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**Remapping Inland Southern California: Global Commodity Distribution,
Land Speculation, and Politics in the Inland Empire**

by

Juan David De Lara

A dissertation submitted in partial satisfaction of the
requirements for the degree of
Doctor of Philosophy

in

Geography

in the

GRADUATE DIVISION
of the
UNIVERSITY OF CALIFORNIA, BERKELEY

Committee in charge:
Richard Walker, Chair
Michael Johns
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Fall 2009

The dissertation of Juan David De Lara, titled Remapping Inland Southern California: Global Commodity Distribution, Land Speculation, and Politics in the Inland Empire, is approved:

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University of California, Berkeley

**Remapping Inland Southern California: Global Commodity Distribution,
Land Speculation, and Politics in the Inland Empire**

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Juan David De Lara

Abstract

Remapping Inland Southern California: Global Commodity Distribution, Land Speculation, and Politics in the Inland Empire

by

Juan David De Lara
Doctor of Philosophy in Geography

University of California, Berkeley

Richard Walker, Chair

Inland Southern California's development is deeply embedded in the territorial restructuring of profit. Cyclical waves of capital investment into local land markets has produced a regional landscape of commodity transport, housing, and labor that links the region's growth to multiple economic scales. My research is an attempt to understand how global shifts in production and an increasing dominance of finance capital have produced new landscapes of accumulation in Riverside and San Bernardino counties - also known as the Inland Empire. Most studies on globalization focus on the shifting geographies of industrial production, financial networks, information technologies, and the emergence of world cities that function as control centers. Links between commodity distribution and urbanization is virtually ignored in the globalization literature. But innovations in distribution processes and the shifting scale of development have played important roles in the growth of American cities. Studies of Los Angeles and Southern California's metropolitan growth tend to treat the Inland Empire as a parochial second cousin. But the region's growing population and important economic role requires us to acknowledge and reconcile some of the ways that the Inland Empire is implicated in regional and global processes.

Richard Walker
Dissertation Committee Chair

For
Ixchel and Emiliano

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Introduction

The Fastest Growing Place in California

The Inland Empire – Riverside and San Bernardino counties – embodies the kind of boom and bust development model that shaped urban development in the American West during the first decade of the twenty-first century. Annual population counts consistently placed the Inland Empire among the fastest-growing metropolitan areas. Only Dallas, Phoenix, Atlanta, and Houston, added more people during the first eight years of the 2000 millenium (see Table 0.1). A massive influx of new residents into the Inland Empire accounted for one-fifth of California’s population growth between 2000 and 2005 (Downs 2005).

| Metropolitan statistical area | Apr 1, 2000 | July 1, 2008 | Cumulative Increase | Percent Change |
|--------------------------------------|--------------------|---------------------|----------------------------|-----------------------|
| Dallas-Fort Worth-Arlington, TX | 5,161,530 | 6,300,006 | 1,138,476 | 22.1 |
| Atlanta-Sandy Springs-Marietta, GA | 4,248,014 | 5,376,285 | 1,128,271 | 26.6 |
| Phoenix-Mesa-Scottsdale, AZ | 3,251,887 | 4,281,899 | 1,030,012 | 31.7 |
| Houston-Sugar Land-Baytown, TX | 4,715,417 | 5,728,143 | 1,012,726 | 21.5 |
| Riverside-San Bernardino-Ontario, CA | 3,254,817 | 4,115,871 | 861,054 | 26.5 |

Source: U.S. Census Bureau, Population Division

Table 0.1: Cumulative Population Change 2001-2008, Top Five Metropolitan Areas

Why did the Inland Empire grow so big and so fast? Data from the American Community Survey and from IRS tax records suggests that the flood of recent arrivals was triggered by coastal-county homebuyers who sought upgraded housing options in rapidly expanding inland counties (Johnson, Reed, and Hayes 2008). According to this narrative, thousands of families left Los Angeles and Orange counties to purchase their piece of the American Dream in the Inland Empire. Suburban migration and housing development has often played a key role in Southern California’s metropolitan expansion. But this aspiring middle-class diaspora looked much different when compared to earlier waves of suburban growth. Latinos accounted for over seventy percent of the Inland Empire’s net migration gains between 2000 and 2006 (see Table 0.2); marking a radical departure from the post-World War II wave of white middle-class suburbanization that transformed Los Angeles’s metropolitan landscape (Hise 1997).

Rapid population growth and a booming housing market may explain much of what transpired in the Inland Empire, but other economic, political, and cultural forces introduced a complex web of social relations that transformed Riverside and San Bernardino

| | San Bernardino County | Riverside County | Inland Empire Combined | Combined by Percentage |
|-------------------------|--------------------------|---------------------|---------------------------|---------------------------|
| Total | 166,400 | 364,200 | 530,600 | 100% |
| Latino | 169,400 | 203,600 | 373,000 | 70% |
| White | -26,500 | 99,700 | 73,200 | 14% |
| Asian | 14,600 | 47,100 | 61,700 | 12% |
| African American | 16,200 | 8,800 | 25,000 | 5% |
| American Indian | 2,000 | 2,500 | 4,500 | 1% |
| Multiracial | -9,800 | 2,300 | -7,500 | -1% |

Source: PPIC, from CA DOF and ACS

Table 0.2: Net Migration By Ethnicity, 2000-2006 Estimates

counties into a dynamic regional landscape. The flow of people was preceded by a wave of investment capital that provided the infrastructure for this massive movement of human bodies.

This dissertation focuses on the way that various sectors of capital – commodity distribution and housing in particular – cognitively and materially produced the Inland Empire region. I will explore how different articulations of the state laid the foundation – through infrastructure projects and land use policies – for particular models of development. Finally, I look at how regional development models have created new opportunities for a fledgling civil society to organize around labor rights, political representation, and environmental justice.

Studies of Los Angeles and Southern California’s metropolitan growth tend to treat the Inland Empire as a parochial second cousin. But the region’s growing population and important economic role requires us to acknowledge and reconcile some of the ways that the Inland Empire is implicated in regional and global processes. Such a daunting endeavor can be unwieldy, but the topic demands attention from urban scholars who have all but ignored the Inland Empire.

What is the Inland Empire? From Cultural Maps to Government Measurement

Ask people to define the Inland Empire and each person may give you a different answer. Even long-time residents will produce mental maps that stretch anywhere from the foothills of Pomona to the San Gorgonio Pass.¹ The Inland Empire name is closely tied to the creation of a citrus-based regional economy during the 1870s and 1880s. Many of the class notions used to connect the Inland Empire to “hicks” and “cow towns” can be traced to the region’s agricultural roots (Rosenblatt 2006). Race is often invoked in cultural representations of the Inland Empire. Tom Metzger, a former Grand Dragon of

¹Many of the cultural definitions are bounded by physical markers like the San Gorgonio Pass that separates the region from the Coachella Valley to the east and the San Jose Hills that separate Pomona from Los Angeles to the west.

the Klu Klux Klan, claims the Inland Empire moniker was created as part of the Klan's Aryan aspirations for the region (Durian 2009). This racialized regional map appears to borrow and appropriate a term that was penned by someone during an earlier era. *The San Bernardino Sun* used the Inland Empire phrase as early as 1920 to compete with and distinguish itself from *The Los Angeles Times*' use of "The Southland" as a territorial label (Durian 2009). More recently, progressive leaders have adopted "The Inland Valley" as a way to distance themselves from the racial implications associated with the Inland Empire name.²

While such cultural mappings may be amorphous, government definitions are not. Policymakers and state agencies often measure regional trends by using economic, political, and social data collected from federally-defined metropolitan statistical areas (MSAs).³ The Riverside-San Bernardino-Ontario MSA, which includes economic and demographic data for both San Bernardino and Riverside counties, serves as a benchmark for official Inland Empire measurements. Policymakers and developers often used this definition to generate powerful growth narratives that served as cognitive roadmaps for profit-based regional development.

A distinct Inland Empire identity gained traction as local growth interests sought to capitalize on Southern California's booming regional economy. City and county agencies responded to burgeoning port and housing-related development by turning to coordinated regional planning as a way to leverage federal and state transportation funds; a regional approach allowed Inland Empire policymakers to compete with major cities and metropolitan areas. Thus, an Inland Empire regional identity enabled a fragmented state apparatus to manage and maximize development opportunities.

These official regional discourses often produced material spaces that clashed with everyday cognitive mappings. For example, various community, environmental justice, and labor groups challenged the discourse of development by questioning public policies that placed growth and profit before economic, social, and political justice. This tension between competing cognitive maps illustrates the ways in which regions are actively constructed through contests over how space is defined and produced.⁴ As I explain later, the power to name and to define how a place should look can open new political opportunities for groups who wish to challenge dominant regional development narratives.

Roadmap to the Text

This dissertation begins with the premise that the Inland Empire's regional landscape was radically altered by its entanglement with forces unleashed by the global economic restructuring that began in the mid-1970s; many scholars call this process "globalization" or "post-Fordism" (Amin 1994; Cowie 2001; Cox, K.R. (Ed.) 1997; Dicken 2007; Giddens 2003; Harvey 1990; Sassen 1992). Most studies on globalization focus on the shifting

²Another local newspaper, *The Inland Valley Daily Bulletin* has used this regional label since 1900.

³MSAs are defined by the U.S. Office of Management and Budget. See Kotkin (2007) and Zimmerman (2004) for a further explanation of official measurements.

⁴See Harvey (2005) and Pastor et al. (2000) for a discussion of how regions are created and defined.

geographies of industrial production, financial networks, information technologies, and the emergence of world cities that function as control centers. Links between commodity distribution and urbanization is virtually ignored in the globalization literature. But innovations in distribution processes and the shifting scale of development have played important roles in the growth of American cities.⁵ Chapter One examines how the rise of Asian commodity imports created new opportunities for Southern California's ports to emerge as important distribution gateways. Post-Fordist flexible accumulation models required new distribution spaces that provided territorial coherence for disarticulated production and consumption sites. Local policymakers and private interests leveraged the power of the state to build an inland distribution network capable of delivering a growing tide of imported goods to regional and national markets. But a coalition of labor, community, and environmental organizations launched a campaign that implicated the diesel-powered machines of circulation – trucks, trains, and ships – as sources of labor exploitation and environmental degradation. Mounting concerns about the health and environmental affects of diesel pollution allowed the Coalition for Clean and Safe Ports to effectively challenge the goods movement industry's power to shape Los Angeles' urban landscape. Shippers, retailers, and port interests responded to urban land constraints by using the Inland Empire as a development frontier that allowed them to expand the region's distribution network.

Chapter Two examines how the growing role of finance capital created new spatial possibilities for speculative developers to cash-in on the Inland Empire's real estate markets. Industrial developers, flush with capital from speculative investors, built massive warehouses to accommodate the anticipated flood of Chinese commodities. But warehouse developers weren't the only ones buying up large land parcels in the Inland Empire. Wide access to home mortgages, including the subprime type, created new markets for homebuilders to exploit. Housing developers used the Inland Empire's large swaths of undeveloped land to build thousands of detached single-family homes for buyers looking to escape Los Angeles's soaring real estate prices. Booming home sales and an assortment of new products allowed homebuilders to capture a larger share of the free-flowing money that typified the finance-driven boom of the mid-2000s. Alas, the bubble burst and thousands of new homeowners became victims of the foreclosure crisis.

The last two chapters are spatial interventions that analyze how various groups and classes constitute themselves as social forces, to contest how space is produced. Chapter Three argues that workers can play a key role in shaping regional development. As Jamie Peck notes, local labor markets are, "socially constructed and politically mediated structures of conflict and accommodation among contending forces" (as cited in Herod (1998, p. 178)). Recent attempts by unions to organize Inland Empire warehouse and residential construction workers were deliberate efforts to change the geography of development by organizing at a regional scale; struggles between workers and their bosses at individual warehouses and construction sites were linked to larger scales of development and power. These efforts were particularly important because they challenged industry

⁵See Cronon (1991) and Fields (2004) for a review of how distribution innovations expanded the territoriality of urban development.

and regional boosters who used traditional location theory to argue that comparatively cheap labor gives the Inland Empire a competitive advantage when it comes to luring investors. Cheap Mexican and Chicano labor has been a key part of the Inland Empire’s historical development. For example, a real estate boom during the 1880s reinvented Southern California by transforming the former Mexican rancho landscape into a new racialized geography of citrus production (Henderson 2003; Garcia 2001). Southern California’s booming agricultural industry, which made metropolitan Los Angeles into one of the richest farming regions in the country between 1880 and 1960, was built on the backs of, Japanese, Filipino, and Mexican immigrants. The most recent boom was powered by a large pool of contingent Latino workers. Latinos make up 45% of the Inland Empire’s blue collar workers and only 20.7% of the white collar work force (See Table 0.3).⁶ Policies that sell the region’s low-wage workers to prospective employers as part of a larger incentive package, only serve to reproduce this racial division of labor. Low wages do not fully account for why the goods movement and housing industries expanded into the Inland Empire; indeed, they may play a very small role in location decisions. What is clear is that logistics companies, retailers, and homebuilders can extract even greater profits by capitalizing on the region’s racialized low-wage labor.

| Ethnicity | White Collar | Blue Collar |
|--------------------------|---------------------|--------------------|
| Asians | 49.6% | 15.3% |
| Whites | 39.0% | 24.1% |
| African Americans | 35.0% | 21.6% |
| Latinos | 20.7% | 45.6% |

Source: Husing, 2006

Table 0.3: Blue and White Collar Workers, by Ethnicity

Chapter Four explores new political possibilities that emerged from the contradictions and shifting scales of regional growth and development. The influx of new residents, most of them Democratic-leaning Latinos, flipped the Inland Empire’s political landscape on its head. Changing demographic figures positioned Democrats to seize political control over a region that serves as one of California’s last bastions for white conservative Republicans. But a changing electorate will only address labor, social, and environmental inequities if a regional network of progressive forces is able to articulate a specific political agenda. Progressive forces will expand their base if they can link differentiated scales of hardship – the warehouse, the diesel-poisoned body, the foreclosed homeowner, the racialized state apparatus – into a political framework for collective action that demands a more just regional development model. Development and its attendant contradictions have set the stage for a progressive movement to impose a different map on the region; one in which the right to the city, “. . . is not merely a right of access to what the property speculators

⁶Data from Husing (2006c). Blue collar jobs defined as construction, production, logistics, agriculture, building and grounds. White collar jobs defined as management, professions, law enforcement, medical related.

and state planners define, but an active right to make the city different, to shape it more in accord with our heart's desire, and to re-make ourselves thereby in a different image (Harvey 2003, p. 941).”

Chapter 1

Landscapes of Circulation: How the Inland Empire Became A Nexus In the Flow of Global Commodities

1.1 Inland Empire Warehouses as Nodes in the Global Flow of Capital and Goods

The growth of the Inland Empire's goods movement industry is a result of the global economic restructuring that began in the mid-1970s. This period marked a shift in the production of many consumer goods to Latin American and Asian countries. Rising U.S. consumption of foreign-made goods, along with innovations in the distribution process, signalled a spatial shift in capitalist accumulation strategies.¹ New geographies and scalar relationships emerged as improved logistics systems and retail technologies enabled capital to circulate in faster and more efficient ways. Companies capitalized on improved distribution systems by shifting production to places with lower production costs. The result was a vast network of extended commodity chains and distribution spaces that linked foreign production to American consumption.

Capitalism's on-the-fly spatial re-articulation, usually called globalization, expanded the scale of development by creating the territorial configurations that allowed it to function more efficiently (Brenner 2004). An increasingly complex web of extended commodity chains required the production of new transport nodes in order to provide territorial coherence to disarticulated production and consumption sites.² These nodal spaces, where an ever-expanding flow of products and information intersect with particular places, serve as the intersections of new spatial scales and play a crucial role in regulating global commodity flows (Rodrigue 2006).³ It is precisely this type of territorial realignment that allowed the Inland Empire to play a key function in the global circulation of goods.

Changes in production and consumption patterns manifested themselves in new distri-

¹Hesse (2002) points out that modern distribution is embedded in both flexibilization and globalization. Flexibilization involved a shift to differentiated and customer-driven modes of production. Globalization expanded the economy's spatial frame.

²While extended commodity chains may have dispersed the geographies of production and consumption, they have also created new spaces of distribution. See Fields (2004) for a discussion of how Swift and Dell used just-in-time information, production and distribution systems to reconfigure the territorial scales of beef production and personal computer markets.

³This is a different approach and challenges theories that focus on reduced transport costs as catalysts for global commodity chains, an approach that makes space a dead zone only to be traversed.

bution processes. Companies like Wal-Mart deployed point-of-sale information technologies to maximize efficiencies along the commodity supply chain (Bonacich and Wilson 2008). Retailers adopted smaller time-to-market windows and shorter product cycles as ways to increase both the quantity and frequency of commodity shipments. Innovations in inventory control systems and distribution enabled Wal-Mart and others to develop a retail model capable of responding more rapidly to consumer demand (Lichtenstein 2009). For example, the company's point-of-sale information system allows local stores to pull particular products from the supply stream as customer demand dictates. Distribution innovations made this type of demand-driven, small batch shipment, and low-inventory retail model possible. Warehouse innovations, like cross-docking facilities, enabled companies to implement high velocity retailing and short shelf-life management systems. The ability of retailers to control production schedules and to increase distribution efficiencies through logistics innovations, created new spatial arrangements in the global flow of commodities.

Increased Asian commodity shipments allowed West Coast cities to position themselves as major trade gateways by investing in port-related infrastructure. Los Angeles and Long Beach pushed ahead of other ports by implementing regional policies that expanded their capacity to absorb larger shares of Asian imports.⁴ Part of this retooling involved a reterritorialization of The Ports' geographic scale.⁵ When local land constraints and social contests over development plans limited the ability of port interests to expand capacity near the docks, the urban hinterland - the Inland Empire - provided an alternative source of cheap land and labor that allowed for port volume expansion.

An inland march provided new land markets for retailers to extend their high-velocity supply chain models. These new spaces of distribution took material shape in the form of the land-hungry mega warehouses and just-in-time distribution centers that transformed Southern California's landscape. The construction of an inland distribution network required an unprecedented level of regional state cooperation and planning. Regional planning and transportation agencies, largely coordinated through the Southern California Association of Governments (SCAG), played key roles in defining a strategy to improve the region's transportation infrastructure.

This chapter will discuss how the intersections between macroeconomic forces and regional port interests produced a new geography of commodity distribution in Southern California. It will also reveal how the uneven nature of the Inland Empire's development, when contextualized within a regional hierarchy of power relations, has produced economic, environmental, and social justice disparities.

Geographers have paid scant attention to commodity distribution and to the geographies that these circulation processes create (Hesse 2002). Research into global commodity chains and global production networks virtually ignores the role that freight transportation

⁴Steven Erie (2004) provides an excellent account of how infrastructure investment enabled Los Angeles to emerge as a dominant gateway to the Pacific Rim. See Rodrigue (2006) for a general discussion on the importance of transportation infrastructure to the logistics sector.

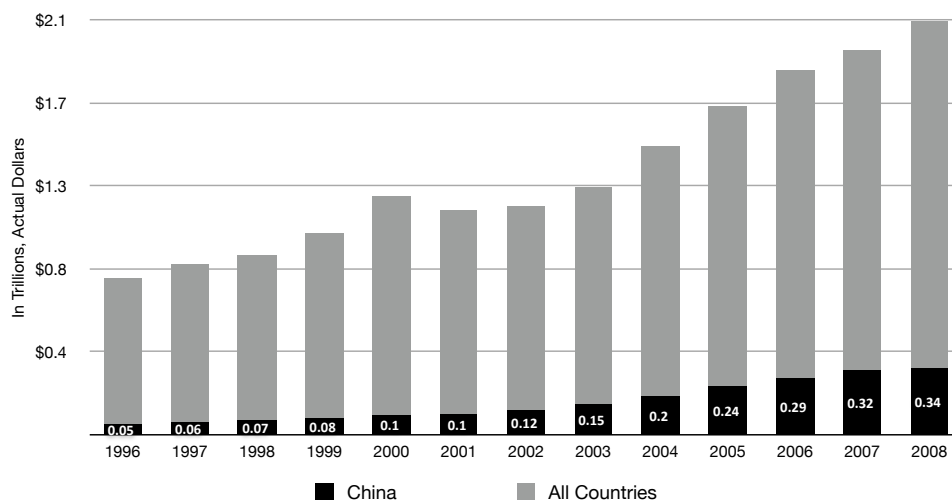
⁵The Los Angeles and Long Beach port complex will be referred to as either The Ports or the San Pedro Bay Ports.

plays in capitalist accumulation.⁶ Existing freight movement studies are overwhelmingly focused on ports, gateways, and transportation efficiency. An analysis of inland distribution networks allows us to examine how the state, industry, and local labor markets intersect to produce new logistics-related geoeconomic scales.⁷

1.2 Trading Spaces: A Rising Tide of Containers, Boats, Trains, and Trucks

1.2.1 Consumption's Spatial Demands: Boom Times and Port Activity In Southern California

Insatiable U.S. consumption, shorter product cycles, and readily available credit drove commodity shipments to new heights on the eve of the 2008 recession. The value of imported commodities increased from \$790 billion in 1996 to \$2.1 trillion in 2008 (see Figure 1.1). A surge of foreign commodities transformed the logistics sector's spatial



Sources: Author's analysis of data from the U.S. Department of Commerce and the U.S. International Trade Commission.

Figure 1.1: All Import Commodities By Customs Value, U.S. 1996-2008

needs. Americans bought bigger houses to put their growing stockpiles of goods and retailers built larger warehouses to sort and ship the growing flow of commodities. More imports and new business practices generated demand for larger distribution centers. Retailers and shippers marched inland in search of large parcels of cheap and underdeveloped land. In greater Los Angeles, places like Commerce, the City of Industry, and the South Bay were part of the initial outward growth from the ports. The latest and most dramatic territorial expansion of the goods movement industry has occurred in the Inland Empire. Cheap land and labor became key components in a regional distribution network that

⁶See Hesse and Rodrigue (2006) for a literature review of Global Commodity Chains and Global Production Networks.

⁷It's important to note that this dissertation only addresses one part of the distribution process, consumer-related trade, and not business-to-business issues in distribution.

allowed metropolitan Los Angeles to capture a significant portion of Asian commodity shipments.

Retailers became key economic actors in our consumption-driven economy. The emergence of companies like Wal-Mart, Home Depot, and Target, as major players in the procurement of goods, increased the demand for lower commodity prices. Retailers used new technologies and greater control over producers, to lower operating costs by expanding production in Asian countries. China's cheap labor and heavy state investment in economic infrastructure, transformed it into a major producer of U.S. consumer goods. Figure 1.2 shows how China increased its share as a source of all U.S. imports from 6.5% in 1996 to 16.14% in 2008. This dramatic rise allowed it to overtake both Mexico and Canada as the largest source of U.S. imports. Increased Asian production of manufactured consumer goods created a flow of commodities that enabled Southern California to emerge as a world leader in ocean cargo shipments.

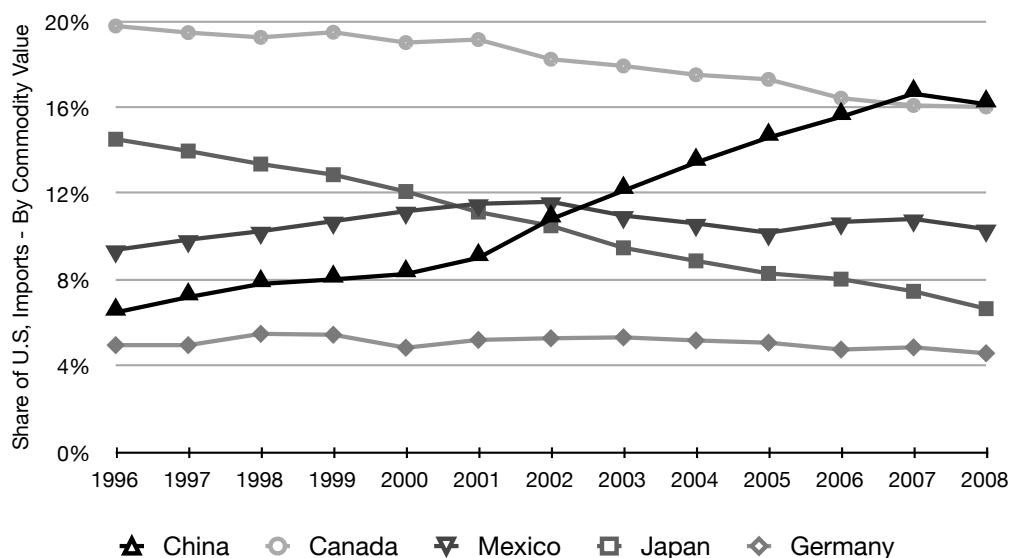


Figure 1.2: Largest Sources of U.S. Imports, Top 5 Countries

Increased Asian trade and the ability to capture commodity flows via infrastructure expansion, turned The Ports into a global leader in freight movement. Imported container volume reached its peak at 8.1 million TEUs in 2006 and 2007 (See Figure 1.2.1).⁸ Export and import container volume grew from 9.5 million TEUs in 1999 to 13.1 million by 2004 (an increase of 38.2%). While many pointed to 2008 as a year of major port decline, imported container volume remained above 2005 levels. Port activity grew at such record rates, that even a decline of 9% between 2007 - 2008, did not wipe out historically high import volumes.

A growing fleet of trains and trucks were needed to move these containers from the

⁸TEUs refer to twenty-foot-equivalent units. One TEU represents the cargo capacity of a twenty-foot intermodal container.

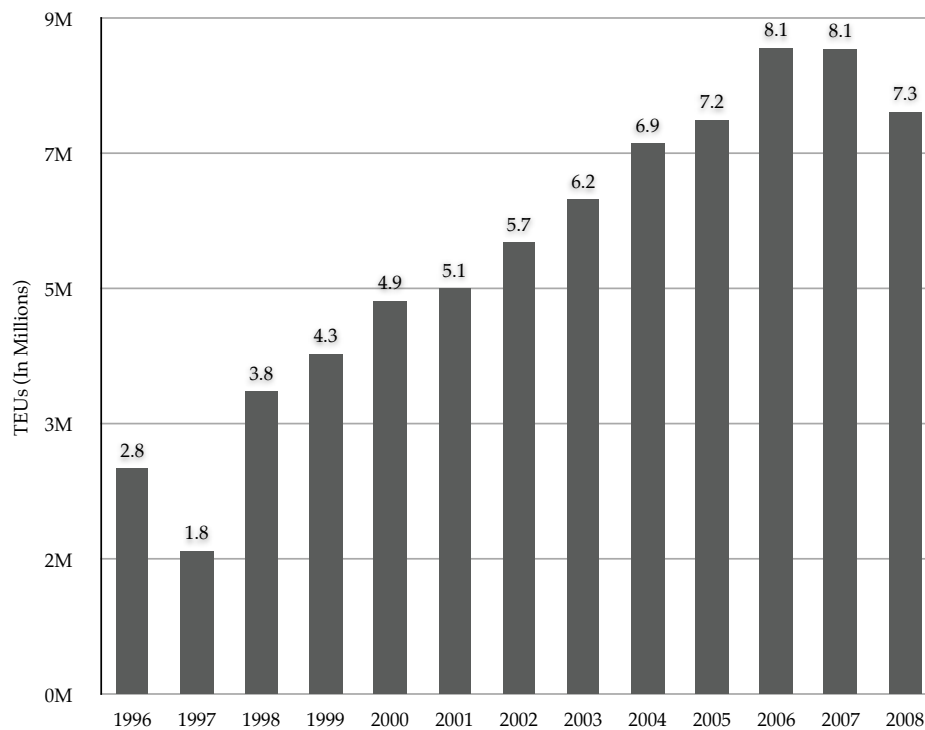


Figure 1.3: Imported Loaded Container Volume, Long Beach and Los Angeles Ports

docks to America's retail shelves. Such dramatic growth in trade volume forced local authorities to expand port throughput capacity. Solutions for relieving port congestion included the increased use of on-dock rail facilities, near-dock facilities, and shuttle trains to regional distribution centers. Port management strategies, like the Pier Pass Program that extended marine terminal gate hours by moving more traffic through off peak hours (Grubbs 2004), also played a role in increasing port capacity. But dock-based expansion projects weren't enough to move the mountains of imported goods. Booming port activity and looming environmental fights left private and public port interests scurrying for a geographic solution to the region's future development just as the import economy reached its apex. Local policy makers warned that failure to build the infrastructure needed to meet future port capacity projections would result in the loss of revenues and jobs to competing port cities. Powerful business interests, like the Pacific Merchant Shipping Association, used the threat of congestion to argue that public investment in transportation infrastructure was essential if Southern California wanted to remain a competitive and viable market for goods movement (Grubbs 2004). This type of threat narrative complicated earlier projections that directly correlated The Ports' growth with U.S. dependence on Asian imports; increased competition and shipper prerogatives meant that even surging Chinese imports no longer constituted a guarantee that Los Angeles and Long Beach would maintain their privileged gateway status.

Import uncertainty and efforts by entrepreneurial states in other port cities, provided the impetus for coordinated planning among regional policy makers. Infrastructure spending became the mantra for port authorities who tried to convince the tax-paying public that their dollars should be used to support further port expansion. Investment in infrastructure is certainly one of the factors that has allowed The Ports to outcompete other contenders. Infrastructure spending and other types of capital expenditures have allowed the San Pedro Bay Ports to keep up with industry demands for higher capacity shipments. For example, the ability to accommodate massive post-Panamax ships, that can carry more than 8,000 TEUs, made the San Pedro Bay a lucrative gateway choice for shippers looking to transport large quantities of containers from Asian markets to the continental United States. Large ship capacity is just one of the factors that enabled the San Pedro Bay Ports to capture 56% of containerized Asian imports during 2005 (Leachman 2007).⁹ Many of the containers that enter through the San Pedro Bay Ports end up on trains bound for Midwestern and Eastern markets; this is no surprise given the fact that places like Chicago, New York, and Florida contain approximately 65% of the country's population and consume 75% of all goods (Sucik 2008).

In fact, the biggest threat, posed by other ports, comes from competition for discretionary cargo; this is freight that is scheduled to be shipped to Midwestern and Eastern markets. For now, Canadian and other West Coast ports pose the most serious competition. Canadian government officials launched a multi-million dollar marketing campaign aimed at convincing Asian shippers that Vancouver and Prince Rupert are better options than U.S. West Coast ports. Six of the largest West Coast ports, including Los Angeles, Long Beach, Oakland, Portland, Seattle, and Tacoma responded to Canada's efforts by forming an alliance to lobby for a national freight movement policy and increased federal funding for transportation infrastructure. West Coast port representatives joined forces with the Burlington Northern Santa Fe and the Union Pacific Railroad to launch a coordinated lobbying campaign directed at Asian shippers. According to Geraldine Knatz, executive director for The Port of Los Angeles, "We're not going to sit around and let Canada steal our business (Marroquin 2009)."

Canada may not be the only source of port competition. Completion of the Panama Canal widening project in 2014 will double its cargo capacity and will improve the incentive for shippers to bypass West Coast ports in favor of eastern and Gulf Coast gateways (Ward 2009). The Panama Canal Authority has developed a strategic marketing alliance to lure shippers into using an all-ocean route. Canal authorities have signed memorandums of understanding with 10 U.S. ports, including the Port Authority of New York and New Jersey, the Georgia Ports Authority, and the South Carolina State Ports Authority (Burnson 2009).

⁹Access to an inland distribution network and efficient labor force were other factors that made The Ports a successful option for shippers.

1.2.2 Defining a Regional Economy: From Port Activity to the Goods Movement Industry

Public officials have used increased port activity as the foundation for development policies that they hope will augment the region's economy. The terms "goods movement" and "logistics" serve as categorical frames that allow policy makers, business interests, and community members to define how port activity affects the local political economy. Various government agencies have developed models to track growth in the regional logistics sector. The Southern California Association of Governments (SCAG) measures the logistics industry by grouping economic indicators for eight different North American Industry Classification System (NAICS) codes.¹⁰ According to this classification, employment in the Inland Empire goods movement industry grew by 164% between 1990 and 2007.

These figures do not include the large number of temporary employees that work in the region's distribution centers. The employment services industry is a key part of the goods movement sector.¹¹ Local staffing agencies have developed business models that focus on providing human resource services to the region's logistics sector. Employment in the Inland Empire temporary staffing industry grew by 575% between 1990 and 2007 (see Figure 1.4). More than fifty-three thousand people were employed as temp workers in 2007. The biggest jump in employment occurred between 2002-2007. Similarities between growth trends in logistics and temporary employment are uncanny.

Logistics-related economic data is rather difficult to track. For example, it's not entirely clear how container traffic impacts the local economy. SCAG estimates that 50% to 70% of waterborne container traffic that enters through The Ports is scheduled for delivery outside of Southern California (Li 2007). These figures are estimates and can contradict other findings. Different estimates claim that approximately 37% of the containers that enter through the San Pedro Bay are loaded onto trains and shipped to eastern markets (Leachman 2007). The remaining 63% of containers are processed locally for distribution to regional markets.

1.3 Industry Innovation and the Spatial Realignment of Inland Distribution Networks

1.3.1 Virtual and Physical Space in the Goods Movement Industry

We may be moving things more and more through the communication highway, but remember that nobody has a computer unless we deliver it by truck. (Allan Zaremberg, President of the California Chamber of Commerce, quoted in (Cone 1999).)

¹⁰These NAICS categories are: Wholesale trade (NAICS 42), Truck transportation (NAICS 484), Support activities for transportation (NAICS 488), General Warehouse & Storage (NAICS 493), Non-Local Couriers (NAICS 492110), Air Transportation (NAICS 481), Rail transportation (NAICS 482), and Water transportation (NAICS 483).

¹¹Employment service or temporary staffing firms are classified under the NAICS 561320 category.

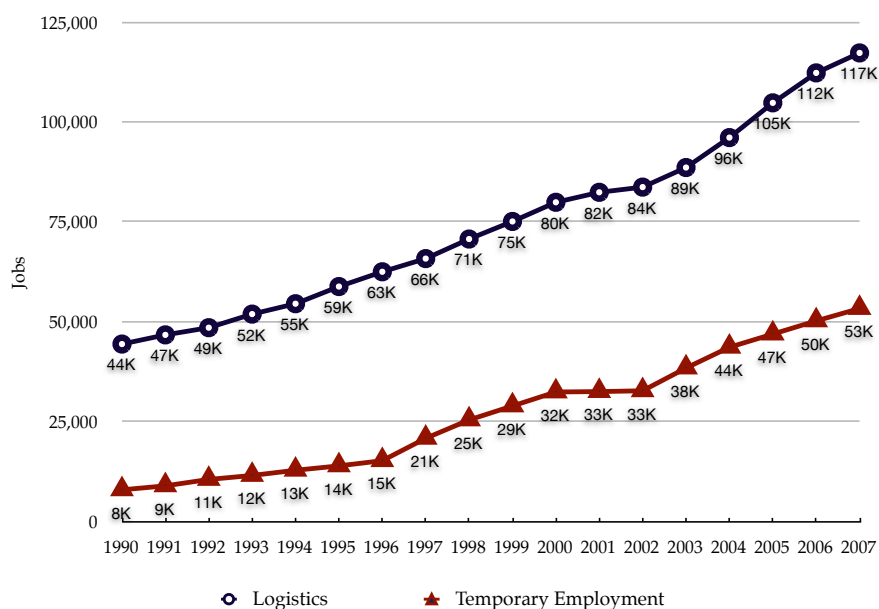


Figure 1.4: Logistics and Temporary Employment, Inland Empire 1990-2007

While macro-economic forces have clearly reshaped the global scale of commodity chains, some of these territorial transformations have been driven by internal changes within the goods movement sector itself. Ocean carriers, retailers and third-party logistics (3PLs) companies responded to rising commodity shipments and shorter product cycles by introducing new information technologies and management regimes. Innovations in distribution management and goods procurement, altered the geography of commodity transport in the Inland Empire. Scholars have written extensively about the revolutionary impact that the shipping container has had on commodity distribution and associated labor processes (Bonacich and Wilson 2008; Herod 1998; Levinson 2008). But very little attention has been paid to other distribution innovations that have allowed for commodity chains to more efficiently extend their territorial reach.

Logistics involves the integration of physical transport modes and information-based inventory control. This intersection of physical movement and information flows has been a key source of new logistics innovations. For example, point-of-sale (POS) data systems enabled retailers to improve their synchronization between demand and supply by reconfiguring their distribution process (Bonacich and Wilson 2008). Other changes in demand-supply relationships have also transformed logistics operations. Just-in-time retail models and rapidly changing product cycles have created opportunities for information-based logistics providers to enter the market and change the way that goods move through space. Third-party logistics companies entered the scene as intermediaries that increased efficiency by developing new ways to manage the physical space of goods with the virtual space of market information.

The emergence of information-based 3PLs does not negate the importance of actual

physical space. In fact, innovations in logistics-related information technology were closely tied to the deregulated transportation landscape that emerged from the 1980s neoliberal regulatory project. Deregulation enabled rail companies to consolidate transport services by developing more sophisticated intermodal freight transport models. Many rail companies outsourced their information management systems to third-party firms during this transition phase (Plant 2002). Intermodal marketing companies (IMCs) stepped in during the 1980s deregulation period to provide shippers with coordination and management services; IMCs helped shippers navigate the transition between multiple modes of transport (i.e., ships, trucks, and trains) (Plant 2002). IMCs and other third-party logistics firms developed cutting-edge computer software to improve shipping efficiencies and to implement just-in-time delivery systems. Third-party firms, beginning with IMCs, created a new sub-market for information-based logistics companies that specialize in moving data and not physical goods (Aoyama, Ratick, and Schwarz 2006).

There is a sense that the abundance of new information technologies and management innovations has made the informational space of logistics as important as the physical space of commodity transport (Schwarz 2006). The ability of information-based 3PLs to alter the flow of goods is offered as evidence of this seeming disjuncture between virtual and physical space in the goods movement industry. Nevertheless, until our goods can be instantly transported to us via some sort of magical device, the explosion of virtual space will not eclipse the need for the physical movement of goods.¹² Commodities must continue to navigate the real world geography of getting from point A to point B. More importantly, the intersection between the virtual and physical space of logistics, offers a rich example of how macroeconomic policies and industry innovation produced the need for bigger and faster distribution centers.

1.3.2 Cross-Docking and the New Shape of Distribution Centers

Innovations in physical space – the introduction of the cross-docking distribution center for example – produced new nodes in the global supply chain. Cross-docking gained favor during the early 1990s as more retailers implemented just-in-time, or lean inventory systems. A cross-dock facility allows shippers to reduce total system inventories by removing the storage and order-picking functions from the traditional role that warehouses have played in the past; these functions normally involved intensive labor and high operating costs. Cross-dock distribution centers function as receiving and shipping facilities instead of storage and order-picking sites. A typical cross-dock facility receives a container from a drayage truck, requires workers to move the goods across the loading dock, and on to a truck that delivers consolidated shipments to specific sites. Some shippers introduced mechanized cross-dock facilities in an attempt to increase capacity, speed-up shipments, and cut labor costs. Conveyor belts and labeled cartons form the backbone of the mechanized cross-dock facility. In a typical mechanized cross-dock facility, cartons

¹²Some use media examples like music and video to argue that the information space of distribution will increase in importance as we move to consumer goods that do not rely on a physical commodity form.

are unloaded from containers, scanned, and placed on a conveyor belt that delivers them to an outbound truck (Napolitano 2008). Allocation decisions, about which carton goes where, are based on customer demand garnered from the information network. Human labor, typically used for this type of sorting and shipment processing, is cut out of the mechanized cross-dock facility.¹³

This new distribution process evolved into a strategy that improved speed to market along global supply chains (Saxena 2007). Cross-docks became key spatial components in retail and manufacturing decisions to shorten shipping windows and product cycles, as a way to increase sales by reducing turnover time. Major retailers reduced their shipping windows from months to days. As a result, price seasons that used to last three months, may now only last one week. Slowdowns along the supply chain can leave retailers with losses from en-route or late products that have already been scheduled for markdown (Napolitano 2008). Other supply chain innovations, like pre-packing, make use of cross-docks to increase speed to market. Some retailers now ship about 80% of their merchandise at the beginning of the season. A significant amount of these goods have been pre-packed at an earlier node in the supply chain. This cuts down on time, allows for more efficient cross-docking, and makes use of cheaper overseas labor (Napolitano 2008).

Innovations like cross-docking allow for greater flexibility along the supply chain. Distribution flexibility has enabled retailers to meet changing market demand by utilizing lower transportation costs and logistics efficiencies to deploy smaller shipments of particular consumer goods. Retailers can use cross-docking facilities to achieve greater transportation economies by consolidating full container loads from manufacturers into smaller shipments that service multiple store destinations (Bartholdi and Gue 2004). Cross-docking allows Wal-Mart to maintain shipping economies by continuing to order truckloads of goods from vendors while being able to respond to a fragmented consumer demand across all of its stores. Wal-Mart is able to order large quantities of goods from vendors, ship them to its distribution centers, then consolidate smaller quantities of goods to individual stores without incurring inventory costs. In fact, Wal-Mart used a cross-docking inventory strategy to reduce costs, lower prices, and ultimately surpass K-Mart in sales. The company cites cross-docking as a core capability in its supply chain (Bartholdi and Gue 2004).

Cross-docking can also facilitate flexible and specialized production models for companies with multiple supply needs. For example, Toyota implemented a cross-docking logistics network because it needed to coordinate high frequency/low volume supply shipments to multiple production facilities. Prior to the cross-dock distribution centers, suppliers were having a difficult time managing and shipping small volume requests to a growing list of production plants. Toyota increased efficiency by having suppliers deliver shipments to a cross-dock facility; the cross-dock center would then break these shipments into smaller ones on their way to specific plants. Cross-dock facilities allowed Toyota to achieve economies of scale in a highly decentralized, just-in-time production model.

The implementation of a cross-docking system affects multiple nodes in the supply

¹³But as material moving jobs have been reduced in such facilities, new information-based tracking jobs have been created.

chain. In order for it to function efficiently, information must be exchanged between individual stores, vendors, and distribution centers. This information system must be connected to the actual transportation of goods from the vendors, to the distribution center, to the store. Wal-Mart can implement an efficient distribution system because it owns its own satellite communications system that allows it to transmit point-of-sale data to its vendors. The company also owns a large number of trucks that are able to move goods from a distribution center to a store within 48 hours.

Corporate decisions to use innovative distribution systems like cross-docking are shaped by production processes and by the nature of the product itself. Certain types of goods can affect whether shippers will use consolidation and regional distribution strategies. For example, high value imported Asian goods tend to be shipped into one major port and then consolidated/deconsolidated at a local distribution center (Leachman 2007).¹⁴ West Coast ports handle Asian imports with higher values (\$22.66 per cubic foot) when compared to East Coast ports (\$18.57 per cubic foot) (Leachman 2007). This relationship between commodity value, time to market, and cross-docking may partly explain why Southern California ports are likely to remain key distribution sites even in the face of increasing port competition.

1.3.3 The Super-Sized Distribution Center

One of the most striking visual aspects of the Inland Empire's distribution centers is their sheer size. Many of the newest distribution centers are massive buildings that measure more than one million square feet. The super-sized warehouse represents a national trend that emerged over the past two decades. Average warehouse size increased from 173,592 sq. ft in 1997 to 308,034 sq. ft in 2006 (Barnard 2008). Distribution centers larger than 500,000 sq. ft, made up 22% of all warehouses in 2008; this was an increase from 4.4% in 1998 (Barnard 2008). The floor area ratio for distribution facilities is .50, which means that 50% of the land in a typical distribution development project is covered by building space (The Tioga Group and Railroad Industries 2008); a one million square foot warehouse would require a two million square foot land parcel.

Retailers and other shippers with major distribution operations in the Inland Empire, turned to large warehouses as a way to achieve greater economies of scale. Giant warehouses are part of a trend towards consolidation. Many companies built mega-distribution centers in an effort to consolidate their regional operations, because a single, large distribution center allows a company to reduce inventory that would otherwise have to be duplicated under a system of smaller warehouses. These land-intensive mega-warehouses allowed companies to more effectively manage distribution for a surging wave of imported goods. Innovations in tracking technology and inventory control have made large distribution centers feasible by allowing for sophisticated routing systems and conveyor belts to effectively manage goods within the cavernous buildings (Barnard 2008). Inventory tracking technology and logistics management software allows warehouse workers to limit

¹⁴A cross-dock facility provides some of the same functions as more traditional break-bulk processes if it is used as a centralized deconsolidation point.

the amount of time that goods remain in the distribution center.

1.3.4 Air Cargo Hubs: Integrating New Places Into the Global Logistics Network

Changes in air-cargo business models are one more example of how the goods movement industry has remapped the spatial scale of global commodity chains. Integrated carriers, including UPS and FedEx, have adopted a hub and spoke system largely based in airports that do not serve as significant passenger conduits (Schwarz 2006). Consequently, these changes have effectively integrated new places into the network of global commodity flows. The Inland Empire is an example of this process. Regional air-cargo capacity increased with the recent conversion of three former military bases into goods movement cargo ports. There are four air cargo hubs in the Inland Empire: Ontario International Airport, the Southern California Logistics Airport, the San Bernardino International Airport, and the former March Air Force Base. Ontario is the only hub with significant air cargo traffic. While the former military bases provide shippers with good infrastructure options, increased competition and declining shipments have limited their growth.

Ontario's successful expansion is directly linked to its role as a regional air-cargo and passenger hub. The Los Angeles World Airports (LAWA), which owns and operates Ontario International Airport and LAX, sees Ontario as a key part of its plan to expand regional air freight capacity. As Asian countries develop the capacity to produce more high-value consumer goods, the distribution of these commodities will create new demand for air cargo capacity. Unlike bulk and lower-value commodities, most high-value goods are shipped via air transport. Expanded air freight operations at Ontario allow LAWA to capture more of the goods movement traffic without increasing pressure on an already overcrowded LAX. Airport Commissioners acted to expand Ontario's freight handling capacity by approving plans for the AeroTerm Pacific Gateway Cargo Center in 2007. The forty-year lease agreement with AeroTerm will eventually add over 1 million square feet of on-airport cargo space to Ontario's menu of services. Ontario's use as a territorial extension of Los Angeles' air freight capacity is part of a broader strategy to build a regional goods movement network. According to Los Angeles Mayor Antonio Villaraigosa, "It's a key part of our regionalization effort and will help us move more cargo activity out to LA/Ontario International Airport in the Inland Empire where there is room to grow (Los Angeles World Airports 2007)."

1.4 The March Inland: Extending the Ports' Territorial Reach

The expansion of Los Angeles takes into the urban mass more and more towns and cities that once were physically and even economically separate (Price and Young 1959).

Urban growth constraints, industry innovation, and a rising tide of imported goods set the stage for a march inland that effectively expanded the territorial scale of Southern California's goods movement economy. New logistics systems and management decisions

to consolidate distribution functions, spurred demand for super-sized warehouse development. Where would companies like Target and Wal-Mart put all of their stuff? Retailers, 3PLs, and industrial developers set out into the Inland Empire in search of new opportunities for development; companies needed large amounts of land and they needed it fast. What they found was an assortment of public agencies that would embrace them by orchestrating the region's radical transformation into a major hub of the goods movement industry.

Los Angeles' urban hinterland, along with an accommodating state and fledgling civil society, offered shippers and port interests a way to quickly externalize some of the constraints associated with a land intensive industry.¹⁵ The connection between inland distribution and port expansion was clearly expressed by the president of the Southern California Distribution Management Association when he rationalized warehouse growth in the Inland Empire by arguing that, "...if you take a look at the port, they don't have land near the port, the DCs offer cheap land, heavy users are the ports..." (Empire Symposium, Cal Poly Pomona, Author's Notes).

1.4.1 A Long Line of Trains and Trucks: Connecting the Inland Empire to the Ports

Transportation infrastructure is a key link in the relationship between port expansion and Inland Empire warehouse development. A well-funded and ever-expanding transportation network allows shippers to efficiently deliver imported containers from the docks in San Pedro Bay to the distribution centers in the Inland Empire. The roads, rails, and grade separations that connect Inland Empire warehouses to The Ports form the backbone of the region's economic expansion. Thousands of diesel trucks and locomotives use these logistics arteries as part of a more extensive overland distribution system that remains competitive with an all-ocean delivery route to east-coast markets.¹⁶ This system also provides shippers with the opportunity to serve local and regional markets that stretch from Southern California to Salt Lake City, Utah.

Trains and trucks form part of a complementary, sometimes competitive, multi-modal distribution system that provides shippers with short and long-haul delivery options. While trucks play a key role by delivering imported containers from the ports to intermodal freight yards or to local distribution centers, trains remain the key to the region's transcontinental long-haul distribution system. The rise of intermodalism facilitated greater interaction and cooperation between rail and trucking companies. Transportation deregulation expanded this integration by providing carriers with opportunities for mergers and acquisitions (Plant 2002). New partnerships and consolidations made it possible for transportation companies to offer integrated or multi-modal door-to-door delivery services that can compete with all-truck and all-ocean routes. For example, Union Pacific

¹⁵See Notteboom (2005) for a discussion of urban land constraints and port development.

¹⁶On average, a ship traveling from Asia will take 10 – 11 days to arrive at the San Pedro Bay Ports as opposed to anywhere from 22 – 27 days for East Coast ports. Ships traveling from Asia via the Suez Canal can take more than 30 days to arrive at an East Coast port (McGowan 2005).

(UP) and CSX teamed-up to offer Los Angeles to New York transport service in less than 63 hours. Union Pacific Railroad joined forces with Schneider National Trucking and J.B. Hunt to offer intermodal service between Los Angeles and Chicago (McGowan 2005).

Southern California's two main rail companies, Union Pacific and the Burlington Northern Santa Fe (BNSF), have a long history as key figures in the region's economic development (Orsi 2007; Erie 2004; Sheehan 1982; Hoyt 1951). These two economic behemoths stand at the center of the region's inland goods movement industry. BNSF has one main artery, the Transcon, that runs from San Bernardino to downtown Los Angeles. The Transcon connects the region to all other major markets in the BNSF system. According to company representatives, BNSF invested approximately \$115 million in its Los Angeles area operations during 2008. Some of these funds paid for 21 miles of new rail lines that expanded the company's densest route between Los Angeles and Chicago (Author's notes for Faster Freight Cleaner Air Conference, 2008). The Union Pacific has two main lines that travel through the San Bernardino and Los Angeles region. One line, the Sunset Corridor, links the region to Texas. The South Central Line links the region to Nevada and beyond. These two lines intersect at the UP's Colton Crossing, which has become a major source of transcontinental and local gridlock.

While regional policy makers consider expanding rail options, trucks continue to play a major role in moving containers from the docks to the region's warehouses. Approximately 54% of the 10 million containers that passed through the ports in 2005 were drayed during some stage of their route (The Tioga Group and Railroad Industries 2008). The Inland Empire receives a 12.6% share of all port-related truck trips that are generated in Southern California. This accounts for 1.6 million round trips between The Ports and the Inland Empire per year. Ontario, Mira Loma, and Fontana are the cities with the highest share of Inland Empire truck traffic (The Tioga Group and Railroad Industries 2008). Many of the containers that are delivered by truck to local warehouses or intermodal rail yards eventually end up on a long-haul train to places like Dallas.

Any effort to expand and improve The Ports' competitive advantage will require further coordination and investment in the region's inland distribution network. Dock-based infrastructure projects, including attempts to expand on-dock rail, may not be an adequate solution for shippers who require an integrated inland distribution network. The difference in geographic scales between truck and train deliveries, along with the politics of regional development, may impact the way that future imported goods find their way in and out of the Inland Empire. Recent moves by policy makers and rail companies have positioned trains as a more environmentally and consumer friendly way of moving goods. Rail companies, in particular, have lobbied for increased public support of infrastructure policies that would expand their ability to capture a larger share of the goods movement market.

1.4.2 Building an Inland Port in the Urban Hinterland

Regional planners developed the idea of an inland port as a way to reduce the type of freight traffic congestion that threatens future port expansion. The main function of an

inland port would be to increase on-dock capacity while reducing truck congestion along Los Angeles' major transportation corridors (The Tioga Group and Railroad Industries 2008). Several inland port models have been developed in the United States (Smith 2006). Inland ports are different from individual distribution center models because they rely on a unified planning initiative that is focused on attracting trade-based development.¹⁷ These ports also have specialized functions that support efficiency and throughput capacity; this can include on-site Customs services, interaction between multiple modes and facilities, and support for international trade (The Tioga Group and Railroad Industries 2008). Railroad companies have actively been involved in pushing this model across the country.¹⁸ The basic model for this development strategy comes from the Virginia Inland Port. Here is how the process works: containers arrive to the ocean port via cargo ships; they are then unloaded to on-dock or near-dock shuttle trains; these shuttle trains deliver the containers to the inland port terminal; where containers are moved to distribution centers by local drayage trucks or assembled into trains bound for smaller markets. Containers bound for local distribution centers may be drayed back to the inland port, after being consolidated/de-consolidated, for further shipment to other markets.

Growing interest in inland ports as a development model, is directly linked to the expanding role of intermodal transportation and to the idea that rail transport represents a positive environmental and congestion-mitigating force.¹⁹ According to SCAG commissioned research, an inland port would reduce truck traffic near urban transportation corridors, but communities close to the inland port and to local distribution centers would see an increase in truck traffic and pollution. An inland port could potentially divert between 12% to 22% of all port-related truck traffic away from major urban corridors (The Tioga Group and Railroad Industries 2008). Reduced truck trips could increase port throughput by lowering congestion and thus shortening travel time for those trucks that remain on the local roadways. Shorter on-dock dwell times, caused by more efficient movement on inland port-bound shuttle trains, would also increase Port throughput.²⁰

The formation of a strong public-private partnership is a common theme that runs through existing integrated logistics centers (ILC), a variation of an inland port model (HDR—HLB Decision Economics Inc. 2006). There are several reasons for this. One is that the state's land-use powers are needed to develop and implement a large-scale planning process. Public subsidies for transportation infrastructure can also play a key role in the development of an ILC. Integrated logistics centers are a relatively new phenomenon in the United States. The first ILC was built in Fort Worth Texas and opened in 1994. Most of the existing ILCs were built after 2002 (HDR—HLB Decision Economics Inc.

¹⁷See Smith (2008) for a further discussion on the distinction between logistics-based development and inland port strategies.

¹⁸Inland ports are a relatively new phenomena., but it looks like there is an industry trend to construct inland ports across the country (Schrader 2007).

¹⁹Some have linked increasing use of trains to Federal regulations that cut the amount of hours drivers can operate. Reductions in hours cut 17% of truck driver productivity (Richard Arzinger, Empire Symposium).

²⁰See Davies (2007) for a discussion on how inland distribution facilities can increase port throughput by providing more distribution space and by reducing on-dock container dwell time.

2006). The key here is that the development of logistics parks marks a new trend in intermodal shipping. Federal and state funding is providing the infrastructure for railroad companies to build inland ports in off-port locations. This is happening in places like North Carolina, Virginia, Texas, and California (see research by Tioga Group). Several key industrial developers have emerged as key figures in the inland port industry. For example, Hillwood, a leading developer of Inland Empire logistics centers, is the main contractor for the Alliance Texas Logistics Park. The Alliance Park is 15 miles from the Dallas-Fort Worth market. It is served by BNSF, which recently moved its Dallas hub to the new Hillwood logistics park (Smith 2006). Hillwood is also the lead developer for the Alliance California logistics hub, which is located on the former Norton Air Force Base in San Bernardino; plans call for BNSF to play a key role in developing an intermodal facility for the Norton logistics base.

Construction of an inland port would require significant investment in on-dock rail facilities that can provide the capability of assembling shuttle trains with containers bound for the Inland Empire. On-dock rail facilities, where mile-long trains are assembled for long-haul shipping, are usually used for large volume destinations like Chicago. Containers bound for smaller markets, like Kansas City, are normally drayed to off-dock facilities and held until enough containers are gathered to assemble a train. Existing on-dock rail capacity makes it inefficient to assemble smaller-market trains from multiple terminal points (The Tioga Group and Railroad Industries 2008). In fact, the complex geography of The Ports' fourteen terminals, spread over 20 square miles of waterfront, poses serious challenges to on-dock rail and inland port operations. The existing on-dock rail system limits the number of long-haul trains that can be assembled without intervention from short-haul drayage trucks. Pacific Harbor Lines, a private switching railroad that operates the port-owned on-dock rail system and interfaces with both the Union Pacific and BNSF, claims that existing infrastructure severely limits their ability to assemble trains from multiple terminals (The Tioga Group and Railroad Industries 2008). It's unclear if BNSF and Union Pacific support efforts by local policy makers to build an inland port. Both railroads are concerned that local attempts to build an inland port shuttle train will have a negative impact on their more lucrative long-haul business. This is a problem because both companies are facing diminishing rail capacity (The Tioga Group and Railroad Industries 2008).

Intra-regional competition may also threaten future prospects for an Inland Empire port. Los Angeles County supervisors hope to cash-in on the region's goods movement revenue streams by proposing their own version of an inland port.²¹ Under this plan, imported containers would be shipped via train from The Ports to Palmdale and Lancaster (two cities in northern Los Angeles County). This is part of a larger effort to connect the High Desert with regional transportation corridors. Development plans call for a new connector freeway and for renovation of the Palmdale Regional Airport (Li 2007). A High Desert inland port would reportedly reduce port-related truck traffic; it would also allow Los Angeles County to compete with the Inland Empire for goods-movement

²¹Los Angeles County Supervisor Michael Antonovich is a proponent of the plan and has convened meetings between public and private interests.

related development. County officials used the High Desert inland port plan to lobby for goods movement infrastructure funds that were tied to Proposition 1B (Li 2007).²² Efforts to build an inland port in the High Desert signals increasing competition between local entrepreneurial states. Both sets of state agencies believe that competitive land markets and the transportation infrastructure that links these hinterlands to the docks, will yield local development revenues. The Antelope Valley port plan is hampered by the lack of accessible transportation routes. Local officials have plans to connect the Antelope Valley to the the major north-south freeway corridors (I5 and I15) via a new highway; but funding remains illusive. Rail access is another limitation. The Union Pacific rail line that is closest to the Antelope Valley is an older secondary route that was replaced by a newer route in the early 1970s (The Tioga Group and Railroad Industries 2008). The Antelope Valley's large tracts of underdeveloped land may well serve as an alternative hinterland, but it's inability to gain market share demonstrates how much the Inland Empire has benefitted from it's access to existing and new infrastructure.

1.4.3 The Environmental Disparities of Inland Distribution

A big part of the economy in Southern California is goods movement ... And we ... pay the price with our health. Democratic Assemblyman Bill Emerson, Redlands (Macduff 2007).

Proponents argue that an inland port will improve environmental outcomes for Southern California. But research conducted for regional policy makers reveals that an inland port will likely place a greater environmental burden on Inland Empire communities. Aggregate level data, which measures results for the five county SCAG region, can obfuscate the uneven geography of environmental pollution by showing regional improvements in reduced congestion and diesel emissions. These same data sets acknowledge that while regional aggregate outcomes may support claims that an inland port will mitigate some of the environmental problems associated with expanded logistics capacity, residents within Riverside and San Bernardino's transportation hubs will be exposed to further life-threatening diesel pollution. According to SCAG commissioned data, the use of shuttle trains to deliver containers from The Ports to the Inland Empire would reduce diesel emissions and road congestion for Los Angeles County residents. On the other hand, Riverside and San Bernardino county residents would be exposed to more truck traffic and diesel pollution. An inland port would require additional local drayage trips and would further increase the number of vehicle miles travelled (VMTs) within Riverside and San Bernardino Counties. Inland Empire residents already face longer exposure to diesel trucks. San Bernardino County accounted for 24% of all truck miles traveled

²²Proposition 1B is part of a \$42 billion bond funding program that included money for transportation, housing, and school construction. It serves as the major transportation construction program for the state through 2017 (Pollack PR Marketing Group 2008). Port interests played a key role in drafting and campaigning for Proposition B because is allowed them to raise the necessary capital for an expanded logistics transportation network. Early projects were delayed as the financial crisis lowered sales of municipal bonds.

in 2003 (Wilbur Smith Associates 2008). Riverside County accounted for 18% and Los Angeles captured 33%. Combined, the Inland Empire represented 42% of all truck miles traveled in Southern California during 2003.

High volume truck traffic leads to increased rates of diesel soot and particulate matter in the region's air. Trucks account for 30% to 40% of traffic congestion in the Southern California region (Li 2007). The Ports are responsible for 20% of the region's diesel particulate pollution; this makes them the single largest source of pollution in Southern California (Hricko 2008). A study by the South Coast Air Quality Management District (SCAQMD) found a direct correlation between increased air toxics risk and growing container volume at The Ports (SCAQMD 2008). Heavy exposure to diesel exhaust places local residents in severe danger. Fifty percent of the U.S. residents who breathe unhealthy levels of PM 2.5 reside within the Inland Empire basin.²³ The diesel trucks and trains that deliver goods to local warehouses and beyond are the main culprits. Residents who live closer to intermodal yards, warehouses, or roadways are at greater risk because fine particulate air toxins are more heavily concentrated near their source. The SCAQMD MATES III study found that diesel-related cancer risks follow mobile sources like trucks, ships, and rail yards. Diesel exhaust accounts for 84% of pollution-related local cancer risks. Approximately 2,339 cancer cases were attributed to airborne pollution in the Inland Empire during 2005 (see Table 1.1). Fontana residents' exposure to pollution placed them at the highest risk for cancer among the ten sites that were measured in Southern California (Fontana Herald News 2007). The SCAQMD study attributed high pollution levels to the region's role as a hub for goods movement. SCAQMD blames diesel soot for 83.6% of Southern California's air pollution (SCAQMD 2008). Further efforts to expand the region's goods movement economy into the Inland Empire may increase the job count and regional revenues, but it will also exact a very high price on the mostly working class neighborhoods located near the train yards and warehouses.

| Place | Year | Total Population | Cases Per Million | Total Cancer Cases |
|----------------|------|------------------|-------------------|--------------------|
| Riverside | 2005 | 1,923,731 | 485 | 933 |
| San Bernardino | 2005 | 1,974,119 | 712 | 1,406 |
| Inland Empire | 2005 | 3,897,850 | - | 2,339 |

Source: Author's analysis of SCAQMD data

Table 1.1: Diesel Related Cancer Cases

²³This according to Jane Carney from the SCAMD, Humane Metropolis Conference, January 28, 2008, Author's Notes. PM2.5 is a measure of fine particulate matter with a diameter of 2.5 micrometers or less. Combustion, vehicle emissions, and chemical reactions all produce PM2.5. The Inland Empire had the worst levels of fine particle pollution among all metropolitan areas in 2004 (Ray, Mendoza, and Cassady 2006).

1.5 Contested Terrain: How Social Movements Shaped Port Development

1.5.1 Building a Regional Clean Ports Movement

Industry has become expert in devising smooth, well-oiled, logistics chains to move goods. ... The community is now expressing its concern - indeed - the public has found its voice on issues of roadway congestion and pollution (Grubbs 2004).

While companies employ an army of logisticians to design efficient distribution systems that move goods through space, the physical movement of these goods is still subject to contestations about who controls and shapes that space. Proponents of the logistics revolution, whose bottom-line depends on the fluid movement of goods, are now confronting the physical reality of a space that's up for grabs. Urban land markets, transportation congestion, negative environmental impacts, and an organized civil society have limited the ability of port-related economic interests to control every inch of the Los Angeles urban landscape. Even in the face of brilliant logisticians, who devise new technologies and information systems to conquer the inefficiencies of real-world geographies, physical space still matters.²⁴

As policy makers and private interests ramped-up efforts to expand port capacity, they were challenged by a growing chorus of community, labor, and environmental justice organizations who argued that further port expansion would subject more people to pollution-induced premature death. Studies show that 3,700 Californians die every year from exposure to logistics-related diesel emissions. Many more, 18,000, die each year from exposure to ambient levels of diesel particulate matter (State of California, Air Resources Board 2008).²⁵ A network of environmental justice organizations launched several project-specific fights to stop further incursion of the goods movement industry into predominantly African American and Latino low-income communities. While some of their efforts were successful, a group of these organizations decided to jump scale and join with regional efforts to change port development policy.

The labor-environmental port alliance, known as the Coalition for Clean and Safe Ports (CCSP), was formed in 2006 when unions approached environmental groups for their support in an ongoing effort to organize port truckers. The Los Angeles Alliance for a New Economy (LAANE), a policy group responsible for passing a Living Wage ordinance in the city, helped to build a coalition of 50 groups. Madeline Janis, LAANE's executive director and a Los Angeles Harbor Commissioner, claims that the alliance strengthened the effort because, "The labor movement brought more political capital to the table, ... But the environmental movement brought a lot of political credibility to the table." (Larrubia 2008).²⁶

²⁴See Lefebvre and others for a discussion on how space is always in the process of being made and contested

²⁵The California Air Resources Board estimates that goods movement-related pollution accounts for 3,030 hospital admissions, 62,200 cases of asthma/respiratory symptoms, 360,000 work loss days, and 1,100,000 school absences in California every year.

²⁶See Matsuoka (2008) for a more detailed account of this campaign.

Southern California's ports have become a contested site of political, economic, and environmental struggle precisely because trade now affects the lives of so many communities in Southern California. Fights over the production of space can stop or alter the otherwise well-orchestrated flow of goods; the potential to wreak havoc rises as the need for synchronized territorial coherence increases. The Coalition for Clean and Safe Ports campaign used The Ports' economic power and entrepreneurial governance structures as opportunities to challenge the social relations and environmental disparities of the region's development path.²⁷ But organizing across geographic scales and group interests was not easy.

The CCSP revealed some of the barriers that can emerge from a port-based regional organizing strategy. Efforts to include groups from the Inland Empire introduced urban-hinterland power relationships that mimic the type of port-centered framework that has defined regional policy. For example, a top Inland Empire environmental justice leader publicly admonished some of her peers at a national gathering of port-based environmental organizations. This leader vehemently declared that the Port of Los Angeles, "...is not the center of the world..." (Moving Forward Conference, Author's Notes, 2008). The sentiment was expressed in frustration over what environmental activists in the Inland Empire perceive as a port-based strategy that supports further expansion without mitigating the negative environmental affects that more cargo traffic has on communities in the Inland Empire. She went on to say that, "the port doesn't just create good jobs, the jobs in the Inland Valley are not good jobs, they are temporary, they are low wage, and they are disappearing because they are being automated." She urged the labor and environmental justice activists to look at the ports as a system that includes what is happening in the Inland Empire and the Central Valley. According to this leader, efforts to green the ports, especially policies that increase inland container traffic, can make matters worse for Inland Empire residents. This tension between urban and hinterland groups is best illustrated by the following quote, "we need to work and trust each other, to know that you are not going to get stabbed in the back" (Inland Empire environmental activist, Moving Forward Conference 2008, Author's Notes).

1.5.2 Cleaning-Up the Ports

Even amidst intra-group tensions, the Coalition for Clean and Safe Ports successfully leveraged their political capital by pressuring The Ports to implement new environmental and labor policies. Long Beach and Los Angeles port authorities adopted the San Pedro Bay Clean Air Action Plan (CAAP) during November of 2006. The CAAP was an orchestrated response to mounting environmental challenges that threatened future expansion

²⁷See Henderson (2002) for a discussion on the relationship between embedded social relations and development paths. Southern California's dependence on a port-related economic development path, has produced specific sets of social relations that are directly related to the spatial scales needed to create this type of territorial economy. Space becomes an important way to understand how classes and groups of people can challenge particular power relations embedded in the geography of goods movement in Southern California.

projects.²⁸ The CCSP used diesel truck emissions as a rallying point that effectively linked environmental concerns with labor rights.²⁹

The Los Angeles Harbor Commission adopted a Clean Trucks Program in March, 2008.³⁰ The plan would replace and retrofit 16,000 diesel trucks in order to reach 2007 EPA emission standards by 2012. One of the most contentious issues that emerged from the effort to clean up the ports was the requirement that trucking companies hire drivers as direct employees rather than as subcontracted labor. Unions, under the banner of Change to Win (CTW) and the International Brotherhood of Teamsters (IBT), lobbied for inclusion of this provision in a last-ditched attempt to improve their chances of successfully organizing port truckers; previous attempts to organize these workers ended in failure due in part to legal provisions that make it difficult to represent contingent workers. Working within a broader coalition allowed labor to pursue a policy approach to solve some of the difficulties that come with trying to organize subcontracted labor.³¹

Debates about the Clean Trucks Plan revealed that business interests and port regulators were willing to embrace policies aimed at improving the environment. What they balked at was the provision that reclassified truckers as direct-hire employees; this change in employment status would make it easier for truckers to join a union. Industry leaders, like the American Trucking Association (ATA), tried to drive a wedge between environmental organizations and labor unions. They routinely claimed that labor rights had nothing to do with cleaning the environment. A representative of the American Trucking Association recently said that environmental and community organizations had been “hoodwinked” by labor under this “very strange alliance” (Larrubia 2008). The ATA filed suit against both the ports of Long Beach and Los Angeles in an effort to overturn the Clean Trucks Program concession agreement. The ATA claims that the concession plans violate the Federal Aviation Administration Authorization Act because they, “regulate the ‘price, route or service’ of the trucking operations at the port” (Vara-Orta 2009). The concession agreements require trucking companies to obtain permits in order to operate at The Ports. Any truck that operates at The Ports must pay registration fees and must comply with certain criteria. The Los Angeles Port agreement requires truckers to be employed by trucking companies. The ATA sees the direct-hire employment agreement as an attempt by unions to organize truck drivers. According to ATA spokesperson Clayton Boyce, “We support the environmental goals of the Clean Truck Program, including the

²⁸Los Angeles and Long Beach are among several ports across the US that are beginning to adopt changes to reduce diesel emissions. An EPA funded program has allowed trucking companies that serve the Port of Charleston to equip trucks with equipment that reduces diesel emissions. Oakland launched a \$10 million pollution reduction program that includes \$5 million for drayage truck filters. The filters will reduce particulate exhaust emissions. The Port of Seattle has proposed a clean port program that includes incentives for companies that reduce older truck emissions.

²⁹This ecological nexus between labor and the environment is an example of how unions are forming new alliances with environmental groups as a way of tapping into the emerging green economy.

³⁰The Clean Trucks Program is the one of the CAAP’s major components, but other things have been done. This would include voluntary vessel speed reduction, Emulsified diesel in terminal yard equipment, Diesel Oxidation Catalysts, Alternate fuel yard equipment, Electric Gantry Cranes, Cold Ironing.

³¹The Plan required companies to hire truck drivers as direct employees. Long Beach later dropped this provision from its Clean Trucks Plan.

container fee for financing the replacement of older trucks, the banning of older trucks and the truck registry ... We have only opposed the ... concession plans.” (Vara-Orta 2009).

I do not intend to give a full account of the CTP campaign here, but I raise this as a way to show how social movements can and have shaped port-related regional development strategies. This debate clearly showed that environmental concerns may offer a way for community organizations and environmentalists to challenge the global goods movement industry’s power over regional development. Labor’s involvement in this struggle introduced economic justice into the debate and effectively reframed the issues related to port development strategies. Shippers have threatened to divert cargo to ports with fewer environmental regulations. Port authorities openly acknowledge that environmental litigation has constrained The Ports’ ability to expand. Geraldine Knatz, the Port of Los Angeles’ Executive Director, claims that expansion projects have been slowed by efforts to clean up the ports. According to Knatz, “We’re aware that some cargo has been diverted because of what we are trying to accomplish here ... but there is no way we would have been able to move forward with all these construction projects if not for the steps we are taking to reduce pollution (White 2008).”

Efforts to green The Ports represent new opportunities for labor to work with local and national environmental and community organizations. Some have argued that the clean ports coalition is an example of social movement regionalism (Matsuoka 2008). This type of approach allows for organizations to jump scale and redefine the spatial politics of development. Social movement regionalism is an important step towards linking neighborhood-level opposition groups to a broader coalition that can address issues at multiple scales. This point is particularly important for environmental organizations and community activists, who have waged various legal battles to stop the expansion of goods movement related development in the past; successful organizing is now largely tied to the ability to jump scale in a way that allows for these groups to affect regional development decisions.

1.5.3 The Shippers Fight Back

Looming port competition and the economic crisis of 2008, ushered in a new wave of shipper narratives that pushed-back against what some consider an overly constrained port market. Los Angeles’ relatively liberal political landscape and an effective civil society, allowed key groups to implement a series of progressive environmental, labor, and development policies. Port regulators, in the name of responsible government, also passed an assortment of container fees to insure that private interests paid their fair-share of port-related costs. Industry leaders have responded to possible increased fees by claiming that they are already overburdened. Richard Arzinger, President of the Distribution Management Association for Southern California, echoed this sentiment by claiming, “we pay permits, road taxes, licensing fees, we return a lot of money to the coffers, the industry

is pretty heavily taxed (Author's Notes, Empire Symposium, Cal Poly Pomona)."³²

Crisis and competition provide shippers with new tools to lament regulatory policies and to argue for concessions that they claim will continue to make The San Pedro Bay Ports a viable logistics option. The economic crisis of 2008-2009 led to reduced volume at all major U.S. ports. Shippers and other port-related private interests have used the depressed economic climate to criticize regulatory policies that they view as anti-business. For example trade news sources have blamed port fees, the labor market, and an unfriendly business climate for a 5% loss in market share for the San Pedro Bay Ports between 2006-2009 (Mongelluzzo 2009b). MAERSK, a major carrier for Wal-Mart, recently cited labor negotiations and congestion as factors that affected its decision to move some discretionary cargo to the port of Seattle. Will social contests over port development erode The Ports' competitive advantage? Port authorities have responded to volume decreases by reducing fees and offering incentives for intermodal shipments. Both Los Angeles and Long Beach adopted per-container fee reductions for all shipments that use rail for transport to or from the port. Intermodal rail accounts for approximately 41% of all TEU containers that move through the port of Los Angeles (Mongelluzzo 2009a). The rail incentives are aimed at maintaining and luring non-local container cargo (discretionary cargo) (Lloyd's List 2009). Long Beach is considering a \$20 to \$40 per container incentive for non-local cargo. Both of the ports have acknowledged that the adoption of rail incentives is an economic maneuver to lure shippers who need to distribute non-local containers and have the option of various West Coast ports (Lloyd's List 2009).

Even amongst the doom and gloom of economic crisis, it's unclear if increased competition from the Panama Canal and other West Coast ports will severely damage the San Pedro Ports' long-term viability. Attempts to improve ocean-route efficiency may eventually eliminate the competitive advantage of overland distribution networks. But shippers may continue to use an inland distribution network because an overland system of trucks and trains remains a cost-effective and timely way to implement a flexible distribution system. For example, while economic expansion and the fight over space helped to drive the goods movement industry further inland, this spatial rescaling was also shaped by the role that overland transport plays in global distribution networks. Several logistics submarkets, for example high-value product shippers, use Southern California truck and train transport as part of a national distribution strategy. These shippers avoid market forecasting errors and supply interruptions by bringing their shipments to Southern California and then distributing them to national markets via truck and rail. The idea is that shipping them via water to other ports would require greater forecasting windows. If the markets change while the products are en route via ship, retailers would be stuck with products in the the wrong markets. If all of the shipments for multiple markets are on a single ship that gets delayed along the longer all-ocean route through the Panama Canal, then all of those markets are impacted. Trucks, trains, and cross-dock facilities would allow shippers to distribute the risk across markets; less markets are affected if one truck is

³²SCAG proposes to charge users fees for certain infrastructure projects, but only after the projects are built. This means that public funds will be used to build the projects and that the fees will eventually be paid back.

delayed. These types of information-driven distribution strategies may continue to drive some of Southern California's port-related growth even if the Panama Canal becomes a viable shipping option.

1.6 A Consuming Dilemma: Busted Economic Model or Crisis-Generated Opportunity?

We would agree that the long-term expectation is that the global economy will continue to grow, trade will continue to prosper and the current downturn will really be an opportunity, or a challenge, for ports to position themselves competitively for that continued growth going forward. (Baye Larsen, analyst with Moody's Investor Service) (Ward 2009)

When capitalists hurl money at new and untried projects, they do so without any certainty that their investments will be recovered. Thus, they plunge headlong into the future, accelerating the rate of change and, in a sense, creating the future they anticipate. (Walker 2004b)

Declining imports and the 2008 recession may lead some to question the long-term viability of a consumption-driven U.S. economic model. Weaknesses in this logic of development are especially pertinent to Port authorities, logistics firms, and shippers who used surging imports and future projections to build a massive global distribution network. As the economic downturn revealed, even investments in the spaces and machinery of circulation, are susceptible to the crisis of overaccumulation.³³ The drive to expand, or what Walker describes as, "the frenzy to make money, capitalist anarchy, and the search for surplus profits" was a powerful force that injected large amounts of capital into a distribution system that increased the rate of circulation, and shortened the distance between investors and their profits. Port authorities were not chastened by the spatial crisis of over-capacity. Even the fleet of more than 300 container ships that were idle in February 2009, with a combined capacity of 350,000 TEUs, didn't dampen the resolve to expand future port capacity (Schrack 2009).³⁴

Port operators clearly see the current slump as an opportunity to invest in future expansion. Long Beach's Harbor Department will use its reserves to pay for more than \$1.5 billion in new expansion projects during 2009-2010 (Hanson 2009). The Port of

³³See Walker (2004b) for a review of Harvey's notion of capital's 'spatial fix'. Walker pays particular attention to how the 'temporal logic of capital accumulation' manifests itself in Harvey's discussion of fictitious capital and crisis theory. According to Walker, speculative investment leads capitalists to spend money on machines that they anticipate will yield future profits. This anticipation of profits and new markets, acts as a powerful force for change. Efforts to expand existing port capacity, through the use of public bonds and financial reserves, highlights this relationship between imagined future prospects and massive investment in the region's distribution network. As Walker (2004b, pg. 435) notes, the use of credit for speculative investment in fixed capital that is expected to yield future profits, becomes a form of fictitious capital that, "cannot always be sustained".

³⁴Ocean carriers placed orders for 776 container ships that were scheduled to be delivered between 2004-2007. These ships would add 3.15 TEUs to ocean shipping capacity (McGowan 2005).

Los Angeles announced that it too would spend money on infrastructure capacity during the economic downturn. For example, the \$200 million expansion of the China Shipping Terminal will add more than 1.5 million TEUs to The Ports' capacity (Hanson 2009). Long Beach's Middle Harbor project and the Los Angeles China Shipping Terminal are indicative of the way that port authorities are using infrastructure spending to position The Ports for long-term growth.³⁵ Labor unions and business organizations, including the Pacific Merchants Shipping Association, have applauded port expansion projects as a long-term economic development strategy, even as existing capacity goes unused.(Hanson 2009).

Economic crisis did force port authorities to revise their once ebullient forecasts. Many of the most recent port expansion projects were hastened through under the assumption that The Ports needed to expand in order to reach their projected 43 million TEU capacity by 2023. Port authorities used these anticipated projections to develop speculative planning documents that became powerful tools for public investment in infrastructure. Recent revisions to these forecasts acknowledge that port activity declined between 2006-2008 and will remain far below earlier projections. For example, TEU traffic for 2010 is now expected to decline 36.8% from the initial projections that were made in 2007; these 2007 projections were often used to argue that more logistics capacity was needed in the region. It appears that the road map for development may have trapped too much capital in the spaces and machinery of distribution, but port interests continue to argue that further use of public assets for future capacity, will eventually deliver the region from the brink of economic crisis.

³⁵The Middle Harbor project will consolidate two older terminals, double their capacity, extend rail to the water's edge, and provide electricity hook-ups to ships while they dock (Ward 2009). Other projects include dockside upgrades, expanded on-dock rail capacity and the creation of new pier space (Hanson 2008).

Chapter 2

Subprime Spaces: Building The Inland Empire

This chapter will explore how various rounds of investment in the Inland Empire's real estate market have transformed the region's geography. Much of the literature on sprawl and suburbanization emphasizes the role that home buyers play in shaping metropolitan landscapes. A common argument holds that cities spread as new home buyers attempt to escape more expensive urban land markets by seeking cheaper housing on the metropolitan fringe.¹ These tales of consumer-driven development often neglect the role that capital plays in the construction of cities.² The importance of builders, as shapers of the metropolitan urban landscape, was evident in the Inland Empire's residential and industrial real estate market boom that transformed the region during the first decade of the 2000 millennium. National builders, armed with burgeoning pots of finance capital, radically shaped consumption possibilities by creating new markets on the Los Angeles metropolitan fringe. Dizzying regional growth occurred, to a large extent, because the influx of finance capital from national builders created a new scale of development that dwarfed previous expansion.

2.1 Southern California's Frontier: The Historical Roots of Speculation and Growth

By 1887, towns from Ventura to Pasadena and San Bernardino, from Anaheim to Riverside and Colton, were all linked to each other, to Los Angeles, and to San Diego by railroad. . . . Towns and farms in Los Angeles and other boom districts were knit together into a single economy - a multinucleated region of over forty new satellite settlements (Henderson 2003, p.157).

Because there is still a substantial amount of open land within the Inland Empire, its frontier role may last for several more decades (Downs 2005).

Visions of the American West as a frontier ripe for development have inspired many to re-imagine their lives and to set out for a new start in an idealized virgin territory. This has been true of Southern California for over a century.³ Now it is the Inland

¹See Bruegmann (2005) for a review of suburban sprawl.

²Logan and Molotch (1987), Beauregard (2006), and Walker (2004)

³For example, see McWilliams (1946), Davis (1990), and Scott and Soja (1998).

Empire that serves as the new frontier of Southern California's growth. Wave after wave of development and migration has transformed the Inland Empire's landscape into a suitable space of accumulation. Large swaths of underdeveloped land, when combined with access to capital and state-sponsored infrastructure, provided new arrivals with a sense of endless opportunity. Builders and buyers poured into the Inland Empire in search of profit and an idealized version of the American Dream.⁴ Nineteenth-century agriculture and twenty-first century logistics offer two examples of how spatial processes of race, class, and culture have unfolded on Los Angeles' urban fringe.

A history of speculative expansion marks the Inland Empire's role as a crucible for development based on land, transportation, water, and credit. These pillars of development have often been linked to a reterritorialization of the Los Angeles metropolis. Money flowed into the region as new rail service, water rights, and real estate markets created opportunities for suburban investment. For example, Henderson (2003) reminds us that the development of inland Southern California has deep roots in the expansion of rail and land markets that were capitalized by investors from places like San Francisco and Los Angeles. San Francisco capitalists, flush with money from the Comstock Lode, used the devaluation of Californio ranchos as an opportunity to accumulate land in Southern California. The San Bernardino Land Company was created by San Francisco investors who wanted to acquire ranchos that were forced onto the market during the drought of 1863 to 1864.⁵

Railroads played a key role in shaping Southern California's regional economy during the post Mexican transition.⁶ The surge in capital investment and large land transfers created new markets for rail companies in Southern California. By the early 1870s, the Southern Pacific Railroad had been awarded more than ten million acres in land grants. The region's sparse residential figures did not provide enough of a population or economic base for the railroad to earn an adequate profit on passenger rail service. Agricultural freight shipments offered rail executives a long-term business model that allowed them to convert fixed assets into profit (Parker 1937). Rail companies peddled agricultural land and water rights as a way to cash in on land grants and to establish a market for long-term service. Agents for the rail companies attempted to lure settlers by publishing brochures with titles like, *California: Its Attractions for the Invalid, Tourist, Capitalist, and Homeseeker*. Many individuals bought a one way train ticket and headed west to the Inland Empire.

While agrarian settlement is often used as a frontier narrative for the American West, the history of Inland Empire development does not fit easily into the Jeffersonian vision of

⁴Kotkin and Frey's (2007) notion that the Inland Empire's housing frontier functions as a safety valve for California's aspiring middle class, is similar to Barrington Moore's (1966) argument about land policy and settlement in the American West. According to Moore, government frontier programs provided the white working class with land claims that helped steer them away from radical peasant and urban revolutionary tendencies. This connection between housing and class peace played a crucial role in Southern California's development. As Hise (1997) notes, Progressive Era California policymakers used mass-produced housing and rational community planning as part of strategy to prevent labor revolt.

⁵See Henderson (2003).

⁶See Pitt (1966) for an excellent account of this process.

individualist white yeoman farmers who settled the land and made it into an agricultural cornucopia.⁷ Early Inland Empire development was organized through a colony system in which individual and group investors collectively purchased large tracts of land that were then subdivided into smaller lots. The colony system enabled investors to subdivide many of the land parcels that entered into market during the dismantling of the Mexican Rancho system.⁸ Developers, including rail interests, supported the founding of organizations, like the 1869 California Immigrant Union, as a way to lure white settlers into the region. Landholders were encouraged to register their properties with the Union so that immigrants could keep track of land that was on the market; the Southern Pacific listed its available land with the Union as a way to expedite sales. Regional marketing and boosterism were part of a growth strategy that used population expansion as a key part of building a new real estate market. Investors and land agents required a constant flow of new white settlers to drive the region's land-based economy.

Agricultural colonies sprouted throughout the region. This model produced many of the Inland Empire's cities. Judge John Wesley North, a Civil War veteran, founded Riverside when he formed the Southern California Colony Association and purchased land that once belonged to the Jurupa and Rubidoux Rancho tracts (Winther 1953). Rancho Cucamonga was founded in 1872 by a group of San Francisco capitalists, who purchased eight thousand acres of the Cucamonga Rancho tract; the group, officially known as the Cucamonga Homestead Association of Los Angeles County, was led by former governor John G. Downey and managed to secure water rights from the San Antonio Creek (Winther 1953). The Slover Mountain Colony Association and the Los Angeles Immigrant and Land Cooperative Association settled in what are now Colton and Pomona between 1874 and 1876.⁹

The colony system functioned as a kind of agglomeration economy. Collective investment in large land parcels that were then dedicated to intensive agriculture made it easier for settlers to secure water and transportation.¹⁰ Water was a critical factor because investors closely tied land sales to an agricultural development path. Real estate speculation soared on land parcels that had access to water as well as to transportation. The nexus between water rights and land speculation gave rise to 57 irrigation companies in

⁷See (Walker 2004a) for California agriculture in general. For a critique of the Jeffersonian myth, see (Smith 1971). For a review of race and frontier development, see (Garcia 2001; Gonzalez and Fernandez 2003; Klein 1997). Montejano (1987) provides a good overview of the relationship between race, labor, and frontier development. He argues that capital investment in the post-Mexican transition played a key role in the creation of new territorialized class and racial hierarchies.

⁸Californio rancho owners often only sold their land in large parcels. The colony system aggregated funds and allowed for larger purchases.

⁹See Parker (1937) for an account of how the railroad decided to bypass San Bernardino and built its own town in Colton. This happened because the Slover Mountain Colony deeded the Southern Pacific Railroad a square mile of land for a depot. San Bernardino was connected to the Southern Pacific Railroad by a secondary rail spur and did not receive full rail service until the Santa Fe came through town in 1885. The lack of full rail service hindered San Bernardino's growth between 1875 and 1885. Parker argues that the Southern Pacific Railroad used its rail monopoly to influenced which areas prospered during the ten-year period between 1875 and 85. See Orsie(2007) for more on the Southern Pacific Railroad.

¹⁰See Zierer (1934) for a discussion of the colony system of development)

the San Gabriel Valley between 1880 and 1902 (Dumke 1944).

A combination of large land parcels, an expanding transportation network, and an influx of investment capital spurred a major real estate boom during the 1880s. Most of the real estate transactions that occurred during the boom of the 1880s were made possible by a relaxed credit market. Large investor syndicates usually provided a 25% to 30% down payment for land purchases. Smaller lots were sold with minimal down payments. Options were sometimes used by speculators as a way to profit from non-purchased property. Speculators would buy options for a particular property, create a rumor that the land was going to be improved, then sell the options at an inflated price (Henderson 2003). The real estate boom ended in 1888 when the market was glutted with property and the bank credit lines stopped flowing. Land speculation and growth during the boom of the 1880s led to large gains in fictitious capital. San Bernardino and Orange County property values increased from \$12 million to \$64 million between 1880 and 1890 (Henderson 2003, pg. 157).¹¹

The 1880s land bubble created a regional development path along the San Gabriel Valley corridor that reached out to Pomona, Ontario, San Bernardino and Riverside. Massive investment and a rising population allowed the Inland Empire's citrus industry to flourish after the Southern Pacific and the Santa Fe railroads established full rail service between Los Angeles and the rest of the country. Transcontinental rail lines created new national markets for the Inland Empire's burgeoning citrus industry. More specifically, the completion of the Santa Fe railroad produced a rate war between the two main rail lines; shipping rates for citrus dropped from \$600 to \$300 or less per car in 1885 (Zierer 1934). The Los Angeles metropolitan area quickly became the country's largest source of citrus products. California produced two-thirds of the country's oranges (twenty million boxes) and almost all of its lemons (five million boxes) (Zierer 1934). The Los Angeles region, this included the Inland Empire, accounted for seventy-eight percent of California's oranges and sixty percent of the lemons (approximately 170,000 acres were devoted to citrus) (what time period?) (Zierer 1934). Part of the region's agricultural success was tied to the introduction of new fruit varieties that allowed the Inland Empire citrus industry to thrive. New citrus products were developed from a variety of global sources. Navel oranges were introduced to Riverside in 1873 via Brazil. Valencia oranges were imported from the Azores in 1876. Lisbon lemons were introduced via Australia in 1874 and the Eureka lemon was cultivated from Sicilian seed in Los Angeles during 1877 (Zierer 1934).¹² Thus, capital, land, labor, and innovative business practices shaped the region's development in a cycle that would later repeat itself. A similar process took place during the creation of a logistics-based real estate market in the late 1990s: large parcels of undeveloped land, much of it converted agricultural property, made the Inland Empire warehouse industry possible.

¹¹See also (Dumke 1944).

¹²For more on the role of the citrus industry in Southern California, see (Sackman 2007; Gonzalez 1994; Garcia 2001),Alamillo:2006

2.2 Culture and the Material Landscapes of Development

There could be no permanent prosperity by the rich coming here and laying out townsites, and building hotels without really producing anything. (Joseph Netz)¹³

If we want to write spatial histories that have both intellectual and political import (and I do), then we cannot simply abandon the material field as if it does not exist - especially since capital does not, and cannot, make a similar abandonment. On the contrary: the relationship between material form and ideological representation must be the center of our examinations. (Mitchell 1996, p. 5)

Before examining how various waves of real estate speculation have transformed the Inland Empire, it's important to discuss the relationship between culture and the production of material landscapes. As Don Mitchell (1996) notes, most cultural geographers have turned away from studying material spaces; many in the field shifted their attention to landscapes as representations and ideology. This chapter presents the citrus orchard, the warehouse, and the single family home as material spaces that allow us to examine the intersections between culture, cognitive mappings, and the social relations of particular economic processes.¹⁴ While land and capital certainly played key roles in the historical development of the Inland Empire, the intersection between the specificity of place, ideological representations, and productive activities has given shape and meaning to regional transformation.

Each wave of development has been accompanied by new cognitive mappings that helped to redefine the region. For example, the citrus and logistics industries produced radically different landscapes. Large tracts of middle class houses and endless rows of massive warehouses now stand on land once given over to orange trees and dairy cows. This morphological make-over has affected the way that locals and on-lookers make sense of the region. Old-timers often wistfully describe tattered mental images of the endless citrus groves that once defined the Inland Empire. These mental maps provide cultural narratives for the types of social relations that were needed to enact an earlier mode of production.¹⁵

Issues of race and class are often central to, but left out of, landscape narratives. Citrus industry label images, a key part of regional marketing, masked the labor of local Mexicans but provided an agricultural eden for those who sought an anti-city white suburban landscape. But the city eventually caught up to the Inland Empire. Development,

¹³Quoted in Henderson (2003, p. 156)

¹⁴On the relationship between how landscapes are produced, see Keith and Pile's (1993) use of Jameson's cognitive mapping to argue that we produce the world that we live in, we give it meaning, and that the landscape is a multiplicity of meanings and mappings. My analysis is closer to Zukin's (1995) discussion on the interaction between "economic-base" and "cultural-superstructure". See also (Lefebvre and Nicholson-Smith 1991) and (Beauregard 2006).

¹⁵See Lefebvre's (1991) theories on the representation of space.

once held at bay by a firewall of citrus trees, annihilated most of the rural equestrian lifestyle that took root in communities like Ontario and Mira Loma. Warehouses serve as an industrial pariah to the lush citrus landscapes of earlier years. Of course, both of these industrial landscapes produced development narratives that masked their reliance on cheap Mexican labor. My interest in the intersection between the forces of economic expansion and policy narratives about growth is an attempt to explore how cultural mappings – related to class and race – played a key role in framing the Inland Empire’s development paths.

2.3 Real Estate Markets and the Territorial Scale of the Goods Movement Industry

2.3.1 Big Money and Big Projects: Industrial Developers in the Inland Empire

The territorial reconfiguration of Southern California’s logistics sector (see chapter one) reshaped the Inland Empire’s industrial real estate market. Rising imports, limits to urban warehouse construction, and low vacancies in Los Angeles’s industrial properties created new demands in the Inland Empire’s real estate sector. Industrial property developers moved into the Inland Empire with a vengeance.¹⁶ National and global firms like ProLogis and AMB became key figures in what had mostly been a local developers market (Husing 2008).

Industrial developers benefitted from flexible distribution systems that allowed them to develop new markets and business tools. The decision by retailers to outsource distribution to third-party logistics firms led to new lease models as shippers moved away from direct warehouse ownership. Retailers embraced build-to-spec developers as a way to maintain flexibility while having access to specific types of distribution facilities. The growth of a “build-to-spec” development market created new roles for real estate intermediaries – like brokers and developers – and opened the door for institutional investors to inject finance capital into publicly held real estate investment trusts (REITs) like ProLogis and AMB. Investors flooded the industrial real estate market with money because profit margins for new developments exceeded 25% during the height of the building boom (Troianovski 2009). This capitalization of the real estate market led to rampant speculative warehouse construction. Speculation and finance capital emerged as key forces of industrial sprawl that transformed the region’s geography by consuming large parcels of land in anticipation of future port capacity.¹⁷

Demand for new space transformed the Inland Empire into the center of Southern California’s industrial real estate market. Approximately 159 million square feet of industrial space entered the Inland Empire’s market between 2000 and 2008. Riverside and San Bernardino counties had the highest industrial real estate net absorption rate in

¹⁶Warehouses are listed as industrial property. Most industrial property in the Inland Empire operates as warehouse space.

¹⁷See Hesse (2004) for a discussion on real estate speculation and land markets.

the country as of July, 2007 (Heschmeyer 2007).¹⁸ Over eighty percent of all Southern California industrial space under construction, as of June 2008, was located in Riverside and San Bernardino counties (Husing 2008); Los Angeles County was second at 12% (see Figure 2.1 for a review of net absorption data for the industrial real estate industry).¹⁹

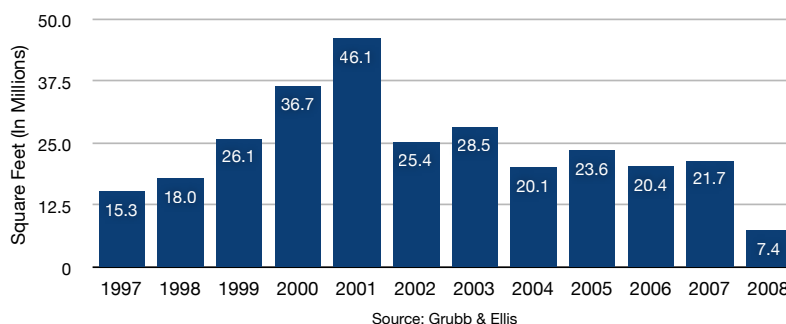


Figure 2.1: Industrial Real Estate Absorption, Inland Empire

New warehouse construction offered shippers access to updated building design and technologies (Howard 2001). Many retailers chose to consolidate their regional distribution systems by moving into specially designed mega-warehouses; this allowed them to pursue greater economies of scale while capitalizing of lower lease rates. Consolidation drove new large-scale warehouse construction into the less developed eastern portions of the Inland Empire. Firms like Whirlpool and MGA Entertainment moved out of smaller warehouses in the more mature western Inland Empire markets and into bigger facilities in places like Moreno Valley and Redlands. Skechers USA, Inc. secured plans to operate a 1.8 million square foot distribution center in Moreno Valley; the move will allow the company to consolidate five existing warehouse operations into one distribution hub. This coupling of market-driven shifts in logistics consolidation and a growing preference for large distribution centers made the Inland Empire's large land parcels, lax regulatory constraints, and access to regional transportation networks an attractive place for investors. Speculative developers snatched up property in fringe areas to establish market share and to gain a competitive regulatory advantage; early entrance provided a head-start on the approval process (Grubb & Ellis Research 2007).²⁰

A glance at a list of the top national industrial developers and owners reveals that many of them were very active in the Inland Empire market (see Figure 2.2). Companies like ProLogis, Majestic, and Hillwood became the largest owners of industrial property in the Inland Empire. Other national players like Panattoni, Sares-Regis, RREEF, and IDI

¹⁸More than 31 million square feet of industrial space was under construction during this period.

¹⁹Absorption rates measure how much real estate space was put into actual or intended use during a specific time period.

²⁰Planning tools like site specific plans were often used by regulatory bodies and developers to clear environmental regulations. These entitled projects could then be leased at a premium to companies who did not want to wait for the year-long CEQA period.

also expanded their ownership of industrial properties in Riverside and San Bernardino counties. ProLogis is the Inland Empire's self-proclaimed leader in industrial warehouse space; it led the march inland by purchasing and developing large tracts of land in the eastern Inland Empire. The company owns or manages approximately 80 distribution properties in Riverside and San Bernardino counties, which account for more than 30 million-square-feet of building space (Hirsh 2008). ProLogis expanded its Inland Empire holdings by acquiring existing property and by actively constructing new projects. The company was making new warehouse acquisitions as late as April of 2007.²¹ ProLogis has also worked closely with BNSF as part of a strategy to expand services near the railroad company's Transload Logistics Center.²²

| Owner | Rentable Building Area (sq. ft. in millions) |
|---|---|
| ProLogis | 32,698,945 |
| Majestic | 23,752,906 |
| Hillwood | 11,833,065 |
| American Realty Advisors | 7,371,771 |
| Space Center, Inc. | 7,061,678 |
| Panattoni | 6,414,945 |
| SARES-REGIS Group | 5,004,784 |
| California Steel Industries Inc. | 5,000,000 |
| First Industrial | 4,322,996 |
| Ridge Property Trust | 3,911,447 |
| TIAA-CREF | 3,623,482 |
| Master Development Corporation | 3,020,415 |
| Target | 3,000,000 |
| RREEF | 2,948,767 |
| Trammell Crow Company | 2,913,831 |
| Watson Land Company | 2,890,072 |
| Carson Companies | 2,729,415 |
| Operating Engineers | 2,539,834 |
| IDI | 2,447,241 |

Based on internal Union Database

Figure 2.2: Top Industrial Property Owners in the Inland Empire, May 2009

ProLogis' march into Inland Southern California was part of a larger strategy to create

²¹For example, it purchased and immediately leased two Ontario properties that provided a total of 855,000 square feet. More recent developments include the Kaiser Commerce Center, 5.9 million square feet of industrial space that reached full capacity in January 2009.

²²The developer purchased 39 acres from BNSF in Fontana during October of 2004. The company planned on building approximately 849,000 square feet of distribution space on the Fontana property (ProLogis 2004).

a network of global distribution properties. It was able to attract large amounts of capital from Wall Street because it developed innovative business practices that increased profit margins. For example, ProLogis tapped into pension fund and institutional investors by forming joint venture companies for new projects. ProLogis would develop a new property, sell it to the joint venture firm – which it partly owned – and then maintain an ongoing revenue stream by serving as a manager for the new investment property funds (Troianovski 2009). Access to deep financial pockets gave ProLogis a competitive advantage because it could outbid other developers in an inflated land market.

But the party could not last forever. Vacancy rates climbed as port volume declined during 2008 and developers failed to unload a massive speculative inventory. Regional vacancy rates were at 9.9% in December 2008, but some regional submarkets, especially in the eastern portion of the Inland Empire, had vacancy rates as high as 26%. Why such a difference across various submarkets? Primarily excessive speculative building in the eastern frontier. Although many companies vacated smaller western warehouses in order to consolidate their operations in larger eastern corridor facilities, shorter re-lease times, longer contracts, and reduced distance to the ports provide western Inland Empire warehouses with competitive advantages that help this section to maintain relatively low vacancies. Vacant west-end warehouses have a three to five month re-lease rate as opposed to twelve or more months in the eastern corridor.

ProLogis suffered as a result of higher vacancies. The company's speculative practices caused it to lose money as the slumping economy reduced commodity shipments. Corporate filings show that the company reported a \$887 million fourth quarter loss in 2008. ProLogis abandoned its global expansion strategy by selling-off Asian properties and halting plans to branch out into India and Brazil. A significant portion of the company's financial troubles can be directly linked to a global development pipeline that contained \$5.1 billion worth of assets. These in-process projects were severely devalued by the slumping industrial real estate market. Many developers, caught with large development pipelines during the recession, were unable to recoup boom-related land and construction costs. ProLogis attempted to minimize its pipeline, but a large portion of these properties were eventually delivered to market at a loss.

AMB Property Corp. pursued a different Inland Empire development strategy. Unlike ProLogis, most of its activities focused on positioning the company to capture future goods movement expansion into the High Desert. The company plans to build a seven million square foot Adelanto Gateway Logistics Center on 400 acres of property that it purchased along the proposed High Desert Corridor freeway route (San Francisco Business Times 2007). AMB's proposed logistics center is part of a regional effort to expand the goods movement network into the High Desert and will be linked to the future freeway via a publicly subsidized infrastructure project (San Francisco Business Times 2007). But like ProLogis, AMB's expansion plans were dampened when the economic downturn and higher fuel costs reduced goods movement expansion into the High Desert (Ascenzi 2008; Webster and Taborek 2008).

Even a historically bad economic downturn didn't stop companies from expanding their warehouse facilities. Approximately 218 warehouse projects were in some stage of

the development or new occupancy process between July 2007 and 2008. Large developers continued to invest in new projects even as the economic outlook of mid-2008 signalled a downturn in imported goods. Total valuation for all industrial warehouse projects during this same period was \$5.4 billion.²³ IDS Real Estate Group and AMB Property built the two largest (1.7 and 1.3 million-square-feet respectively) speculative distribution centers in the country along the eastern logistics corridor (Galvin 2009). Further expansion into the Inland Empire is likely because the Los Angeles market cannot absorb projected warehouse capacity. Even high vacancy rates didn't seem to panic warehouse developers as many believe that the market will recover when future port volume increases (Webster and Taborek 2008).

2.3.2 From Guns to Goods: Military Base Conversions as the New Frontiers for Logistics Development

Much like private developers, regional policymakers sought to capitalize on an expanding industrial real estate market. High demand for warehouse space provided local policymakers with an opportunity to convert three former military bases into inland distribution hubs (Howard 2001). Military base realignment, which unfolded during the time that neoliberalism gained strength as a political and economic doctrine, resulted in the closure of three Inland Empire bases.²⁴ George, Norton, and March Air Force Bases offered new spatial opportunities for warehouse construction. Local jurisdictions gained control of the former military space and turned it into a quasi-public real estate market that could be used to build millions of square feet of additional warehouse capacity. This new land market was readily absorbed by developers seeking to escape from a real estate bubble that led to inflated land prices. Industrial developers, in need of large land parcels with access to major transportation corridors, were often in direct competition with each other and with home builders, over a dwindling supply of prime real estate. Access to large parcels of publicly-owned former military space, became a key part of extending the industry's geographic reach into the Inland Empire. The bases' infrastructure capacity, which includes ample connections to freeways and long runways, made these sites prime candidates for industrial development.

Former military bases offer unique insights into the way that local state bodies have managed the territorial expansion of Southern California's goods movement industry. The establishment of federally sanctioned governing bodies, Joint Powers Authorities (JPAs), gave local policymakers license to mobilize new real estate markets for private development.²⁵ Joint Powers Authorities transform local states into developers, a form of

²³Data taken from Dodge Report.

²⁴Military base conversions are an example of how local privatization of public assets are linked to the macroeconomic and geopolitical processes that led to base realignment. The new geography of U.S. global dominance, one that required a different spatial organization for the country's post-Cold War military, yielded new development pathways for local policymakers who sought control of former military space. Thus, the same military-industrial complex that transformed Los Angeles's post-WWII aerospace industry, now ceded its spatial assets to commodity distribution.

²⁵California Assembly Bills 941 (Miller-R) and 125 (Pacheco-R) extended JPA governance structures

entrepreneurial state apparatus, who prioritize return on investment rather than comprehensive community benefits (Hesse 2004). In this scenario, public development decisions become quasi-business choices aimed at the fiscal bottom line. The state became a de-facto economic agent by creating exclusive land use policies and by utilizing subsidies and public assets to generate economic activity. JPAs enabled a state-sponsored development path that effectively linked military base reuse to the logistics industry. Logistics-based job creation, rather than other options like affordable housing or green space, became the benchmark for measuring public benefits.

Local authorities have deployed an arsenal of land-use incentives to lure logistics related development onto former military bases. One of these tools, the site-specific plan, streamlines the warehouse development process by clearing environmental regulatory requirements for an entire industrial park rather than on a project-by-project basis.²⁶ Evidence suggests that companies were willing to pay a premium for pre-approved or entitled land projects during the industrial real estate boom. For example, Tesco, the British company that owns Fresh & Easy grocery stores, paid Majestic, the project's master developer, a premium for an entitled site on the former March Air Force Base (Grubb & Ellis Research 2007). JPAs also use employment and tax-based incentives as part of a wider strategy to lure goods movement related economic activities onto former military bases. For example, JPA members used an assortment of incentives to convert the former George Air Force base into the Southern California Logistics Airport.²⁷ Both the Southern California Logistics Airport and the San Bernardino International Airport (formerly Norton Air Force Base) were designated as Local Agency Military Base Recovery Act (LAMBRA) zones. Under this designation, businesses that choose to locate in these zones are eligible for a variety of incentives that include: a fifteen-year net operating loss carry-over, tax credits for sales and use taxes paid, hiring credits for wages paid, and expense deductions.

State agencies measure successful reuse by comparing new job creation with former military-related local employment (see Table 2.3). For example, policymakers cite Hillwood's claim that 29,000 jobs have been created at its Alliance California logistics center, to argue that military base conversion has produced public benefits (The Tioga Group and Railroad Industries 2008). But the wage structure of those jobs or the environmental health impacts of further goods movement development have not been key benchmarks for base reuse plans. An economic enterprise strategy that focuses on the goods movement industry without accounting for low wages and negative environmental impacts, effectively subsidizes private gain while further burdening workers and local communities. Job figures alone fail to give an adequate account of how state and private interests use

to local former military bases.

²⁶This can be attractive to companies who want to limit development delays tied to regulatory issues like the California Environmental Quality Act.

²⁷These included a 60,000-acre redevelopment district, LAMBRA Zone credits and incentives, 2,500-acre Foreign Trade Zone no. 243, Tax assistance from the State of California for employee training and equipment purchases, San Bernardino County Incentives, including tax-exempt bonds, FAA program support, Local tax-exempt bond financing, City tax credits for hiring and equipment purchases. See the Tioga (2008) report for more details on these incentives.

public wealth to create corporate profit. Growing evidence suggests that the costs and benefits have been unevenly distributed.²⁸

| Base | BRAC Round | Estimated Jobs Lost | Expected Jobs Gained | Recovery |
|--------|------------|---------------------|----------------------|----------|
| March | 1993 | 997 | 678 | 68.0% |
| Norton | 1988 | 2,133 | 4,551 | 213.4% |
| George | 1988 | 506 | 1,631 | 322.3% |

Figure 2.3: Base Reuse Job Comparison

Attempts to convert former military bases into logistics hubs are part of a national trend. Local control has provided state agencies with opportunities to cash-in on former military assets. For example, the Kansas City Port Authority used its jurisdictional mandate to convert the former Richards-Gebaur Air Force Base into an international trade-processing center. This is part of an attempt to turn Kansas City into a major inland port. Kansas City is already a north-south rail hub that links Canada to the United States and Mexico. Development of the former base and other projects will link Kansas City to Southern California's ports via the BNSF railroad (Nall and Hoffman 2008). Another example of how local state agencies are converting former military bases into global trade hubs is the Joliet arsenal in Illinois. Two thousand acres of the former military space were handed over to Chicago-based CenterPoint Properties. The arsenal produced military munitions from the 1940s to 1976 (HDR—HLB Decision Economics Inc. 2006). CenterPoint constructed an intermodal center on the former Joliet Arsenal site that began operating in 2002. Here again, BNSF emerged as a key figure when it stepped in to operate the intermodal center.

2.4 Constructing the American Dream: Big Houses and Fat Profits

2.4.1 Investing in Cheap Dirt

A confluence of land and finance capital allowed Riverside and San Bernardino counties to emerge as one of California's biggest housing markets. More than 54% of the state's new homes were built in the Inland Empire during 2006 (Husing 2006a). Figure 2.4 shows the dramatic rise and fall of new home construction that took place between 2000 and 2008. Local economic boosters regularly cite the availability of large undeveloped land parcels as a key reason for the region's building boom (Husing 2006b). This cheap dirt theory correctly points to land-based accumulation strategies as a major economic driver. But the creation of a new real estate market requires us to dig deeper into the social,

²⁸See (Owens-Wilson and Mulligan-Hansel 2008) for a review of efforts to win community benefits agreements linked to military base development. There has been some criticism of base-reuse plans, see for example the complaints against the Riverside County Transportation Commission for funding a \$10 million interchange improvement project near March Air Force Base (Begley 2008).

political, and economic relations that were necessary for this territory to develop into a new housing geography.²⁹ In short, land and money can only tell us part of the story.

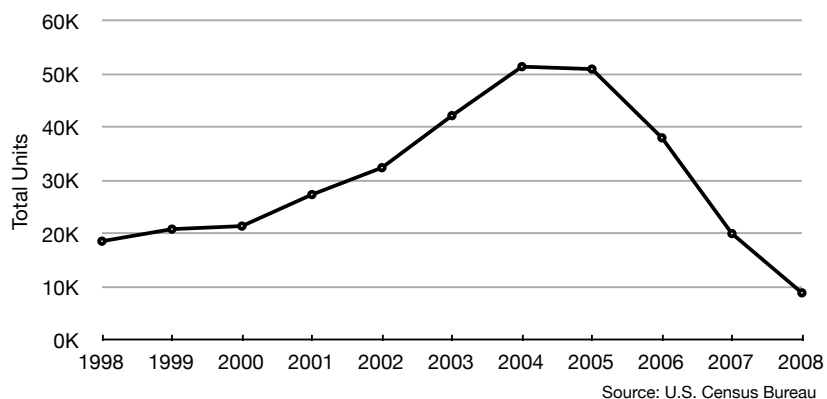


Figure 2.4: New Housing Permits, Inland Empire 1998 - 2008

One of the things we need to consider is why so much undervalued land existed in the Inland Empire. Part of the answer lies in the relationship between changing modes of production and the spaces necessary for specific types of accumulation. Economic forces and state-based zoning decisions opened new possibilities for development by converting large tracts of agricultural space to residential use. Thousands of acres were thrust onto the market as policymakers converted former dairy land into residential and industrially-zoned parcels. Between 1999 and 2003, Ontario and Chino annexed more than 13,000 acres of the former San Bernardino County Agricultural Preserve.³⁰ Both cities quickly drew-up plans to add more than 140,000 new people into residential communities slated to be built on former agricultural preserve land. Eighty percent of the 160 dairies that remained in 2004 were sold or in escrow by 2006.³¹

More than 160 dairies, 80

Local land use decisions, like the dairy preserve case, point out the critical role that state agents have played in the region's development trajectory. For example, county policymakers planned for low-density growth by allocating land use ratios that favored residential development and roads. A 1950's document – that projected land use for 1971 – allocated forty percent of all usable level land to low-density housing (Price and Young 1959); more than twenty-five percent was earmarked for streets and highways. This low-density approach shaped plans to build single-family planned communities on the former dairy land.³² As Table 2.1 shows, local planning decisions hurled more agricultural land

²⁹See (Walker 1981).

³⁰The 14,000 acre preserve was established in 1967. There were more than 375 dairies by 1997. The city of Chino Hills annexed the remaining acres.

³¹Data from the Milk Producers Council.

³²California Attorney General Jerry Brown attacked this development framework when he sued San Bernardino County in 2007 for adopting a General Plan update that he claimed violated the California Environmental Quality Act (CEQA). Brown argued that the County's plans for low-density suburban

onto the housing market during the peak of the region's real estate boom.

| Project | City | Conversion Type | Acres |
|-----------------------------------|------------------|-----------------------|------------|
| Sorrento Housing | Redlands | Housing | 55 |
| Unnamed | Redlands | Housing | 45 |
| Ashley Furniture Warehouse | Redlands | Warehouse | 45 |
| California Palms Warehouse | Redlands | Warehouse | 20 |
| Power Plant | Redlands | Power Plant | 15 |
| Water Treatment Plant | Redlands | Water Treatment Plant | 10 |
| California Street Landfill | Redlands | Landfill | 10 |
| Mission Lane Homes | Loma Linda | Housing | 60 |
| Barton Vineyard Apartments | Loma Linda | Housing | 25 |
| Crafton | Yucaipa | Housing | 50 |
| Braeburn | Yucaipa | Housing | 35 |
| Citrus Estates | Highland | Housing | 70 |
| The Reserve Condos at Empire Lake | Rancho Cucamonga | Master Development | 75 |
| Kumho Tire Warehouse | Rancho Cucamonga | Warehouse | 55 |
| Town Square Shopping Center | Rancho Cucamonga | Retail | 25 |
| Sycamore Hills | Fontana | Housing | 100 |
| New Homes | Fontana | Housing | 50 |
| 2 Distribution Centers | Fontana | Warehouse | 100 |
| Total | | | 845 |

Table 2.1: Converted Farmland, San Bernardino County 2004 - 2006

2.4.2 Selling the Dream: Developers and Bad Loans

Like the industrial developers that I mentioned above, national home builders played a key role in shaping the region's territorial scale by infusing the local real estate market with vast amounts of capital. National home builders like Lennar, Pulte, Centex, and D.R. Horton took advantage of new Inland Empire land opportunities and quickly established themselves as leading developers (Table 2.2 shows California's top home builders, all of these companies played major roles in the Inland Empire market).³³ Well-capitalized homebuilders, along with mass access to mortgage financing products re-shaped the geography of Southern California. Banks and other financial companies extended their reach into the Inland Empire in a bid to capture some of the country's hottest real estate revenues. For example, Citigroup aggressively expanded its Inland Empire mortgage and refinancing operations in order to compete with Wells Fargo and Washington Mutual (Wrye 2008a).

But builders serve as the best example of the nexus between the productive forces of housing construction, finance, and the culture of consumption that transformed the

sprawl would increase greenhouse gas emissions. The Attorney General targeted a number of high-growth jurisdictions and demanded that they include climate change mitigation efforts into their long-term planning (Bowman 2007).

³³LiUNA estimates that the top five national builders developed about fifty percent of all new homes in the Inland Empire. Figures taken from an internal union document.

| Builder | Net Sales | Market Share | # of Projects | % Single Family |
|--------------------------------|------------------|---------------------|----------------------|------------------------|
| Lennar Homes | 6,872 | 7.7% | 198 | 81.00% |
| D.R. Horton | 6,574 | 7.4% | 141 | 65.73% |
| KB Home | 5,175 | 5.8% | 149 | 84.46% |
| Centex Homes | 4,963 | 5.6% | 136 | 88.80% |
| Pulte Homes | 2,716 | 3.1% | 74 | 82.33% |
| Shea homes | 2,398 | 2.7% | 71 | 80.69% |
| Standard Pacific Homes | 2,151 | 2.4% | 94 | 83.73% |
| K. Hovnanian Homes | 1,996 | 2.3% | 70 | 76.20% |
| Pacifica Companies | 1,943 | 2.2% | 28 | 0.00% |
| Richmond American Homes | 1,536 | 1.7% | 77 | 99.48% |
| Total | 36,324 | 40.9% | - | - |

Hanley Wood Market Intelligence - Jan - Dec 2006

Table 2.2: Top 10 New Home Builders in California, Net Sales - 2006

region's landscape. Builders in the Inland Empire played a key role in expanding the housing market by serving as both sales and finance agents. Top national builders developed mortgage-writing subsidiaries or partnerships as part of a strategy to capture a larger share of the finance capital that flowed into the housing market during the boom. New financial tools and mortgage products made it easier for builders to move units. Innovative finance schemes, which raised loan-to-value ratios, expanded demand by opening the market to new customers. A new crop of homebuyers were able to enter into the housing market with very little money because new loan products required smaller down payments.³⁴ Home builders offered one-stop shopping for potential buyers who could walk into a new development's sales office, pick out their model, add additional amenities, and sign off on the loan to pay for it all. In-house lenders expedited sales by offering streamlined access to large mortgages. For example, KB Homes formed a partnership with Countrywide that allowed potential buyers to secure loans in the same office that housed their selling agents. KB claims that they managed a 90% capture rate with their mortgage product; this means that 90% of all the homes sold by KB used the builder's financing plan.³⁵

³⁴This raises a distinction between consumer sovereignty and structure of the market. Aalbers (2007) agrees with Harvey's assertion that individual consumer choice is largely determined by the structure of the market, but he notes that demand-side changes have reshaped the market (185). He gives four examples. Homebuyers are more willing to take on riskier loans with high loan-to-value and loan-to-income ratios, people are taking bigger loans, more people have entered into the housing market because of low rental alternatives, real estate is seen as a good investment.

³⁵Data from internal union documents.

Some have pointed to this integrated sales and loan origination business model as a contributing factor to the current housing crisis. In February 2009, the Laborer’s International Union of North America (LiUNA) successfully lobbied California Assembly Member Manuel Perez to carry AB 1534, a bill that would prohibit builders from originating mortgages used to purchase homes that they themselves built. The union claims that the bill will protect both homeowners and construction workers by preventing future speculation and market crashes. According to LiUNA staff, “...the builders write the worst mortgages, they have no incentive not to, all they want to do is sell a home as quickly as possible, for as much money as possible, and they use so many tricky mortgage arrangements to get people who should never have qualified for a home that was inflated to \$450,000 ...”. Union researchers believe that builders drove up prices by hiring appraisers to set rising market values for new home sales. According to union staff, “They set the market. They all say, ‘oh that was just the market’, but they had very deliberate pricing structures, which said, we’re gonna run-up prices every month and then we’re gonna make those prices a reality by financing the mortgage...”. Existing home owners could then point to speculative housing prices as comparable sales and would use these inflated values to refinance their own homes.

2.4.3 Mass Luxury: Evolution of the Subprime House

We don’t have the upscale and more urban kinds of housing that managers and owners want to live in ... And if they can’t find someplace to live here, they won’t locate here. (Greg Devereaux, Ontario city manager)³⁶

The building boom of the early 2000s depended on both a cognitive remapping of the region and on creating new markets for a growing list of mortgage products. Cultural narratives became key tools for developers and area boosters who were interested in upgrading the local citizenry through the pursuit of a higher-end housing market. Private and public campaigns were launched to convince potential buyers that a good life could be achieved in what was formerly conceived of as cow country.

Two key things happened during the building boom of the mid-2000s that transformed the region’s housing market. First, new financing schemes and a booming home equity market allowed builders to expand profits by changing the nature of their product. Builders shifted production to larger, more luxurious models in order to capture a bigger share of ballooning mortgage streams.³⁷ For example, K.B. Homes (formerly Kaufman & Broad), once a stalwart in the entry-level house sector, chose instead to pursue the higher-end market in an effort to capture larger revenue streams. Toll Brothers, one of the largest luxury home builders in the nation, expanded the size and nature of its housing products. In 2000, Toll Brothers’ most popular model measured 3,200 square feet; by 2005, its best selling model had increased to 4,800 square feet (McGinn 2008, pg. 28). Space became a marker for a high-end house. Luxury builders, like Toll Brothers, could drive up the cost

³⁶Quoted in Sanchez (2002).

³⁷Were builders constructing large expensive houses because they had to recoup high land costs (McGinn 2008)?

of their housing stock by building bigger houses and outfitting them with a few aesthetic cues that signified a high-end house to potential buyers. Most designs were basic, but cultural signs and spatial cues like elevated fronts, granite counters, large interior spaces, and hot tubs endowed the big stuccoed boxes with a sense of luxury (McGinn 2008, 38).

Desire for an idealized suburban home provides an opportunity to understand how cultural notions of individual consumption, when coupled with the possibilities offered by capital, have shaped the cityscapes of the American West.³⁸ Adoption of an idealized American lifestyle, centered around a big single-family detached home, often embellished by multiple flat screen TVs and other accoutrements of social ladder climbing gear, enabled an entire regional economy of house-centered shopping. The products offered, big houses and imported consumer goods, were part of a finance and manufacturing model that produced a particular geography of accumulation. Pockets of wealth developed in places like the Coachella Valley, the 91 corridor (Corona and Norco), southern Riverside County (Temecula and Murrieta), and Chino Hills.³⁹

Luxury became a lifestyle that could be enacted with new credit lines secured by what seemed to be a never-ending ride up the home equity ladder. This relationship between consumption and finance marks the second major shift that occurred in the region's housing market. Rising prices, both for new homes and for the upkeep of these houses, forced many buyers to depend on readily available credit lines. Families were left to fill these ever-expanding homes with super-sized furniture. A large network of furniture-related warehouses and sales rooms popped up all over the Inland Empire (Orr 2008).⁴⁰ The booming housing market also created other retail economies. Growth in \$500,000 homes lured a new batch of higher-end retailers. Cities used increased home values and growing income levels to market themselves as upscale shopping destinations.⁴¹ The Victoria Gardens Lifestyle Center in Rancho Cucamonga is an example of how a booming higher-end housing market created new opportunities for upscale retail companies that had typically ignored the Inland Empire.

Regional economic disparities, including relatively low wages for a large section of the population, forced many residents to use credit as a way to buy their way into a status oriented version of the American Dream.⁴² Much of this consumption was made possible through the use of the same financing schemes that drove the housing market. For example, twenty percent of GDP growth in 2002 was due to mortgage refinancing (Harvey 2005). Homeowners took advantage of inflated housing values by cashing in on their home-equity, upgrading to a bigger house, buying a second residence, and filling

³⁸See Findlay for a discussion of how class and race-based idealized versions of suburban life in the American West, became models for metropolitan development (Findlay 1992).

³⁹See the Inland Empire Wealth Study for an economic profile of residents with a high net worth (Glencrest Investment Advisors, Inc. 2007).

⁴⁰For a discussion on suburban economies, see (Walker 1981) and (Cohen 2004).

⁴¹Should include a brief discussion of how cities used psychographic maps to sell themselves as investment sites to retailers.

⁴²My point is that people's vision of the house, as a key component of the American Dream, was an important part of how the region developed; all of this was made possible by financing and by the builders' attempts to capture more of the revenues.

their space with more stuff. The housing crash of 2007 and 2008 revealed that narratives about the good life didn't match the financial reality for most Inland Empire residents.

It can be argued that the move to bigger and more expensive houses was nothing more than a market response by builders to consumer demand. But the single-family home isn't simply a product of consumer desire; its hegemonic grip on the Southern California landscape has largely depended on access to finance capital, builders, and land-use planning.⁴³ Builders actively shaped the market by pursuing business plans that capitalized on the ability of potential buyers to access large pools of finance capital. Access to investment capital also gave national home builders an advantage over other developers who could not afford the region's inflated land prices.

2.4.4 From Dream to Nightmare: Foreclosures in the Inland Empire

If you're going to have a housing correction, this is when you want it ... We do not have an underlying weak economy. (John Husing, June 2007)⁴⁴

A booming housing market led some social analysts to claim that the Inland Empire was a last refuge for Southern California's middle class. But the speculative economy of credit and consumption hid the destructive forces that have since devastated many of the families who moved into the region in recent years. The scale of the Inland Empire's economic crisis was not foreseen by local economists as late as the middle of 2007. Low unemployment rates and high demand for office and industrial space were supposed to protect the Inland Empire from the type of devastating economic affects that earlier rounds of housing market corrections had on the region.⁴⁵ Needless to say, this overly optimistic approach proved to be wrong. Even though the Inland Empire was riding high on the housing market wave, trouble was already brewing as early as August 2006 (see Figure 2.5). Executives from CB Richard Ellis, a real estate services provider, predicted as early as April 2006 that creative financing could cause people to lose their homes if rates went up (Husing 2006b). Wider access to financing, the proliferation of buyers, and an increase in housing speculation drove up demand for new home construction. But the region's large pool of low-wage earners limited the ability of builders to further expand their profits. Homebuilders and mortgage underwriters effectively eliminated this growth barrier by lowering lending requirements. The industry's new rules meant that even the Inland Empire's lowest earners could magically afford to by more expensive homes. Creative financing schemes provided builders with new tools to extend the home market to groups that were historically locked out of homeownership. There were early signs that new mortgage products were being used to expand the housing market into Latino and working class communities.

⁴³See Hise and Deverell (2005) for a discussion of land-use planning's role in Southern California development and sprawl. On single-family homes in Southern California, see (Hise 1997) and (Waldie 1997). On home financing and developers see (Loeb 2001).

⁴⁴In (Hirsh 2007).

⁴⁵See Hirsh (2007) for the logic behind this argument.

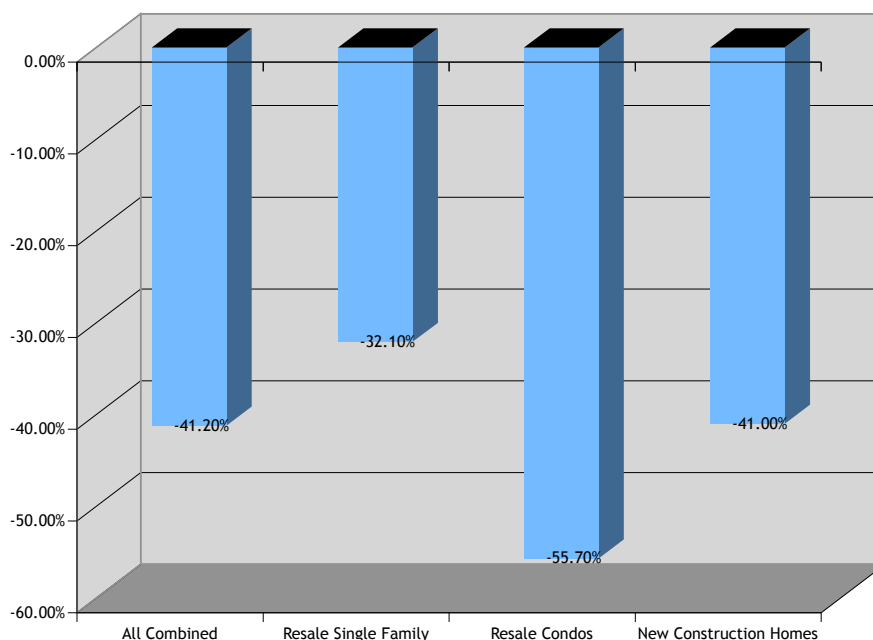


Figure 2.5: Eastern Riverside County Sales Decline Between 2005 and 2006

It's easy to see why local boosters were optimistic about the region's ability to withstand early rounds of economic turbulence. After all, Riverside and San Bernardino counties recorded the highest percentage increase in median home values between 2000 and 2007.⁴⁶ Rising rates of fictitious capital fooled many into believing that the Inland Empire was a haven for the upwardly mobile. Homeowners woke up one day to find that their formerly modest abodes now promised new riches and buying opportunities. San Bernardino's median home value rose from \$124,854 in 2000 to \$387,000 in 2007, an increase of 210%. Riverside's median home value increased by 201% during the same period, climbing from \$134,998 to \$406,300 (Nielsen Claritas 2009). Local governments, many of which applauded higher-priced housing construction, benefitted from inflated property and sales tax revenues. The housing crash has left many cities and counties struggling to meet budget projections. Both Inland Empire counties rank among the top five when measuring for the highest percentage decrease in median home values between 2007 and 2009. Estimated median home values for 2009 were expected to be \$266,639 for San Bernardino County and \$282,870 for Riverside County (Nielsen Claritas 2009).

Such boom and bust home valuation cycles give some indication of how wide access to finance capital and residential market speculation combined to produce a devastating result. Approximately 25% of all Inland Empire mortgages were subprime loans (as of December 2007) (Berkman 2008b). The Inland Empire tied Bakersfield for the highest proportion of subprime loans in the state. About one third (33%) of subprime loans were 60 days delinquent in December 2007 (Berkman 2008b). Speculative finance capital

⁴⁶For counties with a population of more than 250,000.

set the stage for a massive wave of foreclosures in the Inland Empire. The fact that twenty-five percent of all mortgages were in the subprime market demonstrates how risky access to credit opened new markets for homebuilders and for the financial sector. The housing market crisis is a clear sign of how financiers and investors walked away with profits as working class homeowners got stuck with inflated home mortgage – a form of accumulation through dispossession.⁴⁷ Many of these new homeowners couldn't keep up with ballooning monthly payments. Bank repossessions, a more concrete measurement of actual dispossession, increased by more than 1,667% between July 2007 and July 2008 in Riverside County; repossessions increased by approximately 398% in San Bernardino County (see Figure 2.6).⁴⁸

| | July - 2007 | July - 2008 | % Change |
|------------------------------|-------------|-------------|----------|
| Riverside County | 189 | 3,340 | 1,667% |
| San Bernardino County | 518 | 2,578 | 398% |

Source: Realtytrac.com

Figure 2.6: Inland Empire Bank Repossessions , 2007-2008

Soaring foreclosure rates were a precursor to broader financial turmoil. Regional economic indicators show that the financial meltdown of 2008-2009 was particularly devastating for the Inland Empire region (see Figure 2.7). Job creation rates for 2008 were the lowest since 1993. Much of the region's economic woes were closely tied to a crashing housing market. Building permit valuations plummeted for both residential and non-residential construction. Inland Empire home builders reported huge losses. For example, KB Homes, one of the region's largest builders, recorded a \$773 million loss for the fourth quarter of 2007 (Berkman 2008a). Slow home sales were one of many reasons why builders like KB suffered severe profit losses; new home inventories forced companies into slashing prices and profits. Many builders were also saddled by speculative land purchases that they amassed during the housing build-up. Falling home sales slashed the value of undeveloped land and forced builders to write-off investment losses (Berkman 2008a). Large inventories of unsold houses and reduced access to mortgage capital brought new home construction to a grinding halt. Thousands of construction workers lost their jobs as builders desperately tried to dump empty houses onto the market. A worsening economic crisis created a feedback loop that further contributed to rising foreclosure rates. The region's soaring unemployment figures added to the worsening housing crisis. An IndyMac representative recently blamed higher unemployment and work hour cuts for growing

⁴⁷Foreclosures and bank repossessions have given birth to new economies of dispossession. Hundreds of small companies sprang up in the wake of the housing crisis to clean up the mess left behind by families who lost their homes (Wrye 2008b)

⁴⁸Home builders played a big role in developing this boom and bust economy, that on the one hand is driven by cheap pools of labor, and on the other hand uses market mechanisms like financing and securities markets to sell to this same cheap pool of labor only to turn away from this mess with large profits.

foreclosure rates among both prime and subprime borrowers; rising foreclosure numbers are no longer a direct consequence of resetting ARMs and bad loans (Heisel 2009).

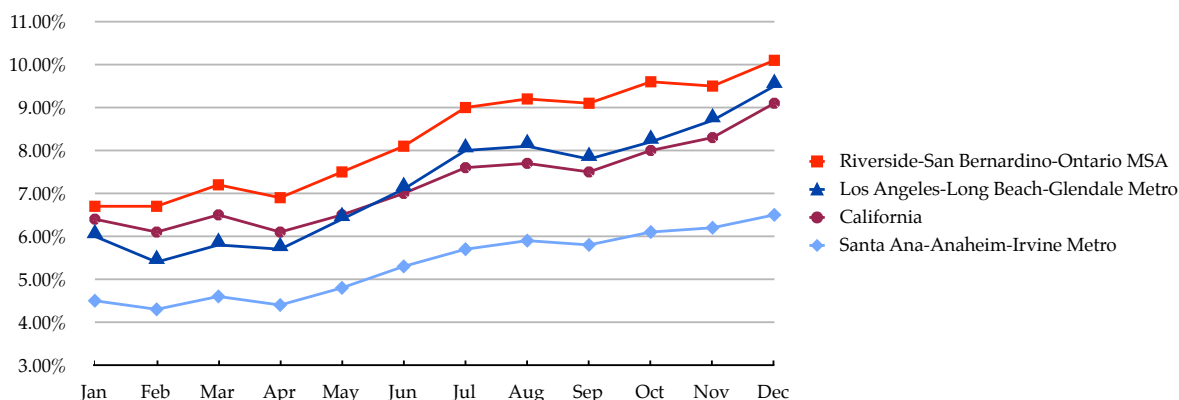


Figure 2.7: Inland Empire Leads Southern California in Unemployment, 2008

2.4.5 Transformation of the Housing Sector in the Post-Subprime Era: Market Failure and Affordable Housing

One of the unspoken truths about the 2006-2008 housing collapse is the role that rising income inequality played in the market's inability to meet housing needs for all sectors of the population.⁴⁹ Wage data clearly shows that Inland Empire workers, employed by the region's key economic sectors, earned very low incomes. Developers and policy makers did little to create the kinds of housing markets needed to meet the needs of a large segment of the region's residents. Instead, the halcyon days of the housing boom led policymakers and developers to believe that anyone could afford to buy a home, or at least to secure a mortgage. Developers began to build million-dollar tract houses in order to provide for growing pockets of wealthy residents. Housing prices spiked as a new crop of upper middle class buyers moved in to purchase the latest models; many of these new buyers were armed with large mortgages often secured with collateral from previous or secondary homes. Needless to say, a significant portion of the region's working class could not afford the Inland Empire's runaway home prices. Households were also being squeezed by rising rental prices that were directly linked to the housing boom. Average rents rose 5.7% during the third quarter of 2006 (Perrault 2006). Those who could afford to rent often found limited choices as occupancy rates reached 95.9% for 2006.

Many turned to subprime loans because these new financial packages offered the ability to buy a house with minimal downpayment and the temporary lure of low monthly installments. Working class families struggled to keep up with mortgage payments that skyrocketed after initial adjustable rates reset; chasing the American Dream exposed

⁴⁹See Michael Stone (Stone 2009) for more on the relationship between inequality and the housing market.

many families to the harsh realities of expropriation and profit. Home builder business strategies, which tried to maximize profit by shifting the nature of the product towards the upper-end of the market, clearly contributed to expanding class inequality. More importantly, the fact that home builders began to function as lenders while driving up prices allowed them to walk away from bad mortgages that they dumped on the securities market. This process created a tremendous transfer of wealth that further burdened the working class.

The mortgage crisis generated some backlash against portrayals of buyers who now appear to be getting what they deserve because they purchased a home they could never afford. Such finger pointing hints at the same type of free-market cultural values that caused the problem in the first place. Housing affordability has to be considered alongside the inadequacy of market structures to meet the needs of all people. While some families cashed in on rising home valuations from 2001 to 2006, many other families were faced with a widening gap between their paychecks and what was available on the market. The very market mechanisms that drove up equity also made it less affordable to buy a home for working families. Taking out subprime loans was often the only way that blue collar families had access to homeownership. A proliferation of rising home prices signalled the market's failure to produce enough affordable housing to meet demand. The incentive was to build them fast, build them big, and build them with value added luxuries.

Even homebuilders were not immune to the housing crisis; many were forced to change their business practices as a response to new market realities. Most builders either stopped or radically decreased new home construction. Several companies downsized and reorganized their operations. For example, KB Homes consolidated their Southern California management operations into a single five-county office (Berkman 2008a). Home builders also adjusting to the post-subprime market by changing the nature of their product offerings. KB Home, California's biggest home builder, implemented a small home strategy, which involved moving from large value-added homes to smaller and lower-cost units. The shift included the creation of a new product named the Open Series home. New models were smaller, less expensive, and would yield higher profits than the older KB houses (Taub 2009). This new strategy was first introduced in the Inland Empire market (Hong 2008). KB executives list the smaller home model as a way to compete with lower prices caused by an influx of foreclosed homes into the market. KB Home initially reduced the size of their homes from 3,400 to 2,400 square feet in 2007. This included a price reduction from \$450,000 to \$300,000. But even this dramatic change in production and prices couldn't save the company from a crashing market. KB responded to lingering stagnant sales by launching a new downsizing strategy anchored by a 1,230 square foot home that went on the market for \$200,000 (Hong 2008).⁵⁰

Some industry leaders foresaw this market correction by claiming that the private sector's inability to meet housing needs, for the growing lower-end of the economic scale, would eventually force builders to restructure their business models. Randall Lewis, executive vice president of the Inland Empire based Lewis Homes, cited rising energy

⁵⁰Changes in the home construction industry, the move to smaller homes for example, will produce a housing landscape that differs from the big-house development path created by the housing boom.

costs and demographic shifts as factors that would eventually push the market to construct smaller homes. According to Lewis, the days of the 3,000 square foot home were numbered in part because more singles, couples and retired people were moving into the area; this new buyer profile didn't need and couldn't afford large houses (Wrye 2009). While this may have proved to be correct, it does little to address the needs and interests of the large number of working class families that were also moving into the Inland Empire. Another problem with this market-based analysis is that it leaves out the role that finance capital and speculation played in shaping the market. Market changes were caused not only by shifting consumer desire, but by the inability to secure larger mortgages. Switching to a lower-priced product allows buyers to qualify for FHA insured loans. Loan origination data shows that a lack of mortgage capital, in the wake of the subprime fallout, forced many consumers to apply for FHA loans (see table).

2.5 The Next Wave? The Material Landscapes of White Collar Workers

Some policymakers have set their eyes on the next wave of potential development. More established cities, like Ontario, want to encourage white collar residential and commercial development. Cultural narratives about status and progress are now being used to redefine the region and its desired populace. For example, Ontario and other cities aggressively sought to capture new office space construction as a way to upgrade their employment base; city managers proclaimed the white collar office workforce as a fiscal and demographic upgrade from the blue collar warehouse workers that lowered the marketing potential of local residential profiles.⁵¹ Efforts to redefine the region's class makeup, by encouraging office sector development, included the implementation of policies that would lure and educate an adequate white-collar work force. An upscale landscape functioned as a reference that could be leveraged for particular white-collar development paths. The white collar worker embodied a development trajectory that included luxury housing, upscale shopping, and suitable professional employment opportunities.

State encouragement of commercial construction, along with higher rents in coastal counties, combined to turn the Inland Empire into Southern California's hottest office space market. Most of Southern California's recently built office space is located in Riverside and San Bernardino counties (see Figure 2.9). Office permit valuations grew from a low of \$31.1 million in 1998 to a high of \$307.9 million in 2006 (see figure 2.9).⁵² Money invested in office building construction increased almost tenfold between 1998 and 2006.⁵³ But the downturn has dampened the great white collar hope. Current high vacancy rates suggest that supply quickly outpaced demand and that most of the new construction was unrealistic speculative development.

⁵¹Ontario is one example of this policy.

⁵²Data is from Grubb & Ellis quarterly reports. Permit valuations represent all new office space, including corporate offices, financial services, and other white collar services.

⁵³This figure is an assessment based on what it cost to build the property. These figures include costs for labor, materials, and construction.

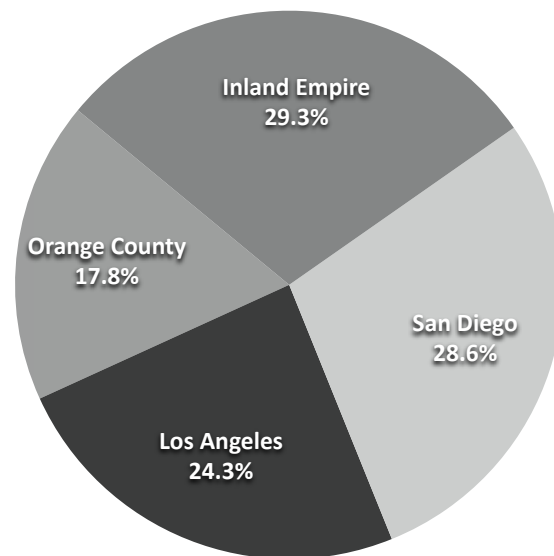


Figure 2.8: Southern California Office Space Construction, 3rd Qtr. 2007, Grubb & Ellis

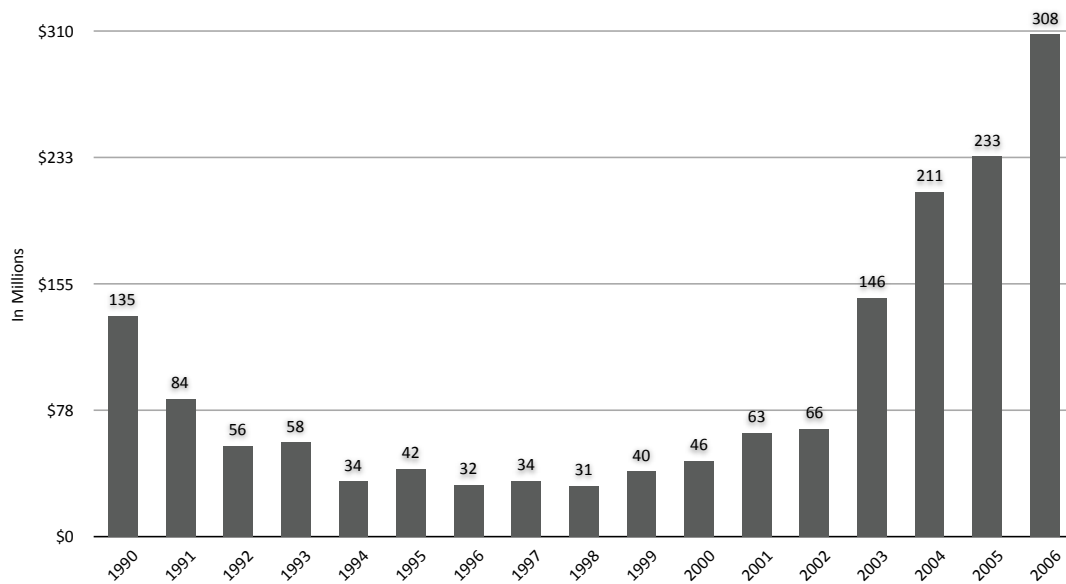


Figure 2.9: Office Permit Valuations, Inland Empire

Chapter 3

The Geographies of Cheap Labor in the Inland Empire

3.1 Somebody Should Organize This Place

My earlier chapters on the spatial realignment of inland distribution networks and real estate markets reviewed how political and economic factors drove commodity movement activities further inland. I turn now to the ways that workers, via organized labor, have responded to the shifting scales of commodity distribution; in particular, the discursive and institutional approach to port-related work by the International Longshore and Warehouse Union (ILWU)

This chapter will consider how workers can shape the economic geography of capitalism by re-imagining themselves into a political force that claims a right to the city, or in this case, the region.¹ It follows Harvey's (2003) assertion that the right to the city, "... is not merely a right of access to what the property speculators and state planners define, but an active right to make the city different, to shape it more in accord with our heart's desire, and to re-make ourselves thereby in a different image."

As Harvey and others have noted, culture and imagination play a key role in how we create the kind of world we want to live in. This nexus between imagination and spatial production is where class consciousness, organizing, and cognitive mappings enter the stage as powerful counter-balances to the forces of state-sponsored regional capitalist accumulation strategies that have shaped the Inland Empire. Organizing efforts that challenge how space is produced can extend fights about workplace exploitation and social justice into new spatial narratives that have the potential to reshape the Inland Empire's material landscape. We will examine how labor unions have used class narratives and spatial strategies to challenge the way that space is produced in the Inland Empire.

¹Herod (1997) notes that geographers have ignored the role that workers play in the production of a space economy. Yet workers routinely produce new spatial relationships that ensure their own survival and reproduction. Coping mechanisms, like hot-bedding and multi-family households, are examples of how workers create lived spaces in order to ensure their survival within an economic geography dominated by low wages. Collective action through labor union organizing is another way that workers establish themselves as a force in the social production of space. See Lefebvre (1991) for an account of how space is socially produced. Aronowitz (1990) provides an important intervention by pointing out the limits of research that equates working class interests with labor unions. Nonetheless, unions provide some insight into how different groups contest the production of space and labor markets.

3.2 What Happens When Unions Talk Class and Not Contract?

3.2.1 Can Unions Get Their Act Together? Searching for Relevancy in the Hinterland

Organized labor has failed to build significant bargaining power in the Inland Empire's key economic sectors; this includes the logistics and residential construction industries.² Labor has been hampered by inadequate organizing strategies, insufficient institutional capacities, and an unfriendly regulatory apparatus. Most Inland Empire unions use a workplace-by-workplace hot shop organizing strategy that's simply no match for public-private regional accumulation models that serve as territorial regimes of unfettered accumulation – commonly referred to as “business friendly climates”.

But if, as Peck argues (as cited in (Herod 1998, p. 178)), labor markets are “socially constructed and politically mediated structures of conflict and accommodation among contending forces”, then a review of Inland Empire unions may provide some insight into the types of social and geoeconomic power relations that produce low wages and vulnerability. Inland Empire labor markets were shaped, in part, by organized labor's inability to respond to new accumulation models. Union structures and organizing techniques have proven inadequate for the brave new world of flexible production, extended commodity chains, and pro-business regulatory landscapes. These types of structural limitations are signs that labor hasn't changed much from its Fordist heyday even though capitalism looks quite different today (Herod 1994).

Mounting defeats and dwindling membership forced some unions to reconsider their approach. An urgent call for new organizing swept reformer John Sweeney into the national leadership of the AFL-CIO in 1995. Key leaders pushed for institutional reforms that they argued would better position labor to confront a reorganized global capital. This focus on structural reorganization and commitment to new organizing was one of the reasons for the split between the AFL-CIO and Change to Win in 2005.³ Even with a new commitment to organizing, labor has been saddled by an institutional incapacity to mobilize strategic initiatives across union hierarchies; injecting more resources into organizing hasn't solved many of the divisions that exist between national headquarters and local affiliates. Internal debate over strategy involves sharp differences between those who argue for a centralized approach and others who cite local autonomy and democracy

²The International Longshore and Warehouse Workers Union is the only labor organization that has managed to maintain a solid power base in the land-side distribution sector. While The International Brotherhood of Teamsters (IBT), the United Food and Commercial Workers (UFCW), and the International Longshore and Warehouse Union (ILWU) have managed to organize some warehouse workers, they have not built significant leverage and union density.

³Attempts to create more centralized and streamlined management structures, SEIU's reorganization of its locals into regional bodies organized by industry for example, has proven to be controversial and is connected to the SEIU - United Healthcare Workers conflict. Anti-labor regulatory regimes, especially in the post-Reagan era, have also placed severe burdens on new labor organizing. SEIU's strong central control over local affiliate unions has stirred a debate about local control. Andy Stern's view that centralized control is part of building a more effective and efficient labor movement has been challenged by those who see his strategy as undemocratic.

as key to a vibrant labor movement. Intra-union fights have surfaced around centralized organizing campaigns, run out of national headquarters, and the way that these efforts interface with union locals.⁴ Some of the union efforts to organize Inland Empire workers have been hampered by local affiliates that have failed to build an institutional culture of strategic organizing.

Labor reformers set their sights on moribund Central Labor Councils (CLC) in an effort to retool these institutional structures by gearing them to support pro-union organizing drives and political campaigns. The Los Angeles CLC emerged as a powerful political voice that inserted working class issues into local and statewide policy debates. While the the Orange County CLC entered a reorganization period during the mid-2000s, the same did not occur in the Inland Empire.⁵ Local labor leaders often cite the region's conservative political geography as a key reason for why the CLC has failed to drive a more radical class politics. The head of the CLC, Laurie Stalnaker, has often formed political alliances with conservative politicians; she once justified this tendency by saying to someone, "you people in Los Angeles want to come here and have people marching in the street; we don't do that here, sometimes we have to support Republicans in order to survive (paraphrase from author's field notes)". A group of unions, led by the Teamsters and the Communication Workers of America, made a bid to replace Stalnaker as head of the CLC in 2004. Carl Wood, former member of the California Public Utilities Commission and officer in the Utility Workers of America, ran as a reform candidate and vowed to turn the CLC into a relevant political institution. According to Mike Hartigan, head of the Local CWA and a Wood supporter, "Organizing has come to a standstill. Political influence has become nil. There's a litany of problems we see. This is a working blue-collar area that doesn't have a viable central labor council. We believed it was time to bring some positive change (Granelli 2004)." Several key unions rallied to Stalnaker's defense and helped her to maintain her leadership position.

The CLC's maintenance of the status quo provided political cover for an organized labor movement that has been hesitant to champion the cause of low-wage workers. While other CLCs were launching campaigns to organize workers in expanding economic sectors, many of them occupied by immigrant workers, the Inland Empire CLC stood its ground and protected the small base that it had managed to maintain over the years. Efforts to organize major Inland Empire industries, including the Warehouse Workers United (WWU) and Laborers' International Union of North America (LiUNA) campaigns, were not supported by the Inland Empire CLC. The lack of a progressive and vibrant CLC forced new regional organizing initiatives into developing what some considered to be an alternative labor movement. In fact, most of the recent attempts to build a broad-based labor movement have written-off the local CLC as irrelevant or unhelpful.

⁴Reformers claim that many union locals have been complicit in labor's decline because they have failed to create new organizing strategies and institutional structures.

⁵Riverside and San Bernardino counties are served by one joint CLC.

3.2.2 Building the Grass Roots: The Narratives and Institutions of a New Labor Geography

New geographic and industry-wide organizing initiatives required unions to develop broad-based strategies that moved beyond traditional workplace tactics. A number of labor unions and community organizations took the Inland Empire's changing demographics and rapid economic growth as an opportunity to reshape the region's landscape by developing new working class narratives and institutions. Several organizations developed a multi-union organizing strategy for the Inland Empire that included a comprehensive attempt to build a regional policy and grass-roots movement.⁶ Union resources laid the groundwork for a new set of organizations that focused on expanding labor's reach by building a community and policy-based approach to the region. Existing community organizations were too small and fragmented to organize at the scale needed for the types of effective campaigns that could transform the region's political and economic landscape. An assortment of newly-founded organizations and coalitions, like Clergy and Laity United for Economic Justice (CLUE), Partnership for Working Families (PWF), and Inland Valley Labor Action Network (IVLAN), would allow unions to develop community support in a region with few progressive organizations.⁷

A shift towards social movement unionism can be read as an attempt to overcome a spatial divide between the workplace and the broader community.⁸ The spatial organization of industrial capitalism created links between home and work that no longer hold true; older spaces of industrial production generated more concentrated and cohesive working class geographies. Those who now wish to organize in the Inland Empire must confront a landscape of accumulation that makes it difficult to construct working class identities. As a result, labor unions have adopted geographic strategies in an attempt to link a fragmented workforce into a regional working class that is defined as much spatially as it is by place of employment.⁹ For example, Change to Win's warehouse campaign was explicitly geographical in its perspective. A senior staff member acknowledged this by saying, "There needs to be an approach to the region right, not just the workers (Author's notes)."

This region-wide community approach to building the labor movement was hardwired

⁶This was significant because, up until this point, the Inland Empire didn't fit into most unions' strategic organizing plans.

⁷PWF and CLUE are national organizations that function as policy and community links between community and labor issues. IVLAN is a multi-campus-based network of faculty and students who are interested in labor issues. Unions also reached out and formed a working relationship with an active San Bernardino-based ACORN chapter. Participating unions and PWF's national leadership struggled for more than a year to find a person who understood and who could navigate the region's complex political, social, and economic geography. PWF's protracted search for an executive director and the decision by organized labor to build its own grass-roots infrastructure, demonstrate how the political geography of a place like the Inland Empire can shape the ways that unions organize and contest the social production of space.

⁸See Herod (2003) for an overview of this claim.

⁹See Chris Benner, Amy Dean, and Nari Rhee for more on how some unions have used community alliances to build social movement unionism.

into Inland Empire worker organizing campaigns. Unions, like the Warehouse Workers United campaign, used PWF, CLUE, and in-house community organizers to broaden the scale of organizing beyond the shop floor. These community organizing efforts weren't limited to relationships and actions that would have a direct affect on a particular campaign. Some of the local labor leadership believed that their long-term effectiveness was tied to changing the social and political environment of the region.

The relationship between the National Day Laborers Organization and LiUNA is one example of how national resources were leveraged to build regional alliances by expanding the scope of traditional union organizing. This relationship emerged after an often-contentious and lengthy effort to link the two organizations. NDLON eventually secured funding from Change to Win for a project that would allow it to expand its day laborer organizing into several Inland Empire cities. Union grant money was used to hire new staff that would focus on organizing day labor corners in San Bernardino, Rancho Cucamonga, and Riverside. Change to Win played a key role in this arrangement because it removed some of the pressure for NDLON to show immediate results that could be leveraged in LiUNA's favor. LiUNA staff managed to form a close relationship with the NDLON affiliated Pomona Employment Opportunity Center (also known as the Pomona Day Labor Center). NDLON saw this as an opportunity to extend their organizing as well as develop a relationship that could potentially offer day laborers access to well-paid, long-term union jobs. This reciprocal relationship was confirmed by a LiUNA staff member who said that there was a chance for day laborers to move into union work.

Such working relationships created new opportunities for labor unions to build community alliances. For example, some in LiUNA credit their relationship with CLUE and NDLON with opening the door to the Catholic Diocese. The NDLON relationship also gave LiUNA access to a broad immigration coalition. LiUNA's focus on immigrant construction workers, along with new relationships with immigration-based organizations, tapped much wider interest from students involved in the Inland Valley Labor Action Network. In fact, LiUNA has positioned itself as an advocate for immigrant rights by using its political capital to lobby against the wave of Border Patrol raids that recently targeted day labor centers in the Inland Empire. These activities marked a departure from traditional local unions who have failed to play an active role in immigrant causes.¹⁰

3.3 Contesting the Middle Class Logistics Wage

3.3.1 Good Jobs or Bad Numbers? Deconstructing the True Costs of Development

Discursive practices, how a dispute, process or situation is represented to a broader audience - can thus be important elements in the institutional reproduction of labor markets and, consequently, of workers themselves (Herod 1998, pg. 178).

¹⁰The expanding market forces which generated interest in regional organizing have tanked; a declining market has dampened labor campaigns in the region.

Inland Empire policymakers crafted a discourse of development that actively shaped local labor markets by framing the regulatory terrain of an increasingly regional economy.¹¹ Policymakers constructed a discourse of development that justified public investment in goods movement related infrastructure, on the grounds that the industry represented an important economic engine.¹² Goods movement and The Ports became a development mantra that symbolized a path to regional economic prosperity. Economic boosters argued that a regional distribution network could deliver much of the region's large blue-collar workforce into the promised land of the middle class. According to this logic, logistics-related blue-collar jobs were the antidote for low education levels and declining manufacturing employment. SCAG argued that, "by building the infrastructure to accommodate the growth of international trade and clean up its worst environmental side-effects, some 1,381,000 jobs can be created in Southern California" (Southern California Association of Governments 2005). Only twenty three percent of the projected new jobs would come from the industry's natural growth. The rest of the jobs would be products of state investment in infrastructure, increased efficiency, and multiplier effects. If public funds are used to spur private development, in the name of good jobs, then it's important to see if the industry can deliver on its promise.

What exactly is the logistics sector and how do we measure what a well-paid job is? The idea of a logistics industry is a construct that relies on the classification of certain economic data. How this data is assembled can paint different pictures of the economic realities imposed by the commodity distribution system. Available data provides a cloudy picture of how many workers are actually employed by the Inland Empire's logistics sector. The picture gets even murkier when we analyze how policy makers define the industry's work force. SCAG and local economists measure the logistics sector by aggregating data for the following set of NAICS categories:

- Wholesale trade (NAICS 42)
- Truck transportation (NAICS 484)
- Support activities for transportation (NAICS 488)
- General Warehouse & Storage (NAICS 493)
- Non-Local Couriers (NAICS 492110)
- Air Transportation (NAICS 481)

¹¹Peck and Herod (1998) argue that labor markets and discursive regimes are locally variable; uneven development, history, and culture become key factors in understanding the way that labor markets have evolved across the specificity of place and space.

¹²Key indicators were consistently deployed to demonstrate logistic's importance to local economic development. Several of the region's cities depend on logistics for a major portion of their tax and employment revenues. For example, Rialto's three largest employers and several of it's top tax payers all belong to the logistics sector (Bender 2008).

- Rail transportation (NAICS 482)
- Water transportation (NAICS 483)

According to SCAG's measurement technique, there were more than 117,000 logistics workers in the Inland Empire during 2007. An alternative counting method, one that includes workers based on their occupations, can yield a number as high as 160,000. While both of these figures are problematic, they do demonstrate a significant employment base for the region.

Let's turn now to the idea that the goods movement industry can provide well-paid jobs. Logistics jobs are peddled as career-ladder employment opportunities for the region's poorly-educated blue-collar workers. In fact, SCAG and its associated policy experts have framed public investment in transportation infrastructure and logistics capacity as a job building strategy for all of metropolitan Los Angeles. The reality is that many of these publicly-subsidized, blue-collar jobs will fail to provide workers with incomes adequate for basic family needs. Careful analysis of SCAG's data casts doubt on the notion that logistics work will save blue-collar workers from the ravages of low-wage employment.

According to SCAG, the average logistics wage is over \$45,314¹³ per year (Southern California Association of Governments 2006); this was higher than both the manufacturing (\$43,871) and construction (\$40,439) sectors during the same period. While these figures sound impressive, SCAG's wage model skews pay scales upwards in three ways. First, it relies on industry-wide wages. NAICS employment and wage data, culled from the Quarterly Census of Employment and Wages (QCEW), include all occupational categories, from the lowest wage line worker to the highest paid manager. White collar and professional occupations like pilots and train engineers are vital components of the industry, their inclusion in official employment figures raises average wages. Second, industry-wide wage analysis must account for geographical differences in labor market formation. By aggregating average industry wages for the Southern California region, SCAG figures mask the low-wage reality of the Inland Empire's blue-collar warehouse workers. Most higher-wage logistics jobs tend to be clustered closer to the docks and not in the Inland Empire, in part because collective bargaining improved wages around the ports. Blue-collar warehouse workers in the the LA metro area however, don't fare much better than their Inland Empire counterparts because they, too, are largely non-union (see figure 3.1). Third, a major problem with official employment and wage categories is that they leave out a key sector of the labor market, temporary employment services (NAICS 561320). Many of the region's temp workers earn their living working in Inland Empire warehouses.

Is there a better method of measuring wage and employment outcomes for the Inland Empire warehouse sector? Occupational data may provide a more nuanced way of mapping industry wages across different job categories. One way to account for the difference between a white-collar logistician and a blue-collar warehouse worker is to measure incomes by occupational status. Data from the Occupational Employment Statistics survey

¹³Based on 2003 wages for the SCAG region.

| Occupations | Total Workers | | Annual Mean Wage | | Hourly Median Wage | |
|---|---------------|---------------|------------------|-----------------|--------------------|----------------|
| | LA MSA | Inland Empire | LA MSA | Inland Empire | LA MSA | Inland Empire |
| Shipping, Receiving, and Traffic Clerks(435071) | 48,840 | 9,330 | \$29,020 | \$27,700 | \$12.86 | \$12.80 |
| Stock Clerks and Order Fillers(435081) | 76,110 | 23,520 | \$23,340 | \$23,900 | \$10.02 | \$10.23 |
| Laborers and Freight, Stock, and Material Movers, Hand(537062) | 116,310 | 33,320 | \$23,810 | \$24,830 | \$9.97 | \$9.96 |
| Packers and Packagers, Hand(537064) | 48,620 | 12,270 | \$19,140 | \$21,050 | \$8.51 | \$8.90 |
| Industrial Truck and Tractor Operators | 25,630 | 11,190 | \$35,140 | \$30,050 | \$14.69 | \$13.63 |
| Averages | - | - | \$26,090 | \$25,506 | \$11.21 | \$11.10 |

Source: Author's analysis of May 2007 OES

Figure 3.1: Comparison of Blue-Collare Warehouse Occupations, Los Angeles and the Inland Empire

(OES) measures mean and median wages by geographic designation and job categories.¹⁴ The California Employment Development Department (CA EDD) has listed 31 of these OES occupations as logistics-related employment opportunities.¹⁵ Using this data to construct a more accurate and differentiated wage scale for warehouse workers, one can show that the average warehouse worker earns a mean annual wage of \$26,081.¹⁶

Even these relatively low wages can overstate what many of the region's warehouse workers actually earn. Average wage estimates are based on the assumption that workers are employed at a full-time year-round basis. Many warehouse workers, especially those employed by temp agencies, face constant underemployment. Part-time direct-hire workers will also earn less than the average annual wage. Median hourly wages, for a

¹⁴This is produced by the Bureau of Labor Statistics. The data is compiled from a semi-annual mail survey that collects responses from nonfarm business establishments.

¹⁵These include: Air Traffic Controllers; Aircraft Cargo Handling Supervisors; Aircraft Mechanics and Service Technicians; Airfield Operations Specialists; Airline Pilots, Copilots, and Flight Engineers; Bus and Truck Mechanics and Diesel Engine Specialists; Captains, Mates, and Pilots (Ship and Boat); Cargo and Freight Agents; Cleaners of Vehicles and Equipment; Couriers and Messengers; Crane and Tower Operators; Customer Service Representatives; Dispatchers, Except Police, Fire, and Ambulance; Driver/Sales Workers; First-Line Supervisors/Managers of Helpers, Laborers, and Material Movers, Hand; First-Line Supervisors/Managers of Transportation and Material-Moving Machine and Vehicle Operators; Laborers and Freight, Stock, and Material Movers, Hand; Logisticians; Material Moving Occupations; Packers and Packagers, Hand; Postal Service Workers; Rail Transportation Occupations; Sailors and Marine Oilers; Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products; Ship Engineers; Shipping, Receiving, and Traffic Clerks; Stock Clerks and Order Fillers; Transportation Inspectors; Transportation, Storage, and Distribution Managers; Truck Drivers, Heavy and Tractor-Trailers; Truck Drivers, Light or Delivery Services.

¹⁶This is an average of the xfb01;ve largest target occupational categories. I excluded administrative, management, and highly skilled occupations (like pilots and rail engineers). Other occupations with job descriptions that did not match our target constituency (sales representatives, etcx2026;) were also excluded. We then cross-checked the remaining occupations with OES data to verify that logistics industries were the major employers of these occupations. Other industries may be included in the employee pool. These occupational categories do include temporary workers.

majority of warehouse workers, range from a low of \$9.11 to a high of \$13.94. Workers in the bottom twenty-five percent of the three largest occupational categories earn an hourly wage of \$8.74 or less. Even a generous reading of these problematic classification methods, one that takes all of the the CA EDD's 31 Jobs in Logistics categories, reveals that the five largest occupational categories.¹⁷ account for 66.5% of all goods movement employment and that these jobs pay an average annual wage of \$28,950.¹⁸ The geographic disparities become evident when we see that the largest 5 occupational categories for the Los Angeles-Santa Ana MSA pay an annual average wage of \$37,090.

Figure 3.2: Blue-Collar Warehouse Worker Wages, 1st Quater 2008

| Occupational Title | Number Of Employees (All Industries) | Mean Annual Wage | 25th Percentile Hourly Wage | Median Hourly Wage |
|--|--------------------------------------|------------------|-----------------------------|--------------------|
| Shipping, Receiving, and Traffic Clerks | 9,330 | \$28,304 | \$10.46 | \$13.08 |
| Stock Clerks and Order Fillers | 23,520 | \$24,422 | \$8.74 | \$10.45 |
| Industrial Truck and Tractor Operators | 11,190 | \$30,743 | \$11.54 | \$13.94 |
| Laborers and Freight, Stock, and Material Movers, Hand | 33,320 | \$25,402 | \$8.74 | \$10.19 |
| Packers and Packagers, Hand | 12,270 | \$21,535 | \$8.30 | \$9.11 |

What do these new wage figures mean in the context of policies that effectively subsidize and encourage a commodity distribution development path? Contesting the discourse of development, by challenging the notion that proscribed development paths offer new opportunities for the region's blue-collar workers, is a key part of unmasking and fighting against the types of racialized class politics that unfold in the Inland Empire. My modified wage scale clearly shows that SCAG's discourse of development obscures the low-wage reality of many logistics-sector workers. The meager paychecks of tens of thousands of mostly Latino warehouse workers can testify to the dissimulation of the \$45,000 middle-class logistics wage. The consequences of low warehouse wages are clear; many of the region's working class families do not earn enough to pay for their basic needs.¹⁹

¹⁷These include: Laborers and Freight, Stock, and Material Movers, Hand; Stock Clerks and Order Fillers; Truck Drivers, Heavy and Tractor-Trailer; Customer Service Representatives; Packers and Packagers, hand.

¹⁸Based on data from the May 2007 OES

¹⁹The California Budget Project and the Economic Policy Institute have developed basic family wage indices that can be applied to the Inland Empire. These living wage indices measure what workers must earn in order to pay for basic family expenses.

3.3.2 Temporary, Flexible, and Cheap

The temp industry has shaped the Inland Empire's geography of cheap and contingent labor by taking advantage of macroeconomic changes as well as opportunities offered by the geographic specificity of local labor markets.²⁰ Temporary agencies emerged as a key force in the Inland Empire's labor market between 1990 and 2007. Contingent employment grew by 575% during this period and easily outpaced all other industries. More than 53,000 workers were employed by temporary employment agencies during 2007 (CA EDD Annual Employment Figures, April 2008). Many of those employed by staffing agencies end up working in the region's distribution centers. In fact, several temporary employment companies specialize in providing local warehouses with a steady supply of contingent labor. The number of temp agency establishments increased from just over one hundred in 1990 to more than four hundred by the end of 2006 (see Figure 3.3).

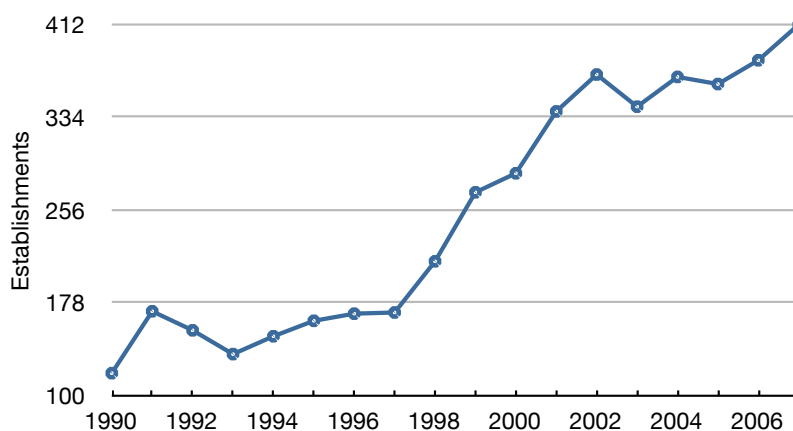


Figure 3.3: Number of Temporary Employment Establishments, Inland Empire

Temporary agencies play an intermediary role by regulating key labor market functions for the goods-movement industry.²¹ Retail innovations, like the switch to just-in-time delivery models and shorter product cycles, have created new labor force demands.²² Temporary staffing agencies stepped in to provide the goods movement industry access

²⁰While government data measures temporary agencies as an industry, they function more as intermediaries that funnel workers into many different industries.

²¹Most of the literature on temporary employment has focused on white collar and clerical labor (Kallerberg, Reskin, and Hudson 2000; Smith 1997; Smith 1998).

²²See Massey et al's discussion on the duality of labor and capital; they tie immigration to a permanent demand for cheap labor, especially in segmented labor markets (Massey, Durand, and Malone 2002). They use Piore to argue that the difference between fixed and variable capital leads to a segmented labor force. Capital intensive primary sector employs longer term permanent workers who get higher wages because of their skilled relationship with fixed capital. This seems to match what happens with clerical and tech-based logistics workers. Labor-intensive secondary sector employs lower waged workers who have less permanent employment and whose unskilled relationship to capital makes them more expendable (this applies to warehouse labor).

to the Inland Empire's large pool of marginalized labor. Theodore and Peck's (2002, p. 27) research details how temp agencies have used human resource innovations and spatial strategies to expand the geography of contingent employment into new markets. Temporary agencies have been particularly adroit at capturing emerging labor markets during periods of macroeconomic restructuring.²³

Fast-growing metropolitan fringe areas, like the Inland Empire, have become the locus of flexible and cheap temporary labor. A temporary employment location quotient shows that there is a disproportionately high concentration of temp agency employment in the Inland Empire. Location quotients allow us to see how concentrated a particular industry is in relation to a reference area. The location quotient for the Inland Empire's temporary employment industry increased from 0.61 in 1990 to 1.48 in 2007 (see Figure 3.4). Any location quotient above one signifies a higher concentration of temporary employment than the rest of California. Temporary employment is also higher than expected for Riverside and San Bernardino counties when compared to the Los Angeles metro region. This was not always the case.

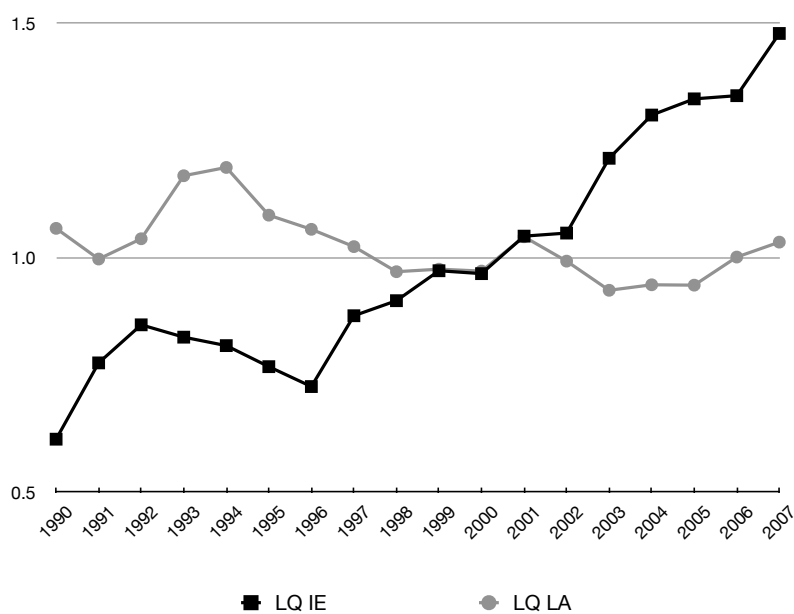


Figure 3.4: Temporary Employment Location Quotients

Temporary employment agencies play two critical roles as labor market intermediaries for the Inland Empire logistics sector. First, temporary agencies have become conduits through which a low-wage, flexible, and largely undocumented labor force is funneled into

²³Theodore and Peck were able to show that temp agency expansion outpaced aggregate employment growing faster in these cities. They use location quotients to show that TSI expansion outpaced general employment restructuring. Labor market penetration rates are higher in sunbelt and right to work cities. Penetration rates were at parity in the 1980s and showed strong divergence at the end of the 1990s. Geographic expansion was an industry strategy that moved the TSI into less unionized new-economy markets.

goods-movement jobs. Retailers cite the ebb and flow nature of the industry as a key driver of temporary and seasonal employment. This claim may have some merit, but evidence from worker interviews suggests that the industry has used temp workers as a long-term source of cheap labor. In particular, the use of temp agencies has provided retailers with access to a large pool of undocumented workers. Temp workers are well aware of this arrangement. As one worker noted, “Most workers like us (undocumented) know that if you want a job you go to the agencies. Everyone knows which ones don’t use instant verification; if they have that sticker on the window, you move on to the next one” (Bonacich and De Lara 2009).

Some distribution centers knowingly use temp agencies as sources of low-wage undocumented labor. For example, after working for two years as a perma-temp in a local warehouse, Felipe was offered a direct-hire position. He submitted his employment papers to human resources and was given a new title with higher pay. A few weeks later, Felipe’s supervisor called him into a meeting to tell him that there was a problem with his Social Security number; the system had bounced the number back as a false match. The supervisor told Felipe that he needed to submit valid documentation to prove that he was authorized to work. Felipe’s personal relationship with the supervisor allowed him to reveal his true unauthorized employment status. The supervisor responded to the news by saying, “Well, if you can’t submit valid papers then you should go back to the temp agency and tell them I want you here tomorrow; you can have your old job back (as a temp worker)” (Author’s Field Notes). Felipe’s case is evidence that employers knowingly use temp agencies as a way to circumvent legal employment obligations.

The second role of temporary staffing agencies is to protect the industry’s access to cheap labor by taking advantage of labor laws that make it more difficult for logistics workers to organize. Federal labor laws pose huge regulatory hurdles that make it nearly impossible to organize temporary employees into a collective bargaining unit. Regulatory standards that effectively prevent collective bargaining facilitate the ability of capital and its intermediaries to control the labor market. Local state agencies have been complicit in the expansion of such low-wage labor models. Conservative local and regional state agents have created a pro-business labor market landscape that’s heavily tilted against union and community efforts to strengthen worker rights. For example, Inland Empire workers have been shut out of progressive state-sponsored initiatives like living wage ordinances and community benefits agreements. Workers and labor unions have failed to build the type of organized countervailing force that could contest how local labor markets are formed. Organizers for Change to Win and the ILWU believe that any effort to build a warehouse workers union must involve the removal of temporary staffing agencies as key labor market intermediaries.

According to union staff members, warehouses can maintain a flexible labor force without having to depend on temporary staffing agencies. An union staff member noted that the union is used to dealing with flexible staffing needs via its own hiring hall. In fact, according to the union, a hiring hall might be a viable solution to the industry’s demand for flexible labor markets, “...we have a hiring hall. You need workers, you do it through our hiring hall. Get rid of these temp agencies. We’ll send you workers. These workers

are statutory, they'll remain statutory, they'll be covered by the contract and these hiring hall workers will also be statutory, but we'll deal with the fluctuating demand that you've experienced based on the ups and downs of the industry through the hiring hall (Author's Field Notes)." When asked if the union would be open to addressing the industry's need for flexibility by having a cooperative hiring hall relationship, a union organizer responded, "Yeah, no doubt. But, of course, they wouldn't give that up. It's all about that control that they don't want to give. It's not about flexibility, right? Because there's the hiring hall, there's cooperative relationships that even the most militant unions have, so it's just a question of control. I don't buy that argument about flexibility at all, cause you can be flexible, you know you can have that flexibility and still pay a decent wage (Author's Field Notes)."

3.3.3 The Precarious Lives of Temporary Warehouse Workers

Labor market contingency exacts heavy personal costs on workers. Contrary to policy narratives, which hold that logistics offers workers a career ladder to the middle class, the industry's dependence on low-wage temporary labor creates economic insecurity for thousands of blue-collar warehouse workers. Many social science research projects claim that labor market flexibility and contingent work are products of the new economy; several findings argue that temporary employment offers workers, particularly white-collar labor, freedom to choose among the best employment scenarios. Researchers who focus on blue-collar and low-skilled clerical work, by contrast, argue that most of those employed by temporary agencies would prefer to have a permanent full-time job (Kallerberg, Reskin, and Hudson 2000). But many temporary warehouse workers never receive an opportunity to climb onto the middle class ladder; they are stuck in dead-end jobs that offer little to no advancement.

While flexible employment models may be signs of a new economy, the temporary staffing industry has used old methods to control the local labor force. Time-tested techniques, like company scrip and the infamous shape-up, are major issues for Inland Empire warehouse workers. Several of the region's temporary agencies use cash cards to pay their employees. Cash card payment systems are part of an industry trend that involves the integration of new financial service companies into payroll management and human relations for the contingent employment sector. Temp workers are usually given the option of either having their paychecks placed into bank accounts via direct deposit or into a cash card account. Many immigrant workers are forced into accepting cash card payments because their lack of familiarity with the the U.S. banking system or undocumented status prevents them from opening direct deposit bank accounts. Immigrant warehouse workers are therefore more susceptible to payment fraud and exploitative finance tools.

A union organizer compared this payment relationship to the use of company scrip in which employers would extract further profit from workers by locking them into a dependent economy of production and reproduction. According to the union organizer, "This is like company scrip, . . . an electronic version of company scrip, where the company doesn't even have to own the store, it doesn't have to be Leavittown anymore. It can be

in the IE [Inland Empire] (Author's Field Notes)." Cash cards emerged as a symbolic gesture that embody the type of exploitative relationship that exists between workers and temp agencies. Workers hissed and booed whenever a union staff member displayed a cash card during an organizing meeting. Their open hostility towards the cards was based on two primary reasons. First, workers are often forced to pay transaction fees when making cash withdrawals on their own income. Second, workers can never fully withdraw all of their earnings because they must maintain a balance on their cash card in order to keep the account open and to ensure future payment. The emergence of financial sector profit-taking, via new management products, led one union organizer to make the connection between cash cards and labor exploitation in the following way:

Global cash card systems, like, they're making interest off of the pooled workers meager shitty pay checks; it's really bad. This is so fucking backwards, I can't even believe it's 2009. ... It's bad enough that you get paid peanuts, but once you do, you can't pull out all your money or you can get charged for taking out all your money? Or you have to leave a certain balance there? Or you don't know how much money you got paid and for how many hours because they won't give you a check stub for that (Author's Field Notes).

Union organizers invoked the "shape-up" – once employed on the docks – as another technique that has been revived by temporary agencies to control the local labor supply. The industry's hiring practice, along with demand for flexible labor from local warehouses, forces workers to maximize their employment opportunities by registering with up to 10-15 different agencies at a time. Workers must call every morning to confirm that they are available to work. Those who consistently call, even if they are repeatedly denied work, remain on the potential employee lists. Workers who fail to call on a consistent basis are routinely given lower priority for future employment opportunities. Those workers who are called and told that a job will be available the next day are not guaranteed actual employment. Temp agencies may routinely ask twenty workers to show up even if only ten employment slots will be available. Part of this practice may be a precautionary way to ensure that enough workers actually show up. But this process prevents workers from gaining employment at other agencies. Oversupply allows temp agencies to protect their position within the economy by creating a reserve pool of labor. As one union staff member noted, "The staffing agency's reputation is on the line and because there's so many staffing agencies out there, and they're competing, it's a race to the bottom ... they don't want to lose that contract with the warehouse so if that warehouse needs ten people, they call twenty ... so you have folks, twenty folks that will show up outside of the staffing agency, standing there for almost two hours ... (Author's Field Notes)." The mismatch between labor demand and supply results in a physical shape-up where temporary agency staff visually assess potential workers in order to decide who will be hired for the job. This process was described by a union organizer as follows: "The staffing agency person shows up at 9 am and looks the crowd over and will hand-pick the 10 best workers, who they feel are the best workers right, and send the rest home. I mean that's

a shape-up [Author's Field Notes]." Those temp workers who reported for work, but who were not offered employment, are sent home without compensation.

3.4 This Work Used to be Done on the Docks: Labor and the Production of Industrial Space

3.4.1 Industrial Space and Labor Markets

The ILWU has employed a number of strategies to challenge and reshape the changing scale of goods movement activities. Herod's (1998) writing on the International Longshoreman's Association, based in the East Coast, details how efforts to protect union jobs led to strategies that pressured shippers into keeping break-bulk activities on the docks. For example, the ILA tried to impose a 50-mile rule that would, in essence, serve as a disincentive for shippers to move their break-bulk activities away from the piers. Herod (1998, pg. 187) claims that the 50-mile rule represents, "...the adoption by the ILA of a deliberate geographical strategy to produce industrial space and shape labor markets as a means of confronting the threat posed to the livelihoods of its members by containerization and off-pier consolidating." ILWU leaders implemented similar geographic strategies on the West Coast. What follows is an attempt to map how unions have tried to shape the labor market geography of a reterritorialized commodity distribution system.

ILWU officials believed that the introduction of shipping containers would push distribution work into inland warehouse facilities and further erode the ILWU's membership base. Early adoption of the shipping container required new distribution management techniques to maximize space and transit time. Many small producers (or consignees) often did not have enough cargo to fill a container.²⁴ Carriers developed a system in which multiple consignees could consolidate their small-batch shipments into one container. These consolidated loads were delivered to an inland container freight station (CFS) upon arrival to the port. ILWU leaders claimed that the actual work of deconsolidating less-than-full container shipments at CFS facilities was replacing traditional break-bulk work that its members once performed on the docks. Like the ILA, the ILWU tried to impose a geographic boundary that pressed carriers into giving these jobs to long-shore members. The union demanded royalties for each container that its members did not unload at a container freight station located within 50 miles of the docks. According to a union official, the ILWU ultimately lost this claim when the Federal Maritime Commission ruled against the ILA 50 mile rule. Union leaders now believe that CFS activity accounts for only 7% of all imported containers.²⁵ While CFS facilities may no longer play a major role in total shipments, other types of inland consolidating facilities,

²⁴Small shipments were not a problem prior to the container because orders were delivered on pallets.

²⁵Most of the decline in CFS activity can be attributed to the growing role that major retailers play in commodity shipments; the ascendance of major retailers reduced the number of less-than-full load containers and left very little market share for small-batch shippers.

like cross-docking and distribution centers, now perform many of the consolidating and de-consolidating functions that were once performed on the docks. It's unclear whether the ILWU sees these new inland facilities as part of their jurisdiction.

The ILA's attempts to impose 50-mile rules shows that the union's geographical vision did not extend to inland areas. The attempt to keep work on the docks was part of an institutional narrative that limited not only the geography of the work, but the spatiality of the union itself. Even though the ILA was accused by the Teamsters and shippers of using their bargaining leverage to extend the scale of their membership by redefining the labor market, Herod's work reveals that the union was willing to sacrifice warehouse members for the benefit of dock workers. Efforts to impose a 50-mile rule could be read as an attempt to expand the union's scale, but the real intent of this strategy was to ensure the reproduction of dock workers. An analysis of the ILA strategy reveals that the union relied on legal frameworks and contract bargaining strategies in an attempt to redefine the union's scale by claiming traditional break-bulk work that was moving away from the ports. More specifically, the 50-mile rule was an attempt to keep break-bulk work close to the piers, it was not intended to redefine the ILA as a warehouse workers union. For example, the 50-mile rule excluded full shipper containers that normally made their way to inland warehouses where Teamster members might handle the goods. Any move to capture inland warehouse work was seen as an incursion by Teamster locals. The IBT aligned themselves with shippers and fought the 50-mile as an attempt by the ILA to capture work that was traditionally done by its members at inland warehouses.

Both the Teamsters and the ILWU have a history of organizing workers along the goods movement commodity chain. In fact, recent efforts to organize workers in the Inland Empire's warehouses had to first overcome some historical differences that threatened to derail union cooperation. Change to Win campaign staff made a concerted effort to coordinate Teamster organizing activities with the ILWU. Staff members from both unions believed that the ILWU's strategic leverage, when combined with Change to Win's resources and industry-wide framework, could result in a powerful organizing campaign.

3.4.2 Contested Turf

Herod's account of the struggle to define the geography of work on the East Coast credits inter-union turf wars and private sector port interests for shaping the spatial scale of port and hinterland labor markets. He claims that, "... the operation and spatial structure of labor markets in ports and their hinterlands was determined ultimately by the outcome of struggles between dockers and stevedores on the one hand and warehouse workers, truckers, and off-pier consolidating interests on the other (Herod 1998)." The bitter taste of old internecine turf fights waged between the ILWU and Teamsters unions re-emerged during recent attempts to orchestrate an Inland Empire goods movement organizing campaign.²⁶

²⁶The historical tension over turf may linger underneath attempts to coordinate some kind of march inland in the Inland Empire, but the lack of any significant labor effort to define the labor market in the the port's hinterland has made this point mute. The labor market and the geography of this process has been pretty much defined by state-related port interests and shippers. The ILWU dropped it's

Change to Win's Port Truckers and Warehouse Workers United campaigns revived some fractious debates about union jurisdiction in the warehouse sector.²⁷ ILWU and Teamster leaders arrived at a tentative resolution to old jurisdictional fights, but leaders from both unions still grow tense when discussing the issue.

Inter-union turf fights can be traced back to the 1930s when the ILWU was expanding its membership by adding warehouse workers to its ranks. Bay Area ILWU Local 6 played a key role in expanding the union by organizing near-dock warehouses.²⁸ Local 6's "March Inland" organizing campaign effectively expanded the ILWU's membership base and geographic scale by incorporating warehouse workers into the union. Some current union leaders have called on this institutional narrative to push for a "New March Inland" that could increase dwindling membership and industry reach by tapping into a large pool of potential warehouse members.²⁹

3.4.3 Class Consciousness, Labor Space, and Organizing Narratives

Shifting social relations and the spatial specificity of class formation played key roles in defining both union jurisdictions and warehouse organizing narratives.³⁰ The original march inland took place in the aftermath of the ILWU's West Coast strike, the San Francisco general strike, and the establishment of radical labor leaders that emerged during the founding of the CIO. Radical class politics trumped traditional union labor hierarchies by expanding the scale and scope of the ILWU. Bay Area ILWU organizers were able to march inland, relatively free from turf disputes, because a Teamster leader named Mike Casey decided that truck drivers were skilled laborers and therefore should not be in the same union as unskilled warehouse workers.³¹

enforcement of the 50-mile rule and has failed to launch a significant effort to organize inland warehouses in the Inland Empire. The Teamsters represent some warehouses, but this is a relatively small amount of the total industry.

²⁷Change to Win's Port Truckers campaign, an effort largely orchestrated by the Teamsters, was supposed to provide a land bridge that tied union leverage on the docks to the Warehouse Workers United campaign in the Inland Empire.

²⁸Inland warehouse facilities played a key role in expanding the scope of the union. This is especially important for the ILWU's future given the fact that so much of the goods movement industry has moved into places like Riverside and San Bernardino counties. The relationship between the docks and the warehouses was a an important part of building the union, especially because the Bay Area was a key port during this time.

²⁹Union officials reframed plans to organize Inland Empire warehouse workers as part of a "New March Inland" that tied the fate of dock workers to an expanding network of inland distribution centers. The use of a historical narrative provided a discursive tool that linked the union to a legitimate claim to warehouse work as part of it's past and also served as a rallying point to convince existing members that the union had a stake in organizing inland warehouse workers.

³⁰See Wilentz's (1986) arguments about historical specificity of class formation.

³¹The same thing did not happen in the Pacific Northwest, where Teamster leaders claimed warehouse workers for themselves. Southern California's warehouse landscape evolved along a different trajectory because both the Teamsters and the ILWU managed to build a membership base in the sector. Bert Corona, a key figure in the immigrant and Latino communities, led ILWU Local 26 in its efforts to build a Southern California warehouse division. List the IBT Locals that have warehouse contracts.

Identity and class remain key factors in the way that union leaders articulate new warehouse organizing campaigns. One of the biggest problems that the ILWU faces is lack of enthusiasm for organizing inland warehouses from its own members. Union members and key leaders have shown very little political and institutional will to organize warehouse workers in either Los Angeles County or the Inland Empire. Longshore workers may find it difficult to fight for warehouse concessions at the bargaining table if it means that dock workers have to give up any of their benefits. Some within the union have pushed for a warehouse organizing campaign, but very little has actually been put into place in terms of a well-funded effort. How do you convince dock workers, who earn more than \$100,000 per year, that warehouse workers who earn anywhere from \$8 to \$10 per hour, are worth fighting for? Some union leaders have appealed to a sectoral notion of class consciousness to draw a link between dock workers and Inland Empire warehouse workers. Politics and ideology may be able to link the docks to the warehouses as part of a unified working class, but the union's radical politics, the kind of solidarity and consciousness that drove the original march inland, has declined over the years.

The following quote exemplifies the challenge:

What I've run into is the political realities of the moment, the inability to motivate our core jurisdiction to move around that stuff. You know if I pose it to them as, well we have economic apartheid, you're making thirty three dollars an hour here and this worker here is a Latino immigrant making you know eight fifty an hour and no benefits and whatever. That disparity can't survive, it can't be held, it can hold, it has held for a long time and our guys they don't respond to that you know. But if they see, oh this is work, this work of controlling these containers, we used to do it here on the terminal, now it's being done in Phoenix, we gotta get that work. Or we used to repair those chasis on those trucks, now it's being done two miles up the road non-union, we need to get that, that's the kind of stuff that people really respond to (Author's Field Notes).

Aside from questions about class identities, dock workers may not be able to bridge the spatial gap between their well-paid waterfront jobs and the tens of thousands of warehouse workers in the Inland Empire. Earlier attempts to bring warehouse jobs under the ILWU banner benefited from closer proximity between the docks and the warehouses. One union official noted the importance of proximity to building the ILWU's warehouse division in the Bay Area, "... there's the docks and then on the other side of the Embarcadero you see these brick buildings that were all warehouses, Hills Brothers coffee is right across the street, now a luxury condominium, but at the time, all those places were right there and so it was much more accessible in terms of thinking about organizing (Author's Field Notes)."

Institutional inertia may hint at a deeper uncertainty about the ILWU's future as a maritime labor organization. Will the ILWU's strategic decisions and inability to mobilize members around inland warehouse organizing create a de-facto dock workers union? One union official responded to a question about why the ILWU hasn't organized warehouses by

voicing some of the dissent within the union, “Why is it a god-given thing that we have to organize warehouses? Just because it’s in our name?” Union leaders position any decision to expend institutional resources and political capital on an extensive warehouse campaign within the context of how the union survives into the future. ILWU strategy revolves around the question of, “...how do you maintain power on the waterfront (Author’s Field Notes)?” Union leaders are trying to figure out how to, “maintain power at the point of production...” and it’s not clear that Inland Empire warehouse workers are part of their strategic long-term vision.

Instead, the union has demonstrated interest in logistics-related clerical work, because leaders believe that this growing job category plays an important role in controlling the flow of containers.³² An ILWU staff member explained this position as follows: “The warehouse stuff we’re gonna continue to look at, but, I’m not sure that the warehouse thing is key. I’ve become convinced that in order to sell the people who are the core, the heart and soul of our union in terms of numbers, in terms of money, in terms of power in the union, you have gotta make this into program that shows that unless they organize this, their jurisdiction is going to be seriously threatened and undermined, and I think that the knowledge-based technology work in some ways is probably the best thing (Author’s Field Notes).” Second-tier priority may explain why even efforts to organize signatory company warehouses have received very little institutional support. Attempts to convince existing members that new organizing campaigns require sacrifice underscore the importance of class formation within the shifting scale of the goods movement industry. What will it take to convince the dock-based labor aristocracy that they should attach their class interests to the fate of inland warehouse workers? An appeal to Marxian notions of class may not be enough. A union staffer highlighted the limits of ideology when he said, “How do you move a politically viable organizing program? It’s one thing to have ... the vision, to have a pretty good plan, but if you can’t politically sell it to people and get it funded and supported (Author’s Field Notes).”

What remains to be seen is if the ILWU will transform itself as an institution to address the issues of scale posed by a goods movement industry that continues to expand its scope of operations off of the docks and further inland to intermodal and cross dock facilities. Shippers and carriers are implementing a geographical strategy to extend the work of the port into inland areas where they can get cheaper labor, cheaper land, and reduce their overall costs of doing business while expanding their operational capacity. New retail strategies suggest that many of the break-bulk functions that once defined stevedore work will continue to move inland. For example, high-velocity retail strategies have increased the use of transloading facilities and inland distribution networks. Transloading, which involves transferring goods from international to domestic shipping equipment, allows companies to maximize efficiencies because U.S. standards allow for larger container capacity. Companies have also used transloading to make en route distribution changes that are responsive to market corrections, which can be made via continually updated sales information.³³ What does the future hold for the ILWU in the face of increased

³²Jurisdiction over these types of jobs was a major point of contention during the 2002 lock-out.

³³Goods can be transloaded and shipped to markets that were not originally planned as final points of

on-dock mechanization and further expansion of break-bulk functions to Inland Empire warehouses? One option is to revive the jurisdictional claims to CFS facilities, but the union may not be inclined to leverage existing contract benefits for conciliations at these facilities. Another option is for the union to pursue distribution facilities that are operated by companies with whom the union has existing contracts (signatory companies).³⁴ Major shippers, including APL, NYK, and MAERSK have expanded their inland distribution services as part of strategy to consolidate multi-modal logistics functions. Signatory companies operate approximately 30 inland distribution facilities as wholly owned subsidiary warehouses. But can the ILWU leadership convince its own members that these are important pieces of the union's future?

3.5 Which Working Class Are You Talking About? Inside the Warehouse Workers United Campaign

3.5.1 Back to the Basics: We Have to Organize Workers

We looked at regulatory, we looked at legislative, we couldn't find anything so we decided that we had to organize the workers. (Union Organizer)³⁵

Change To Win's warehouse campaign – Warehouse Workers United (WWU) – re-defined Inland Empire class politics by challenging policy makers and industry boosters who claimed that the logistics sector provided a pathway to the middle class. The union's decision to define themselves as a warehouse worker campaign, based on a super-exploited group of temporary workers, created a new class landscape that challenged the existing social relations of development. Class identities were linked to industry structure and ethnic processes through a union organizing narrative that shaped the campaign's public face. Warehouse workers, many of them undocumented temporary employees, took to the Inland Empire's streets in opposition to localized articulations of a global goods movement apparatus. New class narratives and organizing strategies required institutional changes to a local labor movement that failed to expand its membership base as shifts in regional accumulation strategies created new employment sectors. Change to Win staff adapted to a legacy of ineffective hot-shop organizing strategies by developing new approaches to the logistics industry. But even a core group of energetic union staff, deployed by national headquarters, were stumped by the Inland Empire's geoeconomic landscape. Organizers decided that they needed to go back to the basics; they needed to organize workers.

destination. Most transloading facilities used to be located closer to the ports in places like Carson and Compton; many are now located in the iInland Empire.

³⁴We are left to wonder that if the nature of the distribution system is changing and more companies are accomplishing break bulk functions in distribution centers and cross-dock facilities, will the union expand their institutional scale?

³⁵From Author's Field Notes.

Change to Win's commitment to rebuilding the labor movement by organizing across industry scales has often relied on high-road corporate strategies that maximize institutional resources by moving away from costly and increasingly unsuccessful NLRB election campaigns. Unions like SEIU professionalized their staff by hiring a pool of smart, college-educated researchers and organizers to develop new tactics aimed at forcing companies into collective bargaining through the use of regulatory, economic, and political pressure. Specialized union research and legal units developed sophisticated techniques to fight back against corporations and their union-busting law firms, which use existing labor laws to their advantage. High-road strategies often depend on labor's political clout to either enforce existing regulations or to intervene in some other fashion. Pressure tactics can be effective because many union organizing drives are now fought through high-level negotiations; shop-floor worker organizing, mostly done through home visits, makes up only part of a much broader campaign strategy.

Union researchers spent months digging for regulatory and corporate issues that could be leveraged as part of a high-road warehouse organizing strategy. They hoped to use financial and regulatory tactics to pressure the industry, through actions away from the shop floor, into yielding to their demands for union representation. Initial attempts to implement a corporate and regulatory leverage campaign led union staff to realize that the region's economic, social, and political landscape would not allow for this kind of approach. Attempts to build alliances with sympathetic politicians and community organizations fell. WWU organizers quickly realized that the Inland Empire's conservative political and economic landscape would yield few if any high-road victories. As a result, union staff decided that worker organizing would have to be the central part of their warehouse campaign. This decision required an institutional commitment to building the type of broad-based grass-roots support needed to win.

The first phase of the campaign, focused on building an entrenched worker and community-based regional structure, this lasted from January to November 2008. Union staff members and volunteers began knocking on thousands of doors; they were searching for warehouse workers and potential leaders who could serve as a core group of rank and file workplace organizers. Early contact with workers led staff to develop a multi-tiered organizing strategy that placed warehouse employees into different campaign tracks. It was clear, from the onset of the outreach phase, that industry hiring practices split warehouse workers into temporary and direct-hire employment categories. WWU organizers framed this distinction as a social division of labor, which companies used to create large pools of low-wage immigrant workers, by using temporary employment agencies as intermediaries. Ongoing discussions convinced organizers that temporary warehouse employees were the most exploited workers in the regions' goods movement industry. The super-exploited immigrant temp worker emerged as the campaign's public face.

Union staff began to develop new organizing narratives that would allow them to mobilize specific categories of workers and community allies. This new organizing narrative, with temporary warehouse workers at the center, allowed union staff to develop a logistics-based class identity. Union staff used racialized class identities to challenge industry hiring practices that often funneled immigrant workers into low-wage contingent

warehouse employment. Worker stories and WWU narratives transformed the promise of a middle-class logistics job, peddled by regional policy makers, into an organizing platform that expanded the campaign's scale by contextualizing it within broader social issues. Staff used the campaign's broad scope to develop new organizing strategies. For example, workers identified as key leaders were placed into a direct workplace organizing track that focused on building support for the union in what were identified as key warehouses. Other workers were placed into development and mobilization tracks that exposed them to a broad range of community and social justice issues.

A transition to phase two of the campaign occurred in December 2008, when CTW headquarters decided to ramp-up the campaign by funding a massive cadre of new organizers. Initial funding decisions were largely based on the success of the types of relationships that organizers were able to build with what was emerging as a core leadership group of warehouse workers. The ability of organizers to turn out workers to a series of meetings proved to union headquarters that progress was being made. Increased funding brought thirty new organizers to the campaign. But it also changed its focus. Warehouse Workers United was to become a boots-on-the-ground operation that mobilized support for Labor's attempt to pressure Congress into passing the Employee Free Choice Act (EFCA). The focus shifted from building a deeply entrenched broad-based community campaign and organizing apparatus to figuring out how to get workers into the street in support of a legislative push. Organizers shifted from discreetly developing leads and building workplace networks to mobilizing workers into overt labor actions. Not everyone on staff was happy with this decision. Some organizers felt that exposing core union leaders would harm future attempts to organize a union by giving warehouse companies the ability to target activist workers. These fears materialized as word spread that companies hired consultants to launch anti-union campaigns at warehouses where key leaders were mobilized and exposed to the public. Warehouse workers who kept their jobs, even in the face of historical unemployment numbers, slowly stopped opening their doors to WWU organizers. Undocumented workers were even more hesitant because they were in jeopardy of losing their jobs and of possibly being deported. Some staff members attributed a shift in campaign strategy to deeper divisions in organizing philosophies. Inland Empire WWU staff measured their progress in the context of long-term institution-building. The organizing focused on developing sustainable relationships for what they saw as a long, broad-based campaign.

3.5.2 The Lost Boys and the Great Immigrant Hope: Forging A Class Identity Among Native and Foreign-Born Workers

Constructing a narrative, or a rap, is a key part of what organizers do in order to frame individual worker stories into a collective consciousness and unifying theme for a campaign. Change to Win's decision to focus on temporary warehouse workers required the union to create an immigrant worker organizing narrative, as a public face to the campaign they hoped would generate a favorable emotional response. But union staff also had to develop

an internal narrative that could be used to build trust between workers and organizers. As one union organizer pointed out, immigrant worker narratives often include issues and themes that have little to do with day-to-day work activities. Organizers attempted to contextualize worker stories by talking about broad themes that did not necessarily include a hard-sell discussion of the workplace or the union. An organizer explained this process by saying, “There’s conversations that you have in organizing immigrant workers where you don’t even talk about the workplace. You know, you talk about the homeland, you talk about the kids, you talk about their work, their job, and how it fits into the larger context of their narrative and why they’re here (Author’s Field Notes).”

This narrative process is quite different from more traditional bread and butter approaches to organizing that simulate a transaction in which organizing staff try to convince a worker to buy into what the union has to offer. WWU organizers developed a community-based narrative as part of a multi-stage campaign strategy. Broad-based worker narratives, in which workers linked their individual experience with broader community issues, allowed the Warehouse Workers United campaign to build rank and file leadership development into a community organizing strategy. Union staff linked cultural ideas about immigrant success to a class perspective that defined the warehouse worker’s issues as a community struggle; Barack Obama campaign posters, emblazoned with the word “Hope” provided a symbolic link to immigrant optimism about change and future prosperity.

According to one union organizer, while the immigrant temporary worker developed into the campaign’s dominant narrative, they never ignored the need to integrate native-born workers into the organizing efforts. Organizers invoked the image of a Lost Boy to illustrate what they estimated to be 25% of the warehouse work force. Union staff used Keith, a young African American worker, to embody what their vision of a Lost Boy represented: “this was like our ultimate lost boy, had the piercings on the lips, he was into punk, had a long list of jobs, bad warehouse jobs, and we’re, like, we just want to kick shit up and we want to take the industry on, right, and he was, like, ‘I don’t give a fuck, sign me up’ (Author’s Notes).” Keith and the idea of the Lost Boys represented a counter point to the immigrant worker narrative that defined the public face of the campaign. One organizer framed this angry lost boy identity in contrast to the hopeful optimism possessed by immigrant warehouse workers: “This whole lost boy thing, there’s a lot more anger out here, because I talked enough to the immigrant workers to know that, there may not have been simmering anger, cause there wasn’t, but there was a shitload of hope. You know, immigrantes, you know, they come with their hope. Right? And there’s nothing they wouldn’t do, perhaps not for themselves but for their kids (Author’s Notes).” The immigrant warehouse worker story, which would serve as the campaign’s narrative arc, was challenged by a young black man who embodied the disenfranchised native-born workers who posed a different organizing challenge for the union. Some of the staff believed, during the early stages of the organizing, that native-born workers would be more difficult to mobilize because their privileged status within the warehouse employment hierarchy would lead to complacency and an unwillingness to associate themselves, as a class, with immigrant temp workers. Organizers cultivated the lost boy persona to tap

into a young and male group of workers that identified with a particular disenfranchised identity.

3.5.3 Who's the Boss? Defining the Target in a Contingent World

Any organizer worth his or her salt has to develop a rap, which connects individual worker stories to a broader class narrative that can mobilize workers to stand up to the boss; in some cases this means taking to the streets to raise hell. Defining the boss is a key part of developing class consciousness. Union staff employed a variety of organizing tactics and narratives that allowed the union to confront the warehouse industry without having to identify a particular employer as a target; the entire warehouse industry and the temp agency sector became the de facto boss. Such a broad definition of the potential target influenced the class narrative and tactics that organizers used to mobilize workers. An industry framework produced a new organizing landscape that stretched across multiple geo-economic scales; workers had to be convinced that the regional warehouse industry, and not just their immediate boss, was responsible for their everyday economic reality.

Staff members continually debated the strengths and weaknesses of defining a specific retail target versus maintaining a broad industry-wide organizing approach. Some of the WWU's leadership wanted to define a corporate or sectoral target, but it was never clear how organizing a particular warehouse or cluster of warehouses would lead to industry-wide unionization.³⁶ According to one staff member, the union wanted to “do the whole thing and not just one or two warehouses here and there” (Author's Field Notes). To a certain extent, focusing on the industry in general terms gave the union an opportunity to explore multiple targets without having to commit to any one in particular. While this strategy offered flexibility, it also posed problems.

WWU organizers initially tried to educate temp workers about the employment hierarchy that exists within the goods movement industry. One staff member used a “pyramid of power” diagram during an early worker meeting to explain the chain of responsibility within the warehouse industry. But the day-to-day structure of logistics employment makes it difficult for warehouse workers to understand their position within the fragmented labor market of the goods movement industry. Many warehouse workers routinely identify temporary staffing agencies as their bosses. Organizers did not make industry employment chains a regular part of their day-to-day discussions with workers. According to a WWU staff member, “I think that our core leaders, the folks that we worked with the longest, I think they got it, but we never ran a program to fully get workers to see that ultimately they didn't work for Select right, but that they worked for Wal-Mart, Target, Home Depot, Lowes (Author's Field Notes).” Change to Win's decision to focus on temporary warehouse workers reduced the need to identify retail targets and to clarify employment hierarchies because the temp agencies themselves evolved into the boss.

³⁶The logistics industry's use of labor market intermediaries and third party logistics companies made it difficult to choose a strategic target that would challenge the sector's employment power hierarchy; union staff wanted to find a target that had the ability to influence the rest of the industry.

Temporary workers posed a series of difficult challenges that ultimately limited the union's organizing strategy. Existing labor regulations severely constrain the rights of temporary workers to form a collective bargaining unit as warehouse employees. Change To Win was never able to articulate a clear legislative or legal resolution to regulatory limits that threatened their ability to represent temporary warehouse workers. Instead, union staff argued that the logistics industry should provide permanent or direct-hire employment by doing away with the army of temp workers it hired through intermediaries. Some staff worried that an attack on temporary employment agencies would place the union's potential membership base in jeopardy. One of the union's leaders wondered if, "...shining a light on the temp companies" would, "tighten up the labor supply to the detriment of those we will be organizing?" (Author's Field Notes). These concerns recognized that union efforts to highlight exploitative conditions in the temporary employment sector might lead to increased regulatory enforcement that could limit future employment. For example, increased compliance with immigration verification of employees would limit the ability of undocumented workers to work in the industry.³⁷ Many WWU worker leaders would potentially be out of a job if warehouses were forced into directly hiring their employees, because many would turn to more strictly enforced immigration verification processes.

Regulatory issues, the Employee Free Choice Act and temp worker labor laws for example, expanded the WWU's potential targets and created new opportunities for Change to Win to turn the state into a contested field of action. Union researchers explored the possibility of using public investment in transportation infrastructure to implicate the state as a site of class struggle. According to union staff, state support of goods movement expansion was justified by the notion that logistics offered a road to the middle class for the region's warehouse workers. Development discourse and regional infrastructure policy provided a way for the WWU to enter into a public debate about the goods movement industry. Campaign staff linked logistics-related transportation spending to claims about regional dumping; according to this narrative, while private companies benefitted from increased public spending, Inland Empire residents paid a high cost for providing a national economic function. Warehouse workers provided a human face that debunked SCAG's data by demonstrating how the logistics industry failed to create sustainable middle class jobs.

Union leaders were explicit about the need to define warehouse worker organizing as part of a broad campaign that painted an image of an abusive regional industry. The goal was to use abusive business practices to portray the warehouse industry as a bad sector that required tougher regulatory standards. CTW staff were careful not to portray their criticism of the warehouse sector as an anti-growth campaign. According to a lead staff member, "we want to focus on the existing DCs, they are not going anywhere, they are here to stay (Author's Field Notes)." This did not preclude the union from strategically allying itself with anti-development forces. Building relationships with existing goods-movement opposition groups could be an effective way of creating pressure on the industry. This

³⁷This takes on new meaning in the context of a tiered workforce that is categorized on race and immigration status.

region-wide industry approach would allow them to deal with the fragmented nature of the sector rather than having to pin down one specific target.

It's unclear what will happen to the WWU campaign. As of 2008, a bad economic downturn and funding cuts certainly made organizing more difficult than normal, but WWU leadership began to frame short-term challenges into a long-term strategy to build future working class movements; staff directed some of their efforts towards building a social justice movement as opposed to direct workplace or campaign funding dependent outcomes.³⁸

What's clear is that the Teamsters' inability to unionize port truckers threw a major monkey wrench into Inland Empire warehouse organizing. Legal challenges to the Clean Trucks Program, mounted by the American Trucking Association, effectively derailed Change To Win's regulatory-based unionization strategy. The port truckers campaign was supposed to lay the foundation for an Inland Empire warehouse organizing effort. Union leaders believed that they could use their truck driver members as leverage during an organizing campaign. Truck drivers and dock workers remain two of the key nodes along global supply chains where worker action could stop or slow the circulation process. As one organizer claimed, "If you don't have the trucking, then the question of your leverage over those gigantic multi-billion dollar retailers and their warehouses, where is your leverage (Author's Field Notes)?"

There is also some indication that future organizing campaigns, orchestrated by local affiliate unions, will move away from a broad industry-wide approach and focus instead on more specific warehouse targets. While an industry-wide organizing scale provided new geographical opportunities for the union to expand its potential universe of members across Riverside and San Bernardino counties, it also posed tactical problems for WWU organizers. One CTW staff captured some of the challenge when he realized the task at hand, "It's pretty intimidating. I mean, as an organizer, to just look at a region and say how the hell are we gonna take it all on at once (Author's Field Notes)." The organizing team developed a geographical strategy that allowed them to identify warehouse workers. This approach challenged the way that local affiliate unions conceptualized the geography of the warehouse industry. One CTW organizer commented on this difference, "They do think geographically but in a very, like, in way that's like ... well fuck, if you're already going out there, why don't you organize something around there? To make it worth your trip ... you know, we have the Stater Bros. distribution center right next to it and we already have to go to it to service it, might as well organize the shop next door to it ... That's the extent of their geographic organizing (Author's Field Notes)." Will future campaigns revert back to old geographic conceptions of industrial space?

If social actors like unions and workers can shape local labor markets, then it's important to understand how these actors construct working class narratives that serve to unify a fragmented labor geography into a force that can be mobilized around specific issues.

³⁸For example, the community organizing track, where workers were plugged-in to broader social issues served to develop future worker leaders who could function as key leaders in future community and labor campaigns. It's unclear how many CTW staff members gave these social movement strategies much importance.

These narratives may incorporate issues that will never end up in a collective bargaining agreement, but they serve as a key way that unions can build working class identities and a regional support campaign. The geographic nature of such campaigns, when tied to the disaggregated geographies of modern capital, force unions to incorporate class and space into movement narratives, which help to define the nature of politics. Unions actively construct class identities by defining their targeted workforce.

In the Inland Empire, Change to Win's decision to focus on a mostly immigrant, temporary warehouse workforce, what one organizer called the public face of the campaign meant that U.S.-born temp and direct-hire workers were not a central piece of the narrative. Ethnic and class specificity gave the union's narrative the ability to re-define an industry. The creation of a Warehouse Workers United identity challenged official development narratives that portrayed the goods-movement industry as a blue-collar ladder for the region's aspiring middle class, because it focused on a group of workers whose day-to-day lives exposed a contradiction between policy ideal and economic reality. The gap between policy ideal and worker reality was used to argue for a fulfillment of the promise of middle-class lives via union wages.

3.6 Class Formation and Industry Structure: LiUNA's Residential Construction Campaign

3.6.1 Finding Unity in A Fragmented Labor Force: The Push for Integrated Construction Services

The same types of macroeconomic and industry-specific forces that created new organizing opportunities for logistics workers also allowed LiUNA (Laborers' International Union of North America) to develop a strategy for the residential construction sector. LiUNA's organizing campaign offers some important insights into the ways that class-based political economic perspectives can be linked to a cultural analysis of the housing market.³⁹ Most accounts of the housing sector tend to ignore labor's role. Some of this may be due to organized labor's own abandonment of the residential construction market.⁴⁰ Unions shied away from organizing residential construction workers as the industry adopted more fragmented and contingent labor structures.

³⁹I take some of my cues from Burawoy, who suggests that Marx's class theories can be linked to Bourdieu's analysis of culture and housing. See Burawoy (2008) for an analysis of how Marx's ideas about class can be linked to Bourdieu's notions of culture and housing. Burawoy suggests that exploitation (and thus Marxian notions of class conflict) can be inserted into this discussion by focusing on ideas of labor exploitation in the production process. He argues that Bourdieu's analysis of the housing sector positions capital and the state as the defining agents in the field of home production. Marxian notions of class exploitation can be included in Bourdieu's economic analysis if production is inserted as another field of play.

⁴⁰See Rabourn (2008) for a review of declining union density in the residential construction market.

Class formation and industry structure played a key role in defining LiUNA's organizing campaign. As homebuilders marched into the Inland Empire during the last housing boom, bringing with them a voracious appetite for land and labor, they relied on an army of contractors to provide the industry with a cheap pool of flexible Latino immigrant workers. Hundreds of small, semi-informal sub-contractors served as a de-facto contingent labor market that provided homebuilders with a flexible mass production system. Structured contingency and informality allowed the system to swallow-up thousands of super-exploited immigrant workers. The industry's fragmented employment structure also served as a foil against traditional union organizing strategies. Nevertheless, consolidation and vertical integration trends within the industry provided new opportunities for LiUNA to re-articulate the social relations of housing production by redefining the class status of construction workers.

The housing bubble and crisis were especially pronounced in the Inland Empire. More than 60,000 construction workers lost their jobs between 2006 and 2009; this represents about 49% of all construction employment in the Inland Empire (Carlton 2009). Many of the newly unemployed were male Latino immigrants.⁴¹ Job losses mounted as homebuilders reacted to the finance crisis by placing most of their planned construction projects on hold. For example, Lewis Homes managed to build only 1,300 out of the projected 8,000 unit planned community, "The Preserve", before it halted construction because of the housing crisis. Housing permits declined by 96% between 2005 and 2009; the actual number of annual permits plummeted from more than 45,000 to a projected low of 2,000 during this same period (Carlton 2009).

Most construction workers received their pink slips not from homebuilders however, but from the army of contractors that function as labor market intermediaries for the housing industry. Developer-homebuilders play a managerial role in housing production. A typical developer-builder buys the required land, draws up some plans, gets proper land-use approval clearances, and then hires a series of construction contractors. The actual work of building a house, putting up the drywall and installing shower heads, is doled out to a variety of small specialty contractors.

Until March 2008, when the LiUNA homebuilding campaign opened its Inland Empire offices, unions had virtually ignored the residential construction sector in the region. LiUNA's decision to organize the Inland Empire's housing industry was part of a nationwide strategy to tap into one of the fastest growing economic sectors. Union leaders focused their attention on the nation's top home builders, including KB Homes, Pulte, Centex, Lennar, and DR Horton. National home builders were able to expand their operations during the housing boom by leveraging their investment capital to outcompete local developers. LiUNA set its organizing scale by mapping out regions with the highest density of new housing construction that was being built by the top national builders.

⁴¹Companies use lax personnel systems to verify employee immigration status. Current federal immigration policies have made it more difficult for undocumented workers to gain employment in residential construction. For example, companies in Arizona and Nevada are now required to run all employees through a immigration status verification system (confirm and expand this). Approximately 40% of the labor involved in building a house is related to carpentry work.

Fast-growing regions, like Phoenix and Las Vegas, also made the union's top target list. Places like Atlanta, Houston, and Dallas were considered but ultimately dropped because they lacked a high concentration of national builders and/or the local political climate offered greater organizing challenges.

LiUNA's national strategy required a centralized union apparatus to coordinate organizing activities. Union leaders decided to create a new local that focused specifically on residential construction. Many existing locals, especially those that focus on commercial construction, have no interest in organizing residential workers. Their hesitancy to embrace residential construction is tied, in part, to the wage gap that exists between the two sectors. According to LiUNA staff, locals believe that a multi-wage rate system, embracing both commercial and residential construction would ultimately drag down union wages. In fact, some union officials argue that one of the main reasons that LiUNA lost residential construction contracts was because profit margins were too small for union companies to compete on small volumes. The growth of national homebuilders changed the profit-making equation.

Organizing staff at the new LiUNA residential campaign were faced with the daunting task of developing a national strategy to cope with the industry's fractured labor market. Every national homebuilder, with the exception of Pulte Homes, hires contractors to do the actual work of building houses; this means that most builders do not serve as the employer of record for the construction workers that build their units. Pulte's decision to invest in an in-house construction firm was part of a larger strategy to build an integrated business model into the company's core competencies. This in-house division, called Pulte Building Systems, is active in Arizona and Nevada, but not in California. Integrated construction services, similar to what Pulte was trying to develop, offered an industrial solution to the union's search for a unified labor force.

Some contracting and materials procurement companies, like SelectBuild Construction, Inc. and Stock Building Company, also used the housing boom to move towards integrated business models. SelectBuild gave LiUNA a major target in the construction contract sector because it created a more formal labor market and operated in all three of the union's target regions. The company offered homebuilders an integrated package of services that included framing, concrete, and a long list of other construction functions. One union staff member summed up this process by saying, "...they were buying up contractors and trying to build a company that could go to KB Homes ... and bid the whole house in one place ... nobody does that. It's an incredibly fragmented industry. All the way down to like shower head installers and wardrobe installers ... it seems crazy to me that a company like KB would want to deal with that many contractors ... there are 30-35 contractors on a house (Author's Field Notes)."

Irrational markets and labor diseconomies became a way for union staff to insert LiUNA as a solution to the industry's workforce inefficiencies. For example, one LiUNA representative framed this approach by stating, "...we're trying to bring some rationality to this industry ... it does look like things could be structured better so that more money could go towards wages rather than how much money must come from dealing with 35 contractors (Author's Notes)". Rationality also comes in the form of increased effi-

ciency. According to the union, a fragmented contractor market prevents homebuilders from developing the kinds of deep relationships that build trust. As a result, contractors don't invest much effort in quality control. LiUNA estimates that builders are spending approximately \$8,000 per house to fix poor construction work (Author's Notes). Union researchers argue that a decentralized contracting system creates opportunities for more exploitative and less skilled, informal labor markets to develop. For example, "The smaller down you get the more often you find crews where one guy actually works for the contractor, but he just brings along six people at any given time and splits up the money with them; it's piece rate (Author's Notes)." Builders could conceivably reinvest the money they saved from correcting these inefficiencies into a more skilled, organized labor force. This narrative arc, which linked sub-contracting to production inefficiencies, allowed the union to argue for an integrated construction model that provided a more singular target and unified a fragmented labor force under one boss.

Union leaders believed that builders, through the use of in-house or external integrated construction services, could create the market for a unionized workforce. One LiUNA staffer made this connection by proclaiming, "KB would create the market. If they said, we're hiring union contractors, you'd have companies who are, like, I'll be the union framing company, right? Cause they want to work for KB . . . cause in commercial that's how a lot of organizing works. You take your contractor out to lunch and explain to them how they can get work for big builders . . . (Author's Notes)." SelectBuild provided the perfect solution to LiUNA's organizing problem because it had the potential to function as a key labor market intermediary, which formalized the work force into a more cohesive employment relationship that could then be leveraged across the entire industry.

Unfortunately for LiUNA, the same market forces that provided structure for its potential bargaining unit, were responsible for the economic implosion that decimated the housing industry towards the end of 2008. Select Build employed approximately 18,000 people at the height of the local construction boom. Several companies were moving towards integrated construction models, but these efforts were throttled by the crisis. For example, SelectBuild was highly leveraged when it filed for bankruptcy in 2009. The company engaged in financial leveraging to purchase smaller companies that it could incorporate into its package of construction services. Investors supported the idea of building an integrated construction company precisely because national builders emerged as dominant forces in the housing market.

3.6.2 What Happens When the Workers Disappear? Housing Crisis and Labor Market Collapse

LiUNA's construction campaign was broadsided by the housing market collapse that decimated construction employment; organizers saw little hope of building a movement when few of its prospective members were actually working. Union staff decided to shift strategies away from direct worker organizing and towards a foreclosure-based community

campaign.⁴² LiUNA was forced to re-articulate an organizing narrative that redefined the nature of their campaign. One union staffer claimed that worker organizing no longer made sense because, “You can’t look towards job stoppages and stuff, and what it did was it made us look at the industry big picture, and to see the fact that the home builders are not just screwing the communities left behind, they’re screwing the home buyers, they’re screwing the communities left behind, they’re screwing our pension funds even by decimating the stock market, so it made us take a more holistic approach . . . (Author’s Field Notes).”⁴³

This shift in strategy, away from direct worker organizing and towards a broader indictment of the housing industry, resulted in the creation of the Alliance for Homebuyer Justice. The Alliance served as a platform to launch new consumer-based attacks against key homebuilder targets. Staff members employed union tactics to mobilize homebuyers into a group formation that could collectively protest shoddy home construction and mounting foreclosures. Initial plans called for making a direct link between home defects and the construction industry’s piece rate labor system. Organizers tried to convince homebuyers that substandard production was linked to a system of exploited labor, which encouraged high volume, low quality work. Alliance staff believed that these new class narratives could be used to unify property owners and low-wage immigrant construction workers. According to union staff this link between home and class interests came from, “recognizing that homebuyers are often working class folks too who were put in a bad position by the home builders . . . (Author’s Notes).” Staff members were convinced that the region’s blue-collar homeowners would transform their property concerns into a working class effort to demand consumer and labor justice from the homebuilding industry. Union members, from the Teamsters and IBEW, for example, were actively engaged in the Alliance. Even with the participation of union members however, organizers weren’t very successful in their attempts to make labor exploitation and shoddy construction the key issue for the Alliance. As one organizer noted, “. . . it’s been the mortgage stuff really in the crisis was really coming out even more right now because it’s not just, like, oh it’s leaking, it’s, like, I’m gonna get foreclosed on, I’m gonna be homeless (Author’s Notes).”⁴⁴

⁴²LiUNA was forced to layoff most of its staff just as the campaign was ramping up its direct worker organizing. As construction jobs disappeared, so did the per caps (union dues) that provided the campaign’s funding.

⁴³What happens to a union organizing campaign when the industry collapses before workers can be consolidated into a cohesive class? In LiUNA’s case, the union simply reframed its *raison d’être*. As I outlined in a previous section, the union shaped its organizing strategy by using the industry’s structure to define its section of the working class. The move away from a worker-based narrative, and towards a rap that focused on homebuyers and pension funds, signalled not just a tactical move, but a necessary re-articulation precisely because it no longer had reason to exist as a worker-based organization. This may just be a problem related to the way that unions define the working class. For example, what prevented the union from organizing unemployed construction workers?

⁴⁴This raises interesting questions about housing classes. See Gottdiener (1994) for a discussion of how homeownership status affects class formation. Gottdiener cites the neo-Weberians to show how they rejected Marxist ideas about class formation by proposing that housing serves as separate basis for class formation. I think Marxists are right to argue that divisions of the working class between renters and owners are ideological constructions that obscure class divisions, but to dismiss these differences as

LiUNA wasn't the only union that tried to make a connection between worker organizing and the foreclosure crisis. According to an organizer for the Warehouse Workers United campaign, they raised the foreclosure issue as part of a strategy to link social reproduction to the shop floor, "We started tapping into the anger, the fear, of people losing their homes right in the IE." This attempt to invoke the housing crisis as part of a working class organizing narrative allowed union organizers to make specific connections between working conditions and everyday home life. As the WWU organizer noted, "We sort of started tapping into those issues of people not wanting to lose their homes, and, well, there's two things you can do: one is work with your bank or two is fight to make more money. You know, how many jobs can you have? Just tapping into this building realization that their current work, their home life was unsustainable. That every time their ARM loan was gonna reset, I mean, were they gonna pick another, a third part-time warehouse job? They just began to see that (Author's Notes)."

The foreclosure crisis provided new opportunities for union organizing campaigns to link specific shop floor fights with broader issues related to the social reproduction of the working class. LiUNA's efforts to establish the Alliance for Homebuyer Justice allowed the union to sustain its campaign against the homebuilding industry even in the face of massive construction layoffs. Change To Win's industry-wide warehouse campaign, positioned itself as a working class organization, rather than a bread and butter union, because it never limited itself to the micro-politics of a targeted collective bargaining campaign. Both unions were forced to deal with class issues that expanded the scope of their organizational structure. For example, LiUNA's residential construction campaign was transformed into a more expansive movement that put pressure on homebuilders to help those living under the threat of foreclosure. According to the Alliance, homebuilders were in a position to act responsibly by accounting for the bad loans they wrote while acting to protect future construction markets by keeping foreclosures from devaluing the housing market.

mere ideological constructions that blur class lines, is to ignore the real political consequences of these ideological constructions. All we have to do is look at the property tax movement in California. Yes, these do blur the lines of class, but we need to understand that ideological constructions are real, they cannot be wished away, this requires a political and cultural response, not an out right dismissal. This type of approach will also allow us to understand the way that race has entered into class formation and home ownership, see *My Blue Heaven* for example.

Chapter 4

Contested Space: Remaking Inland Politics

4.1 Changing Landscapes and the New Spaces of Political Possibility

But in order that these antagonisms, classes with conflicting economic interests, shall not consume themselves and society in fruitless struggles, a power apparently standing above society, has become necessary to moderate the conflict and keep it within the bounds of ‘order’; and this power, arising out of society, but placing itself above it and increasingly alienating itself from it, is the state. (Friedrich Engels)¹

Regional boosters and policymakers used the region’s soaring population and dynamic economic growth to portray the Inland Empire as the last great hope for California’s expanding middle class. But the soaring housing market and booming logistics sectors that were supposed to deliver millions of new Inland Empire residents into the middle-class promised land, failed to deliver on multiple levels. Speculation in both industrial and residential real estate led to inflated home prices and massive levels of over-building in the warehouse sector. The region’s expanding geographical scale of development produced a material landscape that exposed many Inland Empire residents to low wages, deadly toxic emissions, and precarious housing arrangements. Workers who built the housing and kept the flow of commodities moving were exposed to the brutalities of a financial market that paid them relatively little when they were working and quickly tossed them aside as collateral damage when decisions were made about who was worth “bailing out”.

The state, in all of its federalist complexity, was complicit in this process. Entrepreneurial politicians and developers used the power of the state to produce an Inland Empire development model that capitalized on an expanding regional economy. Local state agencies did everything possible to stimulate investment by bending over backwards not to get in the way of business. Ideas of the liberal state as an apparatus removed from class interests, mask the ways in which economic forces and various social groups wield its power to maintain a necessary order.²

¹As cited in Harvey (2001, pg. 269).

²See David Harvey’s essay, “The Marxian Theory of the State” (2001, pg. 267-283). Wendy Brown

But local state agents used more than legislative and policy powers to force their visions onto the region. Various scholars have shown how discourse and culture can play a key role in constructing hegemonic blocks that legitimize particular state, economic, and social models.³ Discourses that proffered the Inland Empire as a frontier for middle class living functioned as a powerful cultural force that tied the “everyday consciousness” of growth to the “common sense of capitalism” (Hall 1996, pg. 27). Many of those who attached their individual desires to the cultural forces of free market development paid a high price for pursuing the American Dream.

The crisis of 2008 exposed many to the contradictions between the ideas promoted by middle class development discourse and the unequal burden attached to capitalist social relations. Wendy Brown reminds us that Marx saw these types of contradictions as, “. . . providing material for revolutionary consciousness (Brown 1995, pg.21).” As Brown notes:

For Marx, every struggle for freedom generates human power and possibility, and thus releases a certain *force* into the social realm. . . . Or, more subtly, perhaps Marx here offers a reminder that even the most limited freedom struggles can enhance the scarce political space needed by subordinated subjects seeking to alter their conditions (Brown 1995, pg.21, footnote 38).

This chapter will explore the ways in which political and economic contradictions can generate ideas that challenge dominant development discourses and their attendant social relations. What political possibilities exist within the spaces that emerged between the discourse of development and the practice of working class dispossession in the Inland Empire? More importantly, how can these embers of consciousness be linked to what Wendy Brown (1995) writes about as the desire for freedom? Or in the spirit of Stuart Hall, how can contradictions be used to articulate political ideas that, “. . . grip the minds of the masses, and thereby become a ‘material force’ (1996, pg. 27)”?

4.2 Color and the Politics of Growth

If we understand the state as an important site of political struggle, where various groups compete and negotiate for control over how space is produced, then recent demographic trends may signal new possibilities for progressive forces bent on transforming the Inland Empire’s political and economic landscapes. In fact, what happens in the Inland Empire during the next few years may change the course of California politics. Analysts and

(1995) provides a thorough theoretical review of the liberal state.

³Stuart Hall (1977) uses Gramsci to make connections between economic classes and the formation of hegemonic blocks that form an alliance on behalf of capitalism. See Lefebvre (1991) for a discussion on the relationship between hegemony and the production of space. Lefebvre notes that capitalists exert hegemonic force to maintain social order and that space is a key part of this process. In fact, many of the contradictions and political openings that have emerged are tied to the way that capital orders space and the way that local states intervene in this process.

social scientists point to shifting demographic data as a harbinger of political change. Inland growth regions, like the Inland Empire and the Central Valley, have appeared as key figures in California’s changing political landscape.⁴ Recent waves of newly arrived coastal transplants, many of them Latinos, are expected to give local Democrats new political power. Victories in Republican-held inland county Assembly and Senate seats may soon give Democrats a commanding two-thirds majority in the California legislature.

What will changing political allegiances mean for a region that has a long history of racialized class politics? Party leaders argue that a more Democratic region will yield new opportunities for progressive policy changes. While Democratic majorities might erode some of the Republican Party’s strength, it’s unclear if new faces, regardless of their political or ethnic hue, will be able and willing to create a new spatial order that challenges the region’s existing racial and class hierarchies. Inland Empire voting trends suggest that progressives have their work cut out for them. Table 4.1 shows that Inland Empire residents have voted much more conservatively when compared to Los Angeles County and statewide averages. This is especially true for ballots in issues related to race and sexual orientation.

| County | Prop 187 - Nov 94 Anti-Immigrant | | Prop 209 - Nov 96 Anti-Affirm Action | | Prop 227 - June 98 English Only in Schools | | Prop 72 - Nov 2004 Healthcare Low-Wage Workers | | Prop 8 - Nov 2008 Anti-Gay Marriage | |
|----------------|-------------------------------------|-------|---|-------|---|-------|---|-------|--|-------|
| | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| Los Angeles | 56.0% | 44.0% | 45.8% | 54.2% | 56.3% | 43.7% | 56.8% | 43.2% | 50.1% | 49.9% |
| Riverside | 70.9% | 29.1% | 62.4% | 37.5% | 67.5% | 32.5% | 43.2% | 56.8% | 64.7% | 35.3% |
| San Bernardino | 68.8% | 31.2% | 60.5% | 30.6% | 64.6% | 35.4% | 45.4% | 54.6% | 66.8% | 33.2% |
| State Totals | 58.9% | 41.1% | 54.6% | 45.5% | 61.3% | 38.7% | 49.2% | 50.8% | 52.3% | 47.7% |

Source: California Secretary of State

Table 4.1: Voting on Key Ballot Initiatives

4.2.1 Red or Blue? Demographics and Political Transformation

Republican leaders controlled Inland Empire politics for most of the 2000 decade, but their grip on power began to weaken in the months before the November 2008 election. The Party as a whole suffered significant registration losses in inland counties like Fresno, Merced, and Riverside (Walters 2008). Congressional districts and assembly seats that were originally drawn to protect Republican power in the Inland Empire have shifted towards the Democratic Party as the region’s population expanded. The influx of Democratically-leaning Latinos and more liberal coastal dwellers reduced – in some cases eliminated – Republican voter registration majorities in Riverside and San Bernardino counties.⁵ Table 4.2 shows that San Bernardino County registered Democrats (39.9%) outnumbered Republicans (38.57%) in November 2008.⁶ Riverside County Republicans

⁴See (DiCamillo 2006; Kotkin and Frey 2007; Johnson, Reed, and Hayes 2008).

⁵See Ramakrishnan (2007) for a review of demographic changes on Inland Empire party affiliation.

⁶All political parties with less than 1% of registered voters were excluded from this table.

managed to hold on to a majority even as Democrats launched significant voter registration campaigns on the eve of the 2008 Barack Obama election. Obama won both Riverside and San Bernardino counties, something only a few Democrats have managed to in recent history.

| | 2005 | | 2015 | |
|-------------------------|--------|-------------------|--------|-------------------|
| | Adults | Registered Voters | Adults | Registered Voters |
| White | 47 | 62 | 35 | 48 |
| Latino | 39 | 24 | 48 | 34 |
| African American | 7 | 9 | 7 | 9 |
| Asian | 6 | 4 | 8 | 6 |
| American Indian | 1 | 1 | 1 | 1 |
| Multiracial | 1 | 1 | 2 | 2 |

Source: PPIC

Table 4.2: Voter Registration By County, 2008

Republicans may see their political power erode even further as seats once thought to be safe havens fall into Democratic hands after the 2010 election cycle, when three Assembly seats and two Congressional seats will be up for grabs. Barack Obama either won or ran strong in these Republican districts during the 2008 elections (Miller and Goad 2009). Shifting demographics may further transform the political landscape for the next decade as Democrats redraw congressional districts with data from the 2010 Census.⁷ Districts drawn to account for 2010 Census data may give state Democrats the three seats they need for a two-thirds majority.

Voter registration data show that the Inland Empire's political landscape has grown more complicated over the past decade. Decline-To-State voters have emerged as an important political category that now threatens to complicate traditional two-party maps. For example, Table 4.3 shows that Republicans lost 5.17% voter share in Riverside County and 2.07% in San Bernardino County between 2000 and 2008. Democrats didn't capture all of the Republican losses. In fact, while San Bernardino's Democratic voters held a majority in November 2008, their share of all registered voters declined by 2.68%. Riverside County Democrats managed to increase their voter share by .04% during the same period. Where did these former Democratic and Republican voters go? Many joined the growing ranks of voters who choose not to affiliate with a particular party. The Decline-to-State voter category more than doubled between 2000 and 2008 for Riverside County and grew by 77% in San Bernardino County. These voters represented 17% of the electorate in November 2008, for each county. Decline-to-State voters increased their share of the electorate by 6.07% in Riverside County and 5.5% in San Bernardino County between 2000 and 2008.

⁷See Marelius (2009) for a review of how inland county population changes are likely to affect new political districts after the 2010 Census.

Thus, any progressive political project will have to move beyond Democratic Party politics in order to include the region's growing contingent of non-affiliated voters. Preliminary data from Ramakrishnan's (2007) survey of Inland Empire registered voters indicates that Latinos may identify as independents in significant numbers, but It's unclear how many of the region's growing Latino population will move away from a historic relationship with the Democratic Party. In any case, the Inland Empire's long history of racialized class politics will likely be transformed by regional demographic changes.

| | | | Nov-00 | Nov-02 | Nov-04 | Nov-06 | Nov-08 | Percent Change: 2000-2008 |
|-------------------------|-----------------------|-------|---------|---------|---------|---------|---------|------------------------------|
| Democrat | Riverside | Total | 232,668 | 231,326 | 266,238 | 259,845 | 307,593 | 32.20% |
| | | Share | 37% | 36% | 35% | 34% | 37% | 0.04% |
| | San Bernardino | Total | 294,504 | 252,961 | 281,237 | 282,514 | 331,097 | 12.43% |
| | | Share | 43% | 41% | 39% | 38% | 40% | -2.68% |
| Republican | Riverside | Total | 298,522 | 315,451 | 361,803 | 344,993 | 350,885 | 17.54% |
| | | Share | 47% | 49% | 47% | 46% | 42% | -5.17% |
| | San Bernardino | Total | 281,088 | 262,063 | 310,411 | 318,743 | 320,077 | 13.87% |
| | | Share | 41% | 43% | 43% | 42% | 39% | -2.07% |
| Decline to State | Riverside | Total | 70,260 | 75,781 | 109,947 | 119,148 | 143,589 | 104.37% |
| | | Share | 11% | 12% | 14% | 16% | 17% | 6.07% |
| | San Bernardino | Total | 80,935 | 73,221 | 103,524 | 119,445 | 143,301 | 77.06% |
| | | Share | 12% | 12% | 14% | 16% | 17% | 5.57% |
| Registered | Riverside | | 634,126 | 649,670 | 769,328 | 754,986 | 837,389 | 32.05% |
| | San Bernardino | | 691,548 | 616,402 | 727,138 | 751,652 | 829,756 | 19.99% |

Source: California Secretary of State

Table 4.3: Political Party Registration and Percent Share, 2000-2008

4.2.2 Latinos on the Fringe: The Cultural Politics of Class

There was tons of work – new apartments, new construction. Everybody wanted to come to this part of California. (Ramon Granados, former Inland Empire construction worker)⁸

Ramon Granados was part of the Latino wave that transformed the Inland Empire's ethnic landscape during the first half of 2000s. Table 4.4 shows the rapid ethnic transition that transformed the Inland Empire from a mostly white population in 2000 to a Latino plurality in 2005. Current data trends suggest that Latinos will represent 51% of the Inland Empire's population by 2015.⁹ As Victor Valle and Rodolfo Torres point out, shifting demographic data, "... require a reconceptualization of the way Latinos negotiate the transition from political and cultural minority to political and cultural majority (Valle and Torres 2000, pg. 169)." Such an exercise requires that we understand the social and economic realities that contextualize numerical shifts in population.

⁸Cited in Gorman (2009)

⁹I will use Latino and Latina interchangeably.

| | 2000 | 2005 | 2015 |
|-------------------------|-------------|-------------|-------------|
| White | 47.2% | 41.9% | 32.1% |
| Latino | 38.4% | 43.1% | 51.2% |
| Asian | 4.6% | 5.2% | 6.6% |
| African American | 7.6% | 7.4% | 7.2% |
| American Indian | 0.6% | 0.6% | 0.5% |
| Multiracial | 1.6% | 1.8% | 2.4% |

Source: PPIC and CA Department of Finance

Table 4.4: Inland Empire Ethnic Distribution

Like earlier waves of suburban development, recent Inland Empire arrivals were driven by the desire for jobs and housing. The fact that many of the new arrivals were Latinos marks a break from racial patterns that shaped post-WWII suburbanization.¹⁰ As Table 4.5 indicates, Latinos accounted for 70% of all net migration into the Inland Empire between 2000 and 2006. Asians also moved into the region at higher rates, particularly into Riverside County. While whites migrated out of San Bernardino County in larger numbers, approximately 100,000 moved into Riverside County during the same two-year period.¹¹

| | San Bernardino County | Riverside County | Inland Empire Combined | Combined by Percentage |
|-------------------------|------------------------------|-------------------------|-------------------------------|-------------------------------|
| Total | 166,400 | 364,200 | 530,600 | 100% |
| Latino | 169,400 | 203,600 | 373,000 | 70% |
| White | -26,500 | 99,700 | 73,200 | 14% |
| Asian | 14,600 | 47,100 | 61,700 | 12% |
| African American | 16,200 | 8,800 | 25,000 | 5% |
| American Indian | 2,000 | 2,500 | 4,500 | 1% |
| Multiracial | -9,800 | 2,300 | -7,500 | -1% |

Source: PPIC, from CA DOF and ACS

Table 4.5: Net Migration by Ethnicity, 2000-2006

Shifting demographic figures certainly point to a radical break from the current territorialization of race. But any serious analysis of this process needs to move beyond simply mapping out new ethnic distribution patterns. While political operatives might salivate at the prospects of winning seats in newly Latino and Democratic districts, serious attempts to build a progressive politics will require us to understand the new social

¹⁰See Gottdiener for a supply-side discussion of how whites were lured into the suburbs and capitalized on state promotion of urban fringe development (Gottdiener 1994) (pg 11).

¹¹Efforts to lure executives and white collar workers, by catering to high-priced housing developers and office space construction, may account for increased white migration during the 2004 - 2006 development peak; Johnson, Reed, and Hayes (2008) show that the proportion of white in-migration increased during this period.

relations of this racial remapping. Valle and Torres (2000) illustrate how the ascendance of a progressive Latino political movement in Los Angeles was predicated on the ability of Latinos to gain leadership positions within labor unions and community organizations; the result was a class-based political culture that linked ethnic politics to Los Angeles's political economy.¹²

A similar transformation must occur in the Inland Empire. While recent efforts to organize warehouse and residential construction workers marks a shift in organized labor's relationship with the region's Latino workers, most Inland Empire unions practice a class politics that at best ignores a significant portion of the region's workforce. A disinterested labor movement does little to disrupt the devastating "couplings of power and difference" that have allowed public and private entrepreneurs to push the "disproportionate costs" of development, onto the backs of a racialized labor force (Gilmore 2002).¹³

This link between class and race has deep roots in the Inland Empire's political history. For example, the emergence of a racialized conservative political class can be traced to the legacy of an agricultural economy that was dominated by a mostly white landed elite. Walker's (2004a) analysis of California's farming history reveals how agrarian capitalism has used the state as an organizing platform for class interests.¹⁴ As Garcia (2001) and Alamillo (2006) demonstrate the Inland Empire's citrus industry was deeply implicated in the types of cultural and political spaces that were produced by a racialized Latino labor force. The specific nature of local economies and class interests, formed by people's position within modes of production, property markets, and racial hierarchies, made the fragmented state apparatus into a vehicle for class struggle; a battle often won by farmers and developers. New waves of development and shifting racial landscapes will necessarily produce different articulations of the state. But early indications are that the old centers of political power will not go quietly.

A demographic majority may allow Latinos to transform what now serves as one of California's last bastions for white conservative political power. Most political offices and institutions, including mayoral and county supervisorial seats, are controlled by white Republicans. Only one out of the region's ten supervisorial seats is held by a Democrat, who is a moderate Latina and the only non-white supervisor in the Inland Empire. While it's true that Latinos will likely hold a numerical majority by 2015, Table 4.6 shows that they may account for only 34% of the Inland Empire's registered voters.¹⁵

¹²A similar process occurred in post-WWII Los Angeles. Sanchez (1993) argues that young Chicanos and Chicanas used culture as a way to enter the political arena; it was not a substitute for politics. He cites George Lipsitz and Stuart Hall to argue that culture can link individual to collective practice. An emerging Chicano identity, closely tied to new leadership roles in unions and community organizations, led to expanded political claims that linked culture to class interests. Stuart Hall's notion of culture as a process of becoming and positioning is useful here. For Hall, "identities are the names we give to the different ways we are positioned by, and position ourselves within, the narrative of the past" (Cited in (Sánchez 1993, pg. 13).

¹³See Gilmore (2002, pg. 16) for a description of how race is implicated in couplings of power and difference.

¹⁴See Harvey (Harvey 2001) for a discussion of the capitalist state.

¹⁵Economic and racial segregation will tend to concentrate Latino influence in certain political districts. But this same process will allow conservative white politicians to maintain key political seats even in the

| | 2005 | | 2015 | |
|-------------------------|--------|-------------------|--------|-------------------|
| | Adults | Registered Voters | Adults | Registered Voters |
| White | 47 | 62 | 35 | 48 |
| Latino | 39 | 24 | 48 | 34 |
| African American | 7 | 9 | 7 | 9 |
| Asian | 6 | 4 | 8 | 6 |
| American Indian | 1 | 1 | 1 | 1 |
| Multiracial | 1 | 1 | 2 | 2 |

Source: PPIC

Table 4.6: Registered Voters By Ethnicity, Inland Empire

This gap between population increases and disproportional voter registration raises two key issues about the future of ethnic politics in the region. First, population counts haven't resulted in significant numbers of Latinos being elected to office. Second, some have responded to the region's changing ethnic landscape by creating a racialized narrative that attributes new Latino majorities to an influx of immigrants. These narratives are then used to challenge the political legitimacy of the region's new ethnic majority. For example, the immigrant Latino is often inserted into policy discussions as a discursive category to justify cuts in social services that largely benefit the region's working poor. This kind of discursive link is highlighted by the following quote from a newspaper article that effectively linked a growing Latino majority to an influx of immigrants:

Riverside County Supervisor Bob Buster said the increase in immigrants coupled with the economic downturn has prompted debate over immigration policy and funding for local services. 'With the recession, everybody's watching the dollar [and debating which] people we should be spending money on,' he said, noting that he was reviewing a constituent letter expressing concern about healthcare services for illegal immigrants. (Gorman and Connell 2009)

While the "illegal" immigrant Latino has emerged as a potent political category, data from the American Community Survey shows that 75% of Inland Empire Latinos are U.S. citizens (see Table 4.7).¹⁶

Even if we establish that the region's Latino population does indeed constitute a legitimate political force, whether legally sanctioned or not, demographic figures only

face of a changing electorate.

¹⁶See Sassen on the limits of formalized citizenship. Sassen argues that citizenship has been used to exclude certain racialized groups from citizenship practices that were legitimized by the nation state. For example, Civil Rights sit-ins and civil disobedience were not recognized as legitimate citizenship practice by the state. Some unions, like the Justice For Janitors and the Hotel and Restaurant Employees, have engaged in citizenship activities, get-out-the-vote drives and civil disobedience, for example, even though many of their members are not recognized citizens.

| | |
|-------------------------|-----------|
| Total Latino population | 1,749,809 |
| Native born | 64% |
| Foreign born | 36% |
| | |
| U.S. citizen | 75% |
| Not a U.S. citizen | 25% |
| | |
| Entered 2000 or later | 19% |
| Entered 1990 to 1999 | 28% |
| Entered before 1990 | 54% |

Source: 2007 ACS, 3-year estimates

Table 4.7: Latino Citizenship Status, Inland Empire 2007

present the possibility for action; these new groupings must somehow be constituted as a social force. This is where ideology and consciousness must enter onto the political stage. The expanding gap between a growing Latino population and a racially stratified political order has led some to call for a politics of race that capitalizes on the new ethnic landscape. But the region's history as a crucible for race and class, should remind us that any effort to articulate a Latino agenda should be linked to the social forces that shape the region's political economy.

What political demands will a new Democratic-Latino majority make on the region's state apparatus? If progressives want to build a movement that links Democratic Party victories to a new wave of Latino political participation, they must figure out how to build a vibrant civil society, which can articulate and push for a vision of the state that serves their interests. Shifting voter registration numbers and new Latino majorities won't automatically lead to progressive political victories. Unions and community organizations must find a way to constitute themselves as a social force that can articulate an agenda. Shifting the scale of organizing, into regional alliances and beyond the micro-geographies of localized struggles, can allow disparate progressive organizations to build a unified political project that mobilizes multiple class interests. The changing scale of capitalist accumulation and efforts to create new regional governance structures may provide key political opportunities for a fledgling progressive movement.

4.3 Changing the Scale of Regional Politics

Class formation and *class struggle* are basic components of a dynamic theory of capitalist society. Finally, these social relations, actions, and mobilizations inevitably bring into play the state and its many arms, as the cyborg of capital - a powerful extension and hybrid of class power. (Walker 2004a, pg. 17)

Neil Smith's claim that capital, "produces the real spatial scales that give uneven

development its coherence (Smith 1996, pg. xv)”, provides a theoretical frame for understanding how alternative cognitive mappings can implicate class and race to challenge the geography of capitalism, by turning some of these scalar processes into opportunities for political action. The expanding territorial scale of capitalist development and the rearticulation of a compliant state apparatus provide new opportunities for progressives to forge cultural change and economic contradictions into a powerful countervailing force. Efforts to build a Southern California goods movement industry, which included a territorial expansion into the Inland Empire, required a re-articulated state apparatus that could facilitate regional cooperation.¹⁷ Thus, while existing development discourses have effectively mobilized culture and politics to reproduce capitalist social relations, these processes can also be used to challenge existing hierarchies of power. More importantly, rescaled urban social movements could effectively organize to change the socioterritorial organization of development.¹⁸

4.3.1 Suburban Growth and the Federalist State: Resisting the Machine

Even in the case of suburban local government, often portrayed as the bastion of ‘local control’, the development process is dominated by the search for rent and profit with the very creation of suburbs guided by such goals. The result is a patchwork of governmental jurisdictions that appears to reflect urban chaos, but actually organizes inequalities among jurisdictions and their residents.” (Logan and Molotch (1987, pg. 14))

While it’s true that the macroeconomic forces of global capital have expanded the scale of Southern California’s regional development model, local politics continue to play a key role in defining the material shape of this new spatial order. As Logan and Molotch (1987, pg.2) point out, “Local officials have extensive authority and fiscal responsibility for land use, revenues, and levels of urban services.” Any attempt to reshape the geography of power within the Inland Empire, must account for a federalist state system that often strips development issues of their macroeconomic context and focuses instead on the highly localized politics of place.

This emphasis on the politics of the local is part of Logan and Molotch’s warning that too much of a focus on the accumulation process can limit our understanding of “*how* human activism is a force in cities”. But the power of capitalist forces to create a structure of possibility that shapes how “human interests in wealth, power, and affection (Logan and Molotch 1987, pg. 9)” define urban space is undeniable. Macroeconomic processes, global commodity flows for our purposes, create a structure of possibility and territorial coherence that allows human actors to shape space in ways that align their individual

¹⁷Foucault defined apparatus as, “. . . A kind of formation, so to speak, that at a given historical moment has as its major function the response to an urgency. The apparatus therefore has a dominant strategic function. . .”. See Agamben (2009) for a review the apparatus concept.

¹⁸See Brenner for a discussion on how social movements are not only located in urban space, but actively mobilize to change how space is produced (Brenner 2000, pg. 375).

“interests in wealth, power, and affection” with the systemic forces of capital.¹⁹ Thus, “People dreaming, planning, and organizing themselves to make money from property are the agents through which accumulation does its work at the level of the urban place (Logan and Molotch 1987, pg. 12).” It is precisely at this level and in this context that the federalist state emerges as a key site of political struggle.

Individual and collective actions by private and public entrepreneurs shaped a logic of local development that was that ultimately served the purposes of regional and national developers. Booming financial markets and commodity shipments led developers into a speculative hunt for fresh territory that resulted in the creation of new real estate markets on Los Angeles’ urban fringe. Local politicians and development intermediaries did everything possible to lure housing, warehouse, and office space construction.²⁰ Logan and Molotch foresaw these types of links and predicted that they would generate new tensions in growth machine politics. They argued that changing economic forces would lead to greater corporate involvement in local real estate and politics as, “new modes of linking locality to the needs of capital” emerged (Logan and Molotch 1987, pg. 14). This was certainly the case in the Inland Empire. National home builders and industrial developers moved into the region and played a key role in linking the Inland Empire to the global trade and financial markets. But regional developers continued to play an important intermediary role, particularly when a “use value revolt” (Logan and Molotch 1987, pg. 14) required a political alignment between development and local state interests. Efforts to construct a 1.8 million square foot warehouse in Moreno Valley illustrate the nexus between local development interests, the power of local states, and macroeconomic forces.

Highland Fairview Properties, under the leadership of President Iddo Benzeevi, signed an 11 year, \$100 million dollar lease for a build-to-order Skechers distribution center what was supposed to be completed by January 2009 (Lee 2008b).²¹ Mr. Benzeevi offered Skechers the lease, even though he had not received final approval to build the warehouse from the Moreno Valley City Council. Construction of the Skechers warehouse required the city to rezone 130 acres of the proposed site from business park to light industrial use; zoning regulations limit business park buildings to 50,000 square feet. City council members who questioned or opposed the rezoning drew sharp political attacks from pro-development forces. Two council members who voiced opposition to the warehouse plan were defeated by pro-development candidates in re-election campaigns that occurred during the rezoning debate. The defeated council members and their supporters claimed

¹⁹See Storper and Walker for more on how the structural relations of accumulation intersect with human agency and contingency to produce the realities of everyday life. This idea is closely tied to Marx’s (1976) argument that individual capitalists may not understand the complexities of the market as a whole, but that their desire for profit and the logic of their individual interests help to propel capitalism.

²⁰Some cities, like Ontario, used their mature warehouse development as a platform for new growth. The city, which once lured warehouse development, turned to white-collar development as a way to solidify its base as the region’s retail and business service center.

²¹Skechers is a billion dollar shoe company that is headquartered in Manhattan Beach, California. The distribution center was scheduled to be built south of the 60 freeway, between Redlands Blvd. and Theodore Street.

that the developer targeted them by contributing \$263,000 to the Moreno Valley Taxpayers Association’s campaign to elect pro-development candidates. Benzeevi denies that his political contributions were meant as a coordinated political attack on elected officials who opposed his development plans.

This vignette reveals how local political agents and development intermediaries remain potent forces in the production of space, even in the face of global and regional economic processes. The developer’s relationships with local political groups, his history of involvement in community issues, and links to local Latina leaders, allowed him to play an active role in the public rezoning debate – something that “outside” corporate agents may not have been willing or able to pull off. While Skechers distanced itself from the public fray, Mr. Benzeevi used his money and community relationships to bus in dozens of Latino supporters who spoke in favor of the proposed warehouse project before local planning meetings. A leading Latina activist, once a consultant for Benzeevi and sitting school board member, fused development and ethnic interests by arguing that the region’s low-education achievement levels required entry-level jobs (see Figure 4.1). This same activist served as the campaign manager for Jesse Molina – the first Latino elected to the Moreno Valley city council (Lee 2009). Mr. Molina received significant funding from the Moreno Valley Taxpayers Association and from other developers (Lee 2008a).

| Level of Schooling | Percent |
|---|---------|
| Less than high school graduate | 22.6% |
| High school graduate (includes equivalency) | 28.9% |
| Some college or associate's degree | 30.4% |
| Bachelor's degree | 12.1% |
| Graduate or professional degree | 6.1% |

Source: American Community Survey, 2007

Figure 4.1: Educational Attainment By Percent of Population Over Age 25

Entrepreneurial state development policies that embrace the goods movement industry effectively contribute to the reproduction of a low-wage, heavily Latino, blue-collar work force. This is where the powerful intersection between discourse and policy emerges as a pernicious social force. Simply repeating the idea that logistics provides middle class wages doesn’t make it so, but it does clear the way, especially during an economic crisis, for policy makers to invest public funds in an industry that thrives on contingent low-wage workers. Job creation is often used as a shield against criticism that warehouse development poses negative effects on local communities. But more jobs is not a sufficient policy solution for a region burdened by inequality.²²

The Skechers case also demonstrates how a fragmented state structure and a disorganized progressive movement allows developers to deploy the state “as the cyborg of capital” (Walker 2004a). Most of the resistance to urban growth machines draws on a

²²Warehouses produce approximately 9 employees per acre (The Tioga Group and Railroad Industries 2008).

discourse of local control, which is intended to protect individual and collective rights to private property. For example, community opposition to new warehouse construction has often been framed as a challenge to outside forces bent on imposing new land uses that threaten to disrupt local communities. Community members then act to deploy the local state as a foil against outside forces. This approach can reproduce a fragmented land use planning system in which specific development projects are often stripped of their regional geographic impact. Highly localized struggles can also create ideological barriers that limit the scale of political opportunities.²³

This much is clear: land use fights like the Skechers warehouse show that while local politics remains a key site of struggle, any coherent political agenda must move beyond the local and connect these micro-geographies of power to the larger scale of regional development. Early attempts to build a port-based progressive movement, including Southern California and Oakland, show that a common frame or scale can more effectively leverage the political power of unions, environmental, and community organizations than individual fights at the local level.²⁴

4.3.2 It's Different Out Here: Organizing on the Fringe

The presumption that spaces are autonomous has enabled the power of topography to conceal successfully the topography of power. . . . For if one begins with the premise that spaces have always been hierarchically interconnected, instead of naturally disconnected, then cultural and social change becomes not a matter of cultural contact and articulation but one of rethinking differences through connection. (Gupta and Ferguson 1992, pg. 8)

“Things are different out here.”²⁵ Those are the words I heard over and over again as I began my research for this project. What surprised me the most was that even self-

²³See Harvey's (2001) critique of militant particularism. Harvey criticizes Foucault's notion that thousands of localized struggles may one day topple the oppressive regime of capitalism (54). He claims that the focus on localized struggles often ignores political economy. Harvey then cautions against overly local forms of struggle by arguing that these conceptions of communities of resistance can lead to exclusive and oppressive politics. Seeking comfort in familiarity can lead to the construction of racist and exclusionary outside-inside boundaries (Harvey 1993). I agree with some of Harvey's critics who claim that place-based resistance and the safety of familiarity often provides the critical space needed to construct a political ideology that can operate at multiple scales. It is the role of intellectuals, whether organic (Gramsci 2000), public (Burawoy 2003), or academic, to make these connections.

²⁴See Matsuoka (2008) for a review of how labor, community, and environmental groups have used ports as a vehicle to build regional power.

²⁵One would be obliged to ask, what is different, who defines it, and what functions does difference serve? While an exploration of how various social groupings produced representations of difference to define a spatial hierarchy would be insightful, this chapter is not meant as a comprehensive mapping of regional narratives or frames. Instead, I will follow Gupta and Ferguson's critique, of methods that focus on representation as the producer of difference, by arguing that notions of regional difference can be linked to specific social relations of power and development that shape how space is produced and perceived. Gupta and Ferguson argue that, “There is thus a politics of otherness that is not reducible to a politics of representation (Gupta and Ferguson 1992, 17).”

identified progressives and liberals used this sense of difference to warn against “people from Los Angeles” or “people not from here, coming in and trying to do things their way”.²⁶ Organizers from national unions and Los Angeles-based community groups accepted the idea of Inland Empire exceptionalism and were cautious not to trample over potential local allies. What emerged was a negotiated dialogue between “outside” forces that sought to build a new politics of scale and “inside” locals determined to fight against further incursions by destructive economic and environmental forces.

A distinctive Inland Empire identity, defined in opposition to Los Angeles and the outside world, can be used as a source of resistance. Nevertheless, this sense of difference can produce narratives of local specificity that conceal regional topographies of power. Efforts to confront emerging geographies of economic dispossession and ecological devastation, are now faced with the prospect of creating regional political narratives that link the Inland Empire to social processes taking place in Los Angeles. The same forces that contribute to the production of regional difference can open opportunities for an organizing landscape that links differentiated spaces into a unified whole. Such a cognitive remapping should not, as Massey (1995) argues, gloss over the specificities of place and people. Rather, the key is to understand how these specificities are interconnected into a larger web of social relations. Regional identities that form bounded notions of the Inland Empire as separate from Los Angeles, fail to recognize the hierarchical intersections that have played a major role in Southern California’s development.

The Inland Empire’s emergence as a development frontier offers new opportunities to realign the topographies of power by building a progressive regional alliance. Several coalitions and organizing networks have already responded to regional development policies by reframing their efforts into multi-scale campaigns.²⁷ These efforts to organize logistics and construction workers, along with an expanding immigrant rights network, represent a new spatial politics that links conscious political action to an Inland Empire regional identity.²⁸ This new regional political scale, which includes connections to Los Angeles, is an attempt to reframe the existing social relations of development that contribute to the social, economic, and environmental degradation of working class Inland Empire communities. We must now consider how an organized regional movement can seize the political opportunities provided by an expanding scale of governance.

4.3.3 The State of Regional Governance

If the state is to emerge as an important site of progressive politics, then it’s important to understand how local and regional governance structures have been responsible for enabling existing development patterns. Southern California’s emergence as a gateway for

²⁶Quotes taken from field notes.

²⁷See (Pastor, Benner, and Matsuoka 2009) for a review of how community organizations and labor unions have organized around policies related to regional equity as a way to rescale the politics of development.

²⁸See Massey’s (1995) discussion of how space can form the basis of a political movement that cuts across economic classes.

imported Asian consumer goods was closely tied to an emerging territorial regime that expanded the scale of development by extending the region's distribution network further into inland areas. Government agencies of all stripes and jurisdictions formed new partnerships to build the roads, grade separations, and intermodal rail yards that efficiently and profitably move goods through Southern California.²⁹ The territorial expansion of the goods movement industry into the Inland Empire required massive investment in regional transportation.

Southern California policymakers employed a discourse of crisis and opportunity to rationalize spending on infrastructure projects. Governor Arnold Schwarzenegger's special adviser for economic affairs, David Crane, exemplified this link between capacity crisis and investment when he claimed that, "...this country is dramatically under-structured..." as rationalization for public support of infrastructure spending (in (Pesick 2008)).³⁰ Boosters and government officials alike, regularly claim that the region is "running out of trade infrastructure capacity..." (Kyser). The Pacific Merchant Shipping Association added to the urgent call by arguing that shippers are, "building their supply chains around California", because the lack of "freight supporting infrastructure" has made the West Coast inefficient and costly (Raine 2008). Surging imports and growing competition for asphalt space between commuters and trucks will only make the infrastructure problem worse.³¹

Federal, state, and local government agencies responded to the looming crisis by developing a coordinated effort to improve Southern California's inland distribution system; something rarely done given our federalist state structure. Efforts by shippers and retailers to move into the Inland Empire, as a way to expand their distribution capacity, were facilitated by local state actors that enabled this process, by implementing policies which encouraged specific development paths. This combination, of market forces and state planning created a synergy that propelled the region into one of the most dynamic growth periods in California history. Land-use and planning became key factors in extending The Ports's territorial reach, because the industry required coordinated policies and public investment in infrastructure in order to produce the territorial coherence necessary for the development of an inland distribution network. Public agencies mobilized billions of dollars in an effort to develop the regional transportation infrastructure needed to expand the goods movement industry further inland. These efforts to extend The Ports' territorial reach also transformed the institutions responsible for governing the San Pedro Bay harbor. Existing port-based agencies transformed themselves into entrepreneurial bodies that extended their geographic reach, beyond the docks, as a way to build an in-

²⁹See SCAG for a review of how grade separations are part of a comprehensive plan to expand the logistics system (Southern California Association of Governments 2005). For example, a proposed grade separation at the Colton Crossing will allow volumes to increase from 135 per peak day in 2005 to 255 crossings by 2025 (Wilbur Smith Associates 2008).

³⁰I would be remiss not to mention that the same discourse of crisis and opportunity was not used to coordinate an adequate state response to the disinvestment in education and social services that occurred during the same period.

³¹Public officials have justified spending on grade separations as efforts to mitigate against the impact of the goods movement industry on public citizens.

land distribution network that would enhance The Ports' ability to capture a larger share of Asian imports.

Existing regional organizations, such as the Southern California Association of Governments (SCAG), emerged as key networks for policy makers to advance a regional distribution agenda. SCAG developed a \$26 billion list of port-related infrastructure projects as part of a goods movement action plan (Southern California Association of Governments 2005). One of the four priorities outlined in the Multi-County Goods Movement Action Plan (MCGMAP) argues for the development of institutional structures to develop, collect, and implement funding plans for the region's transportation infrastructure (Wilbur Smith Associates 2008). SCAG leaders have called for the creation of a "Southern California Institution to Execute Infrastructure Construction" as a way to achieve regional transportation and planning cooperation. Policy makers claim that the absence of such a governance body, with the authority to coordinate regional infrastructure projects, threatens Southern California's economic future.

Attempts to develop multi-jurisdictional governance structures mark a departure from previous inter-state fights over federal and state funding.³² One example of this change was the recent agreement made by several state agencies, through an official Memorandum of Understanding, to cooperate on transportation capacity and environmental protection projects.³³ According to the agreement, the agencies pledged, "to cooperate with all stakeholders in the area to improve freight throughput capacity while protecting and enhancing the natural and human environment." These agencies also worked together to develop a Strategic Framework that corresponded with the California Goods Movement Action Plan. Yvonne Burke, Los Angeles County Supervisor and SCAG's then-president claimed that, "This new Southern California partnership will be vital to ensure our entire region's mutual goods movement needs, from the Ports to the farthest reaches of the Inland Empire (Southern California National Freight Gateway 2007)."

While these initial coordinated regional planning steps may seem small, they signal that policymakers are thinking at the regional level. But the old jurisdictional fights haven't completely gone away. In fact, some local politicians have used an expanding regional economy as a way to challenge the inter-city power dynamics involved in coordinated state planning. Some policymakers see emerging port-based regional governance structures as vehicles for Los Angeles and Long Beach to extend their economic and political interests further into the metropolitan hinterland. A few U.S. Congressional representatives have publicly challenged the ability of local port authorities to charge container fees for infrastructure development. For example, the House Subcommittee on Coast Guard and Maritime Transportation held a hearing in August 2008 to determine the federal government's role in port-related development. Congresswoman Laura Richardson (D-37) used the event to argue that because container fees were being used

³²These fights haven't gone away, but new cooperation efforts may signal a major change.

³³These include: United States Department of Transportation (DOT), Environmental Protection Agency (EPA), Army Corps of Engineers, Fish and Wildlife Service, Southern California Association of Governments, South Coast Air Quality Management District, California DOT, California Air Resources Board, Transportation Authorities for local counties and cities of Long Beach and Los Angeles

for environmental mitigation and transportation infrastructure, the federal government had jurisdiction over some port development issues (Helin 2008).³⁴ Congressman Dana Rohrabacher (R-46) questioned why the ports were implementing infrastructure fees when the decisions they were making involved transportation at the regional level. Rohrabacher chastised port authorities when he said, “You are acting like you are the decision makers—you are not. ...The region is the big decision maker (Helin 2008).”³⁵ Committee members argued that public spending on infrastructure and environmental mitigation may serve The Ports’ interest by subsidizing the goods movement industry, but the rest of the region ends up paying the price. According to Congresswoman Richardson, “What we have right now is a subsidy for companies that are doing business overseas” (Helin 2008).

Efforts by federal lawmakers to insert themselves into port governance, reflects a growing view that Los Angeles and Long Beach hold too much power over an expanding regional economy. For example, Inland Empire Congressman Joe Baca warned local leaders that failure to produce a regional approach to stimulus package funding would allow a better organized Los Angeles to secure a disproportionate share of federal funding (Gang 2009). The state of California entered into this debate when Governor Schwarzenegger attempted to change a shipping container bill (SB 974) that was originally intended for traffic and air pollution mitigation projects near the ports of Los Angeles, Long Beach, and Oakland. Schwarzenegger argued that some of the bill’s revenues should be used for environmental mitigation in the Central Valley (McGreevy 2008). In making this argument, the Governor was attempting to rescale The Ports’ environmental footprint by challenging the idea of local control.³⁶ Governor Schwarzenegger, along with Central Valley political leaders, claimed that The Ports contributed to statewide environmental problems and should be responsible for cleaning them up. According to Fresno Mayor Alan Autry, “Pollution doesn’t stop at the port ... Most of those trucks will be loaded and drive right through the San Joaquin Valley (McGreevy 2008).”

But State Senator Alan Lowenthal (D-Long Beach), who authored the original bill, argued against wider distribution of the revenues. Similarly, Los Angeles Mayor Antonio Villaraigosa opposed the Governor’s efforts to rescale The Ports’ territorial reach by claiming that local authorities should maintain control over port-generated funds. Conversely, a recent suit filed by the City of Riverside against the Port of Los Angeles challenges Villaraigosa’s bounded notion of port-generated funds by linking The Ports to environmental outcomes in the Inland Empire. Riverside claims that further port expansion will increase train and truck diesel emissions within their city boundaries. The city is asking for The Port of Los Angeles to pay for mitigation efforts that would alleviate any negative affects tied to further port expansion.

Even Logan and Molotch, who focus on the importance of local processes in city building, acknowledge that changing macroeconomic forces could produce new types of

³⁴Richardson’s district includes Compton, Carson, and Signal Hill.

³⁵Rohrabacher’s district includes parts of Orange and Los Angeles counties that extends from Huntington Beach to the Palos Verdes Peninsula.

³⁶Other political factors may have affected the Governor’s motives, but changing governance scales were clearly central issues in this debate.

cities.³⁷ The urban growth machine model would be complicated by shifting scale of accumulation, something they tied to foreign firms and investment. However, like most urban scholars at the time, they failed to consider the role of extended commodity chains distribution and global distribution networks in the construction of new cities.³⁸ As the multi-agency Goods Movement Action Plan points out, future port capacity projections will require the Inland Empire to absorb half of the three billion square feet of warehousing space needed for future expansion.³⁹ The planners and agents of development clearly have a regional agenda. How will progressives respond?

³⁷See chapter seven in Logan and Molotch (1987).

³⁸They outlined five roles that future urban places would play in this new hierarchy of development. These were: “(1) headquarters, (2) innovation center, (3) module production and processing, (4) Third World Entrepot, and (5) retirement site (Logan and Molotch 1987, pg. 258).”

³⁹See Technical Memorandum 4a in the Multi-County Goods Movement Action Plan (Wilbur Smith Associates 2008).

Conclusion

“The Left should start elaborating a credible alternative to the neo-liberal order, instead of simply trying to manage it in a more humane way. This, of course, requires drawing new political frontiers and acknowledging that there cannot be a radical politics without the definition of an adversary.” (Laclau and Mouffe 1985, pg. xvii)

Does the extension of a state-enabled regional development model provide Inland Empire groups with an opportunity to link differentiated scales of hardship – the warehouse, the cancer-ridden body, the foreclosed homeowner, the racialized state apparatus – with a political framework for collective action? The ability to organize across scales and as a collective force will be crucial if we are to avoid the limits of appealing to a liberal state that has already been claimed by opposing forces. In the words of David Harvey (1993, pg. 53), “What is at stake here is not the arbitration between competing claims according to some universal principle of justice, but class struggle over the particular conception of justice and rights which shall be applied to a given situation.”⁴⁰ Of course, this means that not only must we identify an adversary, we must also imagine ourselves into groupings or classes that can collectively make claims for a new conception of justice and rights. To a certain extent, our intellectual queries, especially those driven by post-modern sensibilities, must give way to political decisions about what is right and wrong. As Wendy Brown (Brown 1995, pg. 22) notes, “This appreciation of the extent to which resistance is by no means inherently subversive of power also reminds us that it is only by recourse to a very non-Foucaultian moral evaluation of power as bad or that which is to be overcome that it is possible to equate resistance with that which is good, progressive, or seeking an end to domination.”

The social mantra of existing conservative politics – that government intervention is bad – provides the underlying narrative for policies that oppose efforts to protect the region’s working class from the ravages of the free market. While labor unions and community organizations have successfully fought for living wage ordinances and community benefits agreements in other parts of California, these types of progressive policies are

⁴⁰Harvey (1993) cites the postmodern and poststructuralist intellectual movement as a main reason why many theorists shy away from the concept of justice. The struggle for social justice requires a universal notion of rights and justice. But how do we conceptualize this universal claim without falling into the trap of exclusive and oppressive totalities? Harvey offers the concept of dialectical relations to argue that any universal claims must be held in relation to the particularities of difference.

missing from the Inland Empire's civic code.⁴¹ A relatively ineffective civil society has allowed the market and the state to produce a landscape in which the region's low-skilled and undereducated workers must fend for themselves as individuals against the devastating flows of the market. The result is a state apparatus that reproduces the racialized class politics of low-wage work while purporting to pursue a development agenda that improves the common good.⁴²

Will there be a response? One of the obvious challenges is the lack of an organized set of actors who can act collectively at the regional scale. While port-related economic interests and state entrepreneurs have established alliances to provide territorial cohesion for the region's logistics sector, labor and community groups are only now beginning to discuss a regional strategy. Even though there is a long history of political activism in the Inland Empire, most of the existing organizations have tended to focus on the micro-geographic scales associated with local growth machine politics. Many of these struggles have also been limited by their direct appeals to the state; something that progressives must move beyond. Wendy Brown reminds us about the limits of "... radical democratic agitation..." which fails to acknowledge that "neither domination nor democratic resistance are limited to the venue of the state (Brown 1995, pg. x)." Some unions, like the ILWU, have managed to link their workplace subjectivities to class ideologies that address everyday life outside of the place of employment.

A disorganized progressive force makes it difficult to identify and train new generations of political leaders. Unions, community organizations, and progressive ethnic-based organized groups like The Latino Roundtable can play a role in building a progressive infrastructure by training new leaders. Meanwhile, business organizations like mainstream (white) and ethnic chambers of commerce serve as *de facto* political training grounds for more conservative leaders.⁴³ Some white conservatives have attempted to stay ahead of the Latino demographic wave by establishing close ties with Latino business and religious leaders. For example, Ontario Mayor Paul Leon was groomed by former Mayor and now San Bernardino County Supervisor, Gary Ovitt. Leon's surname and Christian background allowed the all-white conservative city council to fend off Democratic challengers during a period when Latinos were emerging as the city's ethnic majority. Latino

⁴¹See Valle and Torres (2000), along with Pastor, Benner and Matsuoka (2009) for a more detailed account of how unions and community organizations have used community benefits agreements (CBAs) to influence development decisions. While CBAs might have some drawbacks, the social struggle required to adopt them can reveal state of regional class politics.

⁴²See Harvey (2001) for a discussion of how Marx and Engels linked class interests to the production of state-based ruling ideas. Class interests are hidden by abstract ideas about justice and liberty that reproduce existing power hierarchies by convincing people to buy into the system. This idea of ruling ideas can be linked to Gramsci's notions about ideological consent. See Stuart Hall (1977) for a discussion of Gramsci's theories about class, the state, and ideological consent. Hall also reviews Althusser's attempt to locate ideology in the apparatus of the state.

⁴³Ramakrisnan *et al.* (2008) show that even the relatively small number of ethnically based community organizations that operate in the Inland Empire lack the institutional capacity to launch effective political campaigns. As a result, their research shows that most Inland Empire politicians, a large majority of them being white, are not familiar with the issues or interests pursued by community based organizations or ethnic chambers of commerce.

business and political leaders, many of them tied to the Republican Party, formed the Inland Empire Hispanic Leadership Council in an effort to use growing numbers of Latino voters as a platform for increasing their political power. A spatial politics that addresses adversaries at multiple scales can help to overcome the types of narrow and disarticulated alliances which sometimes form between business, labor, and ethnic groups.

Finally, as I began my research, I was shocked to discover that even though the Inland Empire contains several universities and colleges, only a handful of local scholars have actually studied the region. Even more alarming was the amount of policy related data that tracked key regional economic indicators with no mention of the social relations that gave the numbers a human shape. This kind of academic complicity, based on the failure to link development policy with the disproportionate burden of accumulation, provides political cover for the geographies of uneven development. As Gilmore (2002, pg. 17) reminds us, much “political, cultural, and economic geography ... [treats] premature death as an unfortunate given rather than an intolerable failure.” The 2,339 estimated people who get cancer from diesel exposure every year in the Inland Empire, and the many more who suffer medical problems that lead to premature death, cannot be written off as unfortunate consequences of development.

How, then, do we articulate a politics that links the cancerous bodies of the working poor to the multi-scale social systems that produce these deadly geographies?⁴⁴ We don’t need to dig too deep to find the connections. Working class neighborhoods that managed to avert being trampled by the middle class housing development stampede were often prime candidates for toxic development projects. As Logan and Molotch (1987) eloquently point out, these places contain “the people and land that nobody else wanted.” It is no accident that some of the most polluted neighborhoods are also home to many of the region’s low-wage workers. This is precisely why any effort to organize the region’s working class must extend beyond the shop floor and outside the boundaries of narrow ethnic politics, if it is to confront the disruptive and deadly relationships between power and difference.

⁴⁴Gandy’s (2002) model of cyborg urbanization may be a useful theoretical link between Foucauldian biopolitics and the spatial processes of capitalist development. His model proposes a dialectical relationship, what he calls urban metabolism, between technological development and urban culture/politics. The cyborg urbanization model allows him to link the scale of the human body to social and metabolic systems. He claims that, “The notion of ‘cyborg urbanization’ is a useful way of extending existing conceptions of nature in cities by emphasizing the physical vulnerability of the human body as part of a hierarchy of larger-scale social and metabolic systems (Gandy 2002, pg. 9).”

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