The time of the Buddha and the beginning of Buddhism are associated with the so-called second phase of urbanization in ancient India. In a way, early Buddhism may even be viewed as a reaction to this urbanization. Apparently, it began as a movement of dropouts from society, of wandering ascetics who emphasized the need to leave the settlements and abandon social ties. However, already the life of its founder is inextricably linked to urban centers of power, and the subsequent success of the movement would have been unthinkable without the sponsorship of urban elites. There is a tension, if not a contradiction, because this growing success also requires an ever-increasing interaction between the Buddhist ascetics and the lay communities who support them. As I will argue, this interaction reaches a new stage when the wandering ascetics finally settle in monasteries.