

Neil Brenner
**'Good governance':
the ideology of sustainable neoliberalism?**

Comment prepared for the *MieterEcho*, Berlin, May 2000

Translated into German and published online at:

<http://www.bmgev.de/themen/urban21/brenner.htm>

The authors of the Urban Future 21 World Report purport to articulate an agenda for “reinventing the city” in the new millennium. The ideological lynchpin of their project is the notion of “good governance,” which is said to provide a means to reconcile such diverse sociopolitical goals as economic growth, democracy, social solidarity, liveability and ecological sustainability.

In this brief comment I would like to explore what I take to be the central paradox of this thoroughly contradictory document. On the one hand, many of the goals mentioned in the Report—most obviously, democracy and social solidarity—surely remain key components of Left and Left-radical political agendas. On the other hand, it can be argued that the main political thrust of the Report is to defend a quintessentially *neoliberal* agenda of urban institutional restructuring and social reform, oriented towards intensified market discipline, profit maximization, unfettered economic growth and enhanced capitalist power over major aspects of everyday life. Despite the references to issues such as social reproduction, poverty alleviation and ecological sustainability contained in the Report, such priorities are justified primarily as a means to achieve the overarching goal of maintaining urban economic competitiveness under contemporary geoeconomic conditions.

Much of the Report amounts to an exercise in naturalizing the US-dominated, neoliberal form of globalization that continues to prevail in all regions of the world economy. The term capitalism is not once mentioned in the Report but is referenced instead through its fetishized forms of appearance--population growth and technological development--which are together described as the “basic driving forces” underlying contemporary urban change. The “need” for cities to compete within global networks of production and exchange is represented as a state of nature that is beyond human design, to which policymakers and citizens must simply conform or else risk extinction in a global survival of the fittest. Cities, the Report argues, must be transformed into service-oriented, entrepreneurial units within a social darwinist world economy dominated by hypermobile capital, hollowed-out national states and increasingly autonomous or self-reliant municipalities that are “empowered” to collect their own taxes, to provide the bulk of local social services and to compete aggressively against one another for external capital investment. The central government is seen primarily as a hindrance to local economic development whose influence on municipal administration and socioeconomic policy should be minimized. In short, the city

is to be “reinvented” to serve, in essence, as a space for what German neoliberals have termed *Standortpolitik* (locational politics). Under these conditions, “good governance”—defined as an “integrated effort on the part of local government, civil society and the private sector” (xxiv)—operates above all as a means to achieve what Marco Revelli has aptly described as the “real subsumption of territory under capital.”¹

Good governance is a mind-numbingly vacuous concept that would fit perfectly into George Orwell’s dystopian novel *1984*. The diagram presented on page xxv of the Report left me rubbing my eyes in disbelief, wondering how such a blatantly ridiculous and incoherent model of urban governance could be taken seriously by anyone: it amounts, in essence, to a wish-list of ideal-typical normative goals, with good governance positioned as a kind of magic wand through which all could supposedly be attained simultaneously. As with so many of the stale ideological terms deployed in contemporary “Third Way” political discourse, the key to good governance is its pure formalism: the contradictory sociopolitical and class interests that underpin any effort to govern a city only become evident when generic notions such as “work and wealth,” “empowering the citizenry” and “stable ecosystems” are concretized with reference to particular socioeconomic conditions, political institutions, societal forces and social movements. Once this is accomplished, it becomes readily obvious that massive trade-offs are involved in nearly all forms of urban policy, that the prioritization of some political goals necessarily entails the marginalization or suppression of others, and that the power to influence such processes is distributed quite asymmetrically within contemporary cities by criteria such as class, race/ethnicity, gender and national citizenship. Once such rudimentary aspects of urban political and economic life are taken into consideration, we can recognize Figure 1 in the Report as the expression of *pure ideology* in Ernst Bloch’s classic sense of promoting “the premature harmonization of social contradictions within existing social relations.”²

Despite its substantive vacuity, however, the notion of good governance deserves closer critical scrutiny due to its function in contemporary political discourse and practice. The dissemination of the notion of good governance among both neoliberal and centrist policymakers, politicians and technocrats arguably marks a very significant ideological shift on the landscape of contemporary capitalism.

The project of good governance was first promoted by the World Bank in the late 1980s to implement “market-friendly” forms of state intervention in semi-peripheral and peripheral countries. In that context, good governance

¹ See Marco Revelli, *Die gesellschaftliche Linke*. Münster: Westfälisches Dampfboot 1997, p. 114.

² Quoted in Leo Panitch, “The new imperial state,” *New Left Review*, 2, March/April, 2000, p. 7.

represented a notable drift of World Bank policy away from the traditional neoliberal approach to structural adjustment that had prevailed during the early 1980s, which privileged orthodox neoliberal goals such as minimal state interference, minimal price distortion and the aggressive promotion of export-oriented growth. The World Bank's shift to the discourse of market-friendly intervention and good governance by the early 1990s thus signaled the consolidation of a revised global development project based upon an intensified mobilization of state institutions to subsidize and direct private capital investment and to sustain market relationships. In this project, states are increasingly seen to play a key role in maintaining the sociopolitical and legal conditions for the imposition of market relations; states must thus not be dismantled but *restructured* in order to promote capitalist control, labor discipline and market exchange relations within domestic civil societies.³

More generally, as Stephen Gill argues, the 1990s was a decade in which a number of totally unaccountable global institutions and organizations—the World Bank, the IMF, the WTO and the World Economic Forum, to name just a few—have attempted to “lock-in” new forms of market discipline and capitalist power on a global scale, in significant part through the imposition of *measures to reconfigure state power itself*. The large-scale, highly bureaucratized, democratic-constitutional national states that were consolidated during the last century are today increasingly seen as an impediment to economic growth; hence state institutions must be reorganized at all spatial scales, and by any and all methods, to promote what Gill terms the “three Cs” of the power of capital:

“... public policy has been redefined so that governments seek to prove their *credibility*, and the *consistency* of their policies according to the criterion of the *confidence* of investors.”⁴

In this context, states are being reconfigured in order to promote commodification and market discipline not only within domestic civil societies but also directly *within* the state apparatus itself: hierarchical state bureaucracies are to be transformed into “flexible” (and increasingly unaccountable) agencies for fast policy transfer and public-private collaboration, based upon the ideology of “best practice” and the goal of extending commodity relations throughout civil and political society. In short, the radically anti-statist neoliberalisms that prevailed during the 1980s, which privileged short- and medium-term goals such as trade liberalization, the deregulation of capital markets and the smashing of the postwar class compromise, are today apparently being superseded by a potentially more dangerous and threatening “disciplinary neoliberalism” which

³ Ray Kiely, “Neoliberalism revised? A critical account of World Bank concepts of good governance and market friendly intervention,” *Capital & Class*, 64, Spring, 1998, pp. 63-88.

⁴ Stephen Gill, “The constitution of global capitalism,” Department of Political Science, York University, manuscript, p. 3.

“seeks to provide political anchorage for the power of capital *in the long term*.”⁵ Thus conceived, good governance appears to operate as a key ideological mechanism through which this maturation and reconstitution of neoliberalism on a global scale is currently being expressed.

It is against the background of this ongoing geoeconomic and geopolitical counter-revolution—the global reconstitution of disciplinary neoliberalism—that we can begin to decipher the confused and confusing political agendas which emerge from the Urban Future 21 World Report. As the Report demonstrates, the project of good governance—with its barely disguised subtext of national and local welfare state retrenchment—is now also being mobilized at the *urban* scale as well. Here, too, it is useful to situate the turn towards good governance in relation to the earlier, relatively anti-statist governance projects that prevailed during the previous decade. Throughout the 1980s, the dominant form of urban economic policy in major city-regions throughout much of the world economy involved various kinds of cost-cutting measures—for instance, tax abatements, land grants, cutbacks in public services, the privatization of infrastructural facilities and so forth—through which municipalities attempted to lower the costs of administration, production and reproduction within their jurisdictions, and thereby, to accelerate external capital investment. Enhanced administrative efficiency, coupled with direct and indirect state subsidies to large corporations and an increasing privatization of social reproduction functions, were widely assumed to be the “best practices” for promoting a “good business climate” within major cities. The contradictions of this zero-sum, cost-cutting form of urban entrepreneurialism are now well known: in addition to its highly polarizing consequences for major segments of local, regional and national populations, the relative effectivity of such strategies has been shown to decline quite dramatically as they are diffused throughout the global urban system.⁶

Under these circumstances, since the mid-1990s, we appear to be witnessing a significant reconstitution of neoliberal economic strategy at the urban scale. On the one hand, the basic neoliberal imperative of mobilizing economic space—in this case, city space—as a purified arena for capitalist growth, commodification and market discipline remains the dominant political project for municipal governments throughout the world economy. On the other hand, however, the conditions for promoting and maintaining economic competitiveness are now being reconceptualized by urban political and economic elites to include diverse social and ecological criteria such as those discussed in the Urban Future 21

⁵ Stephen Gill, “The new constitutionalism,” p. 2.

⁶ See Loic Wacquant, “Urban marginality in the coming millennium,” *Urban Studies*, 36, 10, 1999; Helga Leitner and Eric Sheppard, “Economic uncertainty, inter-urban competition and the efficacy of urban entrepreneurialism,” in Tim Hall and Phil Hubbard eds., *The Entrepreneurial City*. New York: Wiley, 1997.

World Report.⁷ However, in the context of good governance, objectives such as “sustainability” actually entail the elaboration of a strategy of urban structural competitiveness in which *all* aspects of city space—from its social infrastructures and its political culture to its ecological foundations—are to be transformed into local economic assets and “endogenous growth potentials” for attracting further capital investment. The notion of good governance serves as a vital ideological tool towards this end: by subsuming the neoliberal politics of aggressive productivism, intensified inter-urban competition and enhanced capitalist power within the apparently more innocuous agenda of good governance, neoliberal forces are currently attempting to represent the “real subsumption of territory under capital” as the *solution* to an impressive laundry list of local governance problems, from deindustrialization, hypergrowth and social inequality to housing shortages, infrastructural decay and ecological degradation. This truly perverse representation of one of the major *causes* of the contemporary urban crisis—unfettered commodification and market competition—as its potential *resolution* suggests that the very notion of governance has become the newest fetishized articulation of neoliberal ideology. In other words, on both global and urban scales, the fetish of good governance is now apparently being grafted onto the classical liberal ideology of free markets in order to justify the further entrenchment and long-term institutionalization of neoliberal-productivism.

At this juncture, a further question presents itself: why have *cities* become such important arenas for this type of neoliberal political project? The answer, I believe, lies less in the nature of urban agglomeration economies or urban civil societies as such than in the changing positions of *municipal governments* within the restructured *national states* of the post-Keynesian epoch. One of the overarching agendas of the Urban Futures Report is to demand a new approach to subnational political organization. First, drawing upon the notion of subsidiarity, the Report advocates a radical decentralization of powers and responsibilities from the national to the regional and local levels of the state: it is argued that cities should become increasingly self-reliant rather than depending upon fiscal subsidies and transfers from higher levels of government. Second, the Report advocates intensified cooperation between the local state and private capital in the formulation and implementation of municipal policies. Whereas the Report concedes that various tasks will continue to be fulfilled by national governments, maximal fiscal and administrative decentralization is said to provide the optimal basis for efficient, effective municipal policy (xxix).

We thus arrive at what is arguably the core political agenda of the Urban Future Report—namely, to promote a new form of *national* political regime in which

⁷ Even the more progressive strands within the so-called “new regionalist” discourse on learning economies and untraded interdependencies have certain affinities with the more cynical, neoliberal versions of this argument. For a recent polemic on this issue, see John Lovering, “Theory led by policy: the inadequacies of the ‘new regionalism’,” *International Journal of Urban and Regional Research*, 23, 2, June 1999.

intense competition between municipalities for external capital investment is permanently institutionalized. The Report proposes the construction of a radically new framework of intergovernmental relations in which municipalities can secure local revenues for local expenditures only by taxing local economic activities (whether in the form of business taxes, property taxes, sales taxes and so forth). Such a national political framework would force local governments to compete continually against one another to entrap both capital and labor—particularly those class fractions associated with high value-added activities and large-scale ground rents—within their territorial jurisdictions. In contemporary Germany, neoliberal politicians from some of the wealthiest *Länder* are aggressively promoting such a structure under the rubric of so-called “competition federalism” (*Wettbewerbsföderalismus*), which is said to provide a more efficient framework for intergovernmental fiscal policy than the existing Fiscal Equalization Mechanism (*Finanzausgleich*), with its elaborate machinery of horizontal fiscal transfers. In the USA, intense inter-municipal competition for corporate and property tax revenues—coupled with nimbyist suburban secessionist movements based upon the principle of “home rule”—have long been institutionalized and were actually intensified under Reagan’s New Federalism.⁸ The Urban Future 21 World Report can thus be viewed as a manifesto in favor of new, highly polarized national political geographies in which all cities would be forced to rely chiefly upon their own socioeconomic assets in order to secure revenues through which to provide public services.

Whether this enhanced level of urban political autonomy represents a blessing or a curse is a matter for a political debate which is almost completely foreclosed by the Report’s technocratic dogmatism. This issue points, in turn, towards one of the central contradictions within the proposed agenda for good governance: on the one hand, values such as local social solidarity and local democracy are embraced; at the same time, however, through its aggressive promotion of endogenous growth potentials and inter-municipal competition, the Report contains a thinly veiled attack on all forms of supralocal solidarity and national redistributive policy associated with the Keynesian welfare state compromise. In this sense, therefore, the agenda of good governance is premised upon a distinctively geographical ontology of inside vs. outside: cooperation, solidarity and democracy may be permitted *within* an urban territory; but beyond it, a logic of market anarchy, profit maximization and cut-throat interspatial competition is to reign supreme and unchallenged. While the authors of the Urban Future 21 Report enthusiastically affirm inter-urban competition as a means to allocate resources efficiently, in practice such competition operates primarily as a redistributive *political* mechanism through which municipal governments constrain one another to transfer local surpluses to transnational capital in the

⁸ This institutional framework is widely viewed as one of the overarching causes underlying the massive levels of racial segregation and sociospatial polarization that prevail in US cities.

form of investment incentives and other subsidies.⁹ The result is a highly fragmented vision of global and national political space characterized by dramatically intensified uneven development, inequality, polarization and competition between subnational entities such as regional and local governments both within and beyond national borders.

I am extremely doubtful, therefore, that the discourse of good governance articulated in the Urban Future 21 World Report signals the emergence of a softer, milder or more moderate form of urban economic policy in contemporary cities. The issue, rather, is the attempted construction of what Joachim Hirsch has recently termed a “sustainable neoliberalism”—that is, a form of neoliberal politics that can effectively manage or displace its internal social contradictions beyond the short-term temporal horizons of early neoliberalism. As Hirsch notes, the mainstream social democratic project of the so-called “Third Way” is focused above all upon “strengthening the national-competition state for global competition in a somewhat longer time-frame.”¹⁰ Within this “reformist” vision, the neoliberal politics of productivism, labor discipline and market fetishism remain essentially unchallenged. The main qualitative modification of “sustainable neoliberalism” consists in the effort to superimpose new *politically mediated* mechanisms of crisis-displacement upon the traditional neoliberal cocktail of unleashed markets, enhanced commodification and intensified interspatial competition. Good governance amounts to nothing other than the ideological expression of this survival strategy.

It remains to be seen whether the powerful contradictions inherent within this modified neoliberal-productivist project will provide openings for more progressive, radical democratic reappropriations of urban space, or whether, by contrast, neoliberal agendas will be integrated ever more directly into the institutional structures of national and local governance. Should this latter outcome occur, we have every reason to anticipate the crystallization of still leaner and meaner political geographies in which cities are forced to engage aggressively in “beggar thy neighbor” policies to attract external investment, in which transnational capital is permitted to opt out from supporting local social reproduction and in which citizens are increasingly deprived of the power to influence the basic conditions of their everyday lives within cities. As we contemplate this scenario of a new urban authoritarianism, David Harvey’s suggestion from over a decade ago remains as urgently relevant as ever before to our struggles to work towards alternative urban futures, grounded upon radically democratic notions of social justice, equality, participation and empowerment:

⁹ See Leitner and Sheppard, “Economic uncertainty, inter-urban competition and the efficacy of urban entrepreneurialism,” cited above.

¹⁰ Joachim Hirsch, “Tote leben manchmal länger. Auf dem Weg zu einem nachhaltigen Neoliberalismus,” in Joachim Bischoff et. al., eds., *Das Ende des Neoliberalismus?* Hamburg: VSA, 1998, 218.

“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 [...] a critical perspective on urban entrepreneurialism indicates not only its negative impacts but its potentiality for transformation into a progressive urban corporatism, armed with a keen geopolitical sense of how to build alliances and linkages across space in such a way as to mitigate if not challenge the hegemonic dynamic of capitalist accumulation to dominate the historical geography of social life.”¹¹

¹¹ David Harvey, “From managerialism to entrepreneurialism: the transformation of urban governance in late capitalism,” *Geografiska Annaler*, B, 71, 1, 1989, p. 16.