

Use and Exchange Values: a Framework (or, what can Cities Teach us about Territorial Justice?)

Loren King*

Winter 2009

a very preliminary draft!

Abstract

Everything we do must be done somewhere. For many bounded physical locations, some uses of that space will conflict with others. Some especially troubling and seemingly intractable conflicts of this sort play out against familiar stories of the legacy of Westphalia, the follies of imperialism, and contemporary efforts to accommodate diversity. Thus philosophical attention has quite reasonably been drawn to these spatial and organizational scales. Yet I suspect that modern urban realities may tell us something interesting about such conflicts that might otherwise be obscured. I argue that a critical (but not unique) feature of urban life – the tension between use and exchange values – is properly understood as reasonable disagreement over subjective values associated with the uses of particular spaces, and that such disagreements are best addressed within an account of legitimacy that gives pride of place to reasonable constraints on public justification in evaluating institutions and outcomes. I develop this position against Marxist, egalitarian, and postmodern approaches: the former positions lead to a variation of the expensive tastes controversy, whereas the latter is descriptively plausible yet normatively ambiguous. I defend my favoured approach against a libertarian and perfectionist challenge that privileges market mechanisms of valuation, and I briefly consider what implications my argument might have for broader debates about territory and justice.

* Assistant Professor, Department of Political Science, Wilfrid Laurier University, Waterloo, Ontario, Canada (lking@wlu.ca).

I INTRODUCTION

It is trivial to note that everything we do must be done somewhere.¹ It is almost as trivial to note that, for most any bounded physical location, some uses of that space will conflict with others: if my favoured use of a tract of forest is as a sanctuary for endangered species, then that use conflicts with your desire to extract lumber for a paper mill, or to develop an exclusive resort community.

Much of the seemingly mundane business of local and especially urban politics involves such disputes: should a given location be a park? a recreation center? a shopping complex? a waste processing plant? How should such questions be addressed? Ought we to restrict certain uses in particular areas according to a (purportedly) rational plan? for aesthetic reasons? ecological considerations? Is there an acceptable way for political decision-makers and policy technicians to balance such competing considerations, in ways that satisfy all or most parties, or that are at least morally principled? should we let markets and relatively unfettered exchange determine the value of land to interested parties? (while perhaps attempting to compensate for historical injustices perpetrated against some former residents of lands that our ancestors acquired by dubious or outright criminal means).

Perhaps it is the mundane and everyday character of municipal squabbling (over malls, highways, sprawling residential developments) that has discouraged much philosophical attention to these sorts of disputes at the local level. When philosophers and theorists do attend to boundaries, territorial claims, and conflicting land uses, they often do so within the familiar terms of debates about justice and sovereignty—debates that presume, even as they often interrogate, something like the sovereign territorial states that we have inherited from Westphalia.

We have seen, for instance, over the past decade or so, much constructive argument over such questions as: when a distinct group may legitimately secede from an existing state; how governments should approach cultural and religious disputes over sacred sites; whether or not state officials may legitimately coerce non-citizens at border crossings, or tell immigrants where they may settle; and what sorts of rights claims (if any) sovereign governments have over resources within their borders. When such philosophical efforts move beyond questions of principle to consider institutions and practices, the imagery invoked and specific examples cited are, quite reasonably, framed at the scale of the sovereign territorial state or beyond.

This is all well and good. Here, however, I want to turn our attention for a moment toward the local, and particularly the urban. The realities of modern city life – the extraordinary density of populations and concentrated diversity of needs, values, interests, and expectations – both accentuate disputes over land uses, and introduce some troubling complications that may not be apparent when debating, say, liberal-nationalist versus cosmopolitan approaches to borders and resource claims, or the merits of permissive accounts of legitimate secession from a liberal state.

I will suggest that a critical feature of urban life – the tension between use and exchange values – is

¹although some have nonetheless noted this, and to interesting effect, e.g. Jeremy Waldron, “Homelessness and the Issue of Freedom,” *UCLA Law Review* 39 (December 1991): 295-324.

properly understood as reasonable disagreement over subjective values associated with the uses of particular urban spaces, and that such disagreements are best addressed within an account of justice that gives pride of place to reasonable constraints on public justification in evaluating institutions and outcomes.

Putting the point this way perhaps makes clear my underlying aim: by recovering a venerable distinction from classical and marxist political economy in this way, I hope to demonstrate the usefulness of thinking about justice in urban settings, and in particular about disputes over the value of land, in broadly Rawlsian terms, invoking the ideas and aspirations of political liberalism. But I will also try to show, by way of a very tentative and speculative conclusion, that this approach may be of some use in thinking through a general class of disputes more familiar to those of us currently engaged in philosophical analysis of borders, territory, and justice.

USE AND EXCHANGE VALUES

Questions of value – how we experience value, and how we ought to evaluate goodness – are deep and complex.² I am concerned here only with a very small part of that conceptual space: two ways of understanding the value of locations in physical space.

We value the use of a thing against a background of beliefs, expectations, interests, and aspirations. So it is with particular spatial locations: the value of a location in use will be a function of the value we assign to objects, activities, or meanings that depend on durable or recurrent features of that space. To be sure, we might hold a spatial location to be intrinsically valuable, regardless of whether or not the use of that space is essential to realizing other valuable states of affairs. But intrinsic locational value is not a *use* value. Use values are plural (there are many valued activities and states of affairs bound to many particular regions in space) and importantly subjective: *my* interests and aspirations determine my appropriate metrics of valuation for determining the most desirable use attached to some location in space. Those who share some of my interests and aspirations will likely accept my favoured metrics and evaluations; others will not.

The distinction between value in use and value in exchange arises with Adam Smith at the dawn of classical political economy. The distinction was typically developed as part of a theory of value, and often the problem of plurality and subjectivity is not far in the background: our assessments of value are myriad and often in conflict; and yet we find ways to compare the worth of things, and to ‘truck, barter, and exchange one thing for another’. The value of commodities in exchange could be plausibly defined as a ratio of utilities u associated with the use of those commodities a, b

$$u(a) : \alpha u(b)$$

Karl Marx understood the plurality and subjectivity of values in use, and instead concerned himself with the production, through labour, of commodities bearing ‘social use values’ that could be exchanged.³

²My fragile grasp of these ideas and debates has been dominated by the work of Elizabeth Anderson, *Value in Ethics and Economics* (Cambridge, MA: Harvard University Press, 1993), whose arguments lurk in the background throughout the following efforts.

³Karl Marx, *Capital, Volume I*, in Robert C. Tucker, ed. *The Marx-Engels Reader* (Second Edition. New York: Norton, 1978):

Having linked use and exchange values in this way, Marx defines the value of a commodity as the socially necessary labour time typically required for its production.⁴

The labour theory of value is widely thought by economists to be deprecated, largely replaced by Jevon's appeal to ratios of marginal utilities,

$$\Delta u(a) : \alpha \Delta u(b)$$

and then by the theory of rational expectations and subjective expected utility (SEU), grounded in the bayesian decision theory developed by Frank Ramsey and Lloyd Savage.⁵

A common complaint with this turn to marginalist and SEU approaches is that exchange values so conceived often fail – sometimes dramatically – to track the richness of use values, which often include aesthetic and historical dimensions which do not collapse easily into a price in exchange.

David Harvey has argued that property in land is especially problematic in this regard:⁶ it is immobile, exchanged far less frequently than other commodities, and is the site of multiple uses by varied actors; yet its exchange value can increase and decrease in ways that have little (or nothing at all) to do with how residents use that land. The density and multiplicity of uses characteristic of urban land draw out these features in dramatic relief. For instance, the full range of use values associated with a community park are not reflected in the exchange value of that land when sold to a real estate developer who transforms the space into a luxury condominium complex—and in the process closing off the former parkland from public access, or doing away with green space altogether.

Another plausible complaint, consonant with much recent work in critical social theory, is that the emphasis on exchange values of urban land, and the attendant focus on property rights and contract regimes, reflect dominant discourses and exclusionary impulses. Dominant values – and metrics of valuation – merely reflect who controls urban space in the neoliberal city, defining acceptable uses, and this in turn reflects the vagaries of power, sanitized by impersonal and supposedly fair market mechanisms.

WHAT IS THE PROBLEM OF URBAN LAND VALUES?

Both complaints invoke plausible descriptions of urban realities, but both are normatively ambiguous.

We should ask the marxist why it is a problem that some uses of urban land are persistently priced out of the relevant markets? Why, for instance, are the dog walker's and chess player's use values not simply preferences that become increasingly expensive as the economic fortunes and aesthetic character of urban neighborhoods change? We should then ask the egalitarian if there is any plausible path out of the expensive tastes controversy that does not involve taking (controversial) sides in debates over the appropriate currency

294-438 at pp. 307.

⁴Marx, pp. 305-6.

⁵Paul Anand, *Foundations of Rational Choice Under Risk* (Oxford: Clarendon, 1993), chapter one, offers a clear exposition of this conceptual history; see especially his succinct explanation of Ramsay's remarkable approach to deriving subjective probabilities (pp. 7-10).

⁶See his *Social Justice and the City* (Oxford: Blackwell, 1973), chapter five.

of egalitarian justice?

And we should ask the critical urban theorist why it is a problem that some interests prevail in urban land use decisions by influencing citizen beliefs and preferences (through aggressive and expensive marketing campaigns, for example), on the one hand; and the dominant uses and built forms of particular urban spaces, on the other?

What principles might we invoke and defend to argue that there is a problem of justice in how markets and governments treat the value of urban land when appropriate uses are contested? A strong principle might demand the following:

Strong Responsiveness: everyone's subjective use values must be reflected in land-use regulations and market prices

We could offer an autonomy defense for this principle of strong responsiveness: insofar as our subjective use values reflect vital interests in self-definition and pursuing coherent life plans, policy ought to reflect those valuations, in some plausible sense of 'reflect'.

But even if we could arrive at a plausible account of when policy satisfactorily reflects diverse and conflicting valuations (and the vagaries of social choice theory do not inspire much confidence in this regard⁷), use values will inevitably conflict when parties use – and value – the same space in different ways. Again, everything must be done somewhere, and some uses foreclose the possibility of others. Given this, how could prices and policies meaningfully 'reflect' these incommensurable valuations? A weaker principle that seems at first blush more plausible would ask the following:

Minimum Threshold: relevant agents are to be guaranteed a minimum threshold of effective access with respect to vital land needed to exercise essential freedoms and duties

If our concern with use values is rooted in autonomy and fairness considerations, then this principle seems better than the first: we know that use values will conflict, so why not simply ensure that, whatever those values are, people can reasonably expect to have access to at least some places where their favoured activities can be practiced? Once the threshold of access and use of relevant land is guaranteed, such that this expectation is satisfied by all citizens, then markets can allocate rights of ownership and use above and beyond this threshold.

⁷e.g. Amartya Sen, "The Impossibility of a Paretian Liberal," *Journal of Political Economy* 78, 1 (1970): 152-157. We might try to defend strong responsiveness by interpreting Sen as Nozick does, in *Anarchy, State, and Utopia* (New York, Basic, 1974), pp. 164-6: rather than understanding citizens as having some set of options over which their preferences determine the social ordering, we instead interpret their sovereignty over that set as effectively removing those options from the social ordering. But that doesn't solve the problem of conflicting reasonable use values over urban land; it merely asserts the priority of owner's use values over any and all others—a solution, to be sure, but one that depends on accepting an expansive (and controversial) understanding of the nature and moral consequences of self-ownership. Merely recognizing that connection is not an argument against such an understanding; but it seems only to allow a seriously constrained variant of the 'strong responsiveness' principle: those with ownership stakes in urban locations must have their subjective use values reflected in policies and outcomes.

But a threshold with respect to what: ownership of land? rights of access? for specific uses? and for how long? some uses will no doubt be more onerous than others. The weak principle leaves us facing a variation of the egalitarian controversy over expensive tastes.

An attractive feature of the ‘minimum threshold’ principle is sensitivity to the intuition that there may be thresholds of guaranteed use that are sufficient for satisfying autonomy and fairness considerations. This intuition remains ambiguous, however, admitting of distinct interpretations and emphases with respect to how uses are defined, and according to what metric the competing locational demands of varied uses ought to be adjudicated. And so another candidate principle: we might ask that

Respect for meanings: everyone’s sense of the *meaning* of their favoured urban spaces ought to be respected in public judgements

This seems to be an utterly murky principle—certainly no clearer than the ‘responsiveness’ principle, and lacking the modesty of the ‘minimum threshold’ rule. What counts as sufficient ‘respect’? What is a ‘sense of meaning’? What does it mean for a ‘sense of meaning’ to be ‘respected’ in public judgements?

Yet this very murkiness illuminates an abiding feature of urban land use disputes: much of how we use and value urban space is deeply social and public, and the subjective worth of these spaces will be tied to shared meanings and experiences linked over time to specific places.

Can we seriously require that exchange values somehow ‘respect’ such socially constituted use values?

No, but we can frame constraints on exchange-related processes of valuation that take seriously the deep and multifaceted ways that our interests are bound to specific places and their characteristic uses, by demanding that urban land use disputes be treated as *reasonable differences*, and affirming a political-liberal principle of legitimacy:

public justification of particular land uses must not presuppose commitment to contestable beliefs about the ultimate sources of value

I don’t pretend that the ‘respect for meanings’ principle itself constitutes a procedure for resolving particular disputes over land uses, but I do claim that, together, the ‘respect’ principle and the political-liberal principle of legitimacy delimit *the kind of problem* that urban land use controversies often are, and what general moral considerations and constraints ought to inform specific solutions arrived at in land use disputes.

How might a critic dispute this claim?

They could deny that reasonable disagreements over the priority of contending use values is possible, and that there are instead generally correct and incorrect answers to questions such as ‘how should we use this land?’ and ‘what is the appropriate compensation to those whose favoured use values lose out in market outcomes and public decisions?’ At their most exuberant, some libertarian philosopher-economists

might blurt out such a view, defending market valuation of urban land just because it is the correct valuation procedure.

But this seems an extraordinarily strong denial: is there really one correct answer about what is the most morally desirable land use? How would we find it? What metric ought we to appeal to in assessing the correctness of particular valuations? And why suppose that market mechanisms – rather than, for instance, a far more deliberative public process of preference revelation, discussion, critique, and defense – amount to the most suitable valuation procedure?

My approach – of respecting diverse meanings through a political-liberal principle of legitimacy applied to urban land use controversies – lacks the superficial appeal of the resort to (purported) facts and (ostensibly) correct valuations; but since those appeals are dubious upon inspection for all but the most obviously benign public uses of land, my account fares better as a principle of legitimacy constraining market valuations, and the political judgements and legal frameworks that make those valuations possible.

BROADER LESSONS?

Urban land use disputes seem to me to closely mirror some of the most difficult and intractable conflicts in and among existing plural states and their societies.

Consider that, on the one hand, governments of large multicultural and multinational states could continue to allow vast tracts of territory to be allocated according to market mechanisms and used for all manner of productive activities: intensive agriculture, resource extraction, industrial production, transportation networks, and residential development. On the other hand, those governments might instead strive to sustain vast expanses of territory as largely unaltered ecosystems for use by quasi-nomadic indigenous hunting cultures. And perhaps, consistent with these wild expanses, these same governments might try to sustain contemporary variations on medieval town-based ways of economic life that take seriously local economies and socially embedded market practices. It seems clear, however, that governments could not do all of these things—at least not without significant numbers of citizens making substantial concessions. These ways of ordering the brute material facts of economic life are effectively incommensurable.

Political philosophers and theorists of various stripes have tried to take seriously the cultural traditions of North American indigenous peoples, for example. And communitarians (and perhaps some multicultural liberals) seem friendly to recognition of the importance of traditional communities, such as those whose survival is at stake when governments try to sustain, as viable commercial enterprises, family farms in the American midwest, or costal communities in the Canadian maritimes. But no egalitarian or multicultural liberal seriously proposes trying to accommodate not so much the spiritual beliefs, communal norms, and family traditions of these peoples, but instead the material-organizational principles and practices that have given rise to, and have sustained, these ways of life across generations. Such a claim would seem almost absurdly romantic in the face of the realities of market capitalism as a historical force.

And yet these are not only clashes of cultures and traditions; they are also importantly conflicts over

use values, and I think we would do well to treat them as reasonable disagreements: bearers may well be able to defend their favoured use values without appealing to controversial spiritual or metaphysical claims.

I am not asking, for example, that we accept as morally weighty the claims of tribal elders about the spiritual connections between people and the earth; or that we take at face value the authenticity claims sometimes made in favour of certain rural ways of life, often by way of stressing deep affective ties to the land (think here of, say, Norman Maclean's *A River Runs Through It*, Annie Proulx's *The Shipping News*, or countless similar sentimental appeals to 'the power of place' and 'habits of the heart' in film, literature, and populist politics). I am instead asking that we take seriously the standard of reasonableness that comes bundled with the political-liberal conception of legitimacy. According to this standard, we may well find justifications for economic practices and associated ways of life that, although substantially and even radically different from our own, can nonetheless be defended without depending upon controversial spiritual and philosophical commitments.

How likely are such reasonable justifications of contending patterns of land use? I'm not sure. I merely note here the structural similarity between, on the one hand, this broad class of disputes that can be found across the globe and throughout modern history; and the sorts of land use disputes we find in and around contemporary cities, on the other.

I will speculate, however, that if such justifications are often available, we could likely forge institutions that would at least tend to find whatever commensurability is available between differing reasonable claims about place-bound ways of life—by, for instance, guaranteeing real opportunities for voice and influence in legislatures for minority reasonable ways of life (whether or not they are territorially concentrated or dispersed), and ensuring a substantial degree of autonomy for bearers of reasonable conceptions of justice, in both territorial and nonterritorial jurisdictions. I suspect that this would draw our attention away from some of the more familiar philosophical disputes about moral principles (between cosmopolitans and liberal nationalists and communitarians), and instead toward the institutional problem of accommodating diverse but conflicting reasonable ways of life, and especially their associated place-based claims.