BUILDING AMERICAN CITIES

The Urban Real Estate Game

Second Edition

Joe R. Feagin
Robert Parker

Prentice Hall
Englewood Cliffs, New Jersey 07632

BUILDING AMERICAN CITIES

The Urban Real Estate Game

Second Edition

Joe R. Feagin
Robert Parker

Prentice Hall
Englewood Cliffs, New Jersey 07632

Library of Congress Cataloging-in-Publication Data
Feagin, Joe R.
Building American cities : the urban real estate game / Joe R. Feagin and Robert Parker. — [2nd ed.]
p. cm.
"January 1, 1989."
Includes bibliographies and index.
ISBN 0-13-085838-2
1. Land use. Urban—United States. 2. Real estate development —United States. 3. City planning—United States. 4. Urbanization —United States. 5. Urban renewal—United States. 6. Housing —United States. 7. Urban policy—United States. I. Parker, Robert, 1957- . II. Title.
HD257.Ff43 1989
307.1'46'0973—dc20 89-16091
CIP

Editorial/production supervision and
interior design: Tally Morgan, Wordcrafters Editorial Services, Inc.
Cover design: Wanda Lubelska
Manufacturing buyer: Ed O'Dougherty

A Division of Simon & Schuster
Englewood Cliffs, New Jersey 07632

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1

ISBN 0-13-085838-2

Prentice-Hall International (UK) Limited, *London*
Prentice-Hall of Australia Pty. Limited, *Sydney*
Prentice-Hall Canada Inc., *Toronto*
Prentice-Hall Hispanoamericana, S.A., *Mexico*
Prentice-Hall of India Private Limited, *New Delhi*
Prentice-Hall of Japan, Inc., *Tokyo*
Simon & Schuster Asia Pte. Ltd., *Singapore*
Editora Prentice-Hall do Brasil, Ltda., *Rio de Janeiro*

To our parents, Hanna and Frank Feagin
and Elizabeth and Charles Parker,
and to the memory of Neva Sharp.

CONTENTS

PREFACE

Building American Cities is about people like Jimmy White, a 72 year-old Chicagoan living a mile from the Loop who survived the winter of 1988-89 in one of the nation's coldest cities in a ramshackle shanty. Before moving there, White had slept in cheap boarding houses, on the sidewalks and in a crude assemblage of mattresses and wood covered by sheets of plastic. A proud, persevering man, Jimmy has not applied for Federal welfare assistance or food stamps. The former car wash and auto shop worker explains, "I'm so busy I don't have time to get it." In a city with an estimated 25,000–40,000 homeless—and only 2,800 beds available—White has not taken the trouble to seek protection from the weather in one of his city's scattered and inadequate shelters. His explanation echoes the sentiments of many homeless people when he calls the shelters "too crowded." White's dilemma symbolizes the *affordable* housing crisis in the United States.[1]

This book is also about our local and federal governments—about our political leaders and their often deficient housing perspectives and policies, policies that after decades of an affordable housing crisis and a decade of visible homelessness have done little to solve our underlying housing dilemmas. One recent example of a governmental leader who ignored those Americans with affordable housing problems is former President Ronald Reagan. After the 1988 election in which then-Vice-President George Bush was elected the next President, President Reagan was interviewed by ABC's David Brinkley. In spite of regular reports documenting the problem, this was one of the few occasions during his eight-year administration in which he addressed the homeless issue. When asked, then President Reagan replied that many of the homeless people "make it their own choice" not to seek out shelter and that a "large percentage" of the homeless are "retarded" people who have "walked away from those institutions." The highest official in the land then blamed the increase in numbers of homeless people primarily on the American Civil Liberties Union for promoting changes in the law that allowed "mentally impaired" people to leave institutions. Mr. Reagan was not only ill-informed about the reasons for the closing of many inadequate and unsafe mental institutions, but he was also oblivious to the fact that two-thirds of the homeless do not fall into this category. And in spite of the severe shortage of beds available at private and public shelters, Reagan emphasized that "there are shelters in virtually every city and shelters here [Washington, D.C.] and those people still prefer out there [sic] on the grates or the lawn to going into one of those shelters."[2]

Building American Cities is also about people like Robert Moses, perhaps the most powerful public developer the United States has ever known, and like Donald Trump, a major private developer who exemplifies the high-profile breed of private real-estate capitalist. Consider the legacy of Robert Moses, a man who at one point held a dozen New York City and New York state offices simultaneously. Utilizing government capital from the 1920s to his retirement in the late 1960s, Moses built many governmental projects in the New York area, so many that he has been called the greatest public builder since the pharaohs of ancient Egypt. Moses supervised the building of the Verrazano-Narrows, Triborough, Westside, Bronx-Whitestone and Henry Hudson Bridges, the Queens Midtown and Brooklyn-Battery Tunnels, highways (the Northern and Southern State Parkways, the Long Island Expressway), power stations, the New York Coliseum, housing projects, the Lincoln Center for the Performing Arts, the United Nations headquarters, and many beaches, playgrounds, and parks. While many have lauded Moses' public accomplishments, there was a seamy underside to his usually autocratic approach and to his ignoring of the negative impact his projects had on ordinary citizens. Critic Paul Goldberger, reflecting on the 100th anniversary of Moses' birth, made these observations:

> *It all changed in the years after World War II, when Moses' tactics, which had always been highhanded, became more arrogant still; he pushed through projects...and the bulldoze-and-rebuild philosophy of urban renewal became his stock-in-trade. No public official was more closely identified with the banal red-brick towers of postwar public housing than Moses, or with the insistence that highways took priority over existing neighborhoods. Moses had no patience with those who argued that demolishing stable neighborhoods for urban expressways was a grievous error; he talked frequently about not being able to make an omelet without breaking eggs, and that was all the justification he believed he needed.*[3]

Then there is another famous New York developer—Donald Trump. Since Trump's activities are detailed in Chapter 3, we will cite here a *Fortune* business writer, who gives an unflattering portrait of this powerful developer:

> *Born in 1946, Trump is undoubtedly the finest example we have of materialism, ambition, and self-love among the baby-boomers. His book [The Art of the Deal, 1988], written with Tony Schwartz, will no doubt someday be on the required reading lists at great universities for history courses with names like "The Roaring Eighties: The Age of Excess." It will not be of much use in business schools or to anyone with a real job. What it delivers is everything you always suspected about the makeup of Donald Trump: The pomposity, the shallowness, and above all, the need for more money, more toys, and more attention.*[4]

What this rather harsh picture does not detail are the facts of Trump's widespread development activities. Trump's real estate holdings in North America have been estimated to be nearly $4 billion. His development firm, like other development firms, has played a major role in reshaping our cities. Trump's company has been involved in numerous large-scale New York projects, including Trump Tower, a retail-office-apartment complex next to Tiffany's on Fifth Avenue. In the late 1980s Trump ranked 27th among major developers in the United States.

This book is also about the courageous actors who are resisting the actions and decisions of the Moses, Reagans, and Trumps and have been defending the likes of Jimmy White. One recent case of citizen protest in San Francisco took place at the Alexander Residence, a hotel subsidized by a federal housing program. The owner illegally raised the furniture rental rate, and the tenants organized and applied pressure to hotel owners and federal officials. After months of protest the group succeeded in rolling back rents and in getting rebates for overcharges. A leader of the group perceptively commented that

> *I thought that when you're down like this, way below the poverty level, you're powerless. But I realized that you can make the big shots stand up and listen. It was amazing to me to learn that if you work together you can do something.*[5]

In the next chapter we will discuss a very successful movement of tenants, in Santa Monica, who forced developers to make major "linkage" concessions to citizen demands.

A professional group supportive of such citizen actors is the group of planners who identify themselves as "advocacy planners." These urban planners are working to integrate the interests of low-income families, members of minority groups, and less powerful urbanites into the urban decisionmaking process that shapes modern cities. Expressing a widely shared view, advocacy planner Lewis Lubka has noted that

> *...there are still some radical planners around—or progressive, or whatever you want to call them. True, I see a lot of "privatizing"—a lot of fine planning minds spending their time figuring out how to keep business profitable. But I'm still fighting, I'm still involved. My state, through the efforts of some of the planners, voted for nuclear freeze and against money for phony nuclear relocation plans. It's clear that there are still people who are looking for alternatives.*[6]

Building American Cities is not only about people, about urban actors in various class, race, and gender groups, but also about the processes, structures, and social texture of urban America. People make their own history, but they make that history within the context of structures and institutions. This book presents the story of the often concealed struggle underlying our diverse and complicated urban landscapes. It is an account of how American cities emerge, transform, contract, die, and become resurrected. It is a book that demonstrates the need for a critical examination of urban social processes, such as population migration to suburbia, patterns of corporate location decisions, and cycles of foreign capital investments in U.S. real estate. It attempts to explain the specific mechanics involved in the assembling, organizing, and construction of development projects in urban areas. It examines the patterns in the location, development, financing, and construction decisions of small and large corporations, as well as the patterns of relationships between industrial and development corporations and various levels of government. This book pays particular attention to the patterns and consequences of the social costs—such as pollution, wasted energy, and congestion—of unbridled urban growth (and of decline) in a capitalistic context.

An important central theme running through *Building American Cities* is that our urban society is characterized by ongoing, often volatile, social conflict. This citywide conflict takes many specific forms and is acted out by diverse groups of actors: small business owners and large capitalists; profit-oriented industrial and development firms and ordinary workers, consumers, and homeowners; the better-off, tax-generating whites who fled to the suburbs and poorer inner city minority Americans who became saddled with substandard services as a consequence; public officials who attempt to shift urban decisionmaking in the direction of business interests and progressive community groups pressing for greater democratization of this decisionmaking process. It is this social dynamic, this perennial conflict, that fundamentally gives shape to our urban centers. While we see the pitched battle over the shape and character of urban landscapes as favoring large developers and their corporate and governmental allies, we argue here that the contest over urban form, structure, and process has by no means been resolved. As long as the resistance efforts of groups such as the Alexander Residence protestors, the Santa Monicans for Renters Rights, the Municipal Art Society of New York City, and the advocacy planners persist and have a progressive impact, the urban struggle for more liveable cities will doubtless continue.

OVERVIEW OF BUILDING AMERICAN CITIES

We begin our examination of U.S. urban society, past and present, by analyzing in Chapter 1, "Building American Cities," the traditional market-oriented social science perspectives on cities and the newer critical urban perspectives. We lay out the advantages of the new critical perspectives, advantages documented fully in the chapters that follow. We detail who the major and minor urban development actors are, in both the governmental and private spheres, and we examine the complex web of institutions and structures, such as capital investment circuits and state bureaucracies, that surround and limit these actors. We briefly discuss the significance of the powerful development actors, such as developers and bankers, as well as the citizens' protest movements.

Chapter 2, "Corporate Location Decisions," examines the impact of corporate location determinations, those actions that often set urban real estate development processes into motion. We pay attention to capital mobility and detail the numbers of Americans involved in plant closings and employee cutbacks. We examine the role of government subsidies for industrial and commercial corporations seeking new city locations. And we note the importance of the global corporate search for "good business climates."

Chapter 3, "Developers, Bankers, and Speculators: Shapers of American Cities," describes the different types of actors involved in urban development. We identify the specific actors involved in transforming cities. Our emphasis on particular agents is designed to counter the argument that cities emerge and grow "naturally" as the result of some "invisible hand." We also trace the institutional frameworks, such as finance capital institutions, through which these powerful development actors work. We analyze the recent increases in foreign capital investments in U.S. real estate.

Chapter 4, "Skyscrapers and Multiple-Use Projects," begins a series of chapters on specific features of our urban environments. We demonstrate how high-rise commercial developments have transformed urban America. We describe and explain the oscillating market in office space nationwide. And we conclude with a detailed examination of the emergence and rapid growth of multiple-use developments, those mega-projects that incorporate such features as office buildings, shopping facilities, residential facilities, and selected urban amenities.

Chapter 5, "Gentrification and Redevelopment in Central Cities," discusses one of the most controversial issues in urban America today—gentrification. By describing and analyzing gentrification and other urban displacement scenarios we uncover the uneven investment patterns that are characteristic of contemporary patterns of urban real estate investment.

Chapter 6, "Autos, Highways, and City Decentralization," details the emergence and impact of the automobile on urban form. We describe the forces lying behind the decline of mass transit, the impact of highways, and the role of the key public and private actors involved in the construction of metropolitan beltways, parkways, and highways. We scrutinize traffic congestion as a key social cost involved in unregulated and poorly planned urban growth. And we study city decentralization and outline its influence on the growing mismatch between jobs and housing in U.S. cities.

Chapter 7, "Shopping Centers and Business Parks: Decentralized Urban Growth," describes two major dimensions of the decentralized structure of our urban settings: shopping malls and industrial/business parks. We delineate several types of malls, identify major owners and developers, and show how large malls can have a deleterious impact on surrounding environments. We also include a discussion about the private versus public nature of malls and consider the oft-celebrated "village square" imagery surrounding shopping centers. And we conclude with a discussion of the decentralization of business parks.

Chapter 8, "Suburbs and Central Cities: Residential Housing Development," is a key chapter dealing with housing in America. We examine the growing problem of the lack of affordable housing, the major developers of housing, the role of the government in housing trends, the emergence and patterning of suburban housing developments, the low rate of public housing construction, rates of homeownership, and problems facing those who must rent their housing.

Chapter 9, "Governments and the Urban Development Process," takes an in-depth look at the role of government in shaping the structure of our cities. It offers specific examples and discusses both older and recent forms of developmental subsidies provided by all levels of government. It traces the history of zoning in the U.S. and reveals the conflicting interests that produce fiscal crises in cities.

Chapter 10, "Citizen Protest: Democratizing Urban Investment and Development," discusses the efforts of individuals and groups active in resisting powerful industrial and real estate capitalists. Many peoples' movements envision an alternative to the present elitist, private-profit-centered decision making about our cities. A survey of these citizens' movements suggests the possibility of a more democratically organized decisionmaking system. The role of a variety of movements, including tenant struggles, in urban change and the emergence of advocacy planners are also examined in some detail in this final chapter.

ACKNOWLEDGMENTS

We would like to thank the following people for their insightful reading of various drafts of this book and/or for their encouragement and support: Terry Sullivan, Mark Gottdiener, Michael Peter Smith, Peter Dreier, Tony Orum, Bennett Harrison, John Gilderbloom, Arnold Fleischmann, Jerry Jacobs, Richard Walker, Steve Worden, Stella Capek, Claire McAdams, Walter Firey, Gideon Sjoberg, Manuel Castells, Carrolyn and Rosie, David Derosset, Ernest Cantrell, Chelsea and Ashley Parker, Sue Boland, Harriet and Dick Mears, David Byrne, and Robert Zimmerman. We would like to thank Pat Thomas for editing assistance and Janice Campbell, Clairece Booher Feagin, and Barbara Phillips for word processing aid. And we are

indebted to our editors at Prentice Hall, Bill Webber and Nancy Roberts, for their continuing support for this book.

NOTES

1. James Barron, "Cold Forces Reluctant Homeless Into Sometimes Dangerous Shelters," *The New York Times*, December 13, 1988, p 1; Isabel Wilkerson, "In Chicago, a Shanty Shelters an Aging Man and His Pride," *The New York Times*, December 20, 1988, p 1.
2. "Reagan: Homeless Choose Streets," *St. Louis Post Dispatch*, December 23, 1988, p 7A.
3. Paul Goldberger, "Robert Moses: Patron Saint of Public Places," *The New York Times*, December 18, 1988, p 45.
4. Gary Belis, "Donald Trump Explained," *Fortune* 117 (January 4, 1988): p 92.
5. Barbara Goldoftas, "Organizing in a Gray Ghetto," *Dollars and Sense* No. 133 (January/February 1988), p 18-19.
6. Ruth Knack and James Peters, "There Have All the Radicals Gone?" *Planning* 51 (October 1985): 14.

BUILDING AMERICAN CITIES

1

BUILDING AMERICAN CITIES
Traditional and Critical Perspectives

One rainy morning Dorothy Lykes, not knowing where else to turn, telephoned the Gray Panther office in New York City....Mrs. Lykes was 78, terminally ill with cancer and weighed 70 pounds. Her husband was in the hospital, also terminally ill. Most of their Social Security was going for his hospital bills. The city had taken possession of their Bronx home, which they bought in the 1950s, because they could not pay the property taxes. Nor could they pay the $300 a month rent the city was asking from them for living in their own home. Mrs. Lykes asked: "Is the next step for me to move to Penn Station?"[1]

...the Times Square area is changing its character. At the north edge is Edward Larrabee Barnes's huge, just-completed Equitable Tower. To the south, at 42nd and Broadway, two hotly debated towers by Philip Johnson and John Burgee are set to rise. In between, sites have been assembled for new hotels and office buildings. Further west, the lure of the new Convention Center has spurred proposals for new megacomplexes in an area once dominated by manufacturing. Caught in the middle is the old working class neighborhood of Clinton (once known as "Hell's Kitchen"), which is experiencing powerful gentrification pressures despite the special zoning meant to protect the area.[2]

INTRODUCTION

Locating new factories. Relocating offices. Buying hotels. Building office towers. Mortgaging whole streets of houses. Buying and selling utility companies. Bulldozing apartment buildings for office construction. Purchasing large blocks of urban land to secure a land monopoly. Going bankrupt because of overextension in real estate. These actions are part of the real estate game played in every American city. The only place most Americans are able to play anything analogous to this is on the *Monopoly* game board in living-room encounters with their friends. The board game mimics the real world of real estate buying, selling, and development, but the parallels between playing *Monopoly* on the board and playing the real estate game in cities are limited, for in the everyday world of urban development and decline there are real winners and real losers.

In U.S. cities the powerful elites controlling much development—the industrial executives, developers, bankers, and their political allies—have built major development projects, not just the hotels and houses of the *Monopoly* game, but also shopping malls, office towers, and the like. They typically build with little input from local community residents. Executives heading industrial firms and real estate developers have frequently been able to win a string of favorable concessions from city officials: cheap land, industrial parks, tax decreases, and utility services subsidized by rank-and-file taxpayers. In many cities these industrial executives and developers threaten to go elsewhere if these governmental subsidies are not provided. Yet in the 1970s and 1980s some citizen groups have tried to change this way of doing city business. Periodically, the voters in cities, from Santa Monica and Berkeley on the West Coast, to Cleveland in the Midwest, to Burlington and Hartford on the East Coast, vote out pro-development political officials in favor of candidates more tuned to slow growth and enhancing the local quality of life. For instance, in the 1980s the residents of Santa Monica, California, voted out a city council allied with landlords, developers, and bankers. They elected in their place a progressive council determined to break with the developer-oriented dominance of city politics. The new council has rejected policies favoring developers and has used a policy called "linked development" to force those developers building new office complexes and shopping centers to take action to meet important local needs. One Santa Monica city council agreement with a developer building a million-square-foot hotel-office complex specified that he must include landscaped park areas, a day-care center, energy conservation measures, and a positive plan for hiring minority workers.[3]

Who Decides on Development? Some powerful developers, bankers, and other development decision makers are becoming known to the public. There is, for example, Gerald D. Hines, a Houston mechanical engineer whose $200 million estimated net worth was just under the amount necessary to be listed among the nation's 400 richest people by *Forbes* in 1987.[4] Still, Gerald D. Hines Interests of Houston, one of the largest U.S. development firms, controlled buildings worth more than $4.5 billion. In the early 1980s Hines celebrated the laying of the foundation of a Republic Bank office complex in Houston with a lavish $35,000 reception for top business and government leaders; it included a brass ensemble playing fanfares, fine wine and cheeses, and other culinary delights. The massive building itself, red granite in a neo-Gothic style, is just one of more than 360 such office buildings, shopping malls, and other urban projects that have been built by Hines' company in cities from New York to San Francisco.

Residential developers have also shaped U.S. cities in fundamental ways. The famous firm Levitt and Sons is among the 2 percent of developer-builders that have constructed the lion's share of U.S. residential housing since World War II. Using nonunion labor, Levitt and Sons pulled together in one corporation the various aspects of the house manufacturing and marketing process, from controlling the source of nails and lumber to marketing the finished houses. After World War II, Levittowns—names now synonymous with suburbs—were built in cities on the East Coast. One subdivision, Levittown, New Jersey, was carefully planned so that the acreage was within one political jurisdiction. According to Herbert Gans, the company executives had the boundaries of a nearby township changed so that it was not part of the area in which this Levittown would be built, thus giving Levitt and Sons more political control. William Levitt was the key figure in this development firm for decades, and he reportedly built his suburbs with little concern for the expressed tastes of his potential customers; Levitt was not especially "concerned about how to satisfy buyers and meet their aspirations. As the most successful builder in the East...he felt he knew what they wanted."[5] Profitability was the basic standard; community-oriented features were accepted when they enhanced profit. No surveys of potential buyers were made to determine consumer preferences, but a great deal of attention was given to advertising, marketing, and selling the houses to consumers. Friendly salespeople were selected and trained by a professional speech teacher. Buyers who were viewed as "disreputable" were excluded; and blacks were excluded until the state government began to enforce a desegregation law.[6]

Developers such as Hines and Levitt and Sons have been a major force in making and remaking the face of American cities. They are key figures in shaping city diversity and decentralization. Since World War II, U.S. cities have exploded horizontally and vertically with thousands of large-scale developments—shopping centers, office towers, business parks, multiple-use projects, convention centers, and residential subdivisions. The "built environments" of our cities have expanded to the point that their growing, and dying, pains have become serious national problems. Trillions of dollars have been invested in tearing down, constructing, and servicing the many and diverse physical structures scattered across hundreds of urban landscapes. For large development projects to be completed in downtown or outlying areas of cities, older buildings are often leveled, even when local citizens oppose such development. The major U.S. developers often see their projects as the "cutting-edge of western civilization." Yet these massive expenditures of capital for large-scale urban development, for lavish towers and the parties celebrating them, are made in cities with severe urban problems—extreme poverty, housing shortages, severe pollution—for whose solution little money allegedly can be found.[7]

Cities are not chance creations; rather, they are human developments. They reflect human choices and decisions. But exactly who decides that our cities should be developed the way they are? Who chooses corporate locations? Who calculates that sprawling suburbs are the best way to house urbanites? Who decides to put workers in glassed-in office towers? Who determines that shopping is best done in centralized shopping centers? Who creates the complex mazes of buildings, highways, and open spaces? There is an old saying that "God made the country, but man made the town." Cities are indeed human-engineered environments. But which men and women made the cities? And what determines how they shape our cities?

GROWTH AND DECLINE OF CITIES: TRADITIONAL SOCIAL SCIENCE PERSPECTIVES

The Traditional Approach: The Market Knows Best Examination of urban development and decline has been dominated by a conflict between the market-centered approaches of traditional social scientists and the newer critical analyses developed in recent decades. Traditional social scientists have dominated research and writing about American cities. Beginning in the 1920s and 1930s, there was a major spurt of activity in urban sociology and ecology at the University of Chicago, where researchers such as Robert Park and Ernest W. Burgess drew on the nineteenth century social philosopher Herbert Spencer to develop their concept of city life, organization, and development; they viewed the individual and group competition in markets in metropolitan areas as resulting in "natural" regularities in land-use patterns and population distributions—and thus in an urban ecological or geographical map of concentric zones of land use, moving out from a central business district zone, with its office buildings, to an outlying commuter zone, with residential subdivisions.[8]

Much urban research between the 1940s and the 1970s established the dominance of the traditional market-centered paradigm in urban sociology, geography, economics, political science, and other social science disciplines. Largely abandoning the concern of the earlier social scientists with urban space and land-use zones, sociological, economic, and geographical researchers have for the most part accented demographic analysis and have typically focused on population trends such as migration flows, suburbanization, and other deconcentration, and on statistical distributions of urban and rural populations in examining modern urban development. Writing in the *Handbook of Sociology*, the urban analysts Kasarda and Frisbie review mainstream research and a small portion of the newer critical research, but they explicitly regard the ecological approach in sociology, geography, and economics as the "dominant (and arguably, the only) general theory of urban form" that has been tested by empirical verification.[9] Books such as Berry and Kasarda's *Contemporary Urban Ecology*, Micklin and Choldin's *Sociological Human Ecology*, and textbooks like Choldin's *Cities and Suburbs* have been influential in establishing a conventional perspective accenting the role of a competitive market in urban development and emphasizing market-centered city growth as beneficial to all urban interest groups. The political scientists in this tradition have also given attention to capitalism-generated growth and the role of the market in city development; they alone have given much attention to the importance of government in urban development. However, their view of government typically accents a pluralism of competing interest groups and an array of government officials acting for the general welfare, a perspective that, as we will discuss, is rather limited.[10]

Consumers and Workers as Dominant Conventional social scientists have accepted uncritically the workings of the dominant market and the processes of capital accumulation. This perspective on competitive urban markets is grounded in neoclassical economic theory; it sees urban society as the "algebraic sum of the individuals...the sum of the interests of individuals."[11] In this view, given a "free-market" system, urban consumers and business firms will freely buy and sell. "If consumers want certain goods they will demand them. Businessmen will sense this demand through the marketplace and seek to satisfy the consumers' wishes. Everyone is happy."[12] Urban sociologist John Kasarda has written of profit-seeking entrepreneurs operating in self-regulating markets as a wise guiding force in city development.[13] Similarly, economists Bradbury, Downs, and Small, reviewing problems of city decline, argue that "market forces are extremely powerful; so it would be folly to try [governmental] policies that ignored their constructive roles in guiding the form and structure of economic change."[14] From this perspective capitalists follow the profit logic of capital investments that seeks out "good business climates" (low taxes and pro-business governments) in certain cities, such as those in the South. This conventional view implies that whatever exists as the economics and geography of the urban landscape today is fundamentally good for all concerned, if it has resulted from competitive market activity. The rather utopian competitive market idea, Lewis Mumford has suggested, was taken over from earlier theologians: "the belief that a divine providence ruled over economic activity and ensured, so long as man did not presumptuously interfere, the maximum public good through the dispersed and unregulated efforts of every private, self-seeking individual."[15]

Imbedded in this common market assumption is the idea that individual workers and consumers are often more important than corporate decision makers in shaping urban patterns, because the capitalists mostly react to the demands of consumers. A study of the U.S. business creed accented this point: "One way of shedding awkward responsibility is to believe that the consumer is the real boss."[16] Such analysts accept the business view of individual consumers and workers as "voting" in the marketplace with their consumer choices: Cities are viewed as having been created by average Americans whose demands for such things as autos and single-family houses have forced developers, builders, and industrial executives to respond. Consumers are often termed "kings" and "queens" when it comes to urban development. For decades not only urban scholars but also business leaders have argued that through their consumption choices "the masses of Americans have elected Henry Ford. They have elected General Motors. They have elected the General Electric Company, and Woolworth's and all the other great industrial and business leaders of the day."[17]

One assumption in much traditional urban research is that no one individual or small group of individuals has a determinate influence on patterns of urban land uses, building, and development. Mainstream sociologists and land economists such as William Alonso and Richard Muth have argued that urban commercial and residential land markets are determined by free competitive bidding. According to these theories, thousands of consumers, and thousands of firms, are pictured as autonomous atoms competing in a market system, largely without noneconomic (for example, political) relations and conventions, atoms that have a "taste" for commodities such as more space and housing. As their incomes grow, they will seek more space. Conventional analysts offer this as an explanation of why cities grow, expand, or die. Actors in this competitive bidding are recognized as having different interests, even different incomes, which affect the bidding process. However, the fact that a small group of the most powerful decision makers (such as major developers) can do far more to shape the land and building markets than simply outbid their competitors is not seriously analyzed. And the negative consequences of market-generated growth (for example, water pollution from sewer crises) in these same cities are seldom discussed.[18]

David L. Birch, Director of the Massachusetts Institute of Technology's Program on Neighborhood and Regional Change, has offered a worker-driven theory in explaining why many cities have had too much office space. Birch argues that the story of the current high vacancy rates in office buildings in many U.S. cities began decades ago when the "war babies" began to enter the labor force. This movement into the labor force caused a huge increase in employment. Birch argues that both sexes decided they did not want to work in factories. Rather, they "wanted to work in offices. They wanted to join the service economy, wear white shirts, and become managers or clerks."[19] According to this line of reasoning, there was only one thing for developers and builders to do; in order to satisfy this new generation of workers and consumers, "we built them offices." Yet the power of workers and consumers in shaping the urban office landscape has never been as profound as Birch and others describe.

Indeed, it is the industrialists, investors, developers, bankers, and their associates who have the capital to invest in job creation and to build office buildings and other workplaces—in places they decide upon and in terms of their corporate restructuring and profit needs.

Accenting Technology and Downplaying Inequality Traditional social scientists often view the complexity of cities as largely determined by historical changes in transportation and communication technologies, whose economic contexts, histories, and alternatives are not reviewed. Changes in urban form are explained in terms of technological transformation, including shifts in water, rail, and automotive transport systems, without reference to the decisions of powerful decision makers such as investors and top government officials. Water-borne commerce favors port and river cities, while auto, train, and truck technologies facilitate the location of cities apart from water systems. In an opening essay for a 1985 book *The New Urban Reality*, Paul Peterson views technological innovations as independent forces giving "urban development its rate and direction."[20] And in the influential book *Urban Society*, mainstream ecological researcher Amos Hawley looked at the relocation of industry from the industrial heartland to outlying areas and explained this decentralization substantially in terms of technological changes in transport and in communication.[21] Transport and communication technologies are certainly important in urban centralization and decentralization. But the corporate history and capitalistic decision-making *context* that led to the dominance of, for example, automobiles—and not mass transit—in the U.S. transport system should be more carefully examined (see Chapter 6).

Some Major Omissions Missing from most traditional research on cities is a major discussion of such major factors in urban development as capital investment decisions, power and resource inequality, class and class conflict, and government subsidy programs. The aforementioned collection, *The New Urban Reality*, has important essays by prominent geographers, economists, political scientists, and sociologists on urban racial demography and the black underclass, but there is no significant discussion of capital investment decisions made by investors and developers and the consequences of these decisions for urban development. Moreover, in the recent summary volume *Sociological Human Ecology*, prominent ecologists and demographers have reviewed the question of how humans survive in changing social environments, including cities, but without discussing inequality, power, conflict, or the role of governments.[22] Traditional urban scholars such as the geographer Berry and the sociologist Kasarda briefly note that in market-directed societies the role of government has been primarily "limited to combating crises that threaten the societal mainstream," that government involvement tends to be incremental, and that state government dealing with the "social consequences of laissez-faire urbanization" are "ineffective in most cases."[23] In his influential urban textbook, *Urban Society*, sociologist Amos Hawley has devoted little space to the government role in city growth and decline. This neglect of the role of government has been most common among mainstream urban sociologists, geographers, and economists. As we will see, the mainstream political scientists among contemporary urban researchers have given more attention to government, but generally with a pluralistic emphasis.[24]

An Important Government Report However, the federal government has used this traditional urban research for policy purposes. In the 1980s a major federal government report, *Urban America in the Eighties*, publicly articulated the traditional urban perspective for the general public. Prepared by the President's Commission for a National Agenda for the Eighties, this report called on the federal government to refrain from assisting the troubled northern cities. Free-enterprise markets are viewed as driving the basically healthy changes in urban development. And these markets know best. The *Urban America* report's strong conclusions were publicly debated—particularly those suggesting that the federal government should neglect dying northern cities and should, at most, assist workers in leaving Frostbelt cities for the then-booming cities of the Sunbelt. Some northern mayors protested the report's conclusions, but many Sunbelt mayors were enthusiastic. While northern officials were concerned about the report's conclusions, few publicly disputed the report's basic assumptions about how cities grow or die.[25]

This market-knows-best view of the Frostbelt-Sunbelt shift in capital investment and of urban growth more generally drew on the work of traditional urban researchers. Prepared under the direction of prominent business leaders, this report conveys the view of cities found in mainstream urban research: that cities are "less conscious creations" than "accumulations—the products of ongoing change." Again, choices by hundreds of thousands of individual consumers and workers are emphasized as the fundamental determinants of urban landscapes. Changes in cities, such as the then-increasing prosperity of many Sunbelt cities, reflect "nothing more than an aggregate of countless choices by and actions of individuals, families, and firms."[26] The urban land and building market is again viewed as self-regulating; according to this theory the market efficiently allocates land uses and maximizes the benefits for everyone living in the cities. The hidden hand of the market receives heavy emphasis in this conventional accounting. In the policy-oriented conclusions, the authors of *Urban America* pursued this market logic to its obvious conclusion: Those impersonal individuals and firms

actively working in cities and shaping urban space know best, and government officials should thus not intervene when impersonal decisions lead to the decline of cities in the North. Growth in, and migration to, booming cities such as those in the Sunbelt should simply be recognized, and, at most, governments should encourage workers to move from dying cities to booming cities.

GROWTH AND DECLINE OF CITIES: THE CRITICAL URBAN PERSPECTIVE

Basic Themes in the New Approach Since the 1970s the dominance of the mainstream urban research in the United States has been challenged by a critical urban perspective, called by some the "new urban sociology." Both European and American researchers have developed a critical urban paradigm grounded in concepts of capital investment flows, class and inequality, activist governments, and powerful business elites. European researchers such as Henri Lefebvre, Manuel Castells, and David Harvey had developed critiques of the traditional urban approaches by the late 1960s and early 1970s.[27] This European influence was soon felt in U.S. urban studies. By the late 1970s critical urban studies were pursued and published by Michael Peter Smith, Mark Gottdiener, Allen Scott, John Mollenkopf, Norman and Susan Fainstein, Richard Child Hill, Ed Soja, Michael Dear, Richard Walker, Allen Whitt, Todd Swanstrom, and Harvey Molotch, to mention just a few of the growing number of critical social scientists in the United States.[28] The critical urban approach accents issues neglected in most traditional sociological, economic, and political science analysis. While there is still much ferment and debate among contributors to the critical urban perspective, there is some consensus on three fundamental themes.

The first major theme is that city growth and decline, internal city patterns, and city centralization and decentralization are shaped by both *economic* factors and *political* factors. Although some critical scholars accent the economic over the political, and others the political over the economic, in this book we will focus on both the economic and political factors. In Figure 1.1 we show the economic and political influences on cities, as well as the interaction between these economic and political influences. Most Western cities are shaped by capitalistic investments in production, workers, workplaces, land, and buildings. These urban societies are organized along class (also race and gender) lines; and their social institutions are substantially shaped by the commodity production and capital investment processes. Capital investment is centered in corporations calculating profit at the firm level; this can result in major urban social costs associated with the rapid inflow of capital investment and accompanying growth and also with capital

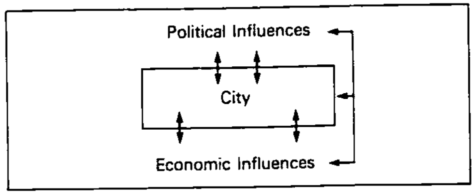

Figure 1.1

outflow (disinvestment) and accompanying urban decline. But Figure 1.1 indicates that there are governmental (state) factors in urban growth, structuring, and decline as well. Governments protect the right to own and dispose of privately held property as owners see fit. Moreover, governments in capitalistic societies are often linked to business elites and the investment process; various levels of government play a part in fostering corporate profit making. But government officials also react to citizen protests, to class, race, and community-based struggles; as a result, they often try to cope with the costs of capitalist-generated growth and decline. In addition, in cities with relatively independent political organizations (for example, "machines"), politicians may develop interests of their own and work *independently* of individual capitalists and citizen groups to shape and alter cities. In the urban worlds there is much interaction between the political and economic structures and political and economic decision makers.

A second important theme to be found in many critical urban arguments has to do with the central role of *space*. Some critical scholars only implicitly touch on spatial issues, while others feature the spatial dimension at the center of their city analysis. As Figure 1.2 is designed to illustrate, we human beings live not only economic and political lives as workers affected by investments in markets and voters affected by political advertising, but also lives as occupiers of space, in households and families living in the home and neighborhood spaces of our cities. On the one side, we have the group of profit-oriented industrialists, developers, bankers, and landowners who buy, sell, and develop land and buildings just as they do with other for-profit commodities. *Exchange value,* the value (price) of commodities exchanged in markets, is usually the dominant concern in their decisions about buying and selling land and buildings. The investment actions of developers and others seeking to profit off the sale of, and construction on, land are centered in exchange-value considerations. On the other side, we have the group of American tenants and homeowners, low-income and middle-income, black and white, who are usually much more concerned with the *use value* of space, of home and neighborhood, than with the exchange value.

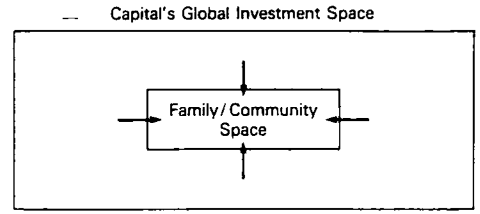

Figure 1.2 Capital's global investment space

Corporate exchange-value decisions frequently come into conflict with the use-value concerns of many Americans. A concern with use value can mean that the utility of space, land, and building for everyday life, for family life, and for neighborhood life is much more important than land or building profitability. Such use-value concerns are behind the actions of neighborhood residents who have fought against numerous office buildings, malls, and redevelopment projects in order to keep them from intruding on their home and neighborhood spaces. Some zoning and other government land-use controls have thrown up barriers to the unrestrained expansion of capitalistic investment. Historically, much pressure for land-use regulation has come from worker-homeowners concerned with protecting family spaces and neighborhoods against industrial and commercial encroachment.[29]

Capitalist investors operate today in a worldwide investment space, so they may move factory and office jobs (or real estate capital) quickly from one city or country to another. However, workers and consumers generally spend their lives in more constricted family and home spaces. They often invest their lives in particular communities and cities and cannot move so easily to a city in another region or country, so they suffer when investors relocate quickly to other areas on the globe. Capital accumulation, capital investment, and the capitalistic class structure interact with space to generate urban and rural spatial patterns of production, distribution, and consumption. The aforementioned competition of local urban politicians for capital investments by corporate actors has not only job and construction effects, but also effects on the livability of local urban space. Uneven economic development also means uneven spatial development. Some places, homes and neighborhoods, stay viable and livable, while other urban communities become difficult to live in because of capital flight to other places across the nation or the globe.

A third basic theme in the new critical perspective is that of *structure* and *agency,* which is suggested in Figure 1.3. While most critical scholars tend to accent either structure (for example, institutions) or agency (for example, decision makers) in research on urban development, a number of scholars such as Lefebvre, Gottdiener, and Giddens, have called for

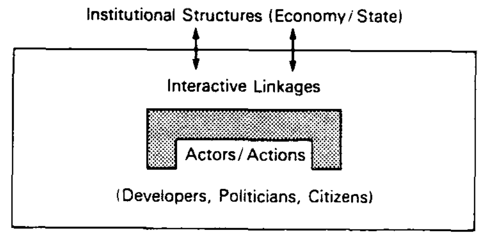

Figure 1.3 Institutional structures (economy/state)

research giving more attention to *both* dimensions. Some focus on the concrete actors involved in making cities, such as developers and business elites or citizens protesting development, while others prefer to emphasize the complex web of institutions and structures, such as state bureaucracies and capital investment circuits. In this book we will give attention not only to the decision makers themselves but also to the institutions that shape, and are shaped by, their concrete actions. Economic systems and governments do not develop out of an inevitable and unalterable structural necessity, but rather in a contingent manner; they result from the conscious actions taken by individual decision makers in various class, race, gender, and community-based groups, acting under particular historical circumstances. The most powerful actors have the most influence on how our economic and political institutions develop. Yet they, in turn, are shaped by those institutions.[30]

A Structural Dimension: Private Property The U.S. legal system, a critical part of our governmental structure, institutionalizes and protects the right to private property. Yet this legal system is critical to the perpetuation of great inequalities in real estate ownership and control. Most Americans own or control little property, other than their homes. Essential to the maintenance of inequality in land decision making is the legal protection of individualized property ownership. The rights of private property give owners, especially the large property owners, a great deal of control over land and buildings. Within broad limits land can be developed, and buildings constructed, as owners desire. This unbridled use of private property has not always been the case in the United States. The early Puritans, for example, had highly planned towns from Maine to Long Island. For two generations Puritan towns were designed by pioneers whose strong religious values influenced the layout of urban areas. The private ownership and control of property were not central; more important communal and collective goals often overrode private property interests. But the Puritan group-centered town planning soon gave way to intensified private landholding, even in New England. Fee-simple (unrestricted transfer) ownership of land became central to the expanding capitalistic system of eighteenth-century America. Early immigrants from

Europe were generally hostile to landlords and vigorously sought to own their own land. Ownership of even a small piece of property was a sign of independence from landlords; many immigrants had come to the colonies to escape oppressive European landlords. Land was seen as a civil right by the many small farmers.[31]

Yet this early and heavy commitment to the sacredness of privately held property had a major negative effect on development once the United States was no longer primarily a country of small farmers. By the early decades of the nineteenth century, there were fewer landholders and ever more tenants without land. In many cases, the growing number of Americans with little or no real estate property were seen as unworthy. Yet the strong commitment to private property, on the part of both propertied and landless Americans, has continued to legitimate the private disposal of property by the powerful landowning and development decision makers. As a result, over the last two centuries control over urban land development has become more concentrated in the hands of executives of banks, insurance firms, development corporations, and industrial companies.[32] In addition, there are major social costs for a private property system that gives owners of large amounts of land the right to use the land more or less as they wish. Those who build and develop large projects on central-city land have shown that they can transfer certain social costs onto other people nearby. A good example is the modern skyscraper with its mirrored glass walls, which often generate heat problems for nearby buildings, and with its thousands of workers whose exit in the evenings can create massive traffic jams. Such social costs of skyscraper development are generally not paid for by the developers and owners of the buildings.

A Structural Dimension: Capital Investment Circuits Particular human agents and decision makers have a profound influence on urban development and decline. But as we have just noted all human actors, even the most powerful, are constrained by the social, economic, and political rules, roles, and institutions in which they find themselves. For example, some of the critical urban analysts accent the historical emergence and current character of capital investment circuits. Capital investment across the world is important to urban and metropolitan development. Several circuits of capital have been identified and discussed. The "primary circuit" of capital encompasses the ebb and flow of money and credit capital into raw materials, manufacturing equipment, labor power (workers), and transport vehicles to distribute manufactured goods around the world. This primary circuit can be discussed in terms of its rules and dominant organizations, such as the large national and multinational corporations that make crucial manufacturing investments in the United States and