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Emergence, Evolution and Entrenchment of Neoliberal Processes. New York City and London 1970s to the present

Aleksandra Piletic

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Abstract

In recent years, both cities and neoliberalism have received an increased amount of scholarly attention in a wide range of disciplines. One of the most influential approaches to tackle cities, neoliberalism, as well as the relationship between the two has been the *variegated neoliberalization* approach, spearheaded by Neil Brenner, Jamie Peck and Nik Theodore. This paper argues that, while this approach indeed makes a substantial contribution to the study of neoliberal processes and their articulation on various geographies, it is nevertheless ontologically limited in providing a full and coherent account of the emergence, evolution and entrenchment of neoliberal processes on various scales. Using a neo-Gramscian approach, this paper therefore explores the ways in which neoliberal processes have emerged out of the historical and material structures of New York City and London, what actors have emerged as central to these processes, as well as how the cities have become central to a reproduction of neoliberalism. The paper concludes by pointing to the merits of an approach which takes as its starting point the inherent 'materiality of ideas,' and calls for further work on the topic.

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...the only “philosophy” is history in action, that is, life itself.

(Gramsci 1971: 357)

List of acronyms

ABA	American Bankers Association
BBA	British Bankers' Association
CLC	City of London Corporation
EFCB	Emergency Financial Control Board
GLC	Greater London Council
IPE	International Political Economy
OECD	Organization for Economic Cooperation and Development
MAC	Municipal Assistance Corporation
NYCHA	New York City Housing Authority
NYLON	New York City and London

Chapter 1. Introduction

Since the 1970s, specific processes have “altered the urban fabric of many cities around the world, producing a set of historically distinctive urban formations” (Curtis 2011: 1925). Urban transformations spanning this forty year time span have not only changed the physical appearance of major cities around the world, but have entailed the widespread transformation of underlying institutional structures. In particular, cities have seen unprecedented expansion of their business and financial districts, as well as a shift towards a multiplication of ancillary services such as firms offering legal, advertisement and communication services. This has been accompanied by rising real estate costs, a decline in social housing schemes, and the subsequent flight of low income individuals from inner cities, accompanied by widespread gentrification. At the same time, the city has acquired transnational status, in many ways surpassing the level of the nation-state. The 2007/8 financial crisis is a prime example of how the city's rising role has resulted in the political, social and economic transformations of other cities, regions and nations around the globe. New York City and London have emerged as prototypes of these changes, and the financial activities occurring on Wall Street and in the City of London respectively have played a fundamental role in giving rise to, as well as nurturing, neoliberal processes on a global scale.

However, in order to fully understand the reason behind the complex transformations undergone by these two cities, it is of crucial importance to lend clarity to the concept of neoliberalism itself. Traditionally understood as a synonym for the market-driven policies of Margaret Thatcher and Ronald Reagan, over time neoliberalism has acquired a wide range of meanings and designations. This – as Brenner, Peck and Theodore point out – has caused some confusion:

“since the 1980s, a perplexing mix of overreach and underspecification has accompanied the troubled ascendancy of the concept of neoliberalism in heterodox political economy. The concept has become, simultaneously, a terminological focal point for debates on the trajectory of post-1980s regulatory transformations *and* an expression of the deep disagreements and confusions that characterize those debates” (2009: 183-4).

In other words, while we understand that neoliberalism entails various political, economic and social transformations, existing literature fails to provide a meaningful account of exactly *how, where* and *why* these transformations occur. In an effort to bridge the existing gap in the literature, Brenner et al. propose a novel reading – the so-called *variegated neoliberalization*

approach – which represents one of the most thorough recent attempts to elaborate on the geographies, modalities and pathways of neoliberalism (ibid.). This approach conceptualizes neoliberalism as the “politically guided intensification of market rule and commodification,” resulting in the “*systemic* production of geoinstitutional differentiation” (ibid.: 184). However, while this approach succeeds in elaborating on some of the transformational tendencies of neoliberalism, it remains silent on numerous points including identifying the conditions which facilitated the rise, as well the actors and interests responsible for the proliferation, of neoliberal processes.

Therefore, by adopting a neo-Gramscian lens this paper aims to offer a more complex account of the regulatory changes that have occurred in the global economy in the past four decades, as well as characterize the precise role of New York City and London in giving rise to these changes. As a result, the contribution of this project seeks to be both empirical and theoretical in scope. In the first instance, by studying the transformations undergone by New York City and London over the past four decades, I hope to provide a more complex account of the tendencies of neoliberal processes in two major cities, as well as make a remark about the general role of cities in relation to neoliberalism. On a deeper, more theoretical level, I hope to make a contribution to the academic debate on the concept of neoliberalism itself, thereby offering an intricate understanding of its origins, transformations and general tendencies on a global scale. Taking *variegated neoliberalization* as its departure point, this paper therefore offers a preliminary investigation of urban neoliberal restructuring, and stresses the importance of a conceptual understanding of neoliberalism for further advances in a wide range of other IPE topics.

Therefore, the main question guiding this research is:

Is the variegated neoliberalization approach a sufficient analytical framework for explaining the emergence and evolution of neoliberalism in a given geoinstitutional environment?

In order to address this question, this paper will proceed in four parts. Chapter 2 will provide a brief overview of the relevant literature; Chapter 3 will provide an in-depth theoretical investigation of *variegated neoliberalization*, before presenting the neo-Gramscian approach as a viable alternative, as well as attempt to shed light on the ways in which cities figure in relation to it; Chapters 4 & 5 will then offer an empirical analysis of the emergence and

entrenchment of neoliberal processes in New York City and London, and Chapter 6 will offer some preliminary conclusions and suggestions for further work on the topic.

Chapter 2. **Literature review**

There are two distinct strands of literature which have in some respect addressed the role of cities while at the same time dealing with neoliberal restructuring of the global economy. While various strands of political geography and urban sociology have elaborated on the concept of the “global city” and its growing political importance, scholars belonging to the broad camp of heterodox IPE and political science have rather focused on an analytical exploration of neoliberalism, paying minor attention to the roles of place and scale. In order to articulate the pressing need for a theoretical account which takes seriously the role of geography while at the same time offering an exhaustive lens for the study of neoliberal processes, I will first examine contributions stemming from urban studies, followed by those from IPE/political science.

THE CITY AND NEOLIBERALISM

Literature belonging to the fields of political geography and urban studies has engaged with the “larger historical movement of industrial capitalism” and so-called “city forming processes” since the contributions of Manuel Castells and David Harvey in the early 1970s (Friedmann 1986: 69). These approaches were most concerned with the origins of urban crises of cities like New York and Paris in the 1960s and 70s, as well as the relationship between cities and wider capitalist processes (Curtis 2011: 1929). However, changes to the global economy in the 1970s shaped the discourse on cities to reflect the rescaling of the relationship between the city and the state (ibid: 1928). It was at this time that research on cities began reflecting various elements of the IPE agenda; John Friedmann in his *World City Hypothesis* posited that “the internal life of cities and the form that such cities take, in terms of their built environment and morphology, could only be understood by reference to their connections at the international level and the functions for the global economy” (ibid.: 1929). This sparked an entirely new wave of research and a range of novel theorizations on the topic of the “global city.” Saskia Sassen’s eponymous book deals with the centrality of cities to processes of globalization, theorizing them as “‘basing points’ in the spatial organization and

articulation of production and markets” and pointing to their occurrence as an inherently new historical phenomenon, a characteristic of post-industrial society (Sassen 2001: 3).

As Curtis points out, investigations on the global city from the 1990s onwards were mainly characterized by networked and relational approaches – from Castells' work on the network society to Peter Taylor's reconceptualization of the city as a processual entity, comprised of different economic and social flows (2011: 1932). However, accounts from the early 2000s – such as those by David Harvey and Doreen Massey – have re-focused the discourse on cities on the particular historical and material circumstances which have nurtured and given rise to neoliberalism. David Harvey (2007) identifies the New York City urban crisis in the 1970s as one of the major reasons behind the initial restructuring of the city government and consequent reproduction of financial interests. Similarly, Doreen Massey identifies London, and its historical legacy as the center of the British Empire, as an important site for the “construction of the institutional and cultural infrastructure of neoliberalism and market deregulation” (Curtis 2011: 1933).

The aforementioned literature successfully conveys the growing importance of cities, their changing role in the 21st century, as well as the inherently global nature of their local activities; as such, it is a very useful starting point for an investigation on the topic of cities and neoliberalism. However, its analytical reach is limited and it lacks the required theoretical tools for an in-depth investigation of the emergence, evolution and entrenchment of neoliberal processes in two cities. As a result, it is necessary to turn to some theoretical contributions on neoliberalism in the field of IPE.

NEOLIBERALISM AND THE CITY

Early IPE literature dealing with the topic of neoliberalism conceptualizes it either in an inherently materialist way – as an overarching structure or project to restore class power – or ideationally, as a discourse or emergent form of subjectivity (Brenner, Peck & Theodore 2009: 183). The former approach gravitates towards a Marxian lens, portraying neoliberalism as a top-down structure, imposing a set of rules and policies favoring the dominance of a specific class in society (Duménil and Lévy 2006). Here, neoliberalism assumes a static role and is conceptualized as a stage of capitalism with relatively uniform characteristics, as well as a well-defined hierarchy (Gill 1996). Approaches with an ideational conceptualization of

neoliberalism, on the other hand, portray neoliberalism as a set of shared meanings and practices that represent a “global assemblage” of interacting situated knowledges and forms (Collier & Ong 2005). In other words, neoliberalism is viewed as a mutable force without predetermined and constant attributes – a “logic of governing that migrates and is selectively taken up in diverse political contexts” (Ong 2007: 3). In recent times, however, a range of approaches have awarded both ideational and material elements equal weight – as well taken seriously the complex interplay between the two – and have been able to offer a more nuanced account of the nature of neoliberal processes. Thus, present literature now ranges from defining neoliberalism as a “hybrid form of governmentality,” to a “context-dependent regulatory practice,” as well as most recently, “an historically specific, unevenly developed, hybrid, patterned tendency of market disciplinary regulatory restructuring” (Brenner, Peck & Theodore 2009: 183). As the latter conception of neoliberalism – belonging to the *variegated neoliberalization* approach – is the most significant for the purposes of this paper, I will examine it in further detail in the subsequent section.

“VARIEGATED NEOLIBERALIZATION”

The most influential approach for this paper – and the one which has inspired the question guiding this research – is that by political geographers Brenner, Peck and Theodore (2009; 2010; 2013) whose insights have made a meaningful contribution to the study of neoliberalism in itself, while at the same time succeeding in providing a thorough account of the role of place and scale in the reproduction of neoliberal processes. Though the following chapter will elaborate on the theoretical implications of this approach in detail, it is important to note at this stage that it argues that neoliberal processes are “*constitutively* incomplete, experimental and ultimately polymorphic,” as well as path-dependent in nature during “each successive wave of regulatory restructuring” (2009: 217). Under this approach therefore, neoliberalism is neither top-down and mechanistic, nor subjective and inconsistent across time and space; rather, it entails patterned rounds of regulatory restructuring which are spread across places through knowledge-sharing mechanisms such as neoliberal policy prototypes, as well as transnationally-imposed rule regimes (2010: 335).

Furthermore, urban spaces are attributed a dual role – rather than just being conceived of as *objects* of neoliberalism suffering the consequences of global economic restructuring, they are also portrayed as fundamental *creators* of these processes in their own right. In the words

of Brenner and Theodore, “cities are not merely localized arenas in which broader global or national projects of neoliberal restructuring unfold. On the contrary...cities have become increasingly central to the reproduction, mutation, and continual reconstruction of neoliberalism itself during the last two decades... Under these conditions, cities have become the incubators for many of the major political and ideological strategies through which the dominance of neoliberalism is being maintained” (2002: 375-6). On the whole, the added value of the *variegated neoliberalization* approach therefore stems from its ability to account for the complex role of cities in the production of neoliberal processes, as well as their tendency to *systemically* produce institutional differentiation (2009: 184).

By placing “systemically produced geoinstitutional differentiation” at the center of a conceptualization of neoliberalization, *variegated neoliberalization* therefore succeeds in offering a nuanced account of the inherent tendencies in neoliberal processes, as well as trace their development over temporal and spatial scales (ibid.: 207). Unlike other accounts, it is able to account for differences in neoliberal regulatory landscapes in different geographical locations, as well as the changes in these same landscapes over periods of time. However, though extensive in scope and thorough in terms of its ability to transcend gaps in the existing literature, the *variegated neoliberalization* approach leaves numerous points – crucial to a comprehensive understanding of the origin, evolution and transformative tendencies of neoliberalism – intact. Namely, how can we explain the emergence of neoliberalism? *Variegated neoliberalization* bestows no analytical weight upon the historical and material circumstances out of which neoliberal processes are borne. Moreover, does this approach methodologically accommodate an investigation of the actors (motivated by a specific set of identifiable interests) who participate in the reproduction of these processes? In order to construct what David Harvey terms a 'moving map' of neoliberal processes, it is necessary to explicitly address the origin of neoliberal processes, the roles of particular agents, the channels through which they operate, as well as the range of interests that motivate them.

Chapter 3. **Theoretical Framework**

In order to highlight the importance of introducing a neo-Gramscian theoretical approach, this Chapter will first conduct an in-depth examination of the analytical contributions of the *variegated neoliberalization* school and then attempt to highlight the ways in which a neo-

Gramscian conceptual apparatus can go a step further in delivering a more substantial and nuanced analysis of the effects of neoliberalization processes. It will conclude by reflecting on the specific roles of New York City and London – and the general roles of cities – in relation to the emergence and evolution of neoliberal processes.

AWAY FROM “VARIEGATED NEOLIBERALIZATION”...

The approach put forth by Brenner, Peck and Theodore conceptualizes neoliberalization on two distinct analytical levels: through the **uneven development of neoliberalization** and the **neoliberalization of regulatory uneven development** (ibid.). In the first instance, the **uneven development of neoliberalization** is conceptualized as the initial moment of regulatory restructuring during which various intellectual-political structures (particular to late stages of Keynesianism) made way for the establishment of a series of market-centric regulatory “incursions, experiments and transformations” (ibid.: 212). Brenner et al. argue that it was during this time that a specific set of ideas – such as liberalism of the Austrian school, German Ordoliberalism and ideas of the Chicago school – were deployed in order to support the aforementioned intensification of market-oriented institutional restructurings. However, the institutional patterns left behind by earlier Keynesian institutional structures generated a milieu such that early neoliberal ideologies were absorbed by different places in different ways. This resulted in “strategically selective appropriations of neoliberal economic doctrines, and strategically customized, intensely combative applications of the latter to contextually specific formations of regulatory failure” (ibid.: 213). As Peck and Tickell point out, this moment marked the transition from “proto-” to “roll-back” neoliberalism – i.e. when the philosophical project of the early 1970s became reconstituted as the tangible political project of the likes of Margaret Thatcher and Ronald Reagan (2002: 388). In sum, the initial phases of neoliberalism were crisis-enabled, structured by inherited Keynesian institutional forms, shaped by the already available ideologies represented by the likes of Friedman and Hayek, as well as inherently disjointed and variegated in nature.

The subsequent **neoliberalization of regulatory uneven development**, however, is viewed by Brenner et al. as the deepening of these initial processes of neoliberalism. While the initial phase was inherently disarticulated, it was only at this later stage that neoliberalization became articulated and tendential in scope, contributing to the accelerated “dissemination and imposition of market-oriented regulatory transformations” which promoted “their naturalized

popular acceptance as necessary adjustments to ineluctable economic laws” (ibid.: 214). In other words, Brenner et al. argue that the deepening stages of neoliberalism involved the embedding of the series of scattered market-oriented institutional incursions into the broader rule regimes they had come to define, such that market-rule had become locked-in as the logical system according to which institutions should operate and daily life should be conducted. This produced a series of entrenched, long-term market-oriented projects which were intended to conduct a complete overhaul of the crisis-riven Keynesian institutional framework, and establish reinvented and reformed policy sets vis-à-vis the education, tax and health systems, as well as other institutional clusters.

As a result of these two successive steps, we can see that the analytical tools provided by the *variegated neoliberalization* approach successfully elucidate the “path-dependent, unevenly layered and patterned evolution of neoliberalization processes during the last three decades” (ibid.: 211). As a result, we are able to understand why the neoliberalism that we see in the United Kingdom, for instance, exhibits different properties to the neoliberalism we see in China. We are also able to understand why the neoliberalism in the United Kingdom in the early 1980s was an entirely different species to the neoliberalism in place today. Moreover, in spite of these various differences, we are nevertheless able to understand neoliberalism as a unitary, structural phenomenon, one that is characterized by differentiated commonality and possesses a common thread of market-oriented regulatory restructuring throughout.

However, in attempting to discern whether it is a sufficient analytical framework for explaining the emergence and entrenchment of neoliberal processes, I will argue that *variegated neoliberalization* possesses numerous conceptual lacunae which impede a comprehensive understanding of neoliberal processes: (a) the conceptualization of the crisis of post-Keynesianism, (b) the origin and role of neoliberal ideas, as well as (c) the ways in which agents produce and reproduce the neoliberal setting. In order to address these various lacunae, it is necessary to acknowledge the inherently “material structure of ideas” (Bieler & Morton 2008: 118). In other words, *variegated neoliberalization* posits the 'material' realm – most notably in relation to the crisis of Keynesianism – merely as “a set of conditions separate from the ideas we hold about the world” (Bruff 2011: 395). It presupposes the existence of neoliberal ideas and introduces them as the ultimate guiding points for the development of neoliberalism, thereby leaving the material conditions of crisis conceptually neglected, existing merely through the path-dependencies of previous institutional

configurations. In the eyes of the scholar of neoliberal transformations, this remains a serious problem. By “disembedding intersubjective ideas, norms and values from the social relations in which they cohere,” we leave our analysis prone to numerous unanswerable questions (Bieler & Morton 2008: 109). As Bieler and Morton point out, some of these questions are:

“Whose values and beliefs have constituted or embodied state identities and interests and the relevant constitutional structure of the international society of states? Which agents shape the core intersubjective beliefs of underlying social and world orders? Why does a particular set of ideas become part of the structure and not another? As it stands, there exists an under-theorized notion of power across social constructivist perspectives that fail to ascertain whose interpretations come to constitute the social world and why they do so” (ibid.).

Thus, it becomes clear that, in order to arrive at an account of the ways in which neoliberalism emerges and evolves in a given geoinstitutional framework, it is necessary to push past the *variegated neoliberalization* theory proposed by Brenner et al. and rather employ an approach which is fundamentally aware of the centrality of production to all forms of social existence and social life (Cox 1987: 1). In order to do so, I will therefore adopt a completely different starting point than *variegated neoliberalization* and focus on the ways in which transformations in the material environment in the 1970s have given rise to a specific set of ideas, values and beliefs; how these ideas, values and beliefs have in turn been appropriated by a specific set of actors; and finally, how these actors have further transformed the material realm to suit their own needs and interests.

... TOWARDS A HISTORICAL MATERIALIST NEO-GRAMSCIAN APPROACH

This paper will therefore adopt a baseline definition of neoliberalism as a variegated process, but one which originated out of a crisis in the dominant, Keynesian mode of production, and has subsequently been created and re-created through the dialectical interaction between a specific set of ideas and the economic realities in which they have found their justification (Gramsci, as cited in Bieler & Morton, 2008: 119). It seeks to “extend competitive market forces, consolidate a market-friendly constitution and promote individual freedom” (Jessop 2013: 70). But in order to unpack the ways in which this process has evolved over time and space – and offer an alternative to the *variegated neoliberalization* analytical approach delineated above – I will employ (a variety of) the neo-Gramscian conceptual apparatus (Macartney 2011; van der Pijl 1998; Bruff 2008). The remainder of this chapter will therefore proceed to briefly sketch the contours and development of neo-Gramscianism in general, and

then introduce the different conceptual components which will be employed for the purposes of conducting an analysis of neoliberal processes.

The neo-Gramscian approach originated in the early 1980s through the reworking of the general conceptual framework of Antonio Gramsci, an Italian Marxist theoretician and politician. The initial contribution to IPE can be attributed to Robert W. Cox, whose two articles in 1981 and 1983, reflected on contemporary transformations in the world order and proceeded to introduce the concept of hegemony as an explanatory factor for these transformations (Bieler & Morton 2001: 5). As Bieler and Morton (2003) point out, these developments in the field of heterodox IPE should be viewed as part of widespread disillusionment with positivist IR approaches in academia at the time, and a general recognition of the insufficiency of such analytical frameworks in accounting for certain contemporary changes taking place on a global scale. The need to transcend state-centric accounts and rigid distinctions between state and market, as well as incorporate the role of identity and ideas into the analysis of international phenomena, became clear.

However, in spite of the aims they shared with other heterodox approaches, neo-Gramscian scholars distinguished themselves in terms of their differing ontologies and epistemologies – both from other non-positivist approaches, of course, as well as amongst each other. As a result, a wide range of approaches within the broad church of neo-Gramscianism has emerged, depending on the individual conceptualizations of the dialectic relation between the material and the ideational, as well as the role of crises (Macartney 2008). I will skip a detailed account of the debates internal to the neo-Gramscian school as they are beyond the scope of this paper and rather point to the merits of the approach which highlights “certain (organic) material-economic phenomena as primary moments in a dialectical nexus” (ibid.: 432). In line with this conceptualization, I propose an analysis focusing on three skeins: the **historico-material environment**, the **fractions of capital**, as well as “**common sense**” (Macartney 2011: 25-26). It is important, however, to note that these three conceptual levels are considered in a relatively independent fashion to each other only for analytical purposes, as the aim of this account is precisely to lend clarity to the “internal relationship of the impulsions-agency-common sense nexus” (ibid.: 26).

To begin with, the **historico-material environment** should be understood in terms of the (aforementioned) “ontological primacy of social relations of production” (Overbeek 2000:

168-9). The historico-material environment refers to the dominant mode(s) of production, its inherent crises and impulses, as well as the social relations which it conditions. Therefore, in a way, the historico-material environment can be understood as that which has been created and exists as a result of the dominant mode of production prior to the formation of a particular social class (van der Pijl 1998: 32). In the context of this project in particular, this will involve the investigation of the urban crises and historical circumstances which led up to neoliberal restructuring within both New York and London.

The **fraction of capital** can be defined as a functional division within total capital (e.g. money, commodity and productive capital) “around which, at a more concrete level and in historically specific combinations, *class fractions* take shape” (ibid.: 3). Marx argues that capital has different functions according to the prevailing 'rules of the game' at a given point in time and that, depending on the dominance of a particular fraction, different classes in society tend to thrive. This in turn leads to different societal outcomes: while a commodity capitalist begins with a commodity and looks for a way to increase the amount of that commodity, a money capitalist rather begins with an investment and looks to the return of a greater investment (Marx, as cited in Macartney 2011: 29). In sum, the 'fraction of capital' is a useful analytical tool for identifying the actors and interests who converge and prosper as a result of the dominant mode of production. In this paper, this will particularly refer to the money (i.e. financial) fraction of capital, as well as the class fraction which converges around it.

Common sense embodies the role of ideas in the proliferation of the dominant mode of production, and is a fundamental tenet of neo-Gramscian theory. Defined as the “spontaneous philosophy of the multitude” (Gramsci 1971: 421), it therefore allows an understanding of the reason “*why* a certain set of ideas, rooted within...material relations, dominates at a particular point in time” (Bieler & Morton 2008: 123). More specifically, it is that worldview which is absorbed by an average individual as a result of the social and cultural environment in which he/she develops – it is articulated as 'general' interest while in reality it reflects the specific interests of the dominant class fraction (van der Pijl 1998: 4). Common sense is of crucial analytical importance as an investigation without it would fall prey to some of the shortcomings of traditional top-down and deterministic Marxian approaches. It will play an important role in this paper as it will allow us to delve into the channels through which

neoliberal ideas are articulated and the ways in which they produce variegations, as well as patternings.

HOW DO CITIES FIGURE?

As mentioned in Chapter 1, one of the primary aims of this paper is to offer an empirical account of the neoliberal transformations undergone by two major cities, while at the same time attempting to make a general comment about the role and increasing importance of cities in relation to neoliberalism. For this purpose, it is therefore necessary to lend clarity to several questions that arise as a result: namely, what is the particular relevance of the two chosen cities? Also, what is the reason behind choosing *two* cities (rather than focusing on one; or introducing more)? And can cities as exceptional and idiosyncratic as New York and London even be used to make any general statements about the relationship between cities and neoliberalism?

To begin with, New York City and London (henceforth: NYLON) have been widely acknowledged for their multifaceted and far-reaching importance in today's world – Saskia Sassen terms them “global cities” for containing the key structures of the world economy, where control and management has become concentrated (2001: 5); Manuel Castells points out that the “New York experience illuminates not just one great city, or indeed all large cities, but the forces affecting most of the globe” (1991: 5); and Doreen Massey argues that globalization is made in places and highlights that one of the key localities where financial globalization was “invented and orchestrated” is London (2007: x). As a result, these two cities by definition provide particularly interesting material for the study of economic restructuring around the globe since the 1970s. The immediate relevance of NYLON in terms of studying neoliberal regulatory transformations is, therefore, obvious. What is less obvious are the *whys* and *hows* of the ways in which NYLON have emerged as bastions of – as well become largely synonymous with – neoliberalism. In attempting to provide an answer to these *whys* and *hows*, I believe I will simultaneously be able to provide an answer to the question guiding this research paper – i.e. whether the *variegated neoliberalization* framework is effective in explaining the emergence and evolution of neoliberal processes. A comparative approach therefore serves the purpose of highlighting the nuanced patternings and variegations of neoliberal transformations – something that would have been a much harder task by studying only one city. On the other hand, a comparison employing more than

two cities would have been beyond the scope of a paper such as this one: it would have neglected the inherent uniqueness of NYLON in relation to neoliberalism, as well as precluded a deep and thorough analysis of each city.

This brings us to the final dilemma – namely, does the uniqueness of these two cities indeed render them highly ungeneralizable to other urban contexts? After all, how can the lessons offered by studying the neoliberal transformations in megalopolises like New York or London say anything about its origin in comparatively 'peripheral' cities such as, for instance, Stockholm or Buenos Aires? Surely these two cities (or any other, for that matter) would have to be studied in their own right for any meaningful conclusion to be able to be reached regarding the nature and pathways of their own neoliberal processes. While this is a valid remark, it neglects the inherently dialectic and dynamic role of cities and fails to recognize that while NYLON are indeed two exceptional cases, they also exhibit certain shared characteristics which can be generalized to other urban contexts. In fact, NYLON are exceptional cases as they have directly participated in the engineering of neoliberal processes since the 1970s and 80s; as a result, they have experienced neoliberalism much longer and at a much deeper level than most other cities around the world (Brenner & Peck 2002: 372). However, even though they have been at the forefront of global neoliberal shifts since the 1970s and 80s, NYLON have also exhibited certain regulatory shifts – e.g. the restructuring of the urban welfare apparatus, the increasing emphasis on public-private partnerships, the minimization of the urban budget, the entrepreneurialization of the public sector, to name a few – which have been characteristic of urban neoliberal transformations throughout the world.

As a result, the 'exceptionality' of New York and London should not be taken to hinder a broader understanding of the roles of cities in relation to neoliberal processes. Rather, an analysis of the dynamic processes of neoliberalism in NYLON is only able to offer a deeper and more nuanced account of the origins, pathways and evolution of neoliberal processes, as well as address the role of cities in relation to these processes. As the initial 'architects' of neoliberalism, NYLON are perhaps the only cities which are able to offer an explanation as to *why* and *how* neoliberal shifts took place in the late 1970s and early 1980s, what are some of the consequences of this shift, and thereby lend clarity to the concept of neoliberalism on a larger scale.

Chapter 4. **Historico-material origins of NYLON neoliberalism**

In this Chapter, I will unpack the various economic structures in place in New York and London prior to the emergence and entrenchment of neoliberal processes. This will be guided by Kees van der Pijl's remark that "any discussion of class formation must take into account the sediments and living remnants of past history, which remain relevant to the structure of a society subjected to the discipline of capital" (1998: 32). As the historical starting point, I will therefore take the "Golden Age" of post-WWII capitalism¹ and focus on the consolidation and crisis of Keynesianism in the two contexts. In order to limit my empirical study in an approachable yet useful way, I have chosen to utilize housing as an analytical entry point to studying neoliberalism in cities. As Hay argues, this has not been derived from the "typicality of its context," but rather from the awareness that shifts in housing policies are able to reveal much about the dominant mode of production (1992: 28).

New York City: Industrial Clusters, Public Housing and the Coup

At the end of the Second World War, New York City was a working class city and heavily reliant on its manufacturing and construction industries (Freeman 2000). In 1950, 2.6 million workers employed in New York – out of a total of 3.3 million – were blue-collar, working class citizens. Out of these 3.3 million workers, 28% were employed in manufacturing, an industry nurtured vis-à-vis the city's role as a major commercial hub (ibid.: 8; 18). For a long period of time, its harbor, access to the Erie Canal and railroad infrastructure "made it an ideal entry point for goods and people" and boasted an employment of approximately 400,000 workers (ibid.: 18). The significance of the city's economic activity was not limited to the employment it generated – it was also closely linked to the way urban space was produced and organized. As a result of the need of manufacturers to be situated in close proximity to the wholesalers, subcontractors and service firms to facilitate the "cheap, rapid transfer of material and frequent face-to-face communication," the manufacturing industry congregated in compact industrial clusters (ibid.: 12). Thus, the (still famous) New York 'Garment District' – the manufacturing cluster of women's and children's clothing – was located within eighteen blocks of loft buildings in Midtown Manhattan (ibid.). The 'Fur District' also occupied a particular geographic space nearby, and the millinery industry was

1 The "Golden Age" is taken as the period between the 1940s and the early 1970s.

situated in a single building (ibid.: 13). This type of clustering was prevalent in many other sectors of the economy – there was an insurance district, a leather district, a diamond center, as well as – of course – Wall Street.

TABLE 1. NEW YORK EMPLOYMENT BY INDUSTRY, 1950-87 (THOUSANDS)

	1950	1960	1970	1980	1987
Manufacturing (including mining)	1041	949	768	497	387
Construction	123	125	110	77	112
Transportation and utilities	332	318	323	257	216
Wholesale and retail trade	755	745	736	613	633
Finance, insurance and real estate	336	386	460	448	532
Services	508	607	785	894	1106
Government	374	408	563	516	589
TOTAL EMPLOYMENT	3468	3538	3745	3302	3575

Source: Fainstein 1990.

TABLE 2. LONDON EMPLOYMENT BY INDUSTRY, 1961-81 (THOUSANDS)

	1961	1981
Manufacturing (including mining and agriculture)	1468	690
Construction	281	165
Transportation, utilities, wholesale distribution	740	663
Retail trade	506	300
Finance and business services	462	593
Other services	384	265
Government (health, education, welfare, public administration)	606	890
TOTAL EMPLOYMENT	4447	3566

Source: Fainstein 1990.

The clustering of industrial activities in many ways made specific parts of the city synonymous with certain occupations and lifestyles. As Freeman points out,

“the industrial geography of New York, divided as it was into specialized economic zones, imparted a particular character to the city's economic life, labor relations, and even its culture. Areas like the garment district or the diamond district were chock-full of restaurants,

cafeterias, bars, clubs, employment agencies, and union halls where employers and workers exchanged information, sought work or workers, socialized, organized, and developed shared ideas about life, work and politics. Managers and workers – even owners – often identified more with their trade than with a particular company” (ibid.: 14).

Thus, the lives of New Yorkers were directly informed by their livelihoods, and the ideas they constructed about the world around them were intimately related to their daily material practices.

The lives of New Yorkers were also inherently defined by their housing opportunities and the neighborhoods which they inhabited. After the Great Depression, the government had placed emphasis on construction of public housing as a strategy to generate employment and provide accommodation for the “submerged middle class” (Schwartz 1993: 32; Atlas & Dreier 1994). In particular, the US Housing Act of 1937 emphasized the U.S. government's commitment to promoting the “general welfare of the Nation” by assisting cities in addressing “the shortage of housing affordable to low-income families” (Committee on Financial Services 2003: 116). In addition to providing a framework for the development of government subsidies for housing, this Act went a step further and advocated for an “income mix within projects” in an attempt to ensure there was no concentration of citizens according to income or demographic. It provided incentives for higher income bracket individuals to occupy projects with lower income ones, as well as prohibited the “concentration of low-income families” in the aforementioned tenements (ibid.: 214-5). This led to the construction of over 175,000 public housing apartments in 290 communities by 1942 (Atlas & Dreier 1993).

However, the end of WWII and a changing political climate precipitated a turn in the perception and implementation of public housing schemes. An increasing demand for housing by a growing number of war veterans, coupled with an avoidance of “collectivist visions of a welfare state” due to an expansion of negative sentiments towards the spread of socialism, caused a reorientation in urban policy (Skocpol 1987: 50). Increasing downward pressure was exerted on public housing, effectively allowing it to be made available solely for individuals in the direst situations (Bloom 2008: 208). This was concretized in policies such as the Housing Act of 1949 which effectively lowered the maximum income limits for individuals who wished to be admitted to public housing, ordered the eviction of existing tenants who exceeded these new limits, and gave priority to war veterans with disabilities and their families (Committee on Banking and Currency 1949: 3). As a result, it was not long

before the demographic make-up of New York City's public housing experienced a dramatic change. By the end of the 1960s, as public housing became “concentrated with more troubled and now empowered welfare tenants,” an increasing number of working poor chose to vacate public housing due to the undesirability of living conditions (Bloom 2008: 211). This led to an exponential increase in “rent delinquency, family disturbances, complaints of loud and noisy parties, and misbehaving teenagers” and a consequent “declining reputation of public housing” (ibid.). Therefore, it was not long before the New York City Housing Authority (NYCHA) was not able to pay its own bills (ibid.: 214).

In 1968 the chairman of NYCHA, Albert Walsh, proclaimed: “Let there be no doubt about it, public housing is not heading for a fiscal crisis; it is already in a fiscal crisis” (ibid.). However, it was not only public housing that was in crisis. Manufacturing – along with other industrial sectors – had also been experiencing a steady decline since the end of the 1960s resulting in increased unemployment levels (Ehrenhalt 1993: 41; Tabb 1982: 10). Growing dissatisfaction with public services led to recurrent social unrest by marginalized groups, as well as an increase in public discourse reflecting widespread disillusionment and perception of New York as an “asphalt jungle” and “ungovernable” (Greenberg 2009: 8). The city was waning and it seemed that “throwing money at the problem” was not helping – in June 1975 it was indebted by \$12.3 billion (Tabb 1982: 13; 25). The crisis eventually culminated in October 1975, when the city government was compelled asked for federal assistance. However, the response was bleak at best – President Gerald Ford famously declared his refusal to provide a bailout², insisting the city should resolve its financial quandary on its own accord (ibid.: 27). This had delivered New York its final *coup de grâce* (Fainstein 1990: 561).

The way New York City's fiscal crisis was resolved in 1975 has become famous – not only through its own example, but also in its similarity to many other cities and countries which have subsequently undergone comparable crises – namely, through austerity (ibid.: 21). All authority over the city budget was taken away from elected officials and awarded to the Municipal Assistance Corporation (MAC)³, a council composed predominantly of investment

² The famous newspaper headline stated – “Ford to City: Drop Dead” (Tabb 1982: 27).

³ The MAC was a state agency established by elected officials from the city government, but headed by Richard Shinn, the president of the Metropolitan Life Insurance Corporation and operationalized by a group of banking executives (Tabb 1982: 25). It was intended to provide New York the funds it could no longer borrow on its own (ibid.).

bankers who set out to reprioritize budgetary spending to the advantage of the financial sector (Harvey 2006: 8). Then, the Emergency Financial Control Board (EFCB) was established with the purpose of enacting austerity measures and effectively incorporating private sector actors into the city's decision making processes.⁴ Quickly, the city no longer had any autonomy over its budget or its policy-making processes. This is what David Harvey called "a coup by the financial institutions against the democratically elected government of New York City" (2007: 45). The subsequent period was characterized by cutbacks to city spending on low-income people, and a resulting termination of distribution programs (Fainstein 1990: 561). In 1977, Edward I. Koch was elected as mayor, stressing the city's new emphasis on economic development rather than social welfare policies. He professed: "I speak out for the middle class. You know why? Because they pay the taxes; they provide jobs for the poor people." (Koch, as cited in Fainstein 1990: 561).

London: Post-war socialism, crisis in planning and the Thatcherite shift

Across the Atlantic, a similar phenomenon was occurring – as Susan Fainstein notes, "London, like New York, experienced a postwar history marked by an initial period of growing prosperity followed by decline" (1990: 566). In the immediate post-war period, the 1949 Labor government led by PM Clement Attlee gained an absolute majority in the House of Commons and could, for the first time, implement its social and economic program from start to finish⁵ (Schneer 1985: 733). The most consequential aspect of this program was its sweeping commitment to the nationalization of key industries – i.e. the Bank of England, the fuel and power industries, inland transport, coalmines, as well as the iron and steel works (Brown 2001). In addition, the Attlee government carried out a thorough set of welfare reforms which saw the birth of the National Health Service, as well as an extension of the framework of national insurance (ibid.). Subsequent governments had diverged to a greater or lesser extent from the radical policies that Labor implemented from 1945 to 1951, but nevertheless, a "path of consensus" remained and Keynesianism left a substantial mark on the postwar age (Toye 2013: 4).

4 The EFCB was an institution made up of the governor, mayor, the state and city comptrollers, as well as three representatives from the corporate world that had been selected by the governor (ibid.: 26). Its purpose was to implement austerity programs and "review, supervise and veto if it desired all of the city's financial dealings, including labor contracts, and to approve the city budget" (ibid.: 30; 26).

5 "The Labour Party is a Socialist Party, and proud of it" was the party's 1945 election manifesto (Brown 2001).

One of the primary concerns of the postwar government was therefore the redevelopment of London and the urban infrastructure that was heavily damaged by air raids (ibid.: 565). As Lord Woolton, a wartime Tory minister, pointed out in September 1944, “of all the problems facing on the Home Front, housing is the most urgent and one of the most important from the point of view of future stability and public contentment” (as cited in Malpass 2003: 594). In many ways therefore – unlike in New York City – initiatives for urban redevelopment were distinctly portrayed as being in the wider, national public interest. Programs for redevelopment functioned through a much more centralized and articulated planning framework, something also not characteristic of the US context (Fainstein 1990: 566). Thus, in the period ranging from 1940 to 1955, three major reconstruction strategies had been published – the *County of London Plan* of 1943, the *Greater London Plan* of 1945 and the *Development Plan* of 1951 (Garside 1997: 22). These strategies saw the reconstruction of the city's war-torn landscapes as part of a wider mission: the “reprogramming” of the city as a “microcosm for the wider inclusive national community at the heart of the new welfare state ideologies” (Hornsey 2008: 98).

From 1951 to 1973, British GDP experienced a steady – though modest – upward trend of 2.8 percent per annum as well as a continued decrease in unemployment figures, down from 12% in 1931 to 1.8% in 1951 (Ward 2004: 108). All in all, full employment and higher wages led to an economic boom, as well as the creation of a mass consumer society. Consumer goods like the motor car and television became readily available and virtually universal by the early 1970s (ibid.). Out of the post-war working class society, a consumer middle class was gradually emerging (ibid.).

The positive effects of such shifts notwithstanding, there was an inherent disruption in the values espoused by the post-war planning strategies. As collective interests saw their ideological decline, it was becoming increasingly clear that wartime collectivism was reaching its expiration date (ibid.). The resulting effect was an increasing aversion towards the post-war planning strategies and their perception as inherently bureaucratic, inefficient and unable to meet housing needs. By 1958, it became clear that fewer than 10,000 houses had been provided by all the schemes (Ward 2004: 104). As Ward points out, “[p]lanning was to be one of the means of achieving [housing, full employment and social security], but there was little interest, especially working-class interest, in planning for its own sake” (ibid.). Moreover, the New Towns strategy quickly became a problem as they became “irritating to

pre-existing populations of the areas while failing to address metropolitan housing needs on any scale” (ibid.).

The crisis in accumulation had become more than evident during the mid-1970s, when inflation surged to a staggering 26%, nationalized industries began trickling out government resources, and social tension culminated in a series of strikes and confrontations between the state and the unions (ibid.). A balance of payments crisis mirrored sizable budget deficits, forcing the government to seek help from the IMF thereby “mortally wounding financial interests in the City of London” (ibid.: 58). This had given London's financial sector increasing motivation to take the lead in the promulgation of a deregulated economy, thereby becoming an intrinsic part of “inventing and taking the lead in” developing a reworked international economy (Massey 2007: 44). By the 1970s, a strong opposition to the welfare state had formed. Criticisms became particularly widespread during this time as citizens feared Britain was becoming “a corporatist state, ground down to a gray mediocrity” (Yergin & Stanislaw, as cited in Harvey 2007: 57). As David Harvey highlights, the “undercurrent of thought represented by Hayek constituted a viable opposition” (ibid.).

As Massey points out,

“London is what it is today as a result of the victory of the neoliberal, deregulatory forces dominated by a City that had long favoured such a perspective and that now, with the Keynesian, social democratic and relatively egalitarian settlement so plainly in trouble, saw its chance and took it” (2007: 80).

It was therefore no wonder that the Conservative Party's presentation to the electorate in the late 1970s was widely successful. By relying on a combination of populism and a critique of the 'welfare consensus', Thatcherism articulated itself as a “radical alternative articulated in an externally consistent and wide ranging new ideology” (Hay 1992: 44). The recessionary economic climate and a consequent disenchantment with the “cloying welfarism’ of the post-war settlement” brought Margaret Thatcher to power in the UK in 1979 (ibid.). However, her prowess over London was sealed only in the mid-1980s, after her dissolution of the Greater London Council (GLC), the top-tier administrative body of the city. Namely, as Thatcher’s policies riveted the London working class, one of the sole remnants of resistance could be found in the GLC which, Massey argues, was “neither a simple defense of the old nor a capitulation to the emerging neoliberalism” (2007: 31). The GLC had become famous for their criticisms of Thatcher and by staging various acts of opposition; seated in the County

Hall – opposite the Houses of Parliament in London – on one occasion they had famously displayed the city’s unemployment numbers from the roof (ibid.: 30). The dissolution of the GLC was therefore an enactment of Thatcher’s rhetoric: “there is no alternative.”

As can be seen in the historical conditions of the two cities, it was therefore out of a crisis of accumulation that a set of new ideas and interests emerged, thereby creating “a terrain more favorable to the dissemination of certain modes of thought, and certain ways of posing and resolving questions involving the entire subsequent development of national life” (Gramsci 1971, as cited in Macartney 2011: 25). In other words, the crisis in Keynesianism was responsible for providing favorable conditions for neoliberal restructuring. In order to trace the ways in which agents converged around newly emerging interests and ideas, consolidating their position and influence, I will now turn to the fractions of capital.

Chapter 5. The Fractions of Capital and Neoliberal Common Sense

This Chapter will delve into an exploration of the agents at the heart of neoliberal processes, as well as their articulation on the urban, national and transnational scales. It will argue that financial fractions of capital can be conceptualized as a network of interconnected, contemporaneously acting institutions which articulate their specific interests into all levels of government. It will conclude that the concerted incursions of these fractions into the media, academic communities and the like, provide the chief organizing principle for the reproduction of a neoliberal common sense, which provides a further basis for the construction and reconstruction of neoliberal processes over various geographies and temporal scales.

FRACTIONS OF CAPITAL

As Huw Macartney points out, a “linear, causal account” of the ways in which fractions of capital articulate their interests should be rejected (2011: 66). As a result, the purpose of this section will be to attempt to delineate the broad network of alliances which allows financial interests to be articulated on multiple geographic and temporal scales. For conceptual purposes, I will consider the formation of class fractions on three different scales: the urban, national and transnational; first, by examining the nexus between urban government and

finance in both New York and London, then by performing a brief overview of trade associations which operate on the two national levels, and finally by commenting on the way in which these two levels operate in tandem to form the Atlantic fraction of capital.

On the urban level

As mentioned in the previous Chapter, the 1970s in NYLON had brought about a set of changes in both cities which had – albeit in drastically different ways – incorporated and consolidated the role of the private sector in relation to the government. In New York, this had been a result of the actions of the federal government which had left it to its own devices in the follow up of its fiscal crisis, thereby precipitating the formation of private sector-led public institutions such as the MAC and the EFCB. In London, the opposite had occurred: rather than granting the city increased autonomy to resolve its crisis, the Thatcher government dismantled the Greater London Council (GLC).

After the GLC was abolished in 1986, London was effectively left without any democratic representation and urban governance was decentralized to local boroughs. Aside from eliminating the option for dissent within urban structures and facilitating the centralization of urban policies at the national level, the decentralization of urban governance also permitted the increased infiltration of business interests into the public sector. In addition, the deregulation of financial markets which took place in 1986 – the so-called “Big Bang” – had further restructured the city to reflect the newly entrepreneurial and free-market culture (Fainstein 1990: 569). The new urban climate thus effectively set the stage for the emergence of new actors at the forefront of urban governance in London – in particular, vis-a-vis the City of London Corporation (CLC).

The CLC serves the function of a local council and is responsible for the 'Square Mile,' i.e. the historic part of London and its foremost financial district. It professes itself as the chief advocate and promoter of the interests of the City as well as in the provision of “local services and policing for those working in, living in and visiting the Square Mile.”⁶ However, its governance structures as well as relationship to other parts of London – as well as the rest of the UK – are rather unique. In addition to the 9,000 individuals with voting rights within

⁶ For more information, please see: <http://www.cityoflondon.gov.uk/about-the-city/who-we-are/Pages/the-city-of-london-corporation.aspx>.

the constituency of the CLC, the right to vote is also awarded to a number of private entities which are located on the territory of the City (Monbiot 2011). Practically, this means that banks, financial firms, and other major commercial enterprises – with the number of votes increasing in direct proportion to size – are able to elect official representatives into public office (ibid.). Furthermore, the precondition to standing for office in the CLC government is compulsory membership of an exclusive society of freemen who belong to medieval guilds called “livery companies” (ibid.). As a result, the cadres who occupy these positions are therefore normally well-to-do professionals, most frequently from the financial sector (ibid.). To further emphasize the inherently undemocratic nature of this political entity, it should be noted that the CLC is the only government body within mainland Britain whose “activities and governance are not defined and limited by statute” (Jones 2013).

In New York City on the other hand, the newly acquired power by the MAC and EFCB had been used for the purpose of the creation of a 'good business climate' (Harvey 2007: 47). This involved channeling public resources towards building the necessary infrastructure for business, as well as formulating subsidies and tax incentives for commercial enterprises (ibid.). City business “was increasingly conducted behind closed doors” thus severely limiting the democratic nature of urban governance, while government itself became “more and more construed as an entrepreneurial rather than a social democratic or even managerial entity” (ibid., Harvey 1989). It was thus on the foundations of this reconceptualization of the role of City Mayor that individuals such as Rudi Giuliani and Michael Bloomberg – both businessmen-turned-politicians – came to lead the New York City government. And while the MAC and EFCB have lost the influence they once had⁷, finance has continued to have a substantial influence upon city affairs. However, unlike in London, this is arguably a direct result of the structural positioning of the NYC Mayoral Office as a nexus between public and private sectors. A prime example of this positioning is the recently elected Mayor, Bill de Blasio, whose electoral campaign rode on a progressive, anti-Wall Street agenda with a slogan of “A Tale of Two Cities” (Walker 2013), yet whose campaign finance relied significantly on the contributions of individuals tied to Wall Street.⁸

7 The MAC voted itself out of existence in 2008 (Lisberg 2008), while the EFCB dropped the word “Emergency” from its title and formally relinquished its power to reject or approve the city’s budget and financial plans in 1986 (Finder 1986).

⁸ In spite of strict campaign regulations in New York City which state that individual contributions to a mayoral candidate may not exceed \$4,950, there still exist numerous loopholes which permit donors to exceed finance limits. The existence of so-called ‘bundlers,’ i.e. lobbyists or other high-ranking executives who

On the national level

On the national level, when studying the articulation of interests of the financial fraction, it is useful to utilize trade associations as entry points. Trade associations can be understood as “fractional rallying points” around which “social forces with similar interests tend to coalesce” (Macartney 2011: 47). In the UK and the US respectively, the two most prominent trade associations are the British Bankers' Association (BBA) and the American Bankers' Association (ABA) respectively.

The British Bankers' Association is an industry body with a membership of over 250 of the foremost financial service providers which make up the world's largest international banking cluster.⁹ It represents the interests of these financial service providers chiefly through extensive and costly lobbying efforts, working to combat the imposition of regulatory constraints on finance, external oversight mechanisms, as well as the promotion of “banking standards” as a viable mechanism for self-regulation (Newman 2011; Annual report 2013). On certain issues, such as the slashing of corporate taxes, it consolidates its lobbying efforts with the City of London Corporation, for which upwards of £92m have been spent annually (Mathiason, Newman & McClenaghan 2012). Lobbying in the UK has become such an integral part of the political process that, as Monbiot points out, “in reality they belong on the inside” because there is “no significant resistance, from either government or opposition, as their interests have now been woven into the fabric of all three main political parties in Britain” (Monbiot 2013). A similar phenomenon is true of the American Bankers' Association and its relationship to the US political process. The ABA serves a similar purpose in relation to the US government. Just like the BBA calls itself “the voice of banking,” the ABA also professes itself to be the “voice of America's \$14 trillion banking industry.”¹⁰ It conducts its primary activities vis-à-vis lobbying efforts in Washington, where it has engaged in a wide variety of activities, including opposition to post-2008 financial reform, as well as advancing the general interests of the banking industry through its political presence (Grim 2010).

bundle contributions to solicit hundreds of thousands of dollars for a candidate, is a prime example of the ways in which interests can be channeled through NYC campaign finance (Zara 2013).

⁹ For more information on BBA, please see: <http://www.bba.org.uk/about-us/>.

¹⁰ For more information on ABA, please refer to: <http://www.aba.com/About/Pages/default.aspx>.

In addition to official lobbying efforts, the financial industries in both the United Kingdom and the United States further strengthen their positions in relation to government structures through various informal practices. The most notable of these practices is the so-called ‘revolving door,’ i.e. the movement of professionals from the private sector “into and out of key policymaking posts in the executive and legislative branches and regulatory agencies” (OECD 2009: 8). A 2009 study of these practices by the OECD concluded that the most numerous connections between the financial industry and the people in charge of regulating it is within three countries: Britain, the United States and Switzerland (ibid.: 47). The same study points out that these practices are of “increased public and governmental concern” as they call into question the integrity of public officials, potentially causing conflict-of-interest situations and structurally facilitating the use of insider information (ibid.: 9). In other words, the ‘revolving door’ practice effectively blurs the line between the government and finance, allowing financial interests to permeate the public sector and guide official oversight, regulation and policy decisions.

TABLE 3. AVERAGE NUMBER OF REVOLVING DOOR CONNECTIONS PER FINANCIAL INSTITUTION BY GEOGRAPHY

	Average no. of revolving door connections
North America (United States, Canada)	2.4
United Kingdom	4.8
Mainland Europe (Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Netherlands, Spain, Sweden, Switzerland)	2.3
East Asia (China, Japan, South Korea)	0.8
Australia	1
Brazil	0.3
India	1
Russia	3

Source: OECD 2009.

On the transnational level

Practices such as the ‘revolving door’ do not resonate only within on the institutional contexts of New York/London and US/UK – rather, they are inherently embedded in a transnational network of agents, such as Citigroup, Morgan Stanley, Merrill Lynch, Barclays and JPMorgan Chase (Macartney 2011: 48). Thus, by tracing the articulation of financial interests on varying scales, we are not only able to see how they are embedded within each

urban/national context, but also how the urban/national context is also inherently transnational in character. By establishing their dominance within the New York City-US and London-UK government structures, these institutions have also entrenched their role as a globally operating fraction of capital.

COMMON SENSE

However, a neo-Gramscian understanding of neoliberal processes would not be complete without an examination of the ways in which neoliberal ideas have come to figure in the construction of neoliberal consent. What therefore remains is an examination of the ways in which common citizens have – through their own thoughts and practices – themselves become the conduits for the reproduction of neoliberal processes. For the purpose of this paper, I will provide a brief overview of the different evolutions of neoliberal ideas in the context of the UK and US, the channels through which they gradually came to be incorporated into the common sense of the general public, and finally how this common sense has altered the relationship between the city and the citizen, allowing for the further reproduction of neoliberal processes. As stated in Chapter 3, common sense will be understood to designate “a relatively rigidified phase of popular knowledge in a given time and place” which is also “in continuous transformation, becoming enriched with scientific notions and philosophical opinions that have entered into common circulation” (Gramsci 1985, as cited in Bruff 2008: 47).

The positioning of the financial fractions which has been fleshed out in the previous section of this Chapter is key to an understanding of the production of the neoliberal common sense (Macartney 2011: 85). After all, the primary concern of these fractions is to secure and consolidate class rule through the embedding of their pragmatic concerns within the general common sense (*ibid.*). In other words, the study of the consolidation of a neoliberal common sense is the study of the way in which principles of liberalization, commodification and privatization have been accepted by the general public as natural and instinctual (*ibid.*).

In the context of New York, it was out of the fiscal crisis that emerged a neoconservative political philosophy which put forward the belief that “people’s expectations as to what government should do for them had sapped the country’s energy and lessened the will to work, and that taxes had risen to the point that they had become a disincentive to the

productive effort” (Tabb 1982: 13). As the urban fabric gradually transformed to reflect the ascendancy of Wall Street interests, the city had seen a surge in privatizations and a drastic influx of private sector money into areas which had until then been considered the public domain. It was during this time that private sector funds began infiltrating universities, various media, as well as civil society institutions such as think-tanks, and NGOs. Over time, these channels have come to reflect an increased amount of support for values such as individual freedom, private property and personal responsibility (Harvey 2007: 40; 23). On a national level, this shift was quickly met with positive acceptance both from the Christian and Republican contexts, thereby institutionalizing neoliberal ideas on an even wider scale.

In London, a similar ideational shift had occurred. However, in the UK, the Conservative Party had played a primary role in articulating a neoliberal ideology. Thatcherite ideology was substantial in scope, and appealed to a middle class which had “relished the joys of homeownership, private property, individualism, and the liberation of entrepreneurial opportunities” (ibid.: 61). Long having been neglected by the promotion of low-income and working class interests by various governmental alliances, the middle class readily adopted values espoused by Thatcher. However, Thatcherite ideology had quickly surpassed the domain of the Conservative Party – ironically proving the truth of the claim “there is no alternative” – leading up to the Labor Party’s adaptation to the neoliberal terrain (Hall 2006: 320). In addition to the incursions into the other side of the political spectrum, neoliberal ideas in Britain had also quickly found their legitimation in “‘business school’ globalization literature which sought to translate its parsimonious generalizations into policy precepts” (Hay & Watson 2003: 291). During the 1990s, therefore, the broad spectrum of neoliberal ideas had come to be circulated throughout editorial columns, financial and business pages – articulating the idea that neoliberal policies and practices had become a “political necessity” (ibid.: 292).

In the specific urban contexts of London and New York, neoliberal common sense can be discerned through the practices of the general public, i.e. through the shift towards a consumer-driven citizenship, fueled by stark individualism acting in tandem with a new appreciation for commercial enterprise. The perception of a New Yorker or Londoner in relation to his/herself, as well as the city itself, has therefore become a form of consumption-driven citizenship (Miles 2012). The city has acquired a ‘consumptional identity’ – by definition inauthentic as it has been constructed primarily for an economic purpose – while

the act of living within the city becomes to *invoking* this authenticity through “shopping opportunities, waterfronts, museums, galleries and themed environments” (Miles 2012: 218). Therefore, it is through the repeated production and reproduction of practices informed by neoliberal ‘common sense’ that neoliberal processes inevitably transform on various geographical and temporal scales.

Chapter 6. Conclusions

In this paper I have made the case that a neo-Gramscian framework is superior for the purpose of analyzing the emergence and evolution of neoliberal processes in a given geoinstitutional context. While *variegated neoliberalization* has made significant strides in providing a complex account of neoliberal processes, it proves insufficient for the investigation of specific aspects of neoliberal transformations. On the other hand, an awareness of the inherent ‘materiality of ideas’ – as demonstrated by an analysis focusing on the ontological primacy of social relations of production, employed in this paper – is analytically capable of opening the door for a nuanced account of why neoliberal processes emerge, how they are consolidated, who they are articulated by, and how we, the general public, reproduce them through our daily thoughts and practices.

On a related point, through the study of New York and London, I have demonstrated both the centrality of cities to an understanding of neoliberalism and the centrality of neoliberalism to an understanding of cities since the 1970s. Theoretically, I have proposed a novel approach to studying cities and the transformations they undergo, which I believe could be beneficial starting point for a wide range of further studies on the topic.

In terms of specific avenues which could be further explored, I believe it would be inherently beneficial to broaden the scope of the study such that a more thorough, methodological understanding of neoliberal ‘common sense,’ based on primary data, can emerge. This would further strengthen the conceptual link between the fractions of capital and the production of common sense. Next, for the purpose of deepening an understanding of the roles of cities in relation to neoliberalism, I believe it is essential to include a further number of cities. In this way, variegations will be more detectable and a deeper understanding of neoliberalism might emerge.

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