

LIBERALISM, NEOLIBERALISM, AND URBAN GOVERNANCE: A STATE-THEORETICAL PERSPECTIVE

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This paper discusses the recurrence and the recurrent limitations of liberalism as a general discourse, strategy, and regime. It then establishes a continuum of neoliberalism ranging from a project for radical system transformation from state socialism to market capitalism, through a basic regime shift within capitalism, to more limited policy adjustments intended to maintain another type of accumulation regime and its mode of regulation. These last two forms of neoliberalism are then related to a broader typology of approaches to the restructuring, rescaling, and reordering accumulation and regulation in advanced capitalist societies: neoliberalism, neocorporatism, neostatism, and neocommunitarianism. These arguments are illustrated in the final part of the paper through a critique of the *World Report on the Urban Future* (1999) both as an explicit attempt to promote flanking and supporting measures to sustain the neoliberal project on the urban scale and as an implicit attempt to naturalise that project on a global scale.

The novelty of recent neoliberal projects lies in their discursive, strategic, and organizational reformulation of liberalism in response to three recent developments: the increasing internationalization and/or globalization of economies; the interconnected crises of the mixed economy and the Keynesian welfare national state associated with Atlantic Fordism, of the guided economy and developmental state in East Asia, and of the collapse of the Soviet bloc; and the rise of new social movements in response to the economic, political, and social changes associated with the preceding two changes. Although neoliberal projects are being pursued on many different and often tangled scales, it is in cities and city-regions that the various contradictions and tensions of “actually existing neoliberalism” (Brenner and Theodore this volume) are expressed most saliently in everyday life. It is also on this scale that one can find major attempts to manage these contradictions and tensions in the hope of consolidating the neoliberal

turn through supplementary and/or flanking strategies and policies.

Liberalism and Neoliberalism

Liberalism is a complex, multifaceted phenomenon. It is: a polyvalent conceptual ensemble in economic, political, and ideological *discourse*; a strongly contested *strategic concept* for restructuring market-state relations with many disputes over its scope, application, and limitations; and a recurrent yet historically variable pattern of economic, political, and social *organization* in modern societies. Liberalism rarely, if ever, exists in pure form; it typically coexists with elements from other discourses, strategies, and organizational patterns. Thus, it is better seen as one set of elements in the repertoire of Western economic, political and ideological discourse than as a singular, univocal, and internally coherent discourse in its own right. Likewise, it is better seen as a more or less significant principle of economic, political, and social organization in a broader institutional configuration than as a self-consistent, self-sufficient, and eternally reproducible organizational principle. Thus, the meaning and import of liberalism can vary considerably. It can be a hegemonic or dominant theme in some periods and movements, subaltern or subordinate in others. In addition, the actual practices of self-described liberal (or neoliberal) regimes may depart significantly from underlying ideologies and programs.

Ideologically, liberalism claims that economic, political, and social relations are best organized through formally free¹ choices of formally free and rational actors who seek to advance their own material or ideal interests in an institutional framework that, by accident or design, maximizes the scope for formally free choice. Economically, it endorses expansion of the market economy—that is, spreading the commodity form to all factors of production (including labor power) and formally free, monetized exchange to as many social practices as possible. Politically, it implies that collective decisionmaking should involve a constitutional state with limited substantive powers of economic and social intervention, and a commitment to maximizing the formal freedom of actors in the economy and the substantive freedom of legally recognized subjects in the public sphere. The latter is based in turn on spontaneous freedom of association of

individuals to pursue any social activities that are not forbidden by constitutionally valid laws. These three principles may conflict regarding the scope of anarchic market relations, collective decisionmaking, and spontaneous self-organization as well as the formal and substantive freedoms available to economic, legal, and civil subjects. And, as Marx (1996:243) noted, “Where equal rights exist, force decides.” In other words, within the matrix of liberal principles, the relative balance of economic, political, and civic liberalism depends on the changing balance of forces within an institutionalized (but changeable) compromise.

As a new economic project oriented to new conditions, neoliberalism calls for: the liberalization and deregulation of economic transactions, not only within national borders but also—and more importantly—*across* these borders; the privatization of state-owned enterprises and state-provided services; the use of market proxies in the residual public sector; and the treatment of public welfare spending as a cost of international production, rather than as a source of domestic demand (see below). As a political project, it seeks to roll back “normal” (or routine) forms of state intervention associated with the mixed economy and the Keynesian welfare national state (or analogous forms of intervention in the developmental state or socialist plan state) as well as the “exceptional” (or crisis-induced) forms of intervention aimed at managing, displacing, or deferring crises *in and/or of* accumulation regimes and their modes of regulation in Atlantic Fordism, East Asia, and elsewhere. It also involves enhanced state intervention to roll forward new forms of governance (including state intervention) that are purportedly more suited to a market-driven (and, more recently, also allegedly knowledge-driven) globalizing economy. This typically involves the selective transfer of state capacities upwards, downwards, and sideways, as intervention is rescaled in the hope of securing conditions for a smoothly operating world market and to promote supply-side competitiveness on various scales above and below the national level. Urban and regional governments and growth coalitions may gain a key role as strategic partners of business in this changed context. A shift also occurs from government to market forces and partnership-based forms of governance, reflecting the neoliberal belief in the probability, if not inevitability, of state failure and/or the need to involve relevant stakeholders in supply-side policies. And policy regimes are internationalized

under the aegis of the institutions of the neo-liberal Washington Consensus promoted by the U.S. government and leading international economic organizations in the hope of harmonizing (if not standardizing) economic and social policy and their supporting institutions so that the liberal world market can work more effectively (on this and other readings of the Washington Consensus, see Williamson 2000). The economic, social, and political measures pursued in support of the neoliberal project generally seem to involve a paradoxical increase in intervention. However, neoliberals claim this is temporary and legitimate, for, after a brief transitional period, the state can retreat to its proper, minimal role, acting only to secure the conditions for the continued expansion of the liberal market economy and a self-organizing civil society (the illusory nature of this claim is illustrated by the contributions of Jones, Keil, and Peck and Tickell to this volume). Finally, as a project to reorganize civil society, neoliberalism is linked to a wider range of political subjects than is typical of orthodox liberalism. It also tends to promote “community” (or a plurality of self-organizing communities) as a flanking, compensatory mechanism for the inadequacies of the market mechanism. This is yet another area where cities or city-regions acquire significance in the neoliberal project, since they are major sites of civic initiative as well as of the accumulating economic and social tensions associated with neoliberal projects.

The resurgence of liberalism in the form of neoliberalism is often attributed to a successful hegemonic project voicing the interests of financial and/or transnational capital. Its recent hegemony in neoliberal regimes undoubtedly depends on the successful exercise of political, intellectual, and moral leadership in response to the crisis of Atlantic Fordism—a crisis that the rise of neoliberalism and neoliberal policies has exacerbated. However, its resonance is also rooted in the nature of capitalist social formations. Liberalism can be seen as a more or less “spontaneous philosophy” within capitalist societies—that is, as a seemingly natural, almost self-evident economic, political, and social imaginary that corresponds to specific features of bourgeois society. In particular, it is consistent with four such features.

The first of these is the institution of private property—that is, the juridical fiction of “private” ownership and control of the factors of production. This encourages individual property owners and those who dispose over fictitious commodities such as

labor-power and natural resources to see themselves as entitled to use or alienate their property as they think fit, without due regard to the substantive interdependence of activities in a market economy and market society. In this realm “rule Freedom, Equality, Property and Bentham, because both buyer and seller of a commodity, say of labor-power, are constrained only by their own free will” (Marx 1996:186). Second, and relatedly, there is the appearance of “free choice” in consumption, where those with sufficient money choose what to buy and how to dispose over it. Third, the institutional separation and operational autonomies of the economy and state make the latter’s interventions appear as external intrusions into the activities of otherwise free economic agents. This may initially be an unwelcome but necessary extraeconomic condition for orderly free markets, but if pushed beyond this minimum night-watchman role it appears as an obstacle to free markets and/or as direct political oppression. Fourth, there is the closely related institutional separation of civil society and the state. This encourages the belief that state intervention is an intrusion into the formally free choices of particular members of civil society once the conditions for social order have been established.

Opposition to liberalism may also emerge “spontaneously” on the basis of four other features of capitalist social relations that are closely related to the former set. First, growing *socialization of the forces of production* despite continued *private ownership of the means of production* suggests the need for ex ante collaboration among producer groups to limit market anarchy, through top-down planning and/or various forms of self-organization. Second, there are the strategic dilemmas posed by the *shared interests of producers* (including wage-earners) in maximizing total revenues through cooperation and their *divided and potentially conflictual interests* over how these revenues are distributed. Various nonmarket governance mechanisms have a role here helping to balance cooperation and conflict. Third, there are the contradictions and conflicts posed by the coexistence of *the institutional separation and mutual dependence* of the economic and state systems. This leads to different logics of economic and political action, at the same time as it generates a need to consult on the economic impact of state policies and/or on the political repercussions of private economic decisionmaking. And fourth, there are problems generated by the nature of civil society as a sphere of *particular interests* opposed to the state’s supposed

embodiment of *universal interests*. This indicates the need for some institutional means of mediating the particular and universal and, since this is impossible in the abstract, for some hegemonic definition of the “general interest” (on the always imperfect, strategically selective nature of such reconciliations, see Jessop 1990).

This suggests that, if liberalism can be interpreted as a more or less “spontaneous philosophy” rooted in capitalist social relations, one should also recognize that it is prone to “spontaneous combustion” due to tensions inherent in these same relations. This was noted in Polanyi’s critique of late nineteenth-century liberalism, which argued that, in response to crisis-tendencies in laissez-faire capitalism, many social forces struggled to re-embed and re-regulate the market. The eventual compromise solution was a *market economy* embedded in and sustained by a *market society* (Polanyi 1944). The same point applies to neoliberal capitalism. Thus, after the efforts of “roll-back neoliberalism” (Peck and Tickell this volume) to free the neoliberal market economy from its various corporatist and statist impediments, attempts are now being made to secure its medium-term viability by embedding it in a neoliberal market society. This involves measures to displace or defer contradictions and conflicts beyond the spatiotemporal horizons of a given regime, as well as supplementary measures to flank, support, and sustain the continued dominance of the neoliberal project within these horizons (on the key concept of “spatiotemporal fix” in this regard, see Jessop 2001).

This line of argument should not be restricted to liberalism and neoliberalism, for the other modes of governance characteristic of capitalist social formations are also contradictory and tension-ridden. Indeed, there are strange complementarities here. On the one hand, while liberalism tends to regenerate itself “spontaneously” on the basis of key features of capitalist societies, this regeneration meets obstacles from some of the other key features of such societies. On the other hand, while the latter provide the basis for the resurgence of other discourses, strategies, and organizational paradigms, such as corporatism or statism, their realization tends to be fettered in turn by the features that generate liberalism. Overall, these mutually related tendencies and countertendencies produce oscillations in the relative weight of different kinds of coordination and modes of policymaking.

This said, different principles of governance seem more or less well suited to different stages of capitalism and/or its contemporary variants. Thus, liberalism was probably more suited to the pioneering forms of competitive capitalism than to later forms—though Polanyi and others would note that it has clear limitations even for competitive capitalism—and it is more suited to uncoordinated than coordinated market economies, for which statism and corporatism are better (see Coates 2000; Hall and Soskice 2001; Huber and Stephens 2001). Thus, different stages and forms of capitalism may have distinctive institutional attractors (or centres of gravity) around which oscillation occurs. This makes it imperative to study “actually existing neoliberalisms” to understand how their dynamic and viability are shaped by specific path-dependent contexts, competing discourses, strategies, and organizational paradigms, and the balance of forces associated with different projects.

The Neoliberal Turn and Its Implications

The initial rise of neoliberalism as a wide-ranging economic and political strategy was associated with the *neoliberal regime shift* in Britain and the US in the late 1970s. This reflects the fact that their uncoordinated market economies were less well equipped organizationally and institutionally than were coordinated economies to manage the crisis-tendencies of Atlantic Fordism, and that they provided more fertile ground for the rise of neoliberalism. This was followed by similar shifts in Canada, New Zealand, and Australia, with New Zealand showing, in many ways, the least impure form of neoliberalism. An increasing number of coordinated economies (including the so-called “Rhenish” cases and the social democratic economies of Scandinavia) initiated *neoliberal policy adjustments* during the 1980s and continued them into the 1990s. Then, with the collapse of the Soviet bloc in 1989–1990, Western neoliberal forces and international institutions under US leadership (with strong British backing) launched their program for a *neoliberal system transformation* for the postsocialist economies in Eastern and Central Europe, with rather equivocal (or cynically opportunistic) support from domestic *nomenklatura* capitalists. Given the political, intellectual, and moral climate from the late 1970s to early 1990s and the dominance—if not hegemony—of a

transatlantic neoliberal power bloc, such disparate sets of changes were often lumped together and misinterpreted (enthusiastically or despairingly) as proof of the general triumph of neoliberalism. (See Table 1 for these different degrees or forms of neoliberalism.)

However, this impression was seriously misleading, since it failed to distinguish the different forms and degrees of neoliberalism, even in this heady period, and ignored the extent to which each of its three types was subject to challenge and prone to failure. Thus, major alternatives to neoliberal system transformation were already being promoted in the 1990s. These included Germany's attempt to mould postsocialism by integrating its eastern neighbors and the Balkans into an expanded German economic bloc reminiscent in scope (but not methods of coordination) of the fascist *Großraumwirtschaft* (large space economy), and Sweden's efforts to extend its social democratic model into the postsocialist societies and create a Baltic Sea economic region. Moreover, outside Poland, the Czech Republic, Slovakia, and Hungary, the much-hyped transformation increasingly took the form of a parasitic *nomenklatura* capitalism presiding over a generalised economic collapse. Meanwhile, capitalist societies undertaking a neoliberal regime shift also began to face problems in the 1990s with their pursuit of pure market forces and promoted a "Third Way" to support and flank their own neoliberal projects. This is the significance of Major (and then Blair) in Britain and of Clinton in the USA (on New Labor's urban policy in this respect, see Jones and Ward's contribution to this volume).

Conversely, those economies that embarked on neoliberal policy adjustment rarely moved on to a neoliberal regime shift. Indeed, attempts to do so were rejected by electors and/or opposed by leading economic and political forces with vested interests in maintaining the prevailing production regimes. Here, adjustment took the form of rolling back the exceptional (or crisis-induced) aspects of state intervention that had been introduced to displace or defer Atlantic Fordism's crisis-tendencies in favor of neoliberal measures to reduce inflation and government deficits. However, there has been no comparable roll-back of the normal (routine) forms of intervention associated with the postwar mode of growth. Instead, they have been modified to promote greater flexibility and innovation and to reinforce the welfare state's role in aiding adjustment to

global pressures in small open economies. This is reflected in the greater continuity in institutions and modes of policymaking, even as distinctive national variants of a new mode of regulation are emerging with a mix of neostatist, neocorporatist, and some neoliberal features (see below).

Looking Beyond Neoliberalism to Interpret Recent Changes

If the above account is correct, one should not conflate the global neoliberal turn with the broader set of recent changes in economic, political, and social life. For, although the rise of neoliberal discourse and the pursuit of neoliberal strategies has helped to shape the form and content of these changes, the latter have more general (and deeper) roots in the broader political economy of Atlantic Fordism and its articulation with the wider world system and have also prompted responses quite different from the attempt to establish a global neoliberal market economy. Various labels have been proposed by different theoretical approaches to describe these changes, and no single approach could hope to capture them in all their complexity. This is certainly not my aim here. Instead I want to explore the value of a state-theoretical regulationist approach to some changes that affect capital accumulation and its regulation in North America, Europe, and Australasia. In particular, I suggest that these changes can be analyzed in terms of the Schumpeterian Workfare Postnational Regime (or SWPR).

This regime has four key features that distinguish it in ideal-typical terms from the Keynesian Welfare National State (or KWNS). First, it seeks to promote international competitiveness and sociotechnical innovation through supply-side policies in relatively open economies. Thus, with Keynes's symbolic dethronement, today's emblematic economist is Schumpeter, the theorist of innovation, enterprise, long waves of technological change, and creative destruction (on this last aspect, see Brenner and Theodore in this issue). The economic policy emphasis now falls on innovation and competitiveness, rather than on full employment and planning. Second, social policy is being subordinated to economic policy, so that labor markets become more flexible and downward pressure is placed on a social wage that is now considered as a cost of production rather than a means of redistribution and social cohesion. In general, the aim here is to get people from welfare into work, rather than resort to allegedly

unsustainable welfare expenditures, and, in addition, to create enterprising subjects and overturn a culture of dependency. Third, the importance of the national scale of policymaking and implementation is being seriously challenged, as local, regional, and supranational levels of government and social partnership gain new powers. This is reflected in the concern to find creative “postnational” solutions to current economic, political, social, and environmental problems, rather than relying primarily on national institutions and networks. The urban level is important here for economic and social policy. And, fourth, there is growing reliance on partnership, networks, consultation, negotiation, and other forms of reflexive self-organization, rather than on the combination of anarchic market forces and top-down planning associated with the postwar “mixed economy” or on the old tripartite corporatist arrangements based on a producers’ alliance between big business, big labor, and the national state.

There are various forms of the SWPR, different routes can be taken towards them, and there are significant path-dependent as well as path-shaping aspects to trajectories and outcomes alike. A neoliberal regime shift is only one of many possibilities. To facilitate a comparative analysis of “actually existing” neoliberalization (Peck and Tickell this volume), it is useful to contrast neoliberalism with three other ideal-typical strategies that can lead from some form of the KWNS to some form of the SWPR: neocorporatism, neostatism, and neocommunitarianism. Before elaborating on these particular concepts in more detail, however, I will explain the general theoretical purposes of ideal types and their possible role(s) in empirical analysis.

Ideal types are so called because they involve thought experiments, not because they represent some normative ideal or other. They are theoretical constructs formed by the one-sided accentuation of empirically observable features of social reality to produce logically coherent and objectively feasible configurations of social relations. These configurations are never found in pure form, but their conceptual construction may still be useful for heuristic, descriptive, and explanatory purposes. The four variants of the SWPR are constructed around six interdependent, partly overlapping aspects of economic regulation. These comprise: the dominant form of competition; the form and extent of external regulation of private economic actors; the size of the public sector; the form and extent of state-owned production of goods and services; the articulation

between national economies and the state's role in managing international economic relations; and the tax regime. However, given this interdependence and overlap, the six features listed for each ideal type are not exactly equivalent. Seeking complete equivalence would privilege one type (probably neoliberalism) as the benchmark for comparison and so risk losing sense what gives each type its own distinctive coherence. The prefix "neo" highlights important discontinuities with the liberal, corporatist, and statist variants of the KWNS linked to Fordism and/or their contemporary communitarian alternatives. While specific economic, political, and intellectual forces are often closely identified with one or other response, the types are best seen as poles around which different solutions could develop. Each has contrasting implications for economic and social policy. Individual mixes depend on institutional legacies, the balance of political forces, and the changing economic and political conjunctures in which different strategies are pursued. The four types are presented in summary in Table 2 and elaborated in the following paragraphs.

Neoliberalism promotes market-led economic and social restructuring. In the public sector, this involves privatization, liberalization, and imposition of commercial criteria in the residual state sector; in the private sector, deregulation is backed by a new juridicopolitical framework that offers passive support for market solutions. This is reflected in: government measures to promote "hire-and-fire," flexitime, and flexi-wage labor markets; growth of tax expenditures steered by private initiatives based on fiscal subsidies for favored economic activities; measures to turn welfare states into means of supporting and subsidizing low wages and/or to enhance the disciplinary force of social security measures and programs; and a more general reorientation of economic and social policy to the private sector's "needs." In addition, social partnership is disavowed in favor of managerial prerogatives, market forces, and a strong state. Neoliberals also support free trade and capital mobility. They expect innovation to follow spontaneously from freeing entrepreneurs and workers to seize market opportunities in a state-sponsored enterprise culture.

Neocorporatism involves a negotiated approach to restructuring by private, public, and third-sector actors and aims to balance competition and cooperation. It is based on commitment to social accords as well as the pursuit of private economic

interests in securing the stability of a socially embedded, socially regulated economy. However, whilst Atlantic Fordist corporatism involved cooperation between big business, mass unions, and an interventionist state to promote full employment and overcome stagflation, neocorporatism reflects the diversity of policy communities and networks relevant to innovation-driven growth, as well as the increasing heterogeneity of labor forces and labor markets. It is also more directly and explicitly oriented to innovation and competitiveness. Thus, neocorporatist networks include policy communities representing functional systems (eg science, health, and education), and policy implementation becomes more flexible through the extension of “regulated self-regulation” and public-private partnerships. Compliance with state policies is voluntary or depends on self-regulating corporatist organizations endowed with public status. And—whether at local, national, or supranational level—states use their resources to support decisions reached through corporatist negotiation. Corporatist arrangements may also become more selective (eg excluding some entrenched industrial interests and marginal workers, integrating some “sunrise” sectors and privileging core workers); and, reflecting the greater flexibility and decentralization of the post-Fordist economy, the centers of neocorporatist gravity shifts to firms and localities and away from centralized macroeconomic concertation.

Neostatism involves a market-conforming but state-sponsored approach to economic and social restructuring whereby the state seeks to guide market forces in support of a national economic strategy. This guidance depends heavily on the state’s deployment of its own powers of imperative co-ordination, its own economic resources and activities, and its own knowledge bases and organizational intelligence. Compared with the statist form of the KWNS, however, there is a changed understanding of international competition. This is a Schumpeterian view based on dynamic competitive advantage rather than Ricardian static comparative advantage or Listian dynamic growth based on catch-up investment in a protected, mercantilist economy. There is a mixture of state-driven decommodification, state-sponsored flexibility, and other state activities to secure the dynamic efficiency and synergistic coherence of a core productive economy. This is reflected in an active structural policy that sets strategic targets relating to new technologies, technology transfer, innovation systems,

infrastructure, and other factors affecting international competitiveness broadly understood. The state also favours an active labor market policy to re-skill labor power and encourages a flexiskill rather than flexiprice labor market. It guides private-public partnerships to ensure that they serve public as well as private interests. Whilst the central state retains key strategic roles, parallel and complementary activities are also encouraged at regional and/or local levels. However, the central state's desire to protect the core technological and economic competencies of its productive base is often associated with neomercantilism at the supranational level.

Neocommunitarianism is a fourth approach to building an SWPR. It emphasizes the contribution of the “third sector” and/or the “social economy” (both located between market and state) to economic development and social cohesion, as well as the role of grassroots (or bottom-up) economic and social mobilization in developing and implementing economic strategies. It also emphasizes: the link between economic and community development, notably in empowering citizens and community groups; the contribution that greater self-sufficiency can make to reinserting marginalized local economies into the wider economy; and the role of decentralized partnerships that embrace not only the state and business interests but also diverse community organizations and other local stakeholders. The neocommunitarian strategy focuses on less competitive economic spaces (such as inner cities, deindustrializing cities, or cities at the bottom of urban hierarchies) with the greatest risk of losing from the zero-sum competition for external resources. Against the logic of a globalizing capitalism, the social economy prioritizes social use-value. It aims to redress the imbalance between private affluence and public poverty, to create local demand, to re-skill the long-term unemployed and reintegrate them into an expanded labor market, to address some of the problems of urban regeneration (eg in social housing, insulation, and energy-saving), to provide a different kind of spatiotemporal fix for small and medium-sized enterprises, to regenerate trust within the community, and to promote empowerment. This involves co-ordinated economic and social strategies across various scales of action and, ideally, a minimum income guarantee—whether as citizens' wage, basic income, or carers' allowances.

The changes associated with these different strategies typically involve some

rescaling of the mode of economic regulation. Nonetheless, different strategies may be pursued on different scales. For example, a retreat of state intervention at the national level may be linked to its rolling forward at local or supranational levels (cf Gough and Eisenschitz 1996). This has obvious implications for the urban level, where key issues of competitiveness, labor market flexibility, and social policy intersect, and where new supply-side orientations may permit differential economic and social policies and perhaps—notably under neoliberalism—encourage uneven development. Thus, even where both the national and international levels are dominated by attempts to promote a neoliberal regime shift, the urban level may be characterized more by neocorporatism, neostatism, and neocommunitarianism. Indeed this last pattern is particularly linked to attempts to manage issues of social exclusion and social cohesion at the urban level even in the most strongly neoliberal cases. The resurgence—or (in southern Europe) the emergence—of “social pacts” in European Union member states also reflects the multiscalar nature of the changing world economy and its repercussions on national economic and social policy (on social pacts, see Ebbinghaus and Hassel 1999; Grote and Schmitter 1999; Regini 2000; and Rhodes 1998). Overall, this requires attention to how these four alternative approaches to post-Fordist restructuring are combined in “actually existing” strategies or projects and, in particular, how different approaches may acquire different weights at different scales within the same strategy or project. There is certainly no good reason to expect the same broad approach to dominate at all levels, and there are several good reasons why more complex and complicated pictures might emerge.

Neoliberalism and Cities

Some of the implications of neoliberalism for cities (and some of the above-noted complications) can be discerned in a recent report entitled *World Report on the Urban Future 21* (World Report 2000). This is a specially prepared report that was written by a distinguished fourteen-member “World Commission” moderated by Sir Peter Hall, the renowned professor of urban planning, and serviced by Ulrich Pfeiffer, a professional urban planning consultant, for Urban21. Urban21 was a prestigious international conference held in Berlin in June 2000, sponsored by the German government, with

additional support from the governments of Brazil, South Africa, and Singapore. The world commissioners who prepared the report are drawn from “the great and the good” and have been involved in a range of public, parastatal, professional, and private activities. Allowing for some overlap in experience and positions, they included: academic policy entrepreneurs, mayors, an ambassador, a vice president and ex-vice president of the World Bank, a senior civil servant, architects, jurists, ministers, senior UN officials, former parliamentary deputies, and leaders of national and international nongovernmental organizations (NGOs). Sponsors of some of the conference symposia included international producer service firms, a major software house, a construction firm, and a major German regional bank. Whilst no single report should be taken as wholly representative of current thinking on urban governance, this one does provide some useful insights into the naturalization of neoliberalism and its implications for sustainable cities in an era of the globalizing, knowledge-driven economy. It has since been published in book form as Hall and Pfeiffer (2000).²

All four of the above-noted distinctive features of the SWPR are clearly discernible in the *World Report*, even though they are not fully examined. Of special interest for present purposes is how these features are related to cities and their future. First, cities are clearly regarded as engines of economic growth, key centers of economic, political, and social innovation, and key actors in promoting and consolidating international competitiveness. Moreover, with the transition to a postindustrial era, the rise of the knowledge-driven economy, and the increasing importance of the information society with its requirements for lifelong learning, cities are seen as even more important drivers for innovation and competitiveness than before. Admittedly, the authors identify different types of cities—based on informal hypergrowth, based on dynamic innovation and learning, or the declining cities of an outmoded Fordist model of growth—and recommend different responses for each. However, these represent different adaptations of the overall neoliberal program to the same set of challenges.

Second, in line with the familiar neoliberal critique, welfare states are seen as costly, overburdened, inefficient, incapable of eliminating poverty, overly oriented to cash entitlements rather than empowerment, and so on. The report argues that, where it already exists, the welfare state should be dismantled in favor of policies that

emphasize moving people from welfare into work, that link social and labor market policy, and that provide incentives to learn and/or prepare for a new job. Likewise, where they have not yet developed, welfare states should be firmly discouraged. Instead, arrangements should be instituted to encourage family, neighborhood, informal, or market-based and market-sustaining solutions to the problems of social reproduction. States should not attempt to provide monopoly services but should contract them out or at least introduce internal competition. In hypergrowth cities, for example, this translates into a call to revalorize the informal economy and/or the social economy and neighborhood support mechanisms as a means of tackling social exclusion. In more dynamic or mature cities, the report (2000) recommends other projects to produce “active and productive citizens” who will not burden the state or demand entitlements without accepting corresponding responsibilities. Thus, education and informal self-help are the key to survival and sustainability and, in principle, education should be made available to all. Cities should develop their stock of indigenous “human capital” and their local labor markets in order to promote local well-being as well as international competitiveness.

Third, the *World Report* clearly recognizes the emerging crisis of the national scale of economic, political, and social organization, the increased importance of the global level (especially in the form of a still emerging “single global urban network” that cross-cuts national borders), and the resurgence of the local and regional levels. Its response is to promote the principles of subsidiarity and solidarity. Problems should be resolved at the lowest level possible, but with capacity-building and financial support from the national administration. This requires integrated action between various levels of government, with an appropriate allocation of responsibilities and resources. Unsurprisingly, the report envisages a key role for cities in managing the interface between the local economy and global flows, between the potentially conflicting demands of local sustainability and local well-being and those of international competitiveness, and between the challenges of social exclusion and global polarization and the continuing demands for liberalization, deregulation, privatization, and so on.

Fourth, there is a strong emphasis on partnership and networks rather than top-down national government. Thus, in addition to subsidiarity and solidarity across

different scales of economic, political, and social organization, the report also calls for partnership between the public and private sectors and between government and civil society. Public-private partnerships should nonetheless work *with* the grain of market forces, not against it. In addition, partnerships should involve not only actors from the private economic sector but also NGOs, religious groups, community-action groups, or networks among individuals. Promoting partnerships requires a retreat of the state (especially at national level) so that it can do well what it alone can do. Nonetheless, the latter tasks do include steering partnerships and moderating their mutual relations in the interests of “the maximum welfare of all the people.” This is reflected in the *World Report’s* (2000) call for “good governance, seen as an integrated effort on the part of local government, civil society and the private sector.”

In noting how the *World Report* fits in with the neoliberal project, I am not arguing that its principal authors, the commissioners, their professional, academic, and lay consultants, or the principal speakers at the Urban21 conference are necessarily conscious agents of neoliberalism in either its initial “red in tooth and claw” version or its current “Third Way” variant. Some may be; others are not. More important for my purposes is how this document implicitly endorses neoliberalism in the ways it describes recent economic and political changes, ascribes responsibility for them, and prescribes solutions for the problems they create. In this sense, it is a deeply ideological document and contributes to the “New World Order” by sharing in a “new word order” (Luke 1994: 613-615). For ideology is most effective when ideological elements are invisible, operating as the background assumptions which lead the text producer to “textualize” the world in a particular way and lead interpreters to interpret the text in a particular way (Fairclough 1989:85).

Indeed, alongside its diagnosis of the various failures of previous modes of economic growth and urban governance in different types of city, said in each case to justify neoliberalism, the *World Report* (2000) recognizes that neoliberalism has its own limits and also generates major social tensions. Its authors accept the recently perceived need to re-embed neoliberalism in society, to make it more acceptable socially and politically, and to ensure that it is environmentally sustainable. Here, Polanyi lives! Yet they make as few concessions as possible to the forces that oppose

the program, protagonists, and driving forces of neoliberalism. Hence, the *World Report* also identifies and advocates different sets of strategies to support and complement the neoliberal project in different regions and/or types of cities. Its proposals for the informal, weakly regulated, and vulnerable hypergrowth cities of the developing world combine neoliberalism with a strong emphasis on mobilizing popular energies, the informal or social economy, and communitarian values. In these cities, then, it ascribes a key role to neocommunitarianism in sustaining neoliberalism. In contrast, no such dilution is recommended for the mature but declining cities of the Atlantic Fordist regions: they must take their neoliberal medicine. A different prescription again is offered for the dynamic cities of East Asia. This comprises a mix of neoliberalism with public-private partnerships to improve the infrastructure and policy environment for international as well as local capital. Here the developmental state is allowed to remain proactive, provided that it is rescaled and becomes more open to world-market forces. In no case is there a challenge to the wisdom of the “accumulated knowledge and experience” noted by the *World Report* that market forces provide the best means to satisfy human wants and desires and that, provided they are steered in the right direction through good governance, they can also solve the most pressing problems facing humankind in the new century.

Naturalizing Neoliberalism

The *World Report* (2000) also illustrates another key feature of neoliberalism. The latter’s success depends on promoting new ways of representing the world, new discourses, new subjectivities that establish the legitimacy of the market economy, the disciplinary state, and enterprise culture. The language of the *World Report* shares in this tendency to naturalize the global neoliberal project, most notably in its concern with renewing and consolidating neoliberal principles at the urban scale. Thus, the many changes associated with this project are variously represented in the *World Report* as natural, spontaneous, inevitable, technological, and demographic. It takes technological change and globalization as given, depersonalizes them, fetishizes market forces, and fails to mention the economic, political, and social forces that drive these processes.

Moreover, the very same processes that cause the problems identified in the

report will also solve them: technological change will provide solutions to emerging problems, democratization will occur, population growth will decline, economic growth will continue, the informal sector will expand to deal with social problems. No one could infer from the report that technological change and globalization are deeply politicized processes and objects of struggles within the dominant classes, within states, and within civil society. Instead, it presumes an equality of position in relation to these changes: *they* are objective and inevitable, *we* must adapt to them. Thus, whereas globalization, technological change, and competition are depersonalized, human agency enters in through the need for survival and sustainability. It is, above all, local communities, women, and workers who must adapt to these impersonal forces. They must be flexible, empower themselves, take control of their pensions by self-funding them, undertake lifelong learning, put democratic pressure on urban administrations to support their informal initiatives, and so on. Likewise, cities can become competitive, take control of their economic destinies, develop their local markets, especially the localized labor markets, their local infrastructure and their stock of housing, develop good governance, and become attractive places for working and living. Moreover, on the rare occasions where blame is attributed for economic and social problems, it tends to be localized. Thus, urban poverty results not so much from capitalism as from ineffective local administration—which a judicious combination of mobilization from below and capacity-building from above can correct.

The *World Report* (2000) contains no analysis of capitalism and its agents. The dynamic of the knowledge-driven economy is described in objective, factual terms. The report contains only one reference to “the present economic system” (undefined), and this admits that it is massively suboptimal and inefficient—but does not pause to ask why. The only economic actors it identifies are local urban networks of small-scale producers and service, small firms, private companies, and (clearly benign) “world-class companies.” The only capital identified is human capital. The only social actors are: people around the world with shared or common aspirations; the weak, the old, and the young; the rich and the poor; women; families; informal neighborhood support networks; and members of civil society. The only political actors mentioned are urban leaders, citizens, and city administrations. There is no reference at all to the economic, political,

or ideological roles of multinational companies, transnational banks, strategic alliances among giant companies, the military-industrial complex, an emerging transnational class, the World Economic Forum, or the overall dynamic of capitalism. There is no reference to popular movements, new social movements, grass-roots struggles, trade unions, or even political parties—good governance is, apparently, above party politics. Also unmentioned are the crucial roles of the International Monetary Fund, the World Bank, the Organization for Economic Cooperation and Development, the World Trade Organization, and other international economic agencies; and the efforts of the US and its allies to promote globalization or redesign political and social institutions to underwrite and complement neoliberalism. Presumably, these must be left to operate above the national level (at which ultimate responsibility for social justice and redistribution is apparently to be located) and to define (technocratically) the framework within which cities pursue sustainable development. Pollution and environmental destruction appear to be facts of nature, rather than products of specific sets of social relations. The empowerment of women appears to be a key mechanism of social transformation, but patriarchy figures nowhere as a mechanism of domination or oppression—and neither states nor firms, neither political nor business leaders, seem to have vested interests in sustaining it.

In short, here is a text that simulates egalitarianism (that of a “we,” a collectivity of individuals, families, and communities all equally confronted with objective, inevitable changes and challenges) and lacks any explicit reference to power and authority, exploitation and domination. It is no surprise, then, that these challenges can be met in ways that will reconcile international competitiveness with local autonomy, economic growth with sustainability, market forces with quality of life, the needs of the highly skilled with the economic development of the entire city. This harmonization of contradictions and antagonisms is to be achieved at the urban level through a rallying of the good and the great, the movers and shakers, the rich and the poor, shanty dwellers and property capital, men and women, to the banner of “good governance.” And that they will so rally is, it appears, assured through the same “accumulated knowledge and experience” that has recognized the virtues of multidimensional sustainable development. Adequate forms of urban governance are thus central to securing the neoliberal project as

it is pursued in different forms and to different degrees in different local, regional, national, and transnational contexts.

Conclusion

This sort of search for a new spatiotemporal fix for neoliberalism is unsurprising, for attempts to spread the neoliberal economic project globally have experienced major setbacks in recent years. This is especially clear in the massive failure of the militant free-marketeters' initial neoliberal project to promote radical system transformation in postsocialist societies. Despite a very steep learning curve and substantial foreign support, there is still no successful paradigmatically neoliberal regime in the ex-Soviet bloc. Likewise, in the case of the attempt to impose neoliberal regime shifts in East Asia and Latin America, failure is evident in unexpected financial and industrial crises and a financial contagion that threatened to spread through an increasingly integrated world market. In the neoliberal regime shifts in the former heartlands of Atlantic Fordism, failure can be seen in unexpected social costs with serious political repercussions, such as growing economic polarization and social exclusion rather than the promised "trickle-down" effects of liberated market forces. In addition, countries that embarked on neoliberal policy adjustment did not move on to a neoliberal regime shift, but instead sought alternative paths of economic, social, and political restructuring. More generally, new forms of resistance have developed on a global scale (eg the Multilateral Agreement on Investments, Seattle, Genoa).

Although such setbacks have not triggered a major reversal of the global neoliberal project, they have led many key protagonists to re-evaluate strategies and tactics. This explains the growing concern with how best to present the project, to coordinate actions to promote and consolidate it on different scales, to manage its social and environmental costs and their adverse political repercussions, and to identify and pursue flanking measures that would help to re-embed the recently liberated market forces into a well-functioning market society. If getting the international institutional architecture and international regimes right is one key aspect of attempts to stabilize neoliberalism, intervention at the urban scale is equally essential, because this is where neoliberalism has its most significant economic, political, and social impacts on

everyday life. Whether or not such projects will succeed is another matter. I have already advanced some general reasons why the various modes of governance associated with capitalism all tend to encounter contradictions, tensions, and obstacles. Only time and struggles will tell whether sufficient flanking and supporting measures can be introduced to stabilize neoliberalism as the basis for regulation of a glocalized knowledge-driven economy.

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Figure 1. Forms of Neo-Liberalism

Policy-Adjustment	Modulation of policies to improve performance of an accumulation regime and mode of regulation
Regime Shift	Paradigm shift in accumulation and regulation, introducing new economic and political principles
Radical System Transformation	Neo-liberalism as strategy for moving from state socialism to capitalist social formation

Neo-Liberalism

1. Liberalization – promote free competition
2. De-regulation – reduce role of law and state
3. Privatization – sell off public sector
4. Market proxies in residual public sector
5. Internationalization – free inward and outward flows
6. Lower direct taxes – increase consumer choice

Neo-statism

1. From state control to regulated competition
2. Guide national strategy rather than plan top-down
3. Auditing performance of private and public sectors
4. Public-Private partnerships under state guidance
5. Neo-mercantilist protection of core economy
6. Expanding role for new collective resources

Neo-corporatism

1. Re-balance competition and cooperation
2. De-centralized 'regulated self-regulation'
3. Widen range of private, public, and other 'stakeholders'
4. Expand role of public-private partnerships
5. Protect core economic sectors in open economy
6. High taxation to finance social investment

Neo-communitarianism

1. De-Liberalization – limit free competition
2. Empowerment – enhance role of third sector
3. Socialization – expand the social economy
4. Emphasis on social use-value and social cohesion
5. Fair trade not Free trade, Think Global, Act Local
6. Redirect taxes – citizens' wage, carers' allowances

Figure 2. Strategies to Promote or Adjust to Global Neo-Liberalism

Notes

¹ I use the concept of “formal freedom” here to draw an implicit contrast with the lack of full *substantive* freedom due to the multiple constraints that limit free choice. The institutionalization of formal freedom is nonetheless a significant political accomplishment and a major element in liberal citizenship, as well as a precondition for market economies.

² This report provoked a response from a Berlin-based tenants’ organization, drawing on its own range of national and international policymakers, advisors, and academic experts, which attempted to denaturalize what the *World Report* attempted to naturalize. See Eick and Berg (2000).