. Many immigrant groups have shown up in American cities, suffered discrimination at the hands of bigoted employers, and were consigned to segregated neighborhoods—and cities nonetheless thrived.

What about corporate greed? This is another "constant" that explains little of the variation in cities' fortunes. Automakers, for example, were just as greedy when they converged on Detroit and started hiring everyone in sight (and at relatively high wages, as we've seen) in the first half of the twentieth century as they were when they started laying people off in the second half. Ditto steelmakers in Pittsburgh, shipbuilders in Philadelphia, brewers in Milwaukee, or meatpackers in Cincinnati. The real question is what happened to make so many cities repulsive rather than attractive to consistently greedy capitalists. If high wages alone were the problem, Wall Street would be an abandoned ruin. Lots of metro areas are growing despite high average wages; on the other hand, low wages alone are not enough to make others attractive. Today there's plenty of idle, cheap labor in America's stagnant core cities—but the greedy capitalists aren't, for the most part, coming back to take advantage of it.

The argument that is most widely credited and perhaps most difficult to challenge is that people evacuated just because they always hated grimy, over-crowded central cities and eventually the development of the automobile made their exodus possible and their rising incomes made it affordable. It's undeniable that cities are not for everyone. Suburbs and exurbs have many fans who can articulate compelling reasons for choosing to live there. But here's the thing: most of these reasons boil down to the fact that a lot of cities simply stopped working very well. When a suburbanite says, "City life's okay for some people, but I could never live in town 'cause it's not safe . . . and the schools aren't good . . . and the housing is dilapidated . . . and my job is near the Beltway, anyway," we're getting closer to the crux of the problem. Maybe those who fled to the suburbs from the 1950s onward actually started cities on a downward spiral—or maybe their exit was more *symptomatic* of urban problems than it was root cause; maybe problems preceded flight at least as much as flight caused problems.

In addition, it's apparent that the "we hate density" theory of urban obsolescence has a tough time explaining the cross-sectional evidence. Not all American cities reduced their population densities during the last half of the twentieth century; they certainly did not do so at uniform rates. Even amidst the suburbanization trend, many core cities maintained some high-density neighborhoods that survived in reasonably good condition—and a few actually gained population. Clearly, *some* fraction of the American populace values urban amenity in the classic sense.

Contrast San Francisco and Baltimore, two bayside cities with comparable populations. From 1950 to 1980, both saw considerable flight, their populations falling 12 and 17 percent, respectively. Baltimore has about twice as much land area, but its lower density could not have been much of an advantage, because over the next two decades its population fell another 17 percent—while "over-crowded" San Francisco's population (and density) would *rise* 14 percent.

Obviously, one anecdote can't prove that Americans really *like* density and that our desire for open spaces and greenery is of little consequence—but that's not the claim here. It just seems that the importance—or, as San Francisco's reversal of fortune illustrates, the immutability—of this taste might have been exaggerated. Density, per se, is not necessarily repulsive. Dysfunction, however, is. Yet because so many cities have become dysfunctional, it's really hard to say what fraction of Americans might value city living; many of us simply don't know anymore what city living can be like.

BEYOND RACISM, GREED, AND "BAD" TASTE

One of the worst things about the accepted wisdom on the decline of cities is that if it's really the whole story then there's not much we can do to revive them. It would be wonderful if, in Jacobs's words, cities were again "constantly transforming many poor people into middle-class people," but if we first have to eliminate prejudice, selfishness, and disregard for the environment to restart that engine—well, good luck with that.

On the other hand, what if cities can boom *despite* all our human imperfections?

My optimistic view is that they can—much as they did in the first half of the twentieth century. In this book, I will argue that the decline of U.S. industrial cities in the post–World War II era was not inevitable and that a good deal of public policy aimed at reviving them has been (and remains) misdirected and often counterproductive. Further, if we properly diagnose and treat the real causes of urban decline, cities can, once again, become engines of prosperity and central to America's social and cultural development—and my goal throughout this book is to provide practical suggestions about how to get this done.

Along the way, it will be necessary to identify some people and policies associated with these root causes of decline and dysfunction. Clearly, it's impossible to solve problems without a good understanding of their source. One thing that will become apparent is that many of those responsible meant no real harm—and often prided themselves on their good intentions. But even the ones who knew they were doing unwholesome things never intended for cities to die—they simply had larceny in their hearts.

Many of those who caused great damage to cities were, consciously or not, emulating the legendary Robin Hood. Like the Prince of Thieves, they sought to "steal from the rich in order to give to the poor"—but via democratic processes, of course, so it was not really theft. As I will discuss in some detail, however, the goals might have been noble but the results often were not. And, clearly, not all our accused even pretended to do God's work; some subverted the democratic process or otherwise pursued their selfish ends even when they knew that the consequences, at least in the long run, would be potentially devastating for their fellow citizens.

The Capital of Cities

What is it about cities that tends to attract the larcenous and makes their behavior particularly important and problematic?

The answer to the first part of this question is simple: one key attraction of cities, for both the virtuous and venal, is their abundant, durable, and immobile capital. By *capital* I mean, in the words of Nobel laureate George Stigler, our "stock of useful things,"[9] or the ordinary tools of life that help us become more prosperous and happy. These can take tangible form, like the structures in which we live, work, and entertain ourselves, or the streets, sidewalks, or subways that enable us to move about, or the infrastructure that supplies us with water, power, and other necessities. But capital can also be intangible, like the knowledge or skills we carry with us (which economists call "human capital") or the valuable networks of friends, neighbors, and colleagues with whom we interact and trade on a daily basis (thus drawing on our stock of "social capital").

We may tend to think of cities as dense concentrations of people, but we need to start thinking of them as *accumulations of capital in all its forms that help residents to flourish materially, socially, and culturally*. There were lots of horrifying things about life in Paradise Valley in the 1920s, but its residents' access to the capital there made it far preferable to rural Alabama or Georgia. Migrants to Detroit benefited from the rich stock of capital equipment in nearby factories that made them much more productive—and, so, raised their wages—but also from infrastructure and access to talented people that enhanced the quality of life in countless other ways.

Life without abundant capital is possible—it's just vastly less efficient and more difficult. To reinforce that lesson, dig a ditch with your bare hands and then repeat the experiment with a shovel—or, better still, a diesel-powered backhoe. Try trading stocks or bonds successfully without a laptop wired to the Internet. Imagine your leisure hours without a nearby park, theatre, stadium, restaurant, pub, or the like. All of these things are examples of physical capital, all are the result of investment by capitalists (or sometimes taxpayers), and all improve the efficiency with which we live and thus the quality of our lives. In short, as we accumulate physical capital (and its less visible relatives, human and social capital) it is simply easier to produce, prosper, and have fun.

Defending the Capital: Property Rights

Suburbs and exurbs have capital too, of course, but cities are particularly capital rich—and therein lies the rub. Since some forms of capital are both fixed and durable, it will often be a tempting target for those who want to *seize* some of its value for themselves (or, if they're playing Robin Hood, for other beneficiaries).

They can do so in many ways—each of which will be the focus of a later chapter. Some have mainly to do with garden-variety public policies such as taxation or regulation. Others involve governmental corruption or cynical shortsightedness by public officials. And a few involve brutal contests between competing market interests: capitalists versus organized labor (though, of course, the outcomes of these contests will be greatly affected by the rules of engagement laid out by governments and courts).

The key point, however, is that when well-meaning tax authorities or regulators or corrupt politicians or muscular unions successfully appropriate some of the value of a city's stock of capital for themselves (or others), the effects appear benign in the short run but in the long run are invariably damaging to a city's viability. To continue the Robin Hood analogy, after Robin and his Merry Men had held up a few unsuspecting travelers in Sherwood Forest, there were consequences. Not only did the Sheriff of Nottingham get on Robin's case (which is the least interesting element of the narrative from our economic point of view), but *travelers started avoiding Sherwood Forest*.

More broadly, once the returns on capital investment are driven down within a particular jurisdiction, the propensity to create new (or replenish old) capital will be reduced. True, much of the capital that's already there can't go anywhere—human capital can relocate easily; physical and social capital not so much—but it won't last forever. And as a city repels investment and sheds capital, its health will inexorably decline. Those who own the most portable forms of capital (knowledge, skills) will exit first, but even those who own fixed capital (manufacturers who use machinery extensively, or homeowners who attach a great deal of importance to the appearance or amenity of their dwellings) will eventually find it in their best interest to depart. The speed with which they do—and with which others follow—will, of course, depend on many variables: the availability of alternative jurisdictions where capital is treated more favorably, the durability of their prior capital investments, and much else. But if a jurisdiction does not respond to an initial outflow of capital—and of those who own it or most value its services—with an appropriate remedy, then the outflow will accelerate.

Over time, this problem will be impossible to ignore, but its causes may be hard to properly diagnose. There is no guarantee that those exiting will articulate all the reasons they are seeking greener pastures. Observers may therefore concoct explanations that have little to do with the underlying issues actually influencing behavior. Indeed, since no good data exist on the extent to which capital is "fleeing" (really, *not arriving*), and since the decay rate of existing capital will be so slow, it will be easy to focus on the wrong things and confuse symptoms with the causes of the disease.

Clearly, to avoid losing essential capital, cities must pay careful attention to their treatment of its owners. In the language of economics, they must properly specify and efficiently enforce owners' property rights, ensuring that those with a stake in the locale's stock of capital—tangible and intangible, private and public—do not have an incentive to flee to jurisdictions where the returns to this capital are better protected.

Again, this won't be easy. This is not simply because it may require resisting political temptation—to solve this year's budget crunch, for example, by slapping a confiscatory tax on the income yielded by the human capital of well-to-do entrepreneurs, inviting them to exit and thus creating a future budget crisis—but because it will often be difficult to appreciate how a particular policy decision may alter property rights in unwholesome ways. As we'll see in later chapters, many well-funded and long-running programs thought necessary to rescue dying cities actually damaged residents' ownership rights and unwittingly destroyed much valuable capital—some of which just happened to be invisible.

WHY WE SHOULD CARE

The idea that the destiny of cities is, first and foremost, related to their treatment of property rights and capital is admittedly unconventional, and there's no reason why readers shouldn't be a little wary of it. But if all I've done so far is arouse your curiosity and make you want to read on to find out how defending property rights can make cities healthier, then this brief introductory chapter has served its purpose.

You may not even consider yourself a "city person," but if you care about improving the lives of millions of poor city residents then you'll want to identify the root causes of so much urban dysfunction and understand how to make cities work again. As cities declined so dramatically over the past half-century, we came to think of them as places where the poor were in effect warehoused. Many viewed the condition of the "urban underclass" as static or, at best, something to be altered mainly by infusions of aid and clever social programs. We forgot that cities had long been, and could be again, not warehouses but factories, *changing* people's lives for the better. We forgot that cities could be, as Jacobs pointed out, places where people came to prosper—and usually did.

What's more, the consequences of urban dysfunction spread well beyond core cities' borders. As they depopulated, the millions formerly housed within their borders have gone elsewhere, claiming farms and forests for tract homes; demanding costly new roads, schools, stores, power lines, and sewers; guzzling energy with ever-longer commutes. For many of these out-migrants, of course, life in suburbia is part of the American Dream and a cherished lifestyle choice. For an unmeasured fraction, however, it is simply a necessary adaptation. If only cities worked better, they would have remained—or would return. So if you care about Mother Earth and want to help mitigate problems such as global warming; air, water, or land pollution; and sprawl, improving the health of America's core cities is a crucial step in the right direction. According to estimates by economist Matthew Kahn, the average suburban household (after controlling for income and other nonspatial influences on demand) drives 31 percent more miles and consumes 58 percent more land, 49 percent more fuel oil, and 35 percent more electricity than the typical city household.[10] Making cities attractive rather than repulsive should be on every environmentalist's to-do list.

Of course, there is no shortage of good ideas about ways to make cities healthier. In our increasingly knowledge-based society, for example, in which technological innovation and creativity are seen as key drivers of regional and national economic performance, it has become common for localities to base their growth strategies on attracting firms and individuals rich in human capital.[11] The premise is that this can beget a chain reaction: that intellectuals, professionals, artists, and other "creatives" will catalyze additional investment and growth that will spread prosperity widely. What is often overlooked, however, is that secure rights to the returns on creatives' intangible capital—and on returns arising from complementary physical capital—might be a necessary condition for these strategies to work. In other words, a place without secure property rights will not see the steady flows of new capital investment on which the hoped-for chain reaction depends.

Once proper attention is directed to the specification and enforcement of their residents' property rights, I'm confident that viability can be restored to all of America's dead and near-dead core cities and that they can be centers of opportunity, innovation, social mobility, and cultural uplift once again. Moreover, this can be done without trying to make people feel guilty about living in suburbs and without using coercive, regulatory means to prevent them from doing so. There's no need to try to convince people that a fondness for two-car garages or lawns is some sort of character flaw; no need to try to "guilt" people into staying in crime-riddled neighborhoods or keeping their children in bad schools; no need, even, to zone them out of the suburbs. Cities must *compete* for residents; in what follows, we'll see how they can do so successfully.