

IN JANUARY 1989, the township of Mt. Lebanon, Pennsylvania, issued a comprehensive plan "to lead Mt. Lebanon into the twenty-first century." The report intoned: "Goals not stated cannot be achieved."

Nearly 20 years earlier the same community, under the tutelage of a different set of policymakers, also prepared a comprehensive plan to ensure that the town's housing, transportation, and other needs were met. In the 1970 plan, a proposed mass-transit sky bus system was called the "brightest ray of hope" for the town's transportation needs. By 1988, there was no mention of the skybus. It had not been built, nor were any plans to build it described. And improving transportation remained among the planners' priorities.

Across a continent, in sprawling Los Angeles, with a population 400 times greater than Mt. Lebanon's, a distinguished committee appointed by Mayor Tom Bradley issued its report, *Los Angeles 2000*, in November 1988. Under preparation for three years, the report resolved that "we can plan wisely and manage the City's growth...or we can allow it to grow by default."

Urban policymakers—in large metropolises and small towns alike—have planning fever. Few communities have escaped the penchant of policymakers to nudge, prod, and force them along the path to someone's idea of utopia. Even statewide urban management plans are now the rage—in Maine, Vermont, Rhode Island, Delaware, Florida, and New Jersey. Details vary, but the thrust is constant: big urban problems require big urban plans.

The idea of urban planning is not new. In the early 1900s, cities began replacing the countryside as the predominant place of employment, and urban populations burgeoned. With growth came problems—crime, pollution, congestion, noise. Today we have vehicle exhaust; in 1900 New York had manure—tons of it. And with these problems has come an understandable urge to mitigate them.

The apparent chaos of cities provided fertile ground for proponents of urban planning. The term itself is seductive, evoking images of order and prospects of perfection. And so, by the '20s, zoning laws—an early planning tool—began to spell out what could be built where. Then came transportation planning and building codes and urban renewal schemes and redevelopment projects and, most recently, growth-management plans.

Yet urban problems persist. Even the keenest minds with the best intentions can't seem to set the urban landscape aright.

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How can this be?

With poetic incisiveness, Robert Burns penned in 1785 his often-repeated lines, "The best laid schemes o' mice and men / Gang aft a gley; / An' lea'e us naught but grief and pain, / For promised joy." Planners, or more specifically, public planners, still miss their mark.

THIS FAILURE IS NEITHER SURPRISING nor cause for despair. Much of the chaos that planners fail to mold into order is precisely the dynamism and diversity that drive economic prosperity. "The real problem is not control, but creativity," remarked Jane Jacobs, whose *Death and Life of Great American Cities* upset the discipline of public planning when it appeared in 1961. "Planners' greatest shortcoming...is lack of intellectual curiosity about how cities work. They are taught to see the intricacy of cities as mere disorder. Since most of them believe what they have been taught, they do not inquire about the processes that lie behind the intricacy." To the degree that planners fail to quell this perceived disorder, the vitality of cities fortuitously continues.

Although the apparent chaos may be an asset, not a plague, other problems are real. Vehicles clog highways. Pollutants

# THE SEDUCTION OF PLANNING

BY LYNN SCARLETT

foul the air. Solid wastes accumulate and outpace landfill capacity. Buildings and infrastructure decay. Housing costs soar. Such city woes deserve attention, but plans—even the current breed of "comprehensive," "imaginative," "regional" public plans—are not the answer (and are sometimes even part of the problem).

Consider a recent megaplan devised by Los Angeles-area legislators. This spring the Southern California Air Quality Management District (AQMD), whose jurisdiction includes all of the greater Los Angeles area, held public hearings on a wide-ranging pollution-abatement plan. The plan includes over 140 sets of regulations, spanning 18 years, that will touch every aspect of life among South Coast residents and businesses. Leaving virtually no stone unturned, the planners would ban trivial sources of pollution—some backyard barbecues, gasoline-powered lawn mowers, and swimming-pool heaters. And it would take on more-prominent pollution sources—vehicle exhaust, oil refinery emissions, and pollution from hundreds of other industrial and commercial processes.

One by one, industry representatives stood before AQMD officials at the March hearings. The proceedings went something like this. A representative of the water-heater manufacturers would stand up, praise the district for its "pathbreaking plan to deal with pollution," and then add that, unfortunately, the district had its facts all wrong about water heaters. They don't

function the way the plan described, commercial heaters differ dramatically from residential ones, and so on. Next came the swimming-pool representative, who also praised the district for its fine work but, alas, lamented that the proposed plan failed utterly to take into account actual swimming-pool heating technology. Then followed the barbecue manufacturers, the furniture makers, the oil companies, the butchers, the bakers, and the candlestick makers.

No doubt each business was attempting to protect its interests and mitigate any regulatory costs the new plan might impose—a point that student demonstrators righteously pointed out with signs denouncing all opponents of the plan as greedy businessmen out to destroy Planet Earth. But the self-interested pleas by representatives of various enterprises also illustrated a fundamental problem of planning: the knowledge problem.

As economist Thomas Sowell observed in *Knowledge and Decisions*, “ideas are everywhere, but knowledge is rare.” How, Sowell then asks, “does an ignorant world perform intricate functions requiring enormous knowledge?”

Planning is one popular option. In common political parlance, planning refers to the use of centralized, public decisionmaking to define goals and spell out measures to achieve them. As a decisionmaking process, it is necessarily formal. It is about rule making and rule enforcement. As a public process, its prescriptions must be specific and leave little discretion to authorities implementing the plan. This inflexibility provides, as Sowell notes, “insurance against the discriminatory use of the vast powers of government. ‘Red tape’

is an implicit premium paid for this ‘insurance.’”

To spell out specific rules, planners need vast amounts of information. To make the AQMD plan work, for example, regulators must accurately predict demographic trends. They must have up-to-the-minute knowledge of the production processes of hundreds of businesses—and, ideally, be able to foresee what new technology might bring. They must be able to ascertain who is not complying with regulations—whether the violators are families enjoying their backyard barbecues or businesses surreptitiously emitting pollutants.

But public authorities, like the rest of us, are not omniscient. Moreover, the planning process is ill-suited to conveying information. In any centralized and relatively inflexible system, feedback about changing circumstances is slow to

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enter the decisionmaking loop. And acquiring knowledge about production processes and diverse community needs is expensive and time-consuming. In short, the process is inefficient—a point amply illustrated by the 20th-century performance of massive planning in the Soviet Union.

For seven decades the Soviet Union has tried to plan its economy. Now, Mikhail Gorbachev acknowledges the inefficiencies, persistent shortages, and corruption that once were reported mainly in underground East Bloc jokes. Even on quality-of-life issues, the Soviet experience is unimpressive: life expectancy has declined, mortality rates are up, pollution grays the horizon. So Soviet leaders have ushered in *perestroika*—a liberalization of the economy that includes more decentralized decisionmaking, some private ownership, more freedom. And the West, with some self-complacency, is cheering on these changes.

But what does the Soviet experience tell us? Forget the big debate—communism versus capitalism—and consider only the issue of planning. The Soviet system is a monumental demonstration of its pitfalls. Complex economic systems require the rapid conveyance of vast bits of information about the ever-changing supply of and demand for different resources.

The very complexity so often cited by city authorities to justify master plans in fact warrants just the opposite—decentralized decisionmaking coordinated by the actions of millions of individuals, each privy to information unavailable on a grand scale. Cities are but microcosms of the larger economy. What failed in the Soviet Union for its entire economy is bound to fail also in our cities—and for the same reasons.



SOME OF THE IMPETUS BEHIND planning stems from a very simple fallacy: that only governments plan grandly and only grand plans can bring order. In fact, of course, we all make plans and follow through on them. Many of us even achieve the goals we set out to accomplish. Food gets produced. Buildings get built. Cars get bought. No grand designer spells out a five-year plan for the millions of goods and services we produce and consume. Instead, we rely on that often-neglected process whereby prices reflect the demand for goods in relationship to their supply, informing myriad individual decisions.

Although the overall outcome subscribes to no one individual's particular vision of an ideal community, this is not for lack of planning. And this points up the real function of public plans. They do not establish plans where none exist; they instead replace the plans of individual citizens with those of government officials and the elite that curry their favor.

A telling demonstration of this is found in planners going so far as to instruct builders about the required appearance of their creations. Santa Barbara, California, for example, has decided that only red tile roofs, adobe-colored siding, and earth-colored signage will do for its commercial establishments. Baltimore's planners dictated that its transit facility must have "a cascade of steps," a clock tower, a cafe with umbrella tables, brick walkways, structures of no more than three stories, and so on. Creativity on the part of the developer was, of course, certainly encouraged.

Even as Frank Lloyd Wright was creating his most magnificent buildings, planners had already begun gingerly to impose their visions of grandeur on city development. In New

York, one of his buildings had to be constructed behind a wall so that its unconventional concrete-block walls would not mar the view from the street. Today, the structure no doubt couldn't be built at all.

Many planners and citizens deem this issue a spurious one. We cannot concern ourselves with a little loss of freedom of choice when the order and aesthetic appeal of our cities is at stake, they assert. We have to make sacrifices, perhaps even of our freedom, to attain the clean air, pure water, and uncongested roads we all desire.

In fact, however, this loss of freedom will not achieve the intended results. The reasons why are well summarized by Sowell: "The Godlike approach to social policy ignores both the diversity of values and the cost of agreement among human beings." And, he adds, public planning "distorts the communication of knowledge."

Planning involves prescriptions, and prescriptions inevitably raise costs. Developers haggle with city planners to come to some compromise; polluters litigate until they find a technology that will achieve a mandated reduction in emissions; employees demand higher wages in order to keep their employers in compliance with mandated "alternative work schedule" plans. These are all costs of reaching agreements among parties affected by public plans and their accompanying regulations.

Planning also distorts costs by obscuring some costs and increasing others. Banning multifamily dwellings, for example, cuts the supply of housing, and overall housing costs increase. Separating residential from commercial areas drives people into their cars as they commute outside their communi-

PLANNERS, like other professionals, share a common lingo. Scan a plan from Los Angeles or Newark, Wichita or Savannah, and you'll find the same buzzwords and literary visions. (*Vision*, incidentally, is a very "in" word.) Architects of these plans subscribe to at least three simple rules.

Rule One: When describing problems, do so in the most apocalyptic terms. If people are now spending 40 minutes to drive to work, make sure to predict that any day now they'll face a two-hour commute. Take no note of the fact that over the past 1,000 years, people have *always* adjusted their behavior—they've moved or changed mode of transport or changed jobs—to keep their commute somewhere between 20 and 40 minutes.

Above all convey a sense of urgency. A recent plan for Los Angeles had the right idea in announcing: "If we don't act now the future will inherit a wasted and polluted ecosystem."

Rule Two: When describing proposed solutions, do so in the most utopian language possible. How could citizens say no to this urban redevelopment project: it will "solve the functional and symbolic needs for all the activities that

## PROS' PROSE

will occur with development." Its "pedestrian space" will be "amenably furnished," and its buildings will portray a "festive, village character and relate to the human scale."

The area will be "enlivened by impromptu concerts" as people stroll around on "premium pavement materials." Last but not least, "a cascade of steps" will empty onto a plaza with a "sculpture of a whimsical character."

All plans, by the way, will bring "order and harmony" to urban living by applying "rational" and "innovative" thinking. Search in vain for the plan that admits its proposals are unoriginal, even though every plan puts forth virtually identical proposals.

Rule Three: Never call a spade a spade. Where one word used to do, planners use two or three. There are, for example, no parks in the modern urban plan. Instead, look for "passive leisure environments." Fountains, too, are passé, having been replaced with "central water features." Sidewalks are "pedestrian walkways." And people no longer merely *enjoy* parks—they engage in "self-directed enjoyment in unstructured openspace environments." A rose is a rose is a rose no more. At least not in urban-planning documents.

ties to work. Even as planners may resolve some particular perceived problem, their plans set in motion a series of unintended consequences and unacknowledged costs.

IF PUBLIC PLANNING WON'T WORK very well, are we destined to breathe foul air and creep along on congested highways? During the AQMD hearings, its proponents repeatedly charged that a vote against the plan was a vote for pollution. The contention is simplistic in its narrow presentation of the options.

The key to successfully resolving urban problems that seem to require master-planning is to understand existing decision processes. Some of the "chaos" that planners and established residents seem so eager to suppress is actually the tangible reflection of diverse preferences among different people. And some, as Jacobs observed, flows from the change that inevitably accompanies a dynamic economy. Efforts to eliminate this chaos cannot be accomplished without suppressing freedom and squelching economic prosperity. Such chaos is the sign of an economy that *is* working.

But other urban characteristics, like air pollution and traffic congestion, result from decisionmaking processes in which important knowledge is not being conveyed. People are, for example, choosing to drive to work at rush hour all alone in their automobiles without recognizing that highway space is limited. Or factories are emitting pollutants into the air as if the atmosphere could, without loss of air quality, absorb the emissions in unlimited quantities. Or low-cost housing is not being built. Here the key issue is how best to convey the missing pieces of information so that people alter their behavior.

All decisions, public and private, are shaped by individual preferences combined with external incentives. To change the outcome of decisions, policymakers can either hope to change people's preferences or alter the incentives they face or ignore both preferences and incentives and legislate behavior. The latter course—the planning approach—erodes freedom and entails high information costs. And changing people's preferences is akin to the ill-fated efforts of various Communist regimes to fashion a "new man." Such efforts have failed even when governments resorted to Draconian "reeducation."

It is possible, however, to alter the incentives people face

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in their daily decisions. At the root of many urban problems, especially air pollution and traffic congestion, is the simple fact that air and roads are "free goods"—treated *as if* they are available in unlimited supply. Commuters pay nothing to use the roadways. Polluters pay nothing to dump byproducts into the atmosphere, and most of us capriciously toss out trash as if landfill were limitless. This means that vital information about the relative scarcity of air and roads and landfill is left out of the decisionmaking process.

Public planning focuses on the ill-effects of this imperfect process and imposes regulations designed to achieve some different outcome. The result: In the case of pollution, an AQMD-style compendium of edicts mandating how Los Angeles residents and businesses are to conduct their affairs and to combat the trash problem, we get mandated recycling programs. But such regulations still convey to commuters and polluters no information about the costs of their behavior.

Or, in the case of housing, planners "downzone" urban areas to reduce crowding and congestion. But by ruling out low-cost, high-density housing, they block the ability of the market to respond to people's needs.

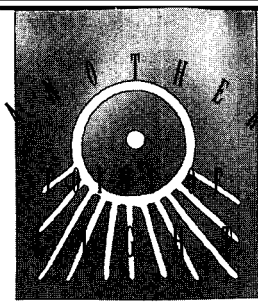
Public planning, espoused in the name of harmony and rationality, actually provokes discord. It interrupts the flow of information from consumer to producer and back. And it does nothing to improve the flow of information about scarcities where the marketplace, with its price-coordinated transmission of knowledge, is not working.

Where price signals are absent, as in the use of air and roads, the most effective approach is to introduce price signals rather than presume to plan away the ill-effects of their absence. Create institutions—like air rights or toll roads—that get individuals to take into account the costs of their behavior. Faced with higher costs of driving alone down the freeway at rush hour, for example, some people will switch to public transit. Others will carpool. Still others may move closer to work.

And rather than overcoming the "out of sight, out of mind" mentality toward garbage with mandates and city-financed recycling plans, the more effective solution is to introduce pricing that varies depending on how much garbage people produce. City officials in Seattle did just that. Seattle citizens now have choices. They can buy more recyclable goods and produce less garbage to keep their trash bill low. Or they can maintain their old habits, but pay higher costs for the volumes of waste they generate.

Unlike planned solutions to traffic congestion and landfill scarcity, using price signals lets individuals make their own trade-offs, their own choices, about how to respond to changing circumstances. As Sowell neatly summarizes, "more options generally mean better results when the larger number of options includes all the smaller number of options." Planning excludes options. As a result, we are all made worse off. ■

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## RUNAWAYS' REFUGE

BY CHARLES OLIVER

DURING THE DAY, TOURISTS stroll along Hollywood Boulevard, visiting Mann's Chinese Theater and the Walk of Fame, buying souvenirs in the many shops that line the street. At night, the tourists are gone, and Hollywood Boulevard becomes a sexual supermarket, a forbidding place. Cars cruise slowly down the street. On the sidewalk, prostitutes wait to be picked up by one of the drivers. It's no place for a child, but many of these prostitutes are children; some haven't even reached their teens.

But prostitutes and their customers aren't the only people on Hollywood Boulevard. Volunteers from Children of the Night also walk the street, talking to the kids, letting them know that help is available if they want to get off the street. The group also runs a 24-hour hotline that kids can call when they are in trouble. Children of the Night will find them shelter and get them medical or legal help if it is needed. It helps the older ones find jobs and apartments, and it places the younger ones in foster homes.

This spring, Children of the Night moved into new headquarters in Van Nuys. This small city in the San Fernando Valley north of Los Angeles seems far removed from the sleazy world of teen prostitution, and that's just the way Lois Lee, founder and director of Children of the Night, wants it. In addition to the group's headquarters, the site houses a 24-bed shelter for Lee's charges. In Van Nuys, she figures, the kids won't have to face their old pimps, customers, and drug dealers.

Blonde and pretty, Lee looks like a middle-class businesswoman, not someone who knows her way around the streets. But talk to her, and you quickly find that she is tough and passionate about the kids she tries to save.

In the late 1970s, Lee was a graduate student at United States International University. While researching a dissertation on the politics of prostitution, she found that social workers are often reluctant to help prostitutes. She blames this on the stigma that many people still attach to women who are sexually active. "There's still that underlying notion that you can't rehabilitate a prostitute."

Lee recalls one of the first girls she helped, a 12-year-old picked up by the police for prostitution. The police took the girl, a sexually abused runaway, to the children's welfare office, but they refused to accept her. "They didn't want her to contaminate the other kids," Lee says. "They literally told the police, 'She's a prostitute, it's against the law, it's a crime. Just arrest her and put her on probation.'"

The idea of arresting child prostitutes appalled Lee. She saw it as punishing the victim rather than the real criminals. She took the child home with her and helped place her in a private foster home. Lee's frustrations with the system led her to found Children of the Night in 1979.

Hollywood attracts runaways from all over the country, but Lee finds that most of her kids fit a common profile. They are usually from white, middle-class homes. About 80 percent have been sexually abused, often by a family member. Most have at least one parent who is an alcoholic.

It seems odd that a child who leaves home to escape sexual abuse would turn to prostitution. But Lee explains that most of these kids are too young to get conventional jobs, and when they hit the streets they meet pimps who tell them that sex is all that men want from them. "And there's plenty of evidence of that for any young woman who walks down the street, whether it's the construction people whistling at her or Hollywood people grabbing at her and making all kinds of sexual offers," says Lee. "Many kids on the street say they'd rather be doing it with a stranger than at home waiting for their father to come into the bedroom."

Lee accepts no government funds. "They talk to a couple of 'experts' and then tell you how they want the money spent. Sometimes they haven't a clue as to what is really going on, or how much it costs." Children of the Night's funding comes from a number of individuals and foundations. One of the most important contributors, and the most controversial, is the Playboy Foundation. Lee's first two grants came from Playboy. "I had been working with adult prostitutes," she recalls, when Christie Hefner, chairman of Playboy Enterprises, "really pushed me to do something about the kids."

It might seem paradoxical for a woman who helps victims of sexual abuse to take money from Playboy, but Lee argues that magazines such as *Playboy* have nothing to do with the abuse that her charges have suffered. Alcohol, she believes, is a much more important factor. In 1985, Meese Commission investigators contacted Lee, wanting to speak to her kids. The investigators, it turned out, were trying to find children who would testify that pornography had played a part in the sexual abuse they had suffered. "I don't know a kid who has ever said that," Lee remembers replying, "but I'll ask." When she talked to the kids, she recalls, "they said the same thing they've said for years: 'My dad was a drunken asshole, and he was always drunk. It didn't have anything to do with *Playboy* or *Penthouse*.'" When asked why her father molested her, one girl said simply, "Because he was a sick son-of-a-bitch." The commission declined to hear testimony from Lee's children.

Lois Lee isn't sure how many kids she has helped. "Thousands" is all she will claim. Thousands more remain on the street. Some will end up dead. Others in jail. But some will call Children of the Night.

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