2

Places as Commodities

For us, as for many of our intellectual predecessors, the market in land and buildings orders urban phenomena and determines what city life can be. This means we must show how real estate markets actually work and how their operations fail to meet the neoclassical economists' assumptions. In short, we will find the substance of urban phenomena in the actual operations of markets. Our goal is to identify the specific processes, the *sociological* processes, through which the pursuit of use and exchange values fixes property prices, responds to prices, and in so doing determines land uses and the distribution of fortunes. Since economic sociology is still without a clear analytical foundation (Stinchcombe, 1983:6), we must begin our work in this chapter by laying a conceptual basis for the empirical descriptions that will be presented later.

Special Use Values

People use place in ways contrary to the neoclassical assumptions of how commodities are purchased and consumed. We do not dispose of place after it has been bought and used. Places have a certain *preciousness* for their users that is not part of the conventional concept of a commodity. A crucial initial difference is that place is indispensable; all human activity must occur somewhere. Individuals cannot do without place by substituting another product. They can, of course, do with less place and less desirable place, but they cannot do without place altogether.

Even when compared to other indispensable commodities—food, for example—place is still idiosyncratic. The use of a particular place creates and sustains access to additional use values. One's home in a particular place, for example, provides access to school, friends, work place, and shops. Changing homes disrupts connections to these other places and their related values as well. Place is thus not a discrete element, like a toy or even food; the precise conditions of its use determine how other elements, including other commodities, will be used. Cox (1981:433) speaks of "home" as a vested interest "spilling out of the individual household and its dwelling and projecting itself onto neighbors, streets, local businesses, schools and other institutions." Any individual residential location connects people to a range of complementary persons, organizations, and physical resources.[1]

The stakes involved in the relationship to place can be high, reflecting all manner of material, spiritual, and psychological connections to land and buildings. Places represent "the focusing of experiences and intentions onto particular settings . . . full with meanings, with real objects, and with ongoing activities" (Relph, 1976:141). Numerous scholars—from Anderson (1976) to Whyte (1943)—have shown that given places achieve significance beyond the more casual relations people have to other commodities. Although the connection to place can vary in intensity for different class, age, gender, and ethnic groups, individual relationships to place are often characterized by intense feelings and commitments appropriate to long-term and multifaceted social and material attachments.

This special intensity creates an asymmetrical market relation between buyers and sellers. People pay what the landlord demands, not because the housing unit is worth it, but because the property is held to have idiosyncratic locational benefits. Access to resources like friends, jobs, and schools is so important that residents (as continuous consumers-buyers) are willing to resort

1. These linkages are analogous to the mutually reinforcing advantages that businesses gain from *their* special relations to complementary land uses—"agglomeration economies." Roger Friedland drew this analogy from an earlier draft of this chapter.

to all sorts of "extramarket" mechanisms to fight for their right to keep locational relations intact. They organize, protest, use violence, and seek political regulation. They strive not just for tenure in a given home but for stability in the surrounding neighborhood as well.

Location establishes a special collective interest among individuals. People who have "bought" into the same neighborhood share a quality of public services (garbage pickup, police behavior); through these forms of "collective consumption" (Castells, 1983), residents have a common stake in the area's future. Residents also share the same fate when natural disasters such as floods and hurricanes threaten and when institutions alter the local landscape by creating highways, parks, or toxic dumps. Individuals are not only mutually dependent on what goes on inside a neighborhood (including "compositional effects"); they are affected by what goes on *outside* it as well. The standing of a neighborhood vis-à-vis other neighborhoods creates conditions that its residents experience in common. Each place has a particular political or economic standing vis-à-vis other places that affects the quality of life and opportunities available to those who live within its boundaries. A neighborhood with a critical voting bloc (for example, Chicago's Irish wards in the 1930s) may generate high levels of public services or large numbers of patronage jobs for its working-class residents, thereby aiding their well-being. A rich neighborhood can protect its residents' life styles from external threats (sewer plants, public housing) in a way that transcends personal resources, even those typically associated with the affluent. The community in itself can be a local force.

Neighborhoods organize life chances in the same sense as do the more familiar dimensions of class and caste. Giddens (1973:108–10) notes the importance of spatial segregation as a "proximate factor of class structuration . . . an aspect of consumption rather than production which acts to reinforce the separations" produced by unequal market capacity. Richard Peet emphasizes that "each social group operates within a typical daily 'prism,' which for the disadvantaged closes into a 'prison of space and resources.' . . . Deficiencies in the environment—limitations on mobility and the density and quality of social resources—must clearly limit an individual's potential" (Peet, 1975:484–85, cited in Dear, 1981). Like class and status groupings, and even more than many other associations, places create "communities of fate" (Stinchcombe, 1965:181). Thus we must consider the stratification of places along with the stratification of individuals in order to understand the distribution of life chances. People's sense of these dynamics, perceived as the relative "standing" of their neighborhood, gives them some of their spiritual or sentimental stake in place—thus further distinguishing home from other, less life-significant, commodities.

Contrary to much academic debate on the subject, we hold that the material use of place cannot be separated from psychological use; the daily round that makes physical survival possible takes on emotional meanings through that very capacity to fulfill life's crucial goals. The material and psychic rewards thus combine to create a feeling of "community." Much of residents' striving as members of community organizations or just as responsible neighbors represents an effort to preserve and enhance their networks of sustenance. Appreciation of neighborhood resources, so varied and diffusely experienced, gives rise to "sentiment." *Sentiment* is the inadequately articulated sense that a particular place uniquely fulfills a complex set of needs. When we speak of residents' use values, we imply fulfillment of all these needs, material and nonmaterial.

Homeownership gives some residents exchange value interests along with use value goals. Their houses are the basis of a lifetime wealth strategy (Perin, 1977). For those who pay rent to landlords, use values are the only values at issue. Owners and tenants can thus sometimes have divergent interests. When rising property values portend neighborhood transformation, tenants and owners may adopt different community roles (see chapter 4); but ordinarily, the exchange interests of owners are not sufficiently significant to divide them from other residents.

Although residents are the foremost example of people who pursue use values through property, others also pursue use values through property, and these people also operate in a manner different from what the market model would imply. Retailers, for example, depend on geographical context and often develop enduring connections to a given location. Proximity to customers can be their most important locational resource. Moreover, their prospects are affected by some of the same factors important to residents: physical amenities, community services, and a social network supporting the makeup of the neighborhood, including the shops. A retailer may depend not only on a substantial number of people nearby but on a certain type of residential enclave. A kosher butcher needs Jews; an exclusive boutique needs the trendy rich. Thus merchants have an ongoing stake in a particular social makeup of place. Retailers, like residents, may or may not welcome nearby development, which could mean new competitors as well as an expanded market. These indeterminacies cause retailers, as a group, to have mixed interests; they may serve an intermediate social role in conflicts that arise between residents and place entrepreneurs. Their role is not easily predictable, however, since it is contingent on the specific form of retailing and whether or not the present residential population will enhance or inhibit future profit making (see chapter 4). Retailers may also own extensive property themselves, further complicating their interests in a neighborhood.

Producers of goods, or capitalists in our terminology, derive their own use values from place. Whatever the basis for corporate locational decisions (conventionally described as maximizing access to raw materials, markets, and labor), firms do not, in principle, depend on intensification of adjacent land for the success of their own operations. They may benefit from a nearby assortment of business support services that will deliver "agglomeration economies," but there is no inherent need for land-use intensification per se. Of course, such firms can also simultaneously own land and buildings; and this ownership may eventually override other considerations. Corporations principally involved in productive enterprise may later find their real estate holdings their greatest asset. At that point their interest shifts from the use values of a place to its exchange value, once again blurring the neatness of our distinctions (see chapter 6 for a case description).

In contrast to our extensive information about residents (based on hundreds of ethnographies and mountains of survey results), we know little about corporations' attachments to place. There is substantial research on the business image of various places and on factors considered important by executives when choosing a site. But the study of "corporate culture" has only recently gained much attention and has rarely included an analysis of that culture in relationship to specific places (but see Galaskiewicz, 1985). We have legends about the loyalty of plutocrats to a particular place: John D. Rockefeller's Midwest boosterism, for example, was supposedly behind his creation of the University of Chicago (Storr, 1966). But we know little about how such factors enter into decision making, how sentiment and "culture" might coexist with material strategies to sustain allegiance to particular places. We know that "other factors" besides dollar efficiency do indeed matter (executives' social networks may determine the location of new plant sites), but research on such topics is still in an early, although promising, stage (see Gordon, 1976; Pred, 1976, 1977, 1980; Walker, 1981).

We can therefore proceed only tentatively, but we make three general observations about capitalists' attachments to place. First, compared to those of residents, the satisfaction that capitalists derive from place is less diffuse. Their paramount interest is the profitability of their operations; concerns with place turn heavily on how well land and buildings serve that overarching goal. Second, capitalists, at least compared to residents, have greater opportunity to move to another place should conditions in one place cease to be appropriate. Free of at least some of the constraints holding residents, such as sentimental ties to family and access to schools and jobs, corporations can exit more easily. Firms that have not committed major facilities to a given location (sunk costs) are particularly mobile. Finally, capitalists' use of place is less fragile than that of residents. Capital can adapt to changes such as noise, odor, and ethnic succession, whereas the effect of such change on residents is more immediate and more serious. Of course, some forms of capital do have specific locational needs, but these are ordinarily upset only by the most extreme changes (for example, the closing of a port or the destruction of a communication line).

Although residents vary in their attachment to a neighborhood (Janowitz, 1951), capitalists' attachment to place is much weaker overall. This adds to the difficulties of those, like government officials or neighborhood leaders, who might try to control them. At the other extreme are residents like the elderly poor who are permanently and intensely tied to the place they use. The most vulnerable participants in place markets are those with the fewest alternatives.

Special Exchange Values

Exchange values from place appear as "rent." We use the term broadly to include outright purchase expenditures as well as payments that home buyers or tenants make to landlords, realtors, mortgage lenders, real estate lawyers, title companies, and so forth. As with use values, people pursue exchange values in ways that differ from the manner in which they create other commodities. Suppliers cannot "produce" places in the usual sense of the term. All places consist, at least in part, of land, which "is only another name for nature, which is not produced by man" (Polanyi, 1944:72) and obviously not produced for sale in a market. The quantity is fixed. It is not, says Harvey (1982:357), "the product of labour." This makes the commodity description of land, in Marx's word, "fictitious"; Storper and Walker (1983:43) describe land, like labor, as a "pseudocommodity." Even conventional economists acknowledge that "the urban land market is a curious one" (Dowall, 1984:111).

Place as Monopoly

Perhaps the fundamental "curiosity" is that land markets are inherently monopolistic, providing owners, as a class, with complete control over the total commodity supply. There can be no additional entrepreneurs or any new product. The individual owner also has a monopoly over a subsection of the marketplace. Every parcel of land is unique in the idiosyncratic access it provides to other parcels and uses, and this quality underscores the specialness of property as a commodity. Unlike widgets or Ford Pintos, more of the same product cannot be added as market demand grows. Instead the owner of a particular parcel controls all access to it and its given set of spatial relations. In setting prices and other conditions of use, the owner operates with this constraint on competition in mind.

Property prices do go down as well as up, but less because of what entrepreneurs do with their own holdings than because of the changing relations among properties. This dynamic accounts for much of the energy of the urban system as place entrepreneurs strive to increase their rent by revamping the spatial organization of the city. Rent levels are based on the location of a property vis-à-vis other places, on its "particularity" (Losch, 1954:508). In Marxian conceptual terms, entrepreneurs establish the rent according to the "differential" locational advantage of one site over another. Gaining "differential rent"[2] necessarily depends on the fate of other parcels and those who own and use them (see Gaffney, 1961). In economists' language, each property use "spills over" to other parcels and, as part of these "externality effects," crucially determines what every other property will be. The "web of externalities" (Qadeer, 1981:172) affects an entrepreneur's particular holding. When a favorable relationship can be made permanent (for example, by freezing out competitors through restrictive zoning), spatial monopolies that yield even higher rents—"monopoly rents" in the Marxian lexicon—are created. But all property, as Qadeer (1981:172) succinctly states, tends to have a "monopolistic character." This

> makes land relatively impervious to economic laws of supply and demand, and it alters assumptions about the operation of land markets. . . . [The] uniqueness of individual parcels and their monopolistic character arise from situational and contextual factors, and it is not the product of an entrepreneur's inventiveness.

Nevertheless, property owners can and do inventively alter the *content* of their holdings. Sometimes they build higher and more densely, increasing the supply of dwellings, stores, or offices on their land. According to neoclassical thinking, this manner of increase should balance supply and demand, thus making property respond to market pressures as other commodities supposedly do.

2. For discussions of differential rent as well as the other Marxian rent categories, see Walker (1974); Harvey (1982:349–57); and Lamarche (1976).

But new construction has less bearing on market dynamics than such reasoning would imply. New units on the same land can never duplicate previous products; condominiums stacked in a high-rise building are not the same as split-levels surrounded by lawn. Office space on the top floor of a skyscraper is more desirable than the same square footage just one floor lower. Conversely, the advantages of street-level retail space cannot be duplicated on a floor above. Each product, old or new, is different and unique, and each therefore reinforces the monopoly character of property and the resulting price system.

Another curious aspect of the real estate market is its essentially "second-hand" nature (Turner, 1977:39). Buildings and land parcels are sold and resold, rented and rerented. In a typical area, no more than 3 percent of the product for sale or rent consists of new construction (Markusen, 1979:153). Not only land, but even the structures on any piece of land can have infinite (for all practical purposes) lives; neither utility not market price need decrease through continuous use. Indeed, "successive investments . . . can often build upon rather than devalue each other" (Harvey, 1982:356). Moreover, since the amount of "new" property on the market at any given moment is ordinarily only a small part of the total that is for sale, entrepreneurs' decisions to add to this supply by building additional structures will have a much more limited impact on price than would the same decisions with other types of commodities (Markusen, 1979). Indeed, recent studies indicate that U.S. cities with more rapid rates of housing construction have higher, not lower, housing costs, even when demand factors are statistically controlled (Appelbaum and Gilderbloom, 1983). Similarly, relatively high vacancy rates are not associated with lower rent levels (Appelbaum and Gilderbloom, 1983), which suggests that new construction "leads" local markets to a new, higher pricing structure rather than equilibrating a previous one. Given the fixed supply of land and the monopolies over relational advantages, more money entering an area's real estate market not only results in more structures being built but also increases the price of land and, quite plausibly, the rents on previously existing "comparable" buildings. Thus higher investment levels can push the entire price structure upward.

Neoclassical economists have developed models with exquisite precision to show how locational advantages lead to *rent differentials* in a city or region. But few social scientists have tried to identify the specific factors that determine aggregate rents or the basic price that *anyone* must pay for the use of place. Marxian theorists have exhaustively treated the exploitation of labor by capital but have given almost no attention to explaining the amount that either labor or capital must pay simply for being somewhere.[3]

All societies have a way to organize rents. From a broad historic and geographic vantage, we know that the proportion of income paid for rent has differed considerably. Elites have forced peasants and workers to produce varying amounts of surplus beyond subsistence; the proportion of that surplus taken for rent has also varied. In most instances householders pay the going rate and adjust their other expenditures accordingly. Whether through tithe, tribute, tax, or mortgage payment, owners exact what the institutional framework allows (see Keyfitz, 1965; Pearson, 1957). In the modern era peasants in some parts of the world give one-half to two-thirds of their crop yields for the right to work their lands (Keyfitz, 1965:278). Even in a rich country like the United States, some residents only subsist (eat and reproduce) after paying like proportions of their incomes for the right to tenancy—rather than the fourth or third now held to be the reasonable standard. There is nothing inevitable about the current rent-wage split. Indeed, periodic regional and historical shifts in the ratio (for example, California's extreme housing inflation in the late 1970s) represent still another face of the use versus exchange struggle on the modern urban scene.

North Americans do not pay tribute to barons and bishops; instead they pay banks and savings institutions, real estate brokers, and landlords. In the modern context, as in the ancient and feudal, the amount of rent is not determined by any balance between supply and demand or by what people can "afford" to pay. Instead price is driven by competitive bidding on a fixed resource by investors who assume that the future price will be greater than the present one. This is the essence of speculation, and any invest-

3. Conceptually, at least, it comes up in the analysis of the Marxian category "absolute rents."

ment that turns on such an envisioned outcome is by our definition speculative. For fictitious commodities like real estate, investment levels are set by anticipated social outcomes, by "expectations" (Dowall, 1984:111) of what other people will do, rather than by more traditional business criteria such as the efficiency of a given firm, the quality of a product, or the cunning of a firm's marketing strategy. And like other objects of speculation (diamonds, Boehm birds, or old masters, for example), the real estate bubble can sometimes burst. But no principle, theoretical or empirical, can explain when this will happen or even if it will happen at all (Thurow, 1985). Meanwhile people *do* pay the price of place as investors' bidding drives up the cost of being somewhere. The "wild" exigencies of social organization (and its anticipated changes) set rent levels; and everyone must deal with what Sir Isaac Newton called, in trying to analyze people's financial speculations, "the madness of human beings" (Thurow, 1985:7).

Omnipresent "Regulation"

Newton's diagnosis of madness is not entirely correct. Investors consider a number of concrete factors that could potentially alter future property prices—and a key one is government activity. Public decisions crucially influence which parcels will have the highest rents as well as the aggregate rent levels for the whole region or society. Rents are made possible in the first place through government stipulations regarding rights and privileges among market participants (for example, deeds, leases, and sales contracts). Without such government "regulation" there could be no exchange of place at all. The State actively sustains the commodity status of land. At present in the United States, the courts forbid government's "taking" of property without just compensation. Legislative and judicial actions preclude a rent control or zoning law that would eliminate a "reasonable return" on investments.

Similarly, building and maintaining urban infrastructures *must* involve government, and such involvement determines market outcomes. Few property entrepreneurs, however shrewd, can do better than the person who owns the alfalfa field next to the plot of land earmarked by the city council for a new jetport. Government activity thus distributes and redistributes rents among owners. Walker (1974) has added to the Marxian lexicon of rent types the category "redistributional rent," referring to the substantial rent increments that come with specific government activity. Indeed, virtually all modern rent is in part redistributed rent.

Such institutional involvement in the use and exchange of places is endemic to human settlement. It does not result, as has often been assumed, from the peculiarly high densities and complex arrangements of modern cities. Nor does it result, as Mollenkopf (1983:216) seems to argue, from the modern proliferation of federal government programs, such as urban renewal, that have mandated new forms of political intervention. The mixing of markets and regulation can be traced at least as far back as the English enclosure laws, which ushered in the industrial revolution, the modern State, and the property commodity. In the New World, regulation was as necessary to form the settlement at Plymouth as it was to make the desert bloom into modern Phoenix. As Polanyi remarks, "Regulation and markets, in effect, grew up together" (1944:68). The form of regulation changes, but not its omnipresence and necessity.

We can now summarize the peculiarities of the place commodity: Just as real estate cannot be consumed privately, it cannot be produced privately. Just as there are limits to users' abilities to substitute alternative commodities, producers cannot add new products to satisfy demand. In fact, because of its durability, place is not really consumed at all, and because of its origin in nature, it is not produced. Both "producers" and "consumers" must inevitably contend with and use extraordinary "extramarket" forces, like government activity and support from neighbors, to gain value from place. Taken together, these characteristics indicate that place products, and their use and distribution, are not a simple reflection of the summed preferences of discrete consumers bidding freely for the wares of autonomous producers. Locational behavior cannot be explained as responses to price "signals" without an awareness of the institutional forces that continuously organize prices and structure people's ability to escape paying them. Both buyers and sellers use nonmarket resources as they pursue their separate urban goals. A given market is their tool or their encumbrance; it is not, as orthodox economics would imply, their guide.

A Social Typology of Entrepreneurs

Place entrepreneurs, the people directly involved in the exchange of places and collection of rents, have the job of trapping human activity at the sites of their pecuniary interests. The special qualities of the real estate commodity distinguish their activities from those of other business operators. Place entrepreneurs are a special group among the privileged: modern urban *rentiers*, somewhat analogous to their feudal landholding predecessors. Not merely a residue of a disappearing social group, as the classic Marxian position would imply, rentiers persist as a dynamic social force.

We identify three types of contemporary place entrepreneurs, each with different social relationships to the place commodity and each generating different kinds of rent; we discuss each entrepreneurial type in turn.

Serendipitous Entrepreneurs

Some rentiers are only very marginally entrepreneurs at all, having become rent collectors by inheriting property or by some other fortuitous circumstance. Thus they derive returns from a product not "made" by anybody, and not even brought under control by any of their own efforts. Or again, the real estate may have been acquired for one purpose (for example, farming) but was found to be more valuable when sold or rented for other uses. The farmer may have worked hard on the land, but the real fortune grew while the farmer slept. Quite often, of course, the farmer is bilked by the more sophisticated operator ("city slicker"), who better understands the nature of changed property values (the Indians' "sale" of Manhattan to the Dutch is an apocryphal case in point). The serendipitous entrepreneur (common in recent years even among ordinary homeowners in some areas) is essentially passive, following the behavior of the classic rentier, who lived off family entitlements.

Active Entrepreneurs

Some individuals seek out the right place to be in the future. These entrepreneurs, who anticipate changing use values from place, speculate on the future of particular spots. Such active entrepreneurs seek rent by gaining control over locations likely to become more strategic over time. They strive to capture differential rents by putting themselves in the path of the development process. This is active speculation, based on predicting development trends (regardless of their source) and gambling on accurate predictions. Once again the needed business talent is special: the entrepreneur needs skill, not in the production of a good or service, but in the estimation of the geographical movements of others, including those who do produce goods and services. Small-scale or medium-scale investors are the prototypical actors; they try to monitor others' investments, using local social networks to learn who is going to do what and where. The more sophisticated among them may also use principles of human ecology or urban economics in their efforts to discern future growth patterns.

Structural Speculators

Some place entrepreneurs do not rely solely on their capacity to estimate future locational trends; they supplement such intelligence by intervening in that future. These entrepreneurs speculate on their ability to change the relationships of a given place to other places—that is, they attempt to determine the patterns through which others will seek use values from place. Like the commodities traders who speak of their market-rigging activities as "creating a situation" (Copetas, 1984), place entrepreneurs seek to alter the conditions that structure the market. Their strategy is to *create* differential rents by influencing the larger arena of decision making that will determine locational advantages. They may attempt, for example, to influence the location of a defense plant, to alter a freeway route, or to encourage government subsidizing of a private business that is likely to move to their property. They lobby for or against specific zoning and general plan designations.

Given the extraordinary price impacts of government actions, structural speculators realistically seek redistributive rents. They may also strive for monopoly rents, again often through the use of government to fix for themselves a unique locational advantage (e.g., monopoly zoning). Like other forms of successful structural speculation, monopoly rents help minimize the risks related to the vagaries of urban development. But it takes substantial skill, resources, and ongoing vigilance to sustain political decisions that preserve a given set of spatial relations.

These three ways of generating material gain from place (serendipitous, active, and structural entrepreneurship) reflect different degrees of intentionality and institutional control, and a range of social consequences. Compared to structural speculators, when serendipitous entrepreneurs acquire their land, they are ignorant of its eventual use and do not envision government authority playing a role; active entrepreneurs represent a middle case. There is also a difference in the degree of parochialism; the serendipitous entrepreneur's habits and fortunes are most closely tied to a specific local parcel, whereas the structural speculator has the most cosmopolitan field of operation. Again, the active entrepreneur falls between these two. Finally, there is also a range of rent types sought. The structural speculator ambitiously strives for monopolistic and redistributive rents, not merely rents that are serendipitous or differential. Precisely because they do understand the social nature of property prices, sophisticated entrepreneurs are driven to the *organizational manipulations* that will boost their returns. Each type of entrepreneurial activity tends to affect different sorts of neighborhoods and to involve distinct kinds of organizational efforts.

Organizing for Exchange and Use

Among the entrepreneurial types, the structural speculators are the most important; their behaviors reverberate through every aspect of the urban scene. People out to structure markets tend not to work in isolation; they work together in organized groups. Let us here consider how the collective efforts to pursue exchange values are carried out; then we shall turn to the larger economic and governmental contexts of such attempts. Finally, we shall discuss how community organization becomes a counter-response on behalf of use value goals.

Growth Machines

Those seeking exchange value often share interests with others who control property in the same block, city, or region. Like residents, entrepreneurs in similar situations also make up communities of fate, and they often get together to help fate along a remunerative path.

Whether the geographical unit of their interest is as small as a neighborhood shopping district or as large as a national region, place entrepreneurs attempt, through collective action and often in alliance with other business people, to create conditions that will intensify future land use in an area. There is an unrelenting search, even in already successful places, for more and more. An apparatus of interlocking progrowth associations and governmental units makes up what Molotch (1976) calls the "growth machine." Growth machine activists are largely free from concern for what goes on within production processes (for example, occupational safety), for the actual use value of the products made locally (for example, cigarettes), or for spillover consequences in the lives of residents (for example, pollution). They tend to oppose any intervention that might regulate development on behalf of use values. They may quarrel among themselves over exactly how rents will be distributed among parcels, over how, that is, they will share the spoils of aggregate growth. But virtually all place entrepreneurs and their growth machine associates, regardless of geographical or social location, easily agree on the issue of growth itself.

They unite behind a doctrine of *value-free development*—the notion that free markets alone should determine land use. In the entrepreneur's view, land-use regulation endangers both society at large and the specific localities favored as production sites. Just as markets in neoclassical reasoning are, in general, the only legitimate mechanisms for choosing *what* is to be produced (with no need for collective evaluation), so markets should also be the invisible hand that determines *where* and *how* production should occur. When the two value-free doctrines are joined at the local level, communities forfeit control over both the content and location of production. Communities do not evaluate a product by its social worth, a machine in terms of its human value (Goodman and Goodman, 1947), a locational decision by its social consequence. Instead they invite capital to make virtually anything—whether buttons or bombs, toasters or tanks—in their own back yards. Aggregate growth is portrayed as a public good; increases in economic activity are believed to help the whole community. Growth, according to this argument, brings jobs, expands the tax base, and pays for urban services. City governments are thus wise to do what they can to attract investors.

Many academic experts also hold this view, even those outside such fields as real estate economics (where developers and professors have notoriously close ties). The prominent political scientist Paul Peterson (1981:20–21) equates the "well-being" of cities with their levels of capital investment because such investment is to the "benefit of all residents." It is, Peterson argues, "in the interest of cities" (as opposed to specific groups within cities) to avidly pursue developmental policies. Peterson equates virtually all capital growth projects (including those that must be publicly subsidized) as net gains—at least on the fiscal front. Otherwise, Peterson (1981:42, 43) implies, why would local officials ever have "judged" them a good idea? In his view small-time political corruption (e.g., hands in the till) is the only source of "economically regressive" policies at the local level; development programs, almost of any sort, have only positive consequences for a city overall. Thus Peterson concludes that problems of the type we raise (the costs of development) "have little theoretical relevance" for the fortunes of places and their people.

Long before academics presented such arguments, local rentiers had them down pat. Modern rentiers have long functioned as intermediaries between the corporate elite and the local citizenry, playing the stabilizing role of a "third tier" (Wallerstein, 1979: 223). For this reason, perhaps, a class that, as Marx said, can find no "morally edifying rationalisation for its continued existence" (Harvey, 1982:359) is nevertheless permitted to persist under capitalism. Rentiers not only perform the "ideological and legitimizing function" for private property generally (Harvey, 1982:360) but also coordinate the needs of corporate elites with the behavior of local government and citizens' groups. Even though rent payments reduce capitalists' profits, rentiers' presence is useful in the accumulation process. Rentiers mute local opposition to capitalists' projects. Any threat to the growth machine apparatus thus endangers the ongoing system through which sites are prepared for capital under more or less ideal conditions.[4]

Contrary to the arguments of such scholars as Peterson, we are certain that local economic growth does not *necessarily* promote the public good. Even in terms of helping the fiscal condition of the city, the long-term consequence of growth can be negative. We find much that is "theoretically relevant" in the regressive effects of development. Development projects that increase the scale of cities and alter their spatial relations inevitably affect the distribution of life chances. When capital moves from one place or economic sector to another, the "action" always has potential for redistributing wealth and changing the allocation of use and exchange values within as well as across places.

In other words, human activities generate costs and benefits, some of which are borne by those who create them (they are "internalized") and some of which are not (they are "externalized"). People who share control of places try to trap growth. They join together in order to shift internal costs of activities to other areas or to others in their own area, and to capture the benefits of those activities, particularly rents, for themselves. This behavior, when replicated across the country, involves exploiting virtually every institution in our political, economic, and cultural systems. Actors from all these spheres participate in a complex "ecology of games" (Long, 1958) sustained by growth elites' struggle for private fortunes through the development process.

Government for Growth

Because of the limited amount of mobile capital, the growth apparatus in each area must compete with that of other areas to attract scarce investment. Coalitions of interest, recruited

4. For other conceptions of the "confused and confusing affair" of the analytic status of landed property under capitalism, see Harvey (1982:346, 359–67).

and organized along territorial lines, becoming working cooperative units, even if on other grounds their members have divergent goals. Thus if one form of truly urban conflict is the internal struggle between use and exchange values, a second is the external battle of place elites against one another—the battle of the growth machines. This contest goes on at all geopolitical levels, with competitive systems nested within one another. Owners of a commercial block compete against owners of the next block, but they unite when their business district competes against other business districts in the same city. The owners of all the business districts in one city stand together in competition with other cities.

Sometimes the arenas and units of competition correspond to formal government entities, such as incorporated cities, states, and nations. In other instances the entities are more informal, such as national regions, and only voluntary associations (for example, a local Chamber of Commerce) act on their behalf. These varying degrees of formal authority determine in part the influence of each level on the competitions on the lower tiers. Because the nation-state is the strongest political unit in the modern world, the institutions of this unit ordinarily determine the formal channels of competition of places within the national system. In the international system, where place competition is only loosely regulated by international constraints, capital operates in a different, more open, environment (see chapter 7).

If a given territory has a government corresponding in jurisdiction to the geographical borders of the territory, the elite can mobilize the government to bolster growth goals. When residents' claims on behalf of use values threaten to undermine growth, government can turn back the challenge, either by invoking police power or by distracting dissidents with payoffs (for example, relocation allowances to displaced tenants). Governments can also help coordinate the roles of diverse members of the growth coalition, securing the cooperation of local entrepreneurs in ambitious growth projects and even disciplining those who will not cooperate. Similarly, government can help overcome entrepreneurs' resistance to accommodations with dissenting residents. Growth elites' larger, long-term interests can sometimes be best served by selectively granting concessions to those in opposition, and public authorities are often ideally suited to do this.

Finally, access to a government can help in generating resources from tiers above. From the perspective of a growth coalition, it must have influence not only at the level of daily at-hand operations but also beyond the local level to the higher levels that determine large geographical patterns of public investments, pollution controls, and government procurement spending. Participants in a growth coalition must be concerned with both the substantive decisions made at those higher levels (for example, Will money be allocated for a freeway?) and the procedural questions (for example, Which jurisdiction—the city, county, or state—will make the routing decision?). If local elites have a government unit through which to operate, they have access to publicly paid staffs, consultants, and powers of "home rule" to use against a higher authority. By working through a local government, moreover, the efforts of an elite gain the appearance of a civic campaign waged on behalf of a legal entity and its citizens, rather than of a conspiracy of vested interests. Nevertheless, elites are sometimes better off operating independently, relying on informal mechanisms for influencing others. Optimally, both strategies should be available, to be used according to the issue at hand and conditions of time and place.

The degree of authority found in each level of a system is not static, but rather, as part of the political process, varies according to the struggles among competing interests. For example, rentiers who have good control over local government tend to favor "home rule" when it comes to land-use zoning; environmentalists who think they have a better chance of achieving their goals on a higher tier may strive to enact "state standards" that preempt local decision making. The limits of home rule thus expand and contract (Walker and Heiman, 1981) in response to the power shifts among competing structural speculators, other entrepreneurs, and their use value opponents. The same dynamics also determine the degree to which authority is centralized or dispersed among smaller geographical units. Thus there has been, within the United States and around the globe, a historical seesaw between calls for devolution on the one hand and trends toward centralized institutions on the other (for example, metropolitan authorities, common markets, or world government). These efforts represent strategic manipulations of the sites of decision making in order to influence distributional outcomes among and within places.

Although we obviously have an interest in such issues as government authority, centralization, and fragmentation, our focus means that our treatment of these topics will differ from that in traditional political science. Rather than evaluate which institutional format is more or less efficient, more or less democratic, more or less universalistic, we will examine how jurisdictional entities are purposively enacted and then gradually altered through the struggles over use and exchange. We argue, for example, that the great urban reform movements of this century, which brought us such innovations as the suburban towns and professional land-use planning, owe their existence more to entrepreneurs seeking higher investment returns than to residents trying to build better lives. Indeed, this is true for the way city boundaries were carved out of the hinterland as well as for the administrative roles and land-use functions given to the city. The legal creation and regulation of places have been primarily under the domination of those searching, albeit sometimes in the face of use value counter-demands, for exchange value gains.

Community Organization

Because the competition for growth does not ordinarily work on their behalf, residents often use organization of their own to sustain the places in which they live. Maintenance of "home" in the largest sense of the term motivates people to come together in block clubs, neighborhood groups, and other associations that have place-related use values as at least one of their central concerns. These organizations may take such diverse actions as pressuring the local planning commission to uphold zoning restrictions or blocking the sale of a home to someone who is considered a threat to the neighborhood's "good standing." Community organizations that strive to alter the distribution of exchange values and to influence the kinds of use values that can be gained from place are, for us, "urban" phenomena. Their frequent clash with those striving for higher rents results in urban conflict. This is not simply one of many social stresses played out on the stage of the city, but a distinctive conflict over place values themselves.

The traditional academic literature on the topic tends to equate the "community organization" with progressive social forces generally and to see all such groups as analytically equivalent because they are from the "grass roots" and help "empower" local people. Castells's (1983) recent version of this doctrine treats virtually all neighborhood groups—ethnic clubs, job-training programs, civil rights groups, peace activists, the YMCA, and so forth—as grass-roots, spatially oriented "urban social movements." But many of these movements and organizations are not essentially urban, regardless of their physical location, and it can be very misleading to reduce them to local conflicts over land use (Molotch, 1984). Similarly, there is no justification for treating progressive movements as an urban phenomenon and simply ignoring reactionary ones (Are all reactionary groups "rural"?). Civil rights groups are no more or no less urban than anti–civil rights groups, ethnic associations no more or no less urban than religious cults. Even movements for welfare services, medical care, or other forms of collective consumption may have little to do with the social organization of property and space; hence they may, depending on specific local circumstance, also lie outside our urban purview. Although there may be good reasons to cast the organizational net broadly, doing so undermines efforts to hold fast to an urban analytical object.

Movements found in the city may change their nature over time, in terms of both their specific urban roles and their essential urbanness. Associations formed to oppose development may acquiesce after entrepreneurs and political figures co-opt their leadership. Sometimes community groups move from a concern with place-related use values to management of service delivery (for example, running mental health clinics), which would similarly remove them from our analytical interest. But our category of "urban" is wide enough to embrace social movements that are often excluded because they are not progressive. Even if most urban movements are "liberal" in that they frequently oppose entrepreneurs' schemes, some are racist and reactionary (for example, exclusive suburbs), but they do not therefore cease to be urban.

Just as there are different types of place entrepreneurs, there are different kinds of neighborhoods and neighborhood organizations according to the kinds of challenges they confront and the tools at their disposal. Rich neighborhoods, for example, are better able to protect themselves through "working within the system"; poor neighborhoods are particularly vulnerable to disruptions from the surrounding exchange system.

Residents' organizational efforts are greatly enhanced when their cause is joined by at least a portion of the entreprenurial sector, just as the entrepreneurs' goals are facilitated when residents become part of the development consensus. Efforts to achieve such effective coalitions (see Gamson, 1968) mobilize the full range of instruments of communication, education, and social control. The success or failure of entrepreneurs in their rent competition with other places sometimes depends upon their ability to put a wide array of community units behind them. Similarly, the survival and prosperity of neighborhood organizations may require them to join with at least some of their potential entrepreneurial adversaries. Thus local growth machines may successfully mobilize, through the vehicle of neighborhood organization, the affectional ties of a residential community, and do so on behalf of exchange goals. Conversely, communities of sentiment may conceivably enlist the aid of a segment of land-based entrepreneurs, who may, for examples, conclude that the survival of some "local color" will enhance their new development nearby. Part of the tension of the urban drama consists in this making and unmaking of coalitions among neighborhood and entrepreneurial actors.

Migration

Instead of expending energy on organizing the place they are in, people can move their residence or their investments. Indeed, commentators like to describe urban life as fast paced and fluid. But a more useful description is that the basic ingredients of urban existence—money, labor, and investments in factories and land—move about with different degrees of ease and speed. Holland (1975) has defined a continuum of investment "velocities" that formalizes some of the variations. "Portfolio" investments—assets in the form of money, stocks, and other financial forms—are the most mobile. Owners can transfer such wealth almost instantaneously across city, state, and, increasingly, national boundaries. The growing internationalization of capital (in the form of cross-national finance, marketing, and production arrangements) keeps boosting that velocity. Investment in plants and equipment, however, is less mobile. It takes foresight and patience to depreciate these assets over time. Firms accomplish such disinvestment *gradually* through cutbacks in maintenance and modernization (Bluestone and Harrison, 1982). Local rentiers, with their investments in land and buildings, have the most limited mobility of all the entrepreneurs. The place speculator's knowledge of local markets and connections to community political and financial networks are not easily transferable to other locales. But it is possible to "bail out," and if done at the right time, the entrepreneur can get out with enough to start over somewhere else.

Of all the factors of urbanization, labor is the least mobile. Ordinary people's resources are too small to easily carry them through the uncertainty of migration, and their residential use values, important for survival, are tied to a particular setting. That is why workers are often left behind and appear as the leaders of the rear guard fight for stability. Although some residential moves are no doubt welcomed changes in life chances, many are forced hardships caused by land clearance, eviction, and steep rent increases. The ability to move is radically constrained by a world of risks, many of which cannot be anticipated. For every proud pioneer memorialized in a town square, there is probably another who died on the trek.

Besides the "internal" inhibitions on residential movement, there are also external barriers imposed by authorities. Visa, passport, and citizenship requirements obviously obstruct people's movement between countries. Even within a relatively open country such as the United States, there are institutional constraints on mobility. Because of the peculiarities imposed by the federal system, rights of citizenship are provided in part by states or even cities rather than by the national government. Access to certain forms of welfare benefits, including medical care, low-cost college tuition, public housing, and unemployment compensation, are often contingent on satisfying residence rules. Beyond these inhibitions, localities also erect barriers to certain kinds of migrants through large-lot zoning and poor enforcement of laws that might protect unwanted newcomers (such as laws prohibiting racial discrimination in housing and employment). Whereas the courts have frequently overturned local legislation that interferes with "interstate commerce," they have allowed many constraints on residential migration to stand. Ordinary people may overcome political barriers and even manage to cross borders of barbed wire and murky rivers, but the desperation of their "choice" reflects not so much their ability to move as the intensity of the "push" that sent them on their way.

These constraints on mobility contradict urban migration models that presume individuals can freely pick and choose the places that best serve their needs. In the neoclassical migration theory of Charles Tiebout (1956), the assumed freedom of people to move leads places to compete to attract them. In writings of a generation ago, but which have influenced more recent work (Bish, 1971; Peterson, 1981), Tiebout likened towns and cities to products—packages of benefits and costs from which consumers make their choices. Each town establishes its own standards for taxes and its level and mix of services. Members of the public, as residential buyers, then choose the package that most suits their preferences. Thus people for whom high-quality public education is a valued good will—according to this theory—choose to live in a city where this is provided, even if that means paying higher taxes or forgoing another valued urban service. Over time the competition of places to attract residents produces a rich variety of packages as each place stakes out its own market segment. The result is a happy placement of each according to taste, since sovereign consumers vote with their feet to select the package of their choice.

Our critique should by now be predictable: The free, autonomous action assumed by market theories fails to acknowledge people's bonds to place, entrepreneurs' collusion, and the regulatory function—all inherent in real estate markets. To think of whole towns and cities as "products" and residents as "shoppers" truly strains the market metaphor.

People looking for a place to live are, as we have reiterated, tightly grounded by forces that local government can do little to alter. First and foremost, people must reside where they can get work, making corporate investment—not residential preference—the critical lead factor in urban development. Similarly, differences in housing costs and ethnic composition are obviously far more significant than variations in local government expenditures in determining residential movements (see Rossi, 1955). People also strive to live near friends and family.

Looking at the other half of the Tiebout market system equation (the city as a "seller" of service bundles), we find that packaging to please potential *residents* has little bearing on most government decisions on raising or allocating tax money. Public choice theorists like Tiebout do not recognize the internal cleavages within cities or the competing designs of outsiders on the management of cities. They think of local policies as mere summations of citizen-residents' preferences—particularly of potential residents who might be attracted through the right service mix. But we find it easy enough to demonstrate that such land-use democracy is an exception rather than the rule in determining how local governments operate; the politics of place is about *whose* interests government will serve. The growth machine dynamic is a crucial part of the process that pushes people from one residential location to another, from one city to another. Cities, regions, and states do not compete to please people; they compete to please capital—and the two activities are fundamentally different.

Some places do indeed end up with nicer packages than others, but these are for the most part nicer for *anybody.* The real differences between jurisdictions—between good schools and lousy ones, smooth streets and rutted ones, well-connected neighbors or powerless ones—are intercorrelated and determined primarily by social class. The public choice model trivializes the inequalities that develop among places by treating these inequalities as differences in taste. Obscuring the inequality among the packages also obscures the consequences of such place differences. To the degree that people's fates are tied to the places in which they live, this becomes a critical error. People individually disadvantaged because of the nature of their location have less ability to move to a better place. They are tied down by the surrounding social net, which they also need to survive. Residential location affects the ability to move somewhere else, once again reflecting the unique quality of the place "product." Initial "choice" of residential location (often determined by an accident of birth) is both involuntary and self-sustaining in a way that one's choice of, say, a pickle brand is not.

Once again capital is the contrasting case. It comes much closer to the "shopper model" of a consumer ever alert to the best deal. Especially in the context of a more fully integrated world economic system, capital can choose another town, state, or country as need dictates. Such geographical shifts determine which cities will grow and which will decline, which social groups (skilled or unskilled workers, citizens or noncitizens, land owners and so forth) will be hurt or helped, who will migrate, and who will be left behind. Neoclassical reasoning sees nothing analytically or socially problematic in such increased velocities of capital and pays little attention to the possibility that other types of actors may lack the same mobility. In conventional economics, more speed for capital means more perfect markets, and human mobility follows as a matter of course. All forms of migration, whether of people or of capital, are the inevitable and natural mechanisms for smoothing out temporarily uneven distributions of resources and labor. The impersonal market apparatus guides technologies, populations, and resources—as passive "things"—toward optimum and equilibrated deployment.

In contrast, we rely on the alternative perspective: Places achieve their reality through social organization in the pursuit of use and exchange values. Resources of all sorts—human, technological, and material—are exploited and moved around in the process. The different mobilities of capital and labor become still another contingency in the struggle over use and exchange within and between places. There is nothing necessarily optimizing in the purposive and conflictual strategies by which this process goes on.

The Reality of Places

Places are not simply *affected* by the institutional maneuvers surrounding them. Places *are* those machinations. A place is defined as much by its position in a particular organizational web—political, economic, and cultural—as by its physical makeup and topographical configuration. Places are not "discovered," as high school history texts suggest; people construct them as a practical activity.

The very boundaries of place, as well as the meaning of those boundaries, are a result of the intersecting searches for use and exchange values. Others have pointed out that boundaries and place identifications are social constructions (Hunter, 1974; Lynch, 1960). People and institutions repeatedly name and define boundaries in anticipation of specific consequences. If Beverly Hills, for example, should move its city line to include three additional blocks to the east, the mere change in an intellectual and legal construct will enhance the status of the new territory, raising property values as well as levels of urban services for residents. And to some degree the area within the earlier boundaries of Beverly Hills may be "cheapened" (resources will be diluted) by the inclusion of such lower-income-generating properties. As another instance of how boundaries affect use and exchange values, structural speculators may need to be included in one kind of special planning district (for example, a redevelopment zone) and excluded from another to benefit from development subsidies.

Sometimes "boundary work" is more informal; a realtor may advertise a property as located within a certain prestigious area when it is actually "just outside." Repetitions of such incorrect designations may eventually alter perceived boundaries to include the parcels involved. (There usually are good reasons for such conventional "errors"; see Garfinkel [1967, chap. 6].) Residents also may strive to manipulate boundaries in order to improve their standing in the larger social world, laying claim to participating in the prestigious daily round that corresponds to a given community. Of course, if political boundaries can be changed, the reverberations are louder and last longer. When one person's favored boundaries are marked off by a political authority, that person's gains are institutionalized.

Incorporated suburban towns sometimes owe their very creation to the effort of local entrepreneurs to increase their property's urbanization prospects. Such cases create problems for central city residents, who would have lost less if the new development, especially if it is tax rich, had been annexed to the existing city instead. Failing annexation, central cities try to force suburbs to carry "their fair share" of public service burdens through such devices as city payroll taxes or compensatory state aid. In effect the cities strive to redefine the meaning of the suburban boundary line. If central city advocates can cause federal aid to be based on the number of poor in a city (as it was under certain Great Society programs), the city line loses some of its significance and the poor become less of a burden and more of a resource. The meaning of the boundary lines and what they enclose is changed, with important implications for the well-being of specific neighborhood groups and growth elites.

Once again we see that the attributes of place are achieved through social action, rather than through the qualities inherent in a piece of land, and that places are defined through social relationships, not through nature, autonomous markets, or spatial geometry. Such factors as topography and mineral resources do matter, but they interact with social organization; the social and physical worlds mutually determine the reality of one another.[5]

The socially contingent quality of place can be more dramatically illustrated with large-scale examples. Let us consider the state of Alaska and the oil being exploited from its subsurface. Although we do not often view it in this way, the institutional nature of the oil helps determine the nature of Alaska, just as the nature of the state will determine the nature of the oil. Alaskan oil is more truly "Alaskan" if the headquarters of oil companies are located in Juneau than if they are located in New York. If located in Juneau, mineral exploitation leads to growth in the white-collar, professional, and service economy within Alaska; otherwise that form of development occurs elsewhere. Let us look at this example from the standpoint of how the nature of Alaska affects the nature of the oil. If federal law permits the state to tax its own mineral production, Alaska will be a fiscally rich place. Under those conditions the state will do all it can to ensure the exploitation of oil. If there were neither fiscal nor rent benefits to be derived from the oil, the Alaskans would probably prefer to keep the

5. The relationship, as mediated through human consciousness, is indexical and reflexive (Garfinkel, 1967).

oil in the ground. That would make Alaskan oil, as a commodity, nonexistent.

Indeed, in the precolonial territories, before penetration by the nascent market societies, minerals were a noncommodity. As these resources were commodified, they were perceived to be "in" the European empires, not "in" the tribal lands where they were physically found. Existence of resources for native gain (as local profits, rents, or public goods) could happen only after liberation. In the clear-cut case of South Africa, diamonds and gold did not exist as commodities before their exploitation by the colonial powers. The minerals of South Africa do much for the white minority but serve as a hindrance for the blacks, whose country the resources are "in." South Africa is a nation of social arrangements designed to support the exploitation of its resources, just as those arrangements cause the resources to exist in their current form.

The contextual dependence of the nature and location of every single element is also applicable to labor. In some societies guest workers are employed in factories and fields but have no rights of citizenship. There are "in" a place, but only in a sense. In other parts of the world, the status of "illegal" immigrants is constantly under judicial review, often in the hope of creating the right legal conditions that will enable capital to secure them as labor without paying the social costs of their presence. When rich countries offer permanent citizenship only to those Third World migrants with high levels of skill, the effect, not coincidentally, is to increase the level of inequality between places as the rich societies reap the investments in training made by poor nations. These international arrangements mean that during their training the future émigrés are less than full members of their native society, incipiently oriented toward membership in their ultimate destination. Their anticipatory socialization makes them, to a degree, émigrés even before their departure. At the same time the creation of such identities and the related migrations reinforce the nature of the societies involved: the poor country becomes poorer as the rich grows richer.

American citizens who retire to Mexico to stretch their U.S. pensions are "in" which place? Welfare recipients who have recently moved to another state take on ambiguous locational status for the jurisdictions that serve them. University students, soldiers, and the homeless similarly have problematic locational statuses that are important to taxing bodies, voting officials, and welfare organizations.

Political turmoil in various parts of the world puts people in explicitly contested locational statuses: the Palestinians in the Israeli-held territories conquered from Jordan, the Protestants of Northern Ireland, the Basques of Spain, El Salvador refugees in the United States. Although these people add up to millions throughout the world, the main point is not their demographic significance, but rather, as the intense conflicts of the examples show, that placeness is negotiated with concrete consequences in view. Locational status is inextricably tied to the definitions and redefinitions imposed by state authorities, citizens' movements, and exchange value pressures. Always at stake are the name, boundaries, and meanings of location, and who and what should be "in" and who and what should be "out."

The reality of place is always open, making its determination an inherently social process.[6] In the United States, in a world apart from most of the world's ethnic and national struggles over territory, the widespread acceptance of an impersonal, self-equilibrating market obscures the socialness of place. Such organizational determinants of cities as entrepreneurs' coalitions, government's redistribution of rents, and the negotiated citizenship of all residents recede from view. Efforts to make place serve use values are therefore noticeable as "interfering" in the "normal" urban processes. Whereas buying and selling real estate needs no special justification, regulating that buying and selling for the benefit of residents requires special political action and ideological mobilization.

Most people generalize from the microeconomic meeting of buyer and seller making a deal to the larger market system. They divorce the microexchange from the social organization that permeates each economic act. Because attitudes toward markets are so myopic, any social intervention in those contexts runs a heavy risk of generating hostility. This lack of understanding of markets leads to an ongoing ideological asymmetry between those strug-

6. This view is consistent with the social-psychological maxim that the more ambiguous the stimulus, the more do social factors intervene in perception.

gling over use and exchange, with those pursuing exchange having the advantage. Through their institutional power and a potent ideological context, entrepreneurs have the hegemonic edge in making U.S. places.

Conclusion: The Social Place

The reality of places is constructed through political action, with the term *political* encompassing both individual and collective efforts, through both informal associations and institutions of government and the economy. In explaining individual stratification and occupational hierarchy, scholars have offered a familiar wisdom (Davis and Moore, 1945) that unequal occupational rewards inspire those with the most individual talent (brains, wit, persistence) to do the most difficult (and highest-paying) work, making the whole system more productive as a result. Systems of places have also been portrayed (by the ecologists) as differently endowed, some having such inherent advantages as centrality, mineral resources, or intersecting trade routes. Such qualities make them rise to the top among the places, becoming bigger and higher priced than their inferior competitors. By extending the functionalist thinking, we can link the two stratification theories: The most talented individuals rise to the top as they use their skills to develop the best places to maximize geographical potential. People migrate to those areas that can best use their particular skills, which includes the migration of the most talented people to the most crucial spots. The overall system secures the triumphs of the fittest people and the fittest places, resulting in a maximally efficient society. It all works because, given unfettered occupational and geographical mobility, the best people help society get the most out of the best locations.

We have a different way of explaining the two systems of hierarchy and how they are connected. Markets among individuals are socially structured (given oligopoly, racism, inheritance, and so forth). Rich people use wealth to send their children to good schools, to provide themselves with excellent health care, and to keep others from usurping their privileges. This leads to longer lives, higher IQ scores, and happier days (Bradburn and Caplovitz, 1965). As a result, they do better in the individual competition. The inequality among individuals thus not only results from differentiation but also causes it. Similarly, place inequality is both cause and consequence of differences among places. Those in control of the top places use place status to maintain privileges for their locations, often at the expense of the lesser locales. Often with the help of place-based organizations, they manipulate transportation routes, secure desired zoning, and keep out unwanted social groups.

The two systems of hierarchy are connected through the tendency for individual and place status to reinforce each other. Advantage in one can be used to develop advantage in the other. High status within the social hierarchy can bring access to the most desirable places (for residence or investment) and a guarantee of a rewarding future for whatever place one controls. At the same time a high status for one's geographical place means the availability of resources (rents, urban services, prestige) that enhance life chances generally.

We seek to understand how these two intersecting systems of hierarchy constitute human settlements. We explore the urban fortunes of people: entrepreneurs tie their futures to the manipulation of exchange values, which then affect the fortunes of residents using place to live another day. We explore the urban fortunes of places: places achieve their standing through internal social conflicts and the struggles of actors, local and remote, trying to generate profits, rents, and use values. We seek to show that the nature of human settlement, including its market organization, is a product of social arrangements and a force in the lives of people. We seek, in other words, to move systematic urban analysis away from both the neoclassical economists (of whatever discipline) and the Marxian determinists. We strive to develop an authentic urban sociology.