

# **RESPONDING TO THE FINANCIAL CRISIS: FROM COMPETITIVE TO COOPERATIVE URBANISM**

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*You never want a serious crisis to go to waste.*  
(Rahm Emanuel, US White House Chief of Staff, Nov. 2008)

Across the political spectrum, the Global Financial Crisis has been mobilised as an opportunity to argue for new policy agendas. In Australia, Labor Prime Minister Kevin Rudd (2009: 25) has used the crisis to launch a critique of neoliberal capitalism, arguing that:

The time has come, off the back of the current crisis, to proclaim that the great neo-liberal experiment of the past 30 years has failed, that the emperor has no clothes. Neo-liberalism, and the free-market fundamentalism it has produced, has been revealed as little more than personal greed dressed up as an economic philosophy.

However, this is not the first time that neoliberalism has suffered a crisis of legitimacy, and previous responses to problems of neoliberal capitalism have involved the mutation and deepening of neoliberalisation (see Brenner and Theodore 2002; Peck and Tickell 2002). In response to the current crisis, we need to make every effort to 'ward off stiff doses of capitalist medicine, which for many will be worse than the financial malady they will be designed to cure' (Blackburn 2008: 106).

This article considers the opportunities within the present moment to wind back the influence of neoliberal ideologies and technologies of

urban governance in Australian cities. Its core claim is that we need to develop a model of what I call *cooperative urbanism* to undermine the dominance of inter-urban competition and urban entrepreneurialism in shaping urban policy.

### **Competitive Urbanism in Action: *Brand Sydney***

We need not look very hard to find examples in Australian cities of the kind of capitalist medicine to which Blackburn refers. The '*Brand Sydney*' project is one such example.

It should have been no surprise that Sydney would be initially hit hard by the global financial crisis in 2008. Two decades of state-led efforts to position Sydney as a 'global city' (McGuirk 2004) had made its economy increasingly dependent on the very economic activities which are bound up with the crisis, such as financial services, housing speculation and international tourism. When the extent of Sydney's exposure to the global financial downturn had become obvious, what was the NSW Labor Government's response? Among other things (such as a renewed push for the privatisation of electricity infrastructure), in August 2008 Premier Morris Iemma launched *Brand Sydney*. The purpose of this multi-million dollar project was 'to attract significant projects and major events, showcasing Sydney's role as a business hub in the Asia Pacific and promoting the State as a great place to do business'. It was to do this by bringing together state and local government with the private sector to develop a more unified brand narrative to market Sydney. In a recent opinion piece on the project's progress, *Brand Sydney* Chairman John O'Neill (2009) described it as 'something radical, a bit more out of left field, to bring Sydney out of its doldrums'.

*Brand Sydney* is hardly new, radical or left field. The notion that a city's fortunes can be improved through better branding or 'place-marketing' is now a well-established policy orthodoxy around the world (Hall and Hubbard 1998). The underlying premise of the *Brand Sydney* project is all too familiar. The pathway to prosperity for Sydney is said to lie in

winning a competition with other cities for mobile investment and tourist dollars. In this competition, the image of the city counts for everything. A 'sexy' brand identity that marks Sydney apart from other places in Australia and the region becomes the political priority. Different proposals for urban policy are measured according to whether or not they contribute to the brand narrative. The success of this strategy is assessed with reference to measures of Sydney's international profile. Of course, this approach has informed bids for Sydney to host major events like the Olympics and APEC, and subsidies for corporate investments like the construction of Fox Studios.

The *Brand Sydney* project is indicative of two of the most troubling aspects of neoliberal urban governance in Sydney (and elsewhere in Australia). First, the taken-for-grantedness of inter-urban competition as the 'reality' to which all urban policy initiatives most ultimately respond. Second, the associated alignment of the city's collective interests with the interests of (some fractions of) capital – particularly in the areas of real estate, finance and tourism.

In his influential discussion of urban entrepreneurialism, David Harvey (1989) argued that inter-urban competition had emerged as a kind of 'coercive law' to which strategies for urban governance must respond. While the responses may be different (a point to which I will return), inter-urban competition has achieved the status of a 'macro-necessity' which conditions the 'micro-diversity' of governance arrangements across different cities (Jessop, Peck *et al.* 1999). The primacy of inter-urban competition has been fundamental to the global spread of neoliberal technologies of urban governance with which we are now so familiar – from privatisation and marketisation of urban infrastructure provision through to punitive law and order strategies ostensibly designed to enhance 'quality of life'.

For Peck and Tickell (2002), the status of inter-urban competition as an 'extralocal rule system' has been achieved through a pernicious feedback loop, as local governance strategies which purport to *respond* to the

‘reality’ of competition in fact help to *consolidate* and *deepen* that very reality. The adoption of entrepreneurial strategies such as *Brand Sydney*

only serve to further accelerate the (actual and potential) mobility of capital, employment, and public investment. In selling themselves, cities are therefore actively facilitating and subsidizing the very geographic mobility that first rendered them vulnerable, while also validating and reproducing the extralocal rule systems to which they are (increasingly) subjected ... The logic of interurban competition, then, turns cities into accomplices in their own subordination... (2002: 393).

This is not to say that competitive pressures only exist in the minds of local boosters. However, we need not take these competitive pressures for granted as an unalterable reality. It is precisely in establishing these pressures as inevitable, as beyond the reach of political action, that advocates of neoliberal governance strategies have been so influential in shaping policy agendas.

In particular, once inter-urban competition is established as the condition to which urban governance must inevitably respond, this ‘opens up a range of mechanisms for social control’ as advocates of entrepreneurial strategies for growth mobilise a ‘rhetoric of urban governance which concentrates on the idea of togetherness in defense against a hostile and threatening world of international trade and heightened competition’ (Harvey 1989: 14). The local boosters, in short, position themselves as acting not in their own *particular* interests, but in the best interests of the city *as a whole*, in the face of the ‘harsh realities of the global marketplace’.

The last two decades of planning ‘reform’ in NSW are illustrative of this process. There has been a slow but steady concentration of decision-making power in the body of the Planning Minister and his unelected appointees, who can increasingly clear the way for developments to take place when they are considered to be in the ‘state interest’ (Cook 2006). This is not a problem *per se* – but it becomes a problem when the Minister narrowly defines the ‘state interest’ as a matter of enhancing

(and latterly protecting) Sydney's status as a 'global city'. As such, this concentration of power is designed not to democratise planning, but rather to privilege the interests of developers, financiers, multinational capital and tourist operators whose activities are at the core of their definition of Sydney's 'global city' brand.

### **Challenging Neoliberal Urban Governance**

What are the alternatives to this neoliberalisation of urban governance in Sydney and other Australian cities? There are at least three kinds of political action that show some promise: (i) progressive entrepreneurialism; (ii) redefining the interests of 'the city'; and (iii) cooperative urbanism.

#### ***Progressive entrepreneurialism***

Even where the coercive discipline of inter-urban competition has taken precedence, there is some scope for different kinds of responses in different places (Harvey 1989; Larner 2003). Not all urban entrepreneurialisms are the same, and some may have progressive elements. The '*Renew Newcastle*' project is one example. In 2008, with the appearance of vacant retail and office space in Newcastle city centre, a collective of artists and 'social entrepreneurs' initially convened by Marcus Westbury established a project to make these vacant spaces available to local artists, artisans and cooperative ventures at no or little cost until a commercial tenant can be found. So far, *Renew Newcastle* has licensed over 41 projects across 26 vacant properties, ranging from local arts and crafts galleries to food co-ops.<sup>1</sup>

In one sense, the rationale for this project fits squarely within the discourse of urban entrepreneurialism – that the image of the city will suffer if vacant commercial space is left to deteriorate, and that the city will ultimately derive economic benefits from the unleashing of

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<sup>1</sup> See <http://www.renewnewcastle.org/>

‘creativity’ in these once-vacant spaces. Furthermore, *Renew Newcastle* operates as a text-book entrepreneurial partnership involving local businesses (in real estate, law and marketing), the local Council, Newcastle University and Arts NSW.

Nonetheless, there is also a potential challenge here to the normalisation of private property rights, and a potential politicisation of questions about culture, affordability and community (Westbury 2008). It remains to be seen whether or not the project will generate a coherent critique of market failure and an alternative framework for allocating space into the long-term. However, the project does suggest that even within the rhetoric of urban entrepreneurialism lie some progressive opportunities.

#### ***Redefining the interests of ‘the city’***

By encouraging the notion that ‘the city’ has interests of its own, inter-urban competition opens a space for progressive local coalitions to declare themselves to be the true bearers of the city’s collective interests (Harvey 1989: 16). Research by geographer Jane Wills (2008) documents some of the important achievements of the London Citizens alliance in mitigating some of the more unjust aspects of urban development in that city. In Sydney, the difficult political labour of progressive coalition building is underway through the formation of the Sydney Alliance (SA).<sup>2</sup> The SA is modelled on the partial success of citizen movements in cities in the North America and Europe, and based on the well-established organising model of the Industrial Areas Foundation in the US.<sup>3</sup> Seed-funded by Unions NSW in 2007, the SA is designed to bring together religious and community organisations with organised labour with the primary purpose of ‘acting for the common good, achieving social change, and building peace in our communities’. It is too early to measure the impact of this initiative, which is currently in development and will not be formally launched until 2011, but a number of significant unions and community groups are already involved.

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<sup>2</sup> See <http://www.sydneyalliance.org.au/>

<sup>3</sup> See <http://www.industrialareasfoundation.org/>

The Sydney Alliance initiative is attractive because of its potentially programmatic character. Damien Cahill (2007: 230) has observed that ‘where opposition to neoliberalism [in Australia] has emerged, from trade unions and elsewhere, it has been primarily defensive’ (see also Brenner and Theodore 2002: 359). Through the SA, there is the potential for progressive and constructive proposals for policy as new kinds of connection are forged between interests previously operating in isolation. This could work to challenge the neoliberal logic which equates the interests of capital with the interests of the city.

### *Cooperative urbanism*

Notwithstanding these examples at the urban scale, broader action is also needed if we are to challenge inter-urban competition, which acts as one of the ‘extralocal rule systems that provide a major source of neoliberalism’s reproductive and adaptive capacity’ (Peck and Tickell 2002: 401). Principled non-participation is not an option. As Harvey writes:

The problem is to devise a geopolitical strategy of inter-urban linkage that mitigates inter-urban competition and shifts political horizons away from the locality and into a more generalisable challenge to capitalist uneven development (Harvey 1989: 16)

Initiatives need to be premised on *mitigating* (rather than accommodating) the influence of inter-urban competition through *cooperative urbanism*. A necessary condition in the Australian case would be for the Commonwealth government to play a major role in urban policy to foster this cooperative urbanism. However, current Commonwealth initiatives in the urban policy realm do not appear to be working in this fashion.

Rudd’s (2009) essay on neoliberalism has been interpreted by the punditry as an attempt to pin the blame for the GFC on the ideology of his political opponents on the right. But Rudd also had his sights set on the political left. By narrowly defining neoliberalism as an ideology supporting unregulated markets (Cahill 2009), and by critiquing this

ideology on the grounds that it let a few greedy individuals and institutions run riot, he neatly rejects any demands for more systematic reform of free market capitalism. Markets are not to blame, he insists, because they remain the best means we have available to make collective decisions and allocate resources. His stated task is to ‘save capitalism from itself’ (Rudd 2009: 20), by ensuring that markets are not open to abuse by greedy, irresponsible capitalists. Primarily, this is a matter for government regulation, stimulation, and amelioration.

We can see this viewpoint reflected in the way the Commonwealth has organised its infrastructure spending. Certainly, following the election of the Rudd Labor government in 2007, there has been a welcome focus on addressing infrastructure needs through government action, including the establishment of Infrastructure Australia via the *Infrastructure Australia Act 2008*.<sup>4</sup> But how are the most urgent needs to be identified? Infrastructure Australia conducted initial information-gathering exercises to determine a broad list of priorities (Infrastructure Australia 2008). In addressing those priorities, however, localities have been expected to organise themselves into partnerships of actors who would develop and pitch project ideas. Funding allocations appear to have been based to a large extent on the capacity of localities to form robust partnerships able to both pitch and part-fund projects, rather than on the urgency of the need (Irvine 2009; Smith 2009).

Infrastructure Australia’s *modus operandi* has reinforced the notion that cities and towns must compete with one another to survive and thrive (Infrastructure Australia 2008: 41), based on the premise that the common good is to be best secured through the actions and efforts of local entrepreneurs and officials who act responsibly in their locality’s interest. It is textbook neoliberal policy, whereby:

government funds increasingly flow to cities on the basis of economic potential and governance capacity rather than manifest

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<sup>4</sup> See <http://www.infrastructureaustralia.gov.au/>

social need, and do so through allocation regimes that are competitively constituted ... (Peck and Tickell 2002: 395).

However, even within the strictly delimited domain of government action identified by Rudd, there are some interesting progressive possibilities. Perhaps the Commonwealth's intervention in the provision of broadband infrastructure lends some credibility to Rudd's promise that Government will step in to fund or provide public goods in certain areas. And, early on, there were at least some signs that some issues previously left to the States (such as environmental and water management for the Murray-Darling Basin) warranted Commonwealth intervention and coordination through a new 'co-operative federalism' (Steketee 2008).

Rudd's analysis of the failures of neoliberalism needs to be extended to consider its influence on urban governance, and the problematic effects of competitive urbanism. Commonwealth leadership could help to forge a cooperative urbanism which identifies and addresses problems common to our major cities, based on its own assessment of the common good. Rhetorically at least, this is not necessarily anathema to Rudd, who has argued that:

Government, properly constituted and properly directed, is for the common good, embracing both individual freedom and fairness, a project designed for the many, not just the few (Rudd 2009).

One might expect the 'proper constitution and direction' of government to include a serious rethink of urban policy. However, his Government's 'Major Cities Unit', located within Infrastructure Australia, has no capacity in this regard, with a staff of only four persons.

## **Conclusion**

As Peck and Tickell (2002: 392) have observed, 'One of neoliberalism's real strengths has been its capacity to capitalise on [crisis] conditions'. To counter this strength, an important priority is to counter the taken-for-grantedness of inter-urban competition and its influence on urban

governance. This article has suggested some of the kinds of actions this might involve at both the urban and the national scales.

The kinds of progressive efforts highlighted here do not necessarily complement each other perfectly. What they do have in common, however, is the attempt to *re-politicise* urban policy around the question of how the common good is best achieved. They each contest the de-politicising notion, so characteristic of neoliberal urbanism, that inter-urban competition is simply *the* reality which must inevitably determine the priorities and possibilities of urban governance.

Will the possibilities to pursue different directions at the local scale be supported with action at the extralocal scale, prioritising the common good over the sectional interests of entrepreneurial partnerships? The role of the Commonwealth in forging such support through inter-urban linkages is crucial. As long as the Rudd government's understanding of neoliberalism remains narrow, the great neoliberal experiment rolls on. Local alternatives are (always) brewing, but the prospect for them gaining genuine traction depends upon their articulation with a wider vision of 'the just city' which does not pit cities in competition with one another.

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