



Excavating the Logic of British Urban Policy: Neoliberalism as the “Crisis of Crisis-Management”

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This paper suggests that crisis theories provide a framework for analyzing the urban spaces of neoliberalism. Drawing on crisis-theoretic approaches to state theory, we examine the path-dependent links between neoliberalism, urban policy, and Britain’s cyclical and crisis-prone cities through three tendencies: the geographies of state regulation, the institutionalization of interurban competition, and rescaling as the “crisis of crisis-management.” These are used to explore the argument that Britain’s cities are hosts to ineffectual regulatory strategies because urban policy appears to be a response to the sociopolitical and geographical contradictions of *previous* rounds of urban policy, and not the underpinning contradictions of accumulation.

Whether state power is able to manage and reproduce the highly oppressive, irrational, and self-contradictory capitalist system is of course an open question. (Offe 1984:257)

Introduction

Despite over twenty years of state experimentation involving billions of pounds of public expenditure and resulting in an Amazonian jungle of institutions, policies, programs, and acronyms, the “urban problem” is becoming *more* deeply entrenched. Britain’s cities remain centers of low economic activity, possess high (but at times hidden) unemployment and welfare dependency, contain large areas of physical dereliction, and are witness to increased crime and social disorder. While optimistic media and political accounts of Britain’s urban areas suggest that we are “turning the corner”—emerging from industrial decline to become key postindustrial centers of economic growth (DETR 2000; Urban Task Force 1999)—more systematic analysis is a little more somber

(Turok and Edge 1999). As if to demonstrate the fragile and extremely partial nature of any so-called urban renaissance, several of England's northern cities have given birth to a spate of race riots, the scale of which have not been seen since the early 1980s. Although racial tension is undoubtedly an influence here, we suggest that in Oldham, Bradford, and Burnley significant connections exist between ethnicity and poverty (cf Sardar 2001). In all three cities, the numerous "rounds of regeneration" since the late 1970s have had only a marginal impact on local economies, which have been subjected to intense economic restructuring and now face a depressing postindustrial landscape of deepening inequalities and entrenched social polarization.¹

However, this paper is concerned neither with providing a review of the various institutional and policy twists and turns in Britain's cities since the late 1970s nor with reviewing the changing state of the UK urban economy. These tasks have been performed at length elsewhere (see Atkinson and Moon 1994; Eisenschitz and Gough 1993; Gough and Eisenschitz 1996a) and highlight the competing aims and objectives of urban policy and the longer-term British "modernizing" project of which contemporary economic development is an intricate component (Gough and Eisenschitz 1996b). And yet, Labour's recent urban white paper (DETR 2000)—yet *another* statement on the need for holistic regulatory mechanisms and appropriate patterns of intervention—presents us with a unique opportunity to stand back from the "practicalities of policy" (Robson 1988) and to open up for analysis the *neoliberalization* of British cities. In this paper, we argue that the seemingly unconnected processes of state restructuring and policy formation detailed in such policy audits and trawls are, in fact, outcomes of the same process of ideologically infused political decision-making that *cannot* be separated from the inherent contradictions of capital accumulation (cf Fainstein and Fainstein 1982; Harloe 1977; Rees and Lambert 1985).²

Working within the political economy tradition, this paper suggests that crisis theories offer a useful lens for excavating the regulatory logic of British neoliberal urban policy. We recognize that the "word crisis is used with less precision and greater frequency than most others in analyses of political ... change" (Goodwin and Painter 1996:638), but disagree with claims that crisis is the "old horse" that has been flogged "to death" (Walker 1995) and that crisis theory itself is in crisis because it produces a "crisis talk" (Holton 1987) with no analytical value. Concurring with Goodwin and Painter (1996), we agree that critics of crisis theory often equate crisis with a "permanent" crisis and not with a series of periodic crises of varying intensity and duration. Capitalism, of course, has always been in some form of crisis. In contrast to Marxist and regulation theory readings of crisis, which (to varying degrees) have a tendency to read off institutional and policy

development from the economic logic of accumulation, this paper argues that there is considerable mileage left in the Frankfurt school's notion of political crisis found in the work of Habermas and, in particular, of Offe.

We are, of course, fully aware of the limitations attached to political theories of crisis. By focusing on the ideological and political contradictions of state policy, this perspective inevitably separates state-led policy developments from shifts in the economy (Cochrane 1989). Given that trying to find an appropriate way of conceptualizing the state within its economic/accumulation context is a mammoth task, and part of a bigger research agenda that we can only touch upon here, our contribution should be read alongside the work that explores the restructuring of UK urban areas and the economic failures of neoliberalism (Gough and Eisenschitz 1996b). As part of this project, three arguments are offered that should be seen as extensions of the regulation approach and that we feel capture timely and important events taking place in Britain with respect to the *spaces of neoliberalism*.

- First, at a general level, we suggest that under neoliberalism the contradictions of capitalist accumulation cannot be resolved through the state. If anything, the contemporary irrationalities of capitalism are being intensified through state interventions at a number of different spatial scales. And we agree with the prognosis of Peck and Tickell (1994:292), who claim that neoliberalism is “part of the problem, not part of the solution.”
- Second, given that urbanization is an integral feature of late capitalist accumulation (Harvey 1985; Rees and Lambert 1985)—to the extent that in Britain, for example, 80% of the population live in cities and towns, and urban areas provide 91% of national output and 89% of employment (DETR 2000)—under neoliberalism cities are being presented as both the sites of, and the solutions to, various forms of crisis (see also Begg 1999; Brenner and Theodore [paper] this volume; Clarke and Gaile 1998; Peck and Tickell this volume).
- Third, in undertaking this crisis-management role under neoliberalism (the site-and-solution relationship), it appears that Britain's cities host ineffectual and contradictory regulatory strategies, with initiatives often being introduced as a direct responses to the contradictions created by *previous* state-led interventions—in other words, the state's *own* contradictions—and not the economic contradictions of capitalist accumulation. Thus, the British neoliberal urban condition is an actually existing example of the “crisis of crisis-management” (Offe

1984:36). The implementation of urban policy is frequently associated with crises, which are diffused—temporarily, but at the same time continuously and serially—through a centrally orchestrated reorganization of the policy area and/or a reworking of the state apparatus, to reappear at a later date and require “new” urban policies that, in turn, create further contradictions and crisis. Thus, contemporary urban policy provides a good illustration of how the “regulatory process” can become “an object of regulation in its own right” (Goodwin and Painter 1996:638).

Taking forward this argument, the next section of the paper briefly summarizes theories of crisis as a means of establishing a framework for analyzing contemporary variants of urban neoliberalism and to highlight the connections that exist between capitalism, crisis, the state and the city, and urban policy formation. This conceptual agenda is explored in a further section, which points to how such an approach allows us to analyze the logic at the heart of the neoliberalization of Britain’s cities. Specifically, we examine the path-dependent links between neoliberalism, urban policy, and Britain’s cyclical and crisis-prone cities through three tendencies: the geographies of state regulation, the institutionalization of interurban competition, and re-scaling as the crisis of crisis-management. These tendencies are deployed in the paper as fluid categories through which a number of crisis-theoretic informed arguments are assembled.

Crisis Theory: Retrospect and Prospect

Marxist and Neo-Marxist Developments in Crisis Theory

The term “crisis” is associated with periods of both destruction *and* creation (Brenner and Theodore [paper] this volume; Hay 1996; O’Connor 1987). Because notions of crises are analogous with the existence and “metamorphosis” of capitalism, orthodox accounts tend to be found within Marxist political economy. These take the economic imperatives and contradictions of accumulation as their starting point, and a number of crises and crisis tendencies are identified in relation to changes in profitability, economic growth, and the business cycle. We do not have the space to discuss these here; in brief, debates within Marxist political economy over the past twenty-five years have been occupied with notions of overaccumulation, underconsumption, and the theory of the falling rate of profit (for discussion, see Webber and Rigby 1996).

In contrast to Marx’s prediction that capitalism would sow the seeds of its own destruction through the continued search for surplus value through exploitation, neo-Marxist theories of crisis suggest that capitalism can *temporarily* resolve its internal (economic)

contradictions through processes of “switching” (Harvey 1999) or “displacement” (Hay 1996). For instance, in *The Limits to Capital* (1999) Harvey explores the inner logic of capitalism through three different but interrelated “cuts.” The “first-cut” theory of crisis relates to the general instability of capitalist production and to the ways in which this is resolved through a sector-based switching of investment. By contrast, “second-cut” theory stresses a temporal displacement of crisis through new forms of circulation involving financial and monetary arrangements. Harvey’s “third-cut” theory of crisis attempts to stress both the temporal and the spatial displacement of crisis—the historical geography of capitalism—by way of “spatial fixes.” For Harvey, then, the survival of capitalism is dependent on the reproduction of uneven development, which should be seen as both a temporary resolution to *and* a cause of crisis.

In a similar vein, regulation approaches suggest that social, political, cultural, and institutional structures play key roles in the (social) reproduction of capitalism, despite its inherent tendency towards forms of crisis. Regulationists do not deny the underlying (or necessary) contradictory tendencies inherent in the process of accumulation. Their unique contribution rests on claims that capitalism does not possess its own “self-limiting mechanisms” (Aglietta 1998:49), and research subsequently explores the regularization or normalization of economic life in its broadest sense (Jessop 1997). In this respect, modes of regulation act as “mediating mechanisms” (Aglietta 1998:49), and regulation can be interpreted as a geographically specific set of regulatory “processes” and “practices,” revolving around key institutional sites and scales (Goodwin and Painter 1996). Regulationists suggest that only when a relatively coherent phase of capital accumulation exists (where the inherent contradictions and crisis tendencies are temporarily internalized and stabilized) can stability occur and modes of development exist.

There are, of course, weaknesses with the ways in which these literatures deal with the role of the state in relation to crisis. In emphasizing economic explanations of crisis, neo-Marxists often understate political and social crises (O’Connor 1987), and ongoing developments within the extra-economic coordinating or mediating mechanisms of capitalism are frequently “read off” from changes in the economy (Florida and Jonas 1991; Hay 1995). Marx, of course, did not develop a fully-fledged theory of the state, and *The Limits to Capital* (Harvey 1999) identifies the state’s role in crisis management as a conceptual “problem.” Likewise, notwithstanding the emphasis placed on sociopolitical struggle within the regulation approach, the state and its politics remain key “missing links” (Tickell and Peck 1992). However, neo-Marxist literatures maintain that states do not have (unbridled) capacity to internalize further the contradictions

of capitalist accumulation through their apparatuses, without a price.

In this paper, we do not pretend to offer a full treatment of the state. Rather, we are interested in *expanding* the regulation approach to focus more explicitly on the regulatory mechanisms and policy frameworks in and through which crisis tendencies are internalized and “mediated” (Aglietta 1998) as an exercise of state power and political practice. To further this agenda, we turn not to the sociology of Bourdieu (cf Painter 1997), or to the discourse-theoretic writings of Jenson (1991), but to some of the neglected and rich insights of the Frankfurt school and political readings of crisis.

Habermas and the Logic of Crisis Displacement

In *Legitimation Crisis* (1976) Habermas identifies two distinct forms of crises: “systems” crises and “identity” crises. Systems crises are associated with structural features of a system and the internal contradictions related to socioeconomic and political processes. “Steering problems” are said to exist when “crisis effects cannot be resolved within the range of possibilities that is circumscribed by the original principles of the society” (7). In contrast, identity crises occur when those in civil society experience the effects of crisis such that identities and systems of meaning are questioned. Habermas creates two additional subdivisions of crisis to produce four distinct levels of capitalist crisis.

In the useful summary provided by Hay (1996), systems crises are divided into “economic crises” (crises of economic systems) and “rationality crises” (crises of the state’s political administrative system and its steering mechanisms). A rationality crisis is one in which the “administrative system does not succeed in reconciling and fulfilling the imperatives received from the economic system” (Habermas 1976:46). Identity crises are divided into “legitimation crises” (of the political system) and “motivational crises” (within the sociocultural system). For Habermas (75), motivational crises relate to the breakdown of the sociocultural system when it becomes “dysfunctional for the state and the systems of social labour.” Legitimation crises are linked to crises of rationality and the state’s operation. However, they differ in that, while rationality crises emerge out of the objective inability of the state to manage socioeconomic systems, legitimation crises are an “input crisis” that result from the failings of the state as perceived by the society from which the state obtains its political legitimacy (Habermas 1976:46).

Notwithstanding some limitations (see Held 1996), Habermas’s (1976) highly original and innovative presentation of crisis theory points to how the forms of crisis and the tendencies in advanced capitalism correlate (Hay 1996). Habermas maintains that the interactions taking place between various moments of crisis through state

intervention within the economy can be interpreted through the *logic of crisis displacement*. This powerful insight suggests that forms of crisis that originate from within the economy (such as market failure and the flight of capital) can be transferred into the political realm of the state. Through its multifarious modes of intervention and policy repertoires, the state has the strategic capacity to transform economic crises into crises of political management or rationality within new modes of governance. States can, therefore, displace economic problems into politically mediated institutional projects, and, to facilitate easier decisionmaking, new forms of representation are often sought that support the ideological and material effects of state intervention (cf Jessop 1990; Jones 2001). If the economy is not successfully regulated, Habermas argues, crises of state rationality can become legitimation crises. It is out of such circumstances that the destruction of the liberal democratic political system through a disorganized state apparatus is predicted.

Offe and the Crisis of Crisis-Management

The work of Offe is crucial for taking forward our argument on the logic of crisis displacement and its consequences. For Offe (1984), the capitalist state, because it is essentially capitalist, is dependent on, but not reducible to, accumulation. For this reason the state is, by design, continually snared within the multiple contradictions of capitalism. On the one hand, states have to ensure the continued accumulation of capital; on the other, they have to appear neutral arbiters of interests to preserve their legitimacy. As a consequence, the state depends on stability in accumulation for its own functioning, but because it is not an “instrument of the interest of capital,” a selective “sorting process” is deployed to incorporate certain interest groups into (and exclude others from) the state apparatus and policymaking process to protect accumulation and ensure (relatively) crisis-free stabilization (51).

To provide the basis for our arguments, we are less interested in the internal differentiation of the state apparatus and more interested in the ways in which multiple contradictions are *managed* by the state as a consequence of its ongoing involvement in accumulation through urbanization. Based on observations on the Keynesian welfare state and its limits, Offe (1985:223–227) highlights the need to distinguish between two different types of state strategy, which reflect crisis responses through “modes of political rationality.” “Conjunctural” strategies look for a resolution to crisis within pre-existing state structures, political administrative systems, and institutional practices. This represents “minor tinkering” (Hay 1996:94). In contrast, “structural” modes of political rationality are adopted in response to conditions of economic and political crisis and require a structural transformation of the state apparatus and its relationship with the economy. For Jessop

(1990:345–346; 1998), this involves a continual reworking of the state’s “internal structures” (the scalar architecture of the state and its power networks), “patterns of intervention” (distinctions between public and private and economic versus social projects), “representational regimes” (territorial-based forces, interest groups, state managers), and “state projects” (modes of policymaking) to create *spaces for maneuver*. The contradictions of capitalism can therefore be further internalized (albeit temporarily) by the state through the exercise of *political strategy*.

Reinforcing these propositions, Offe (1984) argues that in its perpetual political management of crisis, the state under “late capitalism” (and, we would argue, neoliberalism) will frequently *not* be a response to structural economic crises, such as the crisis of Fordist/Keynesian accumulation, but to *crises in the rationality and legitimacy of the state and its intervention*. This occurs because the increasing complexity of state functions—and, more importantly, the introduction of supply-side institutional strategies and policy mechanisms (as opposed to demand-side interventions)—bring with them coordination problems within both the administrative and political systems. In other words, “although (arguably) the state aims for crisis-free stabilization and integration in capitalist economies, the *expanded functions* of the state are *themselves* a source of dysfunction and crisis” (Dear and Clark 1978:179; emphasis added). This leads to a crisis of “administrative rationality” or governance failure *if* there is “an inability of the political-administrative system to achieve a stabilization of its internal ‘disjunctions’” (Offe 1984:58). And because the state generates unintended consequences out of what might appear to be ostensibly rational interventions, which *sharpen* the contradictions of accumulation, it becomes embroiled in a “crisis of crisis-management” (Offe 1984). This much-quoted phrase describes the way in which state strategies, modes of intervention and policy repertoires are “recycled” (Hay 1996; Hudson 2001) through an eternal process of political crisis-management best described as “muddling through” (Offe 1984:20). Here, despite a multitude of “steering problems” encountered by the state, its interventions are carefully managed by a continued ability to design and redesign the policy field (Offe 1975:141–142). New mixes are made from old recipes.

Urban Spaces of Neoliberalism:

Four Crisis-Theoretic Propositions

We would suggest that this conceptual insight has four important implications for the state’s institutional architecture and modes of policymaking under neoliberalism:

- First, in contrast to Habermas’s (1976) notion of legitimation crisis, we suggest that crises are being *further* displaced,

through a complex and contradictory process of state rescaling (see Brenner 1998; Lipietz 1994; MacLeod and Goodwin 1999), from the political sphere of the state onto civil society's "vulnerable groups" (such as the unemployed and the homeless), "vulnerable regions," and—more generally—regional and local states (Held and Krieger 1982; Swyngedouw 2000). Each one is then blamed, in a social-pathological sense, for its own economic failings and made to shoulder the responsibility for a *devolved rationality crisis*.

- Second, and related to this, neoliberal regulatory experiments and crisis management tactics appear to be bringing with them a number of contradictions. Several ramifications are worth noting: there are problems of accountability and a blurring of policy responsibility (Jones and Ward 1997); difficulties of coordination exist both within and across different spatial scales, due to an emerging system of intergovernmental relations associated with "multilevel governance" (Scharpf 1997); conflicting time horizons are present between those formulating and those implementing policy initiatives; and policy failure is frequently blamed on devolved institutional structures and their state managers, and not on central government (Jones 1999).
- Third, building on the above, there is an exhaustion of policy repertoires under neoliberalism. Old policies are recycled and "new" ones are borrowed from elsewhere through speeded-up policy transfer. Here, Offe (1996:52) makes an important distinction between "institutional gardening" and "institutional engineering." The latter term captures the idea of an institutional design open to policy influences from external forces. By contrast, "gardening" implies working with the grain of path-dependency through homegrown regulatory mechanisms. In the latter case, policymaking is not driven by the business cycle and/or the need to address sector-based crises; rather, it is pushed along by the electoral cycle and the primacy of politics (Jessop and Peck 1998).
- Fourth, many of these regulatory strategies and their emerging urban contradictions are being presented as necessary requirements for securing a competitive advantage under globalization (compare Brenner and Theodore [paper] this volume; Gough this volume; Jessop this volume; Leitner and Sheppard this volume; Smith this volume). Our interpretation of the entrepreneurial direction of contemporary urban policy suggests that the (il)logics and discourses of globalization represent a *further* scalar crisis displacement political strategy in and through which to legitimize the "reshuffling of the hierarchy of spaces" (Lipietz 1994:36).

Rereading British Urban Policy

This section explores these crisis-theoretic propositions through three “cuts,” or tendencies, that seek to capture the ongoing restructuring of British urban policy. We feel that, together, these go some way towards addressing Offe’s (1984:37) concern that crisis must be conceived of “not at the level of events but rather at the superordinate level of mechanisms that generate ‘events.’” First, we draw on recent urban policy developments to analyze the changing geographies of state regulation (or sites for crisis containment). Second, we explain the ascendance of the competitive mode of policy intervention, as the state distributes resources through its institutionalized interurban competitions. Third, we argue that the contemporary emphasis on coordination (witness the growing usage of terms such as “governance” and “partnership”) in urban policy reveals much about the state’s *construction* of the problem as one not just of economic decline but rather as one of failed management. We discuss the recent history of coordinating and “steering” mechanisms, through which the state appears to be engaged in the crisis of crisis-management (Offe 1984).

Geographies of State Regulation

The 1980s—and the period of “consolidated” and “radical” Thatcherism—marked something of a turning point in British urban policy. Of course, the 1968 and the 1977 white papers marked significant “moments” in the evolution of policy (Atkinson and Moon 1994; CDP 1977), and it has been argued that “the program for the national economy carried out by the British government since 1975 is essentially neoliberal” (Gough and Eisenschitz 1996b:183). And yet, only when the New Right’s critique of the welfare state crystallized at the beginning of the 1980s did it become clear that cities would become important sites through which the response to the Fordist-Keynesian crisis of accumulation would be assembled (Deakin and Edwards 1993). In these formative days of urban neoliberalism, a number of “nested hierarchical structures” (Harvey 1999:428–429) were introduced to manage crisis, each one representing a site for internalizing the contradictions of accumulation. Institutional creations such as urban development corporations (UDCs) and training and enterprise councils (TECs) were introduced to regulate urban property markets and urban labor markets (cf Cochrane 1999; Jones 1999). And, through a process of centrally orchestrated localism, certain functions were devolved from the nation-state downwards and delivered through an increasingly complex suite of flanking territorial alliances. New institutions were created to bypass the perceived bureaucratic modes of intervention associated with locally embedded and

scale-dependent structures of local government. Through this strategy, the assumptions of how and for whom urban policy should be delivered were challenged. Put another way, the rules of the rationality game were rewritten.

The growth in new urban-based institutions to deliver economic redevelopment marked the emergence of what some termed a “new localism,” although this concept—in particular, how it related to other changes in the scalar *modus operandi* of the state—was never fully defined (Lovering 1995). Marking a break from the Keynesian welfare settlement, where, although local government acted as the dominant regulatory mechanism (Goodwin and Painter 1996) its role was structured by the actions of the nation-state, it appeared to some that this was the dawn of a new age of central–local relations (Hall and Jacques 1989). Viewed more broadly, this apparent restructuring of the “representational regime” (Jessop 1990) was symptomatic of an altogether more complex series of shifts in the ways in which a “rationality crisis” was being managed through the rescaling of the state apparatus and the containment of conflict through instituting forms of representation. Across a range of policy areas, the scale of intervention shifted, as the taken-for-granted primacy of the nation-state was challenged and flanking mechanisms at the local level were introduced (Jessop this volume).³

Set within the context of responding to the so-called needs of globalization, the local was, therefore, constructed alongside the national as a primary scale for the delivery of economic and social policies (DoE 1993). More critically, with this reorganization of the internal structures of the state (Jessop 1990) went a critical reframing of the modes and the methods of state intervention. As Oatley (1998:31) argues, “[T]he government tried to establish locally based business-driven regeneration agencies during the 1980s as a way of constructing an organisational basis for local neoliberalism; in the 1990s neoliberal objectives have been pursued through new institutional forms at the local level.” With the discursively mediated “failure” of these local innovations, the state again set about reorganizing the scale at which it regulated economic development. Reflecting the logic underpinning the first wave of *after*-national changes in the contours of state activity, and with the progression of devolution across western Europe in the 1990s, “the region” emerged (perhaps more through political practice than an underpinning territorial economic necessity) as *the* strategically important scale at which the state needed to manage a rescaled rationality crisis (Jones 2001). Accordingly, the creation of regional development agencies (RDAs) in 1999 marked a substantial centrally prescribed reinscription of the state’s regional regulatory capacity. While the nation-state retained its orchestrating capabilities, the region (following on from the local) became constructed as the site at which

to address globalization and mediate successful economic restructuring. Mirroring the deregulatory and procapital logic that was present in the genes of urban development corporations, RDAs were charged with regulating a “probusiness” approach to regional development (Deas and Ward 2000).

In both the first and second wave of state scalar restructuring, then, the creation of new institutions was performed as part of a systemic “rolling back” of the welfare state, and with it, how it regulated socio-economic contradictions through the creation of a “rationality crisis” and the “rolling out” of a new type of state shell for a new method of crisis management (cf Peck and Tickell this volume). As part of this emergence of a neoliberal urban policy, we suggest, the logic upon which the new state shell was premised—namely, competition and the market—required codification and institutionalization.

Institutionalizing Interurban Competition

A cornerstone of neoliberalism has been the state’s internalizing and subsequent creation in institutional form of interurban competition. This has been achieved by removing the (national) regulatory management of uneven development and also by encouraging more speculative forms of accumulation through the promotion of place, rather than meeting the needs of discrete territories (Harvey 1989). In part through a critique of local government’s methods of decision-making, the state established the parameters within which “territorial alliances” and “local coalitions” had to operate to be eligible to bid for state expenditure when City Challenge and the Single Regeneration Budget Challenge Funds were introduced at the beginning of the 1990s. Both redevelopment programs are allocated through a competition between localities.⁴ While the creation of new subnational institutions through a rescaling of the patterns of intervention might have been the first part of this process, its complimentary “other” was the redefining of the political economic context within which these institutions—and their elected predecessors, local government—had to function and maneuver.

In 1991, the British government announced a “revolution in urban policy” (DoE 1991). The first example of this new stance on an old problem was City Challenge. Initially only those cities and towns that had been eligible for state grants under the old Urban Programme could bid for City Challenge status. The competition was tightly parameterized. More than simply a change in policy, the introduction of what became known as the Challenge Fund model marked the rolling-out of a whole new way of performing, of evaluating, and even of talking about urban development. As Oatley (1998:14) explains, “Challenge initiatives have focused on opportunities rather than problems.” Illustrating the adoption of neoliberal promarket language

by the state, this model has evolved to become an important mechanism through which the state distributes redevelopment money. Whether in terms of training (through the TEC Challenge, in which each TECs competed against each other for extra revenue) or business investment (through Sector Challenge, in which some sectors were privileged over other for state monies), the process through which issues/places are identified as needing state funds and how this expenditure is then evaluated has been realigned through *neoliberalization*. This change in how resources are allocated reflect the new logic that underscores the state's financing of urban redevelopment. This rests on four principles, which together help to reproduce the neoliberalization process:

- the introduction of the market (and the creation of a “market proxy” where no market exists) into the funding and the delivery of local state services;
- the incorporation into the state apparatus of members of local business communities in the regulation of regeneration projects;
- the redesigning of the internal structure of the state through the formation of public–private partnerships to decide program goals, the best means of achieving them, the institutional configuration most suited to meet them, and how their successes/failures should be evaluated;
- and the creation of new institutions, combining business representatives with state officials to oversee and to deliver all forms of economic and social policy.

What runs through these different areas of program redesign is the concern with introducing some notion of “the market” into the state system, both through the formal resource allocation model, as in the case of Compulsory Competitive Tendering (CCT), and through the co-opting of business leaders, as in the example of TECs and their successor bodies. In their wake, however, the changing geographies of state regulation and the institutionalization of interurban competition leave a series of unsolved political and economic contradictions. One response has been to introduce a number of new institutions to coordinate the interurban competitions/scalar reconfigurations, as part of a long line of attempts by the state to manage the contradictions of earlier programs.

Rescaling as the Crisis of Crisis-Management

Building upon the above analysis, it is clear that the two tendencies in British urban policy constitute a significant effort by the state to construct and regulate crisis at the urban scale. The construction of a “new” scale of regulation, whether it be the “local” or the “regional,” on which to begin to assemble neoliberal regulatory mechanisms and

the codification of interurban institutional competition illustrates how the state apparatus has determined the parameters for “doing” urban redevelopment (Ward 2001). We would suggest that these endeavors indicate the ways in which a “rationality crisis” has been created through the displacement of economic crises of accumulation into problems for political and policy management, which, in turn, are having to reconcile their *own* internal contradictions.⁵ Repeatedly, then, the recent history of British urban policy can be read as being one in which the institutions and the programs *themselves*, and not the economy, become objects of regulation (cf Goodwin and Painter 1996). In order to understand and explain the demands on current urban policy, it is necessary to examine how the political sphere has been used as a means of managing ongoing urban economic difficulties.

In 1985, City Action Teams (CATs) were formed and charged with the local management of national programs. However, this was not a technocratic process; instead, it was a political one, ensuring the melding of local deliverables with the parameters set through national political strategies, which at the time revolved around the dismantling of a number of the central pillars of the Fordist-Keynesian settlement. It is not altogether surprising that these attempts to mobilize private-sector expertise through the urban state apparatus were created in Birmingham, Liverpool, London, Manchester, and Newcastle. These were (for the most part) large (Labour-led) urban city-regions and were at the front line of economic restructuring and its resistance. With the exception of the Community Development Projects, which wound down in the late 1970s, this initiative constituted perhaps the first effort to regulate the *previous* years of state intervention, and in particular, to ensure that all programs designed and introduced prior to the election of Thatcher in 1979 could be realigned, rationalized, or simply abolished. Rather than setting about reorganizing the national level of policy design and implementation, the creation of city-based institutions had the advantage of effectively devolving the management of crisis downwards, not to local government but to a group of state and business representatives. The remit of CATs was to minimize the overlap between different programs. Organized along the lines of the fast-action response teams favored by contemporary businesses, the CATs were, by design, presented as the “flexible” alternative to local government. Operating outside the formal local state machinery, CATs could wring out so-called efficiency gains from existing programs and systemically influence the nature of urban development politics.

A year later, eight Task Forces were rolled out across the English localities. London was the site for two, while the other six were established in Birmingham, Bristol, Leeds, Leicester, Manchester, and Middlesbrough. Again the emphasis was on the local coordination of

national institutions and national state grants. Both CATs and associated programs—such as Enterprise Zones, which were local experiments in creating a deregulation/antitaxation space in which inward investment would relocate—were under the auspices of the Task Forces.

After this period of experimentation in designing urban institutions to manage crisis, more recent state strategies involved the creation of national institutions (such as Action for Cities) and national expenditure programs (such as the Single Regeneration Budget, or SRB) to manage the effects and contradictions of previous rounds of state intervention. In the first of these, the government attempted to “airbrush out” past policy and political failures. It sought to reaffirm the dominant ideology within which discrete policies were situated by calling for a more coordinated approach (where the scope for local resistance might be less). This concern was driven in part by concerns that neoliberal urban policy had created a “patchwork quilt of complexity and idiosyncrasy” (Audit Commission 1989:4). However, instead of addressing this problem, late-Thatcherite state interventions were far from coordinated. Action for Cities, and to an extent the SRB, presented a “rag-bag of policies with ill-defined objectives” (Imrie and Thomas 1999:39).

The election of Labour in 1997 did not disrupt the neoliberalization project under way in Britain’s cities. During the first few months of the new Labour administration, the SRB was discredited as a strategy for “ensuring coordination” (DETR 1997a). However, it was retained and later modified to respond to contradictions created by a previous lack of community involvement. Even the recent programmatic changes in city-region redevelopment governance—the creation of RDAs—have in their policy genes the “effective and proper ... co-ordinat[ion] of regional economic development” (DETR 1997b:1). However, to rationalize the policy messes and tangled hierarchies created by the RDAs, Labour created a Regional Co-ordination Unit, after a hard-hitting report concluded that “better Ministerial and Whitehall *co-ordination* of policy initiatives and communication” was needed (Performance and Innovation Unit 2000:5; emphasis added). Such endeavors have been somewhat complicated by the national reorganization of the state apparatus, involving the abolition of the Department for Environment, Transport and the Regions (DETR) and its replacement by the Department for Transport, Local Government and the Regions (DTLR). As a consequence, city-region redevelopment is the responsibility of several branches of the state, which only fuels a crisis of crisis-management through further problems of coordination (Tomaney 2001).

These national scale maneuvers have been followed by *further* attempts to cope with a crisis of state rationality through centrally driven state administrative reorganization at a local level. During the

summer of 2001, Local Strategic Partnerships (LSPs) were introduced to *rationalize* the partnership overload created by twenty years of localized public policy developments. As part of a *national* strategy for Neighborhood Renewal, and reporting to the Government Offices for the Regions (ie central government), LSPs present single bodies charged with joining up the “different parts of the public sector as well as the private, business, community and voluntary sectors so that different initiatives and services support each other and work together” (DETR 2001:10). Illustrating the multifarious contradictions created by neoliberalism and the state’s need to respond to its own scalar and strategic contradictions, this strategy is *not* concerned with rationalization per se; there is no mention of LSPs replacing the myriad of partnerships currently in place for education, employment, crime, health, and housing. Instead, each LSP “should work with and *not* replace neighbourhood-level partnerships” (DETR 2001:11; emphasis added). This strategy appears to be less about cutting out local duplication and bureaucracy than about a recentralizing of the right to manage rationality crises with the state apparatus. Recognizing this, we would concur with those commentators on British urban policy who maintain that the “challenge ... is to establish a national-to-local framework for enabling the exercise of subsidiarity in a strategic fashion” (Robson et al 2000:5).

Critically, we suggest that attempts by the state to regulate the political crisis invoked through its own contradictions are continuing to emerge on the policy landscape, to the point that policymakers are running out of “new” repertoires and a “circularity of policy responses” is occurring (Wilks-Heeg 1996:1263). Take, for instance, the latest urban white paper, *Our Towns and Cities: The Future* (DETR 2000), in which the British state embraces “third-way” politics as the friendly face of neoliberalism, but in the process exacerbates the contradictions of capitalism through its own interventions. This “revolutionary” framework calls for a “new vision for urban living” largely founded on modernist assumptions on the need to get the “design and quality of the urban fabric right” (Urban Task Force 1999:ch 2). This is not “revolutionary” at all; its policy gene is a document (with a similar title) published twenty years ago (DoE 1980) and key elements of the “urban renaissance” are heavily reminiscent of the last urban white paper, *Policy for the Inner Cities* (HMSO 1977). In this endeavor to promote a cultural mode of urban interventionism with a heightened emphasis on cities as sites for consumption and living, and despite continual emphasis placed on further coordination, no attempt is being made to rationalize the institutional and policy matrix of the city and no measures are being taken to address the ongoing problems created by private-sector mobilization and the thorny issue of market failure. No, in fact, the opposite is happening, through the formation

of “Urban Regeneration Companies” that want to insert the private sector into the city—a move driven by the contradictions caused by community-led initiatives (see DETR 1998)—and the recent reorganization of the Department for Trade and Industry to increase the business voice in economic policy formulation and its implementation (a “first in Whitehall”) through a Strategy Board (see DTI 2001).

Last, recently it has been possible to discern crisis management being shifted out of the political sphere of the state and into the social sphere once more. This response by the state to “failure” consists of two strands of strategic selectivity. First, in turning to civil society the state has invoked notions of “neighbourhood” and “community” (see DETR 1997a, 2000). These terms are invoked as part of an attempt to shift (through scale) the onus for addressing deepening social inequalities. The second theme is the recent individualization or atomization of policies, marking in part a return to the “social pathology” approach that dominated British urban policy in the late 1960s (CDP 1977) and also demonstrating the influences of “fast policy transfer” (Jessop and Peck 1998) or “worldwide ideological marketing” (Wacquant 1999:321–323). Through the construction of “the individual” as the problem, “the individual” also becomes constructed as the solution. Economic and financial risk is being shifted from the state and onto the individual through welfare-to-work policies such as the various “New Deal” initiatives. Crisis management then becomes one part of a complicated compromise consisting of a restructured scalar architecture of the state, through which we appear to be witnessing what Harvey (1999:431) terms “a crisis in the co-ordinating mechanisms” of capitalism.

Concluding Comments

Having assembled a theoretical framework for making sense of the recent process of the urbanization of neoliberalism, this paper has suggested that crisis-theoretic work reveals much about the last two decades of urban policy in Britain, and beyond (cf Leitner and Sheppard this volume). There is, of course, further mileage in this perspective; elsewhere, we have discussed the need to consider a “fourth-cut” theory of crisis (Jones 2001; Jones and Ward 2001) as part of a longer excavation of the logic underscoring “mainstream local economic initiatives” (Gough and Eisenschitz 1996a:178), making a modest contribution to Harvey’s (1999) unfinished project.

For the purposes of this paper, in structuring our empirical analysis around three interrelated tendencies—the geographies of state regulation, the institutionalizing of interurban competition, and the crisis of crisis-management—we have sought to provide a “deep” reading of urban political and policy change. Urban policies pursued by the state in Britain during the 1990s were bound, *by design*, to

intensify the internal contradictions of capital accumulation. We have maintained throughout the paper that Britain's cities host ineffectual regulatory strategies because urban policy appears to be a response to the sociopolitical and geographical contradictions of *previous* rounds of urban policy, not the underpinning contradictions of accumulation. We would further suggest that the "entrepreneurial turn" of nation, regional, and local states, and of the discourses within which policies are couched, has a series of implications for socio-spatial polarization and deepening financial inequality (see also Home Office 2001). Additionally, urban policy that codifies the underlying logic of inter-urban competition leads to an inefficient use of public money, separates communities, and has the capacity to trigger a fiscal crisis of the state. Despite these potential impending crises, the ability of neoliberalism to morph must not be underestimated, and—at least in the short term—the rules of neoliberalism look set to remain in place.

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Endnotes

¹ This point is a central concern within the Cattle report on the disturbances in the northern cities (Home Office 2001:10), which states that "The plethora of initiatives and programmes, with their baffling array of outcomes, boundaries, timescales and other conditions, seemed to ensure divisiveness and a perception of unfairness in virtually every section of the communities we visited."

² Our paper is less concerned with defining neoliberalism (on which see Brenner and Theodore [paper] this volume; Jessop this volume) and more concerned with conceptualizing its operation in relation to Britain's cities. However, we see neoliberalism as a multifaceted project based on institutionalizing and normalizing competitive deregulation, and this frequently involves periods of re-regulation at different spatial scales (see Peck and Tickell this volume). This represents something of a departure from the argument that constructs national government as neoliberal and local economic initiatives as centrist (Eisenschitz and Gough 1993; Gough and Eisenschitz 1996a:209–210; Gough and Eisenschitz 1996b:179–180). We suggest that urban policy since the late 1970s have been increasingly neoliberalized across a number of spatial scales.

³ This is not to argue that "the local" is a recent political strategic concern. As Gough and Eisenschitz (1996a:206) make clear, "There is a long history of local initiatives for modernisation." Rather, the argument is that through a qualitative reorganization of the state, the local has become of increasing importance because of the scalar transformation of the national state (Jones 1999; MacLeod and Goodwin 1999).

⁴ This constitutes the internalization and deepening of key aspects of the socialization process under capitalism emphasized by Gough and Eisenschitz (1996b:192).

⁵ This is not to argue that the UK is not suffering from an ongoing urban economic crisis (see Robson et al 2000; Turok and Edge 1999).

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