Neoliberal urbanism in Europe

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Introduction

Neoliberal urbanism is a concept increasingly used to describe the progressive privatization of public space and public realm (housing, civic facilities, etc.) and the commodification of our cities as profit-making machines. Some authors however believe that the particular history and institutional characteristics of European cities make them at least more resilient to these transformations. Through case studies of three European cities located in three different national contexts, Newcastle (UK), Milan (Italy) and Bilbao (Spain), this chapter will look at these debates uncovering the chameleonic nature of neoliberal urbanism, stressing how it adapts and changes in different local governance modes. The case studies draw on fieldwork carried out in three different projects making this a post-hoc comparative analysis. The methodology was qualitative and based on discourse analysis of main policy documents and interviews with key informants such as politicians, policy makers and academics.

European cities as strategic neoliberal sites

Neoliberalism is a political-economic philosophy that seeks the application of competitive forces and free market principles to all areas of social and economic life. It advocates the free flow of goods, capital and services across the world economy, reduced public spending and minimal state regulation, particularly in the labour market. Beyond these common points however, neoliberalism is a slippery idea. As it has implanted itself in different geographical and historical contexts it has adapted and changed. Although it initially emerged in the 1980s as a set of policies to “roll back” (Peck and Tickell, 2002) the state and enclose public services by the early 1990s it had morphed into “more socially interventionist and ameliorative forms epitomized by the Third Way” (ibid.: 41) seeking to “roll out” new regulatory policies designed to ensure that markets work effectively (Brenner and Theodore, 2002).

Logically, the urban realm does not escape the neoliberal tide. As Harvey (2008) reminds us capitalism’s ‘creative destructive’ tendency is always related to urban restructuring. The overarching goal of neoliberal urban development policies is to “mobilize city space as an arena both for market oriented economic growth and for elite consumption” (Brenner and Theodore, 2002: 21). Far from a retreat of the state, neoliberal policies are actually either carried out or enabled by the public sector (Moulaert et al., 2003) in a wide range of ways: private–public partnerships, deregulation of...
planning, privatization of housing and liberalization of rent controls, mega-urban projects, gentrification, urban surveillance, city marketing and branding to mention some.

In the face of this ‘pessimistic’ diagnosis, a group of European academics has sought to question this, according to them, totalizing analysis, arguing that in the case of European cities these neoliberal trends are mitigated. This so-called European city perspective seeks to reinvigorate a Weberian theoretical approach that brings out the specific role of political and institutional aspects of European cities, toning down the effects of macroeconomic structures. The accent is on the collective actor aspect of European cities as active communities where actors such as Mayors, Chambers of Commerce or neighbourhood associations have path-shaping influence (Le Galès, 2002). The European city approach is also held as a normative project to “disclose the good qualities of European Cities and to emphasize the political role of cities” (Häussermann and Haila, 2005: 61). The European city approach can provide a useful counterpoint to the neoliberal urbanism thesis by emphasizing the role of local and regional politics as well as identity politics. The different levels and quality of welfare systems, housing subsidy schemes, pension systems, political-cultural, landownership patterns, morphological legacies, all play specific roles in shaping European cities (Häussermann and Haila, 2005; Musterd and Ostendorf, 2005). In my analysis of three European cities I want to find the methodological middle ground that is able to grasp the particular local configuration of actors, resources and powers that make neoliberalism take root in different ways.

The remaking of the political economic space of three European cities

Milan, Bilbao and Newcastle are three medium-sized European cities embedded in complex scalar choreographies from the European Union to the neighbourhood level. Significantly, they belong to different nation-states with diverse models of social regulation and regimes of accumulation. Table 38.1 summarizes key indicators to compare these cities showing the differences in terms of demographic trajectories, location in the ‘imaginary’ urban and global hierarchies and main economic characteristics. In the face of current hegemonic discourses of urban competitiveness, the three cities suffer from what I term aspirational complex as they are neither national capitals nor international global centres but medium-sized cities located in secondary exchange networks.

### Table 38.1 Comparative indicators of Bilbao, Milan and Newcastle

<table>
<thead>
<tr>
<th>Demographic data</th>
<th>Economic data</th>
<th>Global rankings</th>
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<tbody>
<tr>
<td>City population</td>
<td>“Regional” GDP per capita, PPS (EU27=100)</td>
<td>Urban audit</td>
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<tr>
<td>City-region population</td>
<td></td>
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<tr>
<td>Demographic trajectory</td>
<td>No data</td>
<td>In the top 35 European cities</td>
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<tr>
<td>Demographic trajectory</td>
<td>Knowledge hub</td>
<td>In the top 10 Global cities</td>
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<tr>
<td>Demographic trajectory</td>
<td>Transformation pole</td>
<td>No data</td>
</tr>
<tr>
<td>Bilbao</td>
<td>351,179</td>
<td>867,777</td>
</tr>
<tr>
<td>Milan</td>
<td>1,299,633</td>
<td>3,906,726</td>
</tr>
<tr>
<td>Newcastle</td>
<td>271,600</td>
<td>1,089,300</td>
</tr>
</tbody>
</table>

Bilbao as a global city

A major oil-based manufacturing industrial city in the Basque Country, Bilbao was hit particularly hard by the international industrial crisis of the 1970s and by 1986 some towns in the Bilbao city-region reached unemployment rates of 30 per cent (Torres Enjuto, 1995; Rodriguez and Martinez, 2003). Following the establishment of democracy after 40 years of Francoist dictatorship, a socialist government introduced a corporate liberal–internationalist (Holman, 1996) modernization programme consistent with the destructive moment of neoliberalism in the form of roll-back. Nationalized industrial companies were privatized and rationalized, a process that was reinforced by Spain’s accession to the European Common Market in 1986. This crisis had a particular spatial dimension as heavy industry was located along the riverfront and in working-class communities of Bilbao. The main steel factory in the metropolitan area of Bilbao went from almost 8,000 permanent contract workers to 300 in 2002. From the end of the 1980s a series of regeneration plans concentrated on cleaning up these areas and moving the industrial port from the river out to the sea, opening up prime development land.

From the late 1980s a more creative moment of what we can call regionalist neoliberalism emerged to “position [the Region] with advantage in the competitive international context of the most innovative city-regions” according to one regional leader (Intxaurruga, 2002: 11). Bilbao, as the largest and economically most important city, was re-invented as a ‘global city’ (BM30, 2001). Moderate Basque nationalism (the ruling force in the region up to recent elections in 2009) has adapted its traditionally entrepreneurial regionalist claims (del Cerro Santamaria, 2007) to a neoliberal context, investing in innovation, technology and an industrial policy inspired by Porter’s cluster theory (Ahedo, 2006). Its urban strategy has been to use spectacular architecture and design to place Bilbao in the international circuits of tourism, conferences and private investment. Most of the big regeneration projects in the Bilbao city-region have been funded by the financially autonomous regional and provincial governments, such as the Guggenheim Museum, costing about $100 million (Zulaika, 1997). Local authorities have consciously sought to attract international star architects such as Calatrava, Foster, Isozaki, Zaha Hadid or Pelli responding to the demands of a ‘brand society’ according to Bilbao’s Deputy Mayor (Author’s interview, 2008). Former working-class spaces (factories or residential areas) have been transformed in the flagship projects for the new Bilbao, ‘rolling out’ the gentrification frontier from the more traditional bourgeois neighbourhoods of the city by pushing up rent and property prices (Vicario and Martinez Monje, 2003).

Most significant is the city’s adoption of a series of “network forms of local governance based upon public–private partnership, ‘quangos’ and the ‘new public management’” (Brenner and Theodore, 2002: 369). The most important is Bilbao Ría 2000 (BR 2000), established in 1992 as a multi-level public–public partnership between regional/local and central government bodies owning land and planning powers in and around Bilbao. It functions as a company and aims to generate profits from assembling and selling land to private developers to then reinvest in other urban projects. Although a 100 per cent public institution, BR 2000 is a good example of neoliberal urbanist practices (increasingly copied abroad: Gonzalez, 2009a). This model is based on land revenues (Rodriguez et al., 2001) and therefore dependant on a changing market which can put revitalization plans in jeopardy even as they are carried out (Reviriego, 2008); it has relegated local authorities’ planning departments to a secondary role by assuming more planning powers in key regeneration areas (Rodriguez et al., 2001); and regeneration has become a predominantly technical affair.
as BR 2000 practitioners are mainly engineers working to a mandate of ‘maximum efficiency’ (ibid.) rather than civic consensus or social engagement. Public participation is not encouraged. It thus represents an example of the erosion of ‘traditional relays of local democratic accountability’ (Brenner and Theodore, 2002: 369) as decision making is ‘elitized’, making it easier for business elites to influence development decisions.

In Bilbao, the local governance coalition is mainly made up of public actors, such as the regional and provincial governments, state-owned railway companies and port authority, and bears the heavy imprint of Basque Nationalist Party control due to their dominance of both regional government and the Bilbao local authority for 30 years. Links with the private sector are not formalized but take place through traditional networks. The particularities of urban neoliberalism in Bilbao combine an economic ‘global’ strategy to place central areas of Bilbao in the international marketplace while at the same time mobilizing a political ‘new regionalist’ project to bypass the Spanish nation-state.

**Milan, node of a global network**

Milan was at the core of Italy’s industrialization during the country’s economic miracle in the 1950s and 1960s hosting large factories like Pirelli and Alfa Romeo or important infrastructures like the Exhibition Fair, all of which employed a large part of the population providing a social and cultural ferment to the city. During the 1980s many of these industrial referents began to relocate out of the centre of Milan, triggering a fast process of deindustrialization and deproletarianization; between 1971 and 1989, industrial jobs in the Province of Milan fell by 280,000 (Foot, 2001). Like in Bilbao, this change had a particular spatial footprint, hitting jobs in neighbourhoods and municipalities in the North of Milan, but unlike Bilbao, there was not so much severe unemployment as a change in its employment structure towards smaller firms and the service sector (increasingly technology and knowledge) (OECD, 2006). Workers’ rights and conditions worsened under the liberalizing labour market, following EU policy guidelines and the rescaling of labour bargaining processes from the national to the local scale (such as the ‘Milan Pact’).

Local planning has also shown recent elements of neoliberal urbanism. From the 1960s up to the 1980s there was an attempt to plan comprehensively for the city-region with a strong public intervention sometimes going against real estate interests. This attitude was replaced in the 1980s by a more fragmented project-based approach (Balducci, 2005) characterized by deregulation of planning (PIM, 2004), entrepreneurialism and an emphasis on growth (Healey, 2007), leading to a process of urban sprawl and suburbanization which has seen the city implode to its outer region into an infinite city (Bonomi and Abruzzese, 2004) with consequent traffic and pollution problems (OECD, 2006).

The lack of planning and governance capacity in the 1980s was not so much related to an international neoliberal trend as to the incapability of weak local governing coalitions to put forward strong public visions, following instead “single economic interests” (Dente, 2005: 320). Besides, a clientelistic corruption network led by the governing Socialist Party was discovered in Milan (Foot, 2001), the scandal bringing down the entire national political system. Subsequently local governance in Milan has been dominated by right-wing and regionalist parties more interested in efficient urban management including privatization and outsourcing of local services than integrative urban planning (Dente, 2005). With these political scandals and the city’s recent decline as a centre for international innovation, Milan “seems to have lost part of its historical drive” (OECD, 2006: 12).

In response, a new spirit has emerged among sections of the local elite who are
now presenting Milan as a ‘node in a global network’ of knowledge and communication, encouraged by Peter Taylor’s (2004) ranking of Milan as the eighth city in the world in terms of global connectivity (Gonzalez, 2009). This has given impetus and coherence to a series of otherwise disconnected big urban projects. One of these projects is the International Expo 2015 under the slogan “Milan, world city-metropolis” which, according to the Head of Planning of Milan, has started a new “magical moment” for “ascending Milan” according to Masseroli (Carbonaro, 2008: 5). Other projects include the Fashion City, the New Exhibition Fair and the regeneration of various ex-industrial or exhibition spaces within the city (Balducci, 2005; Healey, 2007; Gonzalez, 2009). We find the traditional mix of famous architects and landmark architectures with little respect for the surrounding communities, limited consultation and piecemeal approach (Balducci, 2005), risking turning Milan into a “free for all city” (Rete Comitati milanesi, 2007). Environmental campaigners fear the Expo is already giving more momentum to the construction of mega-developments, such as a new regional super-motorway (Legambiente, 2009).

The governing local coalition in Milan is made up of a loose public–private partnership embedded in clientelistic and sometimes corruption-ridden networks (Piana, 2005) where the impetus comes mainly from the local business class and national corporations. But the coalition has also stretched out geographically to encompass national and international developers, further weakening the voice of local actors and those outside the property market arena (Pasqui, 2006). Like in Bilbao, local elites see in these schemes a glocal project to bypass the nation-state and position Milan as a global city in the international sphere. This is linked to a localist/regionalist form of entrepreneurial politics favoured by the right-wing conservatives and regionalist parties who seamlessly combine neoliberal policies with a strong attachment to the local territory (Gonzalez, 2009).

Newcastle, a European cultural and knowledge city

Newcastle and its region has the lowest GVA (gross value-added) output per head in England as well as some of the highest rates of child poverty, welfare dependency, unemployment and long-term sickness. Like much of Northern England, the city has suffered from a long period of economic decline (Robinson, 2002) since the 1930s, transforming from a “booming core in the 19th century to a marginalized and near-bust periphery by the end of the 20th century” (Hudson, 2005: 581). The city and the region have been constant public policy targets, from interventionist and top-down regional policies after the Second World War to a more entrepreneurial urban policy (Martin, 1993). This was exemplified most strongly in the work of the Urban Development Corporations (UDCs), one of which is located in Newcastle, central government appointed agencies to take control of large former industrial areas and docklands (Imrie and Thomas, 1993) and prioritizing private sector needs, growth over redistribution, physical over social development and effectively supplanting democratically elected local authority planning powers (Deas et al., 2000). In the Newcastle region, they also had a strong role in the deindustrialization of the region, turning many industrial sites into residential or commercial spaces (Byrne, 1999).

UDCs and other similar regeneration strategies have also contributed to the aim of breaking up “the bastions of Labour-union support” (Healey, 1994: 187) and traditional industrial working-class culture in Newcastle. With the arrival of New Labour, nationally driven regeneration programmes have developed a more social approach, specifically targeting deprived working-class communities in Newcastle through welfare to work-types of policies and bringing in middle-class populations through tenure mix and gentrification. The West End of Newcastle, for example, has been subject to 17 different government
programmes amounting to over £500m from 1979 to 2000 (Coaffee, 2004). Some of this funding has attempted to engage poor communities in urban governance, a strategy that Gough (2002) considers a neoliberal “top-down community socialization”, by integrating the poor into low-wage labour relationships, disciplining the youth and de-politicizing class struggle. Other programmes, this time initiated by the local authority, such as Going for Growth, have directly advocated for demolition of working-class housing and gentrification (Cameron, 2003).

Most of the symbolic regeneration efforts to place Newcastle in the international sphere and change its industrial image have been focused in the waterfront along the River Tyne. From a so-called ‘no-go area’, it has been turned into the centre of Newcastle’s corporatized nightlife, with bars, nightclubs and restaurants (Byrne and Wharton, 2004; Chatterton and Hollands, 2003), expensive flats and cultural attractions (a music centre designed by the ubiquitous global architect Norman Foster, a contemporary art gallery and an iconic bridge). Here public investment has led the way in redefining the internal and external identity of a former industrial site in the hope of attracting private development, tourists and residents (Miles, 2005), an example of which was Newcastle’s bid to host European Capital for Culture in 2008. Another parallel strategy in recent years is the ‘Science City’ project, which aims to turn Newcastle into “one of the world’s premier locations for the integration of science, business and economic development” (Strategy for Success, 2007). Partly funded by central government and regional agencies, it aims to create areas of scientific interest for the private sector drawing on neoliberal-inspired regional innovation policy ideas such as the ‘triple helix’ (Moulaert and Sekia, 2003) but the OECD (2006a) has already deemed it ambitious. The project has also created a real estate development opportunity freeing up the site of the former Tyne Brewery.

The local governance coalition in Newcastle is formed by the local authority, central government and myriad partnerships and quangos that run regeneration budgets and deliver social services. As a highly centralized country, central government still controls most of the budget and Newcastle City Council has relatively little financial autonomy, often dependent on private developers to shape and take the lead in urban development (Gonzalez and Vigar, 2008) with real estate development typically dominated by large landowners and construction (Healey, 1994). Despite the regional devolution process from 1997, regional institutions are still relatively weak, largely unaccountable and generally business-led. In sum, the local governance coalition in Newcastle is more public sector dependent than in other English cities and constrained by financial restrictions and the power of national and big landowners and construction industries.

Conclusions: Neoliberal ‘Eurbanism’?

Returning to the discussion at the beginning of the chapter, it is clear that the three cities demonstrate an array of ‘mechanisms of neoliberal localization’ as identified by Brenner and Theodore (2002). But can we say that there is a homogenizing trend of neoliberal urbanization in Europe? And is it distinctively European?

All three cities have opted for urban mega-projects to attract private investors and have relied on mega-urban events (European Capital of Culture bid and EXPO) or symbolic icons (the Guggenheim) to initiate and sustain urban regeneration. In effect, a rather similar new urban landscape is being built by the same global star architects, resulting in what Muñoz (2008) calls urbanalization, the repetition of similar branded, financially efficient and disconnected landscapes for consumption. At the same time, their respective existing urban fabrics are rich enough to
preserve local distinctiveness, and all have experienced political contestation with civil society winning some important victories.

Regeneration in all three cities has been based to an extent on rolling forward the gentrification frontier to working-class areas, more decisively and state-led in Newcastle, and less clearly in Milan and Bilbao, where public housing stock is anyway marginal and therefore gentrification has happened more as a by-product.

New forms of urban governance have emerged in all three cities involving more actors, particularly from the private and community sector. This is particularly the case in Newcastle while in Milan and Bilbao this is again not a top-down trend but takes place through ad-hoc institutional arrangements. In the three cities, but mostly so in Milan followed by Bilbao, there has been an internationalization of governance practices with international developers, architects, policy gurus, academics and private companies having a bigger say about the trajectories of the cities.

One of the most striking similarities among the three cities is the use of international competitiveness discourses and their aim to scale up the international hierarchy of cities. Bilbao has been re-imaged as a global city and Milan as a hub in an international network while Newcastle aspires to be a world-class science and innovation centre. But the reasons and mechanisms for this are different. In Milan and Bilbao, local and regional elites combine an entrepreneurial approach with a strong attachment to the local territory. It is therefore local forces who push for neoliberal policies in order to jump scales not necessarily ‘protecting’ European cities from neoliberal policies (as suggested by the European City approach) but, on the contrary, I would argue in the cases of Bilbao and Milan, reappropriating them.

It is difficult to assess whether these identified trends are particularly European. Recent reports on European cities have been unable to find common trends across cities, constructing instead various typologies that correspond more with the economic hierarchy of the cities or the particular national situations (EC, 2007; Turok and Mykhnenko, 2007). Our analysis here confirms that the nation-state and wider and more traditional geo-categories like ‘southern Europe’ are still at play. So, in conclusion we seem to find a process of homogenization and neoliberal convergence in terms of urban governance practices, new landscapes, discourses of competitiveness and the emergence of cities as strategic economic centres. The European City approach’s critique of this convergence holds if one sees neoliberalism as a relatively monolithic phenomenon but, as argued by Peck and Theodore (2007: 757): “a process-based conception – sensitive to conjuncture, contingency, and contradiction – are less vulnerable to such blunt critiques, since they are explicitly concerned with the manner in which (partially realized) causal processes generate uneven and divergent outcomes.”

There are, therefore, differences in the institutional settings where neoliberalization is taking root giving way to different localized ‘neoliberal urbanisms’: a process of central state-led neoliberalization in Newcastle; a market-led neoliberal regionalism in Milan and a (local) state-led neoliberal regionalism in Bilbao.

In the face of the global economic downturn, however, neoliberal urbanist policies are failing; the construction industry in Spain is in crisis, flagship regeneration projects across the UK have been mothballed and the Milan Expo 2015 is being questioned by environmentalists and architects. The recession can indeed open up space for alternatives. The opportunities, however, arise in different contexts and different forms as the myriad protests, movements, factory occupations, etc. today express (Mayer, 2009). The challenge is therefore – as ever – to find alliances and linkages between localized demands and global claims. Recently Harvey (2008: 40) has promoted Lefebvre’s slogan of the “The Right to the City” as “both
working slogan and political ideal”, demanding “greater democratic control over the production and utilization of the surplus” (ibid.: 37). This goes radically beyond the normative (and conservative) ambitions of the ‘European city’ approach. Similarly, Uitermark (2009) argues that a ‘just city’ (different to the ‘good city’ or the ‘sustainable city’) is one in which there is an equitable allocation of scarce resources and where residents have control over their living environment. The decommodification of the housing market must be the central idea in an alternative urban and regional kind of development (Hodkinson, 2010). But there are plenty of other ideas currently being experimented (Leitner et al., 2007): transition towns, participatory budgeting, slow cities, urban farming, self-managed social centres and factories, etc. It is difficult to see, however, how local initiatives could amount to a radical change within the current capitalist system. As Marcuse (2009: 187) argues it is a bit pointless to imagine a less greedy capitalism as “greed is not an aberration of the system; it is what makes the system go”. A just urban and regional development must therefore be imagined beyond the current system which makes predicting exactly how it would exactly be very difficult beyond several rather general ideas:

Cities that would not be for profit but would seek a decent and supportive living environment” […] “eliminating profit as means and motivation in the political sector, eliminating the role of wealth and the power linked to it from public decisions.

(Marcuse, 2009: 195)

References


OECD (2006b) OECD Territorial Reviews: Newcastle in the North East, The United Kingdom, Paris: OECD.


Further reading


Kazepov, Y. (ed.) Cities of Europe, Oxford: Blackwell. (Presentation of framework and case study work from the ‘European city’ school.)

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