

‘Don’t waste a crisis’: opening up the city yet again for neoliberal experimentation

Stijn Oosterlynck

Centre on Inequality, Poverty, Social Exclusion and the City (OASeS)

Department of Sociology, University of Antwerp, Belgium

Sint-Jacobstraat 2, 2000 Antwerpen

Tel: 0032 3 2655281

E-mail: Stijn.Oosterlynck@ua.ac.be

Sara Gonzalez

School of Geography

Leeds University

Leeds LS2 9JT

s.gonzalez@leeds.ac.uk

Acknowledgements: This paper is part on an ongoing research funded by the Leverhulme Trust (grant number F10/1010 A) under the title “Towards a Postneoliberal urban deal” with colleagues Ramon Ribera Fumaz (Universitat Oberta de Catalunya) Ugo Rossi, (University of Cagliari) and Martin Jones (Aberystwyth University). We are grateful to comments by these colleagues to our paper. This paper was also presented at the AAG 2011 conference where we also got very helpful advice.

Abstract

This paper calls for a systematic investigation of the financial-economic crisis as a source of new urban governance rationalities across Europe. We propose to combine an understanding of neoliberalization as a variegated social phenomenon with a cultural political economy approach that is sensitive to the discursive dimension of variegation and the evolutionary mechanisms through which discursive variation is translated into geo-institutional differentiation. We illustrate how this theoretical framework may help to analyze the impact of the crisis on urban governmental rationalities. Rather than offering a complete cultural political economy account of the responses of European cities to the financial-economic crisis, we analyze how the crisis and the responses to it have been represented in discourses on urban policies and development by focusing on two discursive sites that are of strategic importance, namely OECD LEED and URBACT. Our preliminary findings suggest a re-assembly of existing discourses rather than the emergence of a new post-neoliberal urban government rationality.

1. Cities in crisis

Cities have been at the heart of the global financial crisis. However, it has been pointed out, “more needs to be done to understand the specific role played by the production of urban space in bringing on and lessening the effects of the crisis” (Keil, 2010: 941). The critical academic literature has so far addressed the urban dimension of the crisis from three different angles: (1) the urban roots of the crisis; (2) the crisis as an opportunity for progressive, post-neoliberal urban transformations; and (3) the crisis as another wave of the constant re-structuring of urban neoliberalisation.

Already in early analyses of the global financial crisis authors pointed at the urban nature of the crisis and linked it to the geographically uneven financialization of the urbanization process (Rutland, 2010). Aalbers (2009) has shown cities as the urban nexus of the local/global interconnections of the housing and mortgage markets with the crisis. Various accounts have explained how the subprime mortgage crisis was in fact the symptom of a neoliberal urban accumulation system often based on the

deregulation financial and land markets, the planning system, financialization and speculative property development and state incentives to home ownership and overbuilding (see e.g. Garcia, 2010).

Other authors have pointed out that the crisis is an opportunity to challenge the excesses of the prevalent urban growth model. Mayer (Soureli and Youn, 2009) suggests that now that the limits of some of the current processes (such as financialisation) had been exposed, post-neoliberal alternatives for more just, democratic ecological city-regions would be taken more seriously. Especially as the crisis was transmitted from the financial sector to the state under the form of fiscal austerity, more skeptical accounts of the crisis as just another phase in the ongoing neoliberal restructuring of cities grew more prevalent (Peck *et al.*, 2010). Brenner, for example, does not see “the present geoeconomic crisis as interrupting any of the following basic trends within post-1970s hyperpolarized urbanization” (Soureli and Youn, 2009: 44).

To conclude, the literature on the financial-economic crisis and cities has so far mainly focused on the urban roots of the crisis in the financialized mode of urban development, the potential for post-neoliberal urban development models and the crisis as enabling ongoing neoliberal urban restructuring. Little systematic empirical analysis has been done, however, of the crisis as a “laboratory” for urban governance models. Bearing in mind how the 1970s economic crisis opened up the city as a laboratory for neoliberal experiments (Harvey, 2005), it is now crucial to develop a sustained critical analysis of the financial-economic crisis and the urban question. As we start to see a variety of urban responses unfold across the world we must ask whether they serve to reinforce ongoing neoliberal urban restructuring or effectively produce new, post-neoliberal urban governance rationalities. As a start, we propose to combine the ‘variegated neoliberalization’ approach with a cultural political economy focus on the discursive dimension of the ongoing production of variegation.

2. Analyzing the changing contours of variegated urban neoliberalisation.

Geographers have long argued that neoliberalism is not a monolithic phenomenon but differs across space. Brenner, Peck and Theodore have recently proposed the concept of “variegated neoliberalization” to capture the “systemically produced geoinstitutional differentiation” under neoliberalism and stress that the malleability

and inherent unevenness of neoliberalism can actually be its strength (Brenner et al., 2010a: 26). Analytically, they argue, we must combine the study of “local regulatory experimentation” with an investigation of “institutionalized rule regimes” (Brenner et al, 2010a: 35). From this follows that in order to analyse to what extent the global financial crisis is compromising the hegemony of neoliberalism we should focus not just on the myriad of local and variegated responses that might pop up but also on whether the global rule regime is being challenged. For the moment, Peck et al. (2010) argue, although we might see disarticulated counter-neoliberalization strategies emerging, the global rule regime is not faltering. They suggest that neoliberalism may have lost its hegemonic appeal and entered a “living dead” phase (“zombie neoliberalism”), but that it sustained by macro-economic and macro-institutional conditions such as global overaccumulation, public austerity and indebtedness and beggar-thy-neighbour governance rationalities.

Brenner et al’s account of neoliberalization is a useful framework for the analysis of the multi-scalar neoliberalization process. Still, it does not tell us enough about how this geographical institutional variation is systematically produced. Their almost “tectonic” metaphor of waves of regulatory experimentation colliding against inherited politico-institutional arrangements is somewhat rigid and it has the danger of being translated empirically into a scenario where global forces are imposed into a variety of resisting local situations. A key question is how the inherent geo-institutional variation typical of postfordist capitalist political economies is produced and what explains which forms of variation are institutionalized and inherited, while others perish and disappear.

In this ‘debates and development’ piece, we argue that the current crisis offers urban studies scholars a real-time opportunity to study how the variegated contours of urban neoliberalization change over time. Our point is that to analyze this “moving map” in detail we need to pull the variegated neoliberalization approach closer to cultural political economy (henceforth CPE) and its concern with discourse, particularly in times of crisis. CPE, at least in its Lancaster variety (Jessop and Oosterlynck, 2008), shares with the variegated neoliberalization approach the concept of variation as an inherent characteristic of any viable political economy, but explicitly integrates discourse as a constitutive dimension of the variegation of political economies. It borrows the conceptarium of evolutionary approaches to

analyze the dynamics of variegation, particularly the interplay between material and discursive dimensions. By conceptualizing mechanisms of change and evolution in political economies, CPE 'dynamizes' the concept of variegation.

CPE's concern with the discursive dimension of geo-institutional variegation under capitalism is grounded in the cultural turn and its discursive account of power (Jessop and Sum, 2001). Actors, their interests and identities are not seen as objectively given and merely reflecting positions in the material structures of capitalist political economies, but as constituted through selective representations or construals of reality. In line with critical discourse analysis (Fairclough, 2003), these construals¹ are seen as power-laden. CPE aims to do more than just "add 'culture' to political economy and proposes to analyze the interface between material and discursive processes in evolutionary terms (Jessop and Sum, 2010: 95). This implies analyzing how out of an often endless variety of discursive construals and associated practices some are selected and further retained in more stable identities, formal and informal institutions and the underlying material structures of society (Jessop and Oosterlynck, 2008). For CPE then, variation is a structural feature of political economies. Crucially, this variety is not arbitrary but structured through discursive and material factors and their selectivities. Drawing links with the variegated neoliberalisation approach, this CPE understanding of variation, through its concern with the co-evolution of material and discursive processes, allows for an in-depth and dynamic analysis of the production of variation and its structuration.

Jessop and Sum propose to see crises as 'real-time laboratories' to study variation and its structuration under capitalism (Jessop and Oosterlynck, 2008, Jessop and Sum, 2010). Crises are moments at which hegemonic understandings of the operation of political economies are called into question. This tends to repoliticize identities, institutions and societal structures and hence opens up space for a proliferation of discourses that attempt to interpret the causes of and solutions to the crisis. Indeed, Jessop and Sum argue that it is precisely during the phase of variation that discursive factors command more influence, whereas the weight of material factors increases when certain crisis discourses are selected and retained, while

¹ Jessop refers to the distinction between construal and social construction made by Sayer (Jessop, 2009). Construals are meaning making devices to reduce complexity and make sense of the world; but of all their possible variation only some "construals" become part of the process of "social construction".

others are discarded. It is in these latter phases that the geographical, historical and institutional context matters and variation might become variegation. The present crisis conjuncture presents an ideal “real time” opportunity to test the CPE cum variegated neoliberalisation approach and analyse whether and how hegemonic discourses on urban development are questioned and alternative discourses emerge and/or existing discourses are re-assembled as part of ongoing attempts of imagining and remaking cities as strategic sites of capitalist accumulation and regulation. As it is still too premature to actually find explicit evidence of variegation (Brenner et al 2010b) we focus on the earlier, supposedly more tentative phase of discursive variation. We will do so by focussing on two important discursive sites, i.e. the concrete sites where discourses are produced and disseminated (Dixon and Hapke, 2003), namely OECD LEED and URBACT, which have been most active in producing and disseminating knowledge of the crisis and its impact on various cities on the European scale.

3. Diverse representations of the crisis, its urban impact and responses across Europe: a view from OECD and URBACT

Since this paper is concerned with the (structured diversity of) discursive representations of the crisis, its impact on cities and their responses to it across Europe rather than in one particular city or national state, our analysis focuses on two crucial international organisations that have recently produced some research and reflection on the impact of the global financial-economic crisis on cities, namely OECD and the European Union. Both in the OECD and the European Union, institutional spaces have been opened up for the production and dissemination of discourses on the crisis and its urban impact and responses, more specifically in the OECD Local Economic and Employment Development (LEED) program and the EU funded URBACT network. They are both key sites for the creation and distribution of policy discourses on urban development and policies in an increasingly fluid landscape of policy mobility (McCann, 2008) and they act as amplifiers of the voice of key “policy transfer activists” (Radaelli, 2000). They are therefore strategic discursive sites to monitor changes at various levels as suggested by Brenner et al (2010b): the macro “rule regime”, forms of local experimentation and the policy transfer sphere.

The methodological focus is on the practices of policy document writing, surveys and policy makers meetings which have been in fact revealed as key to understand neoliberal meaning making (Gonzalez, 2011).

The OECD LEED program was founded in the 1980s to champion local economic development, in particular labour market policies. It works at different levels with a Directing Committee consisting of the OECD countries' labour-economy related ministries, a "partners club" integrated by a network of sub-national governments and various practitioner Forums. In 2009, the LEED program started to reflect on the role of the local level in responding to the global financial-economic crisis. Previously, the crisis had been conceptualized as a "global" phenomenon initiated by the American sub-prime mortgage crisis. In March 2009, the first meeting of the "OECD Local Leadership and Economic Recovery Network" was held in Barcelona, a "high level working group of economic development practitioners aiming at raising awareness on the role of cities in the current situation and on their role in building part of the new economic system" (OECD website²). Here the "Barcelona principles" for recovery were agreed (see below). In parallel, a survey report was compiled learning from local economic development measures in previous economic crisis (2009a) but more significantly from April to June 2009 a review of the impact and measures from the recent crisis was carried out with focus on 41 cities from OECD countries (Clark, 2009).

Around the same time as OECD LEED, URBACT started up its Recession Watch because according to its Monitoring Committee "the economic crisis has dramatically altered the context in which they [URBACT members] are operating" (Soto, 2010: 1). URBACT is a European exchange and learning program that aims to promote sustainable urban development by funding thematic partnership networks. In May 2009, URBACT organised an open 'brain-storming laboratory', which brought together more than hundred representatives from cities and networks such as the OECD LEED program, and launched a study on the impact of and responses to the crisis, mobilising the experiences of its members. This study aimed to "use "the creative tension" generated by the crisis [...] to speed up exchange and learning in an interactive and ongoing way among urban practitioners and policy makers" and

² See: http://www.oecd.org/document/63/0,3746,en_2649_34417_42544255_1_1_1_1,00.html (accessed 9 May 2011).

identify common themes (Guidoum *et al.*, 2010: 5). The study contains a scoping survey and a series of in-depth case studies³ of cities carried out in the last quarter of 2009 and first half of 2010 asking cities about the nature of the crisis they faced and the policies they were developing in response⁴ (URBACT, 2010). The aim is to show how cities are taking a leading role addressing the crisis and are actively rethinking their future development.

It is worth noting the similarity in the approaches taken by OECD and URBACT. In both discursive sites, the roots of the crisis, urban or otherwise, are not made the object of debate. The Clark 2009 report for the OECD identifies the crisis as a phenomenon at the “global” scale, with the most successful local economic leaders as those *responding* to it. An important theme running through the document is that the crisis should be seen as an opportunity; “Don’t waste the crisis” is the first of the adopted ‘Barcelona principles’. The OECD then clearly sees the crisis as a moment for urban governance innovation and re-invigorating local economic leadership, rather than for questioning particular local economic development models. The crisis is represented as deep but cyclical (OECD, 2009a).

The crisis is equally taken as a given and ‘naturalized’ as a source of creativity and innovation in urban development and governance in URBACT documents. Guidoum *et al* (2010: 13) point out that most case study cities have gone through worse crises in the past and that “the lessons learned by cities during these past crises form an important part of their intellectual capital” (p.13). Similarly, the OECD highlights the historic importance of local economic development which was born out of the 1980s crisis and which continues to be renewed in times of crisis. Instead of questioning the roots of the crisis in particular local development models, both OECD and URBACT documents re-affirm the pre-crisis discursive construct of the city as a prime site for the accumulation and regulation of capital in an internationally competitive environment and as a laboratory for local regulatory experiments. In order to do so, both suggest a host of urban policy measures and strategies that may help cities in addressing the crisis. Amongst the short term responses, “fire fighting measures” such as job placements for young people or tax reductions for small businesses have

³ The case study cities are Rotterdam, Tallinn, Malmö, Newcastle, Dublin, Gijon, Jyvaskyla, Turin and Veria.

⁴ The framework for the study was derived from the OECD LEED program.

been popular but the OECD is keener to highlight more long term strategies designed at “re-orientating their economies to embrace the likely post-recession global economy” (Clark, 2009: 53). Examples include focusing on “international positioning, sustainability, openness, branding, leadership, and the arts” (Ibid: 75). The URBACT case studies showcase the wide variety of local policy responses to the crisis, ranging from tapping into national recovery packages (e.g. Gijón) and reinforcing local development strategies developed through previous crises (e.g. Jyväskylä’s ICT-sector oriented post-recession development strategy) over preventive labour market programs for young people (e.g. Rotterdam’s Youth Action Plan) to strategic public-private partnerships (e.g. Innovation Poles in Turin).

However diverse the discursive variation of urban responses might appear little new is in fact being presented. The emerging response is to keep the investments going, albeit often through Keynesian measures, to bridge the crisis on the short term and align the local economies with the global economic landscape through long term strategies focussed on knowledge-intensive, green and creative economic sectors. To be sure, especially in URBACT documents, there are discursive openings to post-neoliberal urban governance rationalities. Ample references are made to social inclusion, the provision of basic services and quality of life concerns. Also, questions are thrown up about the limits of local labour market strategies to fight growing social polarisation and of the viability of certain urban strategies in the face of public austerity, suggesting an awareness of the importance of the macro-economic and institutional conditions in shaping urban development trajectories. The OECD has embraced a “green” approach but again this is mainly based on the idea of greening the existing growth model, a far-cry from more progressive de-growth discourses that gathered some pace in the early stages of the crisis (Latouche, 2009).

There is no evidence therefore of a rethinking of urban development models. Neither is there much reflection happening on macro-economic and macro-institutional parameters beyond the current model of global competitiveness. The variegated nature of the urban development trajectories of European cities may be one important element discouraging a fundamental reflection on these macro-level parameters. Indeed, as URBACT acknowledges, “there is a risk that the extremely diversified places and people which make up the European mosaic, experience the crisis in such different ways, with varying intensities and speeds, that it fundamentally

weakens the fairly fragile glue that makes European citizens feel they have a future together” (Guidoum *et al.*, 2010: 20). To conclude then, the showcasing of the diversity of local policy responses in the absence of a rethinking of the viability of the macro-rule regime in which this happens conveys a picture of dynamic local regulatory experimentation and reinforces the role of cities as strategic sites for global capital accumulation and regulation.

Much more research would be needed to offer a proper CPE account of the financial-economic crisis as a source new urban governance rationalities, but let us complete this brief illustration of how a variegated understanding of urban neoliberalization may benefit from a sustained engagement with CPE by preliminary suggesting two selectivities that are structuring the aforementioned variation in urban crisis discourses. Firstly, both discursive sites were already in existence before the crisis, which implies that interpretations of the crisis and what it means to cities were framed through existing discursive foci and organisational settings. Within URBACT, the initial focus was on the impact of the crisis on deprived urban neighbourhoods, which reflects the leading role of the URBAMECO network⁵ in setting up the initiative (Soto, 2010). As different URBACT thematic networks (e.g. REDIS and Creative Clusters) responded to the initiative, this focus on disadvantaged neighbourhoods was diluted and a concern with entrepreneurial, creative and knowledge-intensive urban development became more prevalent (Rivas, 2009, van Winden, 2009). The roots of the URBACT initiative in the URBAN Community Initiatives for integrated urban regeneration and its concern with social cohesion in urban areas allows for questions about the limits of neoliberal urban development models. However, its institutional position as forum for the inter-urban exchange of experiences with urban policies leads the crisis to be pre-dominantly framed as a challenge for individual cities, albeit with the help of mutual learning platforms such as URBACT, with few references to the competitiveness-oriented European Union rule regime in which cities are operating. In the case of the OECD a strong selectivity is the notion of a new “movement” (Clark, 2009 and OECD 2009a) or a “new paradigm” (2009b) of urban and regional policy since the 1980s. This new paradigm implies a more pro-active approach, moving away from top-down, one size fit all local compensation programs

⁵ The URBAMECO network focused on local economic development to foster regeneration of deprived neighbourhoods and fight social exclusion.

and a sole focus on poor areas. Instead, an entrepreneurial, internationally-faced and market-based approach to urban and regional development is favoured (OECD, 2007).

Secondly, and on a more structural economic level, the socialisation of the global financial-economic crisis into a fiscal crisis of the state in the course of 2010 has established a second selectivity, which as Jessop (2009) has already warned, closed down the discursive space for post-neoliberal discourses in quite a powerful way (albeit uneven, dependent on the impact of the crisis on local public budgets). URBACT points out a notable shift in cities' response to the crisis between 2009 and 2010: from focussing on national recovery packages to minimising the impact of fiscal austerity programs (Guidoum et al., 2010). Indeed, four main trends are observed: an even stronger focus on strategic priorities, strengthening city partnerships with public and private stakeholders, financial innovation and involving local stakeholders in rethinking problems and solutions. From the OECD perspective we get a similar picture. One particular measure highlighted by the OECD is the initiative by local authorities in the UK to negotiate or delay the "community" contribution that real estate developers are legally bounded to make in the hope of reactivating urban regeneration (Clark, 2009: 78). This situation reflects the 'zombie neoliberalism' thesis, in which sheer lack of resources push cities further into financial innovation, entrepreneurial and employer-led strategies and local regulatory experiments.

4. Conclusions

This paper has called for a sustained empirical analysis of the current global financial-economic crisis as a laboratory for urban governance rationalities. We made the case for this analysis to be theoretically informed by the variegated neoliberalization approach and integrate discourse as a constitutive dimension of capitalist variegation. Looking at how the diversity of discourses on the global financial-economic crisis and its urban impacts and responses have been structured through two important strategic discursive sites, namely OECD LEED and URBACT, we concluded that the variation in discourses produced through these discursive sites pertains to the impact and responses, rather than to the causes of the crisis. The showcasing of local regulatory experiments, in the absence of a fundamental

rethinking of the macro-economic and macro-institutional rules of the global economy, reinforces the pre-crisis discursive construct of the city as a strategic site for the deepening and extension of neoliberalization. The existing discursive and institutional selectivities of the OECD LEED and URBACT programs and, more recently, fiscal austerity have progressively closed down discursive space for post-neoliberal regulatory experiments, although, especially for URBACT, some awareness of the limits of pre-crisis urban development models is visible (as it already was before the crisis). Further research is necessary to uncover 'deeper' forms of structuration of discursive variation regarding the causes, impacts and responses to the crisis and analyze the variegated retention of discourses in institutional procedures, power networks, identities and societal structures in different cities across Europe.

Bibliography

Aalbers, M. (2009) The sociology and geography of mortgage markets: reflections on the financial crisis. *International Journal of Urban and Regional Research* 33.2, 281-290.

Brenner, N.; J. Peck, J. and N. Theodore (2010a) Variegated neoliberalization: geographies, modalities, pathways. *Global networks* 10.2, 1-51.

Brenner, N.; J. Peck and N. Theodore (2010b) After neoliberalization. *Globalizations* 7.3, 327-345.

Clark, G. (2009) *Recession, Recovery and Reinvestment : the role of local economic leadership in a global crisis*, Paris, OECD.

Dixon, D.P. and H.M. Hapke (2003) Cultivating Discourse: The Social Construction of Agricultural Legislation. *Annals of the Association of American Geographers*, 93.1, 142-64.

Fairclough, N. (2003) *Analysing discourse. Textual analysis for social research*. Routledge, London.

Garcia, M. (2010) The Breakdown of Spanish Urban Growth Model: Social and Territorial Effects of the Global Crisis. *International Journal of urban and Regional Research*, 34, 4: 967-80.

Gonzalez, S. (2011) Bilbao and Barcelona 'in Motion'. How Urban Regeneration 'Models' Travel and Mutate in the Global Flows of Policy Tourism. *Urban Studies*, 48,7: 1397-1418.

Guidoum, Y., J. Huxley, J. Koutsomarkou and P. Soto (2010) *URBACT cities facing the crisis: impact and responses*. URBACT Saint-Denis La Plaine, 82.

Harvey, D. (2005) *A Brief History of Neoliberalism?* New York, Oxford University Press.

Jessop, B. and S. Oosterlynck (2008) Cultural Political Economy: on Making the Cultural Turn without Falling into Soft Economic Sociology 39.3, 1155-70.

Jessop, B. and N.-L. Sum (2010) Critical discourse analysis, cultural political economy, and economic crisis. In R. de Cillia, H. Gruber, M. Kryzanowski and F. Menz (eds.), *Discourse-Politics-Identity*, Stauffenburg, Tübingen, 95-103.

Jessop, B. and N.-L. Sum (2001) Pre-disciplinary and post-disciplinary perspectives 6.1, 89-101.

Keil, R. (2010) Crisis, What Crisis? — Towards a Global Bust Regime? *International Journal of Urban and Regional Research* 34,4: 941 - 942.

Latouche, S. (2009) *Farewell to growth*, Cambridge, Polity Press.

McCann, E.J. (2008) Expertise, Truth, and Urban Policy Mobilities: Global Circuits of Knowledge in the Development of Vancouver, Canada's 'Four Pillar' Drug Strategy. *Environment and Planning A*, 40, 4: 885-904.

OECD (2007) *Competitive Cities: A New Entrepreneurial Paradigm in Spatial Development*, Paris, OECD.

OECD (2009a) *Coping with the crisis. Policy lessons from the OECD LEED Programme on local economic and employment development*, Paris, OECD.

OECD (2009b) *Regions Matter – economic recovery, innovation and sustainable growth*, Paris, OECD.

Peck, J., N. Theodore and N. Brenner (2010) Postneoliberalism and its Malcontents 41.1, 94-116.

Radaelli, C. (2000) Policy Transfer in the European Union: Institutional Isomorphism as a Source of Legitimacy. *Governance*, 13, 1: 25-43

Rivas, M. (2009) *Learning from troubled times: city reactions to economic crisis*. URBACT, Paris.

Rutland, T. (2010) The Financialization of Urban Redevelopment. *Geography Compass*, 4,8: 1167 - 1178.

Sourelis, K. and E. Youn (2009) Urban restructuring and the crisis: a symposium with Neil Brenner, John Friedmann, Margit Mayer, Allen J. Scott, and Edward W. Soja. *Critical Planning* 16: 35-59.

Soto, P. (2010) Cities and deprived neighbourhoods in the crisis. How can they contribute to the recovery? , URBACT, Paris.

URBACT (2010) Cities and the economic crisis. A survey on the impact of the economic crisis and the responses of URBACT II cities. URBACT, Brussels.

van Winden, W. (2009) Urban knowledge economies affected by the crisis? , URBACT, Paris.