

Next Door In Nodrumia

[Scott Alexander](#) October 4, 2018

[Content note: attempt to consider real people's real problems using angel-on-pinhead impractical reasoning and ideas]

I.

Imagine the state of nature, except for some reason there are cities. Some people in these cities play the drums all night and keep everyone else awake. The sleep-deprived people get together and agree this is unacceptable. They embark on a long journey to the wilderness where they found their own community of Nodrumia.

They form a company, the Nodrumia Corporation, which owns all the property in the area. The corporation distributes usage rights via a legal instrument that looks suspiciously like private property: people who own usage rights keep them forever, can do whatever they want with the land, and can freely transfer and sell them to others. The only difference is that the usage rights have a big asterisk on them saying "contract is null and void if you break the rules of the Nodrumia Corporation". These rules are set by a board chosen democratically by the inhabitants, and are all things like "You can't play drums at night", and

"You can't sell property to people who will play the drums at night", and "Anyone who plays the drums at night shall be exiled".

One day a Nodrumian wants to move out, so he puts his house up for sale. The highest bidder is a drummer who wants to use the property as a studio so he can play the drums at night. The Corporation steps in and bans the sale. The property owner protests, saying that he is being oppressed.

According to libertarian philosophy, who is in the right?

The argument against the drummer: the land is basically the private property of the Nodrumia Corporation, and libertarians believe that private landowners should be able to determine what happens on their property. And more fundamentally, the people there have a strong preference against living near drummers, and that preference seems fundamentally satisfiable if their property rights are respected, and it seems stupid to legislate a world where people are forever forbidden from satisfying a fundamentally satisfiable preference and have to be unhappy all the time.

The argument in favor of the drummer: this is basically just a town. "People who live together in a community, and are governed laws made by a democratically elected council" is

a town. It seems sort of unlike a town because of its strange history, but really in America a lot of towns were formed by people leaving society, finding unoccupied (or “unoccupied”) land, and building a community there. Some of them were even formed with some sort of utopian goal in mind, or specifically to escape things the inhabitants didn’t like about the places they came from. The only real difference between Nodrumia and the average town is its odd property right structure, but this is a difference in name only: everyone who moves into *any* town knows that they own their property only insofar as the things they do on their property don’t conflict with town bylaws. Seriously, Nodrumia is just a town. And the whole point of libertarians is that they are skeptical that governments (including town governments) should be able to ban people from doing things. Therefore, the drummer should be allowed to open his drum studio.

A second argument against: imagine we’re talking about a private company like Microsoft. Libertarians agree that Microsoft has the right to decide that none of their employees can play the drums at their cubicle in a way that disturbs other employees. This suggests that playing the drums isn’t a fundamental right. But it’s unclear how Microsoft is different from the Nodrumia Corporation.

A second argument in favor: maybe this isn’t just a town.

The way it's presented, it sounds like more of a city-state. Its government is a national government. If we're saying national governments can make laws banning musical instruments, we've gotten very far from libertarianism, haven't we?

We could resolve the conclusion by saying that libertarianism is wrong, actually externalities are bad, and it's totally okay to ban them. Or we could use an expanded idea of property rights that included that right not to have noise on your property (though this opens up a big can of worms). But if we wanted to at least keep some claim to be working within a strict libertarian paradigm, I think we would have to make an argument based on what kind of characteristics an institution needs to be more like a corporation or intentional community (which have the rights to be strict) vs. a national government (which should be erring on the side of permissiveness). To me, the key differences seem to be things like:

- exit rights and transaction costs of leaving
- number of other options
- ease of forming a new one
- degree to which membership is voluntary vs. hereditary

So to give an example, most people have the intuition that the US government banning pork for religious reasons is bad, but also that if you go into a mosque and demand they

let you eat pork there you're in the wrong. I think this is because:

- the people in the mosque have the option to very easily not be in the mosque
- if you don't like the mosque, you can always go to a church or an atheist meetup
- you can always start your own mosque, with blackjack and hookers
- most people in the mosque chose to be there because they agree with the mosque's principles

But:

- it's hard to leave the US if you don't like it
- there aren't that many other countries and you might not be able to find one you like
- it's very hard to start a new country
- most US citizens are only citizens because they were born here, and didn't necessarily sign on to any philosophical commitments

This is ignoring some important issues, like whether banning pork is the ethically correct action, or whether the majority of the people in each community support the ban. It's just trying to give a completely formal, meta-level account of why our intuitions might be different for these two cases.

This seems to justify the libertarian intuition that we shouldn't be bossing private companies around. It also justifies the much more common intuition that we *can* boss private companies around when they're monopolies or otherwise seem hard to get rid of, like people discussing whether the government should make Facebook have better privacy policies. If there were hundreds of equally-sized alternatives to Facebook that people could easily switch to, with a wide variety of privacy policies, it probably wouldn't come up as often.

Towns seem kind of midway between companies/mosques and national governments. They're not easy to leave, but realistically people leave towns all the time; I've switched cities maybe six or seven times during my life. There are thousands of towns you can live in, including dozens of big cities. Forming a new town isn't easy, but there's lots of open land where you could do it in theory if you wanted to; it's not really beyond the ability of even a dedicated private citizen. And [about two-thirds of people](#) no longer live in the town where they were born.

I think a libertarian treatment of this issues would argue that towns have the most right to pass restrictive laws when things like exit rights are most salient, and less right when they aren't.

The drummer moving into Nodrumia seems like a clear case

where exit rights are really salient. The drummer isn't even in Nodrumia yet, so clearly he has the ability not to be in Nodrumia if he wants. The transaction costs of moving to not-Nodrumia are zero, since he's not even in the town yet. It seems like starting a new town is easy, since the Nodrumians themselves managed it. And although the story doesn't give a time course, it seems plausible that most of the people involved are still first-generation migrants to Nodrumia – and the drummer definitely is.

The harder case would be one where, by natural population turnover, the first generation of Nodrumians has children, about half of the second generation want to play drums, and in the interim all the available land has been settled by other towns that ban drums, and there are no pro-drum towns to move to. I don't know what I think in this case, although I'm tempted to say that if there are thousands of towns but none of them permit drumming, that's kind of like there being thousands of companies but none of them will pay you \$500 an hour – you're asking for something nobody else wants and you should reconsider your request (though given numbers like this, it should be possible for the pro-drum faction to get at least one town for themselves, even if they have to buy out the existing inhabitants).

In the recent discussion of NIMBYism, YIMBY partisans keep saying things like "it's illegal to build high-density

cities!". This confuses me, because I don't think it's illegal for a private citizen to build a high-density city, assuming she can afford enough unincorporated land and the construction costs [EDIT: [maybe not](#)]. And it's not illegal for a town to change its urban policy to become a high-density city, assuming it wanted to. This seems kind of like saying "It's illegal to have a community made entirely of log cabins". You can totally get some people together and found a log cabin community, you're just not allowed to force existing towns to switch to all-log-cabins unless the citizens want to. I think the reason this argument seems unconvincing to me but convincing to them is that I'm reasoning from a perspective where communities are a basic unit, whereas the YIMBYs are reasoning from a perspective where individuals are the basic unit, eg "It's illegal for me to sell my house to a high-rise developer".

And I'm reasoning from a perspective where communities are a basic unit because I believe in [Archipelago](#), a world where the only win-win solution to our many differences about what societies should look like is to let people form highly-varying communities with exit rights and let people live in whichever one they want. This solution depends on Nodrumia's right to kick out drummers and it depends on viewing towns as being basically a form of private property owned cooperatively by the town members.

If you try to take someone else's private property because it's standing in the way of economic progress, that's eminent domain. I'm not 100% against eminent domain all of the time, but it should be a very last resort. This is why I find NIMBYs' objection of "we should be allowed to decide what happens to our town" so sympathetic. They're analogous to Nodrumia's right to not allow drum studios, and without that kind of private-property-analogous right I'm skeptical that anywhere can provide the good life to its citizens. Without letting towns be at least kind of like private property, they all converge onto the [highest-entropy state](#) permitted by the wider country they live in (eg [Las Vegas](#) but more so). If you want a libertarian national government but also accept that some people want to live in places other than Super-Vegas, you need to let towns pump against entropy and retain some distinction from each other, the same way we let individual citizens arrange their own lives the way they want. That's part of why I find myself more sympathetic to local governments than to national governments.

II.

This model also suggests a solution for YIMBYs – start their own town somewhere.

This might be harder than it sounds, because if the YIMBYs aren't very committed, once they have a high-density walkable city that they're happy with, they might lose their

will and be tempted to keep other people out to prevent it from becoming more crowded. Even if they were very principled, the next generation of inhabitants might not be.

The solution is charter cities. Some profit-seeking individual or corporation could buy some land, explicitly note that they weren't making it a full democracy, and then try to turn it into the biggest, most economically productive city possible so they could skim a little bit off the top.

If the California state government is really concerned about the housing shortage, but also doesn't want to densify San Francisco, here is what it can do. Encourage some company to buy a promising but currently empty tract of land (I'm saying "some company", but we all know it would end up being Peter Thiel). Give them various concessions to lure people in, like that people living there only have to pay half as much in state taxes (or, if they really want to start a land rush, they can exempt the area from the plastic straw ban). The company has strong incentives both to make the city as populous and dense as possible, and to make it the sort of place where rich people want to live and businesses want to operate. Tech companies, social-climbers, and the like move there instead of San Francisco. The San Franciscan NIMBYs are happy, the tech companies are happy, the company that owns the land is happy, and the California state government is happy. The end.

This isn't so outlandish – I grew up in this city. In 1864, an investor named James Irvine bought a big tract of California land. Over the next century, his heirs formed a group called The Irvine Company to develop it further. They got their big break in 1959, when James' grandson Myford Irvine cut a deal with the University of California to build a college on the still mostly-empty land, virtually guaranteeing it would grow into a town. The Company planned out their ideal urban utopia, raised some money, and built it according to plan. Now Irvine is the 16th largest city in California, and Irvine Company head Donald Bren has \$16.3 billion and is the 80th richest person in the US. Irvine consistently tops various "best city" and "highest quality of life" rankings and manages to balance some density (the listed density of 4,000 is probably an underestimate because of the deliberately preserved wilderness areas; other parts are much denser including a few 20-story buildings) with a very safe, suburban feel. It's also very good at attracting tech companies: Blizzard, Broadcom, Allergan, and the US headquarters of Samsung, Sega and Toshiba are all located there. It's also an outlier in new housing construction, growing its housing stock at ([informal estimate](#)) 5% per year – twice the rate of Austin, three times that of Seattle, and five to ten times that of San Francisco.

I know this probably "won't" "work" "in" "real" "life", just like everything good or interesting or creative. But a state policy

of deliberately creating super-Irvines in suitable areas would relieve the need to develop anywhere else. It would slice through concerns that it's politically impossible to upzone existing cities, concerns about congestion and crime and transit inadequacy in existing cities, concerns about disrupting the culture of existing cities, and concerns about existing cities' poor business climate and poor reception of out-of-staters. It would be a good way to attract all of the pro-density pro-walkability people to one place so that they weren't scattered among a bunch of people who wanted lower-density towns. People could make it sustainable and renewable and otherwise buzzwordable. We could finally say, in all honesty, that America had [caught up to Senegal](#).

Right now there's a small movement for charter cities, but it's usually considered the sort of thing that will [only happen in the Third World](#). But California already has [some legal provisions](#) for a very weak form of charter city, and some parts of California are already getting kind of Third-World-ish. I don't know whether it's possible. But it doesn't seem obviously harder than getting San Francisco residents to agree to add new housing at the rates that would be necessary to make a dent in the crisis.