

## Introducing Forum

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*EDQ* introduces a new format to the Forum section in this issue. Periodically an article is submitted to us that raises important policy or methodological issues that have generated sharp responses from external reviewers. We believe that the debate that has taken place between the authors and reviewers is of such importance that we have then solicited people to comment on the article. Controversy on Maxwell Street raises the issue of the marriage of anthropologic and economic techniques in economic development analysis. We hope that you find this debate as stimulating as we did. Controversy on Maxwell Street began when Morales, Balkin, and Persky submitted their article, "The Value of Benefits of a Public Street Market: The Case of Maxwell Street." We then requested that Rhoda H. Halperin and Wim Wiewel respond. Following their responses is a rejoinder by the authors.

## FORUM: CONTROVERSY ON MAXWELL STREET

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### The Value of Benefits of a Public Street Market: The Case of Maxwell Street

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*Chicago's Maxwell Street Market was among the oldest open-air public markets in the United States. The market was closed in August 1994 and a smaller alternative market was opened on Canal Street. This article estimates monetary losses resulting from the closure of the market. First, the authors briefly discuss the market's history, followed by a review of the literature on the informal economy. The problem of quantifying the value of street vending is addressed by combining ethnographic and economic analytical methods. Ethnography is introduced in the article's third section. The authors demonstrate the usefulness of merging ethnographic and economic analysis by estimating monetary losses to vendors and consumers as a result of changes in the market's governance and location.*

**AUTHORS' NOTE:** An earlier version of this article was the basis of a presentation at the October 1993 annual meetings of the Illinois Economics Association, Chicago. The title of the presentation was *Economic Advocacy for a Street Market: The Case of Maxwell Street*. The authors acknowledge the skilled typing assistance of Barbara McIntosh. We also thank Carolyn Eastwood, Larry Lind, Manuela Romero, and *EDQ's* anonymous reviewers for their comments.

Early Irish, Bohemian, and German immigrants founded the Maxwell Street neighborhood. But Russian Jews, emigrating to escape the pogroms, replaced them in the Maxwell Street area toward the turn of the century. Many of the new immigrants turned to street vending and pushcart peddling as a way to gain a foothold in the urban economy. This activity was centered in the Maxwell Street area to serve coethnic customers. The location was also proximate to suppliers of merchandise. According to Eastwood,<sup>1</sup> the open-air market of Maxwell Street started as an accumulation of Jewish pushcart peddlers who began selling in the area after the Chicago Fire of 1871.

Prior to World War I, few Blacks or Mexicans lived in Chicago, but, by the second decade of the 20th century, European immigration decreased, and Blacks and Mexicans began moving into various south and west side neighborhoods close to Maxwell Street.<sup>2</sup> As previously, the market attracted poor immigrants as vendors and as shoppers, but the ethnic mix began to change.

Louis Wirth's 1928 description of the market continued to apply, down to its closing: "Maxwell Street, the ghetto's great outdoor market, is full of color, action, shouts, odors, and dirt. It resembles a medieval European fair."<sup>3</sup>

In 1912, the city council of Chicago passed a resolution creating an official public market in the Maxwell Street neighborhood. Ostensibly, formalizing the market was a progressive era policy response to unemployment and economic displacement.

The experience of other large cities, both at home and abroad has shown that indoor, outdoor and street markets add greatly to the convenience and health of the people residing in large districts.<sup>4</sup>

The city council commissioned two reports comparing Chicago's treatment of vending with that of other cities.<sup>5</sup> These reports also discussed the importance of vending as an income-earning opportunity for workers otherwise shut out or displaced from the restructuring economy.<sup>6</sup> As with their turn-of-the-century counterparts, contemporary city council members faced similar economic restructuring problems. However, today's city council made little local and no comparative research with respect to the role of street vending as an economic activity.

### THE INFORMAL ECONOMY

The Maxwell Street Market was only one of hundreds of street markets around the country. Elsewhere called flea markets, swap meets, open-air markets, periodic markets, or trading fairs, these economic activities are pervasive, but constitute only a fraction of "informal" income-earning opportunities.<sup>7</sup> James Smith estimates about \$42 billion in informal economic activity took place in 1981, and that four out of every five families made a purchase from an informal vendor.<sup>8</sup> What else is known about these activities and the "informal" economy of which they are a part?

There is some dispute about what informal economic activities are and how to conceptualize them. Ferman's work indicates the interdependence of formal and informal economic activities.<sup>9</sup> His approach is to divide economic activities into three categories: the social economy, irregular economy, and regular economy. The two main distinctions between the three are (1) Is the activity enumerated by that society's economic measurement techniques? and (2) Does the activity use money as a medium of exchange? The social economy does neither (e.g., barter), and the regular economy has both. The irregular economy is the vast middle ground and includes earned but unenumerated income from the home-related service provision, off-the-books employment, some rental property, criminal activities, and, for our purposes, street vending.<sup>10</sup> Some more recent conceptualizations of the informal sector distinguish the informal sector from criminal activities.<sup>11</sup> Here, the informal sector activities involve markets for legal goods, but production and sales may not be fully compliant with all business and tax regulations. The informal sector is viewed as somewhere between the criminal economy and the formal economy.<sup>12</sup> The distinction between informal and illegal is hazy and perhaps should be rethought.<sup>13</sup> The point is that, while some of the income earned from irregular activities might be reported to government, most is not, and consequently, measures like GNP are underestimated.

Not surprisingly, the study of informal economic activities has grown with the increase of economic regulation and the growth of firms. The term "informal" was first applied by Ferman and Ferman<sup>14</sup> in Detroit and by Hart in Ghana.<sup>15</sup> Much research has been conducted in developing countries.<sup>16</sup> However, many essays address informal activities in the developed context.<sup>17</sup> Empirical research from both streams focuses on the changing nature of production (economic restructuring), the regulatory environment, and human capital variables that influence the firm's demand and supply of labor. In contemporary U.S. urban settings such as Chicago, immigrant and nonimmigrant responses to economic restructuring, the regulatory environment for firms and labor, the desire for economic mobility, and the existence of vending opportunities are subjects of broad interest.

### Three Theoretical Positions

Three different theoretical camps account for "informality." First, the structuralist approach focuses on relations of production—relations that subordinate or push labor into irregular income-earning options. Examples include analysis of the links between informal and formal firms<sup>18</sup> and how the reorganization of production constrains or provides opportunity for labor.<sup>19</sup> The globalization of capital and labor markets is also analyzed as a possible structural source of informality.<sup>20</sup>

An informal economy grows when large firms attempt to evade costs sustained by restructuring processes. Typically, structuralists characterize informality in four ways:

1. status of labor—undeclared, noncontractual without benefits
2. conditions of work—hazardous
3. managerial form—tax cheats, fraud
4. nature of work—extralegal, not protected.

These characteristics paint a biased picture of informality because some informal activities earn considerable income and are pleasant or recreational, highly organized and prescribed or permitted, and even encouraged.

Second is the legalist approach, whose emphasis is that people are forced into informality due to state regulation. According to the legalists, regulation imposes costs that only the elite can bear, thus creating relational contexts in which only the elite benefit and participate. Legalists see the informals as creating the social and economic infrastructure, internalizing what would otherwise be the public costs of transport and housing. Legalists also blame the state for limits to entrepreneurial activity.<sup>21</sup>

Legalists and structuralists share the idea that the state is in a contradictory position: The state unevenly applies regulations, in defense or nominal defense of elite interests, or tolerates service provision it cannot or will not undertake.

Third is the microenterprise approach.<sup>22</sup> This approach has both a theoretical and a social-service orientation. It presumes and examines entrepreneurial initiative while advocating a pragmatic agenda, oriented toward poverty alleviation and promoting access to training and credit. This approach emphasizes access to information and producer goods, with the expectation that some informal firms will merge and grow in the industrial sector.

Taken together, the three approaches highlight the importance of macro, meso, and micro sources of information that people respond to when making choices about earning income. The structuralist suggests that elites make the key decisions that constrain other people's income-earning options; the legalist examines regulatory roadblocks to establishing firms. The analyst of microenterprise evaluates existing programs and inquires about ethnic or other group differences in entrepreneurial behavior.

### What Do We Know about the Informal Economy in U.S. Cities?

There is scant research conducted on street vending in industrial societies. Most research on the business economy relies on statistics and information gathered from the formal organizations

themselves. Some research has been conducted on the periphery of street vending. Examples of research that could include street vending have described how people fence stolen goods, where they develop personal experience or exploit network ties for resources to start a "formal" business, or how people cooperate in informal ways to conduct business and life.<sup>23</sup> However, in general, social scientists in the United States have yet to explore the extent to which people marshal resources to produce routine business activity—albeit of a kind rarely captured in economic data or secondary analyses.

Jones's ethnographic work examined Black "mobile peddlers" in a low-income neighborhood.<sup>24</sup> She argues that the peddler's business organization is an adaptation to the absence of retail stores in Black neighborhoods. These peddlers' marketing strategy is created by the market for "designer" goods, or by customers' minimal mobility but frequent need for staples like diapers or milk. Jones concludes that, like earlier European migrants, Black peddlers occupy a specific resource and client niche; however, their growth opportunities are limited, due to isolation from professional and service firms and segregation from higher income White markets.

Belk and colleagues explored and validated the usefulness of ethnographic technique for collecting data from and analyzing buyer and seller behavior at swap meets.<sup>25</sup> Various themes emerged from their research: the tension between rules and freedom, boundaries versus transitions, competition versus cooperation, and sacred versus profane. For instance, the tension between rules and freedom contrasts the pervasiveness of rules for participation, promoted by management, and individual rule breaking (e.g., from displaying sidearms in public to the presence of tax evasion or stolen merchandise). The authors generate many interesting ideas for analysis but do not provide in-depth data to test or develop theory.

In sum, theory and empirical research suggest that social scientists are only beginning to appreciate the sociological and economic significance of flea markets and street vending. So prompted, the first author undertook a long-term examination of Chicago's Maxwell Street Market.

This ethnographic study provides the basic data we used in estimating the market. Before proceeding to the quantitative analysis, a brief introduction to ethnographic analysis may be useful.<sup>26</sup>

### THE ETHNOGRAPHIC METHOD

The importance of ethnographic data for the analysis of economic development is widely recognized. Over the last 20 years, the World Bank has learned to assign social scientists, typically anthropologists, to development projects.<sup>27</sup> This indicates both the esteem in which ethnographic research is held and the importance of having socially as well as economically successful projects. Without valid ethnographic data, policy analysts make decisions based on models of behavior unrelated to people's lived experience. Ethnographic data are particularly well suited to provide information about economic activities in the informal sector, where subjects have an interest in concealing information from official interviewers, notwithstanding offers of anonymity.

Ethnography is the firsthand and long-term study of a social system. Common in anthropology and sociology are ethnographic analyses of kinship, economic activity, systems of myth or religion, politics, and frequently, the interaction between two or more of these.<sup>28</sup> The researcher observes and describes activities of interest, next door or on another continent—usually for six months to two years. The idea is to experience the social activity as the "natives" experience it, and moreover, to observe and inquire what they do and why.

Occasionally, the researcher engages in the activity of interest. Reasons to engage in participant observation include increasing trust with members of the population, understanding more fully the processes observed, and finally as a validity check on data gathered from interview and observation. Often, the researcher develops close personal relationships with the people he or she studies. Such relationships are helpful *and often essential* in understanding precisely what people are doing and why.

The first author (Morales) observed and interviewed vendors between March 1989 and June 1992.<sup>29</sup> During these three years, he worked at the Maxwell Street Market as a licensed vendor for

20 months. In the course of vending and observing, he took photographs, drew maps, examined archival and contemporary municipal ordinances, and developed an interview guide for later use. As a vendor, he adopted the mindset of the participants by practicing their lifestyle. This practice legitimized his presence, in both vendors' and consumers' eyes, and gave him insight into the vendors' lifestyle and day-to-day circumstances. He sold used items for 8 months and new bathroom accessories the remaining 12 months. His business was set up in eight different parts of the market, in order to examine differences in vending practices among various ethnic groups. During a period of 86 Sundays, he vended for 83. Becoming a vendor also permitted him to check interview information by collecting and reflecting on his experience while making reasoned inferences regarding that experience; being fluently bilingual gave him access to all vendors.

During and immediately after this business experience, Morales interviewed members of 56 households, formally interviewing more than 100 people. The sample includes variation in vendor ethnicity, gender, age, household composition, type of items sold, and net sales. The sample is representative of the ethnic distribution of vendors. Of those interviewed, 19 households were Spanish speaking, 24 were Black, 11 were White, and two were Asian. These interviews were open ended, but directed from an interview guide. The questions were translated into Spanish and back-translated into English. The field notes include hundreds of informal conversations and observations on everything from the observer's state of mind to the myriad everyday market activities. Morales attended meetings of vendors interested in preserving the market and was invited to brief city officials on his research. Wherever possible, these meetings were recorded and transcribed. The qualitative interview and field data were coded and transformed using Qualpro computer software for qualitative analysis.

Morales also collected data from the University of Chicago library archives and the City of Chicago Library regarding changes in city ordinances concerning the market (1912-76), as well as two reports by city council-appointed committees to study the market.<sup>30</sup> The data also include quarterly maps of the organization and placement of rented plywood tables and other space-marking devices. From this data, inferences were drawn regarding the stability of vendors' display locations.

Finally, Morales took hundreds of black-and-white photos and, with the cooperation of Steve Balkin, economics professor at Roosevelt University, a videotape of the market. The photos proved useful for engaging vendors about aspects of their business.<sup>31</sup> Morales also led several groups of Northwestern University undergraduates around the market; many wrote papers about vendors or their experience vending. Morales's role with these students further legitimized his presence in vendors' guarded eyes.

The market was self-managed by vendors.<sup>32</sup> This system allows for the reduction of vendor conflicts and the smooth operation of business at the market. The first author was deeply involved in that system; in addition to working as an entrepreneur at his own vendor table, he reciprocated by watching other people's tables, engaged in business deals with other vendors (e.g., sharing the cost of purchasing inventory to get a quantity discount), lent people money, and took part in social events after work. These situations allowed the researcher to be considered by the vendors as one of their own while being recognized as a researcher. Playing such dual roles permitted access to information possibly unavailable to outsiders or to formal questionnaire studies.

In this article, our concern is with translating ethnographic data into information useful for economic analysts. From the ethnographic database, we obtained seasonal patterns, income estimates for different vendor types, and likely business relocation decisions, as well as lost income due to eviction for different vendor types. Thus we have derived an appreciation for the various benefits and problems realized by vendors, as well as an overall appreciation for the role street markets play in the local economy.

## BENEFITS

One can view the market's benefits along at least two dimensions: (1) benefit group—whether benefits accrue to users of the market (vendors and shoppers) versus nonusers, and (2) ease of

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measurement (less difficult vs. more difficult). This generates four categories of benefits (see Table 1). This section concentrates on estimating the benefits in the first row of Table 1, benefits that are less difficult to measure. The following section provides a brief qualitative discussion of the other benefit categories. Therefore, the dollar benefit estimates that we provide can be considered an underestimate of total benefits, since several benefit items were not included. Nonetheless, even these incomplete estimates point out the enormous losses incurred by the elimination of the market.<sup>33</sup>

### Seasonal Variation in the Market

The market, operating every Sunday for the entire 52 weeks of the year, was heavily used by both vendors and shoppers. It has been estimated there were 850 vendors and 20,000 shoppers who used the market weekly on Sundays.<sup>34</sup> That number represents peak use, and seasonal variation needs to be taken into account to estimate benefits for an entire year. Based on conversations with vendors, as well as the authors' visits and business experience, seasonal use distribution will be used as seen in Table 2.

### LOST INCOME TO VENDORS

Eliminating the market incurred an estimated \$3.2 million in annual losses on the vendors who sold there.<sup>35</sup> This estimate is based on the projected lost income for four vendor groups in three relocation outcomes, taking into account seasonal variation. Accumulating these losses over seven years, discounted at a rate of 3%, gives a capitalized present value of \$20.2 million.

### Time Frame

It is always hard to extrapolate the future from the present. The time frame here represents how long we expect losses to continue for previous users of the market. Over time, losses will likely diminish as the market users adjust to this economic shock. The authors felt that seven years was a plausible and appropriate time frame to use, for three reasons: First, it is a reasonable planning time horizon for businesspeople. There is always uncertainty about the future, and small businesses are unlikely to consider possible situations/scenarios when the effects are more than seven years distant. Second, the seven-year time horizon has been used in other economic development benefit evaluation studies in Chicago.<sup>36</sup> Third, it is a conservative time horizon to use; alternatives might assume that losses continue for a generation (20 years), or that they never diminish and continue out to infinity. Of course, even when an infinite time horizon is used for accumulating losses by discounting to the present, there will be a finite limit. A dollar loss 200 years from now, discounted at 3%, would be very close to zero. In our case, if we accumulated vendor losses over an infinite horizon at 3%, the present value would be \$106.7 million.

### Vendor Types

The key to estimating vendor income is to appreciate the differences among the major types of vendors. Such a typology emerges naturally from ethnographic research. Vendors at Maxwell Street can be placed into one of four categories, based on what they predominantly sold: (1) marginal used goods, (2) specialized used goods, (3) low-profit-margin new merchandise, and (4) high-profit-margin new goods (see Table 3).

Marginal used goods vendors sold recycled household items from basements, yard sales, and alley picking. These vendors constituted about 20% of the market and earned, on average, a weekly net income from Sunday sales of approximately \$75 during peak season.

Specialized used goods vendors sold recycled durable goods such as tools, antiques, appliances, and automobile accessories. They tended to specialize in one or two items. These vendors

**TABLE 1**  
**Types of Benefits from the Maxwell Street Market**

<i>Ease of Measurement</i>	<i>Benefit Group</i>	
	<i>User</i>	<i>Nonuser</i>
Less difficult	Additional income to vendors; consumer surplus to shoppers	Multiplier effects from changes in vendor income
More difficult	Incubated businesses; cultural continuity; reduced susceptibility to criminal justice system entanglement; role model for youth; learning laboratory for university	Creation of jobs from new businesses; additional expenditures in city from tourists; reduction of criminal justice system expenditures; maintenance of historical tradition

**TABLE 2**  
**Seasonal Use Variation at the Maxwell Street Market**

<i>Season Period</i>	<i>Percentage of Capacity</i>
January, February (2 months)	40
May through October (6 months)	100
March, April, November, December (4 months)	80

**TABLE 3**  
**Vendor Types: Proportion of Market and Net Income**

<i>Vendor Type</i>	<i>Proportion of the Market (%)</i>	<i>Typical Weekly Net Income at Market Capacity</i>	<i>Income Range of Weekly Net Income</i>
Marginal used goods	20	\$75	\$50-\$150
Specialized used goods	40	\$175	\$100-\$250
Low-profit-margin new merchandise	30	\$350	\$250-\$450
High-profit-margin new goods	10	\$800	\$750-\$1000

constituted about 40% of the market and earned, on average, a weekly net income from Sunday sales of approximately \$175 during peak season.

Low-profit-margin new merchandise vendors predominantly sold food and clothing. They tended to sell more upscale items where very low cost supply sources had not yet been found. Their margins were limited by relying on full-price wholesalers. These vendors constituted 30% of the market and earned, on average, a weekly net income of approximately \$350 during peak season.

High-profit-margin new goods vendors did best at the market. They tended to sell odd-lot merchandise, produce, some clothing, and audiotapes/CDs. Their high profit margin resulted from being involved in business networks with access to information about low-cost sources of supply. They constituted 10% of the market and earned, on average, a weekly net income of approximately \$800 during peak season. Readers interested in how vendors acquire goods and organize business will discover an interesting and growing literature.<sup>37</sup>

### Relocation Outcomes and Vendor Types

To calculate expected losses to vendors, we need to know the likely relocation outcomes for each group of vendors. Table 4 presents estimates of losses for each of three outcomes: go out of business entirely; relocate with low weekly losses (\$30-\$75, depending on vendor type); and relocate with high weekly losses (\$40-\$125). With the market's elimination, we expected that approximately 20% of the vendors would go out of business entirely and engage in no other income-producing activities on Sundays; close to half of the vendors would relocate or engage in



some other income-producing activity, but with high weekly losses; and more than 30% would relocate, with modest weekly losses. These estimates are based on the expected proportion of vendors in each relocation outcome. This expected variation by vendor type is shown in Table 4. Some of the vendor losses could be offset from new income acquired by participation in criminal activities. We did not measure this, and we believe only a minority of vendors consider this substitution. In any case, vendor gains in income are likely to be more than offset by losses to society from transfers of wealth via criminal activities. If we did measure the criminal displacement effect, it would further increase the size of the losses we estimate from closing the market.

### Going Out of Business Entirely

A sizable number of vendors sell at the market as both an income-earning activity and as a social activity. Although the extra money earned is a welcome addition to total family income, it would be totally lost through the difficulty of finding and relocating to a place that is as convenient to get to, as friendly to work at, and as low a hassle to sell at. For some vendors, the decision to moonlight was a marginal one; with the elimination of the market, even a modest decrease in benefits and a modest increase in costs would cause some to abandon moonlighting activity entirely. Vendors at the old market expressed the opinion that they expected the alternative venues to be more expensive to sell at, less convenient to get to, not as friendly to work at, more of a hassle to sell at, and less profitable because of lower customer traffic. Although accounting for about 20% of all vendors, Table 5 shows that vendors who go out of business suffer over 40% of the total annual loss to vendors.

### Relocating but Incurring Low Losses

Low weekly losses are imposed on those vendors who typically suffer no significant loss in business volume, but face higher costs of doing business elsewhere (e.g., fees at the Canal Street Market are \$35 a day vs. \$25 a year at the old market). Many of these losses represent higher rents and fees vendors have to pay at other locations. These figures are based on current costs of doing business in private flea markets and similar establishments. This group of vendors accounts for somewhat under 20% of total losses (see Table 5).

### Relocating but Incurring High Weekly Losses

In addition to the higher costs of doing business facing the last group of vendors, this group will find total sales considerably reduced. As discussed below, many shoppers at Maxwell Street will not follow vendors to newer but less convenient and higher cost locations. Moreover, these vendors could face better established and more sophisticated competition in these locations. Overall, this group is expected to account for about 40% of all annual losses.

### Total Vendor Losses

The overall annual loss to vendors of \$3.2 million demonstrates the size and importance of the Maxwell Street Market.

The annual loss of \$3.2 million is the lost net income to Maxwell Street vendors. As shoppers at the market transfer at least some of their business elsewhere, other merchants will experience gains. To this extent, part of the vendor loss will be redistributed. Some business will transfer to corporations. But, because vendors are small-scale entrepreneurs and/or wage laborers,<sup>38</sup> this redistribution is likely to be highly regressive. In many cases, larger or better established businesses owned by corporations or suburban residents will profit at the expense of small independent Chicago microentrepreneurs. It is difficult to defend such a regressive redistributive policy.

From this section, using a seven-year horizon, the present value of vendor losses was estimated at \$20.2 million. Dividing that amount by the total number of vendors (850) would result in a figure of \$23,765 income per vendor. This can be taken to represent how much vendors value the

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TABLE 4  
Vendor Types: Relocation Outcomes and Losses

<i>Vendor Type</i>	<i>% Relocate with Low Weekly Loss/Monetary Loss</i>	<i>% Relocate with High Weekly Loss/Monetary Loss</i>	<i>% Go Out of Business Entirely</i>	<i>% Totals</i>
Marginal used goods	50/\$30	40/\$40	10	100
Specialized used goods	20/\$40	50/\$70	30	100
Low-profit-margin new merchandise	30/\$60	60/\$100	10	100
High-profit-margin new goods	70/\$75	20/\$125	10	100

TABLE 5  
Distribution of Losses by Vendor Type and Outcome (in percentages)

<i>Vendor Type</i>	<i>Low Loss</i>	<i>High Loss</i>	<i>Out of Business</i>	<i>All Outcomes</i>
Marginal used goods	3	3	2	8
Specialized used goods	3	15	22	40
Low-profit-margin new merchandise	6	19	11	35
High-profit-margin new merchandise	5	3	8	16
All vendor types	18	39	43	100

NOTE: Figures may not add to column and row totals because of rounding.

opportunity of selling at the market; it may also be viewed as how much money they would take to voluntarily leave the market because the amount would compensate them for the forgone opportunity of earning that much income (see Table 6).

From the field research, such a question was asked directly to stable vendors: "How much money would it take to get you to leave the market?" Responses ranged from \$20,000 to as much as \$100,000; in fact, many vendors felt that no amount could compensate them for leaving the market. Our interview data provided rough corroboration of the conservative nature of estimated loss to vendors.

### INDIRECT LOSSES

The reduction in vendor income will produce two types of indirect losses. Those local businesses currently supplying Maxwell Street vendors will experience a reduction in wholesale sales. At the same time, since vendor income will be reduced, vendors will themselves spend less in their own communities. Since the closing of the market, some of these losses have been explicitly observed. For example, many of the permanent (i.e., fixed location) businesses surrounding the Maxwell Street Market have gone out of business. Partly, this is a loss from reduced agglomeration externalities. Shoppers drawn to the area from the market would then shop at nearby fixed-location stores. In addition, many vendors shopped in this area for retail purchases as well as for supplies for their businesses. Many of the permanent-location businesses surrounding the market were wholesalers as well as retailers. With such vendors gone, much of their wholesale sales business has been eliminated.

To estimate the overall effect of reduced vendor income, we have used a multiplier of 1.7. This figure is estimated from output multipliers estimated for retail activity by large regional models such as the REMI (Regional Economic Models Incorporated) model used by the city of Chicago. This multiplier implies a present value (seven-year time horizon, 3% discount rate) of indirect losses of \$14.1 million. If an infinite horizon is used with the same discount rate, the present value of indirect losses rises to \$75 million.

Of course, just as in the case of direct losses, some indirect losses will be offset in other neighborhoods, as non-Maxwell Street businesses capture a portion of former Maxwell Street

TABLE 6  
**Economic Losses Imposed by Elimination or Movement of the Market**

<i>Loss Category</i>	<i>Loss Amount</i>
Lost income to vendors	\$20.2 million
Loss of consumer surplus of shoppers	\$15.0 million
Subtotal: Losses to users of the market	\$35.2 million
Indirect lost income from reduction in vendor income and activity (multiplier effect)	\$14.1 million
Total	\$49.3 million

shoppers. These businesses will also generate multiplier effects. Again, though, these offsets are disappointing if we consider their regressive nature. The new indirect effects are likely to be felt in relatively more prosperous neighborhoods through more affluent business owners and spenders. Rather than recycling income back into poorer communities, the new indirect effects will accrue in more prosperous areas, including those outside the city.

### LOST BENEFITS TO CONSUMERS

We estimate the present value of lost benefits to consumers, due to the Maxwell Street Market closing, to be \$15 million. We consider this a conservative estimate because the market was so unique and difficult to reproduce. Benefit estimates are based on what people would pay for the next best alternative; we underestimate the value to consumers because that alternative would be so different from that of Maxwell Street. We briefly intend to discuss why the market is important to consumers, followed by a description of consumer characteristics and a presentation of our method of calculation for this loss item.

#### Importance to Consumers

Maxwell Street was not just a flea market or a street bourse; it was an open-air urban bazaar, one of the oldest public street markets in the United States. Its uniqueness stemmed from four factors: low fees, open entry, good location, and historical traditions. For a shopper, there was no fee to enter; for a vendor, there was almost no fee to sell. A Maxwell Street market license cost just \$25 a year (in 1993). This allowed for a wide variety of merchandise and food, free blues and gospel music, opportunity to meet your own ethnic group members and interact with others, and positive spontaneous events. Second, in addition to the absence of commercial rent, there was little restriction on or supervision of what one could sell.<sup>39</sup> Even people with marginal goods to sell found it paid to work Sundays at the market. Since many people do this, and since "one person's trash is another person's treasure," there was usually something for everyone. The variety of merchandise was enormous. Third, the market was easy and inexpensive to reach, being located near downtown and the intersection of two major expressways; a legacy from Chicago's past, it carried much goodwill value.

The market is unlikely to be replaced, since a for-profit market or governmental, bureaucratic market will charge shopper entrance fees and/or vendor fees while imposing extensive regulation. Such changes must inevitably reduce the size of the market and its diversity, causing it to lose its free-wheeling, spontaneous character.<sup>40</sup> The closest approximations to Maxwell Street in Chicago are the several for-profit flea markets that dot the city. They are bland by comparison: predictable merchandise, fees to enter, no live music, no ethnic cultural tradition, mundane experiences, difficulty of access, and the absence of a heritage.<sup>41</sup> It is difficult, moreover, to evaluate the loss to shoppers of such urban resources. Before we attempt to do so, characteristics and attitudes of Maxwell Street shoppers will be described.

### Consumer Characteristics and Attitudes

According to a recent survey, the average age of Maxwell Street shoppers was about 44 years. It was common to view three generations of the same family shopping: grandparents frequently came to the market with grown children and grandchildren.<sup>42</sup> The average length of time these shoppers had been coming to the market was 21 years. About half of Maxwell Street shoppers came every Sunday of the year, another 25% shopped once or twice a month.

Eastwood lists several reasons why people shopped at Maxwell Street, including opportunities to find bargains and even treasures, to make nice friends, to watch people, to have fun and adventure, and to get a bit of fresh air.<sup>43</sup> Some shopper quotes from the survey give some notion of the market's vitality:

I love this place—it's where I come when I'm bummed out.

It's not fake.

It's one of the greatest free things in Chicago.

Any country you go to, they ask about Maxwell Street.

It's wonderful to go face-to-face in this day of mass marketing.

It's living culture.

### Dollar Value of Consumer Loss

The dollar value of consumer loss, as a result of elimination of the market, is based on how much shoppers, on average, monetarily value their shopping experience at Maxwell Street. As a proxy for a typical shopper's value of shopping at the market, we use the entrance fee of another prominent market in the Chicago area: the Kane County Collectible Market. This market is decidedly different from Maxwell Street, but it is very large, like Maxwell Street, and very popular. The entrance fee is \$3.00. We use this as a measure of how much a typical shopper values visiting Maxwell Street, since it represents what many shoppers are willing to pay in another large, regional open-air market.

The number of shoppers in peak season has been estimated at 20,000.<sup>44</sup> However, there is seasonality at the market: significantly fewer shoppers visit during January, February, March, April, November, and December. Therefore, we use the seasonality estimates from Table 1 to estimate the total number of yearly shoppers. The total loss (i.e., forgone benefit) is calculated by multiplying our shadow entrance fee (\$3.00) by the number of yearly shoppers, then finding the present value of this annual loss over seven years.

Our estimate of the present value of this shopper loss is \$15 million. This is a conservative estimate because it is again restricted to a seven-year time horizon, using a 3% discount rate; with an infinite time horizon and the same rate, the present value would be \$80 million.

### OTHER LOST BENEFITS

Other types of market benefits that will be forgone are perhaps more important and of greater dollar magnitude than the losses of vendors' income and shopper benefits. These benefits include businesses incubated, jobs created from those new businesses, reduced susceptibility to criminal justice system entanglement, reduction of criminal justice system expenditures, cultural continuity, forming a role model for youth, additional tourist expenditures, maintenance of historical tradition, and being a learning laboratory for the university.

Such benefits are more difficult to measure. At this stage of our research, all we can do is describe what benefits were lost when the market was closed and again suggest that it served an important economic and social function.

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### Incubated Businesses Started and Jobs Created

Among the strongest benefits of the market were new businesses started as a result of vending activity there. Morales reports that the causes of this incubator effect were social networking, low cost of entry, and the opportunity to acquire financial capital. One of the unique aspects of the market was that much social networking was interethnic; business information (where to buy, what to sell, sources of capital, cooperative relationships) gets transmitted within and between ethnic groups.<sup>45</sup> The closing of the market impairs this networking infrastructure.

The market incubated a variety of new businesses. Information was passed about a store for rent, a business for sale, a new line of merchandise, an additional source of customers, or someone looking for a partner, and vendors used such information to leave the market or add to their portfolio of businesses involved in. Of course, some growth and change means acquiring a new line of merchandise or bringing a friend or relative in to establish some new vending business. Nonetheless, certain vendors eventually left the market to form fixed-location businesses that grew to sizable corporations. Berkow documents many of these success stories.<sup>46</sup>

The low entry cost also fostered new business. Minimization of financial risk permitted people to fine-tune new business ideas; the market acted as a business research laboratory, where new products could be tried. If they failed, they were either abandoned for another or tried again, with a different configuration or marketing approach. Many nascent entrepreneurs terminate their efforts because of the high cost of trying out new ideas; by lowering this cost, the market increased the persistence of entrepreneurial efforts. Thus its existence increased the probability that effective business starts would occur.

Frequently, the extra income earned by vendors became a nest egg for future business or human capital investment. With the decline in real wages for low-skilled workers, opportunities for earned additional income that can be saved for personal economic development are crucial in achieving upward mobility.

The profits of new businesses started were of direct benefit to vendors, whereas income from the jobs created by those businesses eventually benefited nonusers of the market. Employment was obtained and income generated because of such entrepreneurial energies stimulated by the market.

### Reduced Susceptibility to Criminal Justice System Entanglement

The vendors and shoppers at the market were, for the most part, honest, kindly, law-abiding citizens. Only two police officers patrolled the entire market on Sunday; rarely was there a major incident. Many shoppers came in family groups spanning three generations.

Nonetheless, owing to the vendors' low income and their living in inner-city neighborhoods, many were likely to be exposed to both criminal subcultures and criminal opportunities. In any population, there are criminal opportunities; some people will always be marginally attracted to those opportunities. In this regard, the market served as a mechanism to keep people out of the criminal justice system, providing wholesome activity to engage in as well as a source of extra income to supplement one's job or transfer payment.

In an evaluation study of the Supported Work Experiment, Kemper, Long, and Thornton found that modest reductions in criminal participation, attributable to the training program, led to large external monetary benefits to society—causing the program to pass a basic cost-benefit test of efficiency.<sup>47</sup> Similarly, the market was likely responsible for substantial crime prevention externalities.

### Cultural Continuity

The market went by different names depending on the ethnicity of the user. The Latino name was *La Gara en la Calle Quatorce* (the Rag at 14th Street) or *La Pulga* (the Flea). The African Americans called it "Jew Town"—a term of respect, not denigration. Maxwell Street was the term used by most other groups.

### **Closing the market caused a severe blow to Chicago's cultural and social well-being.**

Closing the market caused a severe blow to Chicago's cultural and social well-being. The market provided an unbroken forum for accumulating and passing knowledge on to current and future generations; abolishing it was analogous to destroying an important member of a uniquely evolved species. Dismissing the market's contribution to the city's social and cultural diversity proved a mistake, not only financially but in other less easily measured terms.

At one corner of the market is the St. Francis Catholic Church. Visiting the market after mass provided festive entertainment for Mexicans and Central European immigrants for more than a century. Mexican immigrants visiting the market exposed their children to the tradition of open-air festivals derived from Mexico—the *mercado*. Children could hear, taste, and see the rich folkways their parents experienced. The market exposed children of many ethnic groups to the work ethic; they saw their adult coethnics working hard to accomplish upward economic mobility in a cooperative and live-and-let-live manner. The market, week after week, demonstrated how multiethnic populations could get along—an immeasurable addition to the city's social and cultural well-being.

### **Tourist Expenditures**

Some time ago, the Discovery Channel showed a nationally televised travelogue about Chicago. The show opened with a line stressing Chicago's diversity. That diversity is anchored in its ethnic neighborhoods, and the Maxwell Street Market stands as one of its finest embodiments. The market may not have been a draw for Disneyland vacationers, but it certainly provided a one-stop, low-cost taste of immigrant Chicago. It already was recognized as the birthplace of postwar urban blues music, the precursor of rock 'n' roll. Musicians from Europe and Australia regularly came to the market to jam with the local blues musicians. If promoted properly, it would have drawn additional domestic and international tourism to Chicago.

### **Role Model for Youth**

The market posed important benefits for youth. Young people earned money, learned bargaining skills and business responsibility, and supplied needed labor—for instance, language translation and business setup. Vendors whose children accompanied them at the market spoke of them with pride.<sup>48</sup> A vendor recalled how her children were instrumental in getting her tentative business rolling: "I brung 'em down here, and they learned so much. You learn a lot in school, but this was different schooling, and they all got A's." Today, these middle-aged men and women own businesses in the Chicago area, but do practice vending, employing youth, and conveying important lessons learned from their own youth.

Children were often hired by different ethnic groups, fostering an incalculable trust between occasionally antagonistic members. It was not uncommon to see Black and Latino youth vending with Korean businesspeople, or Latinos with non-Spanish-speaking Whites. Vending at the market fostered more than good interethnic relations; the experience was invaluable for youth whose next job was so often in the community from which they came. In Pilsen and other Chicago neighborhoods, working at the market was not disdained; instead, it was seen as a useful experience that taught responsibility and the good work habits that come with early rising, physical labor, and communicating with an ethnically diverse clientele.

### **Lost Benefits to the University of Illinois at Chicago**

Those who wanted to eliminate the market pointed to huge opportunity costs in keeping it at its old location. The assertion was that the market's operation at its former site would prevent the expansion of a major public research university. In our view, there was no conflict between the university's and the market's use of the land. The market operated on the streets and sidewalks during Sunday mornings when the university held no classes. To the contrary, we saw important benefits to the university in sharing expansion space with the market. Ironically, it was the

university's expansion, which forcefully removed the market, that generated additional millions in costs.

The market could have provided several benefits to the university. Foremost were the market's microentrepreneurial activities, a type of learning laboratory. Students and faculty could have participated in and/or observed the market in terms of entrepreneurship, anthropology, architecture, urban history, music, marketing, folk art, social work, urban planning, human ecology, microeconomics, foreign languages, government, and gender and ethnic studies. Maxwell Street was a real-life business incubator, a natural enterprise zone experiment, and a setting for examining interethnic relations. The market demonstrated how a heterogeneous society manages to enact a stable social order, week after week, without government intervention—and sometimes in spite of it.

Second, the market's existence on campus would have been consistent with the university's plan of developing its Great Cities mission. According to a university document,

The Great Cities concept includes creative partnerships with public and private institutions to ensure that UIC's (University of Illinois at Chicago) intellectual resources are fully engaged with such institutions in mutually beneficial ways: the fullest possible contributions to the cultural life and general quality of life of the metropolitan region. It expresses an institutional commitment to have our work address human needs in the Chicago metropolitan area. . . . Since the university is not the sole repository of knowledge, the pursuit of knowledge requires increased interaction with off-campus public.

Specific types of programmatic activities are recommended: assist in economic development of the UIC neighborhoods without displacing current residents; engage in technology transfer activities to increase business success; assist minority and female-owned businesses and new ventures through the new Center for Urban Business. . . . UIC should develop new models for collaboration with other institutions.<sup>49</sup>

Third, the campus environment could have been improved by providing additional shopping and food service amenities to students and faculty. Mixed use of the land would have placed additional pedestrian "eyes" on the street, generating a greater sense of safety on Sunday, when the university is mostly empty.

Fourth, the market could have been a convenient source of part-time employment for students coping with the cost of higher education. Finally, it would have provided class and further ethnic diversity to the campus setting. All these benefits would have provided a richer educational experience as well as product differentiation, thus enhancing the university's strength in competing for students in the competitive higher education market.

### THE "NEW" MARKET

The market was relocated, becoming the Canal Street Market, in September of 1994. Systematic work to test the estimates made in this article has not been completed, but it certainly could be done. As noted above, preliminary interviews indicate our estimates as essentially correct. These estimates were made prior to the closing of the market; since the smaller replacement market has opened, preliminary interviews have substantiated such estimates.<sup>50</sup> From a sample of vendors ( $n = 36$ ) on Sunday, September 11, 1994 at the city's new Canal Street Market—the second week the market had operated—the majority (89%) said business sales had declined compared to those of the Maxwell Street Market. Thirty-six percent of vendors said business was down 50% or more; 39% said it was down 20% to 40%; 14% said it was down 5% to 10%. About half the vendors interviewed reported that sales were off compared to opening day at the Canal Street Market. Vendors fear customer traffic is declining and people are not buying as much, since Canal Street is much less proximate to the foot traffic that shopped Maxwell Street from surrounding neighborhoods.

Even those who maintained business was about the same as at the old market (6%) are earning less because they have higher expenses—namely, the weekly fees they did not have to pay before.

Vendors offer the following reasons for the sales decline: parking is a problem for customers and vendors; the police are giving out a lot of tickets, which discourages customers; former customers don't shop at Canal Street, or else can't find them; people look but don't buy; there are fewer African American customers, but more nonbuying yuppies; there is less area to display merchandise, but more restrictions on what can be sold. Many vendors say the new market is cleaner, and most appreciate that, but feel it doesn't have the spirit or customer traffic of Maxwell Street.

### SUMMARY AND CONCLUSION

Our discussion of lost benefits pointed out the intricate relationships that intersect in activities as old and complex as street vending at the market. Future investigations must grapple carefully with both measured and unmeasured elements; only by specifying and testing for potential connections can we determine the importance and interdependence of such interlinked components.

The elimination of the Maxwell Street Market imposes a cost on users of at least \$35.2 million (see Table 5). Adding in indirect nonuser losses from reduced spending of the vendors (the multiplier effect) brings the total estimate to \$49.3 million. The Maxwell Street Market involved 850+ vendors selling to 20,000 shoppers at peak times of the year. Variation in both seasonal use and types of vendors was taken into account, as well as the stream of losses over time, discounted to the present.

Eleven different categories of loss were discussed: lost vendor income, lost consumer benefits, adverse multiplier effects from lost vendor income, fewer businesses started, lost jobs from fewer businesses incubated, fewer entrepreneurial role models, interruption in cultural continuity, increased criminal justice expenditure, lost tourist revenue, loss of historical sites, and lost university benefits. Losses were, however, estimated for only three of these categories: lost income to vendors, indirect lost income from the multiplier effect, and lost benefits to shoppers. Therefore, such estimates undercount the costs imposed by the market's closing, since several loss categories have not yet been estimated.

Literature reviewed indicates the absence of systematic empirical work on the range of informal U.S. sales activities. The gap between macroeconomic estimates of unreported income and empirical research on income-earning activities is wide—and only initially addressed by this research. However, our findings are consistent with arguments regarding the economic importance of the informal sector. The Maxwell Street Market served an important economic and social function; its closing amounted to a substantial loss imposed upon some segments of society least able to afford it. Public policy concerning the informal economy, and the phenomena of street markets in general, warrant serious and deliberative attention.

### NOTES

1. C. Eastwood, *Chicago's Jewish Street Peddlers* (Chicago: Chicago Jewish Historical Society, 1991).
2. Louise Año Nuevo Kerr, "Mexican Chicago: Chicano Assimilation Aborted, 1939-1954," in *Ethnic Chicago*, ed. Melvin G. Holli and Peter d'A. Jones (Grand Rapids, MI: William B. Eerdmans, 1977). Also see Allan H. Spear, *Black Chicago: The Making of a Negro Ghetto 1890-1920* (Chicago: University of Chicago Press, 1967).
3. L. Wirth, *The Ghetto* (Chicago: University of Chicago Press, 1928), particularly p. 232, but also pp. 195-240.
4. Chicago City Council, Minutes of City Council Meetings, Chicago, IL, 1912, p. 2326, cited in Alfonso Morales, "Taxation, Representation and Citizenship: Issues in the Informal Economy" (Paper presented at the annual Law and Society Association Meetings, May, 1993).
5. See both Chicago Municipal Markets Commission's "Report to the Mayor and Aldermen of the City of Chicago," December 28, 1914; and "Report to the Mayor and Aldermen by the Chicago Municipal Markets Commission on a Practical Plan for Relieving Destitution and Unemployment in the City of Chicago," April 27, 1914.
6. See the discussion in both A. Morales, "Illegal and Informal Responses to Structural Economic Change: Flea Market Vending" (American Criminology Association, 1991); and A. Morales, "Making Money in the Market: The Social and Economic Logic of Informal Markets" (Ph.D. diss., Northwestern University, 1993).



7. This study is an attempt to foster interdisciplinary research on the informal economy. According to L. A. Ferman, S. Henry, and M. Hoyman, special issue eds., "The Informal Economy," *The Annals of the American Academy of Political and Social Science* 493 (September 1987): 10-14, "The phenomenon of informal economies has developed a multidisciplinary rather than interdisciplinary interest, with little interchange between the various disciplinary approaches."
8. J. D. Smith, "Measuring the Informal Economy," *The Annals of the American Academy of Political and Social Science* 493 (1987): 83.
9. Patricia R. Ferman and Louis A. Ferman, "The Structural Underpinnings of the Irregular Economy," *Poverty and Human Resources* 1 (March 1973): 3-17; and L. A. Ferman, "Participation in the Irregular Economy," in *The Nature of Work: Sociological Perspectives*, ed. K. T. Erickson and S. P. Vallas (New Haven, CT: Yale University Press, 1990), pp. 119-40.
10. As reflected in the adage, "A penny saved is a penny earned," activities reflecting this range include everything from tax cheating to barter to street vending.
11. See H. DeSoto, *The Other Path: The Invisible Revolution in the Third World* (New York: Harper & Row, 1989); and A. Portes, M. Castells, and L. A. Benton, eds., *The Informal Economy: Studies in Advanced and Less Developed Countries* (Baltimore, MD: Johns Hopkins University Press, 1989).
12. Louis A. Ferman, "Participation in the Irregular Economy" (Paper presented at the annual meetings of the American Sociological Association, August, 1985). Ferman called this conceptualization the extralegal sector. Although some researchers include criminal activities in the informal sector, others like DeSoto (1989) distinguish between the criminal sector and the informal sector. According to Bromley's view of DeSoto, "Informal activities have legal ends but are conducted illegally because it is difficult for participants to comply with official regulations." In contrast, "criminal activities have illegal ends." See Bromley, "Informality, DeSoto Style: From Concept to Policy," in *Contrapunto: The Informal Sector Debate in Latin America*, ed. C. Rakowski (Albany, NY: SUNY Press, 1994). Other names, given to the concept of benign informality, have been the extralegal sector and the quasi-legal sector.
13. This is implied by L. A. Ferman in "Participation in the Irregular Economy" (1990), and made explicit by J. D. Uzzell in "Transaction Costs, Formal Plans, and Formal Informality: Alternatives to the Informal Sector," *Contrapunto: The Informal Sector Debate in Latin America*, ed. C. A. Rakowski (Albany, NY: SUNY Press, 1994).
14. Patricia R. Ferman and Louis A. Ferman, "The Structural Underpinnings of the Irregular Economy."
15. K. Hart, "Informal Economic Opportunities and Urban Employment in Ghana," *Journal of Modern African Studies* 11 (1, 1973): 89.
16. The latest example can be found in *Contrapunto: The Informal Sector Debate in Latin America*, ed. C. A. Rakowski (Albany, NY: SUNY Press, 1994).
17. For example, Ferman, Henry, and Hoyman, "The Informal Economy"; and Portes, Castells, and Benton, *The Informal Economy: Studies in Advanced and Less Developed Countries*.
18. B. Lozano, *The Invisible Work Force* (New York: Free Press, 1989).
19. M. P. Fernandez-Kelly and A. M. Garcia, "The Making of an Underground Economy: Hispanic Women, Home Work, and the Advanced Capitalist State," *Urban Anthropology* 23 (1985): 59-90.
20. S. Sassen, *The Mobility of Labor and Capital: A Study in International Investment and Labor Flow* (Cambridge: Cambridge University Press, 1988).
21. DeSoto, *The Other Path*.
22. S. Balkin, *Self-Employment for Low Income People* (New York: Praeger/Greenwood, 1989).
23. See, for example, R. P. Rettig, C. A. Merrill, and R. L. Merrill, "Cash Connection: Looking in on the Small Time Fence-Hustler," *Humanity and Society* 2 (February 1978): 47-65; Roger Waldinger, Howard Aldrich, and Robin Ward, *Ethnic Entrepreneurs: Immigrant Business in Industrial Societies* (Newbury Park, CA: Sage, 1990); C. B. Stack, *All Our Kin: Strategies for Survival in a Black Community* (New York: Harper & Row, 1974); and C. Eastwood, "Municipal Regulation of Street Vendors: The Chicago Case" (Ph.D. diss., University of Illinois at Chicago, 1988).
24. Y. Jones, "Street Peddlers as Entrepreneurs: Economic Adaptation to an Urban Area," *Urban Anthropology* 17 (2-3, 1988): 143-70.
25. See R. W. Belk, J. F. Sherry, and M. Wallendorf, "A Naturalistic Inquiry into Buyer and Seller Behavior at a Swap Meet," *Journal of Consumer Research* 14 (1988): 449-70; and R. W. Belk, M. Wallendorf, and J. F. Sherry, "The Sacred and Profane in Consumer Behavior: Theodicy on the Odyssey," *Journal of Consumer Research* 16 (June 1989): 1-38.
26. Given the modest scale of most Maxwell Street operations, observers can easily misjudge its aggregate value. A full appreciation of that value requires careful social scientific analysis—sorely lacking in the debate over Maxwell Street's future. The ethnographic information provided the data for loss estimates as well as the reasoning behind the qualitative discussion of the benefits more difficult to measure.
27. For one example, see M. M. Cernea, ed., *Putting People First: Sociological Variables in Rural Development* (New York: Oxford University Press, 1985).
28. An excellent example can be found in M. Leaf, *Man, Mind, and Science: A History of Anthropology* (New York: Columbia University Press, 1984).
29. A. Morales, "Making Money in the Market."
30. See the Chicago Municipal Markets Commission Reports, 1914.
31. See J. Collier, Jr., and M. Collier, *Visual Anthropology: Photography as a Research Method* (Albuquerque, NM: University of New Mexico Press, 1979).
32. For details, see Morales, "Taxation, Representation, and Citizenship"; and Morales, "Property Relations in Informal Economic Activity: Chicago's Maxwell Street Market" (Working Paper Series, American Bar Foundation, 1991).

33. This article was written prior to the market's closing by the city of Chicago; the estimates that follow are based on a complete closing. Preliminary data discussed in the conclusion, from the new alternative market, suggest it will not replace the dollar value or the benefits generated by the old market.

34. In newspaper articles, estimates have been as high as 1,200 vendors during peak times. However, the Community Assistance Panel's "The Future of the Maxwell Street Market Report" (City of Chicago Department of Planning, 1990), p. 7, documents fewer participating vendors. We chose the more conservative lower estimate.

35. 1992 dollars are used throughout this article.

36. J. Persky, D. Felsenstein, and W. Wiewel, *A Methodology for Measuring the Benefits and Costs of Economic Development Programs* (Chicago: University of Illinois Center for Urban Economic Development, 1993).

37. See Y. Jones, "Street Peddlers as Entrepreneurs"; R. W. Belk, J. F. Sherry, and M. Wallendorf, "A Naturalistic Inquiry into Buyer and Seller Behavior at a Swap Meet"; Belk, Wallendorf, and Sherry, "The Sacred and Profane in Consumer Behavior"; A. Morales, "The Cultural Construction of Gender Role Production: Moving from Housewife to Entrepreneur at Chicago's Maxwell Street Market" (Paper presented at the conference Crossing Borders Creating Spaces: Mexican and Chicana Women: 1848-1992, University of Illinois at Chicago, 1992); A. Morales, "Taxation, Representation, and Citizenship"; A. Morales, "Household Organization and Becoming a Street Vendor," American Sociological Association Meetings, Los Angeles, 1994; A. Morales, "What About the Market? Descriptive Statistics Regarding Vendors and Vending at Chicago's Maxwell Street Market" (Working paper, Department of Sociology and the Mexican American Studies and Research Center, University of Arizona, 1995).

38. A. Morales, *What About the Market?*

39. Only two police patrolled the market area of 16 square blocks, involving 20,000 shoppers. Still, the officers in the area had little trouble. Police who worked the area liked that assignment, and almost everyone knew it paid to be on good behavior there. No one wanted to chase shoppers away. It was not surprising that police sometimes found stolen or bootlegged goods at the market; what was surprising was how little contraband was sold there. Never did any of our team observe drug selling or prostitution at the market; there were too many families present, and few shoppers could afford to spend on those items.

40. To soften the political backlash from closing the market, the city claimed it would "just move it a few blocks away." The new Canal Street Market replacement is in an out-of-the-way location with harder-to-find parking, is limited to a third of the old size, has drastically greater fees (from \$25 a year to \$35 a day), and has many restrictions and regulations. It is definitely cleaner than was the Maxwell Street Market, but customer traffic is way down compared to that of the former site.

41. A. Morales, *What About the Market?* In this paper, Morales begins to compare the for-profit flea markets to Maxwell Street.

42. C. Eastwood, "Shoppers in the Maxwell Street Market" (Paper presented at the University of Illinois Levine Hillel Center Colloquium on Maxwell Street, May 23, 1993).

43. Ibid.

44. Community Assistance Panel, "The Future of Maxwell Street Market Report," p. 7.

45. A. Morales, "Making Money in the Market."

46. I. Berkow, *Maxwell Street: Survival in a Bazaar* (New York: Doubleday, 1977).

47. P. Kemper, D. Long, and C. Thornton, "A Benefit Cost Analysis of the Supported Work Experiment," in *The National Supported Work Demonstration*, ed. Robinson G. Hollister, Jr., Peter Kemper, and Rebecca Maynard (Madison, WI: The University of Wisconsin Press, 1984), pp. 239-85.

48. A. Morales, "The Cultural Construction of Gender Role Production"; and A. Morales, "Household Organization and Becoming a Street Vendor."

49. Great Cities Advisory Committee, *Interim Report of the Great Cities Advisory Committee* (University of Illinois at Chicago: Office of the Chancellor, 1993).

50. From half to a third of vendors did not make the transition to the new market. Those who did not were hard to track down; a few preliminary interviews suggest many had lost income.