

## Capitalizing on life at the margins: the pawnbroker and inner city commerce

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**Abstract:** Life in the inner city of many North American cities is marked by a considerable degree of social marginality from suburban neighbourhoods. That inner city populations tend to differ ethnically, racially and socio-economically from their suburban counterparts has been well documented since the early days of the Chicago School of urban ecology. However, less well documented by social scientists is the marginal nature of commerce in inner city districts. In addition to marginal aspects of the traditional retail and service industries, the inner city is often the site of a number of less salubrious commercial enterprises that capitalize on so-called 'deviant' and sometimes criminal behavior. The location of marginal business enterprises such as massage parlours, adult video stores and pawnshops often provokes considerable reaction from municipal officials and the general public. This paper presents some initial observations of an analysis of the delicate interplay between the reactions of the public at large, the policies of city planning officials and the needs of customers and proprietors of such businesses in the city of Winnipeg. The locational dynamic that results from such interplay of social forces helps shape a unique inner city landscape of marginality, despair and desire.

### Introduction

**Marginalize:** "To relegate or confine to a lower or outer limit or edge, as of social standing" (dictionary.com).

The North American inner city is socially, economically, racially and physically marginal in relation to suburban communities. However, it is important to remember that marginalization is a relational concept. An individual's or an object's marginality can only be meaningfully understood in relation to some normal benchmark. Thus, to observe that the inner city of many urban centers is socially, economically or racially marginal is to

indicate that it stands in sharp contrast to what is perceived to be the 'norm' in the North American city: the suburbs. The relative affluence of the suburbs, absence of visible minorities, and the homogeneity of the built environment are the social and aesthetic standards against which the inner city is ultimately contrasted. Instead of tidy streets largely servicing single-family dwellings, a variety of dwelling types prevail in the inner city. These include a mixture of single-family homes, apartments, rooming houses, single room occupancy hotels, transient hostels and even flop houses. Unlike the exclusive zoned, commercial strip malls and shopping centers of the suburbs, a *mélange* of land use types characterizes the inner city. Commercial, industrial, residential and institutional land use types all co-exist in geographical proximity in inner city districts. The age and structural condition of the built environment in the inner city also clearly sets it apart from the surrounding districts. In these important ways, the inner city stands apart from the suburban ideal of order, aesthetics and homogeneity. None of these observations should come as a surprise to the seasoned urban geographer. These spatial contrasts were nicely described in the work of the Chicago school of urban ecologists and identified in the classical concentric zonal model of urban form (Park and Burgess 1925). Winnipeg's townscape generally follows this common pattern and its inner city district is very much in conformity with the concentric ring known as the zone in transition (Burgess 1927).

A common view of the relationship between marginality and deviance is that individuals who are socially, economically or racially marginal to the mainstream population tend to be drawn into deviant behavior (Deutschmann 1998). Thus, marginality is thought to lead to deviance. We argue that the sorting process is very much an inversion of the conventional understanding of marginality. That is to say, deviant activities also lead to marginalization. The locational dynamics of commercial activities that deviate from the norm are very much a product of efforts to exclude them from mainstream districts in the city. In this way, such deviant commercial endeavors are pushed into marginal districts, such as neighbourhoods in the core area, that lack the political and social capital to exclude them. Clearly, the NIMBY and LULU ('not-in-my-backyard' and 'locally unwanted land uses') syndromes are operating in these circumstances, wherein the disadvantaged fall victim to the exclusionary attitudes of the majority. However, most of the literature on these topics deals with the more unsightly, physically (ob)noxious and polluting land uses like airports, sewage plants and landfill sites (Freudenburg and Pastor 1992; Dear 1992). In this paper, we will be focusing on activities that are instead deemed to be socially or morally offensive, running counter to middle class cultural values and thereby carrying a stigma that sets them

apart from others. Marginalized neighbourhoods, marginalized people, and the marginalized activities that are contained within them become that way in part because of the pressures placed on them by mainstream societal interests. Thus, the inner city becomes “socially constructed as a zone of abjection, populated with abject figures whose conduct result[s] in rampant disease, disorder, and danger, which put both individuals and the larger community at risk of degradation. (Sommers 1998, 297) Activities taking place in the inner city are perceived as a threat to the *status quo*, that if allowed to infiltrate into ‘respectable’ districts, will lead to the unravelling of decency, to moral degradation, and reversion to the primordial slime of pre-human existence.

The creation of marginalized districts of deviant retail or commercial businesses in the inner city is of grave concern to those organizations and residents who wish to see core area communities revitalized. For example, communities such as the West End, a mixed commercial and residential district immediately west of Winnipeg’s downtown, has long struggled as a ‘dumping ground’ for the city’s unwanted economic activities, such as pawnshops, massage parlours, and more recently, the street prostitution trade (cf. Kohm 1997). To many who live in these neighbourhoods, or work to improve the situation for residents, the high concentration of marginal land uses in inner city districts works to counterbalance efforts to bring about stability. Moreover, the establishment of pawnshops, massage parlours and adult video stores is often associated with a negative stigma that many fear will reduce property values and encourage still more unsavory businesses in these areas. Harvey Smith, the city councilor representing the West End of Winnipeg, has mused loudly about the fact that massage parlour patrons tend to live in suburban areas, while such businesses are restricted by the city’s zoning by-law exclusively to the inner city (Kohm and Selwood 2003). In this way, the city’s own land use planning and zoning regulations help to ensure the inner city as a logical place to site locally unwanted land uses.

The visual images characteristic of many inner city marginal activities conjure up all the nightmarish perceptions associated with them. Even if the activities are discreet and their premises ‘tastefully’ designed they are deemed to be unsightly pollutants of the townscape and degrading to the neighbourhood. This is why such activities are frequently buffered from ‘respectable’ localities and confined to areas lower down in the zoning hierarchy like industrial districts. However, our experience has been that signage and window displays are indeed very often cheap in appearance, garish, using high contrast, strident colours and extra large hoardings that do indeed offend the eye (Figure 1). It is no surprise in these cases that the marginal uses do more than just draw the attention of their potential



**Figure 1:** Example of a typical pawnshop store front with brightly coloured awning.

clientele, but also attract the ire of the wider public. It is not just the type of activity that the marginal operators are engaged in; it can also be their **style** of operation that provokes animosity towards them. Thus, the marginalization process can be mutually reinforcing.

The primary objectives of this paper are to identify and examine the various elements of the marginal commercial landscape, with some focus on the processes by which they find their way into the inner city. Because of their long history and varied functions, pawnshops will receive particular attention.

## Winnipeg's Marginal Commerce

Winnipeg's inner city has long been recognized as an area "characterized by *deviant behaviour*, conduct that in some way fails to meet shared behavioural expectations such as homelessness or alcoholism" (Rowley 1978, 212). While there is certainly much deviant behavior throughout Winnipeg, the inner city provides a space for the most visible manifestations of deviant activities and has become strongly associated with such outward signs of disorder in the minds of most residents. Winnipeg's inner city is also very much characterized by marginal commercial endeavours – establishments catering to narrow segments of

the population who find it difficult or impossible to secure their services or goods elsewhere in the city. In order to understand the nature of marginal inner city commerce, it is useful to construct a typology of marginal commercial activities:

### **1. Marginal Retail Outlets:**

Marginal retail outlets can be broadly divided into two groups. The first are set apart primarily by their exotic or ethnic character. They do not carry a stigma, but they have not yet been enveloped by the mainstream culture. On the other hand, the second group are marginal because their merchandize is widely frowned upon or condemned by the majority.

#### **a) Ethnic Specialty Shops:**

Ethnic retail operations are found in abundance in inner city districts. These outlets provide specialized products to a clientele of first or second generation migrants or longer established residents seeking the exotic or unusual. Ethnic grocery stores abound through Winnipeg's inner city, representing Chinese, Filipino, Vietnamese, East European, West Indian and Aboriginal groups, among others. Such establishments cater to local as well as suburban populations. Eventually, they can become part of the mainstream as the cultures of which they are part are assimilated into the wider community.

#### **b) Fringe Retail Outlets:**

This sub-group also caters to narrow segments of the population, although not differentiated by race or ethnicity. Rather, fringe retail outlets supply products that are not morally acceptable to the majority of the population. Examples of this type of establishment are the so-called 'head shops' specializing in items of interest to the drug subculture – T-shirts, drug paraphernalia, posters and so on. Prominent in Winnipeg's core area are establishments such as 'Kustom Kulture' in Osborne Village – a trendy neighbourhood adjacent to the city's downtown district – and 'The Urban Bakery' on Winnipeg's main downtown thoroughfare, Portage Avenue. Another example of a marginal retail operation, 'Discreet Boutique', located on Ellice Avenue on the periphery of the CBD, caters to a variety of sexual tastes not widely openly acknowledged by the community at large. Piercing, tattooing, or body ornament shops are other operations that are not widely accepted. Unlike the ethnic specialty shops that have their origins in the ethnically diverse neighborhoods of the inner city, these more specialized retail establishments draw on more far-flung populations. The rent gap in central city districts offers low rents to their operators, yet easy access for marginal consumers patronizing them. Moreover, such

outlets are generally discouraged from locating in suburban neighbourhoods (Kohm and Selwood 1997).

## **2. Marginal Services:**

Much like the marginal retail outlets, the inner city's marginal services also serve narrow consumer segments who seek anonymity and who have difficulty finding such services elsewhere in the city. Marginal services can be divided into at least two types:

### **a) Sex Industry Services:**

The many forms of the commercialized sex trade that operate at the margins of social acceptability and legality tend to cluster in the inner city. Services provided include adult video and DVD rentals, massage parlours, escort services, burlesque clubs, 'swingers' clubs and even street prostitution. Although suburban manifestations of most of these businesses do exist in Winnipeg, they tend to be concentrated in other marginal suburban districts such as the industrial zones adjacent to the International Airport or the old St. Boniface stockyards area. Significant reasons for this concentration are city by-laws (No. 6087/93, 'X-Rated Store Zoning By-Law'; No. 6551/95 'License By-Law'; No. 6400/94 'Zoning By-Law') that either discourage or prohibit such businesses from operating in suburban residential areas (Kohm and Selwood 1997; Selwood and Kohm 1998). A handful of adult video stores operating in suburban commercial districts have been allowed to remain in place since they were established prior to by-law 6551/95. However, expansion of these outlets has been not only fiercely protested by local residents, but also prohibited under the provisions of the by-law (Kohm and Selwood 1997).

It is demonstrable, given the relative scarcity of such services that sex industry businesses draw clientele from a wide area of the city and beyond. The high prices of some of them make it highly probable that considerable numbers of their clients come from the suburbs. Such is the rationale behind relaxing the restriction placed on the location of massage parlours and escort services. Currently, such businesses are confined to the inner part of the city that is regulated by The Downtown Winnipeg Zoning Bylaw (Kohm and Selwood 2003).

### **b) Fringe Financial Services:**

As more and more bank branches shut down in the inner city, there is an acute need for basic financial services, especially for the recent influx of indigenous people and other migrants of limited means. Capitalizing on this need, new forms of fringe financial services have appeared, supplementing or replacing the more traditional operations. Buckland *et*



Figure 2: Changing distribution of financial agencies in Winnipeg’s North End (by permission, Buckland, 2003).

al (2003) have shown how these agencies have recently proliferated in Winnipeg’s North End, with cheque cashing and payroll loan businesses like ‘Money Mart’ now joining the ranks of traditional pawnshops in providing financial services to inner city populations (see figure 2). Unlike the sex trade services, fringe financial services are more likely to be patronized by local populations who cannot join suburban banks and therefore do not have access to their ATMs. The pawnshop’s contributions to the inner city’s financial services will be discussed in greater detail below.

### **3. Second-Hand Retail:**

The numbers and types of second hand retail establishments have greatly expanded in recent years. The second-hand clothing industry alone has gone from being within the exclusive domain of the poor to now serving trendy niche markets and more mainstream tastes with large superstores like Value Village. Other second-hand establishments specialize in items as diverse as used CDs, sports equipment, and even pet supplies. Of course, the pawnshop has traditionally been an important source of second-hand goods and continues to carry out that function, almost exclusively in the inner city.

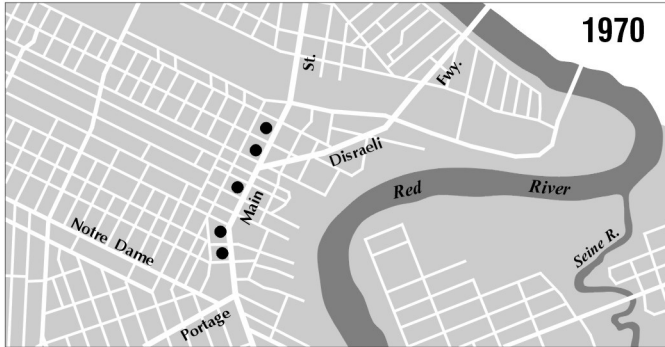
## **Pawnshops**

As has been indicated, pawnshops have long provided both important services and retailing operations to inner city dwellers. Nevertheless, they still carry the stigma associated with marginal operations that are not patronized by ‘respectable’ residents of the city. However, according to at least one observer, the bad reputation of the pawnbroker may not be wholly deserved (Hartnett 1981). In addition, the pawnbroker acts as an “auxiliary to the police in a community” (Hartnett 1981 152). Working in association with the police, the pawnbroker reports all goods bought or pawned to the police and aids in the recovery of stolen goods. The notion of the pawnbroker as a ‘fence’ of stolen goods does not seem to be borne out in empirical studies. Regular checks by the police ‘pawn detail’ ensure that stolen goods are rarely bought and sold in licensed pawnshops. Nevertheless, the location of a pawnshop is frequently vigorously opposed by residents who protest that pawnshops will be disruptive and cause the neighbourhood to “go downhill” (Bell 2003).

City zoning by-laws also restrict the location of pawnshops in Winnipeg and inhibit the establishment of new businesses. Figures 3 and 4 indicate the distribution of pawnshops in the city, showing that there has been an increase in the number of outlets and that there has been some expansion of the area in which they are located. However, almost all of them are still based in inner city localities. According to the police officer in charge of the Pawn Detail, their numbers have remained fairly stagnant, with locations sometimes changing hands, but few new ventures established (Morrison 2003, pers. comm.).

A good reason for this concentration is that one of the key functions of the pawnshop is to provide loans to people without a good credit rating. Many of such people would fall into the ranks of Winnipeg’s poor or underclass, who are largely confined to the inner city. As such, the





**Figure 3:** Distribution of pawnshops in 1970.

pawnbroker has been labeled “banker of the poor” (Hartnett 1981, 149). Also dubbed “shadow banks” (Hudson 1996), pawnshops are a response to the rising cost of banking services, or the downright impossibility of obtaining a bank account for many poor people (Hudson 1996, 51). Pawnshops will provide small loans where banks will not do so (Hudson, 1996, 56). Though often viewed as heartless or greedy, the pawnbroker does provide a needed service. Through the services of a pawnbroker “an individual may borrow money quickly, with no invasion of his [sic.] privacy. No investigation is made of the pawner’s occupation, credit rating, or purpose for borrowing money. No waiting period is necessary” (Hartnett 1981, 152). Along with their fringe banking services, pawnshops, are also a source of second-hand goods. In this capacity, they serve distinct segments of the consumer population looking for a bargain or a hard to find specialty item.

Pawnshops carry all manner of items, but certain articles are more prevalent than others, likely due to their high portability, and relatively small packaging. Ethnographic observation at Winnipeg’s inner city pawnshops has yielded some generalizations about the types of goods most frequently handled by these establishments. They include: jewelry, musical instruments, home electronics, furniture, tools and seasonal goods such as bicycles and snowboards.

Given the consistency in the types of goods handled by pawnshops and second-hand stores, tentative observations may also be made about the clientele of such stores. Household goods, CDs, video games and the like have broad appeal, and are certainly of interest to local residents as well as suburban bargain hunters. With their wide selection of goods, often moderate prices, and location in economically downtrodden locations,

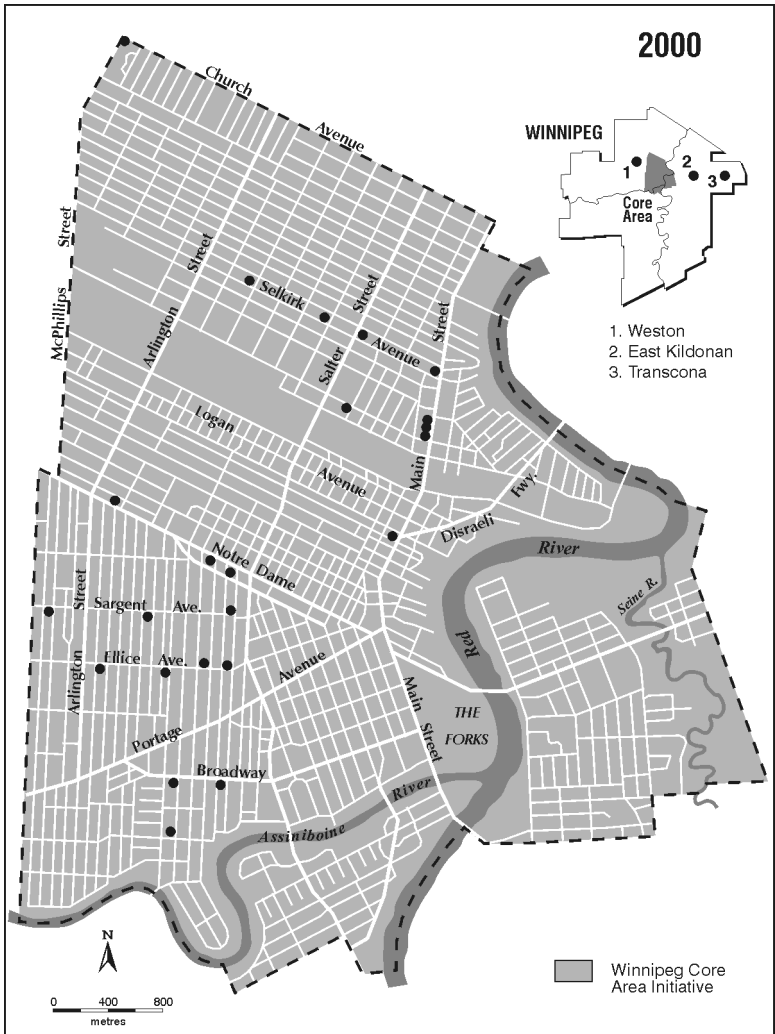


Figure 4: Distribution of pawnshops in 2000.

the pawnshop might also be dubbed the ‘department store of the poor’. However, the pawnshop does not necessarily provide the best value for inner city residents, as goods bought second-hand are not likely to carry a warranty, are generally worn, potentially damaged, and might be obsolete relative to new merchandise available on the market. Items are also frequently priced at a level that is very close to the cost of a new product

at a conventional store. Is a used \$40.00 VCR a bargain when DVD players can be bought brand new for \$59.00?

Higher end merchandise from pawnshops and inner city second-hand stores may ultimately find its way into the hands of collectors, or the proprietors of antique or 'vintage' stores. Musical instruments are good examples of merchandise that appeal to such non-indigenous populations. Vintage stores often obtain stock from scouring garage sales, charity-run thrift shops, as well as inner city second hand stores and pawnshops (Gregson & Crewe 2003, 6). Furthermore, the tremendous popularity of E-bay, the internet auction site, has spawned a whole generation of would-be profiteers looking to buy collectable goods cheaply at the inner city pawnshop and sell high in the international 'cyber' market place. The intrusion of the international marketplace into the local economy of the inner city produces an unequal exchange relationship reminiscent of Wallerstein's (1974) notion of the core – periphery relationship in the world economic system. Profit flows out of the inner city in the form of interest rates, pawning surcharges and the high rate of return on the sale of unclaimed items. Moreover, the raw material for other entrepreneurial efforts – such as stock for high-end vintage shops and the internet trade on E-bay – is extracted cheaply from the inner city.

## Discussion

While there is considerable variety in the types of marginal commercial activities outlined above, and there is no question that these activities manage to infiltrate many corners of the city – not exclusively the inner city – it is abundantly clear that there is a will on the part of city planners and politicians to exclude many of these landuses from suburban areas, just as there is a strong impulse for suburban residents to protest against the siting of these businesses in their midst. To use yet again the example of the pawnshop, the very process through which a prospective pawnbroker must go through in order to secure permission to open a new location is overtly politicized. New applicants for pawnshops, massage parlours and escort services must appear before local community committees where residents and other concerned parties may speak for or against the proposed business. A decision is then rendered by the city councilors representing the area in which the new application falls. Such a process makes the establishment of new marginal businesses nearly impossible in all but the least politically powerful and organized neighbourhoods. So, while vintage clothing stores and secondhand CD stores are moving into more salubrious territory, there is a governmental push to exclude and concentrate those

businesses seen as most offensive to middle class sensibilities. Once such concentrations are established, it becomes even harder to say no to new businesses that want to move into these districts.

## Conclusion

In this paper we have focused on pawnshops as an example of the type of activity that characterizes forms of marginal commerce that gravitate towards, or are pushed into the inner city. While some marginal retail activities such as ethnic shops and second hand clothing outlets like Value Village have generally evolved into more mainstream businesses and gradually found their way into more respectable, suburban locations, other marginal landuses remain urban outcasts in Winnipeg's retail landscape. We argued here that the pawnshop is perhaps a quintessential example of such morally and esthetically abhorrent elements of the urban streetscape. Such activities are generally, even systemically, treated as NIMBYs or LULUs by the wider urban community, as much for their social unacceptability as for their visual, aesthetic, or polluting effects. Nevertheless, these 'renegade' operations can provide useful, even essential services and interesting contrasts to the frequently, overly regulated uniformity that best describes so much of the city. For the likes of Jane Jacobs (1961) and others (Relph 1987), the colourful displays and chaotic confusion associated with the marginal and mixed uses of the inner city lend authenticity and soul to the otherwise commonplace urban environment. Perhaps we should be more accepting of them. However, we should also recognize that such uses are becoming linked to more global operations that are now sometimes owned by internationally based corporations. Even locally owned businesses are now tied in to global markets through the internet. They therefore act as conduits, extracting wealth from the inner city and channeling it elsewhere. In this way, Wallerstein's notion is inverted, with the core area being exploited by the suburban periphery. For these reasons, as Dear pointed out some years ago:

Despite the frequency of siting problems in everyday planning practice, there is a striking dearth of scholarly studies and practical guidelines that could assist planners, service providers, and client and advocacy groups in understanding and dealing with community opposition. The need to come to grips with these issues is urgent, especially in the light of recent federal legislation that places more emphasis on community obligations than on community rights. (Dear 1992, 297)

To our knowledge, the academic literature has added little to the debate since Dear's observations. There is obviously a need for a more extensive examination of the issues in question.

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