THE ART OF COMMUNITY

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Institute for Humane Studies, Inc.
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This book acknowledges the transcendent dream
and yet practical temper of
Spencer Heath, F. A. Harper, and Alvin Lowi, Jr.

Most of us see major changes in society only after they have come to pass. We experience the change but without conceiving of it in advance, and so we do little or nothing to help forward it. Spencer MacCallum's distinguished grandfather once described the situation this way: "If you wait to act until it is perfectly safe to do so, you will be too late for the opportunity at hand."

A book comes along occasionally that is "before its time." This means that it will be read and used primarily by a few who can envisage important things that are to come—once the idea is grasped and implemented. *The Art of Community* is that kind of book.

It is commonly implied or asserted outright that an expanding population necessitates increases in the size of formal organizations in society and, correspondingly, increases in the use of force to restrict liberty among persons. With these assumptions, men have accepted more and more enslavement as the necessary cost of fecundity. Through the centuries they have developed and accepted all sorts of illiberal devices for "social control," usually justified on grounds of securing law and order.

As a setting for reading this book, one may recall the customary outlines of societal forms which the sociologists are fond of listing. The "community" problem began when Adam, with his rib, added the second person to his environment. As conflicting interests arose and bumped into each other more and more, we are told that there developed these societal arrangements in a general sequence: (1) families, (2) clans, (3) tribes, (4) nations, and (5) super-nations.

Against his own background of studies in social anthropology, Mr. MacCallum challenges many traditional assumptions and presents a specific alternative grounded in both theory and practice. He foresees a radically new form of society—new, at least, in the conceptual scope which he outlines. It is a society of individual contracts—one that transcends all geographical barriers to human relationships as well as the shackles of prenatally determined bondage that we are fond of calling citizenship. In an open society of contract, a person may deal with whomever he chooses, relative to that which is his. Any two parties, near or far, may contract with one another and do business on mutually desired terms. The author explains how such a society is evolving as individuals begin to perceive the method and put it into operation. Here is a solution to the intrinsic violence of political power!

Mr. MacCallum has offered us an excellent bridge from the frontiers of social theory to the specific practices that produce social harmony. He avoids the common danger that such an attempt will become either an impractical dream or only an unimaginative cataloguing of minutiae. The construct he lays before us preserves private ownership and control of property while establishing a method to provide desirable services generally preempted by the State. He shows how we are already weaning ourselves—often unconsciously—away from the political regimentation of life, as well as from other forms of control based on coercion, without leaving any vacuum of necessary functions to be performed.

The central concept of this book has endured all the growing pains which revolutionary ideas must undergo. It was tested and refined by exposure in earlier years, mostly through discussions which the author had with his friends. In recent years the refined idea has begun to command increasing attention as more and more "free communities" spring up both here and abroad. It seems timely, therefore, to publish this work and help along a concept which Harvard University's famous Dean, Roscoe Pound, once praised as an "outstanding contribution to a crucial problem of our time."

The author, like many of us who knew him, is anxious to give full credit to his grandfather, Spencer Heath, whose inspiration and intellect contributed much to making this book possible. Mr. Heath (1876–1963) was one of the truly remarkable men of our time. Most persons knew him as an engineer, an attorney, a manufacturer, or a horticulturist; but his friends knew him also as a genial conversationalist and considered him the keenest philosopher of freedom they had ever met.

Mr. MacCallum also acknowledges his indebtedness to many other persons who, in various important ways, helped shape the ideas in this book. But for the encouragement of Dr. James B. Watson of the Department of Anthropology, University of Washington, this study might not have been undertaken. Alvin Lowi, Jr., deserves credit for the title, *The Art of Community*. A special note of thanks is due to Sartell Prentice, Jr., of Pasadena, who was the final catalyst in this publication.

F. A. Harper

Author's Preface

The concept of proprietary community administration which is pivotal to much of this book was original to my grandfather, Spencer Heath, and was a principal theme of his final and major work, *Citadel, Market and Altar* (1957). It has been my privilege to make use of many of the ideas which he expressed in more general and philosophic form. In my studies in anthropology I tested and extended some of them specifically to primitive village organization, on the one hand, and to current developments in real estate—contemporary land tenure—on the other.

During periods of social evolution like the present, forms and practices change rapidly. Specific facts and illustrations soon become out-of-date, as may already be the case in some instances in this book for which the work extends back over a decade. Essential principles of human association do not change, however, and the reader is invited to give these his attention. By progressively understanding the 'timeless aspect,' our creative command grows.

In a field in which the relevant literature is still so little established as in the social sciences, the amateur with scientific curiosity and sound intuition suffers no great disadvantage. It is hoped, therefore, that the present work will provide a stimulus to investigative thinking among informed readers outside of the established social sciences no less than within.

Spencer Heath MacCallum

San Pedro, California
May, 1970

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CHAPTER 1

Is the Hotel a Community?

At a time when we have entered the moon age, our communities on earth are deteriorating faster than we can maintain them or escape from them. The administrators of our communities are engaged in death struggles with one another, drafting the occupants to do the fighting and the dying, to the music and under the banners of the greater public welfare. This picture starkly portrays the failure of our social sciences. The failure is only underscored by the spectacular successes in the natural sciences.

Of the two main streams of social science effort, sociology and social anthropology, the sociologists have concerned themselves historically with what might be called clinical sociology, much as psychologists from the time of Freud until quite recently have concentrated on clinical psychology. Sociologists have dealt more with the ills and problems of society than with its healthy functioning. Within their chosen field of Western society, the very communities available for study have been defective models of community functioning. Their pathology will be explained in the course of this book. Social anthropologists, on the other hand, have encountered much healthy functioning in the communities of the primitive world. Yet, because of the enormous variety of social forms and cultures, they have been wholly occupied in collecting and ordering their data and have seen nothing to bridge to, have made no translations or practical applications from primitive to modern society. Thus in the social sciences there have been as yet none of the over-all integrations and simplifications that have characterized the advances in the natural sciences.

Recently, however, an interesting development has occurred which parallels in some respects the history of the natural sciences. In the Middle Ages, before there was any science of chemistry or physics, there was nevertheless some very successful empirical chemistry and physics in the arts of tanning and dyeing and metallurgy. In a like way, an empirical art of community has developed within Western society since mid-century, in a span of barely twenty years. It has appeared in the real-estate field, outside of the cognizance of the social sciences and without appreciation of its significance within the real-estate industry. Rudimentary as it yet is, this empirical art may provide models of healthy social functioning from which to infer much more than we know of the structure and function of communities and so move us closer to an authentic natural science of society.

The task of this book is to explore this growing art of community and some of its implications. An effective starting place is suggested by the aphorism that all new understanding begins with a question. In this case the line of inquiry actually did begin with a specific question that took shape with great clarity in the writer's mind in the early spring of 1959. The question was whether the hotel should not, in point of fact, be considered a community and as valid an object of scientific study in terms of structure and function as the communities of the Cherokee, the Mambwe, or the Trukese, with which anthropologists are regularly concerned, or as the communities of peasant and modern society.

True, there is little continuing personal contact among hotel guests, but the transient and impersonal quality of the hotel does not differ in principle from that of modern cities and towns which are readily acknowledged as communities. The physical analogy, moreover, is striking. The hotel has its public and private areas, corridors for streets, and a lobby for its town square. In the lobby is the municipal park with its sculpture, fountains, and plantings. It has its shopping area, where restaurants and retail stores bid for patronage. Its public transit system, as it happens, operates vertically instead of horizontally.

Utilities, including power and water service and sewerage, are all available. Police and fire protection come under the supervision of the house officer and security staff. Some hotels provide chapels, sponsor concerts and lectures, give adult instruction of various kinds, and conduct nursery schools. Controlled lighting and climate and community-wide credit arrangements number among the services and amenities which are available only on the most rudimentary level in our out-of-doors communities, yet which are accepted as a matter of course in hotels.

The question gains an element of interest in connection with the organization of the hotel, for social scientists commonly suggest only three possible bases of community organization, none of which applies to a hotel. The suggested bases are kinship, recorded by anthropologists for many primitive communities; common dedication to an ideal or purpose, especially associated with religious communes; and sovereignty, with which we are sufficiently familiar. The fragmented, transient character of the guest population of a hotel precludes the formation of either kinship ties or strong personal bonds or commitments. As for sovereignty, where is the taxation legislated and levied on the guests to finance the common services? The authority of the management is proprietary only and, as such, does not extend to the persons or property of the guests, who individually negotiate with the management the amount and method of payment and the services to be rendered in return.

The hotel, if considered to be a community, has some further interesting attributes. It is a product of urban society and shares the impersonal quality of the city; but its scale is small, it is clearly bounded, and it lacks sovereignty, in common with a great many village communities. Thus it tends to bridge—if it does not fall into—the gap between sociology and anthropology.

By now the question has become more than a play on the meanings of a word. It demands a considered answer, and the answer turns precisely on the definition of community. The notion of community has long haunted the thoughts of social scientists as a possible key to a unit of social analysis that could be employed cross-culturally. Yet the concept has been elusive. Seldom is more rigor attempted than to say that a community consists of persons in social interaction within a geographical area and having one or more additional common ties. This was the synthetic definition offered in 1955 by sociologist George Hillery, who collected ninety-four definitions of the word and made a statistical analysis of their content.[1] The word is also used figuratively, as when one speaks of a "community of interest" or of a group of people who share a common origin or likeness, as the Italian community in America.

Critical study of the hotel as a community, however, presented many fresh aspects of the subject and suggested a definition that is cross-culturally valid and has at the same time enough rigor to be a fruitful analytic tool. In this book, therefore, *community* will be defined as *an occupation by two or more persons of a place divided into private and common areas according to a system of relations which defines and allocates responsibility for the performance of all activities that might be required for its continuity.** Upkeep of the common area and its facilities, selection of members, and leadership are prominent examples of these required activities or tasks.

This definition has some surprising empirical consequences. It identifies, in addition to what traditionally have been called communities, a variety of phenomena not customarily thought of in that way. One, of

*Close personal ties are not a requirement of the definition, but neither are they excluded by it. A community frequently provides the context, or the setting, for such ties. Common usage is not analytical, however, and does not distinguish the two. Sociologist Conrad Arensberg writes to the point: "The semantic confusion between community as organization and 'community' as an individual's maximum range of face-to-face acquaintance, which continues to appear in the literature of anthropology and social psychology, is a crippling failure of sociological sense. It is in fact as if a zoologist should require of a beehive that it not be one unless he knew every bee to brush wings with every other bee." [2]

course, is the hotel. An office building in the daytime is also a community by this definition; so is a theater during a performance, at which time the seats are held privately, the aisles are used in common, and the chief public service is entertainment. An apartment house and a trailer camp also qualify. Even a restaurant qualifies; the tables and booths are the restricted areas, and the music, decor, and availablity of food figure prominently as common services. A private home, when more than one of the family is in residence, is a community. Airplanes, ships, and trains in transit meet the requirements of the definition.

Clearly this definition describes not an unchanging entity but, like anything we may describe in the world around us, a conflux of conditions, an event of which permanence is not a requirement. It has reference to many diverse kinds of situations, but within those situations it always denotes a certain set of conditions. The variables include considerations of place, population, arrangement of internal space, kinds of public service available, and arrangements for securing performance of these services.

The function of a community within a larger community may also be a significant variable, for normally we live in communities within communities—a *booth* within a *restaurant* within a *building* within a *shopping center* within a *town*. In contemporary society, a person seldom finds himself in only one community at one time. He passes from one community to another a number of times during a day, occupying several simultaneously on successive levels whose bounds usually can be described with great clarity.

If the hotel is really a community, then is there a principle on which it is organized as such? What are the social bonds that hold it together? The answer is basically that the hotel is a community *organized by contract*. But to give it a name is not to answer the question. It merely opens the door to the inquiry. *How* the hotel is organized by contract will be dealt with in later chapters.

The elaboration of business contract is a prominent and historically recent development of Western civilization. It has assumed major importance within the last two centuries as a way of relating *impersonally* to others to accomplish personal wants by exchange of services.

Contract is commonly thought of as a relation between two individuals only; seldom is it considered in a collective or community context except figuratively, as in the political sense of Rousseau.*

*Against the prevailing ignorance of contract among most anthropologists and sociologists, it is interesting to observe that the British anthropologist, A. R. Radcliffe-Brown, wrote at one point, "I am proposing later to consider economic behavior as the conceivable unit behavior of a social science."[3]

Contract has proved to be an extremely productive technique for individuals to employ in meeting such needs as food and clothing. But when men think of providing environmental needs such as streets, parks, and civic planning—needs they cannot enjoy separately but must share in common—they habitually look to other means. The hotel proves to be an exception. Here is an example of contract operating effectively in a collective—a community—context.

Contract is the universal bond in hotel organization. Not only every member of the service staff, but every guest is related to the whole organization through its proprietors by contract. The manner of the relationship of each toward others is specified in the terms of the individual contracts, the sum of which at any time is the social charter or constitution of the community.

It would be appropriate to call the hotel a *proprietary community*, since it is a proprietary enterprise and the relations of every member of the community are formed directly with the proprietary authority. The terms of each contract, however, define the relations of each individual to every other person in the community—the least obvious relationship being that between one guest and another, since the special character of the hotel requires that these relations be in the nature of what in anthropology are called avoidance, or respect, relations. It is the nature of contracts that their full terms are seldom, if ever, spelled out in writing. That would be cumbersome. A contract is nothing more than an agreement, a meeting of minds, and it is enough for such a purpose that much of it be unwritten. This is particularly true of hotel guest contracts, since these are usually short-term and highly standardized. Certain conventions of behavior required in the hotel are no less contractual for not being written.

However strange it may seem on first reflection, the hotel fulfills the basic criteria for a community. Moreover, it is saved from being an intellectual curiosity, an oddity of evolution or of semantics, by being in such large and vitally growing company. All multiple-occupancy income properties in real estate qualify as one or another form of proprietary community.

The next two chapters provide some historical perspective from which to examine the nature and potential of the proprietary community.

CHAPTER 2

Historical Briefs

Research into the nature of community life and organization traditionally has dealt with generalized or all-purpose communities. Proprietary communities have not had the benefit of such study, partly because they are recent but also because they comprise a broad class of *special purpose* communities which lie outside the traditional scope of community studies.

Proprietary communities are usually committed to special phases of economic activity. Each of the functional divisions of the economy—production, exchange, and consumption—has evolved its own specialized forms: loft buildings and industrial parks to manufacturing, mart buildings and shopping centers to exchange, and hotels and rental housing developments to residential uses. Thus, proprietary communities may be broadly classified according to purpose. Each form has developed in its field independently of the basically similar developments occurring in other fields. It remained for property managers, the newest branch of real estate, to begin in a pragmatic way the conceptual task of unifying the field.

The classification of a proprietary community according to its characteristic activity has limited utility, however, for each displays a generalizing trend away from its original special-purpose character. Increasingly, shopping centers which include office buildings, hotel facilities, and medical centers have become the commercial and cultural focal points of suburbia. Industrial park developers are providing scientific research facilities, professional buildings, shopping areas, and recreational centers. There has also been a rapid rise in the number of planned real-estate complexes that include all or various combinations of these functions in one scheme of development.

Because little information is available on proprietary communities outside of articles in the technical and trade media, most people have only vague impressions of their history. This chapter summarizes the development of four outstanding forms of proprietary community: the hotel, the shopping center, the industrial estate, and the mobile-home park.

From Inns to Hotels

The public hotel, as a commercial venture entered upon for profit, is the oldest of the modern forms of proprietary community. But it is a far younger institution than most people suppose. From classical antiquity until the industrial change in eighteenth-century England, there did exist public inns managed for profit. But these were less than simply scaled-down models of hotels as we know them. Not only was the hotel concept of "service to the public" as a matter of deliberate policy unknown, but the public inn had none of the social prestige the hotel has enjoyed in recent times. Its nearest equivalent in today's society is the Skid Row dormitory, for it largely housed society's castoffs, criminals, and the poor. Nor does there seem to have been any better class of inns to balance the picture, notwithstanding the importance of travel in every historical period. There were other ways of providing accommodations, and worthy people stopped at inns only when compelled by unfortunate circumstances.

In the Mediterranean world, the rules of hospitality strongly prevailed. A traveler stayed with family members, acquaintances, or the families of professional and business associates, carrying letters or word of introduction in places where he was not known. Societies and brotherhoods accommodated their own, while cities and states provided hospitality for visitors on official business and sometimes maintained special post stations for the use of their own couriers and emissaries en route. Temples provided lodging for pilgrims and travelers. Later, during the Middle Ages, nobles accommodated travelers in their town houses and country estates. Religious orders, both Moslem and Christian, cared for travelers. Merchant and craft guilds provided accommodations for their own traveling members.

The traveler to a city who stayed at a public inn was one who had no family or other connections in the city and presumably no legitimate business there. As such, he was widely suspect. Marco Polo reports that the use of the guest register by innkeepers in Chinese cities was a requirement of law, a police measure to monitor the movements of aliens and unknown persons. It was also for the protection of such persons, for the traveler without kin or connections was the natural prey of criminals. This was another reason why the public inns attracted criminal elements of every kind. One author writes that the public inns of Rome " . . . in spite of a rather rigorous state supervision were noted for miserable accommodations and bad reputations. In the vast majority of cases these inns were nothing but bawdy houses and were frequented by gangs of thieves recruited from all races."[1]

The guest register began as a police book in France in 1407. An earlier law, enacted in France in 1315, had attempted to reduce assassinations by making the innkeeper liable to the estate of any who died on his premises. The liability was for three times the amount of property the victim had been carrying. An easy alliance existed in those days between the innkeeper and the highwayman.

As near to present time and culture as Colonial New England, the innkeeper still had none of the modern ideas of service to his guests. Following European custom, service beyond the minimal necessities was reserved for "great folk" who were privileged by birth or station in life. A traveler, merely as such, had no right to ask or demand any. Moreover, the New England innkeeper was often held accountable by law for the moral conduct of his guests. He had the prerogative of locking them in the public stocks when he judged they deserved it, and it is clear from accounts of the times that he took this responsibility seriously. The guest in the public inn was still suspect. But times and circumstances were changing.

The inn in America differed in several ways from its European counterpart, and it prepared the way for the modern hotel, a thoroughly American invention. Because of the exigencies of frontier life, the American inn from the beginning was more of a public institution. Its long hall was the only place to entertain, since at first there were no homes corresponding to the Old World manor houses or outlying residences with enough space to entertain privately on a large scale. Thus the inn became the democratic center of community life, its role as a place of lodging for travelers often being incidental to its role as a social center for the town. Consequently, the American inn carried less stigma than its European sisters. It developed further as the London inns on which it was modeled began from the 1750's onward to improve and achieve a reputation—small enough praise in that day—as the best managed inns in the world.

Following the War of Independence, inns began to be built larger in America. They became focal points of a flowering of civic and national pride, and the diaries of more than one foreign traveler in the new country reflect indignation at the independence of innkeepers who showed little humility before their well-born guests.

In 1794 the City Hotel was built in New York. This was one of the first uses of a new word, *hotel*, which came to mean a superior kind of an inn. It was a word imported from France, where it meant simply a town hall or large house under single administration. The City Hotel was the first inn to be financed by a stock company, and it is said to have been the first building in America built expressly for innkeeping purposes rather than converted or enlarged from a private residence. Despite these qualifications, the City Hotel was still an inn, with traditional disregard for the guest. But the gestation period had begun.

The Nineteenth-Century Hotel

During the first quarter of the nineteenth century, a parade of oversized inns were built in all the larger cities, culminating in a hotel "fever" which broke out in America following the completion of the Tremont House in Boston in 1829. This is regarded by hotelmen as the true pioneer among hotels—not because of its size or facilities, but because it pioneered what has come to be known in the industry as "hotel service." For the first time a public inn, open to all who could pay, formulated a conscious policy of guest service. Among its striking innovations, the Tremont House offered as part of its regular policy a separate room for each party who requested it. No longer were travelers required to share rooms, and with each room went free soap and an individual lock and key. Other innovations included a reading library, which was free to guests, and a bath in the basement, which guests could patronize instead of going outside to a public bathhouse.

The hotel-building competition of the next fifty years manifested the braggadocio spirit of young America. It engendered an excitement that was equaled only by the building of the canals and the railroads. It was the first of a series of "firsts" in the new order of American life. As one author writes, "Every city and town in the country had to have a hotel as fine as the Tremont House, and sooner or later they got it." Unrivaled by a comparable development anywhere in the world, American hotels of that period caught and held the public imagination as did the skyscrapers of a later generation.

This rapid development of hotels could not be justified in economic terms alone. For the most part they did not pay, or they paid less than comparable investments in other enterprises. Many were built by public subscription promoted by local pride and hope of drawing new population and business to the growing community. But much of the popular enthusiasm must also be ascribed to nationalistic spirit and pride in the new Republic. America vaunted its freedom and equality of opportunity, its democracy, its ban on class distinctions, and its belief in the worth and dignity of the individual. It rejected hereditary class privileges and hailed the new era of the common man. The current saying in America was that every man was a king. And as kings have palaces, so did every American. The new hotels appearing on every hand, each open alike to all on equal terms, and each more grand than the one before, were acclaimed as the "palaces of the people." Hence the popular name from the period, "Palace Hotel."

In the years following the Civil War, a subtle change took place. The public imagination was caught up in new wonders, and the new class of millionaires began to make the hotels their own palaces, setting themselves apart from the mainstream of Americans by wholesale importation of European titles and trappings of privilege. Hotels became symbolic of class distinctions, the very idea they had flaunted the generation before. In an engaging book, *The American Hotel, an Anecdotal History*, Jefferson Williamson suggests this change and the transition to it in his choice of names to distinguish three main periods in the nineteenth-century development of the hotel: *The Palace Hotel, The Bowl and Pitcher Period*, and *The Grand Hotel*. The grand hotel lost some of the public rapport of preceding decades, as hotels came to be built as much for monuments to individuals and to the collective vanity of a new American "elite" as for local community pride. Finally, when their rapport was at lowest ebb, hotels became a prominent target of the temperance movement.

The period of the grand hotel extended into the twentieth century, preserving outdated business methods and uneconomical building design long after other businesses had begun to convert to cost accounting and modern business management. Hotels throughout the period had been monuments, entrepreneured for almost any motive but that of impersonal business. The inflationary years of the 1920's disguised the hollow economic base of the industry and tolerated its greatest building boom. But during the Great Depression that followed 1929, the centennial of the opening of the Tremont House, eighty-five percent of the hotels in the United States went into bankruptcy, many of them two and three times over before business began its upturn again.

The Modern Hotel

"E. M. Statler invented the modern hotel as surely as Henry Ford invented the modern automobile." With these words, one author introduces the Buffalo Statler, built in 1908. Even during the last years of the monument hotels, a quiet change was taking place—a purely economic development in response to changing needs and times. Ellsworth M. Statler was building hotels that were somewhat unesthetic but carefully studied for economy of operation. He standardized operations and carried research into every phase of the hotel business. He and others experimented with the chain organization concept which had already appeared in Germany. These developments continued to grow—and they survived the Great Depression. When hotels began to be built once more in the late 1940's, they were no longer fashioned in the image of the monument hotel.

The new hotel industry is characterized, instead, by chain and franchise operation, thorough management training, up-to-date cost-accounting techniques, increasing use of automation, and research in all phases of hotel administration. It has undergone a change in structural forms that amounts almost to a revolution in building design.

Revolution in Forms

Any account of the purely formal changes in inns and hotels from early times must begin with the functional distinction between wayside and terminal accommodations. The first is patronized mainly by the traveler who is en route and needs only overnight lodging. Its clientele is transitory by comparison with those using terminal accommodations, which serve the traveler at his destination. The average length of a terminal stay is several days (omitting the residential hotel, which may serve transients incidentally but functions primarily as an apartment house). The two kinds of operation are represented in their purest forms by the wayside motel and the metropolitan city hotel.

Both wayside and terminal functions are very old. To say which function evolved earlier is difficult, since each largely complements the other. Wayside accommodations may have evolved earliest as a distinctive architectural form, however, because of their more specialized requirements and the fact that terminal accommodations could be adapted from existing dwellings. Wayside accommodations early evolved the widespread form of the Near-East caravanserai, the essential function of which was to give protection and shelter to a party of travelers and their animals. This form was basically a circular, walled enclosure that could be barricaded at night—the center of the enclosed space for animals and baggage, and the shelter around the inner perimeter of the walls, facing the court, for the travelers and drivers. This was the form of night camp and defense adopted by American wagon trains a century ago, closing the wagons in a protective circle. As a natural defensive position, it has probably always been used by bands traveling in open and potentially hostile country.

Until recent times, there was little improvement in either kind of accommodation. The first improvements were made in terminal accommodations in England shortly before 1750. By 1800, London inns were reputed to be the best in the world. But at this point their progress stopped, relative to events in the New World. The English wayside accommodations, in the meantime, had not shared the general improvement of the London inns. But their time came, about 1815, when the building of macadam roads and the advent of the stagecoach gave impetus to the development of wayside inns in England and America. This inaugurated the shortlived era of the English coaching inn. Almost as suddenly, this growth of wayside accommodations, famed (and fabled) in Pickwickian literature, ceased. For a century, it yielded to the railroads, which lessened the time spent in travel between cities and towns and gradually offered all refreshment and dining facilities and eventually even sleeping accommodations on board the "iron horse" itself, making it unnecessary to stop en route except briefly to let passengers off and on. The trains themselves took over the functions of the stagecoach and the wayside inn.

During this century of development and expansion of terminal accomodations, each decade witnessed an increase in the numbers and kinds of travelers. Who were the people who stopped at public hotels? During the mid-1800's, drummers formed the largest traveling group. A newspaper poet of the 1870's sang,[2]

> Who puts up at der besht hotel,
> Und dakes his oysters on der shell,
> Und mit der frauleins cuts a schwell?
> Der drummer.

Then acting troupes joined in the travel and became an important class of guests—whole companies of "barnstormers" instead of just the leading actors, who previously had toured alone. The last decades saw the "emancipated new women" join the complement of travelers. Travel gradually became more democratic until in the twentieth century not only women, but engineers and other professional people and then family groups, swelled the traveling population.

The most dramatic post-World War I development in America occurred in the 1920's when the automobile came into general use. Suddenly the traveling public, which by now included every segment of the population, gave up trains and poured into the country in automobiles. In the first years, no facilities were available in adequate numbers. Private homes were pressed into service, and "Tourists" and "Guest Home" signs became a common sight along wayside America.

This change prepared the way for a major readjustment in the hotel industry. The new conditions called for the development of that long neglected branch of hotel operation, the wayside accommodation. Traditional hotelmen at first would not recognize motels as part of their industry. State hotel associations resisted extending membership to motel owners until the end of the 1950's.

The motel form did not stabilize immediately. A new phenomenon entered the picture with the growth of the suburbs, where motels increasingly served community functions and the division between wayside and terminal accommodations was ambiguous. Motels also moved into the town proper, where they adopted more complete hotel service and, consequently, competed successfully with small hotels of less than 300 rooms. Hotels in turn modified their construction along motel lines and, except for the largest, moved out from downtown. These hybrid forms, intermediate between hotels and motels, or between terminal and wayside accommodations, gradually came to be called "inns."

In the meantime, the large metropolitan hotels of over a thousand rooms underwent a revolution of their own after World War II to accommodate automobiles, which had replaced trains as the dominant mode of travel, and to meet the demand for more convenience and less formal service. Today few large hotels are built as separate, free-standing structures. The trend is to combine downtown hotel accommodations with office space and shopping facilities in large architectural complexes, aiming at a more balanced and complementary use of land. It is coming to be recognized that the hotel business is really a group of related businesses under one management. The enterprise is still dominated, as a rule, by the room business, but less than before.

Thus the hotel, whose past history could be described clearly in terms of the dual functions of wayside and terminal accommodations, has undergone a revolution of form. For the past century and a half, its development was affected strongly by changes in the technology of transportation. The stagecoach opened up roads and brought about a brief development of wayside innkeeping. But this lapsed during a century dominated by rail transportation, a century in which the traveling public grew to include virtually the whole population. Then the automobile reopened the countryside to road travel, and wayside hotelkeeping came strongly into its own. Today air travel is opening up resort hotels in hitherto inaccessible parts of the world. The development of suburbs is partially obscuring the old twofold distinction between terminal and wayside accommodations, and the metropolitan hotel is becoming an integral part of larger land-use complexes.

Shopping Centers

> For the first time, private enterprise has taken the initiative in creating a new human environment, new towns consisting mostly of stores and shops, but with ever-growing emphasis on the social and cultural functions of this new meeting ground for millions of people.
>
> Victor Gruen
> *Women's Wear Daily*[3]

A shopping center is "a market place, consisting of a group of commercial establishments planned and developed as a unit with the real estate phase of its operation under the direction of a single landlord."[4] Its history is shorter and somewhat different than the hotel. Of the 12,500 shopping centers in the United States and Canada today, less than 100 were in operation before 1950, and not twenty before World War II. The story of shopping centers begins with the story of residential subdivisions,

Shortly after the turn of the century, a handful of land developers including, among others, Edward H. Bouton of Baltimore, Jesse Clyde Nichols of Kansas City, Hugh Potter of Houston, and Hugh Prather of Dallas, found a common accord in their enthusiasm for the profit opportunities afforded by good land planning in subdivisions. Among the principles developed by these men was the thought that, if commercial land uses could be clustered and provided with a degree of orderly development instead of being strung out haphazardly, the value of both residential and commercial property would be protected, and blight and eventual deterioration of the whole area might be avoided. Convenient and attractive shopping facilitites would enhance residential values, while good residential development nearby would boost commercial values.

In his Roland Park development in Baltimore in 1907, Bouton is credited with the first shopping center—a group of stores set back from the street to provide convenient parking and unified in their architectural treatment. For half a century as the shopping center evolved its most efficient form, it was associated with residential housing projects. A dozen or so early examples, begun for the most part in the 1920's, include the Janss Brothers' Westwood Village in Los Angeles, Nichol's Country Club Plaza in Kansas City, Potter's River Oaks Shopping Center in Houston, Prather's Highland Park Shopping Village in Dallas, and the Shaker Heights Shopping Center in Cleveland.

The break with the convention of store-front window displays facing the street occurred at this time. This usage, long fixed in retailing tradition, was no longer functional in quite the same way where most shoppers passed by or arrived in cars. The community of shops turned their backs on the adjacent street and faced in upon an open mall, a self-contained cluster surrounded on all sides by expanse of parking lot.

Meantime, an independent series of events had been taking place, events which proved to be significant for the development of "regional" shopping centers. In the 1920's, department stores and large mail order firms such as Sears, Roebuck and Company and Montgomery Ward found it profitable to locate branch outlets, sometimes in conjunction with a warehouse, in outlying locations having ample parking for shoppers who arrived by car. Reinforcing this trend was the parallel development of chain grocery stores with adjacent off-street parking, forerunners of the supermarkets.

Thus experience accumulated. Construction of new centers was depressed during the 1930's. It picked up briefly in the early 1940's, only to be interrupted by World War II. After the war, however, shopping centers appeared overnight in every part of the country as small home construction, spurred by public subsidies under Federal Housing Administration and Veterans' Administration legislation, swelled to unexpected tides and etched the first lines of the new "suburbia."

In the spring of 1950, with the opening of Northgate, in Seattle, the main trunk of shopping center development branched. A new type, the "regional" center, appeared. Hitherto, centers had served housing projects and neighborhoods. They had stocked convenience goods, such as food, housewares, drugs, and cosmetics, purchased at more or less frequent intervals and with a minimum of comparison shopping. Shoppers' goods, consisting of items such as furniture, clothing, and heavy appliances, were sold in the downtown stores.

The new regional centers—first Northgate, then Shoppers' World near Boston and Northland in Detroit—set out deliberately to reproduce the facilities of a downtown business district. They no longer depended on a single area of nearby homes but drew customers from as far away as thirty and even forty minutes driving time. This required one or several major department stores and a careful balance of tenants to achieve maximum "cumulative pull." It required a combination of vigorously competing stores to provide the comparison shopping found in downtown shopping districts. *Architectural Forum* commented at the time,

> The need to provide an equivalent of the comparative shopping possible downtown means *planning for competition*. This term, which only yesterday would have been considered self-contradictory, may point to a strong new strand in the American economic fabric.[5]

James B. Douglas, Northgate's manager, worded a rule in the 1950's that was widely repeated as the Noah's Ark Principle: "In a regional center follow the Noah's Ark idea, have two of everything." Today his rule is obsolete; two are inadequate.

The shopping center, because of its newness, is still not well understood. The major problems which beset it are in a real sense growing pains. The decade of the 1950's was less a search for physical form than for principles of management and operation. This search for social organization became the major emphasis of the 1960's and will continue in the 1970's.

At first, it was thought that the development of a shopping center entailed no more than building the physical facilities and leasing them. The role of the owner or his representative in the on-going, daily management of the shopping center was underestimated or even overlooked. There had yet to develop in the shopping center field a concept equivalent to that of "hotel service" which marked the line of departure from the inn to the hotel in the nineteenth century. The major postwar event besides the introduction of the regional center was to be the development of service-oriented center management—a management oriented toward serving the tenants in the same way that they in turn were oriented toward serving their customers.

Paralleling the evolution of management has been the growth of merchants' associations. Although seemingly separate, the two have unfolded together, for the success of the merchants' association depends on management providing leadership.* As Northgate's Douglas again put it, "the shopping center developer is in an ideal position to act as a catalyst in bringing all his tenants together into a hard-hitting promotional team."[7] The Urban Land Institute also counsels:

> Experience indicates that the organization and operation of the association should be left to the merchants but that the owner *must* participate. Without the active and energetic assistance of the owner in stimulating interest, originating and launching promotions, preparing budgets, and coordinating all activities, there will be no active association.[8]

Merchants' associations were formed for a different purpose than they now mainly fulfill. In order to make rents as low as possible for

*In twelve case studies of merchants' associations reported by Richard Nelson,[6] two had insufficient experience on which to base an opinion. Of the remaining ten, four suffered because the owner exercised either too little leadership (two cases) or "too much" (two cases). None was free of difficulties. Diagnoses of the remaining six had to do with insufficient membership (one case), insufficient program (two cases), disagreement over assessments (one case), and insufficient organization (one case). All of these deficiencies reflect inadequate leadership which could have been remedied by the owner.

merchants who had still to be sold on the idea of shopping centers, developers after World War II separated many costs of maintenance from the quoted rent and commonly left some housekeeping and maintenance problems of the center to the tenants. Merchants' associations were formed in part to meet these common needs. The question of joint promotion to supplement individual advertising very soon arose and was recognized as chiefly an association function.

Gradually the realization grew that the possibility of real group action under effective leadership was one of the great strengths of the shopping center idea and that the importance of merchants' associations lay in the development of effective joint promotions. Today it is accepted that merchants' associations are essential to successful shopping center operation. The housekeeping functions of the center are more and more being assumed by the management directly in order to reduce their costs and to permit the retailer to concentrate on the job of merchandising.

The newness of the shopping center operation was evident also in the area of finance and tenant selection. Because of the absence of information about the investment characteristics of shopping centers, lenders found it necessary to rely on the credit ratings of the tenants. They preferred major chains with AAA-1 ratings and often refused to finance centers where less than sixty per cent of the leases were with chain merchants. Developers soon learned, however, that many local merchants were easier to work with, had better local followings than many chains, and supported the association more readily. The developer who had to find outside financing thus was limited in his ability to choose tenants for what he considered to be in the long-term interest of the center.

This limitation on the developer's ability to select his tenants also embarrassed him in lease negotiations by the added bargaining power it gave to prospective "key" tenants. Concessions asked and won took the form of "exclusives" on certain lines of merchandise, low percentage rents, or percentages without minimum. Thus additional leverage was added to the already strong bargaining position of the larger tenants and especially the department stores—strong because of their heavy pulling power which substantially contributed to the success of all the merchants in the center. It became common practice for key tenants to be carried at cost or even be subsidized, and for the developer to attempt to make up the difference by charging higher rents to the other tenants.

The effective use of leasing as a tool of shopping center operation was slow to develop, although it received as much attention, perhaps, as any other factor. This was due in part to the fact that shopping centers were not always developed by experienced real estate people, and in part to the limitations on tenant selection imposed by lenders. It was also partly due to the failure of developers to recognize at the negotiating table the full potential value of what they had to offer, and to their failure, through inadequate management, to achieve that potential value. While shopping centers proved to be successful for their merchant tenants, they were slow to live up to the expectations of their owners and backers.

The importance of both of these aspects of shopping center management—effective leadership and skillful leasing—led to a disagreement, recurrent in the trade media, about the fundamental nature of a shopping center. Some held that a shopping center essentially was a merchandising operation and should be sponsored by merchants—men familiar with promotion and able to work closely and continuously on behalf of the tenants. Others held that a center essentially was a real estate proposition and should be promoted by people experienced in real estate.

Shopping center operation has little in common with land brokerage or speculation, the traditional supports of the real estate business. It has everything to do, however, with property management, that youngest branch of the real estate business which promises to become the most important. With the exception of hotel administration, professional property management is little developed. Shopping center management, in turn, is among the youngest divisions of this new field; yet it requires skill and specialization surpassing that of the management of the most complex hotel. It is basically a question of community management, requiring the continuous coordination of many private interests, a new function for real estate.

The question of the nature of shopping center management, whether it is basically a merchandising or a real estate venture, had relevance therefore to the practical question of who would sponsor shopping centers.

Department stores, recognizing that the superior drawing power of their stores was a heavily contributing factor in the success of a center, felt that they would probably be smart to cut out independent management altogether and to assume the management functions themselves, either directly or through a subsidiary corporation, thereby enjoying the whole benefit of the increase in surrounding land values for which their store was responsible. This argument, however, underestimated both the specialized requirements of center operation and the collective importance of smaller stores. Some department stores soon found center administration to be too demanding of their staffs' time, and ownership of real estate to be a commitment of capital that they were specialized to use more productively in other lines. Furthermore, some found incompatibilities between their role as dominant tenant and that of the manager who must represent the center as a whole.

An underlying temptation, moreover, where a center is sponsored by a dominant store is to allow the rest of the center to become merely a subsidized or break-even operation to set off the sponsoring store.

Nevertheless, some of the most successful regional centers were sponsored by department stores. After about 1956, chain stores began to build and operate small neighborhood and community shopping centers. Sponsorship by a leading tenant had certain advantages at this early stage of shopping center know-how. First, a leading store thoroughly understood merchandising and was often more than able to balance its conflict of role interest by providing a measure of positive leadership and participation in the life of the center that still was not enough emphasized by shopping-center management generally. Secondly, department store and chain organizations did not have to look for outside financing. They were able, therefore, to develop a center according to their own best knowledge of the situation. Their financial independence gave them an important freedom in tenant selection where independent developers often were required to balance the long-term interests of the center against the chain store leases they needed in order to get financing. Finally, they could afford to move leisurely toward the completion of their leases, which further enhanced their bargaining position.

Thus, sponsorship of centers by a major tenant, despite its inherent weakness, was helped by considerable strengths in both phases of management, the traditional real estate functions of finance and leasing, and the developing role of leadership. The debate will eventually diminish as more knowledge of the income characteristics of shopping centers becomes available to the financial world and as the leadership role of shopping center management becomes better understood and performed.

The signs are encouraging. Before 1955, the extensive trade literature on shopping centers dealt almost entirely with matters of location analysis, physical layout, and traffic pattern. As principles have been found for resolving the initial problems of physical form, and as centers more and more begin to be concerned with operation instead of with planning and building alone, the literature of shopping centers reflects an increasing trend of thought toward matters of social organization, the activities and organization of merchants' associations, and the all-important role of management.

Industrial Estates

> Is it possible to conceive of these industrial districts fifty years hence as little islands of heaven, where the property owner has practical self-restraint and self-enforcement superior to the standard of public morality generally prevalent?
>
> Ronald Wank
> *Architectural Forum*[9]

When financier Marshall Stevens conceived and built the ship canal that "brought the sea up to Manchester" before the close of the nineteenth century, he expected that cotton would thereafter be diverted from Liverpool through Manchester, making a paying proposition of the canal. But the cotton did not flow, and the canal remained empty of traffic. The cotton millers had formed ties by marriage with the cotton shippers of Liverpool, and these bonds were sufficient to prevent the cotton traffic from quitting its customary ways. Searching how to save the canal investment, Marshall Stevens hit on the idea of preparing a large tract of land in Manchester for industrial use, laying in streets and supplying the sites with utilities and services designed to facilitate industry, then inviting manufacturers to lease sites there—a community of industries whose freight on the canal would, in time, recover his combined investment. Thus was built Trafford Park, England's first industrial estate. The year was 1896.

Stevens' venture succeeded. Others, such as the Slough Trading Estate, near London (1920), followed the pioneering example of Trafford Park. A Government program for "depressed areas" after 1936 ironically brought to an end the private development of industrial estates in England.

In the United States, somewhat similar developments started in Chicago and Kansas City: The Clearing Industrial and Central Manufacturing Districts in Chicago in 1899 and 1905, and the North Kansas City Industrial District in 1900. Industry City, a part of Bush Terminal in New York, also began in 1905. The number of these experiments in industrial plant location remained small for nearly half a century. As late as 1947 there were few planned industrial districts of any note. Subsequently their growth pattern paralleled that of shopping centers, with rapid development starting in the late 1940's. In 1969, they numbered approximately 3,500, over ninety per cent of them established after 1950. They vary greatly in size, the largest being those that have been established longest.

Unlike other examples of proprietary communities, such as hotels, shopping centers, and mobile-home parks, industrial estates are a British invention. The variant that grew up in the United States, known since about 1950 as the "industrial park," is only now beginning to experiment with the leasehold land policy that characterized the industrial estates from their inception. The industrial park idea is based on speculative land subdivision rather than on property management as an on-going business.

The industrial park consists of "a tract of land subdivided and developed according to a comprehensive plan for the use of a community of industries."[10] The industrial estate, on the other hand, is specifically defined as "a large tract of land that has been developed in accordance with master plans to accommodate industry and which has been subjected to overall and continuous control under a leasehold system of tenure."[11] Thus, the industrial park developer has traditionally emphasized sales. While he has also leased in order to accommodate either market preference, he has looked forward to selling off all the sites eventually and concluding his interest in the area.

Until all or nearly all of the sites in an industrial park are sold, the developing organization normally holds title to the streets and common areas, dedicating these to the city or to an association of the property owners for further maintenance only when it no longer has an interest in the subdivision. But because of the policy of leasing sites when this is preferred by the prospective occupant, only a small number of industrial park subdivisions have in fact ever been entirely sold off, and the developing organization in most cases has continued to exercise an active interest in the district to protect and improve its investment in the unsold sites. Many developers who began with short-term expectations have found themselves with a continuing long-term interest in the subdivision.*

The English industrial estates followed a leasehold policy in order to maintain a unified land authority, thus providing flexibility for a gradual and continuing adjustment of the land-use pattern to changing conditions as sites reverted or leases came up for renewal. The differing practice in American industrial parks may be due to the prevailing emphasis placed in this country on "turning over" land as the way to profit from real estate. The opening up of new land in the West helped establish land subdivision and speculation as the American pattern.

*W. N. Mitchell and M. J. Jucius noted this effect as early as 1933: "Though undoubtedly it was the intention of the originators of the districts that they should be self-liquidating, experience has shown that such a possibility is at best a remote one on account of the pronounced preference on the part of many industries to lease rather than buy plant sites."[12] Some parks which have not leased, however, such as Airlawn in Dallas, which opened in 1938, have sold out their subdivisions altogether.

Industrial parks, or organized industrial districts as they are sometimes called, have been criticized by Gilbert Hardman for their failure to devise a land policy:

> The fact that these estates are under leasehold control is one of the prime differences between an industrial estate and an organized industrial district. We feel that it is only under such a system that it is possible to insure that the standards of an industrial estate are maintained after it has once been developed. It is, of course, true that you can set restrictive convenants on land in an organized industrial area which is developed for sale but, in practice, these restrictions are difficult to enforce and, besides, the developer usually loses interest once he has disposed of the majority of properties in the area and then it falls to the Municipality to subject the area to its usual planning controls. Under leasehold control, however, the landlord is vitally interested in the future of the estate and in the maintenance of property values there. He also has the power to enforce his restrictions through the covenants of the leases.[13]

In the absence of any policy for perpetual management of the district by the original developer, one of the chief concerns in industrial subdivisions has been the problem of how to assure continuing and firm, yet at the same time flexible, land controls in the district. Some progress has been accomplished in this direction by means of private covenants in deeds, especially with the gradual substitution of density and performance standards for prohibitions on specific land uses.* The success in industrial subdivisions to date, however, is attributable also to the original screening of occupants for compatibility by developers at the time when their land interest was still intact, as well as to their continuing interest in many subdivisions, as previously noted. The importance of strict land control is verified by James Lee and Gilbert Wong:

> Restrictions on the character of industry and facilities permitted in an industrial district are among the most critical aspects of district development. A direct relationship has been noted between the extent of restrictions and a district's success; this relationship results from the degree of attraction that a properly restricted district holds for industrial occupants. The restrictions insure compatibility among occupants, and between the district and its neighbors in the community. Because of restrictions, property usage is *predictable* and property values are protected.[15]

The difficulties with restrictive covenants in deeds, however, have been their inflexibility, once established, and the problem of enforcing them. As Richard Murphy and William Baldwin have noted, "Some provision

*Exclusions of specific industries considered to be incompatible with other contemplated land uses at the time the restrictions are made become dysfunctional in the wake of technological change. Performance standards, on the other hand, regulate such measurable effects as "noise, smoke and other particulate matter, vibration, noxions, gases, odors, glare and heat, fire and explosive hazards, traffic and waste disposal."[14]

must be made for continuing management to enforce private restrictions, to approve the admission of new tenants, and to modify any portions of the restrictive covenants which become unnecessary or unduly burdensome in the course of time."[16] Where such provision is not made, location in an industrial park loses some of its appeal. Witness the plaint of an industrialist:

> Living in a park community, as in any community, adds a set of community relations problems to the ordinary burdens of management. Deed restrictions and their continuing adjustment undoubtedly limit its flexibility inherent in some independent locations; the needs and aims of the business may change but the restrictions go on. Room for expansion is limited by the closeness of neighbors; it may often be relatively more expensive to provide for expansion in a developed park than by the acquisition of idle land adjoining an independently located plant.[17]

Experimentation with associations has yielded some fair success in this direction, at least for the time being. High standards reportedly have been maintained in both the 65th Street and the Addison Districts in Chicago, where all sites were sold and the control was passed to associations in 1920 and 1946, respectively. How permanent this solution may be in the absence of continued interest on the part of the developer is still a question, especially as replanning becomes necessary or if some disagreement arises among the owners.

A third and, in the long term, perhaps a more serious weakness of private covenants as a means of land control is that they offer no way in the future of altering the basic land-use pattern, made rigid by divided ownerships, as needs and concepts of planning and land-use change. Land economist Richard Ratcliff, in his classic text, *Urban Land Economics*, observes of residential subdivision, "once the lots have been sold off into individual ownership, even a few of them, replanning and resubdividing become virtually impracticable."[18]

This is a difficulty that has not been widely encountered as yet because of the newness of planned industrial districts. Furthermore, because of the speculative and hence short-term aspect of the subdivision operation, it is to the interest of the subdivider to ignore it. To call attention to it would be to call attention to defects in the product, defects which he feels powerless to remedy. It would be "knocking the merchandise." Realtors, therefore, have paid scant attention to this very fundamental aspect of land planning.

There is at present, however, a tendency to experiment with lease-only policies in some of the newer developments. Examples are Roosevelt Field Industrial District in New York, Sunshine State Industrial Park in

Florida, Stanford Industrial Park in California, and some Canadian developments in the line of the British industrial estates such as Annacis Island, British Columbia. We may expect this to become the prevailing trend for reasons that will be developed in the next chapter.

Since industrial parks are not as widely known as hotels and shopping centers, which involve the public directly, it may be desirable to discuss some of the kinds of services they offer their tenants.

The developer of an industrial park assembles the tract, obtains appropriate zoning, and plans and improves the land by grading, providing water supply, sewage disposal and surface drainage facilities, laying in streets and curbing, installing industrial utilities and rail leads, and landscaping the sites. The fully developed district offers a full range of services including architectural, engineering, and construction services, building and ground maintenance, construction financing, publicity assistance, warehousing and trucking, banking, restaurants, medical and club facilities, and district police and fire protection. The developer may offer prospective customers a "package plan" similar to the one described for Bergen County Industrial Terminal, New Jersey:

> The package plan for occupants of the terminal comprises full service, with respect to plant layout, building design, taking of competitive bids, awarding of contracts, supervision of construction, and arranging for financing of ownership or lease. The service also includes full consideration of the prospect's tax situation, labor problems, shipping and mailing requirements, and utility needs. The company engages its architects and engineers on contract.[19]

An important function of the developer is to handle negotiations with government agencies on behalf of the tenants. The developer also establishes the policies for maintenance of the district and encourages the formation of a district association to study special problems such as traffic, taxation, and employment, and other problems relating to the district and to industry in general. He prepares the occupants to assume eventually full responsibility through the association for the maintenance of the district and for the administration of the restrictive covenants on the land.

Many services in the district need not be supplied directly by the developing organization. They may be secured indirectly by means of a selective admissions policy that is designed to bring about a pattern of compatible and, especially, *complementary* land uses in the district. Firms that specialize in the services required by other industries are encouraged to locate in the development. These include such operations as warehousing and trucking, electronic data processing centers, sales and sample display centers, vocational technical schools, research firms, recreation, hotel and restaurant facilities, banking, and medical and professional services of many kinds.

A district management may provide many miscellaneous services, as in the Clearing District, Chicago:

> To assure rapid construction, the District carries in stock a large inventory of fabricated steel and lumber—a bit of forethought which has often saved months of time on building projects, particularly during periods of critical material shortages. . . . Building materials adequate to erect a 200,000-square-foot building are stocked at all times.[20]

A special attraction of park location for small firms is that it enables them to compete on a better footing with larger and better established companies. An article in *Industrial Development* makes the point as follows:

> The essence of the competition between small and large companies is not markets, not money, not production facilities. It is management efficiency.
>
> This is revealed in the area of management controls and organization. One way in which managements of smaller businesses are achieving these controls is by taking advantage of electronic data processing through the use of centers where programming talent and computing machine time can be bought on an hourly basis. . . . Handling the payroll for the combined park membership, the center can save each firm up to 33 per cent in payroll-handling costs.[21]

Leasing instead of owning their realty enables small companies with limited borrowing power to use their capital directly in their business and still compete for the best talent, since a park location gives them the added attraction of optimum working conditions. All of the better parks enable tenants to make available to their employees in some degree recreational facilities such as swimming pools, bowling alleys, ball fields, recreational rooms, canteens, and beauty parlors.

Murphy and Baldwin, in the article cited earlier, see in these joint economies a great potential for the future development of industrial parks:

> The industrial park of the future . . . need not be confined to the kinds of organizations that now use it—offices, research establishments, light to medium manufacturers, assembly plants, and distribution centers. It is conceivable, for example, that a park management could provide control facilities that would make a *group* of chemical manufacturing plants compatible with other kinds of industry or even with a commercial or

> residential environment, although the cost of such facilities would be prohibitive to any individual plant. There may be significant joint economies in such things as waste disposal and smoke control.[22]

Such common facilities presuppose a continuing managerial interest.

The management of an industrial district, like that of a hotel or a shopping center, is complex. The single object of the owner, the one purpose that brings order into such a many-sided operation, is to increase rents and sales by *making the sites attractive places in which to do business*. This is explicitly stated by an officer of Chicago's Clearing Industrial District: "Our only interest is in enhancing the value of our land and buildings through the creation of a favorable industrial atmosphere."[23]

The last point that should be made in this sketch of planned industrial districts is that, like Trafford Park, they began for the most part as attempts to increase the profitability of other and quite different enterprises, rather than as projects developed on their own merits. The main sponsors of planned industrial districts in the United States before the 1940's were railroads. Their primary interest was to locate industry along their tracks in order to increase freight traffic. Such districts were set up at cost and were not planned for entrepreneurial profit. The continuing importance of such operations is indicated by a statement in the 1968 Annual Report of the Penn Central Railroad: "Our industrial development department assisted in the location or expansion of 567 manufacturing plants in 301 communities on Penn Central lines during 1968. These plants are expected to produce annual revenues for Penn Central of $39.4 million from more than 171,000 carloads of freight." Nevertheless, a railroad official writes that:

> Most of us in the railroad development field would prefer to see all industrial districts or parks developed by private interests. There are many reasons; chief among them is our reluctance to tie up capital, not only for land purchase but also development costs. . . . There is also the added cost of advertising and sales.[24]

Because they are operated on a break-even basis, railroad districts are often referred to as subsidized districts. Additional subsidized districts which have become popular since the 1940's are those sponsored by chambers of commerce, community development foundations, or local governments. The purpose in each case is to increase employment and boost the tax base. Because such districts are created not for profit but for the indirect benefit of their sponsors, they may offer such bonus inducements to prospective occupants as low purchase price, deferment of taxes, free installation of utilities, and extremely favorable purchase or lease agreements.

But one of the striking factors in the postwar growth of planned industrial districts has been a rise in the number of projects operated directly for a profit by real estate interests. This trend is revealed in the seven-year period 1960-1967 as follows:[25]

Sponsors	1960	1967
Private real-estate developers	32.4%	40.5%
*Railroads	30.2%	20.6%
*Community organizations	17.6%	19.9%
*Government agencies	11.0%	5.6%
*Community organizations in cooperation with others and miscellaneous (universities, utility companies, etc.)	8.8%	13.4%
	100.0%	100.0%

*Typically Subsidized

It should be observed, in addition, that quality development has occurred not so much among the subsidized districts as among those sponsored and operated for profit. An exhaustive study undertaken in 1961 by Z. S. Malinowski and W. M. Kinnard, of the University of Connecticut, revealed that those districts in the United States which were sponsored by private real estate developers tended to be larger in size, to have greater variety and numbers of tenants, to invest more in land preparation, to have more land-use restrictions, to provide more services, to market their sites more readily and for higher values, and to incline more toward leasehold. Fourteen per cent of the districts so sponsored pursued a lease-only policy at that time, as against six per cent for all other districts. The study revealed an interesting detail which serves to highlight the creative nature of these new industrial communities:

> A minor but potentially significant trend was noted for new industrial districts to provide some all-purpose buildings as "incubators" for truly minute firms. In most such cases, the expectation is that the firm will move to another location within the park if it is successful and needs space for expansion. Interestingly, such "incubator" space is provided almost exclusively in districts sponsored by private real estate developers.[26]

Mobile Home Parks

The mobile home park represents the first substantial use of ground lease for single-family homes. Its history commenced in the late 1940's, when a few automobile travel trailers began to be manufactured large enough for permanent living. The resulting mobile home was the first successful factory-constructed house. Because it resembled a trailer more than a house, however, and was unfashionable, the significance of this technological accomplishment was overlooked. Its implications are still far from being fully realized.

From the beginning, mobile homes were distinguished from trailers by their greater size. The majority of trailers today measure eight feet wide by twenty to twenty-nine feet long, which approaches the maximum load that can be towed behind the family car. Mobile homes, on the other hand, require special equipment for moving. Three-fifths of the units manufactured in 1969 were over sixty feet long, and virtually all were twelve or fourteen feet wide. Many were manufactured as housing sections and combined on site, doubling and even trebling the floor area. Thus mobile homes compete in size with conventional, site-constructed housing.

The trailer and the mobile home each gave rise to a distinctive form of proprietary community. Trailering parks trace descent from the early automobile campgrounds, especially in California, of the 1920's. They have steadily increased in popularity and in numbers with the growing interest in camping and recreational vehicles. After World War II, the mobile home park differentiated from it, a mutation which has since followed its own separate path of development in providing better environment not for travel and recreation, but for residential living.

The mobile home park, as commonly defined, is "a parcel of land under single ownership which has been planned and improved for placement of mobile homes for non-transient use."[27] Indeed, the more than seven million Americans living in mobile homes today are not more mobile than other segments of the population. Seldom is their mobile home moved farther than from the manufacturer to its permanent site, but the fact that it is relocatable apparently has psychological appeal. For an increasingly mobile population, it is attractive to think of moving across the country by sending the house ahead and having it ready to step into and prepare a meal on arrival.

Production of mobile homes has burgeoned in recent years with the rising construction costs of conventional housing, yet their popularity appears to be based as much on choice of that style of living as on economic considerations. In 1969, more than a third of the single-family housing starts in the United States were mobile homes. Mobile home designs are changing and appealing to a wider variety of tastes. As mobile homes, with or without wheels, become components in townhouse, garden apartment and high-rise forms, they will likely take the name of *modular* homes as a generic term for the entire class of factory-produced housing.[28]

The industry, however, has experienced for more than a decade a shortage of sites for placement of new homes. Chiefly responsible are zoning ordinances, which are commonly drafted to exclude mobile home parks of any kind but which, ironically, have the effect of protecting from competition the unattractive operations of the older parks that predate the zoning measures. As many of these parks, thus protected, continue their outdated mode, this seems to further underscore the "need" for continuing or extending the restrictive ordinances.* However intended, zoning has slowed the process by which mobile home parks have outgrown their "ugly duckling" stage—a stage paralleled in the growth of modern motels by the early days of tourist courts and roadside cabins.

Today's new mobile home parks feature such tangible amenities as sodded and landscaped sites with two-car, off-street parking, underground utilities with central TV antenna system; neighborhood laundry, car wash, and recreational areas; community clubhouse with meeting rooms, dining rooms, exercise and sauna rooms, heated swimming pool, and golf course. A few parks even boast "equestrian centers" and ocean-view lots. But unquestionably the single major determinant of the quality of life in a park is an intangible, namely, management. So important is that aspect that a feature report in Consumer Bulletin on "Choosing a Mobile Home Park" devotes the major part of the discussion of what to look for in a good park to describing the attitudes and qualifications of the good manager.[29]

The following excerpt from the transcript of a talk given by a pioneer park manager at a trade meeting in 1960 is ingenuous in its expression, but its keynote of responsibility rings true for park management everywhere on every level of sophistication:

*The artificial scarcity of sites has had numerous side effects, one of which is a reduction in the mobility of mobile homes. Not only are many home owners unable, because of the shortage, to relocate their homes when moving to another city, but they find that many parks will only admit homes which have been purchased from them. The desirability of "closed" versus "open" parks is being debated in the industry. Certainly there is more architectural and planning control possible in the closed parks. Only as sites become more plentiful will consumer preferences become clear. In the meantime, the owner contemplating a move will likely sell his old home *in situ,* for which it will command a premium, and try to buy a used home *in situ* in the city he is moving to.

> You will find that the attitude of the people in a park is very different from that of people who live in apartments or subdivisions. I once operated apartments in Chicago. . . . You did not know who lived across the hall from you. You did not know who lived below you, above you. A trailer park seems to be different.* You can move new guests into the park and the next morning when they walk down the street, even without having been formally introduced, they say good morning, just like on an ocean liner. There is a kind of spirit in a park that is different, *and you must maintain that.* Now if you have an old grouch or crab, simply chase him out. Fortunately, under the laws of Florida, I can put anyone out of my park within two hours; and I tell my tenants that if they do not comply, I will hook on their trailer and set it out on a federal highway and let them do with it what they want. I have been very fortunate in that I never had to tell anyone to turn down television sets, radios, or hi-fi. Tenants all respect their neighbors. You do not see any speed limit signs or humps in the road because I tell them when they come in that I am doing them a favor to let them live in my park and they must live like ladies and gentlemen. They must not create a nuisance. I only had to tell one man in my park to change his car muffler. He was deaf. One day I caught him and I said, "you have a leak in your muffler. You are disturbing people. Change the muffler in your car." He said, "Thank you for telling me."
>
> I discovered you cannot operate a trailer park with more than one entrance. At first there were two entrances in my park, and I closed one. The people must know that if anybody comes into the park, it is private property. You must know everybody who comes into your park. You have a big responsibility. In my park I have twelve widows, and I am responsible for them. I have to know who comes into that park. You do not permit any solicitors or tradesmen who are unknown to you or who break your roads down. Tradesmen must qualify.
>
> I once got complaints from my tenants. They said that the milk delivered to them was sour, that the eggs were not good. I went to my maid and she said the same thing, "We get sour cream." I called the management of the milk company and stated that I wanted to discontinue the service and told them that they could not bring their trucks in. After calling several other dairies, I made a change.[30]

Despite the physical proximity of neighbors in the mobile home park, one of the advantages cited by residents is the greater privacy they enjoy there as contrasted with living in a subdivision. This reflects community management, which the subdivision lacks.†

A small percentage of mobile home communities are nevertheless developed as subdivisions. Characteristically, the developer sells off the lots and moves on to new projects. With their land pattern frozen by fragmentation of title, many of these subdivisions have become victims of progress as mobile home design has advanced from the eight-wides

*The use of the term *trailer* for *mobile home* still widely survived in 1960.

†The growth of home owners' associations in subdivisions in recent years represents an attempt to overcome this deficiency.

to the ten, twelve, fourteen, and double and triple-wide homes of today. Such projects may have been built to accommodate twenty or more homes to the acre, where parks are currently being built to accommodate six or eight. Their streets are narrow and their basic lay-out is obsolete by the standards of ten years later. More serious yet, if they were designed for eight-wides, their lots are actually too small to accommodate the homes being produced today.

Mobile home parks normally have the option of replanning and upgrading or even of converting to a wholly different use as the existing leases revert or come up for renewal. Obsolescence can be programmed out systematically. In subdivisions, however, the land pattern is permanently committed, and reassembly and redevelopment are unlikely except where compelled through condemnation. This is the problem in miniature of all cities, which are simply larger, agglomerate subdivisions. Few sights are quite so discouraging as an obsolete mobile home subdivision. It is a permanent reminder on the landscape of the crude designs of early mobile home parks—evidence that nature rewards flexibility and punishes rigidity in her always evolving forms.

Mobile home parks in the United States are estimated at more than 16,000, of which less than 12,000 in 1970 met the minimum standards for listing by Woodall's, the established directory service in the mobile home park field.[31] The fact that the number of Woodall's listings has declined by an average of four per cent each year since 1962, despite the construction of new parks, reflects the rapid upgrading of standards required to keep abreast of the changing industry. Only 3,000 parks in 1970 were rated "three stars" or better, the classification which Woodall's considers to be truly in the housing field and competitive with new parks being built.

By extrapolating present trends, the following would seem to be some reasonable inferences about the future:

The single-family house more and more will be a relocatable structure that will be owned, in effect, as personal property is owned rather than as real estate permanently fixed to the soil. By the end of the 1970's, despite the likelihood of a near-term rise in mobile-home subdivisions as mobile homes come to be regarded as standard housing and are treated in the conventional housing way, the sites to accommodate housing will increasingly be rented instead of owned. In deciding whether to buy their home site, the family of the future will weigh the prospects for appreciating value in the site against the amenities of a leased site—and also, of course, against alternative investments they might make. Demand for residential amenities will become a potent market force in favor of leasehold living.

The house structure itself has developed thus far in standard twelve-foot widths because that is the width of a traffic lane on which the structure must travel from the factory. The house will show more variety of form as airlift transport comes within reach economically of the majority of homeowners.

The communities that will provide the environments for the new housing are already taking on new forms. On the drawing boards are high-rise structures in which the module will be lifted by crane, elevator, or helicopter to its prepared site. Already in planning are mobile home cities of 5,000 or more units, designed in neighborhood clusters and including recreational open space, hotels, and commercial center. Of the four forms of proprietary community sketched in this chapter, the mobile home park is the most in flux as to the physical forms it will take in the 1970's and beyond, as it becomes a major expression of single-family living in the United States.

Some Other Forms

This chapter has sketched the backgrounds of four specific forms of proprietary community. In addition to these and some other specialized types equally well-defined, a parallel development of what might be termed *real estate complexes* has taken place. A precursor was Rockefeller Center, begun in 1932. Again, however, no great development occurred until the 1950's. The group includes many combinations of land uses, often incorporating in a single plan facilities for retail shopping, professional and commercial offices, recreational and cultural amenities, hotels and apartments, medical centers, and sometimes even warehousing and light industry.

Office centers and science research centers also deserve mention, although it is not yet clear how much development they will have as separate specialized forms apart from more complex groupings. The medical clinic is yet another form which is evolving its own characteristic pattern, while privately owned trailering parks and campgrounds, which already numbered more than 9,500 in the United States in 1969, will have an enormous development in the 1970's.

The 1950's also saw the first significant growth of the marina, which had its beginning in the 1920's and 1930's. Like shopping centers, marinas are developed both independently and in conjunction with residential subdivisions. In addition to renting boat slips with utilities, they may offer restaurants, a variety of shops and stores, and hotel or, as they may be called, *boatel* accommodations. By 1969, there were approximately 5,000 marinas in the United States and Canada. The future of marinas seems assured by the growing popularity of boating; in 1968, the number of pleasure boats on U. S. waters was estimated at nearly 8.5 million, or one for every twenty-four persons, while retail boat spending approached $3.2 billion[32]

The last of the other forms to be mentioned is the generalized community having a full complement of land uses. Still largely a hypothetical case (a very few are in planning or construction), it is virtually certain, barring some national mishap, to make an important appearance before the end of the 1970's. Its precursors then will be the comprehensive planned subdivisions called "new towns," which already are retaining unitary title to the land in the industrial and commercial areas and in the town centers. These "new towns" are characterized by the Urban Land Institute as follows:

> More recently we find the terms self-contained, integrated, satellite, and balanced, used to describe new communities which are designed to accommodate residential, commercial, and industrial uses in harmonious patterns and compatible surroundings. Two notable examples of this trend are found in Don Mills, a new community in the Toronto area, and Elk Grove Village in the Chicago area. Although not truly self-contained or self-sufficient, as the term would imply, this type of development has proved that with careful planning and judicious development it is possible to house selected industries, commercial activities and residences in the same development without detracting in any way from the livability, attractiveness, or efficiency of any of the above land uses. In the Don Mills development, for example, the industrial areas are fully as attractive as, and in complete harmony with, the residential and commercial areas. Happily, this type of development appears to be gaining in popularity.
>
> A number of "self-contained" communities are presently in various stages of planning and development throughout the country—especially in such rapidly growing states as California and Florida. One such development currently underway is Laguna Niguel, a 7,000-acre project in the area south of Los Angeles. This self-contained community has its own water and sewer authority and is designed to accommodate a research park and an industrial park as well as residential, school, governmental and commercial areas.[33]

Conclusions

All of the proprietary communities considered in this chapter are of recent origin, at least in their modern forms. The first half of the twentieth century was a period of experimentation and preparation for the rapid expansion that began about mid-century. If one considers that the modern hotel was pioneered by Statler in 1908, then the hotel, likewise, conforms to the pattern, despite the lavish construction of "grand hotels" in the 1920's.

One observes, too, that all of these forms are basically enterprises in which land is improved by owners for the occupancy or use of the public in exchange for market recompense. Thus, they are all real estate undertakings, though it may seem strange to think of, say, hotelkeeping in that light. Building management tends to be thought of differently than the administration of land that is all on a level, though actually it is not different. Multi-story buildings are but so much increased land area stacked vertically in one place. The layers being sheltered by one another and screened and consequently "indoor" does not change its nature, for land use must be planned whether the land is dispersed or piled up—whether it lies in one plane or in successive planes.

All of the forms show, as well, a trend toward larger size and the inclusion of varied land uses. With variety of land uses, the forms require more comprehensive planning. In each case, such coordination or control as exists is possible because of the whole being at some time held in single ownership, either during the initial stages of planning and development or continuing over the life of the enterprise.

The trend to greater diversity within is accompanied by a trend to greater size of the overall project. The forms are merging and combining and including one another or are themselves being included in larger forms.

Probably of greatest significance in the long run has been the development of profit-motivated entrepreneurship in all of the forms. In the early stages, each was developed for any of a multiplicity of reasons, usually not for its own sake but to serve some other end. Its value to its sponsor was indirect. It was entrepreneured for almost any reason except that of returning a direct profit—to increase canal or rail freight tonnage; to boost passenger traffic, as when rail, steamship, and air lines sponsor hotels along their routes or at destination points served by them; to bring more employment to a community; to broaden the tax base of local government; to indulge personal vanity; or to satisfy a humanitarian impulse. Such "subsidized" operations (so called, for convenience, because they need only break even, at best, to be regarded as successful) are of continuing importance in all areas of proprietary community development. But they are no longer the most characteristic type. Increasingly, such projects are being undertaken by private real estate developers and by institutions for dollar return.

This business motive is significant for the future of proprietary communities in general, for it assures that they can be self-sustaining and hence self-perpetuating. By requiring the community owners to be responsive to changing wants in the market, it guarantees that flexibility so necessary for the continued evolution of new forms. It frees them from dependence on arbitrary factors for their form or scope of operation or even their continued existence. It frees them from dependence on the needs and vulnerabilities of particular other enterprises or the whims or circumstances of individuals.* Because it is impersonal, the profit motive lends assurance to long-range planning, free from danger of shifting or changing objectives. At the same time it is flexible and accommodating to every kind of activity for which there is any demand. The enterprise that is managed for profit can change and adapt and ever serve new functions as social needs arise and circumstances change.

The late writer, Dorothy Thompson, in 1954 paid a very beautiful tribute to the impersonal role of business which was then just beginning to move into the area of large-scale community environments.

> Commercialism has been blamed for most of the faults in American life, and buying and selling associated with rapacity, its principle being defined as buying cheap and selling dear. The struggle to attract the public eye in an advantageous location has been blamed for land speculation, the inflation of real-estate values, and the creation of commercial and residential slums. The commercial spirit has been described as the antithesis of the esthetic, defacing beautiful landscapes with screaming billboards, blotting out the sky with neon signs.
>
> Commercialism has been accused of cut-throat competition, and socialists and other social reformers have declared private commerce incompatible with cooperative planning. Thus has the case against the tradesman been built up.
>
> As in most cases, there has been an element of truth in the accusations, as usual unbalanced by other truths. The trader has been the great opener-up of the world, the bridge between human cultures, and between country and city. He has been the purveyor of news as well as wares.
>
> More than any other group, merchants created the city and urban civilization, with all its graces and amenities. One of commercialism's greatest recent accomplishments is Northland. It is prosaically described as a "shopping center," and that is what it is—together with several other things besides. It is the most ambitious of such mercantile centers in America or the world. And it is as new as the twenty-first century. It is extremely practical, and it is perfectly beautiful. It is a model of enlightened planning, and of social cooperation—between merchants, architects, sculptors, artists and civic-minded citizens—and it is entirely the creation of private enterprise; in fact, the creation of one great Detroit department store, J. L. Hudson Company, a

*It is not insignificant in this regard that company towns which are typically subsidized communities, have long been objects of criticism. For a discussion of company towns, see James B. Allen, *The Company Town in the American West*, Norman, Oklahoma, University of Oklahoma Press, 1966.

family enterprise which has capitalized and financed it to the tune of $25 million for no other reasons than that much-deplored "profit motive," the capacity to think ahead, and the very human desire to create something admirable and worthy of repute.

Northland—which flies its own flag, a white (wind rose) sunburst on a blue ground, and, of course, the Stars and Stripes as well—is not one market but a series of ten connected courts (*piazze* they would be called in Italy), terraces, malls and lanes. The largest of these—the "courts"—like the "terraces" are squares, the courts open on one side; these one enters from the parking lots. Malls are twice as long as they are wide; lanes are smaller. But characteristic of all of them is that their central areas are beautiful gardens. Fountains spray water into the air; everywhere there are solid and handsome oak benches where one can sit and gossip or smoke, and in every court or mall a delightful piece of modern sculpture attracts the eye—and suggests meeting places.

These centers are sponsored and financed by department stores, real estate developers and builders. [All of them] refute the notion that civic planning can be successfully accomplished only by government and supported only by government subsidy. There is room in America for all sorts of planning, under all sorts of auspices; the question is only who will have the greatest interest in doing it beautifully, practically and economically.

Given not so very much time—and no war—America promises to be a very beautiful country, not only because of its beauties of Nature, but out of the imagination and initiative of its citizens. What has been ill-done will be undone. What has successfully been tried will be improved. America, as Walt Whitman observed, does not reject the past but translates and adapts it to modern needs. Its spirit looks forward, upward, and aspires. And like the builders of Solomon's Temple, the much-berated shopkeeper gilds the columns of his emporium with the lily-work of art..

Just give us time, freedom and peace.[34]

CHAPTER 3

Trends in the Real Estate Industry

> Adequate real estate administration, even from a strictly business point of view, involves thinking of real estate problems primarily as a matter of community organization, with proper subordination of considerations relating to the tangible physical facilities. To be sure, the importance of the physical facilities is not to be depreciated, but physical structures and facilities acquire meaning only in terms of people and the interrelation of people. To think of real estate exclusively, or even primarily, in terms of physical structures and facilities makes it a meaningless abstraction, grossly deficient in terms of result-producing potentialities.
>
> Marc J. Feldstein and Lyle C. Bryant
> *Journal of Land and Public Utility Economics*[1]

The fact that they are communities is what sets apart such otherwise unlike operations as hospitals, theaters, office buildings, trailer parks and so forth, and unites them as a class. This is an insight which is gradually coming to prevail among those most engaged in the management of income properties. But because its recognition is still relatively new to the real estate industry, it may be helpful to develop some further historical prespective by reviewing the role of the industry in the emergence of proprietory communities from the end of the nineteenth century.

The development of real estate in the United States over the past eighty years exhibits three phases. The first was the phase of "turning over" properties—of acquiring land for resale in a rising market, subdividing it, and then disposing of it in as many small pieces as possible through a public promotion. The second phase was like the first, except that the land was improved before it was "turned over." This was modified speculation, for it entailed some positive production of value and so brought some stability to real estate. This is the phase we are still in, the era of the developer-builder and the planned subdivision. But there are strong signs that the real estate business is moving into a third and more mature phase, a phase that had its beginnings quite early and is characterized by retention of land ownership in whole title for continuing administration for income. Here the reverse of subdivision occurs. As the desirability of larger sites for effective land planning and management is recognized, land assembly instead of subdivision becomes the goal.

In these three stages, corresponding, of course, to periods which overlap and blend in time, the real estate business is transformed from a purely speculative undertaking dependent on an advancing market for land—a good risk, to be sure, in nineteenth-century America—to a positive industry planning ahead and providing services for long-term, stable income.

The formula of buying a tract of land and offering subdivided lots for sale at public auction was reportedly popularized by William E. Harmon, who in 1887 originated the "purchase contract," or installment plan for buying land. Harmon is said to have been partly motivated in his subdivision promotions by a vision of people of moderate means being enabled to live in semi-rural surroundings with open space and trees. Stanley McMichael, however, gives an accurate picture of what the buyer really bought:

> The earliest developers simply purchased a tract of land at a place served with suitable transportation facilities, cut streets through it, marked off vacant lots with stakes, plowed ditches along the sides of the new streets, and proceeded to sell the lots, leaving to the purchasers the problems of getting pavements past their doors, sewers, gas, telephone, water, electric service, and such other conveniences as a modern home demands.[2]

Harmon's formula paid well. As others were quick to copy his lead, land auctions became symbolic of the rampant land speculation associated with real estate operations of the turn of the century.

It is not widely appreciated to what extent the excesses of speculation and the difficulties to which they led were aggravated by municipal governments assuming responsibility for improving new land. There was no way for a buyer to know immediately and exactly what financial obligations he was undertaking, since he could not anticipate that further costs in the form of special tax assessments might or might not be entailed before the land could be used. Consequently, many purchasers were led into financial commitments beyond their means, especially since the public auctions appealed to that class of people least experienced in business matters. The resulting confusion of titles and tax defaults in many cases still has not been resolved, so that an enormous acreage of subdivided land lies wasted and unused to the present day.

The second phase saw a merger of land subdivision with the building industry. No longer merely promoters, the new builder-subdividers improved the lots with homes and thereby realized a double source of profit from sales. The combination worked particularly well, since the improved lots increased the value of neighboring unimproved lots. This took some of the speculation out of the subdivision activity by actually creating a degree of land value. It also marked the beginning of the real estate business as a positive industry, although its full significance was lost on the run-of-the-mill subdivider who still thought in terms of individual lots. Each sale for him was a separate transaction, unrelated to all the rest.

A significant advance in this second phase occurred around the turn of the century when some thoughtful and farseeing real estate men made a serious attempt to identify the factors that cause land value. Theirs was the first thoughtful approach to the question how to make real estate a more stable and profitable business. But it would be fifty years before the important answers they arrived at became part of the mainstream of real-estate thought and practice. Their most important discovery was that improvements built on a site do not give that site, merely as such, any added value. Instead, they found environment to be the determining factor. It was location with reference to surrounding land uses, both public and private, that gave value to the land component of real estate. The idea suggested a practical application: plan a whole tract as an integrated neighborhood before selling any parts of it. Each part then will increase in value by virtue of its relation to the other parts. Thus was born the idea that good land planning is good business.

Other individuals had been interested in planning subdivisions before the turn of the century, but more for esthetic and social than for business motives. Among these was Squire Lorillard, who founded the socially famous village of Tuxedo Park, New York, as early as 1885. One of the nation's very earliest was Riverside, Illinois, built in 1869 by the Riverside Improvement Company. But few people appreciated the importance that planning was to have for the future of real estate as a business. Among the first who saw its significance for real estate generally, the first who looked to the future and dedicated their careers to demonstrating that good planning is good business, were the group including Edward H. Bouton, of Baltimore, Hugh Prather, of Dallas, Jesse Clyde Nichols, of Kansas City, and Hugh Potter, of Houston. It was these men who later founded the Urban Land Institute, which through research and information exchange provided a focal point for the industry in advancing good land planning. The work of these men in the first decades of this century is represented today by some of the finest residential neighborhoods in the United States. Roland Park was begun by Bouton in 1891. It was followed among others by J. C. Nichols' Country Club District in 1906 and Hugh Potter's River Oaks in 1925. "Each of these explorers in a new building field was well aware of the work being done by the others. They wrote to each other and met at each others' homes and at various trade conventions, seeking advice and exchanging information based on their individual experiences."[3]

Not only did these pioneers study and improve upon conventional street patterns, but they thoroughly understood the principle of complementary land uses. Notable among their contributions was the clustering of retail business properties instead of leaving them to grow up randomly in a neighborhood. These first convenience shopping centers were assets to the residential neighborhood at the same time that the latter supplied them with patronage. Nor was the need for park and recreational areas, schools, and churches overlooked.

Besides discovering the dependence of site value on environment, these early community builders made yet another contribution to real estate theory and practice. They recognized that it was not enough merely to create a planned neighborhood. Unless some provision could be made for continuing control and coordination of land uses over the whole area, it would begin to deteriorate as a neighborhood as soon as the sites were sold off into separate ownerships. The relative safety of the buyer's investment in years to come was thus recognized as a further important component of land value. Consequently, a great deal of thought and time went into efforts to devise adequate means of assuring continuing area control. In the cities, already divided into multiple ownerships, growing congestion and blight were drawing attention to much the same problem and demanding solutions there as well as in the planned subdivisions.

Two types of land controls were experimented with throughout this second phase of real-estate development. One was the protective covenant, which can be initiated at any time that the land is still held in one ownership before being subdivided. The other was zoning, devised for situations in which the land has already been subdivided. In the case of covenants, restrictions as to how the land shall be used are incorporated into the deed that is passed to the buyer. Covenants, therefore, are private agreements between buyer and seller. Zoning is an extension of the police power of the municipality.

The question of firm but flexible land controls has been one of the most difficult and persistent questions of twentieth-century real estate. Neither protective covenants, which were first pioneered extensively in Roland Park, nor zoning, adopted first by New York City in 1916, are satisfactory solutions. Neither is sufficiently flexible or dependable. As John Mowbray, a past president of the Urban Land Institute, observed about zoning at an Architectural Forum symposium,

> They tend to be fixed restrictions and too inflexible; they can be repealed at the next vote; they are unwieldy ("think of waiting for a council meeting every time you want to make a curb cut"); and moreover, "you can have an actual nuisance and still be legal."[4]

Considerably more success has been had with private covenants, which have been the mainstay of the best postwar land planning and development. But the National Association of Home Builders notes their drawbacks:

> One of the least considered and weakest points in protective covenants . . . has often been the lack of an agency representing the home owners as a whole, to see to it that the covenants are observed. Quite often the individual property owner hesitates to call attention personally to an infraction of the rules by a neighbor. . . .
>
> Ineffectiveness of private covenants can be traced in many instances to the failure to provide specifically for a continuing and effective organization to which the powers and duties set up under the covenants may be assigned.[5]

Architectural Forum also observes,"Restrictions are more readily placed in leases than in deeds where they cannot be enforced without policing a vanished interest."[6]

Alternative to either private covenants or zoning, leasehold affords an ideal means of land control, and one wonders why the real estate industry has been slow to recognize this. Part of the reason for its slowness may be that in the United States, historically, the owner of rented real estate was little else than a rent collector. Until recently, he scarcely knew that his real estate interest might involve any more. He was satisfied to leave to the tenant all major management responsibilities, including sometimes even the liability for repairs, property taxes, and insurance. This is substantially the "net lease" arrangement that still prevails for most downtown real estate. The landlord was commonly thought of as the heir of privilege, the passive recipient of "unearned increment." He was not thought of as being in the active role of a businessman, nor did he conceive of himself in this light. For in the nineteenth century, the majority of those who owned property owned it for their own use. Those who owned property as an investment normally expected to realize their profit from resale rather than continuing administration. Seldom did rental property, in any case, yield more than supplemental income to its owner, so that he was seldom in a position to give his undivided attention to its administration.

It is thus understandable why the traditional owners of real estate did not perceive the advantages of leasehold as an effective tool for land administration. They were not looking in that direction, as were Bouton and others who not only were serious entrepreneurs but also had been studying the very question of land controls. With such men as these, it is less readily understood. However, it is also true that their basic orientation was toward resale for capital gain rather than toward long-term investment.

A more important reason why Bouton and others overlooked the value of leasehold as an administrative tool may have been that they were developing residential properties, and the American public has long had a romantic notion about individual home ownership. This is probably due to the social prestige that historically has attached to land ownership and to the low prestige of tenancy on the Continent, which was, indeed, quite often insecure in the unbusinesslike past of real estate. Moreover, real estate was only just beginning at the turn of the century to offer apartment rental housing. It would scarcely have seemed a likely proposition to the subdividers to offer leased homesites, had it even occurred to them. The tide has turned, however, in commercial realty, and today's trend toward leasing consumer and capital property of all kinds can be expected to extend into residential realty as people find more and more that they can be assured the full use of property without having to assume in addition, the responsibilities of ownership. There is already full acceptance of leased home sites in mobile home communities, some of which will inevitably carry into others forms of modular housing developments.

As the twentieth century opened, most of those people in the United States who had any interest in real estate fell into one of two categories. The larger category included those who were accustomed to owning real estate but not to managing it in a business-like fashion. Prominent among these were owner-occupiers whose properties yielded no rent incomes. The other category included the aggressive business element in real estate, consisting of those who actively traded in land as speculators and subdividers. Among this latter group were the men who were discovering sound principles of land planning as an aid to sales. Neither group as yet had any appreciable experience with the on-going, productive administration of real estate.

In the second decade of the century, however, some changes occurred that promised to bring together these two traditions or streams of real estate practice. The market for rental housing in single-family and two-, three-, and four-flat structures began after 1910 to give way to large multi-apartment buildings. Except for hotels, these apartment buildings, together with office and loft buildings, were the first important new kinds of multiple-tenant income properties requiring the services of specialized management. The ensuing decades witnessed the rapid development of multiple-occupancy income properties of all kinds, and the need for specialized management services grew accordingly.

An important event in the appraisal field, one of the growing areas of specialized competence in real estate, was the substitution of the income approach to valuation for the traditional replacement-less-depreciation, or "bricks and mortar," approach. The newer method of valuation capitalized the net income yield of the property. Outstanding in early appraisal work, Frederick Babcock wrote in 1932, "The future income stream . . . is certainly the very basis of transactions which concern real estate values."[7] The older approach was suited to the time when it was assumed that vertical improvements on sites, rather than lateral improvements surrounding them, determined their value. The new income approach allows for both. It also allows for a new factor which is beginning to be recognized as an additional determinant of the value of improved properties, namely, management.

The use-value concept is not unique to real estate. As E. F. Hutton and Company observes in its *Market and Business Survey*,

> The lease represents a departure from the traditional concept of asset ownership, as it involves only its use for a specified time. There is evidence that this use-value concept is gaining acceptance in other areas of the economy as well. The stock market may well have given a dramatic demonstration of its prophetic qualities when it abandoned the asset value theory of establishing value and adopted the price-times-earnings multiple. The switch to valuing a company by its earning power rather than by its assets is a good example of the use-value concept in action.[8]

The emphasis on earnings in property valuation focused attention on planning and management. With the growth of income properties and the consequent emphasis on management, real estate administration was on the way to becoming an industry. At first it was confined to small lots, but the 1920's onward saw a steady increase in the size of building lots, reflecting greater efficiencies in land use.

The steady growth of income properties, the increasing competence of appraisal and management, and a more general sophistication in land use, as evidenced in the planned subdivision, the larger lot, and the search for neighborhood land controls,—all these changes made real estate increasingly attractive to investors. Consequently, long-term capital financing became more and more available for real estate purposes. The war postponed development, but by 1950 circumstances were right for an enormous growth of commercial real estate. Not only was financing available from institutional sources, especially insurance companies, but new tools of investment and finance were developed, such as syndication and sale-lease-back arrangements.

The decade of the 1950's provided the first unmistakable evidence of merger between the important new streams of real estate practice—integrated land planning and property management, the one developed originally as an aid to subdivision sales and the other for the management of buildings. Subdivision into small management parcels began to edge toward obsolescence so far as progressive practice in real estate development was concerned. For the first time, a trend toward the retention of large-scale developments in single ownership for on-going production of income was discernible.

It is nevertheless premature to call the period since mid-century the "era of the planned community," as has been popular in some of the media. For despite the comprehensive scope of many modern land developments, so long as projects continue to be subdivided, they are planned mainly for the present and inadequately for the future. Obsolescence begins with their subdivision into parts. Richard Ratcliff's observation bears repetition: "Once the lots have been sold off into individual ownership, even a few of them, replanning and resubdividing become virtually impossible." Yet continual replanning is needed for a viable community, for "the needs of urban society for the services of land are in constant flux; . . . buildings and street patterns and space relationships of land uses become obsolete and inefficient with the changing nature of demand."[9]

Nor is the incentive of the subdivider conducive even to the best of present planning. For as long as lots are produced for sale rather than for income, it will be sufficient that development produce a salable article.

The significance of the phrase, "era of the planned community," is that land development is now envisioned in large, comprehensive projects. A number of large complexes have been completed in both the United States and Canada, scores are under construction, and many more are on the drawing boards. Each of these developments embraces a wide range of land uses. Dallas' Exchange park, for example, is described as:

> the nation's first completely integrated and weather-controlled business community. Included in the Park are such facilities as a bank, an insurance building, a department store, a medical research center, retail shops and office buildings, multi-level parking facilities, and a hotel.

> Comfort-minded developers have made provision to have all units of the project connected by air-conditioned malls or pedestrian streets to create a completely weather-controlled city.[10]

Don Mills, near Toronto, and Kitimat in British Columbia, are outstanding examples of whole new planned communities in Canada. Projects in the United States include Columbia, Maryland; Reston, Virginia; Roosevelt Field and Sterling Forest in New York; Prudential Center in Boston; Science City near San Antonio; Empire Central, Southland Center, and Exchange Park near Dallas; and University City, California City, Conejo Valley, Laguna Niguel, and Century City in California.

A significant feature of these large developments is that many contain areas carefully planned for retailing, commercial, or industrial functions, and these areas are being kept intact as functional units in order to benefit from proprietary administration. Only in a few instances, however, are entire projects, such as Prudential Center in Boston, Sterling Forest in New York, and the Century City development in California, to remain in unit ownership and be managed on a leasehold basis.

Throughout the United States and Canada, the movement of many kinds of retail stores, warehouses, office buildings, light industry and research facilities is to planned developments; in 1968, over forty per cent of the total retail trade of the two countries was transacted in shopping centers.[11]

This transformation in real estate is just one facet of a more general trend in recent centuries toward increasing specialization of ownership and the organization of capital property of many kinds into large service units under unified proprietary administration. One characteristic of economic progress everywhere has been the progressive specialization and development of the ownership role, the progressive differentiation of ownership from use. Property in land is the most recent class of property to manifest this ubiquitous trend of civilization. As lately as 1953, James C. Downs, Jr., observed that

> . . . in the past fifty years there has been a technological revolution in both *production* and *operation* of virtually everything *except* real estate. The management of business has advanced tremendously through the application of systematic, planned operations, with emphasis on looking into the future and thinking ahead as well as maintaining careful selective controls on present activities. It is hard to realize that cost controls, personnel management, widespread advertising, product design and research, careful public

> relations, and technical management devices such as IBM machines, accounting and calculating machines . . . are all the recent products of a *new approach* to running business. However, this approach has *not* been widely applied to the operation of real property. Even today, many property managers are merely *custodians* . . . instead of planning ahead for the best possible use of their properties.[12]

Signs of the "new approach" were beginning to appear even as Downs wrote, and today real estate is undertaking for the first time the systematic production of land services on a large scale. No longer may one say, as did a speaker at a symposium just two years after Downs' article appeared, that "not being manufacturable, environment has seldom been the subject of organized interest."[13] Real estate today is rapidly developing into the *one industry whose strict concern is the production, distribution, and maintenance of human environment.*

CHAPTER 4

Narrowing the Field of Community Types

As was seen earlier, a varied assortment of special situations fit the definition of community, ranging from private homes to theaters and even passenger trains and buses under certain conditions. It remains to devise a way of conceptually handling this diversity of special forms and to identify some of the significant variables.

In making a classification of communities, the first distinction can be drawn between those communities in which the private areas are administered under separate and diverse ownerships and those in which the land is organized in single title. The former, in which there is a multiplicity of ownerships, may be either a subdivision or a condominium. The class of subdivisions includes most modern towns and cities. A condominium differs from a simple subdivision in that the common areas are owned and administered by a corporation or other association made up of the owners of the diverse lots, with control proportional to such ownership. Like the cooperative, a condominium requires different management skills and more effort to operate than an income property of comparable size. A condominium is a borderline proprietary community; because of its fractionated ownership, it trembles on the verge of sovereignty. It crosses the line when the owners' association can legally compel payment of dues at rates which are determined by a majority or other fractional vote of the owners.

Confining the discussion now to communities with *undivided* ownership, an initial distinction can be drawn between those communities in which the occupants of the private portions pay no rent for their occupancy but remain occupants solely at the pleasure of the owner, and those communities in which it is customary to pay rent. The latter are the main concern of this book. They include the class of properties known in real estate as multiple-occupancy income properties, and it is here that spectacular developments in proprietary community are taking place. Older and more widespread in our society, and functioning to give suitable environment for many necessary kinds of activities, the non-rental type of community will in no sense be rendered obsolete by the growth of rental communities but will be afforded greater scope in the new developments.

There are a number of important differences between rental and non-rental communities. The first is that the occupants of the latter always have an additional relationship to the owner, such as that of customer, employee, or guest, that takes precedence over their status as a tenant. When this other relation is a contractual relation, as opposed to a guest-host or kinship relation, then either the owner or the tenant may be the party of the first part. Examples are the coffee house, in which the owner serves refreshments to the tenant, or the factory, in which the tenant performs services for the owner.

In the non-rental community, moreover, the owner never fully gives up his own right of access to the private portions. The distinction between private and common areas is less sharply drawn. Occupancy is more in the nature of a privilege than a contracted right. Occupants have the status of invitees.

Finally, the non-rental community yields no return, except as it may enhance some other income-producing activity. It is therefore a subsidized community. Rental communities on the other hand are income-producing and, as such, ordinarily self-sustaining (although a minority even of these, operated for purposes other than return on real-estate investment, may be subsidized). The objective is to optimize the total environment of each site within a system of sites in order to maximize the combined rent they will command.

Rental income communities are fortunate in a special way. Their income affords a quantitive measure of the successful functioning of the community, a standard not available in other kinds of communities, where the search for such a measure has engaged the thought of social scientists since Emile Durkheim's work of more than half a century ago. *Pathology is signaled by a declining income line.* The public administration must generate rentals at a level above the break-even point for the community to be viable.

Its flexibility of land administration by virtue of the unitary title, and the fact that it is self-sustaining in its own right rather than being an appendage of another activity, gives the rental community a viability that other kinds of communities lack. It provides out of its earnings for its own maintenance and eventual replacement. On the other hand, it readily accommodates within itself the non-rental and subsidized communities which are an integral and important part of society. As it evolves favorable and diverse environments for many kinds of human activities, the rental community develops more and more its inherent capability of accommodating the whole range of human purposes and needs.

In addition to the basic distinctions drawn above and outlined in Figure 1, as specialized communities of all kinds differentiate to meet the requirements of the activities of their occupants, they display further differences that pertain to form and operation rather than to tenure. Prominent among these are the distinctions of size, discontinuity, and degree of transience of population.

Size is an important consideration for the operation of any enterprise. This is evidenced by the standard divisions of hotels, shopping centers, and other forms by size classes according to their economics of operation. Also, with increasing size the ecology of an enterprise becomes complex. Larger hotels and shopping centers serve as social and cultural centers for the surrounding population, transcending in kind as well as in degree the limited functions of the wayside inn or the neighborhood convenience center.

Some communities are intermittent. A theater is discontinuous between performances, as are passenger trains, buses, and planes between runs, or a private home when the family is out. An office building or a shopping center is empty at night; the community dissolves until morning when it forms again. Other communities, though not discontinuous, have regular ebb and flow, such as the hotel, which peaks at night and is relatively deserted by day.

Population transience is an important variable. The basic difference between the hotel and the apartment house is frequency of population turnover, and many operational differences between the two can be related to this fact. There are similar differences between wayside and terminal accommodations within the hotel industry itself. Residential and recreational communities as a group exhibit a higher frequency of turnover than do business communities, whose tenants make a greater investment in fixtures and naturally try to stay in the location where they have become known to their customers.

Three kinds of communities that illustrate some of these latter distinctions are the theater, the passenger train, and the restaurant. All are intermittent communities. Each has some unusual feature that makes it an interesting case.

The theater is a rental community in which, during performances, the seats define private spaces and the aisles and lobby are common areas. The most prominent public service is the stage or screen entertainment, although the services also include provision of shops and concessions, sanitary facilities, landscaping in the lobby and elsewhere, and controlled lighting and climate, not to mention the presence of ushers to

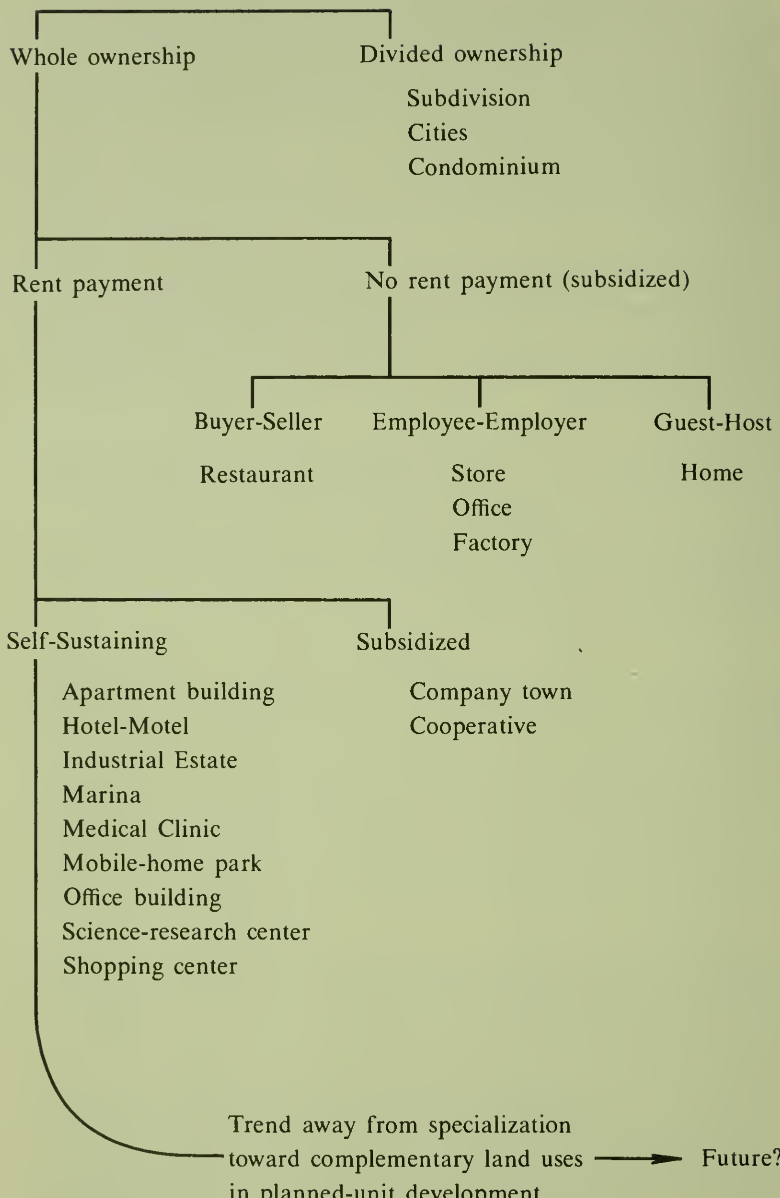


FIG. 1. Classes of Community

escort people to where they want to go, to keep aisles clear, and to maintain good order. Even these do not exhaust the list of services, for the responsibility of a theater manager to his patrons is diffuse and complex. Since the theater is dedicated to passive recreation, there is a minimum of tenant interaction. Neighbors enjoy easements across parts of one another's property to gain access to their own. Mores include prohibitions against obstructing the view or the hearing of others by wearing hats or making noise.

The passenger train resembles a hotel operation. Like the hotel, it is a rental community providing a full range of services including sleeping, bathing, dining, and entertainment facilities. However, the principal and most remarkable common service offered by the train management is a controlled change in the location of the community with respect to surrounding communities. Similar observations hold for ships, aircraft, and other transportation vehicles.

The restaurant is typically a non-rental community and is therefore—as a community—subsidized. Booths and tables are the private areas; access aisles, decor, and availability of food service are facilities and services to be enjoyed in common. Occupancy is by invitation and for a limited but unspecified length of time. Such space is not ordinarily charged for unless unusual circumstances, such as prestige or special entertainment, make it necessary to impose a cover charge. A cover charge technically shifts the restaurant into the column of rental communities, but it does not affect its subsidized status since the charge is usually nominal and, like minimums, is primarily for the purpose of rationing limited available space. It would be unusual for such receipts to represent any significant return of income on the real-estate investment. The environmental services in a restaurant are intended to attract patronage for a food and drink retailing operation.

A final point of difference among communities that might be touched upon, although it raises questions that are outside the scope of this chapter, is the extent to which some communities are specialized to a particular kind of occupant activity while others are generalized, all-purpose communities. It will be enough at present to observe that in contemporary society, proprietary communities thus far have tended to be specialized to particular functions. There are few examples in the modern world of generalized proprietary communities. Among primitive societies, on the other hand, generalized proprietary communities are the rule rather than the exception. In the light of this historical contrast, it is intriguing to observe and reflect on today's gathering trend toward general and complementary land uses in planned-unit developments.

CHAPTER 5

Structure and Function

> The interest of (land owners) is strictly and inseparably connected with the general interests of the society. Whatever either promotes or obstructs the one, necessarily promotes or obstructs the other. When the public deliberates concerning any regulation of commerce or police, the proprietors of land never can mislead it, with a view to promote the interest of their own particular order; at least, if they have any tolerable knowledge of that interest.
>
> Adam Smith
> *The Wealth of Nations*[1]

The feature that most readily distinguishes the proprietary community from the traditional Western community under sovereignty is the single ownership of its basic realty. This structural feature is not the only difference, but it is the key departure to which is tied a whole series of functional changes in the community. As land title is fractionated, there develops a tendency toward community disorganization. As land title is organized, there develops a tendency toward more effective organization, reflecting the wider scope for the functional role of real estate.

This idea will be taken up from three different approaches, first by looking at the effects of scattered land title in a community, then by looking at a model of the economy of the proprietary community, based on integrity of land title, and finally by examining more analytically than heretofore the role of the community owner.

The Pattern of Subdivision

The traditional Western community is a sovereign community in which ownership is scattered in many parts, each person's interest as an owner of land or buildings being bound up with that particular piece of the community realty which he himself uses as owner or from which he derives his income. Because of this, a conflict of interests accompanies every change in the land-use pattern of the community. This conflict becomes aggravated in times of accelerated change. The source of conflict is that the value of a given location depends on surrounding accessible land uses, both public and private. Each change in land use, therefore, has a favorable or an unfavorable effect on the value of its neighboring sites. As Richard Nelson and Frederick Aschman state succinctly in *Real Estate and City Planning,* " . . . each unit of land use is dependent for its function on other units of land use."[2] The dependence varies inversely with the size of the site in question. It decreases as the site becomes larger and more able to provide its own environment by, on the one hand, achieving an internal balance of complementary land uses and thereby a measure of independence of surrounding sites and, on the other hand, by exerting a favorable influence on the course of development of surrounding properties.

The conflicts of interest arising from divided ownership of land with consequent identification of private interests with parts of the community rather than with the whole, can be illustrated by a characteristic situation. Imagine a case, such as happens not infrequently, where the owners of downtown property in a small city are concerned to bring about certain community improvements. In this instance, perhaps they are concerned about the increasing congestion in the business district which is making it progressively difficult for people to get downtown from the suburbs. There is a sense of urgency, since some fear that outlying shopping centers will be built and may divert the traffic permanently. The obsolete street system, laid out a century before for semi-rural carriage traffic, still sufficed even fifty years ago when the growing population came on streetcars and walked to their destinations in the downtown area. But when everyone began driving downtown in his own automobile, there soon were not enough streets to handle the coming and going, much less to move or park the cars downtown. Ideally, the basic street pattern should be entirely revamped and the downtown redesigned as a regional center with complete community facilities and ample parking. At the very least, some streets should be widened and more parking space made available.

In order to accomplish at least the minimum, the downtown owners in our hypothetical example met one day and agreed to subscribe for a bond issue and vote the necessary tax assessments on their properties. It was an auspicious beginning. But when it came to the point of carrying out the improvements, they found their interests as owners inevitably opposed. All went well until the day they considered which side of the street to widen. At that point, enlightened as they were, and with the best of intentions, they found themselves poised for combat. The interest of each and everyone was threatened. Because of the structuring of their interests, each *had to insist* that the widening take place on the other side of the street. When it came to parking lots, on the other hand, each wanted them on his side of the street and as close to his property as possible—but without taking any of his property.

In this stalemate, it was inevitable that someone lose—all of the town if the improvement did not go through, or else one or more of the downtown owners who would be deprived of their personal plans for their property. The end result, if not continued and worsening blight, could only be a compromise plan that would not represent the best available thinking for the future growth of the town, and in which much bitter feeling would be aroused over the push and pull leading to final determination of the plan and to the eventual abrogation of property right of some of the residents.

This exemplifies the difficulty attendant on any community development program when the land is held in divided ownership. It is the long-standing dilemma of traditional communities that has resulted in virtual paralysis of the heartland of every major city. This is the dilemma, at bottom, of effective land planning, which requires that some areas be used less intensively (churches, parks, and parking lots) and some more intensively (high-rise apartments and office buildings) in order to raise the value of the property as a whole. So long as individuals have ownership in parts less than the whole, their interests will collide with the interests of others and with their common interest in any proposal that would affect land values unevenly. Yet, to avoid such measures would be to throw out planning or coordination of land uses completely, and with it ultimately all land value. The habitual course is to continue in stalemate until a crisis forces a solution that is at best short term and achieved only at questionable social cost through the forcible intervention of an agency outside the system of contract and exchange.

Aggravating the situation further is the absence of effective leadership to arbitrate the conflicts or to salvage the best of the bad situation. Lacking is someone who, while not identified with any special interest within the community, is at the same time strongly concerned for the success of the community as a whole.

This deficiency shows clearly in the older downtown business districts. It shows in the relative inability of downtown merchants, as compared with merchants in shopping centers, to cooperate in effective group promotions, to coordinate days and hours of store openings, to make customer referrals, to get better municipal services, and to pursue other matters of common concern. All parties want to cooperate, yet they often cannot seem to "get together" as they feel they should; the situation is very much like a meeting without a chairman.

This and other problems of merchandizing in downtown areas, related largely to the impasse over city planning, have caused downtown business districts to lose business to outlying shopping centers. As early as the period 1948-1954, Manhattan retail sales declined by three per cent in adjusted dollars, and pedestrian counts and land values in most downtown areas have steadily been declining for many years. An author writes in the *Journal of Property Management*,

> Today it is very difficult in a great many cities to determine the value of real estate. . . . When a vacancy occurs in a property in downtown areas in various cities today, it is apt to stay vacant a good long time. Most of the department stores, most of the chain stores, and specialty shops are looking for locations in shopping centers in preference to downtown. Very few are taking downtown locations.[3]

Another writer, after noting such discouragements to downtown shopping as charge parking, tough police, noncanopied sidewalks, snow accumulation, traffic snarls, lack of landscaping, dirty curbs and sidewalks, garish signs and lack of area store directories, observes that the chamber of commerce "is not directed to retailing, and in many cases there are several small merchant groups that are loosely organized, poorly financed and inadequately manned in the effort to compete with the concerted drives of organized merchants in a regional center."[4] The futility of attempting to locate responsibility in the downtown business district is further commented on in a planning report for Richmond, California:

> Generally, whenever commercial facilities don't measure up to people's expectations . . . the people blame the merchants individually or collectively. But it is not always their fault . . . Frequently, many people, including businessmen, criticize property owners or the city. It is not always their fault. But nevertheless it is agreed that "they ought to be doing something about it." Determining just who the "they" is and what the "something" is, is not always easy. For the simple facts of the matter are that the problems are often beyond the scope of any merchant, or any property owner, or any group of merchants or property owners, or the city.[5]

The inability of downtown merchants to "get together" is commonly explained as a deficiency of merchant education, combined with the drain of the better merchants to shopping centers. The feeling is that, once downtown merchants learn and practice the techniques of joint action that have been developed in centers, they will close the present gap. Some downtown groups deserve very great credit. Meanwhile, for the nation as a whole, it has not been determined whose responsibility it is to educate the downtown merchants—though downtown department stores are assuming some of the leadership role. Moreover, it is little appreciated that shopping centers are only at the beginning of their development and will work continuously and in competition with one another to discover new ways of cooperation as they improve on the old.

Organization requires leadership, and the downtown of a city lacks the potential leadership that is built into the shopping center situation by virtue of the single landlord. While he may overstate the case, a regional shopping center director in an interview expressed his own conviction on the subject in these words:

> Probably that is the most important reason for the expansion of shopping centers. When a merchant comes into a center, he is stepping into a place where he is buying leadership. That is the whole premise. He has stepped into something where leadership exists whether he realizes it or not.

Shopping centers show neither Main Street's paralysis of physical form, due to conflicting land interests, nor the disorganization of its land users due to the absence of defined leadership. These defects have been resolved in the unified ownership of the shopping center and the management integrity which this makes possible. Once the ownerships are organized as participations in a single property, it becomes the common interest of the owners to redevelop and manage the whole as a unit in the most productive way, even to replanning the formerly fixed pattern of streets and common areas. It becomes their single interest to provide not only optimum physical environment, but optimum social environment as well—through an effective manager who can serve inconspicuously as expediter, peacemaker, and active catalyst to promote the freest possible conditions for the occupants to pursue their respective interests.

The Economy of the Proprietary Community

A proprietary community is distinctive in that all of its community functions are performed through proprietary and non-political means, that is to say, through ordinary business relations of the marketplace. Every proprietary community reflects in miniature a complete economic system—a society in microcosm. Taking for a model a completely generalized (hypothetical) proprietary community, one can analyze its economy in the following way:

The market is the outstanding institution of process, or social change, in the proprietary community. It facilitates the performance of contracts—exchanges of ownership positions with respect to every kind of property—and acts as the social metabolism of the community.

The market can be divided for analysis into submarkets according to the class of property or services dealt with. Thus we can make any number of divisions of the market according to our purpose, such as the land market, the toy market, the glass goblet market, the credit market, the nurse market. People do not always participate in the same market, nor always in the same capacity, as seller or as buyer, but each participates now in one market, now in another, and in opposite capacities on different occasions. On one occasion he participates as a provider, on another as a recipient of services, now relinquishing, now obtaining positions with respect to different kinds of property.

For the present analysis, only two subdivisions of the market need be considered—that of space, or land, use and that of every other kind of property. The one is represented by the inner ring in Figure 2, the other by the outer.

The economic activity of the community consists of markets. People move from one to another according to their purposes and needs. People who on one occasion interact in the land market must also participate on other occasions in other markets and in opposite roles. Those who on one occasion give land services must on other occasions receive services of other kinds. Thus is reciprocity among all members brought about. None can operate in only one market, or on all occasions as a buyer or as a seller, a provider or a recipient of services. Each person in our model must alternate, now giving, now receiving, in different markets. If in the diagram in Figure 2 a larger number of divisions of the market had been made and were represented by concentric rings, we would observe individuals as buyers moving about a great deal among different rings, but as sellers or suppliers specializing in one or a few.

The term, *services*, in Figure 2 refers to the service of allocation—the service of transferring title. For one discovers on examining the nature of a sale that what is sold is never actually the thing itself, whether goods or services, but the ownership, or the social jurisdiction, over the thing. It is a psychological rather than a physical transaction. As Richard Ratcliff observes of the real estate market,

> In its popular connotation, the term "property" refers to land and buildings in the case of real property and to various movable articles in the case of personal property. But the real estate market deals in rights, not directly in the land and buildings that are the property objects.[6]

It is this service of transferring jurisdiction to another—performing a sale—that commands a return in the market. Every member of the community is a buyer and a seller of services, the service in every case being to transfer to another the authority to commit the use of particular property, whether land, material goods, credits, or imponderables of various kinds, or even the benefit of one's own judgment or skill. The service is that of *entitling* others.

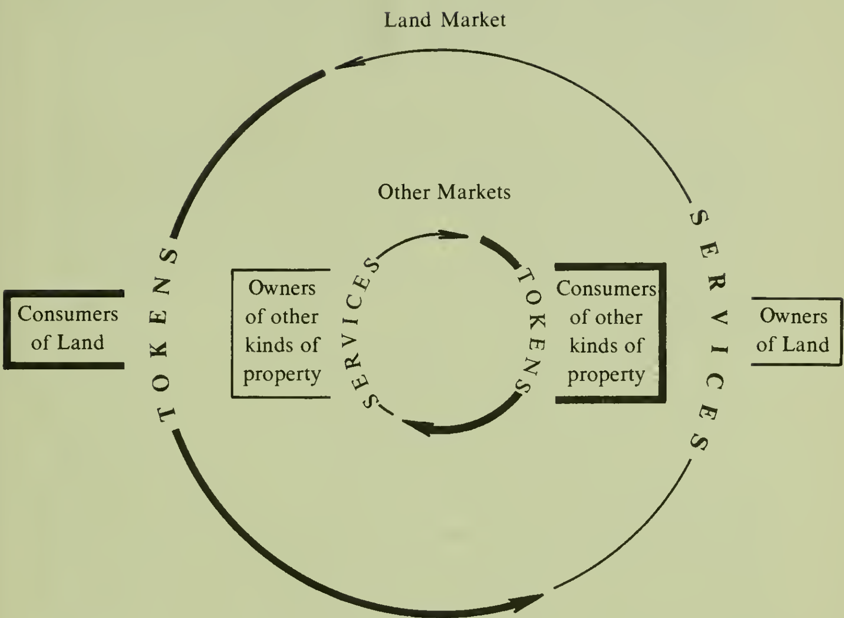


FIG. 2.

Reciprocity Between Owners and Users of Land in the Proprietary Community

The diagram as a whole represents not a division of the population but a division of roles, since each member may act in a number of different roles as it becomes appropriate from time to time for him to do so. A person may occupy all three roles. He may rent a home in the community and thus be a tenant, participate in the general market as an entrepreneur (in which case he is also a business tenant) or as an employee of the owners or of certain other tenants, and invest his earnings in shares of the enterprise and so become an owner. Figure 2 thus depicts relationships among roles rather than among individuals in a community—although it is the latter at any given moment in time.

The operation of the model is as follows:

The owners of land, recruiting employees and engaging services from the general (other-than-land) market, employ these resources in ways designed to facilitate the most productive use of the community sites by the land users, or tenants. To the degree that they succeed, then out of the resulting productivity of the land, the tenants are enabled to give tokens in rent for so much space, and of such kind, as the individual sites are worth to them at a market price established by their competitive offerings.

With these tokens (claims on services) received in rent, the land owners re-enter the general market in either a private or a business capacity and receive services from the tenants, or land users, for which they now give back some of the tokens they earlier received. Thus do the tenants, by now providing services in exchange for tokens, redeem their tokens which they previously issued in exchange for the community benefits they received through their occupancy of the community sites. They are glad to redeem their tokens; that is what they are in business to do. When the token is redeemed, the exchange between landlord and tenant is complete. Until the landlord entered the general market to buy services, the completion of the exchange was deferred by means of the tokens or counters—commonly referred to as money—which kept tally of how much was owing in services.

The operation of this system in dynamic equilibrium can be traced as well in the other direction. The land owner, in providing community services and accepting tokens for rent in exchange, is redeeming the tokens he earlier issued in order to obtain goods and services in the general market. The cycle is perfect and reciprocal.

It begins to be seen how proprietary administration, operating on a small scale in countless new and growing community enterprises, fulfills amply within the scope of these operations all of the needs, public and private, of community life and therein gives intimations of a total alternative to tax-supported institutions, whose forms have ever been debated but whose premise lay for centuries unexamined.

Role of the Community Owner

No immediate change would be perceptible physically if at one moment the land in a community were owned in diverse pieces and, at the next, in a form of undivided interests. But over time, and barring untoward circumstances, the visible consequences of such a change would be enormous. The change would largely result from a new functional role in the community, the role of the now integrated proprietary authority.

Among all his activities, the proprietor in his capacity merely as proprietor performs a single service in the market: he lets the use of community land. All else that he does is directed toward making this service valuable and eagerly sought after. His objective, therefore, is to make the community a productive and wholly desirable place for people to live and carry on their businesses.

The proprietor builds value in the inventory of community land chiefly by satisfying three functional requirements of a community which he alone as an owner can adequately fulfill: *selection of members*, *land planning*, and *leadership*. Ordinarily he does more than attend to these three responsibilities of his land ownership, just as the real estate subdivider undertook to become a building contractor after the turn of the century, and today may see additional opportunities in the gas and electric business. But these three are basic to his role as owner. Moreover they are unique in not requiring expenditure of physical effort. They are psychological functions, judgmental rather than physical in nature. They are administrative functions.

The first two functions, membership selection and land planning, are accomplished by him automatically in the course of determining to whom, and for what purpose, to let the use of land. The third function, leadership, is his natural responsibility and also his special opportunity, since his interest alone is the success of the whole community rather than that of any special interest within it. Assigning land automatically establishes the kinds of tenants and their spatial juxtaposition to one another and, hence, the economic structure of the community. Leadership then facilitates community functioning.

In planning his community, it is desirable that the owner encourage the most intensive use of the land that the technological development of society will allow. Only thus can he maximize his over all rents. Because of the interdependence of land uses, he cannot realize this maximum potential in a community of any considerable size by assigning all the land to just one use, such as residential housing. Residential uses need complementing by shops and professional services, recreational, educational, and employment facilities, and so forth. Businesses of all kinds require nearby residential areas from which to draw customers and/or employees, besides such specialized other functions as wholesale supply, warehousing, and distribution facilities. Each land use requires, directly or indirectly, and in differing spatial relation to it, most of the land uses that are to be found in a generalized community.

Each land use in turn affects the highest and best use that can be made of other sites; and it affects other sites unevenly, depending on their location relative to it and to the other land uses in the community. A park is of greater benefit to those residential sites that command a view of it than it is to sites in the next block, and its benefit continues to diminish thereafter, modified as the pattern of transport may make it more accessible. A druggist, on the other hand, wants to locate in a good residential area, but not bordering a park; he prefers to be surrounded by housing. Thus a prime residential location would be worth less to him than a location somewhat less than prime for residential purposes. Like the park, the availability of the druggist's services boosts the value of surrounding property for residential use. In this case, however, the greatest benefit may be to space located a short distance away rather than bordering on it. The availability of employment nearby—as in office buildings or in light or heavy industry—again increases the desirability of residential property, the optimum distance varying in each case with their relation to other land uses and the kind of residential neighborhood. Of these functional interdependencies, Richard Ratcliff observes,

> Each parcel of land occupies a unique physical relationship with every other parcel of land. Because in every community there exists a variety of land uses, each parcel is the focus of a complex but singular set of space relationships with the social and economic activities that are centered on all other parcels. To each combination of space relationships, the market attaches a special evaluation, which largely determines the amount of the bid for that site which is the focus of the combination.[7]

The same insight is displayed in developer Bill Windsor's "unit function" concept, evolved in the course of planning Empire Central in Dallas, Texas. "This approach involves an analysis of all factors contributing to the success of an occupant in a particular land use. These factors are then combined in a program of sufficient size to justify their inclusion in a single geographical unit."[8] The unit function approach to planning is clearly exemplified in hotel management, where the unit function is overnight sleeping accommodations and complementary functions are added. As hotel accountants Ernest Horwath and Louis Toth write,

> Each establishment decides what services should be provided. . . . few hotels attempt to operate a drugstore or a haberdasher, but they do provide such conveniences for their guests by renting store space, with lobby as well as street entrance, to druggists, haberdashers . . . [9]

Ideally, in the planning of a generalized community, each land use is considered individually, in the light of its surroundings, as a focal, or a unit, function.

The statement of Horwath and Toth brings up an important point: it is not important for the community *who* undertakes a particular land use, so long as the desired function is performed efficiently. If a business can be conducted more efficiently by the community owner in certain circumstances—that is to say, so the services can be offered at less cost or greater convenience to the public—he may undertake it directly instead of letting it out to private persons. The hotel affords many examples of private services performed directly by the owning authority, such as utilities, waste disposal, room service and meals, and so forth. In the nineteenth century, the main dining room often was let as a concession, as many complementary functions are today. As hotelmen gradually realized the close correlation between dining room service and the reputation of a hotel, they found it best to operate the dining room directly in order to control the quality of food service. With the improved quality controls of today's franchised restaurants, the cycle is coming round again.

It should be apparent that the decision how and by whom the land can be used to best advantage is an on-going process and involves no less than planning the whole economic structure of the community. In the shopping center, the desirability of planning as much competition in each line as the market can adequately support has already been noted. The planning process is highlighted by management consultant James C. Downs, Jr., in discussing store rentals:

> The problem of the manager is . . . finding a tenant who can establish a business in the vacant store which will have the highest chance of meeting with success. The problem involves substantial creative activity on the part of the manager who must first analyze the location in terms of its merchandizing potentials, and must then seek a tenant who can be interested in starting a business in that space to meet that indicated demand.[10]

Under unified ownership, as noted previously, the private interests of the tenants are reconciled in the interest of the common landlord. This is the basis of the third function of land, designated as leadership. By virtue of the unified ownership, the management can act as a catalyst to promote successful social action in joint enterprises of all kinds: in economics, civics, arts, and recreation. Often this is accomplished by the sponsorship and guidance of tenants' associations, which can serve many specific community functions and, in the process, foster communication and high morale within the community. Leadership also includes arbitration of differences among the tenants, as well as guidance and participation in joint efforts. More than in any other area, the *art* in the art of community consists in this aspect of the manager's role. Here is his least tangible or measurable, but potentially his most rewarding, role.

While tenant selection, land planning and leadership together constitute the real estate function and are therefore the direct responsibility of the landlord alone, this is not to say his role goes no further. For there is no function for which the owner is wholly devoid of responsibility, since he sponsors every activity represented in the community by the act of providing space for it. Every other function than the original three, however, can be performed by others, including even physical security and the building and maintenance of streets and common areas. Whether the community owner undertakes these additional tasks directly depends on what may be the most practical under the particular circumstances.

Improvement and maintenance of common areas–unlike planning the layout of streets and the other common areas which is a part of the real estate function–can be performed by the tenants on a pro-rata basis. Police patrol and fire monitoring can be supplied in the same manner as common-area maintenance. Such services in shopping centers are frequently contracted out and paid for by the merchants' association, an arrangement which works well where the community owner ensures through leadership and tactful assistance that the tenants' association can operate smoothly and with continuity. The weakness of the tenants' association is the weakness of all volunteer associations: it is the difficulty of sustaining interested membership and stable objectives in the absence of a guiding sponsor.

While patrol and fire monitoring systems may be included with common-area maintenance, in a fundamental sense the security of the community is a part of the owner's real estate function. Under land planning, he supervises the design of all construction from the standpoint of safety. He also chooses tenants with a view to their compatibility and complementarity with other members of the community and learns to anticipate in the leases and to provide in other ways against disputes developing among the tenants. By his informal peacemaking and arbitrating, he resolves differences that might otherwise become serious. In these many ways he ensures "quiet possession," as it was so admirably phrased in the language of the Common Law, for his tenants. The well-being of the community is very largely a reflection of how well the real estate function is performed.

By his choice of tenants, deciding what land uses are most complementary and how to dispose them in the community, the owner is responsible for the basic economic structure of the community. By his leadership qualities, he then does what he can to help promote its functioning. His is a sensitive role which requires utmost tact and rapport with the tenants. It succeeds in the shopping center because the tenants recognize him to be a businessman like themselves, whose interest, however, is the success of each and every tenant and, thereby, of the community as a whole.

CHAPTER 6

Comparisons With Primitive Community

From beyond the bounds of contemporary civilization, through archeology and anthropology, we can gain a broader perspective and appreciation of the proprietary community. For the proprietary community is not unique to our time and culture. Its roots are deep in human history. Man may first have emerged into permanent villages in the proprietary pattern, but the pattern already, even then, had long been established in the experience of hunting and gathering people. Hence there is an essential congruence between the organization described for modern proprietary communities and a basic organizational pattern that is widely general among village communities of preliterate people throughout the world.

The basic similarity between the village community in many of its widely diverse forms reported by anthropologists and modern proprietary communities—also highly diverse in form—is the degree to which its organization is proprietary, based on land. Without engaging in a technical discussion of the meanings of the word, "ownership," laden as it is with judicial interpretation from our own Anglo-American law tradition, what we are looking for in functional terms as we approach the village community is the distributive authority over the village lands. Who has the social authority to commit the use of land?

Within households, in the primitive world, land is commonly administered by an elder male in the line of property succession. For groups of households, it may be administered by a clan or lineage or other group head who is commonly an elder male of the kin group of widest span. And similarly at the village level. This is "the familiar pattern," in anthropologist Melville Herskovits' words, "of village land ownership held in trust and administered by the village head in behalf of its members, native or adopted, and family ownership, for which the head of the family is trustee." [1] The system is sometimes called *seignorialism* since the distributive authority is exercised by a senior member of the kin group at the span or level of organization in question. Substitute the subgroupings of a shopping center—its shops and stores—for familial groupings, and the same essential structure of land tenure obtains for the modern proprietary community as does for the village. However much a given decision about land use may reflect a consensus of the community membership, the ultimate responsibility is not diffuse but is identified with one or a very limited number of individuals.*

Moreover, the same three functional requirements of a community that are fulfilled by the landlord in a modern proprietary community are fulfilled in a like manner by the head of the village community. In both cases, they are fulfilled by the proprietary authority as a land-owning function. These three functional requirements, it will be recalled, are selection of community members, land planning, and leadership.

Selection of members, the first of these functional requirements, is highly specialized in certain forms of modern proprietary community such as the shopping center, where prospective tenants are carefully screened for compatibility with existing members, for potential contribution to the specific market area being served by the center (an ecological consideration), for credit standing, and for merchandising skills. There is less scope for selection in the village community. Here there is little control over the precise makeup of the community, for the population is largely given. But the selection process is not less important when it does occur. The village head occasionally allocates the use of land to new arrivals–not infrequently in these days visiting anthropologists–who are congenial to the group and want to take up residence, and by dispossession he exiles individuals who have made themselves intolerable (exactly as a shopping center manager fails to renew the lease of an incompatible tenant). However infrequent in the village, as compared with modern proprietary communities, membership control is still a functional requisite of community life for which there must be regular provision. In the village as in the modern proprietary community, however much consultation, via council or otherwise, may precede a given decision, this requirement is fulfilled as a normal function of the land distributive authority.†

*For simplicity, the discussion will assume that land ownership in a village community is always unity. This is not always the case, as many exhibit two or more divisions of land authority along kinship lines. Subdivision is limited as compared with contemporary municipal communities, however, since cleavage occurs along lines of corporate kinship groups rather than random fracturing on an individual basis. Divisions may also appear when kin groups of different origin occupy the same village.

†Anthropologist Raymond Firth records an expression of exile from the Pacific island society of Tikopia that evokes in its simplicity the pathos of the Anglo-Saxon poem, "The Wanderer." Inasmuch as all land was owned by the chiefs, an exiled person had no recourse but to canoe out to sea–to suicide or to life as a stranger on other islands. The expression for a person who is exiled translates that such a person "has no place on which to stand."

Land-use planning, the second functional requisite, is likewise comparatively complex in a modern proprietary community such as a shopping center. Planning the kinds of enterprises, the size and number of each, and their disposition on the site for the best long-term interest of the center, all of which may be considered a kind of positive zoning, is the continuing responsibility of the lessor of the land. Such planning is more critical in contemporary society because of the greater number of specializations of land use—each with its special requirements— and also because of the rapidity of change. Where land use is constant and relatively homogeneous throughout a community, as for direct subsistence, this planning function is less in demand—although even simple fields differ in their relative fertility, nearness to ponds or water supply, distance to walk, and so forth. Where space planning seems least to be required, it lies latent, nonetheless, as a function of land ownership.[2]

The third requisite, leadership, is the task most fully documented for the village head by ethnographers. "Coordination" is a term which sometimes describes this function. In the village as in the shopping center, it is a role which is most effective when it attracts little attention. It is in this capacity that a village head acts in council as a chairman, whose purpose is to discover the "mind of the meeting." In the daily life of the village outside of council, he acts in general in ways that promote peace. In like manner, the shopping center manager promotes peace within the center and guides the work of the tenants' association.*

The following typical characterization of the functional role of a village head may help the reader who is unacquainted with ethnographic writing to form a general impression of this type of administrative role worldwide, or at least to counteract the popular misconception of the "tribal chief" as a "strong man" ruling over his subjects by wielding the heaviest club. The setting is a hunting and gathering society on the northwest coast of North America:

> The chief of the lineage was the custodian both of the intangible rights and of the lands and material possessions (of the lineage). The lineage chief was in this respect similar to the executor, in our own culture, of a large estate who manages its various enterprises for the heirs. It was the chief who decided when the group should move from the winter village to their fishing station and commence work on the weirs and traps. It was he who decided that a mask representing a certain hereditary crest should be worn by a dancer in a

*Generalizing about peasant villages in Southeast Asia from his experience in Hsin Hsing, Bernard Gallin observes that the loss of "capable and interested village landlords who can lead them in times of trouble . . . may well be a general problem in those villages where the land reform has at least indirectly caused the downfall in wealth and prestige of the former landlords."[3]

> ceremonial, and that certain lineage-owned songs should be sung. . . . All these varieties of possessions, material and intangible alike, constituted the wealth of the social group. The better the use their chief made of these riches, the more was the well-being and prestige of the group enhanced.[4]

In addition to the similar performance of the three basic functions of land, further reflection reveals that in the modern proprietary community as exemplified in the shopping center, and in the village community, the incentives are much alike which motivate the land manager to perform in the role for which he is uniquely fitted by his place in the social structure. Rent is the central conception which makes this comparison possible.

In the shopping center, management is productive of rents, for it creates an environment favoring the prosperity of each and every occupant's business. The owner's role is to provide such favorable environment, both physical and social, that present and prospective occupants will bid for space, thereby increasing the rents the property can command in the market. Rent returns to the owner a threefold reward for thus socially administering his property to the use of others: First, it supports him and his family in the material needs of life. Secondly, since rents measure the value of the owner's services to the members of the community, they are tangible evidence, for himself and the world to see, of successful performance in his social role. Thirdly, rents enable him to perform his role, since they are the community revenue and as such finance its operation; moreover, they can be the means of raising the present level of community functioning, enabling the owner to make it successful in even more ways that his good management can devise. Rents thus reward the owner with subsistence, respect, and opportunity.

An important aspect of the similarity between modern and primitive forms of proprietary community is the functional correspondence between rents in the one, and gifts and help traditionally received by the village head in the other. Both "finance" the public functions. In the village—presumably because of its cooperative structure—there is a tendency for a disproportionate part of the public functions to be ceremonial, and gifts in kind make possible the giving of feasts and the accommodation of large public gatherings. Specific examples are legion and take many specialized forms, from the potlatching tradition of the Northwest Coast[5] or the Polynesian *anna*[6] to the ritual performances of the Hopi, where the chief distributes valid title to village land among the heads of the several clans in exchange for their help in the village ceremonial, each clan performing the public duties associated with a particular part of the village ceremonial calendar. Thus do the gifts in kind and the help received by the village head enable him to fulfill his functional role.

The functional equivalence of rents in modern proprietary communities and gifts or help given and received in village communities, enables us to readily analyze the personal rewards accruing to the village head by virtue of his managerial role and to see that they are in substance the same three that accrue to the shopping center manager.

At the simplest level of community, the individual household, the household head of necessity provides his food, clothing, and shelter from his personal resources and those of his immediate family, which may or may not be the extent of the village settlement. Seldom if ever is headship on the household level a full-time specialization. As the level of general productivity and population rises with the addition of households and groups of households, however, these resources will be augmented by gifts and services until, with more complex community development—especially in manorialism—headship may emerge at the village level as a full-time occupation.

Self-respect and approbation by others, the second of the three basic management incentives, result in each case from the shopping center manager or the village head living up to the image of the successful manager. In contemporary society, the established image of the successful income-property manager is one who can generate a good balance sheet and operating statement for the enterprise. In the village, on the other hand, the typical image of the "good chief" is one who gives public feasts and always behaves generously. Fulfillment of each of these objectives depends on the manager's ability to command a return from the enterprise—in the one case, rent, in the other, gifts and help. Such return depends on the ability and willingness of the members to pay rent or make customary contributions, and this depends in turn on the productivity of the enterprise and, ultimately, its day-to-day management.

The difference in what each does with the income from the enterprise—declaring dividends to stockholders outside the community or returning it to the community members in the form of feasts and generosity—is accounted for by the fact that the village is structured as a cooperative instead of as an income property; for the village members are also the beneficial title holders of the village land and other properties of the kin group. The income property and the cooperative, represented here by the shopping center and the village respectively, are basically alike in structure except in one respect: they are at the opposite poles of a continuum of differing degrees of overlap of the ownership and occupancy of the community by the same persons. Since the village enterprise is a total social cosmos, the beneficial owners of the land are the villagers themselves; hence it is they who receive the dividends of profit accruing to the enterprise, which come back to them as generosity and public feasts.

A psychological reward accrues directly to the headman, or chief, moreover, from any public display of the well-being of his community, whether this be by means of wealth channeled directly through him or not. Any such display reflects credit on the immediate social group as a working organization since accumulation of wealth requires their joint efforts. It is evidence to the members of the group and to the world at large that they are organized, that they can "get together" and accomplish things. This display has a special psychological value in the village context, inasmuch as the cooperative form of organization, as noted elsewhere, requires more of an investment in activities designed to promote group solidarity than do other forms of organization.

Finally, the gifts and help he receives enable the village head to responsibly perform the functions of his office, thereby promoting the interests of the enterprise and securing himself in his social role in the same manner as the income-property manager.

The congruity here sketched between the village and modern forms of proprietary community affirms the unity of principle underlying human association in its endless variety of particular forms and manifestations and the flux of culture and circumstance.

CHAPTER 7

The Nature of Community Organization

> Ye know that the princes of the Gentiles exercise authority over them, and they that exercise authority are called "benefactors." *But it shall not be so with you.* But who among you would be great, let him be your servant; and who among you would be first, let him be a servant to all.
>
> *Mathew* 20:25
> *Mark* 10:42
> *Luke* 22:25

The general literature of social science suggests two alternative bases of association in community life, sovereignty and kinship, with possibly a third consisting of strong attachments of feeling or common dedication to an ideal, as in a religious commune. Consider, instead, these propositions:

1. *That property in land alone can provide the structural basis for a community.* Relationships based on property of other kinds, whether governed by kinship or by contract, as well as attachments based on feeling, abundantly serve the members of a society in other ways but are poorly equipped to resolve by themselves the spatial problems of community life.

2. *That sovereignty can better be understood, not as an alternative principle of association, but as a condition that manifests itself where there is a default or insufficiency of proprietary community administration.* Communities with weak or fractionated property in land are least capable of adapting to change and lack appropriate means of responding to crises. Force here gains a foothold as a response to a crisis which a community is unprepared to meet. If the crisis continues for long, then the community manifests the pathological condition of sovereignty, a condition in which the force response has become institutionalized, or habitual.

3. *That kinship and contract are functional analogues at successive evolutionary levels of society and are the fundamental tools, each at its respective level, for the productive administration of property.*

The Proprietary Principle

The fundamental organizing principle in human affairs is property. It is a convention whereby people can get together respecting the use of things. In order to get together, they must first have reference to some standard or shared principle or expectation outside their own immediate and personal desires in the matter. There must be some objective criterion. The convention of property is such an impersonal referent, a basis on which to arrive at a consensus.*

Ownership is social authority. It is the recognition by others of one's own claim to property, and it is the fulfillment of that claim. It is thus a *social* phenomenon in the most exact sense. Ownership in any functional sense is not established by individual claims alone; it equally entails recognition of those claims.

A person who owns a given item of property has a certain standing, or position, in society with respect to that item of property. He alone has jurisdiction over its use—balanced by obligation to recognize the corresponding claims of others. This pinpointing of responsibility or authority with respect to a thing permits it to come into peaceable use by others, by their making an agreement with the person who owns it. By the same token, other property in the society is available to that person if he can succeed in making an agreement on mutually acceptable terms with other owners. In this way it is necessary to make an agreement with only one person in the society as to the use of a thing, rather than with all in the society who might have some desire for the item. Such positions can be bought, sold, given, or exchanged, in whole or in part, for a limited or an unlimited time, as agreed by the parties concerned.

The structure of authority, or of positions, in a society with respect to resources is highly flexible and adaptable to changing needs. Different items of property are of different value to different individuals, depending on their particular circumstances, skills, desires, and purposes. Hence, agreements come to be made, and property changes hands, tending to find its highest use. The differential between personal value and market or customary price stimulates mobility in the property, or resources, of society. Where more than one person desires a given resource, the rules

*Property, following the usage of Spencer Heath, is anything that can be the subject matter of contract.[1] Those things that have no present or imagined utility, or that have no scarcity, such as light and air under most conditions, are excluded from property. The term *property* is often generalized to mean the whole institution of property and exchange in this discussion. For a creative approach to understanding the institution of property, see: Harold Demsetz, "Toward a Theory of Property Rights," *American Economic Review*, May, 1967, pp. 347-359.

of property allow it to be used by one without conflict or impasse among those equally desiring its use. Thus the institution of property is a means for bringing wealth into productive use in a society.

Ownership is not an alternative to holding and using wealth by force, as some have suggested, for to call it an alternative is to suggest that force itself can be a successful arbiter of the use of resources. Force hardly can serve such a social function, for the more diligently a person acquires and defends wealth by force and seeks to gain some security of possession by that means, the less he can use it productively. He must rest one hand always on the sword, leaving but one for the tiller or the plow. Under such a "system," moreover, the security of one militates against the security of every other. By the convention of property, however, security of possession is achieved for all, not by physical might, but by consensus with respect to a set of successful social rules evolved from experience.

How self-consistent is a proprietary system? Does a developed system of property presuppose an external agency to enforce performance of contracts? Despite much popular supposition, the overwhelming evidence is that default and fraud are self-curing. To the extent that a person acquires a reputation as a poor credit risk, he finds himself outside the exchange system. A refusal to make compensation or other settlement after receiving an adverse judgment in an arbitration automatically brings a loss of credit standing. As a system of property and exchange develops and becomes sophisticated in any degree, systems of rapid determination and exchange of credit information make it increasingly difficult for any to defraud others for very long. The increasing impersonality of business relations, as more and more of the population are brought into a world-wide system of mutual services, makes it essential that this should be so. On all levels of society, both primitive and modern, exile is the natural and automatic remedy for default and fraud. It is axiomatic among experienced businessmen that contract is as good as the intentions of the parties to it—that the only strong contract is one which advantages all parties concerned. Thus are property and service by contract the antithesis of conflict and force.*

*The illogic of the idea that, because some businessmen cheat and defraud the public, therefore business is fraud, is illumined by analogy with card playing, an older and more familiar pastime. Cheating at business is no more doing business than cheating at cards is playing the game of cards. The point suggests the story of the minister who was caught stealing chickens, whereupon his outraged neighbors pressed for a law against people becoming ministers. The story is incongruous because the role of minister is so well defined in our society. The role of the modern businessman is not yet as clearly defined, even by many businessmen themselves.

Moreover, since personal capabilities requiring the use of skills and judgment are frequently the subject of contract and, therefore, property, respect for persons and personality is a logical development of the institution of property.

The convention of property applied to land brings land into use in the same way as other kinds of property—that is, without impasse or conflict.

The uses to which any item of property, including land, can be put in a given situation depend greatly on the complementary uses being made of other kinds of property near and far. The possible uses of a bar of gold or of a barrel of oil depend on many conditions of the market, the accessibility of oil refining facilities, and so forth. With readily transportable property, it is of little consequence if surrounding properties are diversely owned and used in non-conforming ways, for people with mutually compatible kinds of properties will bring them together. But with property in land, the situation is different. Being intangible, space is not transportable. Unlike other kinds of property, therefore, property in land cannot be moved to an environment more favorable for its use. Its value as an economic good is a function of its surroundings. Its higher use therefore depends upon rearranging the environment to conform to it.

Since the possible uses of a site depend on surrounding land uses (ultimately, all human action is land use of one kind or another), it is essential for its most productive use that the uses of accessible surrounding land be coordinated. Seldom can this be done effectively under a multiplicty of separate authorities. If surrounding sites are owned in severalty, the several owners may or may not be able to accommodate their various uses to a comprehensive plan, depending on many, often fortuitous, factors affecting the ability and wishes of each. They are neighbors of circumstance, not of convenience. "Even where agreement can be reached on a plan for the community, the plan is not self-activating."[2]

This situation extends to every kind of property sufficiently complex to require unit administration. A comedy situation concerns three impresarios who owned, each one, a third of a lady performer's contract. When each tried independently to manage a different part of her—one of them her legs, another her hands, and the third her voice,—they encountered no little confusion in arranging her act, not to mention her itinerary. In the end, their only reward was a kick, a slap, and a sharp remark. Confusion would likewise result if the ownership of a company such as General Motors were divided up in such a way that one person owned all the bolts used in production, another the stamping machines, another the sheet metal, and so forth.

In the case of a community, the basic capital is land, and the product is favorable environment for individuals occupying portions of it. Effective operation here depends on undivided or unit administration of the capital, no less than in the examples just given. The successful pattern historically has been always to merge the separate titles in a capital property, whether by pooling, assembling by purchase, or both, thereby enabling the organized owners of the unified property to securely and systematically make it most productive for themselves by making it most serviceable to other people.

As was shown in Chapter 5, when land is owned in corporate or other unitary title, it is capable of structuring a community—of affording a basis for organization and concert of purpose among a population engaged in many independent activities involving the productive and consumer uses of property of all kinds.

To the extent that the land—the basic capital—of a community is subject to divided administration the community tends, as the result of unsuccessful efforts to mutually accommodate its differing land uses, to develop a condition of sovereignty. The community need not develop such a condition, given a stable environment. But environment is seldom so lenient. Subdivided communities, being less flexible or responsive to change, are least stable and most prone to develop sovereignty. Among the kinds of environmental change that test the soundness of community organization are increase in numbers and transiency of population, technological change, specializations of land use such as accompany the development of a market system, and conditions requiring sustained military defense.

Volunteer Association

Some communities that are not fully organized proprietary communities depend heavily on feelings of solidarity within the group and on leadership volunteered from one or more of their members. Such communities rely on what might be termed *volunteer* association. Such a community in its purest form would lie toward the opposite end of a continuum from the fully organized proprietary community. In between would lie those communities having some development of property in land but in which the authority or responsibility for the land is not united or clearly defined.

Volunteer association probably occurs as an element in any group venture. It is "spontaneous" in the sense that it depends on bonds which are non-explicit. It is *pro tempore* rather than permanent or enduring. Coordinate action must be achieved by virtue of shared enthusiasm and common dedication to a purpose which transcends immediate self-interest. It is characterized by its participants' volunteering their services to a felt common purpose and occasionally enduring private sacrifice without necessarily any expectation of return other than personal satisfaction for having contributed. In no case is there reason to expect return in proportion to contribution, nor is voice in determining policy so measured. Policy is determined on some other basis, such as per capita vote, lottery, charismatic leadership, or a combination of factors.

Association that springs up in time of crisis is characteristically volunteer. Cultural and civic organizations commonly depend on volunteer participation. The weakness of such groups is that, while crises or special events may bring out leadership from within the ranks, they have difficulty sustaining organization and membership interest during the interim periods of normalcy. It is for this reason that "cooperative" ventures in retailing, housing and other fields must devote a disproportionate amount of time and effort to developing and sustaining membership interest.

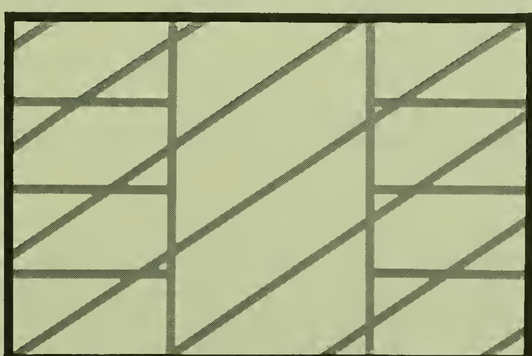
Because of this weakness, volunteer organization does not afford a permanent basis on which to structure a community. Attempts to make it succeed, commonly described as experiments in voluntary collectivism, have regularly failed. Religious communes come closest to succeeding, especially if sponsored by a parent religious order which provides some management function such as screening prospective members for adherence to the ideals of the commune. Such a group proves most enduring if, instead of attempting to be biologically self-perpetuating, it adopts a rule of celibacy and segregation of the sexes, to prevent recruitment by marriage or birth or the formation of bonds on bases other than ideology.

Volunteer action is a satisfactory basis for the administration of community sites and resources only where there is emotional commitment sufficient to overcome the ever conflicting site interests. For without property in land, every disposition of land use would have to optimize simultaneously every individual member's preferences—and continue to do so—if there were to be unanimous agreement. Because of the interdependencies among human activities and the variable effects of their juxtaposition in space, such unanimity is seldom even momentarily possible. Without an impersonal basis for negotiating the use of sites, conflict inevitably develops and, with it, eventual disintegration.

The normal role of volunteer participation in the social scheme of things is auxiliary. It is not self-sustaining but requires sponsorship to stabilize it, to steady its purpose, to assure continuity. Volunteer participation succeeds best when its constitutional weakness is understood and allowed for. Under such conditions it can develop magnificent strengths. A proprietary community authority is in an ideal position to encourage, occasionally guide, and secure public recognition of such volunteer associations as it may be in the interest of the community, for artistic and cultural purposes, to foster.

The continuum from the wholly volunteer community (probably a hypothetical case only) to the fully developed proprietary community consists of progressive degrees of application of property to land to meet the functional requirements of an enduring community. Such a continuum can be set out with the help of three diagrams.

The wholly volunteer community, having no private property in land, administers (to the extent it can attain unanimity) the entire land of the community; the area of public jurisdiction is coterminous with the community. Since the interest of the community as a whole is not represented, and usufruct vests equally in every member, there is security of use for none. Public and private authority over land are equally tenuous, if they exist at all. In the diagrams that follow, horizontal and vertical lines show the division into public and private land areas, and slant lines indicate the extent of the public jurisdiction, however it may be effected. Grey indicates a lack of firm authority over land, whether private or public. The volunteer community is represented schematically thus:



The first step toward the fully developed proprietary community is the introduction of private property in land as a means of arbitrating the individual and private, or exclusive, uses of land. Its advantages will be considered shortly. It also has disadvantages. Since the private areas are now under the jurisdiction of private persons, they are removed from the public jurisdiction. The public authority can no longer make any disposition of the private areas without infringing property. We now have security of use, a guarantee of quiet possession in the private areas, but the sphere of public jurisdiction has been narrowed accordingly, as shown in this diagram for the middle stages on the continuum:

The middle stages differ from one another in the several ways in which they administer the public jurisdiction, which is now restricted to the common area alone.

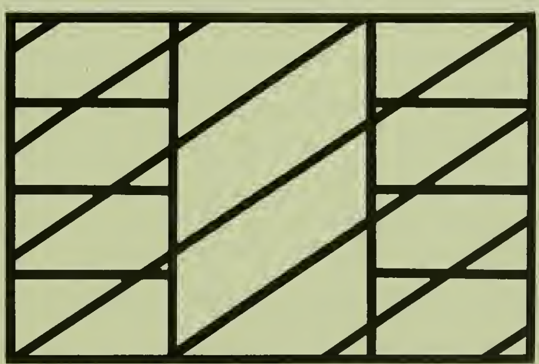
The first way is for the common area to continue to be administered by the volunteer participation of all who use it. The only increment of the property principle here has been the adoption of private ownership of the separate areas.

A second way is for the common area to be owned by an association of the individual land owners and administered by them through the association. This represents a further advance of the proprietary principle into the community, for it limits responsibility for administration of the common area to the owners of the surrounding properties, or to those persons who, on the whole, have the greatest interest in its efficient administration. But within the association of land owners, the organization is still on a volunteer basis.

A third way is for the vote and the apportionment of costs of administration of the common area to be determined according to amount of ownership in the community, instead of on a per capita basis.

An arrangement whereby a common area is administered by the surrounding owners-in-severalty is called a *condominium*. This plan of organization has seen increasing use in residential subdivision in the United States since World War II. Condominium is not to be confused with the *cooperative* plans that became popular, especially in apartment houses, in the 1930's. Cooperative arrangements are similar in actual operation (artificially made so by their restrictive rule tying shares of ownership to unit occupancy), but they must classify as variants of the fully proprietary community, whose essential characteristic of unified ownership they share.*

At the end of the continuum is the fully organized proprietary community. Here the entire land of the community is owned under single title, with the separate parts leased out. Once more the public jurisdiction is extended to include the whole community, but now this is an effective, proprietary jurisdiction.



*Condominium apartments and office buildings are socially retrogressive for a number of reasons, one of them being that they produce such a fragmentation of titles, not only on the ground but in the airspace over the ground, as to preclude the possibility in many cases even of rebuilding on the same site, much less reassembling the land at a later date for redevelopment. Thus they lead to increasing dependence on the political process of condemnation. The popularity of condominiums, like that of today's cooperatives, results from monetary uncertainty, F.H.A. subsidy, and present-day tax law.[3]

All the lines are now black to indicate firm authority, both private and public, over land. The custom of property now gives security to individual users at the same time that it leaves the pattern of land uses in the community flexible. It affords a means whereby the basic pattern can be changed, gradually and continuously as leaseholds revert, according to the evolving character of the demand for land in the community.

The series from volunteer to fully proprietary community represents a logical ordering only. It does not correspond to any known historical or chronological process or development. The differences between the stages can be summarized in the following way:

I	II	III	IV	V
Administration of all by all.	Administration by all of common areas only.	Administration of common areas by adjacent owners only.	Administration of common areas by adjacent owners only and in proportion to their separate holdings.	Administration of all as a unit by the organized owners of the entire community.

All of the forms to the right of I are distinguished by the presence of rules of property for the determination of private land uses. Even where title is not unitary, property in land brings with it definite advantages. It brings not only security of possession, but flexibility in land use. For each new commitment of land to a use need not receive the detailed approval of all the community members, a practically impossible task, but only of the owner of the particular sites in question. Impasse is largely avoided because the social authority to commit the use of the property is conveyed by the others' recognition of one's ownership.

Short of the fully-developed proprietary community, a degree of "mobility" accrues to real property by virtue of the fact that its ownership can be bought, sold, and exchanged. Gradually sites in a community are acquired for new uses in the proximity of sites already being put to compatible and complementary uses—as, for example, a haberdasher acquiring a site for his business in the retailing section of town, or a manufacturer locating adjacent to railroad and docking facilities. The land-use pattern of a community thus gradually evolves. But this "mobility" is still far less than the actual mobility of tangible properties. The resulting market lag leads to a gradual impairment of the available uses of sites in the community or neighborhood by the conflicting uses of surrounding property. This condition of paralysis over an area has received the descriptive name of *urban blight*. The process tends to accelerate according to the smallness of the units separately owned.

Even with fragmented land title, the mere recognition of ownership has the advantage that it permits individual security of use and a degree of flexibility in the land-use pattern. It allows also the possibility that free trading in land will result in the consolidation of small ownerships. Large administrative units can be put together by the acquisition of lesser parcels, either in fee or in leasehold or in combinations of both. As titles combine, pressures and conflicts decline and sovereignty is less invoked.

What is Sovereignty?

When the land-use pattern so far ceases to function for a community that force is called upon to bring relief from threatened paralysis, we encounter sovereignty.

Force is not an organizing principle in its own right—a basis for association—but a natural and primitive expedient in crisis. Force arises in situations where action is called for but we do not know what kind—where we are impelled to action but do not know what is appropriate to accomplish our objective, if indeed we are clear what the objective is. It arises in those situations where any kind of action seems preferable to no action. The exercise of force in community affairs indicates a lack of understanding of alternatives, an insufficiency of social technology. It represents not a kind of social organization, but the lack of it.

Force is the manipulation of a person or thing in disregard of its own volition or nature. In society, force is violence to property. To appropriate another's property is to disregard that person's social nature, for it destroys his functional capacity which is the prime attribute of a person in society. To restrain his person is to do violence to his most intimate property.

By interfering with an individual's functioning in his social role as owner or custodian of a part of the resources of the community, force is dysfunctional not only for the individual, but also for the community of which he is part. This is not to say that force need be dysfunctional in every circumstance. For while it is true that a given individual cannot be an asset to the community while under restraints, it may be that his active inclination at the moment is to disrupt the affairs of others. In the absence of knowing how to restore this person to social cooperation and so realize his potential value to the whole community, a crisis exists in which force may be the only response available. That force *may* not be dysfunctional under the given circumstances. But neither is it functional in any positive sense since it does not restore that person's social functioning, and it neutralizes him who is asserting the force from any positive role in society. Even in these circumstances, moreover, it makes as little sense to insist that he who asserts the force has a *right* to do so—even defensively—as to insist that he has a *right* to act ignorantly. That he will do so on occasion is not in dispute, only that he can ever vindicate himself on those occasions by appealing to criteria of right and wrong. It is not a question of morality; *it is simply unfortunate, many times tragic.* The challenge and opportunity for mankind, the way of civilization, is constantly to discover the alternatives.

For the present discussion of sovereignty—which follows generally the analysis formulated by the early nineteenth-century jurist, John Austin—government, or sovereignty, will be defined as institutionalized force. Force in turn, for analytic conciseness, will be defined as interference with property. The discussion, therefore, will concern the systematic limitations on property in community life. Depending on the context, the term *sovereignty* will refer either to the application of the force itself or to the established machinery of power.

There are, basically, three ways that property can be infringed. Its use can be restricted or circumscribed; the property itself can be taken outright as a whole; or it can be taken in part. These three possibliities correspond to what is regarded in political science as the three separate powers of sovereignty, namely, the police power, the power of eminent domain, and the taxing power—the powers to regulate, to expropriate, and to tax. These three are the basic powers inherent in sovereignty above and beyond any and all constitutional or other provisions relating to form or procedure of government.

The origin of the state is a question that has commanded increasing attention in anthropology in recent years. It has become evident that states have developed not once but many times from non-state conditions. Certainly a generic cause is the inflexibility of a subdivided land-use pattern. This will be developed briefly, below. Other possible stimuli are considered in the next and final chapter, which is concerned with historical questions and process of change.

In the conflicts of land interest that tend to develop especially in those societies having more specializations of land use, as opposed to the village community where land use is relatively homogeneous, the employment of force by some community members against others may bring temporary relief for some. But it does not solve the underlying problem, which is the inflexibility of the existing land-use pattern. When an impasse reaches a crisis affecting a considerable number of people in the community, then a portion of the population frequently assumes an expropriative power over other members sufficient to restructure the situation closer to the "public interest." Once such a machinery of expropriation is set up, however, the question of common interest must be interpreted and the machinery of power must be administered—by members of the same population that finds itself divided in conflict. The former impasse is transformed into active rivalry in the push and pull to influence both the formulation of policy and the administration of the program in ways that would least likely impair or most likely favor each person's private interest at the expense of others. The outcome seldom coincides with the public interest, however that might be determined, for it will be skewed and distorted in the rivalry leading to it. The best reasonable hope is that the public interest will be approximated.

To cast the thought in another form, where land is held in divided title, the common interest in not represented. Yet someone must speak and act for it. If there is a sovereign authority, it is hobbled by the demands of political expediency. The public, on the other hand, is hobbled by its multiplicity of separate interests, none of which coincide with the whole public interest. If there is no sovereignty, then, when the lack of any assertion of the common interest becomes critical, the citizens may attempt to overcome their own diversity of interests by establishing one—to accomplish by force such actions as may seem necessary for the general interest, effecting a compromise by necessarily hurting or overriding the interests of some of their number. But the very division of interests which prompted them to such a step causes the citizens to bring so many pressures to bear on the way the power created is used—both in the selection of objectives and in the way these are carried out—as to destroy the very ends they set out to attain.

Nor would it be in any private interest to have a sovereignty that would pursue its course rigidly. Inasmuch as sovereignty is expropriative, the flexibility in the give and take of political maneuvering affords some recourse should one's own interests be threatened. The prudent individual tolerates slippage in governmental machinery as insurance against a time when he might have nothing else to fall back on to protect his own self-interest. Nor, hopefully, would he deny the same security to others.

Thus sovereignty originates in a deficiency condition in the community—a deficiency of organization. It represents a crisis in community administration. The attributes of a community in a state of sovereignty differ remarkably from those of a fully developed proprietary community:

1. *Integrity.* Conflicts of interest occur on three levels in communities under sovereignty. First, private interests come into conflict with one another over the lack of coordination of land uses. Secondly, private interests find themselves in chronic conflict with the "public interest" because the sovereign authority survives and operates wholly by the systematic expropriation of property through taxation. Thirdly, the personal self-interest of the public officer conflicts with his role, for his self-interest is to stay in office, yet to stay in office requires compromising the public interest at many points. All of these conflicts characterize the sovereign, but none the proprietary, community.

2. *Role Definition.* In comparison with that of a sovereign official, the role of an owner is clearly defined. His obligations toward his tenants are detailed in the lease agreements negotiated with each. The role of the sovereign official, on the other hand, is ambiguous. It is complicated by the fact that he is seldom free to act at his own discretion to further the public interest even as he understands it. The ambiguity stems from the fact that his own self-interest and that of the community are not coordinate, so that it is impossible to serve both consistently. Is his role to hold office, or to serve the public interest? Since the second depends on the first, the sovereign can always rationalize, as pursuit of the first, his compromise of the second.

This poses a dilemma for the conscientious public administrator who is willing to sacrifice his own interest in favor of the community. He must hold office before he can hope to serve the public, but in order to gain office, he regularly must compromise his own informed judgment in order to please those who he thinks can help him get there. They expect him in turn, once he is in office, to represent their views instead of his own; so indebtedness begins in office. Moreover, he must continue to compromise in order to keep in office. His private interest—to be an office holder—is therefore at odds with the public interest. The means are incompatible with the end. For he must continue to try to satisfy those who put him in power—party officials and segments of the public whose interests are not coextensive with the public interest. By the nature of the problem he cannot succeed even in this, for he cannot be all things to all men. But that is what he must attempt.

3. *Authority.* The greatest dilemma of the public officer in a sovereign community is his lack of authority. He is a non-owner attempting to

administer property of others. The administrator of a proprietary community, on the other hand, faces no such problem, for his administration is founded on the universal consensus of property, rather than the precarious balancing of favor from divided elements of the population. The proprietor is free to exercise his own judgment, for he has social authority that his counterpart on the shifting ground of sovereignty lacks.

The quasi-authority of force displayed by a sovereign is altogether different from the social authority of ownership. It must be monopolized by the state, whereas the authority of ownership exercised by the administrators of a proprietary community is the same in kind as the authority which pervades the community at all levels of its daily life.*

4. *Finance.* The sovereign public authority is financed by taxes, the proprietary by rents. There are at least two important differences between rent and taxes, at least two ways to distinguish them. First, the payment of rent follows from individual negotiation and agreement. Taxes, on the other hand, are assessed without regard for the wishes of individuals and are collected, if need be, by force. Neither the amount of assessment, nor the way in which payment shall be made, nor the kind or extent of services the public authority may provide, are subject to individual negotiation.

Secondly, rent is a definite amount for the term of the agreement, whereas taxes can be changed at any time, unilaterally, by appropriate legislation.

A further distinction between rent and taxes is that rents follow, rather than precede, the improvement of land and are paid for services actually rendered rather than for services which are only anticipated. Rent is recompense. It is reciprocity for the service of transferring social jurisdiction over desirable land. Taxes, on the other hand, must be collected prior even to the possibility of public improvements, hence are reciprocal in anticipation or hope only.

Finally, the proprietary authority improves its own land and then administers it in ways that produce income. This rent income can then be invested in further improving or maintaining the property, which creates further demand and additional rent income. But taxes must be collected

*The distinction recalls an observation repeated many times by the prehistorian, V. Gordon Childe, in discussing the rise of city states and the first appearances of sovereignty. He observed that community headship underwent a *qualitative change*, that kingship emerged *out* of society, was raised above it. [4]

in reverse order, in advance of public improvements, since the sovereign authority has no property of its own to improve or administer and consequently no funds. Not being an owning authority, its operations cannot produce a recompense in the market. It is without funds except for what it can collect by force. It runs continuously at a deficit which can only be made up by more taxation, instead of being a self-sustaining enterprise as is the administration of a capital property by its owners.

5. *Incentive.* Sovereignty further contrasts with proprietary administration in its lack of incentive for the improvement of land or other provision for the public welfare. Since it has no property of its own, every act of the sovereignty depends upon its taking property from others, thereby impinging on persons whose good will might be or become a factor in keeping the public officer in power. Therefore, taxing bodies are reluctant to act. Unspectacular but necessary public works for which taxes have been collected in advance, hold no prospect of reward for the office holder to provide him with positive motivation for their performance. They represent only danger should they work out badly or draw criticism. Furthermore, the doing, as in all expenditure of tax funds, may involve further expropriation in the form of eminent domain or require the enforcement of regulations under the police power, both with their attendant risks.

Self-interest dictates that the public administrator spend tax funds in ways calculated to continue him in office. This is both the safest and his most rewarding course of action. His motive toward the public interest is necessarily a negative one—to hold his position—since there is little opportunity to advance himself by the forthright prosecution of the public interest as there is in all private business and in proprietary community organization. As a trustee of funds that are not his own, the public administrator is committed to a conservative course in terms of what is acceptable to the electorate. Successful innovation holds no reward, and failure is worse than merely the financial loss; if discovered, the administrator is considered guilty of misfeasance. Sovereignty therefore is a reluctant machinery of public administration that in serving the public tends always to move from crisis to crisis, rather than from opportunity to opportunity as in proprietary enterprise.

We can speculate whether the conflict of general and particular interests under sovereignty may not provide a possible functional explanation of the prominence of self-sacrifice in Western ethos and religion. To the extent that it influenced behavior, such an ethos would be functional for the public good in situations where the public good often can be secured only by the self-sacrifice of personal interests by private and public people alike. The demand for sacrificial behavior is apparent on every hand where public problems are discussed. Professional men and women are continually importuned to donate their time and skill to the community. A single example concerns the plight of downtown business districts. Virtually everything that has been written on the subject urging a "solution" either calls for sacrificial behavior or else deplores its lack as *uncooperative, selfish, opportunistic, unreasonable, unsocial,* and so forth. On the other hand, *civic-mindedness, public spirit,* and *social conscience* are frequent euphemisms for self-sacrifice in the interest of the collective welfare. Characteristic is the following statement from an article by a leading developer:

> In most cities new powers will be required to carry out the plan. This need not frighten us. . . . Without the necessary power, unreasonable, uncooperative, or simply uninterested property owners will endlessly frustrate the finest efforts to remake the city into what it ought to be. The development and execution of a bold and effective downtown plan will require the vigorous and dedicated leadership of merchants, bankers, and the entire business community. . . . It will mean substantial sacrifice by some business and property owners. [5]

Self-sacrifice benefits society wherever it alleviates the need of overt force, with its potentially disruptive effects, being employed in situations where public policy and private interest collide.

The coincidence of general and particular interests in the proprietary community, on the other hand, is more than a stimulus toward individual and collective accomplishment. *It also provides a safeguard.* As the proprietor exercises sound judgment in the administration of community affairs, his self-interest is served and he finds himself in position to exercise his judgment over a wider field. As his judgment proves unsound, its field diminishes until he finds himself no longer in business at all.

His sovereign counterpart, by contrast, so long as he manages to control those he can and to please those he cannot otherwise control, and so long as there remains enough productive enterprise in the community to support the power structure, can expand his role in virtual disregard of the public interest. Inefficiency in advancing the community interest is not penalized. Contrived limitations such as constitutions are attempts to make the sovereignty limit itself, and as such represent another example of appeal to the ethos of self-sacrifice. A constitution can be only a paper limitation in the long run, since its interpretation and its enforcement both must be left to the same power it is intended to restrain, there being none other to speak for the public.

Bad management cannot long be concealed in a proprietary enterprise. The equities market is sensitive to management decisions and registers its adverse judgments by declining values. This signal is an invitation to others to bid into the ownership and restore the enterprise to an efficient level of operation. The same result need not wait on price signals, even, since anyone, seeing a way to improve the management of a business, has an incentive to buy into the ownership or otherwise associate himself with the venture. In a sovereign structure, on the other hand, there is no accounting to owners for efficiency of operation and no corresponding opportunity to remedy or improve management. The result is a rigid structure marked by gradual deterioration and by intermittent and violent revolutions. Nor when change does occur, is there anything fundamental in the nature of the change to suggest the likelihood of improvement. By contrast, in the proprietary enterprise, those with sufficient resources to buy into the ownership are likely to be experienced in business, and each new venture demands and rewards their constructive efforts.

Sovereignty does not follow directly from weak organization any more than fever in an organism is the direct result of a weak constitution. It is responsive to crisis situations, which are most likely to develop—whether from internal or external conditions of stress—in communities that are least well administered. The crises may be caused by either internal conditions of stress, such as those mainly dealt with in this book, or by conditions externally imposed. In either case, if the crises are of short duration, the force response like the fever subsides. But where crises continue over a long period, the force response becomes habitual and self-perpetuating in the community.

Kinship

Kinship in early society serves functions analogous to those of contract in modern industrial society. Kinship and contract, each in its own setting, afford alternative bases for recruiting and sorting people into roles in varying patterns of cooperation.

Roles, just as tasks of any kind, require resources for their performance. Thus at either level of society, they presuppose the institution of property. From the infinitude of possible ways of dividing the resources of the world by the convention of property—limited only by the power of the imagination to conceive of new uses—people equip themselves for their tasks by constantly making such divisions and assembling more or less functional property bundles, or portfolios, to correspond with the roles they anticipate for themselves.

Systems of roles—social structures—evolve as people relate in cooperative ways to accomplish results they cannot accomplish separately, or as well. Those structures that achieve continuity by providing for the regular substitution of new participants to fill its roles as old ones drop out, are called corporations.

An important event for nineteenth-century social science was the discovery that not all corporations recruit their members contractually. A significant number in the world recruit their membership through kinship systems. These systems, highly sophisticated and complex in many primitive societies, especially in those societies least affected by sovereignty, have engaged the major analytic efforts of anthropologists for over half a century.

Kinship corporations are distinctive not only in their method of recruitment. They are general-purpose and multifunctional, embracing both production and consumption. They are designed to accommodate automatically all of the members of a population, provided only that the population be sufficiently small (usually less than a thousand members), stable, and biologically self-perpetuating. Their members, born into the corporation, occupy sets of roles within it that change as their life-cycles unfold. Kinship calculus provides by regular rules of marriage and descent for the orderly succession of property among the members—a function that kinship systems in truncated form still perform in industrial society.

Until rather recently, as time is measured in evolutionary terms, the calculus of kinship was the only way of promoting and integrating the use of resources in human affairs. The tendency of this social technology to be cumbersome and resistant to change was compensated by the fiction of adoption and other devices that greatly added to its flexibility. But the idiom remained refractory and too limiting. The breakthrough in human social organization occurred when corporations could be assembled by individually negotiated contracts for performance of specific functions and by recruiting talent without regard for kinship. This foreshadowed the significant advance from the kinship level of human community to the contractual level—an evolutionary quantum leap between two broad planes or levels of social equilibrium. The quantum leap is still in progress. It seems long when measured against individual lifetimes, however brief in evolutionary time. Almost the whole of written history is the record of the instabilities and confusions characteristic of a transitional period.

CHAPTER 8

Evolving Society

> We may say that the movement of the progressive societies has been a movement *from status to contract.*
>
> Sir Henry Maine
> *Ancient Law*[1]

In the light of what is already known, we have examined in this book a body of data newly available to the social sciences and have generalized broadly about the nature of communities. These generalizations can be summarized as follows:

There are certain functional requirements of a community that cannot adequately be met except through an organized proprietary interest in land.

Therefore, communities other than those in the proprietary pattern—including those most typical of the growth and present development of Western civilization—are not communities of alternate kind. Rather, they are deficient and incompletely organized departures from the norm that is represented by the fully organized proprietary community. In this light, the distinction between state and stateless societies which is commonly made by anthropologists is significant, though not in the way it is usually comprehended. For in terms of community structure and function, states represent not a social advance, but a condition of relative community disorganization.

Finally, there is in contemporary Western civilization a trend discernible on the local level toward a social reintegration in the proprietary pattern, a trend that has not sprung from any conscious design but has proceeded according to its inner organic pattern so far as it has not been disturbed by the recurrent crises of civic affairs.

The broad generalization is rich in historical suggestion. This chapter will trace out, from some of the data at our command, an overall picture or interpretation of history that seems quite consistent if not wholly implicit in it.

The earliest picture of social man that can be constructed from present evidence is one of early bands of hunters and gatherers, their members already observing the propriety of property with respect to their individual persons, items of personal property, and the lands over which they hunted and gathered food. The development of the proprietary principle with respect to land varied in each case with the particular ecological adaptation of the group, but the pattern of that development tended regularly to be one in which the distributive function, so far as it was required, was entrusted to a senior member of the kin group.

Subsequent progress until very recent centuries came slowly, perhaps because of the chicken-and-egg dilemma, each factor of a progressive market economy being dependent in turn on a complex of many others which were likewise non-existent. Population was too little and transactions too few to constitute an active market on which to predicate new-product development, even had there been sufficient capital accumulation. Accountancy was rudimentary at best. Perhaps most important—though it may be doubtful if priority can be assigned—is the fact that the business firm or its equivalent had not evolved independently of the family as a specialized productive unit. At least some studies suggest that without this radical and historically recent development, markets could never have transcended the level of the peasant bazaar.[2]

When some of these early bands developed food cultivation and established permanent communities, the head or eldest of the kin group readily assumed the administrative functions of village headman. The new requirements were easily accommodated within the existing social structure, the basic pattern of which had long been established. Hence, the transition from a mobile life of hunting and gathering to settled village life, so long regarded as a major turning point, was actually an event of minor importance in the evolution of human society. The significant change occurred much later, in the transition to manorial forms and institutions, as property and contract differentiated out of kinship. At that juncture the institution of property and exchange began developing in the idiom of contract, which differed from kinship's idiom of the gift by being impersonal and, thereby, potential for becoming universal. It was destined eventually to transcend the limitations of the narrow biological group and, for the first time in the natural history of life, to extend the practice of reciprocity, or mutual aid, to the outer limit of a species.

Such separation of property from kinship might have been promoted, as historian Arnold Toynbee suggests, wherever a marine migration had a tendency, because of the recruitment of boat crews across kinship lines, to break up existing family ties.[3] It may also have been promoted by the addition to the village of other groups who consented to pay rent or rent service to the original inhabitants without adopting a kinship relation to them, the original members becoming thereby a landlord class.

In the settlement of the delta region of the Tigris and Euphrates rivers, long considered the Garden of Eden of Western civilization, both factors may have been at work. Archeological findings of recent years have put the initial settlement of the delta lands at a point of time in prehistory several thousand years after the basic techniques of farming had been developed elsewhere in rain-fall areas. Irrigation was the significant innovation within the already well established technology of food production that made settlement of the practically rain-free delta lands possible. Colonization by marine or riverine migrations, with subsequent arrivals welcomed as recruits to help extend the irrigation systems, must have contributed to conditions favoring the development of manorial institutions of which there is much evidence in the early rise of towns. In the absence of integrating kinship ties, the responsibility for community administration must naturally have devolved on the leaders of the migration and have included responsibility for the construction and maintenance of irrigation systems, financed by customary returns of rent and services according to benefits conferred.

Unwittingly, however, these early colonists in the delta lands had ventured into a ecological trap in which, for a later generation, the development of sovereignty was virtually certain.

As population increased under the high productivity of irrigation farming and as villages and then towns multiplied along the banks of the rivers on which they depended for their water, conflicts developed over the diversion of water by communities upstream that adversely affected those downstream. From isolated charges and recriminations and sporadic raiding in the beginning, the conflict intensified under increasing population pressure as more and more vain attempts were made to restore equilibrium. The proprietary-community pattern may have been fully developed within each town, but the crisis stemmed from the divisions of land administration *within the now more inclusive area.* The gradually rising level of hostilities was paralleled within each community by the growing need for defensive preparations. The critical point was passed when the warrior role became institutionalized in a standing war organization within one or more of the communities instead of continuing *ad hoc*, relegated outside of normal community life, according to the pattern observed to prevail among communities of stateless societies throughout the world.

Thus the precondition of sovereignty in the delta region of the Tigris and Euphrates need not have been, as Karl Wittfogel and some other writers have suggested, the need of the communities for public-works programs.[4] According to that view, a village facing the need of construct-ing heavy land improvements such as irrigation systems had to evolve sovereignty in order to levy the needed labor force from the local population. Later on, the control of these very facilities enabled the sovereign authority to continue its oppressive hold on the population. The alternative view is that sovereignty arose after the towns were already long established in the use of irrigation systems. It arose in response to a deficiency of regional administration reflecting the fragmentation of land authority among the different towns, a situation which became increasingly critical with the extension of irrigation and increased use of water, until the spark of sovereignty ignited in one or more of the towns. This hypothesis is consistent with the archeological evidence that kingship, rather than coinciding with the beginnings of the urban revolution, developed after it was already well advanced in the manorial pattern—the centers of administration being the temples, the lands of each town being owned nominally by the god of that town and administered by the temple officials as the stewards of the estate. Temples were the administrative centers of an economic nature long before kingly palaces appear in the archeological record.[5]

Once established in Mesopotamia, the condition of sovereignty spread rapidly over the rest of the Near East by a kind of chain reaction. The reaction need not have involved conquest in every case. For sovereignty presents not an occasional or sporadic threat to a neighboring people, but a continuing danger that can only be met by sustained readiness for defense. If not immediately overwhelmed, the neighboring community must in time take on its own sovereign hue. The process doubtless was hastened by the outward show attending the persons of warriors and rulers. Such display tends always to impress neighboring peoples and to make their own institutions seem less by comparison, at the same time that it touches the ambitions of the restless.

Other examples besides the Sumerian experience illustrate the crisis that precipitates sovereignty out of pre-state conditions. Such was the experience of the Cherokee villages of the first half of the eighteenth century. When that century opened, the Cherokee occupied some thirty-five to forty villages ranging in size from 350 to 500 people each, distributed through the Great Smoky Mountains at the juncture of present-day North and South Carolina, Georgia and Tennessee. The villages were wholly autonomous. They enjoyed a common language and general traditions and frequently joined in fighting against common enemies, but the affairs of each were decided solely within each village. Warfare was endemic among the Indian groups with whom the Cherokee were in contact, especially the Creek and Shawnee to the south and north, and all were supplied with arms by the English in Charles Town. Occasionally, incidents occurred with the English traders. These circumstances set the stage for the drama that ensued. The English, acting as if the Cherokee were a nation like themselves under a king, adopted the policy after 1730 of responding to incidents by imposing an arms embargo on all of the Cherokee, while continuing to supply arms to their enemies. This made every Cherokee vulnerable to the consequences of the hot-headed acts of individuals entirely unrelated to them and living in a village possibly sixty miles away. The anguish of the Cherokee people during several decades as they struggled against the seeming impossibility of handling this crisis by any means consistent with their traditional concepts of right behavior, is documented in an ethnohistoric study by anthropologist Frederick Gearing.[6] Eventually, a standing war organization was formed, in direct opposition to the values of Cherokee life. The new state was symbolized by the completion in 1761 of a brick jail. It was publicized among the villages that, in the event of an incident with the English, a war party would be sent after those involved to bring them back and hold them in the jail until the English came for them.

While circumstances differed in the Cherokee case, the nature of the crisis was similar to that which had faced the Sumerian towns. The action which needed to be coordinated was not the use of water in irrigation, but the treatment of Englishmen who penetrated their territory. The resource on which Cherokee life depended was in this case not water, but weapons.

The Cherokee example and other instances which might be cited from the growing record of anthropology help us to understand better the original crisis that must have precipitated the sovereignty which dominates our Western tradition. The time and circumstances of similar occurrences in the New World, and perhaps also independently in India and China, are the subject of continuing study in archeology.

During the greater part of the period of sovereignty in the Western World, now lasting more than five millenia, the functions of property in land became largely confused and obscured. There were exceptions; a single example is the development of manorialism which evidently followed the Anglo-Saxon migrations into England, culminating in the Alfredian Renaissance before it was subverted and finally overthrown by Norman influence and force of arms. Similar social arrangements evolved elsewhere. As more becomes known about the civilizations of Africa, we find a wealth of evidence of manorial institutions there. Japan is a fertile field for study. These developments and others like them did not last. In northern Europe, the relation of landlord and tenant became that of baron and serf in the development of governments consciously patterned on the model of Rome.

But developments over the long period of sovereignty were not insignificant for the eventual appearance, almost unnoticed, of proprietary community forms in modern commercial real estate. For gradually, in the successions of civilization leading up to the present, a market economy evolved and men became more sophisticated in the handling of property of other kinds than land. Entrepreneurs studied mathematics and devised means of numerical accountancy, including, notably, double-entry bookkeeping. There grew up a market technology consisting of methods of transfer of credit, banking, insurance, corporate structure, and all the instruments and usages necessary to modern business. This modern sophistication in handling property of other kinds than land was a necessary precondition for the recent growth of commercial real estate.

A second major precondition besides the accumulation of market technology, was the development in Western Europe of free trade in land following the revolutions of the eighteenth century. This came about in two parts. First, the revolutions themselves had the effect of purging land ownership of the sovereignty with which it had become closely identified by divorcing the landed nobility from government without, in most cases, taking their land. Sovereignty stripped from them, the landed nobility were left with the status of private persons owning land. This was perhaps the single most significant development preparing the way for the full industrial revolution and the modern era. The loosening of land ownership from the rules of primogeniture rapidly followed, so that land could be bought and sold exactly as other kinds of property. Throughout Europe, one of the outstanding achievements of the eighteenth century was free trade in land. The same pattern followed in the New World where, with the extension of franchise and the democratization of government, landowners as such found themselves divorced from the sovereignty and the tax power and dependent on administering their land in the market for their sole revenues.

Such were the antecedents of modern real estate. In the rising demand for land that accompanied the industrial revolution, land was bought and sold speculatively, and landlords collected what rents the market offered without understanding their role or the reason why rents came to them. Landowners themselves accepted the charge of John Stuart Mill and Henry George that rent was "unearned increment." Almost the sole function of land ownership in the nineteenth century and the first decades of the twentieth was distributive; the market in land afforded, through a pricing system, a flexible and equitable means of allocating sites and resources and thereby fulfilled a prime functional requisite of community life. Visible improvements such as roads and utilities, which contribute to the value of land served by them and therefore account for a substantial part of such rents as landowners receive, were financed not by the landowners but by taxes, even though the taxes were chiefly levied on land.

In the twentieth century, land owners have begun to assume responsibility for some of the public improvements of land, both in residential subdivisions intended to be sold off as individual lots and in developments such as shopping centers intended to remain under whole ownership. Shopping centers, for example, are providing many of the services normally performed by municipal agencies in the older retail districts. These include parking, roads, lighting, landscaped common areas, police and fire protection, storm sewers, and in some cases, sewage disposal.

Such a development has become increasingly necessary as sovereignty has failed to meet the advancing demand. In 1956 the Society of Residential Appraisers summarized the situation:

> In both the United States and Canada, land development has been traditionally a matter for local governments. Ground services were installed under municipal direction and financed either by general levies on real property or by local improvement charges against the specific properties benefiting from the development. . . .
>
> Until the postwar period, there was little reason to disturb this arrangement. Areas improved in advance of need sufficed for most development of the 1920's. . . . Therefore, both countries entered the postwar period with a fund of "available serviced land," and also with the idea that such a fund of idle improved land was normal.
>
> The fund was quickly exhausted. Problems of organization and finance rendered many municipalities incapable of coping with the required growth.
>
> Meanwhile, some municipalities have continued to provide services in the traditional way, but an increasing number in both countries have shifted the financing to the subdivider, to be paid for in the price of his lots or houses.
>
> A recent survey of the Urban Land Institute of U. S. cities of 50,000 population and over shows that two-thirds of them require the developer to provide the services in this manner.[7]

Land owners are progressively assuming responsibility for servicing new land. As yet, the prevailing practice where sale of sites is contemplated is to dedicate the completed facilities such as streets and storm sewers to the sovereignty to maintain, although there is experimentation in new subdivisions with condominium organization whereby the common facilities are maintained by an association of surrounding owners. The trend over the long term, however, is for land owners not only to build improvements into land, but more and more to assume continuing responsiblility for their operation and maintenance by holding their interest in the whole development intact.

The significance of these developments for the long term is that they seem to herald, on some perhaps-not-so-distant horizon, the end of the period of sovereignty—that unstable transition between the broad kinship-based level of social organization and the next plateau of social integration in terms of contract. The auspicious beginnings here are the growth of multiple-occupancy income properties—proprietary communities—commencing not on a large scale or conceived in ambitious social plans, but almost inconspiciously in countless small beginnings: shopping centers, industrial estates, apartments, mobile-home communities, and real-estate complexes on the order of Rockefeller and Prudential Centers and Century City. The potential in these small beginnings is that they will grow, not only in numbers but also as seed crystals, as Rockefeller Center has grown, expanding to include adjacent sites by purchase or by offer of participation as the land administration becomes sufficiently productive to justify it.

A novel proposal for a private approach to urban redevelopment might also one day prove its worth and augment these beginnings. Architect Arthur C. Holden of New York suggested in the 1930's that instead of outside interests assembling blighted properties in downtown areas by purchase, which requires almost prohibitive amounts of capital when it can be done at all, the existing multiple land owners within an area might form an owning and managing corporation for that area and pool their separate titles at appraised values in exchange for equivalent undivided shares in the whole. The resulting corporation would find itself owning an extremely valuable piece of property which could be pledged to secure funds for its redevelopment. With financing available from conventional sources, no money investment would be required of the owners, nor any expenditure of taxes by the public, for the replanning and redevelopment of the assembled area. Because the value of the assembled property would exceed the sum value of the parts before pooling (being now of an economic size for redevelopment), each owner's equity would be correspondingly greater. In addition, it would be more liquid. Each would have traded an uncertain interest in a blighted area for a secure share in a productive enterprise.

Mr. Holden wrote in his proposal:

> In September, 1666, when the great fire of London laid the heart of that city in ashes, Sir Christopher Wren offered a plan that might have made London City the most efficient municipality of the modern world. His plan was not carried out, partly because it was said that there was no available fund large enough to finance the work, but principally because the merchants who had suffered the loss quite naturally insisted that their homes and places of business should be re-erected as quickly as possible upon the sites over which they controlled the rights.
>
> Almost the same story followed most of the conflagrations that have destroyed the physical hearts of many modern cities. . . .
>
> No one disputes the desirability of a planned physical re-building. Men have failed, however, to visualize the rebuilding of existing complicated contractual relationships. The merchants of London thought they had no funds to draw on because they looked in the wrong direction. The resources needed for reconstruction can be commanded only by the expected earning power of the redeveloped areas. Credit is based upon belief in the future, upon reasonable assumptions as to possible accomplishment, upon the vision and integrity of men who look to the future and plan for the future.[8]

Each successful multiple-occupancy income property in real estate, beside comprising a community, is a growing island of profitable proprietary administration, a point of health in the world social fabric. As these small beginnings, growing in number and in size, approach one another, they will tend increasingly to merge their interests whenever the prospect of economy in administration or improved service for the tenants makes it advantageous for all concerned to do so. They will not be hindered, as were primitive proprietary communities, by lack of ways to reconcile their ownerships. The primitive world not only lacked such flexible means of adjustment as are afforded by modern appraisal techniques, venture vehicles, and securities markets, but merger might have been even less feasible in the Sumerian instance because of the identification of the landed interest in each place with its exclusive religious institution and tutelary god.

A main theme of this book has been that the period of sovereignty is but the unstable transition between two levels of human social organization—the kinship level and the contractual. On both levels, the structure and organization are proprietary.

Property in land was first institutionalized in the kinship organization of the hunting and food-gathering band, which recognized as spokesman for the group a senior member. It was he who performed the land distributive function so far as there was need. Thus did property in land evolve, in the idiom of kinship, within small population groups or subgroups with relatively stable membership.

As technology and environmental conditions in some places permitted larger and impersonal aggregations of population, the recognition of property in land came to be practiced beyond the range of kinship ties and obligations. This impersonalization of land marked the manorial community, the first emergence of a contractual form of proprietary community in a world still largely ordered in kinship terms. This was a significant event, but it would be long before conditions would be such that it could come into its own. In the modern world, the signs are just beginning.

Numerous examples surviving in the world today illustrate manorial institutions. One instance are the Mambwe people of Northen Rhodesia, of whom anthropologist William Watson writes:

> The chief nominally "owns" all the land in his chieftaincy, and in return for giving it to his subjects to cultivate, they return him obedience and respect. In Gluckman's terms, these subjects have "estates of holding." The chief grants rights to each village headman, who in turn grants his villagers rights in village land. Each person granted such rights in the hierarchy has duties and obligations of a similar kind to the holder from whom he obtained his particular rights to the use of the land. A Mambwe who is dissatisfied with the rule of one chief is at liberty to move to another chieftaincy, and provided he can find a headman who will take him into his village, will be granted rights to the use of land by the chief and headman in return for obedience and recognition. These rules apply to strangers, who are welcomed and encouraged to settle on the land. . . .
>
> . . . the commoners must be treated with care and their interests consulted, or the headman will lose them to a more just and generous title-holder. The commoners depend on a title-holder for rights to cultivate land, for justice and for the performance of rituals upon which depend the fertility of both land and people. The personality of a headman is therefore an important factor in determining the size and prosperity of a village, for if he cannot satisfy his villagers, they will leave him and go elsewhere.* He must be circumspect and tactful in all his dealings.[9]

A strength of both kinds of early community, kinship and manorial, was their unitary land authority. But the primitive world was host to many communities, each constituting a separate division of such authority. In the course of time, owing to the general increase in population after the rise of agriculture and to the uneven distribution of arable land

*A native African expression describes the chief who has so far mismanaged his village as to lose all his villagers. It is said that such a chief is left alone in his village to be "Chief of the Pumpkins."

in the world, it was not unlikely that a number of communities would grow up in close proximity and their combined area take on the aspect of a larger or composite community with fragmented land interests. Confronted by a common circumstance requiring them to coordinate some aspect of their behavior, and depending on the severity of that circumstance, the several communities would face a crisis of administration. The primitive institution of property was little developed to cope with this difficult situation.

Within each successive rise of civilization, as the growth of population and specialization brought increasing interdependence of land uses, the lack of any plan or coordination gradually became critical. The mounting crises led to apathy or else provoked ever greater efforts to resolve them. Sovereignty, the power of expropriation, seemed the only recourse; but it was, at best, palliative. As it relieved the symptoms to prolong the life of the community, the points of conflict multiplied. Thus was sovereignty stimulated until its activity exceeded the ability of the productive community to sustain it. Yet, paradoxically, the community supported the sovereignty in order to continue to live. So progress brought its own decline, and the administration of cities and states lapsed in disorder and default.

While contemporary civilization hitherto has traced the same tiresome and tragic course, the future is by no means as certain. Experience gained in the commercial/industrial revolution in handling property of many kinds has provided institutions for a similarly productive administration of property in land. A new social capability, an authentic art of community, already has emerged in tens of thousands of small beginnings. Its successes are attracting both the capital and the organizational resources of the developed industrial sector of the economy. Might not these beginnings contain the empirical seed of a new social integration which will ultimately permit men to be truly creative in their community affairs as they have begun to be in their material world, therein producing new environments appropriate to the infinite process of differentiation—and, with this, the ever increasing potential for fulfilling association—of the individual human spirit?

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Index

THE ART OF COMMUNITY

by Spencer Heath MacCallum

As both a student and a practitioner of "the proprietary community idea," Mr. MacCallum has distilled in this book his years of research and experience in real estate development and allied fields. His formal academic work in art and anthropology, supplemented by independent study in economics and philosophy, has produced a sophisticated perspective that challenges many traditional assumptions about viable societal arrangements.

The author begins with a discussion of the modern hotel as a prototype of an ideally functioning community and then proceeds to survey several contemporary types of real estate enterprise. His examination covers the recent history of their development and goes on to include an analysis of their structure and function, which are subsequently compared with certain societal principles and practices found in supposedly primitive communities.

Mr. MacCallum forsees a radically new form of society based on voluntary contracts among individuals, which promises to transcend present geographical, political, and psychological obstacles in human relationships. In depicting the outlines of an open society of contract and showing how it already seems to be evolving, he closes the gap between purely theoretical speculations and the specific practices that produce social harmony. His construct preserves private ownership and control of property, entirely independent of political sanctions, while establishing methods to provide services so often preempted by the State. He shows how we are beginning to move away from the political regimentation of life and toward contractual, voluntary associations which fulfill all functions needed for an orderly and creative community.

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Spencer MacCallum is a graduate of Phillips Academy at Andover, Massachusetts, and Princeton University. He received his Master of Arts degree in social anthropology at the University of Washington and has pursued additional graduate work at The University of Chicago. In 1956 he and his grandfather, Spencer Heath, founded The Science of Society Foundation, which brought out a number of publications including *Citadel, Market and Altar.* Besides doing his own advanced study and writing, Mr. MacCallum has been active in research and lecturing for both academic and business clients. He has recently assisted the Princeton University Art Museum as consulting anthropologist and is currently working with Alvin Lowi & Associates, of Los Angeles, and other engineering and management consulting firms.