Socioeconomic Growth, Culture Scale, and Household Well-Being:
A Test of the Power-Elite Hypothesis[1]

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Abstract:

Socioeconomic growth is an elite-directed process that concentrates social power in direct proportion to increases in culture scale. Power-elites have used at least three different ways to control social power to their own advantage: 1) domestically by means of kinship; 2) politically by means of rulers; and 3) commercially by means of the market. Each control method produces a different growth trajectory and scale of culture, and a distinctive distribution of elite power and household living standards. Ethnographic data on urban property ownership in 27 municipalities in the Palouse region of eastern Washington suggest that when power is commercially organized and villages become towns and cities, although there is a dramatic increase in the number of prosperous households, even more poor and maintenance level households appear.

Growth in America, 1790-1998

Elite property owners who most benefit from growth assume a large role in municipal government where they can encourage further growth through municipal annexations and zoning changes. Thus, as elite power becomes increasingly concentrated, the growth process itself tends to become self-perpetuating. In the Palouse example, small, no-growth municipalities appear to be politically more democratic, and household well-being is more equitably distributed than in larger-scale, growing municipalities. The changes in scale and elite power that the commercialization process and unlimited growth produce can be explored with a simple model of growth in American income and population from 1790 to 1998. These two centuries saw the emergence of commercially organized culture, and they provide the immediate context for the present study of growth in the Palouse region over the past 100 years. American national growth was produced by public policy that promoted commercial enterprise, expanded territorial boundaries by military conquest, and overcame natural limits to growth by the development of massive politically funded irrigation and transportation projects. In 1790 there were only 4 million people in the newly independent nation, with an average household income that can be estimated at $8000 in 1990 dollars.

Analysis of colonial-era probate inventories by historian Alice Hanson Jones (1977, 1980) suggests that the distribution of monetary income in 1790 may have broadly approximated the 1994 pattern where the top 5 percent of households receive 20 percent of income, the top 20, middle 20, and bottom 20 percent of households respectively receive 46, 15, and 4 percent of income (*Statistical Abstract of the United States 1996,* Table 719). Soltow's (1989) study of wealth distribution suggests a similar pattern. His analysis of property ownership recorded in the United States Census for 1798, 1850, 1860, and 1870 shows that the first 100 years of economic growth did not significantly improve the distribution of wealth in America. Soltow found extensive property inequality throughout the nineteenth century.

Other historians used tax assessment data for nineteenth-century New York City to document a pattern of increased wealth concentration existing alongside persistent poverty (Jaher 1972, 1982; Pessen 1971, 1973). Pessen found that in 1845 the top 4 percent had accumulated an incredible 81 percent of all property wealth, even as per-capita wealth quadrupled. Kinship data showed conclusively that entrance to the top was determined primarily by inherited wealth and social status. Only 2 percent of the 100 wealthiest New York families in 1898 had started out poor.

This historical picture is very different from de Tocqueville's (1835-1840) vision of America as a land of equality and opportunity. However, America did offer European immigrants more upward mobility than their homelands did. Many low-income nineteenth-century American households did move up by gradual accumulation of small savings during the domestic cycle (Soltow 1975; Wallace 1978). Soltow (1975, 53) estimates that by 1870 perhaps 52 percent of Americans held at least $100 in property, but this was at a time when $60,000 in accumulated wealth was needed to provide the luxury lifestyle that only the top 545 Americans had attained. If the distribution of household income existing in America in 1994, including estimates for the richest Americans *(The Forbes 400: Forbes* Oct. 18, 1993, Oct. 17, 1994), is projected onto estimates of national income and population for 1790,

1890, and 1993 the impact on the distribution of social power of 200 years of growth in scale can be broadly approximated (Table 1). During this period population increased 65-fold and national income more than 1000-fold. Because of the change in scale, and given the distribution pattern, the model suggests that incomes of the highest elite households would have grown exponentially, increasing up to 5800-fold, whereas median income would have grown only linearly, expanding less than 6-fold. Such rapid growth in elite income must have been a powerful incentive for elites to promote even more growth.

Table 1. Growth in Scale of Society and Elite Power in America, 1790-1993				
	Population	Average Income of Top 400	Per-capita Income	Median Household Income
1790	4.0 million	$150,000	$1,163	$6,000
1890	63.0 million	$1.0 million	$3,500	$12,000
1993	260.0 million	$874.0 million	$21,224	$34,000

The differences between 1790 and 1993 America highlight the significance of scale and cultural process. In 1790 America was 95 percent rural, a society with social power organized predominately at domestic levels. Most people did not need money to survive. There were no large corporations, banking systems, or stock markets. New York, the largest city, had only 33,000 people. Households were self-sustaining, although they enjoyed few luxuries. In a sense, except for slavery and the few urban poor who were often immigrants, widespread poverty did not appear until commercial processes became dominant and everyone needed a monetary income. The commercialization process depended on a progressive increase in the scale of business enterprises from simple sole proprietorships and single unit mercantile partnerships in the 1790s, to multiunit enterprises in the 1850s, to giant vertically integrated, multinational, mass-production, mass-marketing corporations in the 1880s, to giant conglomerates by the 1960s. These organizational changes represent the managerial revolution detailed by Chandler (1977). Commercialization also increased the scale of American communities and changed the distribution of social power.

At the national level it can be readily shown that business resources have become highly concentrated, paralleling trends in income distribution. This has important implications for households in specific communities because the corporatization process has dramatically reduced the economic power of sole proprietorship businesses across America. This change in the scale of business enterprise transforms commercial life in small communities, making participation in markets difficult for many small business people. Even commercial real estate ownership, which in America has long been the domain of individuals, small partnerships, and family corporations is shifting toward powerful, nationally organized real estate investment trusts which have existed only since 1960. Corporatization is so extensive that 1995 tax return data suggests that the 50 largest U.S. corporations accounted for more business revenue than all 17 million partnerships and sole proprietorships in the country (*Fortune Magazine* April 29,1996; U.S. Internal Revenue Service 1995). A question for this research is how do such national level trends relate to the ownership and control of local property assets where they may have a very direct impact on households?

American Urban Growth

The remainder of this paper focuses on urban growth in the American Pacific Northwest. The objective is to test the power-elite hypothesis and to examine the household- and local community-level impact of growth in scale. Urban sociologists and economists have previously examined different aspects of American urban growth, but their work has produced contradictory results. Urban growth and city size is assumed to be related to income distribution, but the issue remains complex and controversial (Chakravorty 1996; Kennedy and Nord 1984). Using census data for cities of 250,000 or more, some argued that urban growth leads to income inequality because rising property values and population growth will produce monopoly rent profits for landowners, or will favor certain businesses (Haworth, Long, and Rasmussen 1978, 1982; Nord 1983; Walker 1979).

These results proved difficult to replicate and explanations are speculative. Others challenged the monopoly hypothesis and attribute growth-related

urban inequality to migration by workers with different skill levels which could produce various income distributions (Hirsch 1982). Researchers who included cities as small as 2500 found a U-shaped distribution, with cities of 10,000 to 50,000 showing the most equitable income distributions and inequality increasing in smaller or larger cities (Nord 1980). Canadian researchers found no increase in inequality with growth in Canadian cities and attribute the American findings to unspecified "particularities of U.S. cities" (Soroka 1984). The few researchers who considered historic trends found interpretation even more difficult (Kennedy and Nord 1984). The methodological shortcoming of much of this research was its reliance on aggregate census data, its treatment of cities as separate units, and its inability to test the significance of specific growth processes. Marxist theorists see urban growth as driven by the members of a property-owning capitalist class who seek capital accumulation by extracting profits from the working class. This view treats growth as a humanly directed process involving social power, but individual capitalists in fact compete with each other, and workers may lack class consciousness (Harvey 1985).

The actual role of power-elites in the urban growth process has been debated extensively with "elitists" and "pluralists" locked in seemingly unresolvable controversy (Harding 1996). Elitists argue that elites direct growth, whereas pluralists see no broad elite coalition. Harvey Molotch (1976, 1979, 1988) argues that because urban elites have the most to gain from growth, they invariably form a "Growth Machine" coalition of prominent property owners, business people, and investors to lobby local governments for pro-growth policies. A methodological weakness of this debate was in the definition and measurement of power and the difficulty of linking individual elites to political decision-making (Harding 1996).

Elites have usually been identified by reputation using survey questionnaires (Hunter 1953), but this is a very subjective approach. The unit of study has also been problematic because cities or communities are clearly not independent with respect to power. The present research is designed to overcome these methodological difficulties by focusing on all urban places within a single region, examining specific growth processes, and looking ethnographically at the household level using an empirical and replicable definition of power. My version of power-elite theory assumes that the type and degree of growth in urban economic assets, and how economic power is allocated to different categories of owners, whether individual,

public, commercial, or non-profit, is directly shaped by zoning, annexation, and taxation decisions made by local town officials (Babcock 1966). Whether urban officials are themselves power-elites is an empirical question, but it is likely that their decision-making will be influenced by the interests of power-elites.
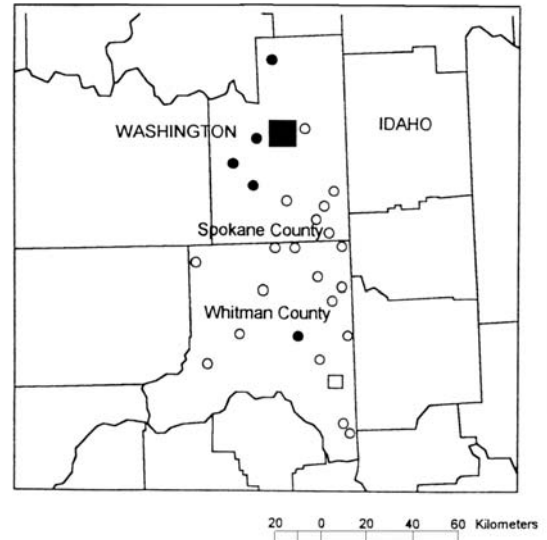
The Palouse Region

Fig. 1. The Palouse Region.　■, metropolitan center (100,000 +); ⑨, city (10,000-99,000); ●, town (2,500-9,999); ○, village (100-2,499).

The Palouse covers two counties in the extreme eastern part of Washington State (Fig. 1). The study population covers some 260,000 people[3] representing 58 percent of the 447,500 total population of the combined counties. Spokane County's 4566 square kilometer area includes the city of Spokane's compact urban center, a sprawling suburban area, and an extensive agricultural zone of dry farming and cattle ranching. The 188,000 people in the city of Spokane constitute nearly three-fourths of the study population. Spokane is the commercial center of a 209,790 square kilometer self-proclaimed "Inland Empire" spread across eastern Washington, northern Idaho, and western Montana, where economic activities have historically focused on agriculture, mining, and timber production. Economic development is accelerating and construction industries are prospering. Several multimillion dollar, publicly traded corporations are headquartered in Spokane, as well as some of the largest privately owned corporations in the state. The ongoing development of gated communities with costly "executive" homes associated with private golf courses indicates that part

of the population is prospering, yet wages in the county are below state and national levels in most employment categories. Underemployment and the cost of living are high, and housing costs have increased very rapidly. Poverty rates are well above state, regional, and national averages, and some of the largest concentrations of low income households in the state occur in Spokane.

Adjacent Whitman County is larger in area than Spokane County but contains only 41,000 people, just ten percent of Spokane's population. Whitman County is the center of one of the world's richest soft- wheat-producing regions, thanks to its ideal deep loess soils and suitable climate. This unique landscape of rolling, dune-like wheat-covered hills overlaps into Idaho and Spokane County, and is collectively called the Palouse, after the indigenous peoples who lived in the region before European settlers invaded in the 1870s and 1880s. Sixty percent of Whitman County's people live in the city of Pullman and most of the economic value is produced by the service sector, although most of the

land area is devoted to agriculture and grazing. For nine thousand years the Palouse was controlled by small-scale, domestically organized foraging cultures. Big game, migratory salmon, and roots and berries sustained perhaps 10,000 people at a maintenance level. The politically directed Euroamerican invasion of the region began with the 1804-1806 Lewis and Clark Expedition, followed by a trading fort in 1818, Christian missionaries in 1836, Indian treaties and reservations in 1855, and final military conquest in the Nez Perce War of 1877. A wave of European immigrants poured in. By 1890 more than 25,000 people were living in the new rail-hub city of Spokane and eight incorporated villages. By 1910 the total population had swelled to 172,684 with virtually all of the arable land planted and under cultivation. The practical limits of dry farming with human labor, animal traction, and steam tractors were soon reached, and urban growth paused after more than quadrupling within 20 years (Table 2). Spokane had become a metropolitan center; two villages had become urban towns, and twelve new villages were incorporated.

Table 2. Growth of Palouse Towns and Cities 1890-1990								
	1890		1910		1960		1990	
	#	Population	#	Population	#	Population	#	Population
Metro	0	0	1	104,402	1	181,608	1	188,800
City	1	19,922	0	0	1	12,957	1	24,360
Town	0	0	2	5,385	3	10,798	5	20,370
Village	8	5809	20	14,037	22	11,304	20	10,075
Total	9	25,731	23	123,824	27	216,667	27	243,605

Beginning in the 1930s Palouse farmers shifted to fossil-fuel-based industrial technology to reduce their labor requirements and increase the size of their farms, their productivity, and their profit. Many villages declined as displaced farmers moved into larger towns and cities. By 1960 the population living in towns had almost doubled, and one town had become a city, while the villages declined. County zoning restrictions designed to protect agricultural land meant that further urban growth required increasing urban densities and expansion of urban boundaries by incremental annexations. Between 1960 and 1996 a total of 65 square kilometers of land was annexed, almost entirely by the two largest urban centers, and the population of the city and urban towns doubled, while the villages continued to decline. Growth since 1970 was

accompanied by a boom in new construction and a tripling of per-capita property values. Overall growth in population and property between 1890 and 1990 was accompanied by more than a four-fold growth in per-capita income in constant dollars.

The present study includes all 27 officially incorporated towns and cities in two counties, three unincorporated areas recognized as places by the census bureau, and two neighborhoods. In comparison with other parts of the country, these towns are relatively new; 9 were incorporated only since 1900. Because scale of place is an important dimension of this research, I have sorted the 30 municipalities and places into four categories by population size as follows: Villages (100-2499); Towns (2500-9999); Cities

(10,000-99,000); and Metropolis (100,000+) (Table 2).

Property Ownership and Household Living Standards

In order to ethnographically assess how economic benefits are distributed as growth occurs, Palouse households will be ranked by the value of their real property holdings into the following three categories that can be related to household living-standard: 1) poor ($0-$9999); 2) maintenance ($10,000-$74,999); and 3) growth ($75,000+). These broad rankings are assumed to correspond to distinct income levels such that poor households are unlikely to generate income sufficient for adequate maintenance. Maintenance-level households can meet their basic material needs, whereas growth-level households can meet current needs and can also invest to raise their material level. This living standard scale is assumed to broadly reflect household differences in level and source of income, household structure, housing, diet, and rate of saving, as well as value of economic assets.

Income distribution is the key underlying variable related to property ownership and household well-being. Growth households are assumed to have incomes of $50,000 or more, which is more than 50 percent above the 1994 national median household income. Nationally, 29 percent of American households were in this category in 1993 (*Statistical Abstract of the United States 1996,* Table 715). As is well known, high-income households can acquire high-value residential property as well as commercial property. Growth householders are skilled wage-earners, salaried professionals, or business owners who can purchase relatively high-value houses, and may derive property income from their investments. They also have the potential to own rental property. In general, low income is related to low rates of home ownership because income determines whether a first-time buyer can save for a down-payment and qualify for a mortgage. Throughout the Palouse, property value was found to be positively related to community scale and population growth. This is a significant relationship for households because when growth in scale is accompanied by increased property value, people at lower income levels will be systematically cut out of the property market.

The maintenance household category is based on the relationship between income level and consumption patterns expressed in "Engel's Law" named after nineteenth century German statistician Ernst Engel. This assumes that maintenance households cannot save but have enough income to meet present needs. Engel

noted that at lower household income levels a higher proportion of income is spent on food; as household income increases, progressively more is spent on durables, then on luxuries, then on savings. Economist Paul Samuelson (1964, 209-210) calls the ability to save beyond present consumption "the greatest luxury of all." Savings can be invested in income-producing property and can produce "unearned" income directly. A 1990 *Consumer Expenditure Survey* published by the United States Department of Labor (1993) suggests that U.S. households do not save significant amounts until annual income exceeds $50,000. In this research it is assumed that households in the maintenance category are more likely to be wage earners and renters rather than salaried homeowners, and if they own property it is likely to be valued at below $75,000, a value just above the bottom 20 percent of houses in the western United States which were valued at under $70,000 in 1993 (*Statistical Abstract of the United States 1996,* Table 1195).

The $0-$9,999 property ownership rank for poor households is assumed to approximate the official U.S. 1994 poverty threshold of an $11,821 income for a three person household. The assumption is that on the average, households owning less than $10,000 in property assets are unlikely to have incomes above the official poverty threshold. They are more likely to be renters with significant debts, and earning minimal wages that do not adequately meet basic subsistence needs. Single parent families, newly formed households, the unemployed or underemployed, and the elderly may be in this category, along with many otherwise normal households that must depend on low income jobs. Very high rents in urban areas may force property-less households to violate Engel's law by spending less than their real needs would dictate on food, shelter, clothing, and healthcare, thus producing the material conditions of poverty.

Household-Level Property Ownership: Methodological Issues

The ethnographic analysis that follows is based on massive computer data sets obtained from county tax assessors. Ethnography is here broadly understood to mean 'description of people,' irrespective of the source of the data, or the specific method of collection. Rather than relying on aggregate census data, random sampling, or interviews, this research covers all households in all municipalities in a two county region, and includes non-resident owners of property in the study area. The U.S. Census does not identify individual households, but in America property

ownership is public information available at any county courthouse. Property ownership is also a broad indicator of household economic standing because non-financial assets, primarily homes and cars, constitute some 97 percent of the assets of the 70 percent of American households earning less than $50,000 a year.

This analysis of property ownership depends on a multistep procedure to extract, categorize, sort, and merge ownership data from county assessor's computerized data sets. The Spokane County assessor's roll was obtained in July of 1995 as a mainframe computer tape encoding 73 fields of information for all 190,051 parcels of property in the county. The Whitman County assessor's roll was obtained in digital form in May of 1997. It covered 37 information fields for all 41,529 parcels in that county. Assessed value is the basis of the property tax which provides about thirty percent of state and local taxes. In the State of Washington counties are required to assess the value of all property at 100 percent of "true and fair market value" and to revalue property at least every four years, considering sale price, replacement cost, and income-producing potential. However, assessed values tend to be conservative, and they lag behind the market. Assessed values may also be reduced by owner appeals. Furthermore, an otherwise identical property might have a radically different market value from year to year and in different communities. Market value is an ephemeral cultural construct that only becomes real when a particular property is actually sold; nevertheless, assessed value is probably the best single measure of the relative value of holdings for comparisons between different owner categories within a large region. Property ownership is a measure of social power, but it cannot be equated with wealth unless debt liabilities are also considered. This research does not examine debt.

The main frame data sets were read using programs written in the SAS language[4] to extract data for further sorting and analysis using standard PC-based spreadsheet and data base programs. The typical procedure involved creating a file containing all the parcels from a specific location.[5] A special computer program was written to compile the assessed values of all the parcels belonging to "owners" that the computer recognized as identical. However, the computer treated every minor variant of an owner name as a different owner, and the resulting file was painstakingly conflated by direct inspection. For example the computer connected 2590 parcels in a particular town with 1364 owners, which were manually conflated to 1041 owners. There was considerable room for

judgement and error at this stage, and a conservative approach was followed.[6] Husbands and wives were treated as joint owners, and initials or common nicknames were accepted as evidence of identity, except with very common last names. No attempt was made to identify extended families or kin groups.

Owners were sorted as individuals, corporate businesses, business partnerships, government, non-profits, and trusts by direct inspection. There were probably a few cases where separately listed spouses from the same household were inadvertently counted as separate owners. Thus not all individual owners represent separate households. Mistakes of this sort were likely to be random, but they have the effect of overstating the number of owner-households and make ownership appear to be somewhat less concentrated. It was also sometimes a matter of judgement whether a given business owner was a corporation, partnership, or sole-proprietorship (household-owned) because businesses do not always use their legally registered names. Government owners included school districts, state universities, as well as other city, county, state, and federal government agencies. Non-profit organizations included private schools, churches, and associations. Trusts most often appeared to be individual estates or family trusts, but these were not treated as individual household owners. The advantage of the procedure used here is that it can be replicated by other researchers, and it can be tested and refined in other regions.

This research is based on synchronic data out of practical necessity, although it draws on history in important ways. Scale of municipality is here treated as a proxy measure for growth. Larger scale municipalities are larger because they have grown, and this growth is historically demonstrated. It would certainly be desirable to test the findings of the present study using a diachronic analysis of property ownership in these same communities, perhaps sampling by decades. However, a fully diachronic study on the scale undertaken here would be a much more costly and time-consuming project because the entire database would need to be manually transcribed. The early property records are hand-written in large books. Even after computerized records were created, the county assessors merely updated a running record; they did not archive annual files in digital form. A synchronic study also simplifies the analysis because monetary values need not be adjusted for inflation, and household living-standard measures can be applied uniformly.

Property Ownership in the Palouse, 1995-1997

In 1995-1997 the county assessors calculated the value of all the land and buildings in the combined municipalities and two suburban communities of the Palouse region at more than $16 billion.[7] Sixty percent of the total property value was owned directly by individual households. More than 25 percent was held by business partnerships and corporations, reflecting the importance of the commercialization and corporatization processes. Government and non-profit organizations held only 12 percent. The balance was held in trusts. Eighty-six percent of all property value was concentrated in the metropolitan center where 73 percent of the population was located. Thus, community scale determined how property value was distributed, with the large-scale metropolitan center having per-capita values four times higher, and medium-scale towns nearly two times higher, than small-scale villages. This difference reflects a disproportionate increase in property value as growth in economies and populations occurred in particular places.

Property ownership proved to be even more concentrated than the national distribution of income. The assessed value of all property held by all 14,384 individual owners in the city, 5 towns, and 20 villages were found to total more than $1 billion. The top 20 percent of these individual owners held 52 percent of this total value and the top 5 percent held 25 percent. This is significantly more than the 46 percent of national income received by the top 20 percent of households in 1994 and the 20 percent received by the top 5 percent. Focusing on owners without regard to non-owner residents, non-resident owners, or the scale of particular places, would give an incomplete picture of the distribution of property ownership in the region. Not every household owned property, and not every individual owner was a local resident. However, all the resident households in a place have an interest in how local property resources are owned and used, and are here treated as part of a universe of owner/renters when evaluating the distribution of ownership. The 1990 Census reported that only 56 percent of Palouse urban households were homeowners. The remaining 44 percent were renters. It can be assumed that most renters are property-less householders. When the estimated 9,967 renter households were combined with the 14,384 owners as the total universe of households interested in local property resources, the relative proportion held by the top 20 percent of owner/renters jumped to 69 percent.

Supra-local property ownership rates have not yet been calculated for all owner categories, but preliminary analysis suggests that as many as one third of individual owners could be non-resident, or supra-local owners. Villages showed the lowest average apparent rate of only 12 percent supra-local ownership. The relationship of property ownership to household living standards and community scale comes out more clearly if higher level growth households are further subdivided by the value of their property holdings into the following two elite categories: 1) $250,000 Elite ($250,000-$499,999); and 2) $500,000 Elite ($500,000+). These property elites are likely to own multiple high-value properties. Their earnings and property holdings give them the ability to direct local economic growth.

Sorting owner/renters in all Palouse villages, towns, and the city by the household living standard ranking shows that the 32 percent of households in the growth and both elite categories held 87 percent of the property value, leaving the remaining 68 percent with just 13 percent of the property. The 12,058 households in the poor living standard category constituted half of the owner/renter universe but they held less than 1 percent of the property value. When owners and renters were sorted by community scale further significant differences were found. The number of renters increased and home ownership declined as community scale increased. Home ownership rates averaged 75 percent in the villages but dropped to an average of 55 percent in larger towns and cities. This reflects the higher value of property as growth occurs and the higher entry requirements for home ownership. Significantly, as ownership rates declined, property also became more concentrated at the top. Ownership was most inequitable in the city, where growth rates were the highest. The 2,965 growth and elite level households in the city[8] constituted 26 percent of owner/renter households but they held an amazing 89 percent of the property. There were 5,477 poor households, 65 percent of households, but they held only .25 percent of the property value. In the 5 towns, 24 percent of households were in the elite and growth categories, but their share of property dropped to 69 percent. In the 20 villages elite and growth households constituted less than 10 percent and they held only 37 percent of the property value.

Nationally defined Household Living Standard.

Village owner/renter households held on average less than $29,000 in property value. In towns the owner/renter average climbed to $48,000, but this did

not mean that most households were better off in communities that had grown because ownership was more concentrated in larger communities. One of the most striking differences in places of different size and growth history is the reduction of elite level households in towns and their virtual disappearance in villages compared with their prominence in high-growth city and metro center (Table 3). Palouse villages had the highest average proportion of maintenance-level households at more than 50 percent; most remarkably, these controlled the highest proportion of any maintenance level households at 61 percent of the

property value, more than 5 times the holdings of maintenance level households in towns. However, because total property values were much lower in the villages, individual maintenance-level household property holdings averaged $34,739. This was comfortably within the maintenance category but substantially less than the $43,187 town average for maintenance households. In towns and cities a much smaller proportion, only a third of the owner/renters were maintenance-level, comprising 30 percent of the property.

Table 3. Average Number of Palouse Households by Community Scale and Property Ownership 1995-1997				
	Village	Town	City	Metro
$1,000,000 Elite	0	3	17	301
$250,000 Elite	0	24	117	2,558
$75,000-$249,999 Growth	22	514	2,020	n.a.
$10,000-$49,999 Maintenance	118	753	804	n.a.
$0-$9,999 Poor	86	844	5,301	n.a.
Total	226	2,145	8,286	n.a.

The very highest rates of property ownership by the highest proportion of maintenance level households was found in the 12 villages that had remained stable or declined in population since 1950. These "no-growth" villages showed 55 percent of owner-renter households at the maintenance level controlling 72 percent of the property. There were proportionately fewer poor households in villages and they held more property than poor households in towns or cities. Poor households in the remote villages[9] held twice as much property value on the average as poor households in towns.

From the perspective of individual households with property holdings valued in the middle ranges of $49,000 to $249,999, at maintenance and non-elite growth living standard levels it is difficult to explain why growth would be desirable because the actual value of their average holdings shows a relatively small gain overshadowed by the vast absolute increase in the value of elite holdings. Furthermore, growth appears to significantly improve living standards for relatively few poor households. Growth produces an enormous increase in the absolute number of poor households in high-growth towns and the city, and on the average the poor hold a steadily declining absolute amount of

property value, while the average elite household shows dramatic increases in holdings. These findings dramatically confirm the popular wisdom that the rich get richer and the poor get poorer as the economy grows, but they also show that the poor become more numerous. Differential migration of poor households from villages to the city is no doubt part of this growth process, but the inability of poor households to acquire property means that growth does not adequately serve their basic needs. The inability to buy a home reflects inadequate household income in combination with soaring property values. Poverty and wealth are related phenomena. Low wages and high rents help maintain high investment income for property elites. These processes seem to parallel the high levels of poverty produced by growth at global and national levels as wealth has become increasingly concentrated.

Thus, it appears that as growth increases community scale, fewer people come to control a larger share in the upper ranges of property value, and the absolute number of poor households increases dramatically as their property share declines. The absolute increase in poverty reflects the difference in scale as communities grow such that towns and the city might have 10 to 60

or more times the number of poor households living in villages. Moreover, in the Palouse, as in 1790 America, the actual quality of life was probably better where community scale was smaller and the commercialization process was less prominent. Recent ethnographic research on a "no-growth" Palouse village (Allen 1989; Allen and Dillman 1994), describes a face-to-face community where villagers have a strong sense of local identity and provide mutual support in ways that soften the commercialization process. Households need less money to live well in small, more self-sufficient communities. Houses in the villages are often smaller and older than in the towns and cities, but they are of adequate quality, and ample yards often support home gardens.

The Palouse Property Elites

In the fastest growing larger towns and cities of the Palouse region a tiny minority of individual owners own property at a scale that dwarfs the holdings of everyone in smaller communities. The $154.4 million held by the three largest owners in the region is substantially more property than the $134.4 million owned by all the individual owners in the twenty Palouse villages with a combined population of 10,200 people. The top individual owner held $90.7 million in property. This magnitude of inequality disappears in national statistics, but it has palpable significance for the daily lives of thousands of people in the Palouse region because it is produced by steadily rising property values and rents. Many potential homeowners must rent, making it even harder for them to prosper economically. Property inequality of this scale can only be produced and sustained by high rates of growth in population, property transactions, and new construction, all of which generate public costs that must be shared by all taxpayers.

The increase in the number of property elites in the Palouse parallels the increase in high income households that was seen in two hundred years of growth in America. The rise of property elites is a critically important phenomenon because it represents a qualitative increase in the scale of the social power that can give a relative few the ability to shape the fortunes of entire communities and regions. In this research property elites were measured on two dimensions: 1) by the relative rank of the highest owners within a specific community; and 2) by the absolute value of the holdings of individuals owning $250,000 or more.[10] The relative measures of elite standing reflect the difference in social power that would be readily perceived by local residents in particular communities, but relative elites from different size communities are not comparable. The average holdings of the five top individual property owners in each community scaled in step with the scale of the community (Table. 3).[11] The top 5 elites in no-growth villages averaged only $85,000, while the growing village top 5 elites held $134,000 each. In the towns they held $1 million, $5 million in the city, and $35 million in the metro center. Even among the top 5 elites, the top individual often held significantly more than the other four. On average, the holdings of top individuals scaled $200,000, $1.8 million, $7 million, and $90 million, for village, town, city, and metro center respectively.

Elites had large holdings in single-unit residential property, but in larger-scale communities they were able to increase their holdings by diversifying into multifamily residences and commercial properties. There were virtually no apartments in the villages. For example, in Whitman County villages approximately 90 percent of the holdings of top 5 elites were in single unit residences, while that proportion dropped to 28 and 17 percent in the town and city respectively. The move into ownership of multifamily residences such as duplexes and apartments is an essential step because owning many single-family rental properties can become relatively inefficient. The financial return is also much higher from high-value, high-density property, but higher value properties may require partnerships or corporatization, zoning changes, and/or annexations. Thus, it is likely that urban property elites will encourage growth policies that will permit higher density and increased urban scale as an important means to increase their power.

The $250,000 and Millionaire Property Elites

In regard to property elites measured by absolute values, in the metro center there were 2,858 elite owners of property worth $250,000 or more, including the 301 elites owning $1,000,000 or more for a total of more than $1.7 billion in property, representing roughly ten percent of all the individually owned property in the entire Palouse. It is not yet possible to say what percent of total owners these 2,858 elites represent because there is not yet an accurate count of all individual owners in the metro center. Millionaire elites were uncommon outside of the metro center, although there were 17 in the city and 16 in the five rural towns, but none in the villages. The count of millionaire elites contains some overlaps because at least four held more than a million in property in more than one Palouse community. One owner held over a million each in the

metro center, the city, and in a town. At least twenty of the millionaire elite also held $250,000 or more in other Palouse communities. Such elites are among the most important supra-local owners in the region. Not unexpectedly, the residences of millionaire property elites tended to be separated from non-elites, and their very-high-value properties were often concentrated in newly developed gated communities with nearby golf courses. At least 30 millionaire owners had holdings in one 4 square mile area of a new suburb on the outskirts of the metro center. The concentration of individual property value in such "luxury suburbs" reached the remarkable per-capita level of $258,000, which was more than three times the $76,000 per-capita rate in the metro center and twelve times the $19,000 per-capita value in Palouse villages. These high-value properties are both out of sight and out of reach for most residents of the Palouse.

Property elites were prominent owners of the central business districts of the metro center and the city, but there were important differences related to scale and growth. The 40 blocks of the central business district in the metro center consisted of multistoried commercial buildings and parking lots valued at $303.8 million. Most of this valuable commercial property was clearly beyond the reach of all but a relative handful of mostly elite individual owners, including 11 millionaire elites. In striking contrast, 50 percent of the $11.3 million in the 20-block central business district of the city in Whitman County was owned by individuals. There was only one millionaire property elite among the 54 individual owners. This relatively low level of elite control in the city downtown is probably because the city has had a stable central business district area for many years. There are no buildings higher than two stories. Much of the new commercial growth has been in the expanding suburbs of the city, encouraged by favorable zoning decisions. In contrast, both the central business district of the metro center and its commercial suburbs have grown substantially in recent years, providing many opportunities for property elites to expand the value of their holdings.

Millionaire elites resident outside of the Palouse owned $88 million in the Palouse, an amount that again exceeded the $82 million in total individually owned property in 16 villages. Over $18 million in the metro center was owned by individual residents of the eastern U.S., including $6 million by individuals living in New York. This demonstrates the importance of supra-local ownership, but also shows its limits. Supra-local owners are investors, and they are attracted to high growth areas where rising values and the promise of

increased transactions will bring profits. No-growth villages are unattractive places for such remote investors. With $20 million in smaller holdings outside of the metro center, millionaire elites focused their investments in the rapidly growing suburbs ($9 million), the towns ($8 million), the city ($1.4 million), and in the few growing villages ($1.4 million). Significantly, only $280,000 was invested in two of the three largest no-growth villages. This is strong evidence that a small number of often remote property elites are important beneficiaries of growth. It is not immediately obvious how supra-local owners could promote local pro-growth urban policy other than through their political contributions.

Perhaps the strongest link between property elites and pro-growth political decision-making is seen in the disproportionate representation of property owners in general, and of the top 20 percent elites in particular on city councils as community scale increases. Each of the 27 incorporated urban places in the Palouse averaged 6, occasionally 7 or 8 elected officials, counting the mayor and 5 city councilors, for a total of 179 officials in 1994-1995. One hundred and eighteen or 65 percent of these officials held a total of $9 million in individually owned property value. Property elites who were in the top 20 percent of owners for each locality accounted for 64 percent of the property owner interest on the city councils. The average property holding by municipal officials is $76,000, putting their households within the growth category. This is an incomplete measure of economic elites in local governments because many officials are also likely to be both business elites as well as property elites; some may only be business elites. Predictably, the total amount of property represented in city government increased with the scale of community, from an average of $208,000 in villages, to $320,000, $956,000, and $1 million for towns, cities, and the metro center respectively.

The political influence of power-elites is magnified because as urban scale increases, a single individual's vote is necessarily devalued and only the most highly motivated are likely to be politically engaged. If democratic ideals were realized and property ownership were not a motivating factor for office-seekers, we would expect to see less, not more, property value represented in government as community scale increased. This is because average holdings decline, and the absolute number of property-less people increases as population increases. The poor and property-less become the most numerous households in the towns and cities; democratically they should have the largest voice in public affairs, but the "growth

machine" seems to be a controlling power in the Palouse's larger communities just as Molotch (1976) would predict. A study of campaign donations by the local newspaper shows that property elites take an active role in influencing growth-shaping local political decision-making. The newspaper Spokesman Review, 14 September, 1997, reported that donors located in recognized elite residential areas of the metro center were the most prominent contributors to candidates in metro center 1997 municipal elections, accounting for one-fourth of total contributions. Only one-fourth of registered voters actually voted in the primary, giving elite donor participation even greater importance.

Conclusion

This study demonstrates the degree to which, in one region of the western United States, pro-growth government polices, together with the effects of differences in community scale and the emerging processes of corporatization and supra-local ownership have worked to increase the social power of property elites, while measurably reducing living standards for many households. This process seems to be a continuation of a broad cultural evolutionary trend in which elite social power increases whenever power-elites can devise cultural processes that will overcome growth thresholds and increase culture scale. Growth also leads to great national and global levels of wealth inequality, threatening the viability of domestic-scale cultures and communities even in the most remote locations (Bodley 1999). Growth may further impoverish poor people everywhere by making it difficult for them to retain or acquire property. The growth patterns found in the Palouse can provide a baseline for comparison with growth in other cultural settings that may have developed more balanced commercially organized cultures.

Continued growth in scale and power in the present commercial-scale world has been sustained by the widespread but apparently misleading perception that growth generally improves human well-being and opportunity. This sense of increasing prosperity is perhaps endorsed most strongly by the top 5 percent of the global population who, in 1997, enjoyed per-capita incomes of more than $12,500 and received some 40 percent of global income. In a world where economic planners treat capital and labor as part of a single global pool, and where the labor and resources of even the poorest contribute to overall growth, it seems reasonable to apply a single monetary measure of absolute prosperity to everyone, even though cross-cultural definitions of living standards may vary

dramatically. Many individuals in what could be called the global middle class, the 25 percent of the world's population who now enjoy incomes of between $2500 and $12,499, and who received perhaps 40 percent of global income, could realistically expect continued growth to help them maintain a comfortable living standard in a commercially organized culture.

However, perhaps 4 billion people, or 70 percent of the world's population, are still living below the maintenance level enjoyed by the middle and upper classes in commercially prosperous countries. The commercial prosperity that growth promises has little practical relevance for most of these global poor who receive only 20 percent of the world's income and who are becoming increasingly marginalized and excluded by the global-scale commercialization process. For example, most Sub-Saharan Africans and many Latin Americans and Asians have been almost totally by-passed by the benefits of recent economic growth (Castells 1998, 70-165). Furthermore, even in the wealthiest countries where the income floor has risen for many, relative income inequality is still associated with lowered absolute life chances as measured by higher mortality rates, increased stress, and reduced social cohesion for those at lower income levels (Gregorio et al. 1997; Wilkinson 1996, 1997).

The human problem is that commercial growth seems to systematically shift social power to the top at an unprecedented scale. As a result, the absolute number of poor appears to be increasing faster than the number of truly wealthy. This suggests that growth has clearly exceeded Pareto's theoretical optimum, the ideal condition where growth would stop because no one can get richer without making someone else poorer. Worldwide, there are now some 6 million high-net-worth, hyper-successful individuals, each with investable assets of over $1 million U.S. These wealthy few are a mere 0.1 percent of the global population, yet their great wealth gives them enormous power to shape everyone's future and a vested interest in accelerated growth. The world's high-net-worth individuals are disproportionately concentrated in Europe and North America. Together they hold assets worth a staggering $17.4 trillion (Gemini Consulting 1997, 1998). These assets are expected to grow at 10 percent a year, and thus represent more than 8 percent of global income.

If the world were considered a single corporation, these investors would collectively be among its prime beneficiaries and most significant controlling owners. It is possible that these individuals have the most influence over global decision-making and have most

benefitted from the "new growth" economic policies that elevate the interests of commerce above those of governments, communities, and households. Conspicuous wealth sets a standard that is realistically unobtainable for most of humanity, but the emulation effect encourages the less privileged to support pro-growth policies that promise even the remote possibility of success.

It should be stressed that commercialization as a means of organizing social power may not in itself be particularly problematic. The Basque cooperative system in the Mondragón region of Spain demonstrates that commercialization can operate at a domestic-scale under democratic control (Morrison 1991; Abascal-Hildebrand, this issue). In Mondragón, by cultural consensus, workers are also business owners and managers; groups are normally not larger than 500 owner/workers; wage scales remain equitable; and profits support local communities. The problem elsewhere is that culturally unregulated commercialization produces an increasingly unbalanced distribution of social power. Domestic-scale cultures and small-scale local communities seem better able to distribute social power in ways that serve the interests of most households, and they can more easily limit the expansion of social power. Social power may be best regulated when elites are local residents who can be recognized on a face-to-face basis, when direct political democracy can be used to balance the inequities of power.

All of this argues for replacing monetary measures of development with a revised living standard concept that would emphasize specific social power issues such as access to a living wage, education, healthcare, and public life generally, including politics and the arts, and a reasonable minimum standard of physical comforts for food and housing. This recalls the United Nations 1948 Universal Declaration of Human Rights, which states that "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing, and medical care. . . ." Development becomes a human rights issue, and an access and distribution problem, rather than mere economic growth. This kind of development is almost certainly best implemented within empowered small-scale societies where the nuances of local culture can be expressed.

Notes

2. John Bodley is Professor of Anthropology at Washington State University, Pullman. He conducted fieldwork with indigenous groups in the Peruvian Amazon, about which he has published. He also has published on indigenous rights and on broader development issues. Since 1990 he has studied the distribution of social power in America.

3. Population of 259,141 in the incorporated portions of 27 incorporated municipalities of Spokane and Whitman Counties as estimated for 1996 by the State of Washington, Office of Financial Management, 1996. This figure also includes my projections for the unincorporated census places of Colbert, Liberty Lake, and Otis Orchards in Spokane County based on the 1990 U.S. Census.

4. The SAS language is a proprietary software system licensed by the SAS Institute Inc., Cary, North Carolina.

5. Property holdings are not expected to correspond precisely with municipal boundaries in either county. Furthermore, the "owner" populations assigned to municipalities in the two counties may differ somewhat in their relationship to the municipalities because of differences in the way the two data sets were constructed. The data field "site city," which was used to connect owners with municipalities in Spokane County, may include property beyond site city municipal boundaries, especially for the metropolitan center. Whitman County property ownership was calculated from the "tax district" field in the data set

which may produce a closer match with municipal tax boundaries. The valuation figures calculated for this study often vary from the tax valuations published by the Washington State Department of Revenue (1995) because the present study includes tax exempt properties, and because these data sets were collected in the middle, rather than the end of the tax year. The basic analysis involving ranking of elites and owners should not be affected by these variations because the bulk of this analysis excludes the metropolitan center where boundary incongruities would be magnified.

6. John Bateman (1883, v-xxvi) discusses similar methodological problems and solutions in his pioneer ranking of British landowners based on the "New Domesday Book, the Parliamentary return of landowners of Great Britain for 1873."

7. Non-home-owner households are assumed to be renters. The number of home owners in 1996 is estimated by applying the 1990 Census home ownership rates for each place to the 1996 population estimates provided by the State of Washington (Washington State Office of Financial Management 1996).

8. The city is a university town where over half (16,737 out of 24,600) of the population were students, many of whom were temporary residents and thus unlikely to own property. The figures used here partially correct for this factor by using the census estimate of households which exclude students living in group quarters, rather than simply dividing population by average household size for the county. Many of the approximately 10,000 students living outside of group quarters rent housing in the community and are treated as part of the universe of owner/renter households.

9. Remote villages were at least 15 air miles from towns and cities and 30 miles from the metropolitan center. Actual commuting time was not calculated, but these distances appeared to place remote villages beyond the direct influence of the real estate markets in the towns and cities.

10. The values offered here are incomplete measures of elite power because they count only individually owned property held in the Palouse. Top elites are likely to have additional holdings outside of the Palouse. Many top elites also have major holdings in partnerships and business corporations that are treated separately but greatly expand their actual power. This reflects the importance of corporatization and supra-local ownership as processes for continuing to concentrate

power beyond the practical limits of individual property ownership. The ranking of $250,000 elites in the metro center is provisional and will eventually be expanded because it was based on only the top 10,000 unconflated owners ranked by property value, including all owner categories (see discussion of methodology) out of 118,438 owners of 161,197 parcels. Future research will be need to conflate, sort, and re-rank all metro owners.

11. These figures are based on the World Bank's (1995, Table 30) percentage rates for income distribution by population quintal which variously cover the years 1978-1992 for individual countries. These rates were applied as per-capita income averages by quintal using United Nations estimates for population and national income figures for all countries for 1965 and 1997. Sorting income figures by quintals within each country reflects the extremes of wealth and poverty more accurately than a single national per-capita income figure. The World Bank (1995, Table 1) defines high-income countries as those with per-capita incomes of $12,600, whereas low-income countries have incomes of $660 or below. The poverty line of $2500 used in the present paper is substantially higher, but more realistically approximates the living standard levels prevailing in the developed nations.

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