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Neoliberalism

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Introduction

Neoliberalism is a political philosophy and an 'art of government' that has become hegemonic within capitalist countries after the economic crisis of the mid-1970s and the consequent dismantling of economic and institutional relationships based on the Fordist-Keynesian mode of production and regulation. In the subsequent decade, the fall of the Soviet Union opened the way for the triumph of neoliberal capitalism in the alleged absence of viable alternatives. Neoliberal ideas, therefore, gained ground at a time of economic and geopolitical turmoil and change between the 1970s and the 1980s. The following two decades, then, have seen the expansion of the neoliberal project in both qualitative and quantitative terms: on the hand, it has deeply restructured existing economic and institutional relations in capitalist societies; on the other hand, it has achieved an increasingly global reach at a time of advanced globalisation.

Cities have played a central role in the ascendancy and the geographical extension of neoliberalism. The aim of this chapter is to show how cities have been crucial to the realisation of the neoliberal project. The chapter is divided in two main sections: the first section is dedicated to reconstructing the historical trajectory of neoliberalism; the second section presents the two-sided relationship between cities and neoliberalism, looking at both the way in which neoliberalism has incorporated long-term features of the urban phenomenon in capitalist societies and at the way the urban phenomenon has been reshaped by the advent of neoliberalism itself.

The historical trajectory of neoliberalism

The hegemony achieved by neoliberalism in contemporary societies over the last three decades has coincided with the triumph of the idea of 'freedom', understood as an aversion towards any limitation imposed by the state to markets and individual enterprise. This principle was already present in the founders of classical political economy, most famously expressed by the *laissez-faire laissez-passer* motto attributed to the physiocrats contrasting market protectionism in Eighteenth-Century France. Between the First and the Second World War, free-market ideas started being revisited by scholars and intellectuals disappointed by the failures of classical *laissez-faire* liberalism, symbolised by the financial crash of 1929. The new neoliberal ideas demanded a substantial change in the theorisation of the relationship between state and the market and thus of the idea of freedom. As Foucault argued in his famous lecture on neoliberal governmentality at the Collège de France, while classic liberalism had called on government to respect and monitor market freedom, in the neoliberal approach the market started being viewed as the organising and regulatory principle underlying the state itself (Lemke, 2001). This means

that the logic of the market was bound to permeate all aspects of social life according to the emerging neoliberal wisdom.

The starting point in the trajectory of neoliberalism can be identified in 1938, when a heterogeneous group of scholars and entrepreneurs sharing the belief in free market along with an hostility towards collectivism and socialism took part in the Walter Lippmann Colloquium in Paris. The event was dedicated to the identification of a line of action aimed at re-launching the liberal cause in both intellectual and political terms. Neoliberalism's rise began at a time in which Keynesianism with its emphasis on state intervention and an expansionary fiscal policy became predominant within Western governments in response to the Great Depression, most notably in the United States with the New Deal embraced by President Franklin D. Roosevelt in the 1930s. However, due to the start of the Second World War the intellectual and political agenda resulted from the Lippmann Colloquium could not be implemented.

Shortly after the end of the Second World War, a decisive contribution to the resurgence of the still embryonic neoliberal project came from the Mont Pelerin Society, founded in 1947 in Switzerland by a group of intellectuals comprising prominent economists and philosophers such as Friedrich von Hayek (the first president of the Society), William Röpke, Milton Friedman, Karl Popper, Ludwig von Moses. Both the Lippmann Colloquium and the Mont Pelerin Society played a decisive role in the ascent of post-war neoliberalism, bringing together scholars from different national and intellectual backgrounds (Audier, 2012). In the following decades, the neoliberal project was reinvigorated by the growing popularity of the Chicago School of Economics within and outside the academia. In 1962, in particular, the publication of Milton Friedman's *Capitalism and Freedom* attracted the attention of a large readership going beyond the narrow circles of post-war neoliberalism. In 1976, Friedman received the Nobel Prize, gaining international acclaim as one of the most influential economists of the Twentieth Century. This popularity led him to become a key adviser to the Reagan Administration in the 1980s, while his supposed contribution to economic reforms in Chile during Pinochet's military dictatorship remains more controversial.

The adoption of ideas derived from neoliberal thinkers within the policy sphere followed in the wake of neoliberalism's becoming a 'common sense' system of values in Gramscian terms after the decline of Keynesianism. To analyse neoliberalism's trajectory from 'common sense' to a coherent governmental rationality and practice, it is worth starting from Jamie Peck and Adam Tickell's identification of two phases of neoliberalism, a characterisation which is now widely accepted within the general literature dealing with this topic, especially in human geography: the so-called roll-back and roll-out stages of neoliberalism over the 1980s and the 1990s (Peck and Tickell, 2002). The former is seen as the destructive moment in the ascendancy of neoliberalism within the globalising world. In this phase, neoliberalism dealt mainly with the economic sphere, imposing the privatisation of state-owned enterprises and the restructuring of the labour market according to the flexibility imperative. The latter phase, on the other hand, exemplifies the creative

moment of neoliberalism touching on a larger set of societal realms such as social and penal policy, the sense and practice of urban citizenship, the cultural sphere, in the attempt to entrepreneurialise the governance of economy and society as a whole.

The roll-back stage of neoliberalism is customarily associated with the Reagan and Thatcher governments in the USA and the UK during the 1980s. In explicit contrast to demand-side policies drawing inspiration from Keynes, the Reagan Administration established a new pattern of supply-side policies, commonly known as Reaganomics. While Keynesianism supported measures aimed at stimulating the aggregate demand with a multiplier effect on the general economic activity, even if this entailed relatively high rates of inflation, Reagan's neoliberal economic policies looked at inflation as a serious problem threatening economic stability and social prosperity, caused by uncontrolled deficit spending. The 'war on inflation' thus became one of the major concerns of Reagan Administration and prominent justification for budget cutbacks hitting welfare-state institutions such as transportation, health-care and education (McCormack, 2012). In order to revitalise the stagnating economy, the Reaganomics tried to stimulate economic growth acting on the supply side, rather than on the demand side as recommended by Keynesian economists. The supply-side policy consisted essentially of two lines of action: on the side of businesses and on the side of the workforce. The former benefitted from generous tax breaks and incentives, while the latter experienced a process of flexibilisation and re-orientation towards either low-skilled jobs or knowledge-intensive professions, leading to new phenomena of socio-spatial polarisation in contemporary globalising cities. Moreover, the high interest rates policy adopted by the Federal Reserve in the early 1980s in order to reduce the money supply and to get rid of inflation, as recommended by the monetarist economists, had consequences at an international level, aggravating the debt of developing countries, particularly in Latin America and opening the way for a decade of neoliberal reforms under the rubric of the so-called 'structural adjustment programmes' (Peck, 2001).

The 1980s are, therefore, the destructive stage in the ascent of neoliberalism. The 1990s, on the other hand, are the decade in which neoliberalism has devised the constructive part of its governmental project, aimed at rebuilding the capitalist state on entrepreneurial bases and at re-shaping in innovative ways the relationships between business interests and the public sector: the roll-out phase of neoliberalisation, to use the terminology proposed by Peck and Tickell. While conservative leaders such as Ronald Reagan and Margaret Thatcher in the 1980s embraced the ideal of the purest free-market society, in the 1990s the centre-left parties governing the US, the UK as well as key countries in Continental Europe such as Germany and Italy sought to reconcile the enhancement of social cohesion with the stimulation of economic competitiveness and to turn the public sector into a more accountable and entrepreneurial organisation, rather than dismantling it in a straightforward manner.

Peck and Tickell's characterisation of the neoliberal era dates back to the early 2000s, taking into account the two previous decades of the neoliberal ascent. Since then, two further stages can be observed: the first lasted until the late 2000s, being characterised by the toughening of police action and the adoption of exceptional security measures (such as the Patriot Act signed by President George W. Bush in 2001) towards ethnic minorities and the new 'dangerous classes'; the second has derived from the financial crash of 2007-08 and the following global recession, taking the form of a *déjà vu* of the austerity policies experienced during the 'destructive' phase of the neoliberal age in the 1980s. We can define this phase in terms of 'late neoliberalism', due to the central role played by 'negative' forces such as war and economic crisis on the evolutionary pathway of the neoliberal regime.

Let's start from the first stage in the late neoliberal trajectory. In the 2000s, in reaction to the September 11 attacks and the subsequent wave of global terrorism, the return of conservatives to political power in the major Western countries, most notably the Bush Jr. administration (2001-2008), but also those of Merkel in Germany (2005-present), Berlusconi in Italy (2001-2006 and 2008-2011), Sarkozy in France (2007-2012) and finally of Cameron in Great Britain (2010-present), led to the accentuation of the penal wing of the neoliberal state. At this time, both the military conducting the global 'war on terrorism' in the Middle East and elsewhere, easily degenerating into brutal human rights' violations (as disclosed by the scandals in the detention camps of Guantanamo and Abu Ghraib), and the police repressing the popular riots in the French *banlieues* monopolised the attention of critical geographers and urbanists (Gregory, 2004; Dikeç, 2007). The Islamophobia generated by the association of global terrorism with Islam along with the refusal of an allegedly laxist approach to the integration of ethno-cultural minorities inspired by multicultural thinking led in 2011 British Prime Minister David Cameron to argue for a 'muscular liberalism'. This idea was intended to reverse the process of recognition between the majority and the ethnic minorities: minorities must adapt to the moral and social values of the majority, rather than the other way around, as in progressive multicultural approaches (Kundnani, 2014).

However, these debates rapidly lost international resonance for essentially two reasons: first, the emphasis laid by the Obama Administration on the need for a renewed dialogue between West and Islam; secondly, the advent of the global economic crisis and its devastating effects on European and North-American societies, which redirected the attention towards economic and social issues. In this context, despite its failures, neoliberalism has given proof of resilience not only in economic terms but also in broader cultural and political terms, dealing with its crisis of legitimacy by presenting itself as a governmental rationality ensuring fiscal discipline and economic stability, particularly in the European context. Ironically, the new era of austerity has taken shape shortly after Western national governments had resorted to the proverbial 'socialisation of losses', using public money to bail out suffering banks and credit institutions in the aftermath of the 2007-08 financial crisis (Blyth, 2013).

BOX 1

Geographies of the global economic crisis (1): from cities to nation-states

A distinctive feature of the recent global economic crisis and the related tide of austerity measures lies in its geographical ubiquity. The crisis started in the United States but then rapidly migrated to Europe, hitting with particular intensity such diverse national political economies as Great Britain, Iceland, the Baltic Countries and, finally, the Southern European countries, historically the most fragile economies of the European Union. The coinage of the so-called PIIGS (Portugal, Ireland, Italy, Greece, Spain) offers immediate evidence of the geographical ubiquity of the crisis, as this (infamous) label brings together a majority of South-European countries along with a country in the northern periphery of Western Europe: Ireland. However, more general empirical evidence shows that the effects of the crisis reverberate well beyond the confines of Southern Europe or the PIIGS circle. In 2013, about five years after the start of the economic crisis, the core economies of the Eurozone that were more persistently and seriously affected by a lack of economic growth in terms of GDP were those of Italy and The Netherlands, two countries that are clearly different in terms of socio-economic structure and sectoral specialisation.

The wide range of countries that have been hit by the economic crisis has led commentators and analysts to offer schematised understandings of the various ways in which the crisis has manifested itself within highly differentiated capitalist national economies and societies, both in structural and policy terms. Not only the wider public and mainstream analysts but also economists and other social scientists concerned with the study of capitalist economies from an explicitly heterodox viewpoint, such as critical political economists, have commonly interpreted the crisis from the point of view of national political economies (Streeck and Schäfer, 2013). This is at one and the same time surprising and unsurprising: it is no surprise as even in a context of globalization and the rescaling of societal governance state-centred views have kept dominating common understandings of capitalist economies, as the influential literature dealing with the varieties of contemporary capitalism shows (for a critical review see Peck and Theodore, 2007); even so, it is surprising, as since its inception the 'urban roots' of the crisis (Harvey, 2012) have been clear not only to scholars professionally engaged with this scale of enquiry (such as human geographers and other socio-spatial scholars) but also to the common wisdom, given the centrality of the mortgage crisis in the financial crash of 2007-2008. The following 'sovereign debt crisis' has overshadowed the urban rootedness of the global crisis, leading the nation-state to regain prominence in the eyes of commentators and analysts.

BOX 2

Geographies of the global economic crisis (2): Southern Europe

In his acclaimed book on austerity, international political economist Mark Blyth has offered a clear schematisation of the nationally differentiated forms in which the crisis has hit the PIIGS countries, leading to the current 'age of austerity' (Blyth, 2013). His book shows how the five PIIGS countries (Portugal, Ireland, Italy, Greece, Spain) are far from representing an homogenous pattern of economic trajectory, from an era of expansion and allegedly irresponsible public spending to one of economic collapse and austerity, as the conventional (neoliberal) wisdom about the sovereign debt crisis maintains. Rather, these countries should be divided into three typologies: the first is represented by Greece, an exceptional case of problem country long affected by a perverse combination of low productivity growth and irresponsible expansionary policies, which led to

unsustainable debts and deficits; secondly, there are Ireland and Spain, whose economic pathways reflect more closely an ideal-type of neoliberal mode of economic development epitomised by the USA and the UK, founded on the following, interrelated characteristics: expanding financialisation, rising private debt of consumers and households and an unprecedented property bubble; thirdly, the 'slow-motion growth' countries, namely Portugal and Italy, which have been affected by sclerotic growth for many years already before the global crisis; their historically export-led manufacturing economies have been damaged by the adoption of the euro currency, because devaluations of the exchange rate that used to compensate long-term deficits and to reanimate national economies in response to economic slowdowns (as happened in 1992 in Italy) have no longer been possible, thus forcing governments to resort to international bond markets that led to increasing public indebtedness.

Blyth's interpretation is supported by strong evidence, with official data clearly showing Italy's high government debt (around 120% of the GDP), while Spain for instance had a more moderate public debt at the advent of the crisis (60%) that thereafter has risen to the 97% of the total output as a consequence of the recession, according to the latest estimates. Even so, if we zoom in our perspective on a lower scale than that of the nation-state the process of variation looks more complex and nuanced. From this point of view, cities and the ways in which they have been dealing with the crisis and the subsequent wave of austerity measures offer a valuable vantage point to understand the complexities and intricacies of contemporary neoliberal economies. In urban scholarship, even those critical investigations on the urban manifestation of contemporary austerity that have thus not embraced a state-centred view have mostly focused on specific national contexts, while scholarship embracing a cross-national, comparative perspective, attempting to question or at least to complicate the conventional state-centred understanding of the global economic crisis, is more limited. The notion of variegated neoliberalisation (Brenner, Peck, Theodore, 2010) helps us uncover the specificities of place in a context of heightened circulation of urban development models and policy imperatives of both austerity and growth.

Cities as laboratories for neoliberalism

The previous section of this chapter has showed how the trajectory of neoliberalism has evolved since its appearance around the late 1930s. Neoliberalism started its trajectory as an elitist intellectual movement, it constructed its hegemony as a 'common sense' system of values and finally it has consolidated itself as an art of government coping with an increasing number of social issues.

Cities are of special significance for the understanding of neoliberalism. In this section, we show how cities and neoliberalism are linked by a relationship of mutual learning and reinforcement. On the one hand, neoliberalism has learnt from the urban phenomenon and particularly from the way in which this has taken shape within capitalist societies; on the other hand, the urban phenomenon has learnt from neoliberalism and particularly from its tendency to commodify every aspect of social life. For illustrative purposes, we will deconstruct two commonly used definitions associating cities and neoliberalism: urban neoliberalism and neoliberal urbanism. Customarily, in the scholarly literature these two terms are used interchangeably. Here we

differentiate between the two terms, associating the notion of 'urban neoliberalism' with what we define the urbanisation of neoliberalism, while the notion of 'neoliberal urbanism' will be referred to the neoliberalisation of the urban experience.

Urban neoliberalism, or the urbanisation of neoliberalism

In the first instance, it can be argued that there are distinguishing and long-term features of the urban experience within advanced capitalist countries that have become key aspects of the neoliberal regime of societal governance. In general terms, while during the Keynesian 'golden age of capitalism' national policies focussed on issues of wealth redistribution and social welfare, cities were already committed to the imperative of growth, especially US cities, as repeatedly underlined by specialists of post-war urban politics in the United States (Judd and Swanstrom, 2014). Subsequently, the growth imperative has been incorporated into a more coherent policy, conceptual and ideological framework, under the banner of the entrepreneurialisation of urban governance analysed for the first time by David Harvey in the late 1980s (Harvey, 1989), which we now recognise as a distinctive trait of 'urban neoliberalism'. More specifically, two aspects historically associated with social life in capitalist cities have played a crucial role within contemporary neoliberal societies: consumption and housing.

Since the rise of capitalism, the practice of consumption has characterised the functioning of urban societies. As unrivalled concentrations of consumers and sellers, cities and larger metropolitan areas have become crucial to the growth of consumption. With the advent of mass production in the Twentieth Century, increasingly standardised forms of consumption gained ground in Western societies and particularly in their cities and metropolitan regions. The Twentieth Century saw department stores proliferating at the expense of small shops and traditional open-air markets (Sennett, 1976), whose early examples were in large industrial cities such as Paris, New York and Chicago. The society of mass consumerism largely characterised the central stages of the so-called 'golden age of capitalism' in the three decades following the end of the Second World War.

After the economic and geopolitical turbulences of the 1970s, the decline of Fordism and the related system of mass production paved the way for the advent of a neo-capitalist development pattern – commonly known as post-Fordism – based on lean production on the one hand (particularly represented by Toyota's just-in-time technique) and on diversified consumption, on the other hand. With the globalisation of the world economy, the decline of Fordism in the Western economies was accompanied by the relocation of production to low-income countries in the Global South and the emergence of newly industrialised economies, particularly in the rampant East Asia. In the West, the predominance of the manufacturing sector was replaced by the growing importance of the service-oriented economy, formed essentially by two sectors: the producer service firms (law, accountancy, banks, etc.) and the consumption-oriented activities (retail trade,

restaurants, leisure venues). In this context, there was a shift of Western cities being organised as spaces of production in the Fordist and Keynesian era to cities as spaces of consumption under the post-Keynesian and post-Fordist era. Since the late 1980s, cities started also to attract a massive influx of international and domestic tourists, even some cities that previously did not attract tourists, such as Bilbao in Spain, thanks to the new Guggenheim museum of contemporary art.

The adoption of a neoliberal rationality of economic and societal governance has created, therefore, conditions for the triumph of consumerism as a mode of being and living reflecting increasingly pervasive individualisation processes. In this context, the wider financialisation of capitalist societies and of consumption itself through the diffusion of credit cards and other forms of consumer credit has given a decisive contribution to the penetration of the culture of neoliberalism into individual consciousness and behaviours. While in the Fordist era and the so-called golden age of urban-industrial capitalism, mass consumerism was oriented towards the acquisition of durable goods, such as the family car, home appliances and furnishings, the post-Fordist and neoliberal era witness increasingly individualised and diversified forms of consumption. Neoliberalism has given a twofold contribution to the intensification of individualised consumerism: first, it has allowed globalisation to function as an hegemonic force within the world economy, opening markets and economies to foreign direct investment and the import of external commodities from abroad even in previously state-planned economies such as China and India; secondly, it has triggered processes of commodification involving an increasing number of societal domains, which were under public control at the time of welfare capitalism, such as health-care, transportation, education and professional training (Comaroff and Comaroff, 2000). Under the neoliberal regime, commodification and the related phenomenon of consumerism have affected, therefore, not only conventional consumption goods but also public services and increasingly any aspect of our everyday life: put it simply, we are now customers not only of shops and department stores, but also of hospitals, schools as well as of online social networks that have radically transformed our everyday life. Large cities and metropolitan areas have been key sites of this multifaceted societal commodification.

Housing in capitalist cities is another societal realm in which commodification precedes the advent of neoliberalism, giving rise to a process of mutual reinforcement, by which neoliberalism has seconded and deepened a phenomenon that is intimately associated with capitalist societies. Historically, the housing sector has functioned as a contra-cyclical regulator of economic growth, as testified by the fact that Western economies, such as the US economy above all, have become dependent on high and constantly increasing house prices, particularly in central locations for business and political reasons. Moreover, the segmentation of the housing market is instrumental to the reproduction of capitalism's social divisions. After the Second World War, at the peak of the Keynesian age, the politics of social welfare mitigated the commodification of housing through the

provision of public and subsidised housing, particularly in the working-class areas of industrial cities and towns. However, the advent of neoliberalism has revived capitalism's longstanding attitude towards the commodification of housing. With the precipitous reduction in the supply of public housing and the end or relaxation of rent regulation in many Western countries, access to housing has increasingly taken the form of homeownership granted by bank loans implicating growing household indebtedness. The expansion of mortgage markets and the consequent financialisation of housing have then become distinguishing features of ascendant neoliberal capitalism and its crisis in the late 2000s.

Also social discrimination is a longstanding phenomenon in the housing market, which neoliberal regimes have normalised within a market logic. In the United States, African-Americans have long been discriminated in their access to the housing credit sector as banks denied them mortgages, particularly in so-called 'red-lined', undeserving neighbourhoods (Aalbers, 2015). Even so, the Federal Housing Administration created in 1934 by the US Congress never seriously attempted to put an end to this state of affairs through an explicit anti-discrimination policy. The subsequent 'subprime' mortgages adopted since the 1990s, whose collapse has been behind the financial crash of 2007-08, have formalised this system of government-sponsored segregation, as these lending schemes have been prevalent in neighbourhoods with high concentrations of low-income racial minorities.

Neoliberal urbanism, or the neoliberalisation of the urban experience

The previous section of this chapter has shown how long-term distinctive features of capitalist cities, such as the imperative of growth, the relentless expansion of consumption and the commodification of the housing sector have become key aspects of the neoliberal era, acquiring renewed significance as engines of capitalist restructuring and development in post-Fordist times. In this section, to illustrate the notion of neoliberal urbanism we will take a look into the reverse process: namely, how neoliberalism has subsumed within its rationality societal phenomena that previously existed partially or fully outside the capitalist circuit of valorisation in contemporary cities: creativity and culture are instructive examples in this respect.

Creativity has a historically ambivalent relationship with capitalism, oscillating between incorporation on the one hand (from conventional technological innovation processes to today's post-Fordist knowledge-intensive industries) and autonomy or even opposition (creativity as a transgression and practice of contestation) on the other hand. Neoliberal urban regimes have attempted to neutralise this ambivalence, mobilising powerful mechanisms of seduction and cooptation of alternative subjectivities, for instance through the institutionalisation of autonomous creative spaces and the spectacularisation of social and cultural diversity. Critical urban scholarship has showed how even an intrinsically radically phenomenon such as the squatter

movement in European cities has not been immune to processes of normalisation and incorporation into the capitalist logic of what French situationist Guy Debord famously defined 'the society of the spectacle' already in the late 1960s.

Creativity's process of appropriation into capitalism's cultural circuit has particularly intensified over the last two decades within the context of advanced liberal societies. An important contribution to this process has come from the publication of *The Rise of the Creative Class* in 2002, a best-selling book authored by Richard Florida, an economic geographer and urban planner at that time based in the deindustrialising city of Pittsburgh, in the middle of the US 'Rust Belt' (Florida, 2002). In this book, Florida has provided not only a new socio-cultural explanation but also a powerful narrative for what had been already identified by economic development scholars as the key role of technology and human capital as drivers of regional economic growth. In brief, Florida argues that the members of the creative class – notably, workers and professionals who make use of creativity in their jobs: from architects and engineers to software developers, designers and other emerging figures in the information society – tend to favour urban environments characterised by the tolerance of socio-cultural diversity related to the presence of ethnic and sexual minorities as well as artistic communities. Moreover, according to Florida, creative class members share values and attitudes based on ideas of meritocracy and individuality along with the willingness to be part of collaborative working environments.

While left-leaning commentators have warned against the risks associated with the uncritical adoption of Florida's theory and the related public discourse, such as the legitimisation of gentrification dynamics in urban settings attracting creative class members, since its publication Richard Florida's book has been enthusiastically welcomed by local politicians and other politico-economic elites first in the USA, from which its empirical evidence was derived, and subsequently in a rapidly increasing number of 'wannabe' creative cities across the world. As a governmental technology enabling the cross-national mobility of urban development patterns, neoliberalism has allowed creativity to become a global policy narrative mobilised by policymakers and administrators in order to create consensus around newly proposed or already existing urban regeneration initiatives across the globe. Moreover, the individualistic and meritocratic ethics underlined by Richard Florida is behind the widespread careerism among creative-class members, which weakens their social ties undermining a sense of togetherness and the willingness to engage in spontaneous forms of cooperation. In 2013, San Francisco – a city witnessing skyrocketing house prices in recent years – has seen poorer members of the creative class protesting against the unsustainable costs of living caused by the presence of the affluent creative professionals employed in the Silicon Valley and residing in San Francisco. In recent studies, Richard Florida and his fellow researchers recognise the fact that in economically dynamic cities such as Washington, Boston, New York, the creative class's colonisation of downtown districts forces

service and working-class residents to move outside the central city in the least desirable parts of town, leading to novel forms of socio-spatial segregation and inequality (Florida et al., 2014).

While the urbanisation of creativity is likely to become an increasingly contested issue in contemporary capitalist cities, the mobilisation of culture for urban regeneration purposes still exerts a powerful influence on social consciousness, as cultural festivals and events are portrayed as opportunities for enjoying the vibrancy of city life for both residents and external visitors. With the entrepreneurialisation of urban governance in the 1980s, culture has been incorporated into a logic and circuit of valorisation as at that time cities started using their heritage and cultural endowments to attract public and private investments in a global context marked by heightened interurban competition (Rossi and Vanolo, 2012). Competition over titles attributed to cities as a whole such as the European Capital of Culture or to especially valuable portions of their built environment (historical centres, monuments, etc.) such as the UNESCO's world heritage nomination have led – according to critics – to an intensified economic colonisation of the cultural realm. Italian writer Marco D'Eramo has recently written about what he calls the 'UNESCOcide' of contemporary cities:

It is devastating to witness the death throes of so many cities. Splendid, opulent, hectic, for centuries, sometimes millennia, they had survived the vicissitudes of history: war, pestilence, earthquakes. But now, one after another, they are withering, emptying, becoming reduced to theatrical backdrops against which a bloodless pantomime is staged [...]. UNESCO's 'World Heritage' listing is the kiss of death. Once the label is affixed, the city's life is snuffed out; it is ready for taxidermy (D'Eramo, 2014: 47).

D'Eramo's association of the notion of urbicide with the tourist exploitation of contemporary cities may sound exaggerated to many readers. However, it conveys the pervasiveness of the culturalisation of the urban environment, which is another way in which neoliberalism pursues its project not only of making everything profitable in economic terms, but also of annihilating the publicness of contemporary cities through a myriad of processes of enclosure brought about by the commodification of urban spaces.

Conclusion

After having outlined the trajectory of neoliberalism over the post-war decades, this chapter has looked at the two-sided relationship of neoliberalism with the urban phenomenon. In particular, it has been argued that there is a process of mutual reinforcement between cities and neoliberalism. This means that neoliberalism has subsumed within its logics and functioning long-term features of social life within capitalist cities, such as the commodification of housing and the relentless expansion of consumption. The Keynesian social compact during the so-called golden age of capitalism temporarily mitigated these processes of commodification, which neoliberalism has subsequently brought to new life. At the same time, neoliberalism is not only drawing from pre-

existing characteristic features of capitalist urbanisation, but has also expanded the economic base of contemporary cities, by commodifying societal phenomena that previously existed partially or fully outside the capitalist logics of valorisation, such as culture and creativity.

This ambivalent relationship of mutual reinforcement explains the key contribution of critical urban studies to the understanding of contemporary neoliberalism. It is likely that ongoing processes of so-called 'planetary urbanisation' (Brenner and Schmid, 2014), with the geographical extension of urbanisation processes and related neoliberalisation dynamics spreading across the globalised world, will not only intensify the intimate relationship between cities and neoliberalism but will also bring to light novel aspects and dimensions in which this relationship takes shape.

Moreover, the ambivalence is not limited to the described relationship between cities and neoliberalism. Indeed, cities are sources of crisis and austerity but also of promised resurgence for contemporary capitalism, as the latest global economic crisis has demonstrated; a crisis with clear urban roots, owing to the unprecedented financialisation of housing markets that has particularly affected indebted households living in large cities and metropolitan areas. On the one hand, during the crisis, cities have been key sites for the implementation of austerity measures adopted in compliance with the fiscal consolidation targets imposed by international financial institutions and national governments to municipalities and regional administrations. On the other hand, cities are persistently seen as key spaces of resurgence for capitalist economies, as urban environments concentrate the innovative forces of contemporary societies (Rossi, 2015). The current or future, depending on geographical contexts, phase of post-recession transition will show us whether neoliberalism will still take the lead in the governance and regulation of the constitutively dialectical development of contemporary capitalist cities.

Key references

Brenner N. and Theodore N. (eds) (2003) *Spaces of Neoliberalism. Urban Restructuring in North America and Western Europe*, Oxford: Blackwell.

This book collects articles originally published in *Antipode: A Radical Journal of Geography* which have had profound influence on the ways in which critical geographers and urban scholars have understood the urbanisation of neoliberalism in subsequent years.

Ferguson, J. (2006) *Global Shadows. Africa in the Neoliberal Order*, Durham (NC): Duke University Press.

In this book, anthropologist James Ferguson reflects on the marginalisation of Africa in a context of neoliberal globalisation, particularly investigating the contradictions of democratisation programmes through the lenses of the theory of governmentality.

Foucault, M., (2008), *The Birth of Biopolitics. Lectures at the College de France, 1978-79*, Basingstoke: *Palgrave MacMillan*.

In these lectures, Michel Foucault analyses the ascent of neoliberal ideas in Western countries, in both the German version reasserting the role of the state as a guarantor for fiscal stability and market efficiency and in the American version, laying emphasis on the idea of freedom and the preeminence of the market logic.

Harvey, D. (2005) *A Brief History of Neoliberalism*, Oxford and New York: Oxford University Press. In this book, eminent Marxist geographer David Harvey reconstructs the historical trajectory that has led neoliberalism to become the hegemonic ideology and economic practice from the mid-1970s onwards.

Peck, J. (2010) *Constructions of Neoliberal Reason*, Oxford and New York: Oxford University Press.

In this book, geographer Jamie Peck offers a genealogical analysis of the rise of neoliberalism and its politico-economic and intellectual project, particularly exploring the institutional conditions that have allowed the neoliberal logic to expand across the world.