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# Market Strategies as Policy Tools: The Search for Alternative Approaches to Urban Revitalization\*

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## ABSTRACT

This paper explores a broad range of programs which claim to use market forces to generate urban development. It begins with a typology of program types based on a set of programmatic assumptions as to how markets can be manipulated. A series of alternative theoretical positions are then introduced which represent different visions of the market, urban development, and appropriate intervention techniques. It is asserted that each of the program types falls crudely into one of the theoretical perspectives. The paper concludes with the suggestion that program evaluation is relevant to issues other than whether the program 'worked'. Evaluation can also serve as a test of internal assumptions on which the program is based. Finally, evaluation of concrete programs can be used to assess the relative power of alternative conceptualizations of development and of the market itself.

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## 1. *Introduction*

A fundamental reassessment of urban policy is taking place at all levels of American government. At the programmatic level this reassessment has taken the form of a sharp reduction in public resources allocated to a broad spectrum of urban programs (Hula, 1984). This trend is clearest for the federal government, which has exercised leadership in urban redevelopment efforts for over forty years. Although some federal funds have been repackaged to support state and local redevelopment efforts, there is little evidence that these jurisdictions are anxious to engage in large scale local initiatives. Obviously this retrenchment is an element of a general reduction in domestic spending implemented by the Reagan administration. Many argue that government at all levels has been

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dramatically overextended. Enormous fiscal deficits, coupled with citizen perception of high tax burdens, have fueled demands that all levels of government adopt more modest goals. Beginning with California's Proposition 13, numerous subnational units have seen these demands implemented with stringent, statute-imposed budget limitations.

Concern about urban policy extends beyond budgetary constraints, however. Even among those whom one would expect to support an extensive government effort to aid distressed urban areas, there is a desire to discover and implement alternative public sector strategies. Indeed, one could argue that urban policy is suffering from an intellectual crisis which may be nearly as important as its budgetary one. Many scholars, practitioners and citizens who were caught up in the images of a 'war on poverty' in the 1960s and 1970s, fail to see significant benefits from the numerous social and economic programs implemented during the last two decades.<sup>1</sup> Poverty, substandard housing, large-scale structural unemployment – all conditions of the urban crisis – remain common features of the nation's cities. Indeed, as one reads texts on policy analysis or public administration it is striking to note the extent to which past redevelopment programs have become standard examples of government incompetence.<sup>2</sup> It is not surprising, therefore, that there is a widespread interest in alternative redevelopment strategies. An increasingly popular notion is that market forces rather than government planning can be used efficiently to bring about a revitalization of American cities.

A market based redevelopment strategy has at least two themes which differentiate it from earlier efforts. The first is the fundamental importance of the private sector. Certainly, governments at all levels have long sought to encourage private sector participation and investment in renewal efforts. What is noteworthy, however, is the vastly increased importance assigned to the private sector. In most current redevelopment programs private sector actors not only participate but are clearly senior partners in the enterprise. Indeed, many in the Reagan administration argue that the only appropriate role of the federal government in urban redevelopment is the promotion of overall economic health which maximizes the potential of private sector investment.

A second important theme in market based redevelopment schemes is economic development (or perhaps more precisely redevelopment). Current policy seems increasingly to be based on an assumption that the direct targeting of resources to disadvantaged populations and neighborhoods is inefficient. Rather it is argued that resources ought to be invested in an infrastructure so as to create the potential for self-sustaining economic growth. To a large degree this view is based on long-held assumptions of international community development that direct subsidy by richer nations of poorer nations is not sustainable, either economically

or politically. It is viewed as more logical to use available investment to create an economic system which is capable of generating self-sufficient economic production.<sup>3</sup> An important implication of this view, of course, is that it should be possible at some point in the future to withdraw aid, once the target community has reached a stage of self-sustaining economic growth.<sup>4</sup>

This paper examines market based efforts to generate urban development. Section 2 begins with an overview of such programs. Section 3 attempts to explicate the underlying theoretical or conceptual base of alternative intervention strategies. Section 4 examines how such programs might be evaluated, and whether particular program evaluations may serve as a means to test the (often implicit) theory on which the program rests.

## *2. Program types*

The analysis of market based redevelopment strategies begins with an admittedly oversimplified typology of three program types. These three categories of programs are differentiated by assumptions about how market forces may be used to implement social policy. The three policy types are:

- (1) Programs which seek to correct market malfunctions and thus establish 'proper' patterns of market investment.
- (2) Subsidy programs which seek to redirect market investment by shifting rates of return on alternative investments.
- (3) Programs which seek to shift market incentives through political and social pressure.

### *2.1 Market malfunction models*

Programs which seek to correct market malfunctions assert that at least some urban distress is the result of structural faults in the marketplace. For example, during the late 1970s a critical issue in many urban neighborhoods was a lack of conventional mortgage and home improvement credit. Redlining by private sector lenders was seen as a key link in the process of neighborhood decline. It was assumed that such deterioration could be controlled and perhaps reversed if home capital could be made available. Many argued that a lack of investment in neighbourhoods was the result of a communications breakdown between the suppliers of credit (the lenders) and the consumers of credit (neighbourhood residents). For example, the final report of the National Commission on Neighborhoods argues that lenders are guilty of assuming (incorrectly) that most urban neighborhoods are not capable of generating 'good' loan

prospects (National Commission on Neighborhoods, 1979). Note the Commission did not argue, as was claimed by some of its critics, that urban lenders should not impose market criteria in reviewing loan applications. However, the Commission did claim that specific indicators of loan risk were not valid, and their use had a discriminatory impact on inner city and minority neighborhoods.

Several programs established in the 1970s to increase credit availability in urban neighborhoods were based on the premise that appropriate market 'corrections' would redirect investment. In 1975 the Congress passed the Home Mortgage Disclosure Act (HMDA) which required lenders to publish an annual statement disclosing by census tract where the institution invested home credit funds. Congressional sponsors of the HMDA assumed that consumers would patronize savings institutions most willing to invest in their neighborhoods.<sup>5</sup> This view was articulated by William Proxmire, who at the time the HMDA legislation was passed was chairman of the Senate Banking Committee:

There is no need to order a bank to make loans in certain neighborhoods, or set up a new enforcement bureaucracy. Disclosure is a better approach. Once citizens know which banks are redlining their neighborhoods, they are likely to favor institutions that treat their community fairly (*Congressional Quarterly*, May 1975, 1040).

A second example of public policy based on an assumed market malfunction is the Neighborhood Housing Service. Neighborhood Housing Service (NHS) organizations are usually locally funded, state-chartered nonprofit corporations created to promote stabilization and revitalization within a well defined local target neighborhood. A primary function of NHS is to bring together would-be credit consumers with leaders who have expressed a willingness to originate loans to qualified residents of the target community. In addition NHS corporations maintain a high-risk revolving loan fund to meet the credit needs of neighborhood residents who can not qualify for conventional credit. NHS corporations usually receive support from local government through increased capital investment, and increased code enforcement in the target neighborhood. The federal government provides technical assistance through the National Reinvestment Corporation.<sup>6</sup>

The NHS program has widespread appeal. By 1981 the National Reinvestment Corporation reported that at least one program was operating in 103 American cities. The basis of this appeal is not difficult to see. As a low cost, non-bureaucratic non-coercive strategy for urban redevelopment it would seem difficult to oppose. More important, however, is the widespread perception that NHS works. In a major evaluation of NHS programs Philip Clay (1981, 78) has concluded:

Extensive changes have occurred in a sample of NHS neighborhoods in terms of lending activities, code inspections, and reinvestment activities for physical improvements. This does not mean that no problems remain after as many as seven years of reinvestment activity, but they do suggest that for a minimal investment the federal government has helped local neighbourhoods begin a process that has given neighborhoods new confidence in their resources.

Thus, a program that is locally defined, locally run, inexpensive, and nonbureaucratic in nature has made significant progress toward generating neighborhood reinvestment.

### *2.2 Subsidy programs*

Critics of 'informational' programs which seek to redirect private sector investment claim that such programs are bound to fail because the market is already reasonably efficient in allocating investment. If such programs did shift private sector investment, they could do so only in ways not anticipated by policy makers.<sup>7</sup> A number of observers have applied this argument to the Home Mortgage Disclosure Act. Guttentag and Wachter (1980, 14) begin by rejecting the premise in the Act that geographic discrimination in lending exists:

There is too much competition for residential mortgage market discrimination to persist for any length of time. While not all mortgage lenders operate in all sections of the city, they could enter other sections if profitable opportunities presented themselves. Irrational redlining (discrimination) by the lenders in an area would present such an opportunity.

The lending industry claims that HMDA cannot shift investment patterns since the withdrawal of home credit from a neighborhood is not the cause of deterioration but rather a reaction to it. Lenders claim that they do in fact follow normal market criteria in the evaluation of potential loans (Benston, Horsky and Weingartner, 1980). Indeed, they are forbidden to do otherwise by numerous federal and state supervisory agencies charged with regulating them. For example, while there is language in the Community Development Act of 1977 which implies that lending institutions have some affirmative responsibility to meet the credit needs of the community in which they do business, there is a very specific charge that this responsibility is not to be taken as an excuse for any deviation from sound lending policies. Lenders also see the issue in terms of a responsibility to savers and investors. Very often lenders see the charges of redlining as attacks on the entire market system rather than inappropriate behavior on the part of specific lending institutions. After dismissing a number of studies which claimed to find evidence of redlining in American cities, George Benston (1978, 69) concludes:

Perhaps the best explanation for the antiredlining crusade is that it ultimately

reflects not a belief that the banks are really discriminating, but a profound suspicion of the market system. What the crusaders really want is to allocate credit – to have government and not the market, to make decisions about who gets mortgage money. The belief that the market cannot be trusted where housing is concerned is nothing new, of course. It is already profoundly represented in the mind-boggling array of subsidies that are now administered by the United States Department of Housing and Urban Development.

From this perspective a public effort to redirect investment to credit poor neighborhoods will require a modification of market returns such investments are likely to generate. Guttentag and Wachter (1980) argue that rather than trying to force reinvestment by lenders with community pressure, it is more appropriate to restructure lenders' risk in urban neighborhoods.<sup>8</sup>

Home credit may provide the best example of the ability of public policy to modify investment returns within a supposed private market. The federal government using Federal Housing Administration (FHA) and Veterans Administration (VA) mortgage insurance programs has significantly modified the housing market. By essentially removing risk for lenders, these two federal insurance programs greatly increased the availability of credit, and the opportunity for middle income families to purchase homes. A comparison of typical loan conditions before and after the implementation of the insurance programs is instructive. In the 1920s a downpayment of 40 to 50 per cent of the value of the home was required. Savings and loan associations required repayment of the note in a maximum of eleven years; commercial banks expected repayment in six years. By the 1960s conventional mortgages required a 25 per cent downpayment and were amortized over a twenty year period. Using an FHA mortgage a home purchaser could finance a home with only 5 per cent down and opt for a thirty year repayment period (Judd, 1979, 278–9).

The increase in home credit had an immediate effect on the home ownership rate. The proportion of owner-occupied units increased dramatically in the first two decades after World War II. This increase in private ownership was, however, only one of the major effects of the mortgage insurance programs. A second was a dramatic increase in new home construction, since FHA and VA insurance was almost entirely targeted to new construction. This spurred the rapid development of suburbs, and the related decline of central cities which characterized the postwar period. Finally, the policies of the Federal Housing Administration had the effect of maintaining, and even strengthening, residential segregation. For many years it was the explicit policy of the FHA to deny credit to any neighborhood which was either integrated, threatened with integration or was predominantly minority. Thus, the official policy of the FHA noted: 'If a neighborhood is to retain stability, it is necessary that

properties shall continue to be occupied by the same social and racial groups' (cited in Judd, 1979, 280).

More recent programs have attempted to use the subsidy approach to spur a more general process of economic development in targeted urban areas. Several developmental programs implemented in the 1960s assumed that if the public sector could generate sufficient infrastructure, the private market, using normal incentives, could be relied upon to sustain economic growth. Such an approach was seen as particularly appropriate for Appalachia. In 1960 Congress established the Economic Recovery Act to funnel capital investment to Appalachia so as to create suitable infrastructure for economic take-off. This effort was expanded in 1965 with the creation of the Appalachian Regional Council Act to centralize economic programs targeted to the region. This economic development strategy was extended beyond Appalachia by the Economic Development Administration, created in 1965 by the Economic Development Act. The EDA quickly established a wide range of programs, including direct supports to both private sector concerns and local governments. It funded numerous projects including water waste-disposal plants, water systems and industrial park developments. Also funded were airports and other transportation facilities which were seen as ways to improve the local economy. Although the EDA was initially created to address issues of rural development, by the end of the 1960s the agency increasingly began to define its mission in terms of urban economic development.<sup>9</sup>

An important shift in federal policy toward community development occurred in the 1970s with the implementation of a number of block grant programs. Of particular importance is the 1974 Community Development Act. In an effort to shift from federal to local priorities, ten specific federal programs were discontinued. Funds from these programs were then dedicated to a community development block grant program. Funds were no longer to be allocated on the basis of federal-level program review, but a formula based on population, poverty and housing needs. Although there was obviously wide local level variation in how the funds were used, there is a good deal of evidence to suggest that the general strategy of infrastructure investment has continued.<sup>10</sup>

The Carter administration continued to give strong support to the general block grant concept, but also committed significant resources to other economic development programs. Outlays for the Economic Development Administration were increased as an element of the President's antirecession program, and in 1977 the renewed Community Development Act established a new economic development program, the Urban Development Action Grant (UDAG). UDAG was an effort to use federal funds to leverage private investment into revitalization projects.

Thus, UDAG expanded the scope of past subsidy programs in supporting specific economic enterprises (Nenno and Brophy, 1982). The program operates as something of a hybrid grant. It has a formula to determine whether the city was eligible for to apply for a UDAG grant. To actually receive a grant, however, the jurisdiction must submit a competitive application to HUD. Many of the commercial projects funded by UDAG funds have been controversial. In particular, a number of observers have questioned the economic benefits of federal support of hotel construction in many cities. However, the Carter administration, and increasingly the Reagan administration, have strongly defended these projects as creating both jobs and a more generally healthy local economy.

The Reagan administration has argued that the federal government is ill suited to direct economic development. Thus, it has sought to eliminate the Economic Development Administration, the Appalachian Council and UDAG. These programs were seen as wasteful, inefficient efforts to meddle in the workings of the free market. Although each of the programs survived, each has faced significant budget reductions. Of the three, only UDAG has been able to generate any degree of administration support (Hula, 1984).

In 1982 and 1983 the Reagan administration submitted legislation to create enterprise zones in depressed urban areas. The enterprise zone legislation has emerged as the centerpiece of the Reagan administration urban policy. The enterprise zone notion was originated in England during the 1970s. In its original form these zones were to be essentially 'free ports' operating within a national economic system. Government regulations, taxes and services were to be at a minimum. In the words of Peter Hall, who originally suggested the enterprise idea, the zones were to be examples of 'fairly shameless enterprise' (Sternlieb and Listokin, 1981). The Reagan proposal stops short of such shameless enterprise and has rather focused on a variety of tax incentives as a means to stimulate private investment in designated zones. There would also be an effort to remove 'excessive' regulation, although it is by no means clear that substantial federal regulations could be waived. For example, no federal agency can waive any explicit statute, civil rights guarantee, labor standards such as the 'Bacon-Davis' requirement, or public health and safety protections (Orkheke, 1981).

Enterprise zones have significant popular appeal. As a concept they have managed to gain support across a wide spectrum of American political opinion. For example, the major sponsors of earlier enterprise zone legislation in the House of Representatives are Jack Kemp, a conservative Republican and Robert Garcia, a liberal Democrat. The appeal of enterprise zones is similar to that of the Neighborhood Housing Service since enterprise zones appear to offer an inexpensive and fairly

simple solution to what often seems to an intractable problem of urban decay. Replacing large-scale public sector outlays and investment decisions are the 'automatic' processes of the market. Obviously the proposed legislation clearly rests on the assumption that entrepreneurs are very sensitive to marginal costs, and can be expected to react positively to the relatively modest subsidies proposed.<sup>11</sup>

### *2.3 Changing market incentives*

David Harvey has analyzed the distribution of home credit in Baltimore and noted that most innercity neighborhoods receive very little conventional credit.<sup>12</sup> Although he sees this lack of credit as having a number of negative impacts in these neighborhoods, he does not see these patterns as the result of poor lending practices. Nor does he think they are likely to change very much as a result of a relatively modest manipulation of marginal costs. Quite to the contrary, Harvey sees current investment strategies as a rational response to market considerations. He notes:

The banks naturally have good rational business reasons for not financing mortgages in inner areas . . . In fact, it is a general characteristic of ghetto housing that if we accept the mores of formal, entrepreneurial behavior, there is no way in which we can blame anyone for the objective social conditions which we are all willing to characterize as appalling and wasteful of potential housing resources. Consequently it seems impossible to find a policy within the economic and political framework which is capable of rectifying these conditions (Harvey, 1973, 140).

Harvey suggests that the underlying criteria used by lenders to evaluate investment decisions will have certain undesirable outcomes, but that there is little market actors can do to change these criteria. For change to occur there would need to be a more fundamental restructuring of the mechanisms which allocate credit.

Elliot Sclar (1982) makes a similar argument when he claims that much of the literature on economic development suffers from a lack of clear vision about appropriate measures of development. He rejects identifying development with measures of gross economic production, and suggests significant economic and social problems are caused by the inability of market actors to evaluate correctly the costs and benefits of various economic undertakings. Sclar proposes expanding evaluation criteria to include minimization of social cost, as well as economic output. This implies a need for market actors, either voluntarily or under coercion, to expand the relevant set of incentives to be used in evaluating economic decisions. Ahlbrandt, Friedman and Shabecoff (1982) have attempted to document a number of examples where private sector actors have used a relatively broad definition of economic interest in supporting local

revitalization efforts. For Ahlbrandt and his colleagues coercion of market actors may not be necessary, since there exists shared interests among those seeking neighborhood development and market profit:

Neighborhood revitalization activities, therefore, must strive to work with the private market and not against it. The strongest neighborhood is one in which all dimensions of the private market are functioning smoothly. Efforts to stabilize neighborhoods must attempt to strengthen the neighborhood economy, to restore it to a point where it can operate effectively and with a minimum amount of public intervention. Private corporations can play an important role in this process (Ahlbrandt *et al.*, 1982).

Ahlbrandt *et al.* attempt to show this convergence of interest by reviewing a number of specific redevelopment projects in which private sector actors, usually corporations, have been active in redevelopment efforts.<sup>13</sup>

Sclar (1982) is much more pessimistic about the likelihood of incorporating social cost as a decision-making criterion in the market. This view is supported by Cohen and Kohler's (1983) review of the response of neighborhood development organizations to public sector budget cuts. It appears that in an effort to survive many organizations have turned to profit-making activities, and reduced emphasis on community-based values. Cohen and Kohler also note an increased caution with respect to actions which may offend corporate sponsors. Sclar argues that if community values are to be incorporated into market decisions, it will need to be through extensive market intervention in the form either of regulation or by the creation of alternative ownership structures which reflect both community and economic goals. It is clear that the present political climate would seem to be opposed to extensive regulation. However, there have been a number of local level experiments creating alternative institutions which operate in the market place. Many of these organizations can be traced to the Community Action Agencies (CAAs) which were created by the 1964 Economic Opportunity Act. Most policy-makers perceived the CAAs as a coordinative social service agencies to integrate private and public investment in community redevelopment programs. In a number of communities, however, the CAAs were seen as appropriate mechanisms for the political mobilization of low income communities. The resulting political conflict largely immobilized many of the Community Action Agencies.<sup>14</sup>

A number of Community Action Agencies were replaced by Community Development Corporations (CDCs) which were explicitly defined as economic rather than political agencies. CDCs are nonprofit corporations which attempt to generate economic growth in target neighborhoods. Some of the more successful CDCs have, in fact, been able to attract private sector support. The Bedford-Stuyvesant Restoration Corporation in Brooklyn may be the most successful example of a CDC

attracting large amounts of both private and public funds. Successes included the opening of an IBM satellite plant in the target neighborhood.<sup>15</sup>

Support for the CDC movement has come from the Local Initiatives Support Corporation (USC). Founded in 1980 by the Ford Foundation and six national corporations (Atena, Prudential, International Harvester, Levi Strauss, Atlantic Richfield and the Continental Illinois Bank), the LISC was established to support CDCs through loans and loan guarantees. LISC has chosen to avoid 'high risk' investments and supports only those CDCs which can show a past record of successful operations. Over the past three years the growth of the LISC has been dramatic. By 1983 the corporation had the support of over 100 corporations and 50 foundations with capital base of over \$28 million dollars (Suiridoff, 1982).

In addition to CDCs, a number of alternative neighborhood based organizations have developed in the past ten years. Often these organizations have sought linkages to private sector firms. Bratt, Byrd and Hollister (1983) examined a number of the neighborhood development organizations (NDOs) and found that three main types of private-public linkages: investment partnerships, supportive partnerships and contractual links. Investment contracts generally involve some form of legal partnerships in which both neighborhood based and private sector actors place significant resources into the effort. Supportive partnerships are more informal relationships in which private sector actors agree to play some broad supportive role in the organization. Most limited is a contract relationship in which the private concern enters a legal agreement to purchase a narrow set of goods and services from the Neighborhood Development Organization.

During the 1970s the federal government gave broad support to efforts to create community development corporations and other neighborhood based development organizations. Some of this support was channeled through market malfunction programs such as the National Reinvestment Corporation, some was through subsidy programs such as the Economic Development Agency. In fact the Carter administration had begun to see in such local institutional building a viable redevelopment strategy. The Self Help Development Program was established to provide seed money for local development organizations. In addition, a national development bank was proposed as a means to finance local programs. However, the Reagan administration has largely rejected this approach. In particular the Self Help Development Program was an early victim of Reagan budget cuts.<sup>16</sup>

### *3. Emerging theoretical orientations*

It seems clear that development, like any other social or economic phenomenon, must be placed into some sort of conceptual framework which serves to order empirical observations. Differences in theoretical position often lead to acrimonious debate based on a lack of mutual understanding as much as actual differences. To be sure, if underlying theoretical perspectives are made explicit, it is possible that there will not be significantly greater agreement. However, at least the differences can proceed in the context of genuine conceptual debate. There is, of course, an enormous literature which is relevant to the issue of urban redevelopment. Of particular interest are efforts to describe spatial development in cities and, in particular, how land use is determined. Bassett and Short (1980) have offered a particularly useful discussion of the alternative conceptualizations which have been applied to the question of how and where residential neighborhoods develop in cities. In their review Bassett and Short identify four alternatives: social ecology, neoclassical economics, institutionalism and Marxism. Although there is clearly significant variety within each of these perspectives, there seems to be sufficient internal consistency within each to provide a set of alternative conceptions on which intervention policy can be based. Note that although many of the empirical referents embedded in each of these perspectives are similar, the intellectual puzzles defined by each is quite different.<sup>17</sup> It is to these perspectives which we now turn.

#### *3.1 Social ecology*

During the first two decades of this century, social ecology dominated much of the thinking on urban development within American social science. The development of the approach is particularly identified with the work of two men: Robert Park and Ernest Burgess. It was Park who supplied much of the theoretical underpinnings of social ecology. Burgess' work was often not as conceptually sophisticated; but the large empirical body of literature generated by him and his students continues to have a significant impact on the way both urban academic specialists and various practitioners view cities.

To understand the ecologist view of urban development, one must first understand their broader view of society. Human ecologists see society as a process of social control. Put a somewhat different way, society is a mechanism to reduce the possible variety in human behavior and institutions. This control, however, is not imposed but rather rests on a consensus of the society's members. Society was defined in terms of culture, including shared habits, sentiments, folkways and mores. For

Park and the other early human ecologists, community was simply the spatial manifestation of society.<sup>18</sup> Thus:

Community is the term which is applied to societies and social groups where they are considered from the point of view of the geographical distribution of institutions of which they are composed. (Park and Burgess, 1921, 163.)

From this view community may be seen as an empirical distribution of cultural norms and values. However, Park has also argued that this spatial structure of urban communities follows from noncultural factors as well. Seeking to isolate these noncultural factors, Park offered a second definition of community. Here community is defined as a population tied to each other by a series of symbiotic relationships.<sup>19</sup> This image of a symbolic interrelationship rests on a direct analogy from biological analysis of ecological systems which revealed a tendency to establish an equilibrium among various species competing for scarce resources. The strength of this analogy is revealed in the direct use of a number of biological terms in describing the process of change within urban communities. For example, as land use patterns changed in urban neighborhoods, the social ecologists often talked about the process of succession and dominance.

It was within this dualistic view of community that human ecologists attempted to develop a framework to explain urban land use patterns. Strictly speaking only the biotic community was defined as a subject of human ecology. However, as most ecologists readily admit, the distinction between the cultural and ecological system is often unclear given the extent to which cultural norms define the mechanisms by which biotic competition is resolved. Nevertheless, the distinction is fundamental, for biotic competition represents a set of constraints imposed on human organization from the natural environment. For the city a critical aspect of this environment is not only natural forces, but the physical characteristics of the city itself. A key implication of all this is that there are certain parameters for urban development which are set by the nature of available resources and the built environment. If this is true it should be possible to specify general laws of development which are independent of cultural or social norms. Park argued that the range of constraints on human behavior could thus be viewed as a series of hierarchical subsystems. At the base of this hierarchy is biotic competition. Then come the economic and political systems. Finally at the apex of this control system is the moral order (culture). Park argues that as one moves up this hierarchy, possible behavior becomes increasingly restricted. In addition the mechanism which enforces conformity shifts. Communication serves the same function in culture as competition in the ecological system.

It was Burgess and his students who attempted to apply the principles of ecological theory to the study of the city. Much of this early ecological research was comprised of ethnographic descriptions of the many ethnic and racial neighborhoods in the city of Chicago, a number of which remain classics today. Perhaps Burgess' most important work (it is certainly his best known) was his effort to formulate a general model of urban growth. Consistent with general ecological theory, Burgess argued that land use patterns in cities pass through a number of shifting equilibria. Movement from one equilibrium to another is seen as the result of changes in the underlying biotic structure of the metropolitan area. A result of Burgess' work was a familiar set of concentric circles which defined 'normal' land use (Park and Burgess, 1925). Urban development occurred as land use within given zones changed. Once again the importance of biological ecology is important. For example, within any zone some population is thought to be dominant. The incursion of some other group (or land use) is taken to be an invasion, and if the new group or use becomes dominant in a neighborhood, then process of succession has occurred. There are two particularly common examples of such alleged succession. The first is the expansion of commercial activities from the central business district to other surrounding areas. In residential neighborhoods, racial succession is thought to be a common and often rapid process.

There have been a number of attempts to clarify or elaborate to the theoretical literature in human ecology. For example, the distinction between biological and cultural systems has been largely given up.<sup>20</sup> Increasingly, ecological explanations of land use patterns have come to resemble microeconomic models. Thus, ecological competition is replaced by the bidding process of the market. At the empirical level social ecologists have moved back from the general models of Burgess to more site-specific models.<sup>21</sup>

### *3.2 Neoclassical economics*

There can be little serious dispute as to the profound influence of neoclassical economists not only in western social science, but on broader political ideology as well (Hollis and Nell, 1975). Developed, in part, as a reaction against the emphasis of classical economics on the process of production, neoclassical economists sought to understand the social allocation of scarce resources through a market process. It offers a vision of a market composed of a set of independent actors (both suppliers and consumers) each of whom made economic decisions based on a rational calculation of self-interest. Consumers demand goods and services, and offer labor and other supply factors so as to maximize their own return.

Similarly, producers offer final goods at prices determined by their cost as constrained by the prices consumers are willing to pay.

Embedded in this view of markets are two central concepts: that of equilibrium and optimality. Like the social ecologists, neoclassical economists argue that societies are in state of equilibrium (or at least moving toward equilibrium). In its simplest form this equilibrium is that point where producer supply curves and consumer demand curves intersect. It is at this point that all market actors maximize self-interest. At any other level of production and consumption either consumers or producers will be relatively worse off. Thus, the production and distribution of goods and services at any given point in time is an optimal solution to the problem of production and consumption. Note, however, that this optimization reflects the 'best' distribution of scarce resources only if the distribution of wealth is given. For example, economists argue that a clear distinction be made between the ability to demand goods and the need for such goods. Obviously one must be able to pay for goods if one expects the market to provide them. Thus, one may be in need of shelter, but unable to exercise market demand for it.

Within this general intellectual framework, urban economists have attempted to develop a number of models which explain urban land use. Much of the empirical work in urban economics has focused on firm location, and the distribution and composition of residential neighborhoods. Consistent with broader economic theory, land use is commonly perceived to be the aggregate result of individual calculation of rational self-interest. Much of the relevant literature is based on the pioneering work of von Thunen (1939) who analyzed the use of farm land around a market town. Von Thunen noted that farmers would certainly prefer to plant their crops as near the town as possible and thus reduce their transportation costs. Such desire creates higher levels of demand for central locations, which in turn generates higher rents. Since those crops with the highest yield would have the highest relative reduction in transportation costs, von Thunen argued that producers of high yield crops (or those with otherwise high transportation costs) should cluster in the more central locations. This predicts a consistent pattern of land use similar to the set of concentric land use zones described by Burgess and other social ecologists. This is, of course, what von Thunen discovered.

William Alonso (1964) developed a seminal model to predict firm location in urban areas through the device of the bid rent function. The bid rent function is defined as the rent a firm is willing to pay at various distances from the central business district so as to maximize a certain level of profit. Note, however, the substantive significance of the bid rent function rests on the important assumption that the bid rent function has a negative slope.<sup>22</sup> Substantively this means that central location is

assumed to have both revenue and cost advantages. Obviously this assumption is highly problematic for a wide range of nonresidential lands usages in contemporary metropolitan areas. Although it is possible to build an Alonso type model with these assumptions relaxed, it is often indeterminant.

The process of residential location has also been examined by economists. Richard Muth (1969) developed such a model based on an explicit calculation of the trade-off between access and space. Muth assumes that if a housing consumer chooses to maximize access by living in a central location, it will be at the cost of space. Such a trade-off is often used to explain the spatial distribution of various economic groups. Poor people live in central cities to maximize access and thus minimize transportation costs. The more affluent accept the higher transportation costs as a means to increase space. Although these empirical findings are accurate in most United States cities two important qualifications are in order. First, a number of scholars have pointed out that these empirical regularities are cultural specific. In a number of societies it is the affluent who seek central city locations, and the poor who are found in outlying areas (Berry, 1973). It has also been noted that the critical assumption on which the trade-off model rests, namely that a central location increases access, is problematic as various economic and commercial activities defuse throughout urban areas (Bassett and Short, 1980). Scholars interested in the process by which households make migration decisions have raised a more fundamental objection to a model which posits a simple trade-off between access and space as the critical variable in residential choice. A wide variety of research reveals a number of other factors of fundamental importance in the migration process (Rossi, 1981). Specific considerations include income related economic characteristics, age/quality measures, population size and density, availability of governmental services (particularly schools), and racial composition.<sup>23</sup>

### *3.3 Institutional approaches*

Much of the current theoretical work in social ecology has discarded the distinction between biotic and social competition, and has adopted an explicitly neoclassical economic land use model to explain urban development. Although there remain some important differences between social ecology and neoclassical economics, they have come to share a number of important assumptions as to how cities develop. The most important of these would include:<sup>24</sup>

1. The normal state of society is an equilibrium in which the various components of the social system are mutually reinforcing and act to reduce social disruption.

2. Change is conceptualized as a movement from one equilibrium to another.
3. Change is conceptualized as a process of 'automatic' adjustment to changing environmental constraints. Such constraints range from shifts in consumer preferences, improved technology to changes in available quantities of natural resources.
4. Change is viewed as the aggregate impact of a great number of independent individual decisions in the market place. Thus, development is a largely natural unplanned phenomenon.

Some have claimed this particular vision of society is deficient. Castells (1977) notes that an assumed isomorphism between habitat and social organization ignores a wide range of fundamental intervening variables. Bassett and Short (1980) argue that the general equilibrium view ignores the existence of a variety of antagonist social institutions central to the process of urban development. In reviewing the neoclassical models of urban land use they conclude:

The image of a free and unorganized market in which individuals compete impersonally for land must be abandoned. The reason for this is that the land market is highly organized and dominated by a number of interacting organizations (Bassett and Short, 1980, 45).

Such a view carries with it two important implications. First, there is no one-to-one correspondence between urban development and some fundamental underlying variable, whether that variable be the state of the ecological subsystem or aggregate consumer preference. It also suggests that there may not be a fundamental consensus on appropriate land use within a city, but rather an underlying conflict which is resolved through a political, rather than an economic process.

There is, of course, a wealth of empirical evidence to suggest that social institutions do play a significant and independent role in the process of urban development and decline. Consider, for example, the issue of where it is that cities seem to grow and prosper. Numerous location theories posit general principles of city location. While such models do have significant predictive power, idiosyncratic features of specific cities continue to be important. For example, organized efforts to stimulate growth through publicity, investment, or even legal coercion have at various times shown to have had a significant impact on urban development of a city.<sup>25</sup>

Patterns of growth within cities also differ significantly from expectations of neoclassical land use models. In a well known critique of classical social ecology, Walter Firey (1945) noted the importance of sentiment and symbolism in determining urban land use. He notes, for example, that open space in a number of large American cities has not

been assigned its most 'productive' use. Indeed, it could be argued that parks and open space represent the most unproductive use of this land possible. Nevertheless, through a political process, such land has been conserved as a limited natural resource. Residential growth patterns are similarly influenced by a whole range of social and political institutions. For example, blacks and other minorities have long faced a significantly reduced set of housing alternatives relative to the white majority. For minorities the ability to demand housing in many neighborhoods has not been solely contingent on location preferences and ability to pay. Both common sense and empirical research have documented the role of a variety of social institutions in maintaining extraordinary high levels of racial segregation. For example, Rose Helper (1969) revealed a number of techniques used by real estate agents to enforce housing segregation. Such strategies range from subtle steering practices to a flat refusal of some agencies to accept minority clients. Other studies show that real estate appraisers have discounted the values of homes in racially integrated neighborhoods, that insurance companies have refused home insurance in such neighborhoods, and private lenders often refuse credit.<sup>26</sup>

Of particular importance has been the role played by government institutions in defining the pattern of residential development. The explicit position of FHA in refusing credit to racially integrated neighborhoods was noted above (section 2.2). Other federal programs have also had a significant impact on the urban landscape. Urban renewal sought to rehabilitate significant amounts of low income housing stock, but had the effect of reducing the amount of low cost housing in a number of American cities. A variety of housing subsidies for low to moderate income families had a major influence on the sort of housing constructed in the 1970s. Of course a number of non-housing programs of the federal government had significant impacts on urban neighborhoods. For example, the massive postwar development of the United States highway system allowed a significant increase in outward movement from central cities.<sup>27</sup>

Local government may well be of greater importance than the federal government. A major function of many local governments is to protect the homogeneity of local communities. In the case of suburban jurisdictions this usually means the protection of strict racial and economic segregation. While such segregation has historically been enforced through a variety of mechanisms, zoning would seem to be the most powerful.<sup>28</sup> A number of studies have noted a significant class bias of much current zoning regulations. Frieden (1979) notes that this is particularly true for zoning regulations which attempt to implement 'controlled' or 'no growth' policies. Although such programs often claim to be based on ecological goals, their impact is to reduce the availability of housing to low

and moderate income families. It is perhaps ironic that zoning often acts to restrict entry to those who might migrate to suburbs to find work, since this natural lure of jobs is cited by both neoclassical economists and social ecologists as a key mechanism in the creation of the industrial city.

Much of the literature which has documented the role of various institutions on the spatial development of cities has tended to be highly descriptive and largely atheoretical. Bassett and Short (1980) have advanced the view that much of this literature can in fact be subsumed within a theoretical framework derived from Weberian sociology. They particularly cite the work of Rex and Moore (1967) who analyze the various interests within a 'transition neighborhood'. More specifically, Rex and Moore argue that these interests can be represented as a set of housing classes defined by the amount and quality of housing resources available to them. Land use is thought to follow from a political resolution of the struggle between these housing classes.<sup>29</sup>

At a descriptive level, such an analytic framework resembles the notion of pluralism as developed in sociology and political science. The fundamental features of pluralism were sketched by Arthur Bentley and others who saw politics not as an aggregation of individual preferences and predispositions, but rather as the end result of a process of interaction and competition between organized groups.<sup>30</sup> Two features of the pluralist perspective stand out. First, the relevant unit of analysis becomes the group (or perhaps an institution). Second, the notion of an unorganized interest, although conceptually meaningful, is largely irrelevant to the ongoing political system. The methodological implications of the approach are well described by a large body of literature which has sought to analyze political decision making through a review of the groups actually involved in the decision-making process. For example, both Dahl (1964) and Wolfinger (1970) attempted to explain the politics of New Haven, Connecticut by tracking the major actors in the political system. By analogy it might be possible to understand metropolitan development by a close study of the groups and institutions active in the relevant market process.

### *3.4 Marxism*

In some respects Marxist theory and institutionalism raise similar objection to critical assumptions of both neoclassical economics and social ecology. Both argue that the distribution of scarce resources is a product of social organization. Individual behavior, whether as a consumer or producer of goods, can not be abstracted from the social context in which the behavior takes place. However, unlike institutional theory, Marxism is less interested in describing institutions per se, but rather seeks to

isolate the social reality thought to underlie social appearance. Social institutions are taken as reflections of more basic elements of a society's mode of economic production. The mode of economic production is a summary term for a wide range of social and economic relationships including those relating to the workplace and those defining private property.

By mode of production Marx did not refer merely to the state of technique – to what he termed the state of productive forces – but to the way in which the means of production were owned and to the social relations between men which resulted from their connections with the process of production. In every instance the mode of productive activity has been the definitive fact of the social epoch, the determinant of the character of the society in all its superstructural expressions: political, legal, intellectual, and religious (Tucker, 1969, 15).

Marxist scholars have long denied that there is any simple one-to-one correspondence between the mode of production and social institutions. Rather, the relationship is thought to be very complex, involving a pattern of multiple causation. However, the economic mode of production represents the primary source of social institutions.<sup>31</sup> Within any given configuration of social institutions Marxism rejects the notion of equilibrium central to both neoclassical and ecological theory. Rather the potential for change comes from a set of social contradictions. Perhaps the most fundamental of these involves an ongoing tension between the mode of production and what Marx termed the forces of production. The forces of production include technology, resources and scientific knowledge. It is assumed that the mode of production develops more slowly than the forces of production and thus may act to constrain possible economic production. Revolutionary change may occur as the mode of production shifts to accommodate changes in the forces of production. Broadly, this occurred in the transition from feudal to capitalist society.

There is relatively little in classical Marxist literature directly addressed to the issue of urban development. This is hardly surprising given the demand in Marxist theory for a holistic analysis of society. In a major review of urban sociology, Castells (1977) argues that the city, as it has been traditionally defined in western social science, does not seem to be a suitable unit for scientific study. In a position reminiscent of Weber (1958), Castells argues that little can be understood of the development of the modern city if that city is abstracted from the society of which it is a part. One exception to this lack of urban focus in the classical literature is Engels' essay, *The Housing Question*, which examined the quality and distribution of housing in Manchester. Of particular interest is Engels' description of the land use patterns within the city. In broad outline it resembles Burgess' description of Chicago. Unlike Burgess, however, Engels attempted to place these patterns into a broader set of economic

and social relationships. Although *The Housing Question* is suggestive, the work is limited as a theoretical statement. Rather, it must be viewed as a polemic aimed at a particular set of social reformers. The result was much more a political statement than a rigorous theoretical discussion of urban housing markets.

More recently a number of Marxist scholars have turned their attention to the general question of cities and urban problems. For example, while Castells (1977) rejects much of the traditional urban literature, he suggests an alternative framework for the analysis of urban problems. Castells argues that cities should be viewed as institutions which act to produce collective consumption needed to maintain the broader political economy. Collective consumption is related to the notion of public goods in neoclassical economics. It refers to those goods which must be produced to maintain a complex industrial capitalist system, but which seldom generates a profit. Thus, it is left to government to provide infrastructures such as mass transportation, highways, airports, and various social services ranging from welfare to education.

David Harvey has described the more specific issue of how land use decisions are made.<sup>32</sup> He argues that the theoretical formulations within contemporary social science are inadequate, because such models confuse two fundamental conceptual issues. The first issue is based on a distinction between use and exchange value.<sup>33</sup> Geography and sociology rely on use patterns in the development of land use models; whereas the numerous land use models developed in microeconomics rely on exchange value. Harvey offers a general criticism of both approaches and argues that different actors in a housing market seek to maximize different types of value. He notes that land and housing are defined as very different commodities depending on what groups one is observing in the market. Models which rely on a single conception of value are likely greatly to distort actor motivation. Harvey also notes that there is a lack of appreciation in most contemporary social science for the absolute nature of space. Space is absolute in the sense that once it has been dedicated to a particular use, change is likely to occur only in the long run. In the short run, land use may often be assumed to be fixed. Harvey (1974, 168–9) notes: In capitalist society this characteristic of absolute space is institutionalized through a private property relation, so that ‘owners’ possess monopoly privileges over ‘pieces’ of space. The decision to introduce the notion of absolute space forces a rethinking of a theory of urban land use. To cite Harvey (1974) once again:

We can begin to incorporate considerations stemming from the conception of absolute space if we envision allocation occurring in a sequential manner across an urban space divided into a large but finite number of land parcels. Land-use theory then appears to be a sequential space packing problem.

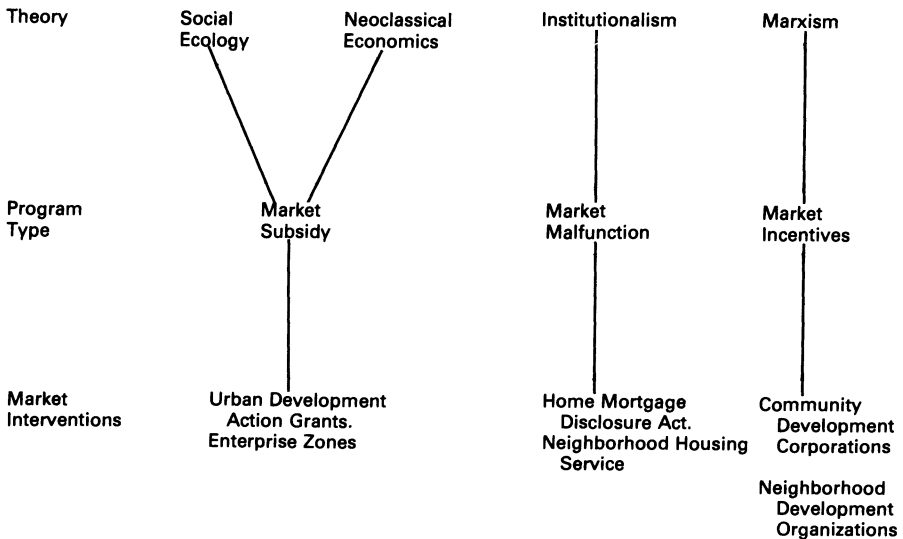
If those who enter do so in order of their bidding power then those with money have more choices, while the poorest take up whatever is left after everyone else has exercised choice.

If land-use patterns do in fact emerge from such a sequential packing process, many lower income residents will face a quasi monopoly associated with the limited residential location choices open to them. Thus, those who arrive 'last' can be forced to pay a greater relative price for their housing.<sup>34</sup> Harvey concludes that the preferences of microeconomics models are most appropriate for higher income groups. For other groups, it is best represented as implicit income redistribution to those with greater income through differential consumer surpluses.

4. *Matching theory and program*

To what extent can specific types of redevelopment programs be placed into the general theoretical orientations described above? Obviously any effort to make this linkage will be approximate since each categorization is itself rather crude. Nevertheless, it does seem possible to detect a pattern between theory, program type and specific program. This relationship is outlined in Figure 1.

FIGURE 1. *The relationship of theory, program type and market intervention*



As shown in Figure 1, development policies which are based on efforts to correct market malfunctions are most consistent with the institutionalist framework. For example, the Neighborhood Housing Service assumes

that lenders fail to invest in credit poor neighborhoods because of a lack of adequate market information. Thus, intervention at the institutional level should bring about a shift in investment. Development policies based on subsidy strategies are most consistent with social ecology and neoclassical economics. Perhaps the 'purest' example of such a program is the Reagan proposal for enterprise zones. Obviously, for the zones to be effective, private firms will need to be highly sensitive to economic incentives. Finally, efforts to restructure market incentives as a strategy to generate urban redevelopment would seem most consistent with a Marxist analysis of urban development. Examples include the formation of community development corporations and a variety of neighborhood development organizations.

Figure 1 can certainly be criticized, since any programmatic effort to spur urban redevelopment will likely have elements of each program type and be consistent with aspects of each theoretical perspective. Nevertheless, there does appear to be a degree of face validity to Figure 1. Interestingly, it explains some policy preferences of the Reagan administration which neighborhood activists often attack as contradictory. Clearly the present administration is primarily interested in only in very deep subsidies (i.e., enterprise zones and to a much lesser extent UDAG) to spur redevelopment. This preference is based on a strong commitment to private sector initiatives. Some observers argue the administration is hypocritical in failing to support efforts such as the Local Self Help Development Program which financed the development of Neighborhood Development Organizations. However, as shown in Figure 1, the assumptions in LHSP were quite different than those in the subsidy programs supported by the current administration.

The utility of identifying the implicit theoretical framework on which policy interventions rest is that it allows a much clearer explication of program expectations appropriate for evaluation. Perhaps even more important it begins to tie evaluation research to more 'basic' social science research. Thus, specific policies can be conceptualized as social experiments, which have direct implications, not only for the allocation of concrete social resources, but also for what we know about the underlying process at work in the allocation of these resources. This is not to suggest, of course, that any particular program can be viewed as a critical test of any given theoretical orientation. Science (and in particular social science) seldom produces such a clear set of alternatives. However, it is a central theme of this article that program evaluation can provide useful conceptual as well as programmatic information.

### 5. *Conclusions*

This paper has attempted to bring some order to a range of urban redevelopment programs which seek to use market forces to generate urban development. It began with a typology of program types based on the often implicit assumptions in the program as to how markets can be manipulated. A series of alternative theoretical positions were then introduced which represented different visions of the market, urban development, and appropriate intervention techniques. It was asserted that each of the program types fall crudely into one of the theoretical perspectives. The role of the evaluation of specific policies can be seen as proceeding at three levels. The first, and perhaps most common, is at the programmatic level. That is, did the program 'work'? Evaluation can also serve as a test of internal assumptions on which the program is based. Finally, evaluation of concrete programs can be used to assess the relative power of alternative conceptualizations of development and of the market itself.

Most of the ideas expressed in this paper are, at best, suggestive. There is clearly a great deal of work to be done both at the empirical and conceptual level. Thus, perhaps it is appropriate to conclude with a standard call for further research. In particular there is a need for scholars interested in evaluation to address issues of theory and theory development as well as the concerns of practitioners. To focus solely on 'policy relevant' work seems to be the most certain path to insuring that such work will have no relevance at all.

### NOTES

1. Note that this is not to say that a strong argument cannot be made that such programs were a success. What is of importance for this discussion is the widespread perception of programmatic failure.
2. Perhaps the most notable example is Pressman and Wildavsky's (1973) study of the Economic Development Administration's programs in Oakland. In this very widely read case study, two self-professed sympathetic observers of the EDA goals argue that by the nature of the enterprise there was practically no chance that the EDA effort could succeed.
3. For a discussion of the link between international and domestic community development, see Rosenbaum and Kotler (1983).
4. There is a very interesting parallel between these economic based community development programs and the political development orientation of the 1960s Office of Economic Opportunity program. In the latter case, some effort was given to investing in the political and social infrastructure of the target community. The alternative to this pattern of investment was the direct provision of goods and services at the neighborhood level. For a discussion of these issues see Marris and Rein (1982).
5. One could argue about whether the HMDA regulations were actually an inappropriate 'malfunction' strategy. The information provided in the HMDA statements was probably not very helpful for a 'rational' consumer trying to identify a source of home finance. On the other hand, the data have been useful to a number of community groups interested in applying political pressure to local lending institutions.

6. An excellent discussion of the structure and strategy of the Neighborhood Housing service has been published as part of an evaluation of the Neighborhood Reinvestment Corporation. See Clay (1981).
7. For example, some argue that HMDA has been used by community organizations to pressure lending institutions into making loan commitments based on political considerations rather than market factors.
8. One incentive which Guttentag and Wachter (1980) find of particular importance are rules which make it profitable for lending institutions to foreclose very quickly on federally insured loans. It is suggested that lenders be rewarded rather than penalized (in economic terms) for showing patience with a mortgage that is in arrears.
9. For an overview of this shift see Pressman and Wildavsky (1972).
10. For a discussion of the implementation of the Community Development Act at the local level see Dommel (1982).
11. It should be noted that there is a substantial literature which casts significant doubt on this assertion.
12. Harvey's analysis of the Baltimore credit market has appeared in a number of papers. See Harvey (1973; 1975; 1977); Harvey and Chatterjee (1974).
13. Ahlbrandt, Friedman and Shabecoff (1982) note that the format of these efforts varies a great deal. Specific examples include (1) direct involvement, (2) cooperative ventures with neighborhood organizations and (3) offering general support for community or neighborhood organizations.
14. For a more complete discussion of the Office of Economic Opportunity and, in particular, Community Action Agencies, see Marris and Rein (1982) and Moynihan (1967).
15. Note, however, that the success of the Bedford-Stuyvesant Corporation is quite unusual. See Suiridoff (1982).
16. As noted above (p. 190) a number of studies which have examined the impact of budget cuts on neighborhood development organizations suggest that those activities from which support is most likely to be withdrawn are those which would likely be considered inconsistent with market incentives. See Cohen and Kohler (1983).
17. Obviously, this language is taken from Kuhn (1972). The issue of whether these alternative intellectual perspectives define a set of competing paradigms for urban policy analysis is beyond the scope of this article.
18. It is interesting to note that at least for Park the view that societies did form clear spatial patterns was based solely on empirical observation rather than any theoretical necessity.
19. For a discussion of this view see Park (1952).
20. For examples of how later ecologists attempted to deal with the issue of biotic competition see Hawley (1950), Quinn (1950) and Theodorson (1964).
21. Of particular importance is the emergence of social area analysis and factorial ecology. See Shevsky and Bell (1955).
22. Note that some economists argue that the rent gradient can in fact be derived from a theoretical model. See, for example, Richardson (1978).
23. For a review of this literature, see Frey (1978).
24. A very similar argument has been made by Dahrendorf (1959).
25. The role of boosterism in the late nineteenth and early twentieth centuries is discussed by Glabb and Brown (1967) and Warner (1972). For a discussion of contemporary boosterism, see Angle (1977).
26. This argument is present in the final report of the National Commission on Neighborhoods (1979).
27. The highway system was also used explicitly as a means to destroy 'undesirable' urban neighborhoods. See Judd (1979).
28. The role of zoning in American metropolitan areas has, of course, been documented in a variety of sources. See, for example, Danielson (1976).
29. Rex and Moore (1967) argue that although housing class is defined in terms of access to housing resources, one's class predicts a great deal more. This includes 'man's association, his interests, his life style and his position in the urban structure'.
30. There is, of course, an extensive literature on the notion of pluralism. For a review of some of the early relevant empirical literature see Hawley and Wirt (1968).
31. For an excellent discussion of this point see Harrington (1976).
32. Harvey has presented this view in a number of papers. See, for example, Harvey (1973).
33. Harvey notes that this distinction was an important one in classical economics, but has largely

been defined away in neoclassical economics. He argues, however, that a number of theoretical problems associated with the distinction remain.

34. Harvey argues that differences in relative payment can be measured in terms of consumer surpluses. A consumer surplus is the difference between the total amount of money consumers are willing to spend for a certain type of housing and the amount they actually do spend. Harvey argues that consumer surpluses are much higher for those with greater incomes.

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