



# Joel Kotkin's Criticism of Libertarians and the Cato Institute

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Yet in recent years, libertarians increasingly seem less concerned with how their policies might actually impact people. Convinced that markets are virtually always the best way to approach any issue, they have allied with many of the same forces – monopoly capital, anti-suburban zealots and the tech oligarchy – which are systematically undermining the popular rationale for market capitalism.

This is one of the opening paragraphs of Joel Kotkin, “The limits of libertarianism,” spiked-online, March 4, 2022.

The article’s title caught my attention because Kotkin’s work would often lead someone to believe that he is sympathetic to libertarianism, and I think he is.

What’s his criticism? He gets to it quickly, writing:

Nowhere is the disconnect between libertarianism and its traditional base of small-property owners more obvious than in housing. In their zeal, sometimes justified, to end the worst zoning abuses, the libertarians have allied themselves with two forces, monopoly capital and social engineers (also known as city planners), whose goal is not to expand the blessings of ownership, but to squelch it for all but a few. Their end game is to leave most people stuck in small apartments.

Libertarians have served as fellow travellers and allies to the hyperactive, oligarch-funded YIMBY (‘Yes in My Backyard’) movement. In essence, as former Cato fellow Randal O’Toole notes, the libertarian right has ‘betrayed’ the very middle class that most supports conservative causes. O’Toole, who had been Cato’s land-use expert since 2007, was forced out in favour of an alliance, as he puts it, working hand-in-hand with left-wing groups seeking ‘to force Californians to live in ways in which they didn’t want to live’.

Some libertarians see this as a ‘free-market housing fix’, although in their worship of markets most have said little about policies that prevent construction on the periphery – a principal contributor to excessively high housing costs. Expanded ownership is a noble cause. But it is

hardly the intention of the strongest advocates for these policies. Victoria Fierce of the YIMBY pro-density lobby in California, for example, favours increasing urban density in part because it ‘promotes collectivism’. In some senses, the approach of some YIMBYs reflects the planning orthodoxy seen in the late Soviet Union. In the 1950s, Alexei Gutnov published *The Ideal Communist City*, which, while acknowledging the appeal of suburbia, rejected it as unsuitable for a society that prioritises equality and social control.

Consider the first of these 3 paragraphs. Normally, when one criticizes zoning for restricting the supply of housing, one would be seen as being against “monopoly capital.” But Kotkin sees the Cato Institute’s opposition to zoning as being part of an alliance with monopoly capitalists. He’s pretty vague about how that works.

If you read the [link](#) at the end of that first paragraph, you learn that developers are taking advantage of the new California law that allows more building on land zoned for single-family housing and that they are making lots of money doing so. What he seems not to confront is what this means for housing prices: they will fall or at least not rise as much as they would have. Increases in supply, all else equal, bring prices down. I would have thought that that would be a great way to help normal people.

Kotkin is right that more building on a given amount of land leads to denser housing. What he doesn’t successfully do is explain why this is bad.

Instead, he makes two arguments, one that is legitimate and one that is essentially guilt by association.

His legitimate argument, if he’s right about the facts, is that “in their worship of markets most have said little about policies that prevent construction on the periphery – a principal contributor to excessively high housing costs.” I don’t know if Kotkin is right about Cato’s relative silence on this issue. Let’s take as given that he is right. Then the answer should be that they should say more about such policies, not that they should defend single-family zoning. We have 2 contributors to higher housing prices: restrictions on building in areas zoned for single families and restrictions on building on the periphery. Cato and others should go after both. But that’s not an argument against going after one of those. There’s no either/or here.

His guilt by association argument is this:

Expanded ownership is a noble cause. But it is hardly the intention of the strongest advocates for these policies. Victoria Fierce of the YIMBY pro-density lobby in California, for example, favours increasing urban density in part because it ‘promotes collectivism’.

Let’s say he’s right about Victoria Fierce’s and others’ intentions. Kotkin doesn’t make clear whether Cato is allying with her and those others. But let’s say they do. How is Cato responsible for what their intentions are? Moreover what happened to the idea of going beyond intentions and actually looking at the likely expected effects? One main effect will be to bring down the price of housing.

Kotkin continues:

Yet it's not just YIMBYs who favour densification and an end to single-family zoning. This notion also appeals to large financial institutions that seek to develop a rentership society, where homes, furniture and other necessities are turned into rental products, offering an endless cashflow to the oligarchs.

Kotkin makes it sound as if people wouldn't have a choice about whether to rent. But they would. People could rent or buy. And with lower housing prices, buying would be easier. By the way, the link in the above paragraph is to a gated article in the Wall Street Journal. The gist of the article is that people are finding it increasingly attractive to rent things instead of buying them, not just housing but also cars and textbooks. What's wrong with that? Surely, Kotkin, generally a nuanced analyst, doesn't think that the fact that large institutions can make money off something is evidence that people don't want that something. The usual presumption is the opposite: you don't generally make much money by providing what people don't want.

Kotkin writes:

Ultimately, the great values that libertarians bring to the policy debate are more relevant than ever. But their suggestions will only be heard if they can demonstrate – particularly to the young generation – the potential of markets to make lives better. In the end that is the real issue. While libertarians are so valuable in ferreting out government cronyism, they need to face up to the prospect that markets, although theoretically free, are in reality becoming ever more oppressive and controlled.

I talk to young people in coastal California who would like to be able to afford to buy a house or a condo. I haven't had that much trouble convincing them that when there's a greater supply of houses or condos, the price is lower. They think that will make their lives better. As to whether markets are becoming more oppressive and controlled, that's true in some areas and not others. But one area in which they are becoming less controlled is housing. There's a long way to go. Don't get me started about building codes. But let's take those first steps.