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FORTUNES  
THE POLITICAL  
ECONOMY OF PLACE

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*John R. Logan  
Harvey L. Molotch*

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UNIVERSITY OF CALIFORNIA PRESS  
*Berkeley Los Angeles London*

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## Preface

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We met by an unusual route. The editors of the *American Journal of Sociology* made the match. Having decided to publish papers by each of us in their September 1976 issue (Molotch's growth machine essay and Logan's study of stratification of suburbs), they organized an impromptu debate. Alongside each article, they published the author's commentary on the other's work. Molotch urged Logan to look beyond the suburbs to larger arenas of stratification (including those at the national and international level) as well as to hierarchies of power and wealth within places. Logan urged Molotch to elaborate the growth machine model to account for variations in the growth strategies of different kinds of places and to recognize more directly the participation of national corporations in local growth politics.

Both authors were convinced that local conflicts over growth are central to the organization of cities, a view that provides the starting point of this book. This position clearly separates us from the conventional approach to urbanization, which we criticize as excessively deterministic, in the mode of neoclassical economics. It also distinguishes us from the mainstream of the neo-Marxian approach to the city, which tends in still another way to treat development as inexorable, flowing in this case from the macro-structure of the "means of production." We are investigating how various kinds of people and institutions struggle to achieve their opposing goals in the creation of the metropolis. And compared to the other two approaches, we stress not only the economic imperatives of the larger system but also the strivings of parochial

elites to make money from development and ordinary people to make community a resource in their daily lives. The long tradition of community sociology, including the ethnographies of neighborhood life ignored by ecologists and neo-Marxians,<sup>1</sup> thus has a valued role in our analysis.

Although the prolific output of talented scholars has extended what was supposed to have been a one-year project into a five-year labor, it has been a stimulating time in which to write. Urban theory has been revitalized (even as we worked) by scores of social scientists who have seen the promise of linking the city to larger structures of economy and power, following the leads of Marx and Weber into more contemporary intellectual and empirical domains. Wherever we saw use for a concept or a finding, we made it our own, giving credit where we could. Much of this recent work has been devoted to a rebuilding of urban theory. Scholars have been willing to risk mistakes in return for boldness, and often in this book we, too, have made assertions for which the evidence is inadequate. Nevertheless, we have striven to be concrete, to use concepts with transparent links to everyday experience, and to indicate by examples the kinds of phenomena that would validate our assertions. By avoiding the abstractions sometimes achieved by both neoclassical economics and Marxism, we make more obvious the points at which the evidence is weak and the kinds of studies that are needed. We believe that the central task of the next decade is to design and carry out the research that will evaluate the theoretical gains apparently made in the past decade.

Colleagues have been good to us. We acknowledge assistance from Robert Alford, Greg Allain, Richard Appelbaum, Richard Flacks, Riley Dunlap, Robert Klausner, Richard Kolodin, Margit Meyer, John Pipkin, Chris Smith, Todd Swanstrom, Richard Walker, Maurice Zeitlin, and the late Nigel Taylor. Maureen Jung read the first horrible draft from beginning to end and gave us an honest critique. Steven Clayman provided able research assistance, and the staff of the Santa Barbara Sociology Department

(led by Chris Allen) provided every assistance to help us produce drafts and discs. Carolyn Horowitz checked and rechecked our bibliography to make our citations accurate and complete. Full readings and detailed suggestions were provided by our friends G. William Domhoff, Roger Friedland, Albert Hunter, and Michael Schwartz. We are very grateful to them.

The 1983 Albany Conference on Urban Theory and National Urban Policy provided many ideas that found their way into our work, and we acknowledge the help of participants as well as the State University of New York and the American Sociological Association for supporting that conference. Research grants from the National Science Foundation and National Institute of Child Health and Human Development supported Logan's research on suburban growth. Molotch was helped by the academic senate grants program of the University of California, Santa Barbara, the Harry Frank Guggenheim Foundation, and the Center for Urban Affairs and Policy Research of Northwestern University.

1. We distinguish between neo-Marxians, who, in our terminology, adhere to Marx's analytic frame, and neo-Marxists, who actively advance Marx's political program (the two groups often, but don't always, overlap).



# 1

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## The Social Construction of Cities

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The earth below, the roof above, and the walls around make up a special sort of commodity: a place to be bought and sold, rented and leased, as well as used for making a life. At least in the United States, this is the standing of place in legal statutes and in ordinary people's imaginations. Places can (and should) be the basis not only for carrying on a life but also for exchange in a market. We consider this commodification of place fundamental to urban life and necessary in any urban analysis of market societies.

Yet in contrast to the way neoclassical economists (and their followers in sociology) have undertaken the task of understanding the property commodity, we focus on how markets work as *social* phenomena. Markets are not mere meetings between producers and consumers, whose relations are ordered by the impersonal "laws" of supply and demand. For us, the fundamental attributes of all commodities, but particularly of land and buildings, are the social contexts through which they are used and exchanged. Any given piece of real estate has both a use value and an exchange value.<sup>1</sup> An apartment building, for example, provides a "home" for residents (use value) while at the same time generating rent for

1. We derive the distinction between use and exchange values from Marx's original formulation, as clarified through David Harvey's (1973, 1982) writings.

the owners (exchange value). Individuals and groups differ on which aspect (use or exchange) is most crucial to their own lives. For some, places represent residence or production site; for others, places represent a commodity for buying, selling, or renting to somebody else. The sharpest contrast (and the most important in this book) is between residents, who use place to satisfy essential needs of life, and entrepreneurs, who strive for financial return, ordinarily achieved by intensifying the use to which their property is put.

The pursuit of exchange values in the city does not *necessarily* result in the maximization of use values for others. Indeed, the simultaneous push for both goals is inherently contradictory and a continuing source of tension, conflict, and irrational settlements.<sup>2</sup> This book explores the conflict between use and exchange values in cities, enumerates and examines the forms of this contradiction, and analyzes how it is ordinarily managed. In our view, this conflict closely determines the shape of the city, the distribution of people, and the way they live together. Similarly, in light of this tension we can better understand the political dynamics of cities and regions and discover how inequalities in and between places—a stratification of place as well as of individuals and groups—are established and maintained.

This method of analysis is particularly appropriate to the urban system in the United States, a country that is unusual, even among Western industrial societies, in the extent to which places are the sites of struggles over use and exchange goals. The United States, as Harvey (1982:346) observes, "is the one country in which land, from the very beginning, was treated in a manner that came closest to that dictated by purely capitalistic considerations." The chronic protests of entrepreneurs notwithstanding, the numerous layers of the American government do relatively little to interfere with the commercial manipulation of land and buildings. This extreme commodification of place touches the lives of all and influences virtually every cultural, economic, and political institution that operates on the urban scene.

2. Unlike traditional geographers who blandly treat "locational conflicts" as essentially technical difficulties, Cox (1981), like ourselves, traces them to a "commodification" of the communal living space, which pits residents against property entrepreneurs over issues of land development and finance.

There is another distinguishing characteristic of the U.S. market environment. Local officials have extensive authority and fiscal responsibility for land use, revenues, and levels of urban services. This autonomy together with the enforced self-sufficiency of localities raises the stakes for an individual "choosing" a place to live or invest in, as well as what rides on local decision making. Life chances of all sorts, including the ability to make money from property, are significantly determined by what goes on at the local level. The tools of place manipulation are within reach (or at least appear to be), and this motivates individuals and groups to pursue their interests at the local level, particularly by influencing local government. The ensuing conflict between those seeking gain from exchange values and those from use values is by no means a symmetrical one, for differently equipped contenders mobilize their individual, organizational, and class resources on behalf of place-related goals. The ability to manipulate place successfully, including altering the standing of one place compared to that of another, is linked to an individual's location in the stratification system generally. The two systems of stratification (place and individual) thus penetrate one another.

Although these conditions make U.S. cities an appropriate focus for a study of the social nature of markets in land and buildings, our analysis applies to other societies to the degree that they approximate the U.S. situation of private real estate markets and local government autonomy. Virtually all market societies bear some resemblance to the U.S. case, but all also vary in ways that may make our conclusions fit only more or less closely. Nevertheless, we offer the basic hypothesis that all capitalist places are the creations of activists who push hard to alter how markets function, how prices are set, and how lives are affected. Our present goal is to learn how this is done in the United States, specifying the roles various social groups and institutions play.

In making this our central urban question, we draw upon much previous research and analysis from diverse intellectual traditions. We rely heavily upon the steady stream of recent advances in neo-Marxian political economy (from sociologists, economists, geographers, political scientists, and planners) but extensively use more traditional materials in human ecology and community studies as well. We do not conceive of this book as either a summary



or a synthesis, although there are elements of both. Rather, we use what we need from a number of traditions to explain the city as a meeting ground of use and exchange values. In making the case for an interest-driven social construction of cities, our aim is not to negate the results of other approaches but to draw upon them as the basis for a new way of conducting an urban sociology.

In the remainder of this chapter, we clarify how our approach differs from the two main traditions that have influenced our thinking. We then present the substance of our argument and indicate how we will provide, chapter by chapter, evidence for and elaboration of our central argument.

### Human Ecology and Its Successors

The centrality of markets and the assumption of a free market system have been major elements in the reasoning of urban social science since it first began (Thomlinson, 1969:129), although this is usually not explicitly acknowledged. As sociologists, we are most familiar with the Chicago school of human ecology, a school of thought so deeply immersed in free market reasoning that its practitioners seem not to have been aware that there was even an alternate approach. Perhaps because of this reliance on a closed set of market assumptions, the human ecology school maintained a theoretical consistency enjoyed by few other schools within social science. This distinctive perspective has been expertly exploited over several generations, yielding hundreds of studies, theoretical refinements, and policy recommendations. Most important, and the precedent we strive to emulate in this book, the Chicago school of human ecology actually possessed a "real object" (Castells, 1976:73) and a research strategy that distinguished it from other social science approaches.

In human ecology, spatial relations are the analytical basis for understanding urban systems, including the physical shape of cities, relations among people, and economic and social relations between urban areas. Regardless of the degree to which this spatial emphasis caused so much to be left "behind in the dust" (Michelson, 1976:3), the ecology school did impose a worthwhile discipline on the topic. Within the human ecology framework,

urban sociology cannot be expanded to the study of all phenomena found in the city (which is virtually all phenomena). Human ecology provided a theory, a focus on the subject matter, and an agenda for ordering research priorities.

The Chicago ecologists explained urban development through a "biotic" determinism. Like all other living things, human beings must first find a spatial niche in the larger habitat. This gives rise to a struggle, benignly competitive in the ecologists' formulation, in which each type of land user ends up in the location to which the user is best adapted. In a social Darwinism of space, the geographical allocation of human types maximizes efficiency for the community as a whole. The biggest bank naturally gains access to a site in the center of town because that's the point from which it can most efficiently serve its customers, who are located everywhere around it. An auto repair garage is appropriately displaced to a less crucial spot on the periphery. The bank and garage are not at war with one another, but are linked through symbiotic competition. Just as the mighty redwood tree does not wantonly "exploit" the ferns that live in the shade it provides, the dominant and less dominant within the human ecological community are mutually adaptive, contributing to the sustenance of the total habitat (see Hawley, 1950:66-68). Each subarea takes on its own character stemming from the kind of role (for example, banking center or rooming house district) it best plays.

In contrast to other species whose behaviors are genetically fixed, human beings have an equilibrating force in the property market and its price system. Although the ecological theorists did not make detailed statements about their market assumptions, their formulations necessarily assume free competition for space among users, resolved according to the relative desirability of particular locations and the buying power of competing land users. The "supplies" consist of land and buildings, which entrepreneurs add to the market in proportion to consumers' demand. Both buyers and sellers are autonomous individuals: Property entrepreneurs try to satisfy space needs of consumers, and consumers "vote" their preferences by choosing among products as their taste dictates, always free to substitute one product for another if price, quality, or utility should change. In good market fashion, buyers use their money to bid up the price of the most useful properties,

which, because of their high cost, then go to the "fittest" of consumers.

We thus end up in the ecological perspective with a "hidden hand" that secures the greatest good for the greatest number as a natural outcome of the market mechanism. In the world of human beings, money reflects fitness for dominance and provides the access to a given niche; price reflects the inherent desirability of a particular piece of property to those who can put it to the "best" use. High prices "signal" producers to mark out new land and create buildings to meet additional needs; consumers follow the same signals in determining where to live or set up shop. The market, in a biological metaphor, shapes the urban landscape and, because of the social adaptations it demands, determines the relations of people within the city.

The result is an optimal ordering of human settlement, in which the only real interests are the shared ones of keeping the market system functioning smoothly. Inequality is inevitable, but benign. In Park's words (1952:161), "the process results in the regulation of numbers, the distribution of vocations, putting every individual and every race into the particular niche where it will meet the least competition and contribute most to the life of the community." For the prominent ecologist Amos Hawley, inequality among places is even more explicitly construed as a natural consequence of differentiation. "A hierarchy of power relations emerges among differentiated (geographic) units . . . inequality is an inevitable accompaniment of functional differentiation. Certain functions are by their nature more influential than others; they are strategically placed in the division of labor and thus impinge directly upon a larger number of other functions . . . functional differentiation necessitates a (geographic) centralization of control" (Hawley, 1950:221).

Like differences within cities, differences between cities are based on a functional symbiosis that distributes growth and development across nations and world regions (Bogue, 1951, 1971; Duncan et al., 1960). Cities thus grow because they are able to make a positive contribution in the larger system of cities. Successful cities have special advantages like a deep water port (New York City) or a centrality and therefore easy access to markets and raw materials (Chicago). New York thus becomes the U.S. center

of world trade, Chicago the meatpacking capital of America. Extensive lists of such attributes, primarily physical advantages, are used to claim ecological superiority and to explain the consequent urban growth (see White and Foscoe, 1964).

Dominance both within and between places thus follows necessarily from the inherent differences among places and sustains efficiency of the system, an efficiency that follows more or less automatically. Hawley relegates politics to the role of maintaining the market mechanism.<sup>3</sup> As Mingione (1981:64) remarks on ecologists generally, they avoid "any connection between urban social structures and the general class structure of society, and between the urbanization process and the capital accumulation process."<sup>4</sup> There is nothing essentially problematic in the view that, as Park and Burgess (1921:712) put it, "the modern city . . . is primarily a convenience of commerce and it owes its existence to the marketplace around which it sprang up."<sup>5</sup>

Besides their impact within sociology, the basic precepts of the Chicago school of human ecology live on in other fields. The Chicago school had been stimulated by, and helped to foster, complementary intellectual programs in urban economics and urban geography.<sup>6</sup> Indeed, unencumbered by the constraints imposed by close observation of the real behavior of human beings, these spe-

3. On this point see the criticisms made by Alihan (1938), Hollingshead (1947), and Firey (1945). Zorbaugh ([1926] 1961) specifically discounted the sociological relevance of what he called administrative areas. Not all the Chicago ecologists excluded political factors. McKenzie ([1926] 1961), in fact, counted "political and administrative measures" among the "ecological factors" that shape the spatial relations among persons. Elsewhere McKenzie (1933:158-70) explicitly considered the competition among cities for favorable positions in an increasingly interdependent system of cities and such phenomena as local boosterism and conflicts over federal tax and expenditure policies. Yet even McKenzie was primarily interested in the economic forces leading toward system integration, seeing political competition as a subsidiary phenomenon. As a rule, human ecologists have failed to see geopolitical units as representing vested interests.

4. In Mingione's formulation (1981:21), "a) territory is a map of social relations of production because it is fundamental to all those relationships; b) territory is itself a means of production c) territory is a consumer good in short supply."

5. Maureen Jung (1983) pointed out this passage.

6. There is the pioneering work of von Thunen (1826) and Christaller (1933), through the more modern formulations of Alonso (1964) and Muth (1969). Such doctrines as central place theory, rank-size rules, the self-driven dynamics of agglomeration economies, the bid-rent curve, and the hierarchy of urban places share the free market economic determinism implicit in the ecological model.

cialties could go on to achieve especially impressive technical refinement and logical consistency. They retain, indeed reify, a vision of place as market-ordered space, to which human activity responds.

Beyond the assumption that humans are individualistic strivers, scholars in these fields have no interest in either entrepreneurs or place users as social actors. Entrepreneurs merely compete with one another to provide place products, the price of which is determined by buyers seeking to maximize their own individual efficiencies. Price itself is analytically interesting only because it indicates an equilibrium outcome; price measures real value of one place compared to another and is a handy *reflection* of the efficiencies of location. By reading the price of parcels, one gains the crucial information of the urban social system.

Many social scientists have not accepted such assumptions, whether expressed in the economists' terminology we have just used or in the biotic language of the ecologists. A minority of economists—"institutional economists"—have insisted that social organization routinely interferes with market functioning and must be treated as an empirical problem (Clawson, 1972). Many sociologists, even those with close ties to the ecologists, wince at the determinism that excludes human volition, cultural folkways, and political activities as real factors in human affairs (see Alihan, 1938). Much work has been done in urban sociology, particularly "community studies," with little or no reference to the ecological framework.

Indeed, the shortcomings of the ecology school seem to have given sociologists license to study almost anything taking place in the city and to call it urban sociology. After dismissing the spatial determinism and market assumptions of the ecologists, these sociologists have offered no clear alternative for an analytical discipline. As long as it had a city address, the urban research topic could be poor families or rich ones, a halfway house or a dance hall. Subjects like juvenile delinquency, poverty, or mental illness were all "urban." In our terminology, there was anecdotal preoccupation with the struggle *among* those striving for use values, largely without systematic attention to the exchange value context. To be sure, there were certain recurrent themes (like whether or not urban conditions "depersonalize" human interaction) to be

tested in a hundred different places at a hundred different times (see Hauser, 1967; Fischer, 1984:25–28 *passim*). But these were, at best, hypotheses within a topic, not the boundary of a field or the basis for an intellectual agenda. In the 1960s, when a new era of political reform demanded an urban studies "relevant" to the "urban crisis," virtually any question having to do with race, ethnicity, social class, deprivation, or human handicap was subsumed by the fashionable field of urban studies.

Our goal is to avoid this topical wandering, even while acknowledging that people and their institutions do "count." We can do this by doing more than noticing that the market-driven schools like ecology have "left out" human culture. The real flaw of such schools is that they ignore that markets themselves are the result of cultures; markets are bound up with human interests in wealth, power, and affection. Markets *work through* such interests and the institutions that are derived from and sustain them. These human forces *organize* how markets will work, what prices will be, as well as the behavioral response to prices.

People draw upon their emotional and social resources to build lives and develop entrepreneurial schemes around the opportunities available to them in a particular place. In brief, *price is sociological* and sociology is needed to analyze its determination as well as its consequence. By showing, in effect, how social factors shape prices of places and humans' response to those prices, we can understand the physical and social shape of cities. We will continue to study land "markets," retaining thereby the "real object" of the ecologists, but we will throw out the limiting and untenable assumptions about how those markets operate. Whereas the key behavioral assumption of economist thinking is that people are inherently individualistic with aggregate efficiency following as a result, our behavioral assumption is that people tend, in their market behavior as everywhere else, toward coalition and organization. It is the efficiency of results that is open and problematic.

Put still another way, we see places as *vital* units, not goods on a rack. Both property entrepreneurs and residents make great efforts, often organized ones, to guarantee that various kinds of production and consumption occur in one place and that other activities occur in another place. Among the consequences of these

efforts are changes in prices, which then lead to still more social effects in other realms. Geographical communities are not mere containers of activities, some of which happen to have price results or respond to price cues. Rather, community is accomplished through concrete, practical activities of individuals (see Romes, forthcoming), who, regardless of where they live, work, or invest, see place as the vehicle for meeting significant needs. In the prescient words of William Form (1954:317), there is active manipulation of place itself through "the institutional pressures which maintain the ecological order."

### The Marxian Approach to the City

Marx gave relatively little attention to space as an analytical problem (Qadeer, 1981:176) and treated the owners of real estate as an essentially reactionary residue of a disappearing feudal order. Marx appears, in his writing, to be "extraordinarily reluctant to admit of any positive role for the landlord under capitalism" (Harvey, 1982:331). Contemporary Marxian scholars have thus applied the more general Marxian framework to urban issues, using the productive system—the accumulation process—as their primary explanatory apparatus. Thus, in throwing out the economic assumptions of optimizing markets, the neo-Marxians have tended toward their own set of limiting assumptions. Whereas for the ecologists the city results from a happy market equilibrium, for the Marxians it is a dismal consequence of the logic of capital accumulation. In the ecological formulation, urban people are little more than various species of land users; for the Marxians residents are "labor" whose urban role is to be "reproduced" as a factor of production. Whatever exists in the urban realm, as in any other, must be there because it serves the exploitation of workers by capitalists. Under such reasoning, for example, suburbia developed merely to provide capital with a new realm in which to invest and to stimulate additional demand for consumer goods. This verges on a Marxian version of functionalism, a "fudging" (Giddens, 1984a) that avoids working through how human activities actually give social structures their reality.

David Harvey, the most important of the Marxian urban scholars and the author of much work that has inspired our own, has sometimes generalized in ways that would seem to cut off a great deal of useful thinking and research. Harvey writes (1976:289, as quoted in Domhoff, forthcoming):

Conflicts in the living space are, we can conclude, reflections of the underlying tension between capital and labor. Appropriators and the construction faction mediate the forms of conflict—they stand between capital and labor and thereby shield the real source of tension from view. The surface appearance of conflicts around the built environment—the struggles against the landlord or against urban renewal—conceals a hidden essence that is *nothing more* [our emphasis] than the struggle between capital and labor.

Similarly, another important Marxian writer, Richard Walker (1981:385), even as he discusses use values, defines the problem as a need to understand how the city is "constructed and continually reconstituted to assure the reproduction of capital (accumulation) and capitalist social relations (holding class struggle in check)."

The topics of an urban sociology come dangerously close to merging with Marxian political economy, generally, and the analytical exercises become as predictable as those carried out by economist market theorists.<sup>7</sup> Once again, the "real object" of an urban sociology may be lost as analysis of all phenomena fixes on the accumulation process. The only actors who matter, if any actors matter at all, are the corporate capitalists, whose control of the means of production appears to make them, for all practical purposes, invincible.

Much of our work tries to show *how* human activism is a force in cities. We strive to follow a more recent dictum of David Harvey in which, though rejecting the ecologists' treatment of "geometric properties of spatial patterns as fundamental," he ac-

7. The parallel between ecological and Marxist thinking was acknowledged by Castells, who argued in *The Urban Question* that

the results obtained by ecology have more value for the establishing of a theory of space than a mass of sociocultural correlations, for they reflect this primary determination by the productive forces and the relations of production that stem from them (Castells, 1979:122–23).

knowledges the “opposite danger” of seeing “spatial organization as a mere reflection of the processes of accumulation and class reproduction.” We also try to “steer a middle course” and “view location as a fundamental material attribute of human activity but recognize that location is socially produced” (Harvey, 1982:374; see also Duncan, 1961).<sup>8</sup>

To carry out this effort, we give primary attention to the strategies, schemes, and needs of human agents and their institutions at the local level. People dreaming, planning, and organizing themselves to make money from property are the agents through which accumulation does its work at the level of the urban place. Social groups that push against these manipulations embody human strivings for affection, community, and sheer physical survival. The boundaries of our urban sociology are drawn around the meeting place (geographical and analytical) of these two struggles.

Our focus on parochial actors is not meant to slight the obviously crucial linkages between these local urban phenomena, on the one hand, and cosmopolitan political and economic forces, on the other.<sup>9</sup> But for the sake of manageability, our urban sociology must focus on the local manifestations of those linkages. Then, however, analysis should work “outward” toward macro concerns of world systems theorists, as well as “inward” toward micro psychic understandings, since both feed into, and are shaped by, activities at the land-use nexus. Our focal point is always the meeting of use and exchange values on the urban ground, which then directs how the inward and outward investigations should proceed.

8. Our view closely corresponds to Storper and Walker's (1983) conception of “structural realism.” A model of employment, in their terms, “involves both underlying ‘structural’ relations and their logic, of which the human actors are largely unaware, and human agency and contingent circumstances. . . . Together, structures and agency/contingency generate the actual events of everyday life. Such a conception necessarily includes the flow of history, indeterminate (non-predictable) outcomes, and contradictory outcomes, including those so severe as to threaten the reproduction of either the actors or the social system itself.” This approach is akin to Giddens's (1984b) conception of “structuration” as a call to end the dualism in which social structure and human action are juxtaposed as different “things.”

9. Thus we cannot abide the happy populism that seems to characterize Castells's (1983) recent work because it seems oblivious to the structures through which social action receives its challenges (see Molotch, 1984).

## The Building of Cities

The chapters that follow are an effort to construct a sociology of cities on the basis of a sociology of urban property relations. Chapter 2 presents our perspective on the markets of places, emphasizing the ways in which the sociological qualities of real estate make conventional market reasoning especially inappropriate for understanding how social relations are ordered around it. We identify people and organizations with interests in places and how those interests affect use and exchange values. We emphasize the ongoing effort of place entrepreneurs to increase local rents by attracting investment to their sites, regardless of the effects this may have on urban residents. We argue that these strivings for exchange value create a competition among place entrepreneurs to meet the preferences of capital investors. This is our way of showing how local actors link parochial settings with cosmopolitan interests, making places safe for development. It is a system, we indicate, that stratifies places according to the ease with which they can attract capital—a stratification that then alters the life chances of local individuals and groups. The remainder of the book is devoted to more detailed and empirically based elaborations of these themes.

In chapter 3 we argue that the pursuit of exchange values so permeates the life of localities that cities become organized as enterprises devoted to the increase of aggregate rent levels through the intensification of land use. The city becomes, in effect, a “growth machine.” The growth ethic pervades virtually all aspects of local life, including the political system, the agenda for economic development, and even cultural organizations like baseball teams and museums. Moving beyond previous analyses (Molotch, 1967, 1976, 1979), we argue that these growth machines are historical, dating from frontier America, but take different forms and have different impacts depending upon time and context. Although growth is often portrayed as beneficial to all residents of all places, in reality the advantages and disadvantages of growth are unevenly distributed. The nature of the growth machine, including its tactics, organization, and effects on local populations, has been little investigated by students of community power, and we therefore sketch a picture of growth machines in action.

How neighborhood life is affected by and in turn affects the growth system is analyzed in chapter 4. Neighborhood stability, we argue, is dependent on an area's strategic utility to the growth machine apparatus. Neighborhoods whose obliteration would better serve growth goals are subject to the strongest pressure; unless their residents and organizations are high enough in the hierarchies of power to resist, neighborhoods are sacrificed to the growth goal. Such neighborhood attributes as the mode of interpersonal supports, the presence or absence of an indigenous business class, and race and racism also help shape specific outcomes.

In chapter 5 we evaluate the ways government, at various levels, has intervened in the distribution of use and exchange values. In contrast to the use value rhetoric that regularly cloaks government policy making, the policies themselves routinely bolster exchange gains for the powerful. In zoning, planning, environmental protection, and, more broadly, national urban policies, the overall thrust of urban programs has been to bolster development and rents, and rarely to enhance use values. Even in the case of suburban local government, often portrayed as the bastion of "local control," the development process is dominated by the search for rent and profit with the very creation of suburbs guided by such goals. The result is a patchwork of governmental jurisdictions that appears to reflect urban chaos, but actually *organizes* inequalities among jurisdictions and their residents.

New tensions are emerging in the growth machine system, and in chapter 6 we investigate these and other signs that the well-worked-out mechanisms for integrating residents, entrepreneurs, and capital may be faltering. In particular, instances of use value revolt, primarily in the form of environmental movements, are potential threats to rents and capital mobility. At the same time, new modes of linking locality to the needs of capital seem to be emerging, such as a tendency for corporate officials to participate more directly in both the real estate business and local politics.

Finally, in chapter 7 we describe changes in the macroeconomic system that are increasingly impinging upon localities, including upon the struggles for use and exchange values going on within them. New sorts of cities, distinguished by their specialized role in the international economic system, are giving rise to distinctive relations among their component social groups. As cit-

ies are increasingly altered by forces outside local boundaries, there are new challenges for residents straining to gain a degree of control over local processes of development. We argue that neighborhood parochialism will have to be supplanted by a broader vision of how the *system* of places works, and how intelligent action in one place can complement (but not necessarily replicate) actions in others.

These are our themes and their order of presentation. To the extent possible, we have tried to muster empirical evidence for our points, sometimes utilizing illustrative detail and in other instances relying on more fully developed research programs. Because we try to trace an argument through analytical levels and in a way that makes sense overall, our evidence is not always as deep or as complete as we would have liked. Our way of formulating urban problems has not been widely followed among social scientists and for that reason we have had to rely upon research materials generated by those with agendas different from our own. But in the holes and troughs in our evidentiary base, there is an opportunity for new work, by ourselves and by others as well.

Although we are seldom explicit about it, we are also describing a program for the American community, comparable to more frequently pronounced national strategies on such issues as defense, economic development, and industrial policy. Local communities are both the site of people's life gratifications and the only arena in which most citizens can take any meaningful action. We hope that the ideas and evidence contained in this book can help, however indirectly, to clarify how and why localities matter, and embolden people to take more informed and effective actions on behalf of the lives they collectively lead.

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## Places as Commodities

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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 an-



other 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.<sup>1</sup>

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 non-material.

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