

Gentleman, professional and profiteer. Production of space and real estate community*

Guido Borelli**

Introduction

Real estate development is one of the few areas that a person can enter with little expertise and become wealthy in a short time. With the right financial backing, a little business savvy, and careful attention to detail, you too can earn whatever you want to earn.

(Tanya Davis, *Real Estate Developer's Handbook*, 2007)

*“The Expo 2015 is regarded as a saving grace for Milan and its suburbs. In truth, behind the loud and vulgar propaganda claiming it promotes a healthy and environmentally sustainable food production, hide the most venal interests of a few large property speculators behind the event.
(...) The Expo 2015 is a machine that eats nutritious foods and generates concrete and asphalt for the 'usual suspects', without excluding the overindulging infiltrations of the Mafia.”*

(Communist Party of Lombardy, *Expo 2015: A machine who generate real estate speculation*, 2013)

To the eyes of a sociologist the world of real estate is ambiguous.

From the moment in which we take on the task of better understanding its role within contemporary society, we immediately realize that there is a lack of available knowledge on the subject and that the little information that can be found is decisively polarized in two extreme views.

On one hand are all the studies, research, and treatise that explain how the sector works, how it is articulated, and what the necessary skills to enter it are. On the other hand, there is a fairly extensive body of literature belonging to the 'investigative journalism' genre which takes interest in the field only at the onset of periodical scandals. In between both extremes, there is almost nothing useful to better understand, in a manner which isn't clearly instrumental, the role and importance of real estate in contemporary society and in the transformation of urban space

This fact is all the more paradoxical when one considers that most in the so-called humanities (political science, geography, anthropology, sociology, and demography, to name only a few) agree that space transformation has always been one of the practices around which there is a greater intensity of interactions between the players of civil society. Such interactions concern a very wide spectrum of daily life as they include issues of citizenship and of non-negotiable rights, blend issues of economic rationality and emotional arguments, and have a significant echo in politics and in the economy of nations.

The reasons for such oversight are numerous and can be stated in two ways: firstly, a deep-rooted conviction that the real estate sector represents an underdeveloped branch of industrial capitalism (an impression that derived

* Translation from Italian by Mariana Mazzei Barutti. I am grateful to Paola Lunghini for the many discussions that inspired this essay. The opinions expressed herein are solely attributable to myself.

** guido.borelli@sp.unipmn.it

from a poor understanding of the differences between the construction industry and real estate industry), and secondly, the relentless persistence of the ideological dichotomy that divides use-value from exchange-value in a Manichean fashion, consequently creating speculation and an implicit or explicit negative bias towards the entire real estate sector. Real estate players are personified as cold-blooded professionals or greedy profiteers in society. Almost in direct reaction to this, the real estate community does not miss an opportunity to present itself to the public (often in not such a believable manner) as benevolent gentlemen who seek the public interest..

«*Pluralitas non est ponenda sine necessitate*»

Urban sociology shares a pronounced and prolonged lack of interest in the process of urbanization with many other disciplines within the humanities devoted to regional studies. The only notable exception is the radical and lonely voice of David Harvey (1989, pp. 3-4), who draws our attention to the following:

«All too frequently, however, the study of urbanization becomes separated from that of social change and economic development, as if it can somehow be regarded either as a side-show or as a passive side-product to more important and fundamental social changes. The successive revolutions in technology, space relations, social relations, consumer habits, lifestyles, and the like that have so characterised capitalist history can, it is sometimes suggested, be understood without any deep enquiry into the roots and nature of urban processes. True, this judgement is by and large made tacitly, by virtue of sins of omission rather than commission. But the antiurban bias in studies of macro-economic and macro-social change is rather too persistent for comfort»

Harvey (2012, p. 54, emphasis added) then goes on to further develop his thoughts and concerns into a belief that holds the forces that drive the process of urbanization as primarily responsible for the ferocious crisis that grip the world's economies.

«Conventional economics usually treat the investment in the built environment and in urbanization in general as if they were insignificant appendage of the most important business taking place in an abstract entity called 'national economy'. The sub-genre of urban economy is, then, the arena where they collide economists of second grade, while the big bosses test their macroeconomic skills elsewhere. The latter, even when dealing with urban processes, they do so with the air of being convinced that the reorganization of territorial, regional development and the construction of the city are only negligible material effects of larger-scale processes, which are not affected by what they produce. Thus, if the World Bank report of 2009 on the development, for the first time ever, the political geography is seriously considered, however the authors do not make the slightest hint that something could go so catastrophically bad in urban and regional development from start a crisis in the economy. The purpose of that report, written by economists without consulting geographers, historians or sociologists, urban, seemed to explore 'the influence of geography on economic communities' and raising' space and place by mere circumstances organizational focal points'.

Regardless of whether or not one shares the British geographer's views¹, it remains quite hard to imagine, especially if we narrow the field to the national level, that it is possible to create a diverse group of researchers composed of

¹ For a review on Harvey's thoughts in the Italian literature, see Mela (2011; 2008).

sociologists, geographers, and urban historians (among a much longer list of disciplinary specializations) not only capable of substantiating Harvey's thesis, but above all, being interested in taking them into account.

The reasons for such lack of interest can tentatively be explained in two views: At first, we may be more or less at ease in partaking on the thoughts of a genuine Marxist such as Harvey and agree (or completely disagree) that in recent years something in the urban and regional development may have gone so catastrophically wrong to trigger a global recession such as the current one. With respect to this point, what immediately produces difficulties for the intellectuals belonging to the disciplines that concern land issues is the inevitable confrontation with the Marxist thesis and its established "all-time low popularity". It is well known that Marxist theories have been accused and promptly shunt, especially for the way in which it has turned out prone to substitute substance for ideology and empiricism for abstraction, appealing to the famous 'determination in the last instance' that eventually shields the theory itself from any burden of a rebuttal and improperly turns all methodological issues into ideological ones. Nevertheless, while recognizing such limitations, it is difficult not to consider these reasons insufficient in their total banishing of Harvey's hypothesis. Why not consider finding, therefore, a consistent and convincing motivation to refute or clarify these assumptions in order to engage in the argument in a somewhat original way, rather than deflecting it with a persistent preference for negating Marx's views²?

Such question takes us full circle to the second view with which we try to explain the apparent lack of interest in the process of urbanization and brings us back to our starting point. It is in fact difficult not to be led by Harvey into admitting - sinning by omission if necessary - that the process of urbanization really represents a «side effect and a secondary product of fundamental importance to social change» (*ibid*, emphasis added). In this respect, it is not very difficult to agree that it is enough to take note of the development of concepts, trends and methodological tools that economic sociology has developed (and embraced to a certain extent) in the last twenty years in the creation of a field of study (and nearly a paradigm) which goes by the name of 'local development'. This fertile field of study has gotten us used to represent and describe the processes of urban and territorial transformation through effective images and metaphors of socio-spatial organization aimed at production: the industrial districts (Bagnasco, 1988; Bagnasco, Trigilia, 1984; Trigilia, 2006), the business clusters (Becattini, 1979), the territorial amalgam (Scott, 2001), the urban networks (Perulli, 2000), and the territorial platforms (Bonomi, 2004).

Having arrived at the height of its intellectual exercise, the studies of local development demonstrate quite clearly how, at the source of a great intensity of interpretation of the processes of local economic development, there is not an adequate corresponding understanding of the processes through which (and above all the consequences of) post-industrial society's new models of spatial organization produce its own distinctive urbanization and a coherent

² The hypothesis proposed by Jacques Derrida (1993) in *Specters of Marx* is interesting to this point. The French philosopher alludes to the ghosts that haunted Marx in life, and to Marx as a spectrum of contemporary capitalist society. Derrida (*ibid.*) sustains that Marx was a ghostbuster throughout his life as he was obsessed by capitalism's ghosts. The theme emerges well in a Marxist argument, which describes the reality in which we live is as spectral, in the sense that capitalist production is a world populated by robots, where the dead (the goods) dominate over the living (men). However, notes Derrida (*ibid.*), if given permission to finally 'bury the ghost', one ends up inevitably dominated by it. Stated differently, the more we believe we can do away with the ghosts, the more we find to be their victims. According to Derrida (*ibid.*), Marx is a ghost that haunts us, particularly after the collapse of the Berlin Wall.

system of spatial relations. Such gap has led scholars to return to a unidirectional model of spatial development in which the processes or urbanization is modeled according to specific criteria of a production-oriented social organization. This occurred without any concern for the fact that spatial transformations, in turn, have proven themselves capable of influencing the conditions and circumstances of economical development strategies to the point of becoming not just a consequence of development, but its actual goal. As we will further address here, this is not a particularly original shift in perspective, as the history of industrialization has always followed that of the urban market, but it introduces a two-way reciprocal relationship of significant importance.

On the other hand, the growing interest on the subject, demonstrated by studies of local development in relation to local companies and by the processes of dissemination of innovation and creation of collective goods for local competitiveness (Crouch, Le Galès, Trigilia, Voelzkow, 2004), has revived the image of the entrepreneur as an enabler of economic development (Bagnasco, 2006, p. 403). Nevertheless, we still find it hard to find among a large body of study cases conducted according to the local development methodology, any useful facts in understanding, in a non-trivial manner, the relationship between innovation, entrepreneurship and spatial transformations³. On one side, the studies of good practices of local development, attributes, in a somewhat explicit manner, nearly Schumpeterian characteristics to entrepreneurs or to innovative small businesses, often compelled by Faustian competitive desires. On the other side of those same studies, the same characteristics are reserved exclusively to entrepreneurs and production activities (goods and services) capable of enabling development processes with locally redistributable effects (employment, income, welfare, and environmental quality). What remains over-shadowed, in this vicious cycle, are the actors of spatial transformation, their rationality, their investment logistics, and the effects of their actions. Could this be due to the fact that the entrepreneurs who invest in built environments (or the real estate industry) are considered the *Pariahs* of the economic system (also by scholars of local development), as Harvey suggests?

What is left out of this explanatory picture?

If such issues are lacking in the sociological literature, a possible way to bridge this gap may lie in the observation of some aspects through which the real estate sector represents itself. We then realize that the sector has long defined itself as the 'industry' of real estate and refers to its own members as the 'community' of real estate.

For a sociologist, both terms, 'industry' and 'community', are dense with meaning and, as such, should be handled with caution. Although we do not have space here to further explore these concepts, it is nevertheless interesting to note that the term 'industry' immediately invokes both a particular and distinct branch of economic activity and a production method possessing its own specific characteristics (Cafagna, 1994). For our purposes, as we shall further see in more detail, it is interesting to note that the term

³ As an example of what is claimed here: it would be pointless to seek, among the many studies dedicated to the formidable development of territorial logistics in the last decades, one who studies the rationality, the interests and the responsibilities attributable to the entrepreneurs, the landlords, the real estate agents, and public administrators in the uncontrolled proliferation of territorial logistics hubs, many of which are under-utilized, once implemented.

'industry' can be useful in clarifying a widespread and persistent misunderstanding, resulting from an unclear comprehension of the differences between construction and real estate, that leads many scholars to consider real estate as an underdeveloped branch of industrial capitalism.

In turn, the term 'community' invites us to try to understand the basis for the belonging in this classification. Is it a group of certain skilled professionals and/or the affiliation to a part of real estate's industrial chain? Is it a mechanism of co-optation of the affluent élite to which it belongs? Is it a group of players (individuals or collective, public or private) that are in some way directly affected, or pushed, according to the management lexicon, by events in real estate? It should be noted that, in classical sociology, the term 'community' is employed to define a particular type of social relationship at the base of a collectivity that involves individuals as a whole (Bagnasco, 1992). Put in this way, it becomes necessary to understand what are the mechanisms through which members of the real estate community exchange loyalty obligations with respect to society. It is also necessary to know how they diversify their status and role within the community, how they exchange knowledge and resources, and through which clearing systems and transaction models. It will also be necessary to understand whether the use of the term 'community' refers instead, more appropriately, to an association in which its inclusion is substantiated based on identity of interests or in rationally motivated shared interests (permanent or temporary).

As it can be observed, such affirmations are employed with caution, particularly for a sociologist who wishes to work with urbanization. This is due to the fact that the research path appears inevitably marked by a sense that many important aspects necessary to its knowledge are not found within the specific discipline, starting from the availability of case studies. As the field of empirical knowledge is particularly lacking, in this second part of the paper I will use a famous film dedicated to the process of urbanization in Naples of the '60s: *Hands Over the City (Le mani sulla città)*, by Francesco Rosi. The film, awarded the Golden Lion and the Venice International Film Festival in 1963, makes use of a case of construction speculation in the Neapolitan city to describe the processes of occupation of power, representing them as the very essence of politics. Although the film dates back to more than fifty years ago, when reconsidered with proper care, it provides many opportunities to develop some of the considerations mentioned up until now. It will be particularly interesting to re-read the critics' reactions to Rosi's film. We shall delve briefly into this last point at the conclusion of this paper.

Fifty years ago

Nottola: «I know that the city is located there, and is growing in that direction because the plan determined so. But it is precisely for this reason that we must make it from over there to over here»

*Nottola's Cronies: «And you think that would be easy?
To change the plan?»*

Nottola: «There is no need to. The city grows there? This is an agricultural land. What can you pay today? 300, 500, 1,000 lire per square meter? Tomorrow, this earth, this same square foot (he trace a square with a stick on the ground), may be worth 60, 70,000 and more. It all depends on us, the 5,000% profit. There (pointing towards the city) that is today's gold. And who gives it to you? Commerce? The industry? The industrial future of the South? To invest one's money in a factory! Unions, claims, strikes, health insurance ... such things cause you a heart attack. But no worries. All gain and no risk. We just have to make sure that the City brings the roads, sewers, water, gas, electricity and telephone here. »

(F. Rosi, *Le mani sulla città*, 1963)



Fig. 1. Edoardo Nottola (from: F. Rosi, *Le mani sulla città*, 1963)

The opening scene of Francesco Rosi's famous film, *Le mani sulla città* (1963), is worth its own a complete literature on urban development.

Edoardo Nottola, a city builder and the owner of the contracting company Bellavista - masterfully played by Rod Steiger - eloquently explains to a group of his cronies how an urbanization development project should be carried out. At the edge of an anonymous suburb of Naples (a «squalid expanse», as described by the Mayor shortly thereafter during the act of presenting the new building plan, funded by the Ministry), Nottola performs a key action and simultaneously gives precise development guidelines while choosing the players needed to implement this vision.

Marking the land and producing the space

To better explain his intentions, Nottola grabs the cane of one of his companions and draws an outline on the ground (Fig. 2): «What can you pay it today? 300, 500, 1,000 lire per square meter? Tomorrow, this earth, this same square foot, may be worth 60, 70,000 lire and more»



Fig. 2. Nottola draws an outline on the ground (from: F. Rosi, *Le mani sulla città*, 1963)

With this action, Nottola performs an act typical of urban planning: to change the intended use of the land and significantly increase its market value with a simple gesture. In this regard, one could argue that this is not a particularly original operation. The transformation of land from an agricultural use to a residential one has always resulted in gains that some urban players have appropriated by resorting to methods not necessarily legal. Urban history is full of such incidents. Nevertheless, this observation inevitably leads us to consider these practices and the players at the core of the so-called speculation⁴ (land and building), thus assuming that these operations should be assessed within a moral framework, and subsequently, a judicial one. Despite the truth of such facts, the moral tension that infuses our judgment leads us to hastily leave out a host of important issues which seem crucial here for a more accurate understanding of the social scheme.

In the urban planning terminology, Nottola is performing a zoning act: an operation which consists of dividing land into homogeneous parts, assigning a

⁴It is interesting to note that the term 'speculation' lends itself to different interpretations. According to the Italian Encyclopedia Treccani, it evolves from Late Latin *speculatio* to mean 'philosophical inquiry' and 'research as a theoretical activity'. In commercial meanings, the interpretation ranges from 'a commercial or financial transaction consisting of purchasing to resell or selling to buy back, in order to earn a profit from the price difference at different times of the market' to 'activities designed to achieve a personal financial gain or for purposes of political advantage, conducted without scruples or respect for the interests of others'.

specific intended use to each of them. This is a relatively simple practice that is also justifiable by technical motivations⁵. We realize, however, that just past this threshold of acceptability, the operations of land subdivision drags with it significant complexities.

In tracing the square, Nottola acts out a complex and ritualistic performance. Complex because it can be separated into a number of aspects: (a) It divides the space between 'outside' and 'inside'; (b) It nominates the space, because, without a name (residential area, expansion zone, or under completion *in lieu* of agricultural land) the land has neither title, origin, or value; (c) It takes over the space after having fragmented it into parts freely salable in the land market; (d) It represents the space through the creation of a new social order. Taken together, these steps assign order and a hierarchy to the space and to the organization of the city. Deriving from the school of human ecology, the zones are an expression of the functional hierarchy of classes and of the social groups in the environment.

But the city is not simply a representation of a mosaic of natural areas, as postulated by scholars of the Chicago School. It is a spatial system conceived as a malleable commodity, transformable by human action. When regarded as a commodity, a problem of building a reference system capable of encompassing the space's representation in social practices in a uniform, objective and abstract manner arises. David Harvey (1993, pp. 310-311, *passim*) noted that, despite the practices of mathematicians and builders, despite the different conceptions of space (sacred and profane, symbolic, personal or animist), and despite the plethora of utopian programs, the representation that has prevailed is that of private ownership of the land, and its trade as a commodity.

We, therefore, owe Henri Lefebvre (1978), the realization of the conjunction between social change and the politics of space. The French scholar has aptly grasped the ways in which an environment achieves characteristics of homogeneity and abstraction: through its complete pulverization and fragmentation into parts of sellable private property that may be traded freely in the urban market. A dilemma therefore inevitably ensues, as the space may only be conquered through some form of production, resulting in conflicts and opposition movements being triggered. Lefebvre (*ibid.*) writes:

«This gives arguments to support an argument: the city and the urban reality depend on the use value. The exchange value, the generalization of the goods produced by the industrialization tend to destroy, by subordinating, the city and the urban reality, receptacles of the use value, the seeds of a virtual dominance and 're-evaluation of the use. In the urban system (...) is engaged the action of these specific conflicts: between use value and exchange value, including the mobilization of wealth (money, titles) and unproductive investment in the city, including the accumulation of capital and waste in the festivities, between extension of the dominated territory and the need for strict organization of the territory around the city hegemony»

The square tracing by Nottola has a ritualistic tone that goes back to foundation rites. Utilizing Lefebvre's concepts, the production of space is one of representation, or rather, the recognition of permanent principles that produce mythologies of space and environment.

In this respect, tracing marks on the ground is an ancient practice that is

⁵ As an example, it seems comprehensible and of good sense to locate a residential zone away from an industrial one and to plan public services according to requirements of good vehicular access.

packed with meaning and implications. In describing the rituals of the founding of Rome, Plutarco (*Vita di Romolo*, 10, 1-2) describes a quarrel that broke out between Romolo and Remo. Claiming to have been deceived by his brother in the interrogation of *auspicia ex avibus*, to whom they had appealed in the settlement of the dispute over who would rule, Remo ridiculed his brother's intent in digging a ditch from which the new city would be built. In order to demonstrate the futility of the act of marking boundaries, he began to hop between the inside and the outside of the ditch's outline. Such gesture proved to be fatal as he was later killed by the hands of his own brother, who in turn uttered the prophetic words: «So perish every one that shall hereafter leap over my wall». The act of crossing boundaries challenges power, as power is established by boundary demarcation. The outline is used to distinguish the distinct from indistinct, the city from the countryside, public from private, and an friend from a foe. The groove is at once the instrument and an opportunity to name that which remains yet unnamed.

According to the Latin historian Marco Terenzio Varrone, the etymology of *urbs* originates from *urvus*, or groove. If we believe this etymology to be reliable, then the digging of a ditch is the action required to define a space over which to exert power. In the case of Rome, this space is the city that takes the name of its founder, who traced its outline, staining himself with fratricide⁶. Our first possible postulation, therefore, may be the recognition of the system of social relationship implicit in the production of space. These are practices that coincide with the imposition of a hierarchy or a system of relationships in an environment. Stated differently, the production of space represents the establishment of an empire. It asserts the possibility to exert power and kill, if necessary.

«All gain and no risk»: The revenue/development dichotomy

After the ritual of appropriation of space is completed, Nottola has very specific ideas about its further use. The Neapolitan builder explains very clearly the difference between use-value and exchange-value. As previously mentioned, a space can be interpreted in various ways, nevertheless, the prevailing interpretation bears a dichotomy in which the space can be considered a product of social and economic processes that, through its own development, determine its production. This is the case of a space transformed to accommodate industrial activities or public services. These are spatial transformations driven by the process of development or of the support of citizenship rights. On the other hand, the space is considered a commodity, negotiable on specific markets, and its appraisal is subject to special considerations regarding location, accessibility, and potential for transformation. This is the case of a space transformed to accommodate real estate transactions (i.e.: a residential or subsidized housing). Unlike the previous case, in general such transformations are not driven by an intent to develop or support the rights of citizenship, but follow the logic of profit generated without the production of additional value (such as jobs generated by an industrial installation or the improvement of the quality of life for residents), leading, as mentioned previously, to social exclusion.

Both options, as presented by Nottola, once again bring questions of judgment to the fore. The term 'speculation' reemerges, this time expressed in

⁶ I am indebted to Luigi Mazza for the many suggestions and the inspiration received on the issue of foundation rites.

an antagonistic fashion with respect to the idea of 'development'. Even in this case, the resulting moral positions indicate a certain superficiality that tends to polarize the positions in the field. By summing up these positions, on the one hand, we find the development entrepreneur, a bearer of the ethics of production and redistribution, on the other hand, the 'rentier' (or 'profiteer'), intent in manipulating the conditions of the real estate market distributively for his own gains. This rigid schematic leads to the construction of a binary logic made of dichotomies such as: development *vs.* income, investment *vs.* speculation, free trade *vs.* monopoly. This is a logic that drives much of the political rhetoric about the processes of urban development that appears regularly in news headlines and on television talk shows. Such arguments, however, do not take us very far in understanding the ways in which cities are developed and transformed.

It is precisely due to this need for a better understanding of such mechanisms that the importance of Lefebvre's (1972) contribution to the analysis of built environment becomes apparent, particularly his conception of real estate as a secondary circuit of capital. For Lefebvre, the space is not limited to the built environment, which is both a productive force and an object of consumption. It is, above all, a subject of political conflict because it is a living space. It is «a space formed by individuals and it has its own origin in their experiences» (*ibid.* 1974) and a place where the conflict between the inevitable maturation of these experiences «mark the lived space, and concludes by the affirmation of the private against the public sphere in a relatively emphatic yet always conflictual way» (*ibid.*). For Lefebvre, the socio-political contradictions are created spatially (*ibid.*) and, consequently, such contradictions express conflicts of interests and of socio-political power. Since the utility rights generally determine the exchange value in real estate, Lefebvre fully understood and elaborated on the awareness that these rights are not a product of the free market, but are largely assigned by the government through the planning of land use and mobility. The resulting conflicts «take place in space and become contradictions of space», and are, therefore, attributable to a dispute concerning the inequalities and the uneven allocation of citizenship rights. From this belief, Lefebvre (*ibid.*) concludes that:

«The property estate (together with building development) ceases to be a secondary circuit, for a long time an added and backlog branch of industrial capitalism, and comes to the fore (...) capitalism has taken possession of the soil, it mobilized, and tends to be central (...) the mobilization of the space can only be done under strict conditions. It begins (...) from the ground, to be torn from the traditional properties, and from stability and transmission assets, with great difficulty and concessions to the owners (in the form of rents); then extends to the whole space, to the subsoil and to the volumes at the top of it. The whole space is to receive an exchange value».

The idea of the existence of a secondary circuit of capital is based on a combination of factors that include financial elements on one side (banks, insurance companies and government investment programs), and investors, developers, property owners, and all individuals who profit from the land market on the other. (Gottdiener, 2000, p. 95). For Lefebvre, this trend would have had an important effect: an increase in investments in the secondary circuit of capital would generate a substantial shift from industrial development to real estate investment (from city centers to the peripheral land of low cost).

Furthermore, the secondary circuit of capital, distinct from the one theorized by Marx, introduces the hypothesis that the real estate industry represents a separate circuit of capital. This assumption can be clarified by an

example. When talking about economic activities and describing the way in which they involve the spending of money by investors, the hiring of workers, the industrial production of goods or services, and the sale of such goods or services in a market for profit, which in turn can be used for further investments, we are referring to the 'primary circuit of capital'. Automotive manufacturing is a good example of how this circuit works. Much of the profit created in capitalist societies still belong in this category. For Lefebvre, alongside this primary circuit, there is a secondary circuit of capital of fundamental importance for the urban sociological analysis, which is conducted by real estate investments. This is the case of an investor who buys a plot of land. It can be purchased or can be converted to other uses. It can be sold in a market that specializes in land, the real estate market, or further developed for profit. The cycle is complete when the investor makes a profit and reinvests in other local projects. By supporting the idea that investments in real estate push the growth policies of cities in very specific ways, Lefebvre suggests (implicitly) that the real estate is not only a special case of the transformation of space, a product of the primary circuit, but a reproduction process in which social activities do not concern solely the interactions between individuals but also between environments. (Gottdiener, Hutchinson, 2006, pp. 70-71).

Lefebvre understood that the activities of real estate are a type of investment that competes with other capital allocation decisions by investors and theorized two aspects brilliantly: that the housing market effectively an integral part of the broader capital markets and, secondly, that the real estate sector, as opposed to industrial and commercial activities, does not require production factors in a single structure.

Following Lefebvre's reflections we come to the core of a very important but generally neglected aspect in the literature. Investments in real estate have now ceased to be an additional underdeveloped branch of industrial capitalism. They come to the fore and guide cities' growth policies in very specific ways. For this reason, it is wrong to assume that this sector is exclusively a special case of space transformation, as if it were only a by-product of the socio-economic logic governing the primary circuit of capital, since real estate has now assumed the consistency of an autonomous and separate reproduction process.

It does not make much sense, therefore, to settle the question of real estate development by declaring it irrelevant to the prospects of urban growth because of the chronic underdevelopment of the construction sector when compared to the more rampant technological innovations indulged by the cities, or by stigmatizing it in an old-fashioned image of speculative construction, as if the mechanisms of reproduction stood still as in the era of the Sanremo stories recounted by Italo Calvino⁷.

'Us' who?

In his monologue, Nottola refers to a joint action: the urban transformation seems to require, in fact, a collective actor sufficiently cohesive, a 'we', that must be made in charge of arranging all the activities necessary to redirecting the construction: «from there, we must move (the city) here» It is by the manipulation of the decision-making system, primarily by targeting the provision of public infrastructure «we just have to ensure that the City brings

⁷ In reference to Italo Calvino's, *La speculazione edilizia*, published in 1957.

the roads, the sewer system, the water, gas, electricity and telephone here», that Nottola is able to profit, benefiting exclusively the members of the collective 'us', from investments made with public money.

If the coalition of 'us' demonstrates itself capable of manipulating the necessary conditions to redirect construction, then the game would seem simple, despite its total ruthlessness, and free of possible complications: «No worries. All gain and no risk».

But of who is the collective 'us' comprised of? Following this predominant binary logic⁸, one might argue that, from a development perspective, the 'us' should be represented by the community, or at least by a large group of recipients of the surplus generated by the company. From a revenue logic, however, the 'us' would inevitably mean a small number of beneficiaries at the expense of a vast number of recipients who, at best, would receive no benefit and, at worst, would see the condition of their citizenship rights worsen⁹. The latter logic, if we limit ourselves to a superficial analysis of Rosi's film, seems to be the narrative thread of the Neapolitan story described in *Le mani sulla città*.

Must we then welcome the notion that the beneficiaries of the division described by Nottola correspond to the real estate community?

The first (and, to some extent, the only) author who has tried to give us a detailed unbiased answer to this quandary was Harvey Molotch (1976). Molotch started from the belief that urban development is not simply a facet of local policy, but rather, the pivotal point around which local governments are built. All the other issues, despite the passions they inspire, are of secondary importance. The argument is that an elite coalition, in later works a *rentier class* (Logan and Molotch, 1987), who has a precise and relevant vision of the future development of the city with the power to implement it.

Molotch named this élite a growth machine and identified it as something more complex than the alliance between the mayor, the planning office, and the business community. The *rentier class*, who make up the ruling coalition, is made up of those who, participating out of their own will and, more specifically, with their own economic resources, have the most at stake on the final decisions concerning land use. Particularly prominent in this group are the owners and managers of large real estate assets, institutional investors, lenders and developers.

As a corollary to the *rentier class*, Logan and Molotch place field professionals (legal and financial advisors, real estate brokers and designers) and other players who, despite not being personally involved in the events of development, see their careers bound to the enterprise of urban growth strategies. The work of a growth machine, however, would not be fully effective without the decisive role of Government. Through the creation of efficient transport and communication systems, the production of public goods such as education, health, housing, culture, the proliferation of public subsidies and transfers of tax and regulation of labor costs, it puts in place a series of measures to help spread what Logan and Molotch (*ibid.*, pp. 57-62) define a 'modern good-day business climate'. Although the type of good business pursued by public players can differ greatly from place to place (i.e.: investments in new technologies, research and development, tourism, culture, etc.), for Logan and Molotch (*ibid.* p. 58), «each of these rainbows will

⁸ The one previously described (see above) characterized by dichotomies such as development vs. income, investment vs. speculation, and free-trade vs. monopoly.

⁹ Rosi leads almost to the paradox that point in the scene where the pale opposition councilor, the communist De Vita, rebuke the people and the proletariat underclass lane affected by the decree of eviction to make way for Nottola's buildings: «would you like to understand that you are the ones that give them the strength to do what they want?».

inevitably end up in the same pot of gold: higher estate values, higher rents and significant increases in the wages of better qualified professionals».



Fig. 3. The Mayor of Naples present to the authorities the new urban development plan (from: F. Rosi, *Le mani sulla città*, 1963)

The growth machine theory continues along the lines suggested by Nottola but articulates the concept of the real estate community very broadly – perhaps too broadly – transcending both the idea of the community as defined by sociology, and the idea of an élite derived from political science and sociology. They are composed of a loosely organized chain of urban players who, while pursuing different goals, converge intensely and with different interactions on urban development. With such characteristics, by including any player interested in the processes of urban renewal, from large institutional investors to small apartment owners, the growth machine theory can be classified as one of several policy communities attending the urban politics. The processes of urbanization would, therefore, prove to be more pluralistic (in terms of the players involved) and fragmented (in terms of interactions between the players themselves) than Logan and Molotch's theory initially promises.

It must be added that globalization processes create a correlated effect that favors the development of new international organizations capable of planning, funding, and implementing major real estate development projects – even in Italy. These are (relatively) new types of real estate companies, capable of operating simultaneously in several nations. The emergence of these global players shifts the decision-making focus from the local level to the upper levels of government and calls into question the size of local, regional and national real estate communities, further complicating their identification. An ulterior consequence of the enlargement of the real estate market is represented by the differences in national political systems: this leads to considerable changes in the ties between the real estate industry, national and local politicians, between the modes of governance and the formation of decision-making coalitions.

Described in this manner, the concept of the real estate community proves elusive. If the image of Nottola appears simultaneously clear, yet crude and

unreal, its subsequent evolution, which we only briefly and partially illustrated, introduce us to a variety of social, political, economic, and geographic relationships that give the appearance of an improbable existence of a community, at least in the scientific interpretation of the term.

Nevertheless, the insistence with which the world of real estate presents itself as a community is too persistent to be dismissed in this way. Is it, perhaps, simply a communicative community?

In a final analysis, it isn't difficult to realize that the press tends to represent the developer – whatever their nature and economic motivators – as benevolent players that perform an important social mission as part of the urban economic development. In this literature, the meaning through which the operations of urban transformation are communicated often resembles one of a production value that benefits not only the entire post-industrial services chain, but the city as a whole. In this manner, real estate activities are presented, at least on a symbolic level, as public service. Not surprisingly, in rhetoric and in the post-industrial representations of public administrations, it is increasingly common to find the developer amongst the new categories of urban benefactors, with their role as promoters not just of their own interest but also the public's¹⁰.

«Money is like a horse: it must eat everyday»: The secondary circuit of capital at work

In a lively encounter with Maglione, the municipal right's majority leader, Nottola must respond to the possibility of a temporary halt to the construction site at St. Andrea mews in order to mitigate an imminent political scandal. But Nottola insists on the eviction process: «I must continue with the construction work, for when the work stops, so do the banks (...) Maglione, money isn't a car that you keep parked in a garage, it's like a horse that must eat every day!».

Even if in a rudimentary manner, Nottola's reasoning complies with Lefebvre's hypothesis of a secondary circuit of capital. Although stating it differently, the Neapolitan manufacturer acknowledges: (i) that the process of urbanization is part of a land and real estate market that is always in flux; (ii) that the market isn't in the hands of an individual builder, but is regulated by a complex set of supporting institutions that guarantees the protection of property rights as well as contract enforcement and compliance with property financing; (iii) that the resulting buildings are not a common commodity because they are supported by financial capital put into circulation by specific tools and obligations that have become much more sophisticated since Nottola's days. In essence, Nottola refers to a financial dimension of currency that is based on future expectations and efforts in order to make it yield the most.

Through a far more sophisticated reasoning process, more or less in the same years, Lefebvre began to observe that, while the industrial capitalism of the nineteenth century had created a specific urban form based on the division of labor, with the advent of the twentieth century, the industrial capitalist society had been transcended by an urban society. In other words, in *The Production of Space* (1974) Lefebvre argued that in the twentieth century

¹⁰ So concludes the Mayor of Turin, Piero Fassino, in his brief speech at the Real Estate Careers from Present to Future conference (to much applause), held in Turin on October 14, 2011 on the occasion of the celebrations of Italy 150: «Twenty years ago the city was forced to face a fleet of more than 10 million abandoned sites (...) in this context, the urban transformation have proved to be a dynamic element of growth (...) Considering that the resources to carry out everything we want to do are not infinite, so we sell Turin to you».

urban life reached its maturity (or at least started its maturing process). It is no longer the industrialization process to produce a subservient urbanization, but the exact opposite: an era of transition was initiated in which the capitalism of which Marx wrote in *Capital* began to resemble an historical artifact. As mentioned previously, it is the secondary circuit of capital, that which concerns generation of surplus not through production but through finance and speculation that gains dominance. For Lefebvre, the existence of a secondary circuit, which is distinct from that theorized by Marx, introduces the hypothesis that the real estate industry is in effect a separate circuit distinct from industrial capital and confirms that the real estate activities represent a type of investment that competes with other capital allocation decisions by institutional investors.

A few decades after the insights of Lefebvre, the neologism real estate financing - in some ways an oxymoron - captures the concept well and demonstrates the successful merger of the real estate and the equity markets. Real estate assets, fixed by their very nature, can now be treated with a logic identical to that of the securities market and to be traded on the secondary market.

It is significant to note that in Italy, the real estate crisis of the late '80s has led to a profound reflection on the modes of real estate investing and problems it entails. In particular, the negative period showed a reversal of the of real estate time-appreciation trend, focusing on the periodic cash flows that can be generated by the property. The switch from a patrimonial logic (based on the gains achievable through 'natural' appreciation of the 'brick and mortar' property over time) to a new logic of quick gains has led to a significant reconfiguration of the criteria for property investment. In essence, this resulted in a major change to the concept of 'property value', that is increasingly seen in relation to its profitability, rather than the gains arising from the property's reevaluation over time. The built space, therefore, becomes an object of financial investment whose objective is to achieve a recurring profit that is competitive with other forms of financial investment¹¹.

Following these considerations, and in light of the current global recession, we return to the question of whether the concerns expressed by Harvey on the responsibilities (real or perceived) of real estate financial institutions, should still be considered as evidence of its ability to influence the fate of not just local economies, but also the world's. Harvey obviously has no doubts about this as he cites the global crisis of 1973 (due to a global collapse of the housing market that led to the failure of several banks), the end of the Japanese boom in the '90s (due to the fall in land prices), the collapse of South-East Asia (due to excessive urban development in Thailand), and the recent subprime mortgage crisis.

¹¹ Real estate funds are one of the tools most representative of this transition. It is a sector that took off much later in Italy compared to other industrialized countries. Real estate funds are a means of savings that consists of a «special fund that is divided into shares of equal value unit, signed by a number of investors with the goal of fully investing in properties and real estate companies through an appropriate classification and geographic portfolio. These are based on a collective mandate of a specialized intermediary: the *Società di Gestione del Risparmio* (SGR), which assumes the role of the agent to the subscribers» (Breglia, Catella, 2000, p. 54). They assume particular concepts such as the real estate portfolio (a set of properties chosen according to a specific strategy based on synergies that result from ideal factors-type, location, etc.), and activities such as portfolio management, which leads to the selection of a combination of properties capable of ensuring certain characteristics in terms of risk or potential for income, after being gathered to form a portfolio.

Conclusion: recurring criticisms, prejudices and love for the city

It would be truly timely to address the urbanization processes from a sociological perspective, thus avoiding the reduction of the issue to a matter of acquiring specific professional skills required to become part of a community that is rich in opportunity. It is also often reduced to an issue that pertains exclusively to investigative journalism that never misses an opportunity to depict the same community as the antagonist of the 'good civil society' (a sort of *Baba Jaga* evil fairy in a contemporary tale that rarely has happy ending). Harvey's arguments, albeit not belonging to either of these two categories, end up being riddled with dilemmas that always bedevil Marxist theories. More specifically, we can certainly state that, at any given time in history, it is possible to recognize the particular interplay between capital and real estate development. Instead, we find it hard to consider the history of urban development reduced to a caricature, as if it were the history of how capitalism is able to achieve its goals, almost without hindrance or resistance, or as if it were a decision-making process limited to two players: appointed real estate and the finance industry.

What lacks, in fact, are the arguments of the real estate community, collected and collated in a research protocol, with the aim of avoiding the clichés, the ideological traps and the superficial assumptions of communication (which often resemble gossip) in how it represents itself in its increasingly frequent public relation attempts. Further research into the subject would, therefore, be needed. This, nevertheless, would be a difficult task due to the high degree of confidentiality by which the community protects its business and the strong roots of its biases. For a sociologist who wants to tackle the subject, solving the first issue will require patience and insight in dealing with their research subjects. Paradoxically, the solution of the second point appears to be even more complicated.

Biases die hard as noted by Francesco Rosi in his harsh revue of *Hands Over the City* at the Catholic Film Center (quoted. in Mancino, Zambetti, 1998, p. 55. emphasis added):

«If the movie had limited itself to taking a position and to vigorously denounce and condemn the actions of those who use their civil and political authorities to implement huge business ventures for their own benefit, we could certainly adhere to the view that favors social commitment over a political one and warmly welcome a work that seriously and courageously reminds politicians of their duties. But Rosi's film is biased and misleading, and the polemic against the real estate speculation becomes a pretext for propaganda and even more bias, as it is easily interpretable from the film's often propagandistic tone, the way in which the story is devised, and the way in which the characters and the relationships between them have been proposed. Thumbs down».

The Catholic Film Center rebuked Rosi for having given voice to all the characters, including those of speculators, equating those affected by dramatic speculation with those who think they oppose it without considering 'free enterprise'. Therein lies the originality of Rosi's work: he moves beyond biases and freely gives a voice to the protagonists, without excluding anyone or placing a particular moral judgment in the building of each character.

The film, therefore, suffered harsh criticism from the left who denounced Rosi's choice of not ideologically manipulating the characters of the film. Through such choice, the director has come to exalt the figure of Nottola as a the story's hero, whom he was accused of being secretly fascinated by. In one scene, Rosi portrays Nottola as a ruler who, from the top of his headquarters,

gazes at the city below as a huge prey in the dark. Later he is also depicted as a persuasive orator, capable of dominating the political leader, De Vita, in turn pictured curled up against a white wall like a boxer against the ropes and only capable of responding with vague legalistic arguments. And finally, Nottola is presented as the boss of a political machine that «goes to light electric candles to the Madonna in a Neapolitan Brooklyn-like church» (*ibid.*, p. 65), and a necessary force to the city¹².

In this paper we have repeatedly made reference to the thought and work of David Harvey and Henri Lefebvre. Before concluding, we must highlight the big difference between the two authors: the total lack of militant ideological connotations by the French sociologist when compared to the British geographer. For Harvey there is always a conspiracy threat by globalized capital in any urban manifestation and, consequently, a radical perspective of the conflict. For Lefebvre, however, the issues' terms are laid out in such a way that keeps the theoretical thinking separate from the ideological inclination. This does not mean that Lefebvre should be considered less of a Marxist than Harvey. On the contrary, precisely because he is interested in understanding the effects of the production of space, he recognizes an equal footing by both parties involved.

Along this line of thought, one of the most fascinating statements is contained in *Le droit à la ville* (1968):

«The city conserves the organic character of community that originates in the village and translates itself into a corporate organization. Community life (...) does not impede class struggles. On the contrary, the violent contrasts between wealth and poverty and the conflicts between the powerful and the oppressed do not prevent an attachment to the city or an active contribution to its beauty. In an urban context, the faction, group, and class struggles strengthen the sense of belonging. Political struggles between 'little people', 'fat people', and the aristocracy, all take place in the city. These groups are rivals in their love for their city».

Lefebvre's statement, with references to work and love, is anything but sloppy. To consider the city as a piece of work and to recognize that people with many different interests can be united by feelings of love, which, though very different from each other, likely constitutes the most promising starting point for considering the complex relationships between use-value and exchange-value and between development and revenue.

Considering the interactions that occur in the process of urbanization invites us to view the whole issue in terms of the *right to the opera* (understood as a place where the community can meet its needs and aspirations not only for material goods, but also for creative activities such as imagination and play) and as a place where each individual is free to pursue different interests and particular notions of happiness, without the danger of an all-powerful institution imposing its own concept of 'collective happiness'. Naturally, finding a solution for mutual balance between these two extremes does not come easily.

¹² Mancino e Zambetti (1998, p. 65), refer to an interview with one of Rosi's collaborators to the *Gazzetta del Popolo* «(for Rosi), men as Nottola are a force and a necessity for a city, be it Naples or any other city. They deserve encouragement for what they create, what they put in motion, for the forces that they stimulate and give rise to. It is the environment that channels their energies on the wrong path. The situation as a whole, what is old and wrong, is what makes them enemies of society, while they could be valuable elements».



Fig. 4 *Amore per la città (love for the city)*. Turin, 2013 (photo by Guido Borelli)

Such should be the starting point for the study of the processes of urbanization from an urban sociological perspective. However, the neglect with which Lefebvre's thoughts have been treated for decades (especially in Italy) leaves no illusions that there will be many researchers who choose to follow this path.

References

- Bagnasco, A. (1988), *La costruzione sociale del mercato*, Bologna, Il Mulino.
- Bagnasco, A. (1992), "Comunità", *Enciclopedia delle scienze sociali*, Treccani, Roma, Vol. II, pp. 206-214.
- Bagnasco, A. (2006), "Imprenditorialità e capitale sociale: il tema dello sviluppo locale", *Stato e Mercato*, n. 3, pp. 403-426.
- Bagnasco, A., Trigilia, C. (1984), *Società e politica nelle aree di piccola impresa. Il caso di Bassano*, Arsenale, Venezia.
- Becattini, G. (1979), "Dal settore industriale al distretto industriale. Alcune considerazioni dell'unità di indagine dell'economia industriale", *Rivista di economia e politica industriale*, n.1.
- Bonomi, A. (2004), "La città infinita", in A. Bonomi, A. Abruzzese (a cura di), *La città infinita*, Bruno Mondadori, Milano, pp. 13-34.
- Borelli, G. (a cura di) (2006), *Un paese diverso. La politica economica delle città americane*, FrancoAngeli, Milano.
- Borelli, G. (2011), "Henri Lefebvre: la città come opera", in G.P. Nuvolati (a cura di), *Lezioni di sociologia urbana: pensatori a confronto*, Il Mulino, Bologna, pp. 143-177.
- Borelli, G. (2012), "Pratiche predatorie urbane e ristrutturazione delle relazioni sociali" *Sociologia Urbana e Rurale*, n. 100.
- Breglia, M., Catella, M. (2000), *I fondi di investimento immobiliare*, Il Sole 24Ore, Milano.
- Cafagna, L. (1994), "Industria", *Enciclopedia delle scienze sociali*, Treccani, Roma, Vol. IV, pp. 642-659.
- Gottdiener, M. (2000), "Lefebvre and the Bias of Academic Urbanism. What Can We Learn from the 'New' Urban Analysis?", *City*, vol. 4, n. 1., pp. 93-100.
- Gottdiener, M., R. Hutchinson, (2006), *The New Urban Sociology*, Westview Press, Boulder.
- Harvey, D. (1990), *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change*, Blackwell, London.
- Harvey, D. (1989), "From Managerialism to Entrepreneurialism: The Transformation in Urban Governance in Late Capitalism", *Geografiska Annaler*, n. 71B, pp. 3-17 .
- Harvey, D. (2012), *Il capitalismo contro il diritto alla città*, Ombre corte, Verona.
- Lefebvre, H. (1972), *La pensée marxiste et la ville*, Casterman, Paris.
- Lefebvre, H. (1974), *La production de l'espace*, Anthropos, Paris.

- Logan, J.R., Molotch, H.L. (1987), *Urban Fortunes. The Political Economy of Place*, University of California Press, Berkeley.
- Mancino, A.G., Zambetti, S. (1998), *Francesco Rosi*, Il Castoro Cinema, Milano.
- Mela, A. (a cura di) (2008), *David Harvey. Neoliberismo e potere di classe*, Umberto Allemandi & C, Torino.
- Mela, A. (2011), "David Harvey: lo spazio del capitalismo", in G.P. Nuvolati (a cura di), *Lezioni di sociologia urbana*, Il Mulino, Bologna, pp. 179-203.
- Molotch, H.L. (1976), "The City as a Growth Machine", *American Journal of Sociology*, vol. 82, n. 2, pp. 309-330.
- Molotch, H. L. (1993), "The Political Economy of Growth Machines", *Journal of Urban Affairs*, vol. 15, n. 1, pp. 29-53.
- Perulli, P. (2000), *La città delle reti. Forme di governo nel postfordismo*, Bollati Boringhieri, Torino.
- Scott, A.J. (2001), *Global City-Regions: Trends, Theory, Policy*, Oxford University Press, Oxford.
- Triglia, C. (2006), *Sviluppo locale. Un progetto per l'Italia*, Laterza, Bari.