

THE “TERROR” OF NEOLIBERALIZATION¹

THE WASHINGTON COMPETITIVENESS COUNCIL

In the spring of 2001, Boeing announced it was moving its corporate headquarters from Seattle to Chicago. While much of their manufacturing activities remained in place, the loss of the Boeing headquarters was widely viewed in the State of Washington as a warning: if we don't make the region more attractive to business, more and more companies will follow Boeing's lead. State government acted swiftly. In the summer Democratic Governor Gary Locke created the “Washington Competitiveness Council,” an appointed body whose mission was to evaluate current policy and recommend ways to make the state better able to attract capital investment. The 35-member council brought together captains of industry, representatives from state and local government, and two labor leaders. Over several years, it produced an agenda that had two principal components. The first stressed the importance of creating general agreement in the public sphere—a “common sense”—that Washington State must make itself as competitive as possible in the global economy. It stressed the need to “improve public understanding of the importance of a healthy business climate to the future of Washington's economy” (Washington Competitiveness Council 2002, p. 4). The value of local competitiveness, it felt, should be an accepted necessity in policymaking. The second component followed the first by proposing a concrete set of policy recommendations. In order for the state to remain competitive, they found, government should simultaneously get out of the way and actively intervene. It should get out of the way by reducing taxes and fees; “streamlining” environmental, labor, and planning regulations; and creating a customer-friendly ethic in regulatory agencies. It should

actively intervene by significantly increasing public spending in several ways: improve transportation, telecommunications, and water infrastructures; fund innovative R&D activities; and restructure public education to produce a more competitive workforce. Without such action, the Council warned, "Washington will fall behind other states and regions that are investing massively in these areas" (Washington Competitiveness Council 2002, p. 19). While the council's recommendations were only advisory, it was extremely successful at turning its recommendations into real policy. Where possible, the Governor issued executive orders to realize the council's agenda. More often, policy change required legislative action, and the legislature was accommodating. The council's first report in 2001 made 99 policy recommendations, and over the course of two sessions the legislature passed 46 bills that advanced the council's agenda (Washington Competitiveness Council 2003, 2004).

Of course these policy changes were favorable, in general, to the profits of the firms represented on the Council. They were proposing policy changes that significantly benefited their bottom line. But the Council's activities were far from covert. It did not meet in smoke-filled back rooms, hidden from public view. It met in open forums at universities, convention centers, and at the state capitol. Its activities and reports were widely publicized. Graft and secret influence were not driving the agenda. Rather, there was broad consensus in the public sphere that government and business should work together to meet the needs of business. That extraordinary argument was the basis of the Council's mission, and it was taken to be self-evident. Far from hiding his relationship to the council, the governor trumpeted it loudly as an important civic undertaking. He was always clear that keeping the state economy competitive was a central responsibility of his office. His official website stressed his accomplishments in this area:

Gary Locke has led efforts to make Washington a place where businesses want to locate or expand. He's cut more than \$1 billion in businesses taxes, worked to expand and promote exports, advanced workforce training, and invested in rural economic development.

The governor made it clear that "we must improve our competitive edge to ensure a healthy business climate" and that "in a rapidly changing global economy, the state must keep pace with changes necessary to keep and improve its competitive edge."

GLOBALIZATION AND NEOLIBERALIZATION

The story of the WCC will come as no surprise to anyone who has followed research in political economy over the past two decades. A great deal of excellent

work has documented in meticulous detail how, over the past 35 years or so, the global political economy has been subjected to a massive reorganization. One shift has been a complex rescaling of economic activity and political control, often labeled "globalization." The second shift is tightly tied to the first: a concomitant change in the content of political-economic thinking, what I call "neoliberalization." There has been a massive amount written about globalization, and there is a smaller but still-large body of work on the project of neoliberalization. Therefore, before I discuss the challenges neoliberalism poses to democracy, it is important to be clear about how I understand both elements of this dual shift.

Globalization as Selective "Glocalization"

Over the past three decades, both the global economy and the nation-state have been significantly rescaled. During the postwar era (up to about 1970), political and economic co-ordination were contained to a significant degree at the national scale. The scale of state sovereignty was successfully constructed as fundamentally national, and that scale took on a leading role in organizing both political and economic life (Agnew 1994). National economies tended to interact with each other at arm's length (Dicken 1998). To be sure, non-national scales were also important during this period, but the national scale enjoyed an extended period as the hegemonic scale for co-ordination of both political control and economic activity. The current era has seen a strategic erosion of that hegemony. To a much greater degree than previously, non-national scales are being promoted as alternatives to the national scale. These alternative scales are both supra-national and sub-national, and they affect both economic activity and state control. As a result, many in the literature use the term "glocalization" rather than globalization, in order to more accurately describe this rescaling process (Swyngedouw 1992; Courchene 1995; Robertson 1995).

Both the national scale and its emerging alternatives are assumed here to be socially constructed. That is, they do not exist as fixed entities, each assigned a characteristic set of processes. Instead each scale and the relationships among scales are contested and continually reproduced. Research in geography on the "politics of scale" has argued that scale is always fluid. Scales and scalar relationships can become fixed, but that fixity is never permanent, and it is always realized through a political project (Smith 1993, 1995; Swyngedouw 1992, 1997; MacLeod and Goodwin 1999b; Marston 2000; Brenner 2001). If scales are produced through struggle and conflict, the extent and content of each scale, as well as its relationship to other scales, must be the result of particular groups achieving a configuration that best suits their agenda. Scale, in other words, is best seen not as a neutral container that exists outside

politics, but as a *strategy*, as a way to pursue a political agenda. In this light, the political-economic literature has developed an overarching argument that the globalization of scalar relationships is a conscious strategy to advance the agenda of neoliberalization.

Economic Glocalization

The rise of the transnational corporation and the increasing internationalization of economic production and finance since 1970 have significantly expanded the scale at which capital investment, economic production, and information flows are functionally integrated. Capital flows and economic production are much more likely to extend across national borders than before. That “globalization” of its operations has been an important strategy on the part of capital to achieve two goals. The first is mostly economic: to seek out new areas for investment that could help reverse the declining rate of profit that developed in the industrialized economies due mostly to high wages earned through successful labor organizing. Globalization can be seen, therefore, as a contemporary manifestation of an age-old capitalist strategy: a restless effort to incorporate new territories into the capitalist relation in order to secure new spaces that offer greater returns on investment (Hardt and Negri 2000). The second goal of globalization is more fully political. Under the postwar “Keynesian” policy regime, labor achieved a strong political position: unions had a formal role in macroeconomic policymaking. Labor reproduction and demand stimulation were the main concerns of policymakers. National government tightly regulated capital in a variety of ways. Against the strength of labor, capital’s primary bargaining leverage was its mobility, and so transnationalization of investment was a way to give this threat very sharp teeth (Bowles and Gintis 1986, pp. 57–8). Capital has thus “jumped scales” beyond the national as one way to overcome the limitations and contradictions of the predominantly national-scale regime of the Keynesian era (Smith 1993).

The other aspect of economic glocalization is the increasing tendency for economic coordination to be organized at more local and regional scales. Commentators have stressed the growing importance of regional economies as important functional nodes in the world’s economic geography (Storper 1997; Scott 1996, 1998). The rising importance of regions is associated with a move toward industrial production that relies on “flexible specialization,” whereby very large firms give way to a proliferation of smaller ones (a process known as vertical disintegration) that must coordinate their activities (Piore and Sabel 1984; Christopherson and Storper 1989; Sabel 1994; Saxenian 1994; Hirst and Zeitlin 1989; Scott 1988). As more industries move toward vertical disintegration and flexibility, interfirm cooperation becomes increasingly crucial to economic production. The need for cooperation encourages firms to cluster

geographically in a given region and to develop a regional-scale organization that allows (usually urbanized) regions to function as nodes in the global economy (Scott 1996).² This economic regionalization is important because it has made the economic fortunes of regions relatively more independent of their national economies. A regional economy is now more able to grow when the national economy is stagnating, or stagnate as the national economy grows. A region’s economic networks are no longer just national, but global. That emerging independence of regional economies has intensified inter-region competition for capital investment. No longer are regional economies a function of, and protected by, their national economy. Increasingly they must hustle in the global economy to ensure their economic fortunes.

State Glocalization

The nation-state has also undergone a process of glocalization. As with economic coordination, the national scale has been destabilized as the dominant scale of state power (Jessop 2000). Important state functions and powers are being shifted to other scales, both supranational and sub-national. In some cases, shifts to larger scales have involved merely *international* coordination of specific policies whereby each nation-state operates as a sovereign unit within an agreement among nation-states. The UN, NAFTA, ASEAN, and the Kyoto Protocol are examples. In addition, there have been some moves towards truly trans- or supra-national state forms, under which national states partly coalesce into a larger “superstate.” The European Union is one of the few examples of an institution in which state sovereignties have the potential to dissolve into a truly supra-national state form (Leitner 1997; Balibar 1999). In both cases, however, both inter- and supra-national state forms have expanded the potential to coordinate policy at scales beyond the national. Of course such international coordination *could* be used to more tightly regulate internationalizing capital. However, it has so far been used much more frequently to aid capital mobility by developing free-trade policies that speed the flow of goods and capital across national borders. Such policies do much to intensify the political leverage associated with capital’s mobility.

The converse of state globalization has been a devolution of authority from the national state to its sub-national units (Jessop 1994a; Peck and Tickell 1994; Mayer 1994; Swyngedouw 1996; Ward 2000; MacLeod and Goodwin 1999b; Staeheli *et al.* 1997; Kearns 1995). That process has involved the transfer of functions, obligations, and expectations to local states at various scales, from province/state to municipal. While this is a complex and uneven process, one main outcome has been for the national state to weaken policies that redistributed wealth more evenly across the nation, protecting vulnerable regions from competition. It has instead preferred to stimulate entrepreneurialism

by encouraging newly empowered regional authorities to compete among themselves. Erik Swyngedouw's (1996) analysis of the redevelopment of regions in Belgium after mine closures shows how a nexus of new local-state (and quasi-state) institutions were created to assume responsibility for functions such as unemployment, education, economic development, and finance. The goal of the devolution, he argues, was to "produce competitive regional spaces" through institutional state forms that fit more closely the scalar structure of the changing economic geography in the area (1996, p. 1499). According to Swyngedouw, the political project was to shift state policy away from a national-redistributive project and toward a regional-competitive one. With devolution, each region could offer a different regulatory package, and attracting capital became an increasingly important driver of that policy, over and above social need.

As the Belgian example hints, a third shift accompanies this rescaling: a move from formal government to more informal "governance" arrangements. In addition to upscaling and downscaling, there has been a tendency toward outsourcing of state functions to non-state and quasi-state institutions. The state has increasingly privatized and semi-privatized its functions by contracting out services to volunteer organizations, community associations, non-profit corporations, foundations, and private firms, and by developing quasi-public bodies, such as QUANGOs, training and enterprise councils, appointed competitiveness councils (like the WCC), urban development corporations, regional development authorities, and public-private partnerships, to carry out the functions of formal government (Goodwin 1991; Krumholz 1999; Payne and Skelcher 1997; Walzer and York 1998; Watson 1995). That shift has helped increase the "flexibility" of policy-making: very often it is a way to undermine government requirements and protections, because those may cease to apply when a non-governmental agency takes control of a decision. The neoliberal goal here is to move governance out of the routinized channels of the formal state, because that had been the bastion of the Keynesian compromise. The result has been an increasing proliferation of ad hoc and special purpose entities, most of which are quite new. They have missions, rules, and procedures that are not well-established. Such "flexibilization" has created a much more open and unstable set of governing arrangements for urban political actors to navigate. While that increased openness is intended to benefit capital, it often leaves open significant opportunities that subordinate interests can exploit.

As with other processes of rescaling, the process of state rescaling has by no means been total. On the contrary, it has been markedly partial and uneven. The argument is not that the governing and coordination has been diminished; rather governing power has been partly "displaced" from its dominant location in the national-scale state and "replaced" in new institutional and scalar forms, both

state and non-state (Jessop 1994b, p. 24). In short, state power has been partly glocalized, and the national-scale state no longer holds as dominant a position as it once did (Brenner 1997; Jones and Keating 1995; Amin 1994; MacLeod and Goodwin 1999b). As the analysis above begins to suggest, rescaling has not been absent of political-economic content. Rather, glocalization has been pursued as a conscious *strategy* to realize a particular agenda: a thoroughgoing neoliberalization of political economies (Swyngedouw 1997). Glocalization has been partial because it has been selective: neoliberals have pursued primarily those scalar shifts that augment the dominance of competitive free-market relations. In order to more fully understand neoliberal globalization, the next section examines that neoliberal agenda in more detail.

Neoliberalization

Those rescaling processes—the increasing threat of capital mobility, the intensification of inter-region and inter-urban competition, and the glocalization of both state regulation and economic production—have all worked in close cooperation with the rise of neoliberalism. The latter is in many ways the reassertion of an old neoclassical economic argument: society functions better under a market logic than any other logic, especially a state-command one. We should give firms and individuals freer reign, neoliberals argue, so that they can rationally maximize their private economic interests in open and competitive markets. In the postwar era, until about 1970, a "Keynesian" economic policy regime instituted strong union power, significant state control over the economy and regulation of capital, and a relatively large welfare state apparatus (Jessop 1993). Even as Keynesianism became dominant, opponents were building an argument for an alternative, a neoliberal ethic in which the state would play a minimal role in the economy and "the invisible hand" of market decisions would determine economic outcomes. The neoliberal argument that the market is far more "efficient" in allocating resources than the state or other institutions, true or not, resonated strongly in the 1970s era of stagflation and economic recession. It has since become the dominant assumption in policymaking.

In the neoliberal imagination, open and competitive markets not only produce the most efficient allocation of resources, but they also stimulate innovation and economic growth. Thus market logics and competitive discipline should be fostered in the economy, and they should even be extended beyond the economy, to institutions like the state, universities, hospitals, schools, and so on. Moreover, because state policies are the primary impediment to competitive markets, the state should "get out of the way" as much as possible. Those values have informed a wide-ranging policy agenda. Neoliberals have worked to reduce international trade restrictions and establish the dominance of a "free trade" ethic to support the globalization of production. They have dismantled

the Breton Woods system of fixed exchange rates for currency and allowed money markets to operate much more freely. They have vigorously pursued “flexible” labor markets that are less encumbered by practices like collective bargaining, minimum wages, job security, health insurance, safety laws, and the like. They have pressed for the legal expansion of private property rights to promote the commodification and private ownership of social products such as material goods, land, ideas, and information.³

But we should not see neoliberalism only as a concrete economic policy agenda. As Harvey (2005) makes clear, the rise of neoliberalism constituted a successful ideological project to make competitive-market ideologies hegemonic. Wendy Larner (2000) and Henry Giroux (2004) have both emphasized the importance of understanding neoliberalism not just as a set of concrete policies, but as an ideology, a form of governmentality, and, as Giroux terms it, a “public pedagogy.” The hegemony of neoliberal ideas is important, because creating a dominant neoliberal “common-sense” helps establish unquestioned assumptions that make it very difficult to imagine, let alone achieve, alternative projects (Keil 2002). For example, in laying out their policy agenda, the Washington Competitiveness Council made very clear the need to continually “improve public understanding of the importance of a healthy business climate to the future of Washington’s economy” (Washington Competitiveness Council 2002, p. 4). That exhortation suggests two things: (1) proponents of neoliberalism understand very well the importance of Giroux’s “public pedagogy,” and (2) the dominance of neoliberal common-sense is not yet total. The WCC was concerned that not everyone in Washington State had accepted the importance of their project (although they were confident education could help them “understand”). While the project of realizing neoliberalism’s ideals is important, nowhere it is complete or permanent. Rather what we are seeing is an ongoing struggle to continually re-establish neoliberalism as the hegemonic logic for political argument (Gramsci 1971; Jessop 1997a). The more dominant this logic is, the easier it is to advance the neoliberal policy agenda. Much headway has been made in realizing that agenda, but we should not expect to see any pure manifestations of a neoliberal political economy. Rather, if we examine the concrete policy agenda of neoliberalism, what we see is a distinctly fitful advance and uneven geography: some places labor under a more nearly neoliberal regime, in other places neoliberalization is much less far along. It is that sense that I use the term neoliberalization, as an ongoing but never completed project to neoliberalize urban political economies (Tickell and Peck 2003).

Adding to that complexity is a nuance within the policy ensemble that has emerged under neoliberalization. While neoliberal doctrine propounds a minimal state and maximal markets, the discussion above suggests a more complicated agenda. “Neoliberalism,” Hardt and Negri (2004, p. 280) write, “is not really a regime of unregulated capital but rather a form of state regulation

that best facilitates the global movements and profit of capital.” The state is not merely stepping back, rather it is dismantling its assistance for labor and the poor and increasing its assistance for capital (Moody 1997). Peck and Tickell have labeled this the “roll-back” of economic regulation and welfare spending and the “roll-out” of pro-market policies (Peck and Tickell 2002a). Brenner and Theodore prefer to call them the “moment of destruction” and the “moment of creation” (Brenner and Theodore 2002). Because I want to highlight specifically how neoliberal policy favors capital by both helping and getting out of the way, I use the terms “laissez-faire” to describe policies that lower barriers for capital and “aidez-faire” to describe policies that actively help capital to accumulate.⁴ In their account, Peck and Tickell periodize these two aspects of neoliberalism, arguing that an earlier phase of roll-back in the 1980s was followed in the 1990s by a roll-out of policies to increase state support for capital. While this historical big picture is important to understand, for a given place it is most useful to think of these two aspects as occurring together in a complex mixture of both laissez- and aidez-faire. Neoliberalization is a project to both destroy impediments and create assistance to capital wherever and whenever possible.

Conceived of in Gramscian terms, as a hegemonic project, neoliberalization is always only imperfectly realized. It does not exist in its entirety because (1) it must articulate with and accommodate existing policies, habits, and assumptions, such as those remaining from the Keynesian era (Brenner 2005), (2) it produces its own contradictions and legitimacy problems, and (3) as a result, it is always resisted. That does not mean that neoliberal logics are not dominant—they are. But it does mean their dominance is never total. The advance of both laissez-faire and aidez-faire are partial, uneven, and highly context-specific. Neoliberals have to be opportunistic and adaptive in pressing their agenda. They must slot in with existing policy, regulate internal contradictions, and overcome resistance. That non-monolithic character is important because it helps us realize that neoliberalism is not invincible, it is merely the current hegemon in a long line of hegemons. Counter-projects are possible; indeed they are inevitable. But it is also important because it helps us understand better the actually existing policy frameworks that neoliberalization has produced (Larner 2000).

Laissez-faire

So neoliberalization is not so much state policy getting out of the way as it is transforming policy to better meet the needs of capital. However, a central part of this agenda is the laissez-faire ideal whereby state regulation of economic activity is minimized. Perhaps the most well-known example is the reductions of tariffs and other regulations to promote international free trade, a policy ensemble that was one target of the Seattle protests. Within nation-states,

laissez-faire minimizes environmental regulations like the U.S. Clean Air Act that impose “external” restrictions on economic decisions, or the Endangered Species Act that often limit what a property owner can do with his or her land. Government regulations that codify collective bargaining and other workplace rights (National Labor Relations Act), or promote safe working conditions (Occupational Safety and Health Administration (OSHA)) are undermined, empowering capital at the expense of labor. Similarly under attack are programs like unemployment insurance, since these “distort” the labor market because they mitigate the true cost of being fired and therefore make it harder for capital to discipline labor. Neoliberalization also reduces regulations for spatial planning, like Washington State’s robust growth-management limits on land development, or the national “spatial Keynesian” policies that favor declining regions in order to ensure a more equal distribution of wealth (Martin and Sunley 1997; Brenner 2005). Laissez-faire also targets taxes paid by firms for reduction or elimination. And it pushes localities to reduce tax burdens in general so they remain competitive with other localities. Neoliberalization undermines the regulation of housing markets, seeking to eliminate or streamline policies like rent controls, building codes and permits, and affordable housing requirements. It also aims to minimize a host of similar regulatory structures, such as those associated with insurance, business licensing, and liability.

The shift to governance, whereby government functions are outsourced to the non-government sector, generally helps advance the goal of deregulation. Because it produces a more “flexible” governing climate, it undermines the potential for stable statutory regulation that the state can provide. Often state requirements (e.g. when a city government has adopted a living wage ordinance, or agreed to abide by the Kyoto Protocol) cease to apply when government functions are outsourced to quasi-public or voluntary organizations. Furthermore, as we saw above, the devolution and downscaling of government functions from the national scale to local and regional agencies increases competition between localities. Whereas localities in a given nation-state were formerly all operating under the same national regulatory structure in a sphere like environmental management, for example, with devolution each locality can now regulate differently, and so localities can compete for capital by reducing their regulatory requirements. As Harvey (2005, p. 87) puts it,

competition between territories (states, regions, or cities) as to who had the best model for economic development or the best business climate was relatively insignificant in the 1950s and 1960s. Competition of this sort heightened in the more fluid and open systems of trading relations established after 1970.

Such “entrepreneurial” urban governance means there is a very real danger that such inter-local competition is a “race to the bottom” in terms of the social

controls (like democratic decision-making) a locality can place on capital (Harvey 1989). In this way, glocalization and neoliberalization together produce competitive discipline that helps dampen the state’s ability to regulate capital.

Welfare Retrenchment

Neoliberalization doesn’t just reduce particular forms of state regulation, it also reduces state spending in some areas. Perhaps the most important example is that of welfare spending. The robust welfare states that grew out of the Keynesian era have been progressively “downsized” over the past 25 years. A long string of government retreat from programs such as direct aid to families, unemployment insurance, social security, child care, and health care has paraded across the political stage in this era (Staeheli *et al.* 1997). Such welfare programs are disparaged by neoliberals because they are considered uncompetitive. We should invest in productive economic enterprise, they argue, not unproductive social handouts. Workers with access to unemployment insurance or direct government payments will lack the incentive to participate energetically in the labor market. If we remove such security, the argument goes, workers will be highly motivated to succeed in their jobs. Moreover, as we saw above, such safety nets reduce capital’s power because they make the threat of termination less worrisome for workers. In general, the neoliberal argument is that we should meet social needs not through the bureaucratic state but through the efficient allocation mechanism of the market. As a result, we see the current push to move people off welfare and into work, or a similar drive to privatize social security by allowing participants to invest their money in private funds. While such welfare retrenchment does not always directly benefit capital like regulatory relaxation does, it does significantly reduce an important commitment to public spending and so makes it more feasible to reduce the tax burden on capital.

Perhaps more than any other area, welfare retrenchment has been subject to state rescaling through devolution (Hoggett 1987). National states have increasingly offloaded responsibility for welfare provision onto local governments. Local governments, in turn, have outsourced a range of responsibilities to non-profit, volunteer, and private organizations. However, this offloading of responsibility has not been accompanied by sufficient state resources to meet the new demands. In fact, national states have progressively dismantled their traditional fiscal support for localities. During the Keynesian era, national governments allocated resources to local governments on the basis of need, social entitlements, and automatic stabilizers (Peck and Tickell 2002a, p. 395). That system helped ensure localities had enough revenue to cover the costs that local need generated. The neoliberal model distributes such funding competitively: central governments are now less inclined to consider need and prefer to invest in localities that seem to promise a return on investment in

terms of local economic growth.⁵ Cities with promising economic profiles are now more likely to secure central funding than cities with greater social need. That worsens uneven spatial development as positive feedbacks develop for richer places (growth attracts funding to stimulate growth) and poorer places are burdened with negative feedbacks. For the latter, an acute “fiscal squeeze” develops because they have increasing social need and decreasing revenue to meet it. That squeeze intensifies the need for these places to generate revenue locally. But raising local taxes for welfare spending dampens competitiveness, and so local governments are pushed to entrepreneurial strategies that attract new investment that can increase tax increments (Harvey 1989).⁶ So the inter-local competition that cities are increasingly exposed to is intensified by their rising need to stimulate economic development that can generate badly needed public revenue to meet their increased service burden. In short, welfare retrenchment and devolution have been an important incentive for local policy to be more competitive and entrepreneurial.

Another form of retrenchment involves rolling back state protections that aid particular industries. States cut aid to favored or struggling national industries (e.g. steel or cotton), thereby forcing their firms to compete globally. In places where such industries are or were an important part of the local economy (like in the rust belt), their decline or wholesale relocation has further pushed local governments to be more entrepreneurial. The spatial Keynesianism of the old order would have mobilized national-government revenue to mitigate such economic hardship and preserve a measure of inter-local equality. The neoliberal order, on the contrary, tends to leave such places to their own devices, forcing them to invent new entrepreneurial strategies to reinvigorate their competitiveness. In addition to those pressures, one additional assault on state spending concerns public-sector employment. The “lean, mean” government of the neoliberal imagination encourages continual reduction of the number of state employees, and vigorous resistance to their strong unions. The large payrolls of “big-government” run afoul of the neoliberal emphasis on efficiency. That labor power, they argue, would be more productively applied in the competitive private sector.

Aidez-faire

Welfare retrenchment fits well with the neoliberal ideal of a minimal state that gets out of the way of the free market. But in fact, neoliberalization has involved both the retrenchment of state spending and its augmentation. Seen as a whole, the agenda of neoliberalization is to reduce state spending that does not benefit capital in order to free up revenue for spending that does. More specifically, capital needs the state to pay for things it cannot or does not want to provide for itself. For example, massive public investments

in infrastructure projects that are necessary for economic growth are key to the agenda of neoliberalization. For infrastructure that has traditionally been the responsibility of the state, like transportation, there has simply been an intensification of pressure to maintain efficient flow of people and goods. The example of the Washington Competitiveness Council is again instructive: their “most imperative recommendation” for increasing local competitiveness was to “fix our transportation problem” (Washington Competitiveness Council 2002, p. 8). Of course such spending requires revenue, and the WCC imagined that revenue would be publicly provided. However, because their agenda is also to reduce existing taxes on business, they called for “alternative financing mechanisms” to raise revenue from sources other than businesses (Washington Competitiveness Council 2002, p. 10). The neoliberal hope, or perhaps more accurately, faith, is that some of that new money will come from savings realized by welfare retrenchment, but most will come from new revenue produced by economic growth. That contradiction between reduced revenue and the demand for increased spending is endemic to the neoliberal agenda. It requires creative new ways to raise needed public revenue in a political economy that demands lean, mean governments. That is one reason why inter-local competition is so crucial: governments feel they must find the revenue for infrastructure somehow, even at the cost of reducing all other spending, because without effective infrastructure they won’t be able to compete for investment and the local economy will stagnate.

Other traditional state spending responsibilities have been similarly intensified, but also reimagined. Education spending is regularly a priority for the neoliberal agenda (Gordon and Whitty 1997). But the goal here is not to reinvigorate liberal education to produce critical citizens. Rather it is to refocus educational spending to produce a varied pool of skilled “human capital” that can enhance a place’s competitiveness. The idea is to produce both professionals and skilled manufacturing and service workers that, when paired with lower wages relative to other such places, together create an attractive package of labor for capital. Places like Bangalore, Thomas Friedman’s great inspiration, have pursued such a strategy to attract significant investment in high-tech production and customer service (Friedman 2005).

Neoliberalism also encourages states to spend beyond traditional areas, pushing them to take on new responsibilities. For example, local and state governments are increasingly becoming principal investors in urban development projects. Rather than merely regulating land development, the state has become much more actively involved in providing investment capital to stimulate development. Here public-private partnerships are commonly used, whereby a state agency teams with a private firm to develop a property. States have always funded the development of public works projects, but they are increasingly providing capital to jumpstart the development of property

for sale on the private market. The terms of each deal vary of course, but often the state provides funds simply to get development going, and the private firm receives the bulk of the profit. Even where the profit is shared, state financing reduces the cost and risk firms must assume to develop urban land. Especially important here have been the growing number of “mega-projects” to revitalize and draw attention to a given city (Altshuler and Luberoff 2003; Flyvbjerg *et al.* 2003; Olds 1998). While these are sometimes purely public works projects, increasingly they take the form of public–private partnerships to develop urban land for the private market (Swyngedouw *et al.* 2002).

Another form of state support is technology transfer whereby states hand over technology generated by the public sector to private firms. Organizations like Senator Robert Byrd’s National Technology Transfer Center “strengthens the competitiveness of U.S. industry by providing access to federally funded research” (National Technology Transfer Center 2006). The goal of the program is to “commercialize” the technological innovations produced by federal research, essentially to give publicly generated knowledge to capital interests. The public bears the costs of research and development, and private firms realize the profit. That model also operates at smaller scales, as when localities use respected state research universities to attract high-tech industry to places like Silicon Valley, the Raleigh-Durham “research triangle,” Austin, Texas, and Seattle, Washington. More directly, states will also “incubate” particular industries they feel are competitive because they are at the leading edge of technological innovation. Software, internet technologies, and biotechnology and other forms of medical research are prominent examples. Here local states will use a combination of *laissez-faire* (tax breaks, zoning flexibility, etc.) and *aidez-faire* (subsidies for fledgling firms, technology transfer (especially in biotech), development investment, etc.).

Aidez-faire spending affects social policy as well. In housing, as the state backs away from regulations like rent control and Keynesian spending like public housing, it “rolls out” new forms of spending like housing vouchers and certificates. Those allow property owners to receive the “fair market value” in renting a unit, because the state pays what the tenant cannot. The state increasingly does not develop and own housing, nor does it regulate housing prices; it instead subsidizes low-income housing consumers so they can behave just like other consumers, and the housing market can function as close to the neoliberal ideal as possible. As with other forms of neoliberal restructuring, responsibility for administering such subsidies is increasingly being devolved to the local and regional scale, and the amounts of their payments are pegged to local housing markets.

In the labor market, Keynesian “welfare” policies of direct aid to workers are being replaced by “workfare” systems designed to get workers off the government dole and into the labor market (Peck 2001). Recipients get job

training and undergo “work readiness” programs in which they learn literacy, numeracy, and interpersonal skills deemed appropriate for interviews. Ideally, this sort of training is contracted out to private firms. Recipients also endure “experience building” in which they work for little or nothing in order to get more experience in a particular job. Even when they move into the regular labor market, rarely do the available jobs pay much above minimum wage or have any long-term security. However, the neoliberal goal is achieved: moved from public assistance into the labor market, they have been commodified as laborers. That workfare imperative is apparent in education as well, as private technical and vocational schools (ITT Technical Institute, University of Phoenix, etc.) proliferate, and public education at all levels increasingly moves away from the liberal ideal of nurturing critical citizens and toward the neoliberal ideal of training ready workers (Washburn 2005; Geiger 2004; Aronowitz 2001). As with housing, workfare policies are increasingly administered not at the national scale, but by provincial- and county-level agencies. As such policy is devolved and each locality can pursue a different set of policy options, the disciplining forces of inter-local competition and the fiscal squeeze rear their heads.

Aidez-faire need not involve active public spending. It can instead involve the adoption of particular values that benefit capital. For example, competitive discipline forces governments to place the highest priority on the exchange value of space rather than on its use value for people who inhabit it. Governments are not just relaxing planning restrictions so capital is freer to operate; they feel they must actively favor maximizing property values over maximizing use values. The notion of “the highest and best use” is a real-estate term that imagines the true calling of a parcel of land to be the maximum market value it can achieve. Such a value-laden term shows clearly how neoliberalism is an ideological and pedagogical project as well as policy one. In the neoliberal era, highest and best use is increasingly becoming the governing doctrine in spatial planning. It is an enormous help to property owners and developers, and it is a heavy burden for movements concerned with use value. A park, for example, might be the best way to meet the needs of neighborhood inhabitants, but it rarely meets the standard of highest and best use.

And along these same lines, governments are rolling out a host of other new policies that both actively assist capital accumulation and promote interplace competition. Monetarist policies, for example, work to control inflation (for capital) rather than unemployment (for labor). Governments create “new institutional relays” (like the Washington Competitiveness Council) that coordinate and mobilize more competitive policies (Brenner and Theodore 2002, p. 22). They create enterprise zones to attract and work with specific forms of capital (Wilson 2004). They create and disseminate powerful narratives about the importance of competitiveness, the possibility of decline and stagnation, and the absolute necessity of economic growth. And they accept the logic of “fast

policy transfer,” in which local governments adopt without much modification policies developed in other places to improve competitiveness (Peck and Tickell 2002b). That last trend helps neoliberalization spread more quickly from place to place. In short, neoliberal governments don’t just leave capital alone, they also help it directly to accumulate and control wealth.

Disciplining

In addition to direct assistance to capital, the state also provides a more indirect benefit by actively pursuing a wider social stability. To a large degree, the state is responsible for managing the inequality and political tensions that capitalist economies tend to produce (Jessop 1990). In the Keynesian era, stability was achieved by including labor in decision-making and mitigating inequality through redistribution. Neoliberalization has largely dismantled those structures, and so it must seek other means. One has been to vigorously discipline those who do not play the neoliberal game or play it poorly. In a broad sense, the competitiveness ethic of neoliberalism is a pervasive way to discipline deviance. Localities who wish to pursue alternatives to entrepreneurial public policy, for example, are often punished with economic stagnation or capital disinvestment. Even if such a dynamic does not always materialize, the dominance of the competitiveness ethic induces in governments a considerable fear of straying from the logic of growth above all else. More concretely, disciplining can target those disadvantaged by an increasingly market-oriented economy (Peck and Tickell 2002a). The workfare policies mentioned above, for example, discipline employees by withdrawing direct aid and so intensifying the costs of not participating actively in the labor market.

We also see more naked disciplining on everyday behavior, as with the rise of “zero-tolerance” policing policies that crack down on even the pettiest crime in an effort to deter disorder and make public space safer for the middle classes (Kelling and Wilson 1982; Smith 1996). Related are increasingly restrictive ordinances to manage and contain the homeless. One disciplining strategy has been to bring an ethic of “personal responsibility” to homeless services. For example, a recently constructed homeless services center in Seattle offers lunches, showers, toilets, internet access, and phone service. However, those using the center for more than ten days are required to sign a contract outlining their plan for entering the housing and labor markets and “transitioning” out of homelessness. The director of the non-profit corporation that the city contracts to run the center put it this way, “If you’re just coming in to use the bathroom, we’re ultimately going to grow impatient ... We will start ratcheting up the pressure to develop a transition plan. If they do not, we’re going to assume our resources could be more profitably applied to other people” (Chan 2006, p. B2). Another anti-homeless strategy has been to criminalize everyday acts

of survival (sitting on sidewalks, sleeping on benches, urinating in alleys) so that zero-tolerance policing has the power to remove the homeless from places they are not desired and contain them in other, more marginal places (Davis 1990; Mitchell 2003; Macleod 2002). The “civility laws” advocated by Seattle City Attorney Mark Sidran are a prominent example (England 2006). That more punitive option is part of a wider project to create an ever-larger “prison-industrial complex” to house those who do not participate consistently in the low-wage labor market (Gilmore 2006).

One area in which neoliberal disciplining encounters important contradictions is that of migration. Trade liberalization has produced significant economic upheaval in rural areas of countries in the global South as foreign capital industrializes agricultural production and shifts it to an export orientation (e.g. Mexico and Central America). Migrants from those places often move to cities within their nation-state, but they also migrate to countries in the global North (e.g. the United States). Neoliberalization unequivocally advocates freedom of movement for goods and capital; it is less sure about the movement of labor. On the one hand, both documented and undocumented immigrants are a powerful disciplinary tool in the host labor market. Their citizenship status and racialized devaluation drives their wages down and creates great “flexibility” for employers in certain sectors. On the other hand, powerful nationalist and nativist sentiment has forced national governments to more strictly regulate migration (Purcell and Nevins 2005). Frequently both nativism and neoliberalism are most at home in the same political party (e.g. U.S. Republicans), and that party must balance the labor needs of capital with widespread citizen sentiment against immigrants. The result is usually an ebb and flow of migration enforcement, a combination of nationalist protectionism and selective and tentative liberalization. Those tensions were clearly on display in the U.S. in the 2007 debates about immigration reform.

The contradictions associated with migration are not unique. The neoliberal agenda continually breeds contradiction and encounters resistance. Nevertheless, the broad-sweep agenda is clear: to increase the control of capital over material life. In terms of political decision-making, that agenda can be seen as an attempt to increase the control of capital and decrease the power of “the people,” however defined.⁷ For that reason, many have raised the concern that neoliberalism (and capitalism more generally) poses a fundamental threat to democracy (e.g. Norgaard 1994; Hardt and Negri 2004; Dryzek 1996; Bowles and Gintis 1986). In the next section I explore this claim, and I analyze the specific relationship between neoliberalization and democracy in cities.

Those concerned that neoliberal globalization is undermining democracy often present democracy in a common-sense way, without extensively elaborating the debates and struggles over the concept (e.g. Harvey 2005). It is therefore important to be clear that “democracy” has many interpretations. One’s sense of the relationship between neoliberalization and democracy will be deeply influenced by which interpretation one adopts. The dominant form, liberal democracy, is joined by a host of alternatives, such as participatory, deliberative, direct, pluralist, and radical democracy. Liberal democracy is in many ways quite compatible with neoliberal globalization. I develop in the next chapter how neoliberals routinely advocate the spread of liberal democracy as part of their vision. They do so, at least in part, in order to compensate for a central problem in neoliberalization: it tends to produce considerable democratic deficits. It therefore struggles with problems of democratic legitimacy, and more generally, political legitimacy.

One of those democratic deficits is historical. Especially in the early years of neoliberalism’s rise (but also later), there was no shortage of cases in which authoritarian government was paired effectively with neoliberal economic policy. Examples include Chile, Iran, China, South Korea, Taiwan, and Singapore (Harvey 2005, p. 120). Such a pairing tars neoliberalization with very negative associations from the point of view of democracy. Here Augusto Pinochet is a very embarrassing poster child. And the examples of anti-democratic means toward neoliberalization are not at all confined to history. It was fairly clear that the United States had at least secretly encouraged if not engineered the recent aborted coup against Venezuelan president Hugo Chavez, one of the most vocal opponents of neoliberalism (Forero 2002). Beyond those associations, a more general deficit concerns the process of deregulation. Since in a liberal democracy the state is the principal institution through which the people are empowered, neoliberalization’s drive toward deregulation and outsourcing means that democratically elected governments are less able to manage the economy, and “the people” of liberal democracy are therefore ceding power to markets and the firms that hold power in those markets (Larner 2000). While there are of course problems with the naked claim that the state in liberal democracies truly represents “the people,” liberal-democratic governments are certainly far more democratically accountable to the people than are corporations. So, to the extent that neoliberalization succeeds in its agenda to augment the power of corporations vis-à-vis the state (Hardt and Negri 2004), and insofar as liberal-democratic states are the principal representative of the mass of people, neoliberalization produces a democratic deficit because it transfers power from democratic citizens to corporations.

Moreover, the increasing globalization of governance has produced more and more institutions that are not governed through democratic representation,

such as the WTO, IMF, and the World Bank (Dryzek 1996, p. 6; Wallach and Sforza 1999; Jawara and Kwa 2003). Decision-makers in such bodies are usually appointed by a national-scale executive and so are not tied in any sort of direct or accountable way to electorates. Moreover, in those institutions the representatives of rich states often successfully use specific procedures to dominate and exclude the representatives of poorer countries (Khor 1999; see also Wainwright 2007). At a more local scale, the same sort of failure of democratic representation occurs. For example, in cities special districts are created to build infrastructure projects in the hopes of keeping the local economy competitive. They are usually governed by boards that are appointed by local-government executives. Even when such projects are unpopular boondoggles, the elected officials who appoint the boards are rarely punished at the polls. Voters have too many other issues to consider. Just before his election as Mayor of Seattle, Greg Nickels was a board member of (and apologist for) Sound Transit, a special agency widely vilified for being inefficient, wasteful, and unaccountable. He was elected mayor anyway.

Other perspectives offer a different set of concerns about neoliberalization’s impact on democracy. Advocates of participatory and direct democracy, for example, see political representation as by definition undemocratic. They value more local polities and decry supra-national state forms, even relatively representative ones like the EU, because decision-makers are so far removed from democratic citizens. Social democrats, for their part, condemn the erosion of state policies like social insurance and economic redistribution and the associated growth of material inequality at all scales (Hirst and Thompson 1995). They mourn the neoliberal attack on the more socialized political-economies of the Keynesian era because they were able to ensure greater material equality, and social democrats believe such equality is necessary for a robust democracy. The material inequality that neoliberalization produces means “the very social and material basis for greater political equality—central to the very idea of democracy—has been undermined in many countries” (Gill 1996, p. 215). Evidence of that inequality is provided by longitudinal studies that show it increasing on virtually every index (Task Force on Inequality and American Democracy 2004; Dumenil and Levy 2004; Pollin 2003; Fainstein 2001; Harvey 2005).

Even for liberal democrats, such inequality poses problems. The liberal-democratic tradition posits a strong division between public and private, and generally imagines the economy to be part of the private sphere. That logic allows liberal democracies to countenance a strong measure of social inequality even as they claim the formal political equality necessary for democracy. But that maneuver, as one can imagine, doesn’t eliminate the problem. The contradiction (or at least tension) between social inequality and political equality has always posed problems for liberal-democratic thought and

practice. The greater the social inequality, the more unstable is the claim that all citizens are equally valued and carry an equal voice (Task Force on Inequality and American Democracy 2004). Since such formal political equality is a minimum requirement for all notions of democracy, increasing social inequality destabilizes liberal democracy's claim to political legitimacy. Neoliberalization has therefore worked to exacerbate a democratic deficit that has long been a thorn in liberal democracy's side.

For other kinds of democrats, even more acute deficits arise. For deliberative democrats like Dryzek (1996), neoliberalism promotes consumer identities over citizen identities (see also Larner 1997; Miller 2007). Neoliberalism values individuals who myopically pursue their material self-interest in the marketplace, not citizens who cultivate their civic virtue in the public square. Deliberative democrat Walter Parker (2003, p. 2) reminds us that the ancient Greek term for such self-interested individuals was "idiots." Parker contrasts "idiots" with "citizens," whose actions are motivated instead by the common good. A democracy, Parker insists, cannot thrive unless it can transform idiots into citizens, but neoliberalization works in exactly the opposite direction. Participatory democrats, for their part, share deliberative democrats' concern with idiots. In addition, they also believe neoliberalization is undermining democracy more generally: "deregulation, privatization, reduction of social services, and curtailments of state spending have been the watchwords, rather than participation, greater responsiveness, more creative and effective forms of democratic state intervention" (Fung and Wright 2003, p. 4). The way to resist neoliberalization, participatory democrats contend, is to democratize decisions "by setting up participatory instruments of nonelite empowerment and public accountability" both inside and outside the state (Nylen 2003, p. 120). Here the "participatory budgeting" experiment in Brazil has been one important model for critical reflection (Baiocchi 2003).

Many in urban studies have focused on the anti-democratic effects neoliberalization has had on urban governance (Brenner 1999; Jessop 1997a; MacLeod and Goodwin 1999a). That body of research outlines how for cities neoliberalization narrows the options open to decision-makers whether they are elected or not (Dryzek 1996). Because of the disciplining force of the perceived need to remain globally competitive, cities are pushed away from redistributive social policies and any other option seen as a threat to economic growth. They are pushed toward entrepreneurial policies by the disciplinary forces I outline above. Cities cannot afford to preserve democratic public spaces for citizens (plazas, parks, squares) when they can develop privatized, revenue-producing spaces for "idiots" (malls, offices, condominiums). They cannot spend their meager revenue on services for disadvantaged neighborhoods because that promises little short-term return to the local economy. Affordable housing regularly loses out to gentrification (Smith 1996). And so no matter how cities

organize their decision-making structure, and no matter who is making the decisions, the disciplinary structures of neoliberalism ensure (or make it seem, at least) that cities don't have much choice in making public policy. The result is what Byron Miller (2007, p. 235) calls "limited-capacity urban governance." While capitalism has always limited choices in this way (Gintis 1972), neoliberalization, Miller argues, has intensified those constraints. Virtually all versions of democracy require that democratic citizens be able to choose among many real and viable options. Democracy is thus increasingly squeezed into irrelevance by the competitive discipline of neoliberalization.

In addition to that squeezing, urban decision-making structures are becoming less open to democratic debate. Because they must compete, cities dare not delay in making decisions; they must respond quickly to the global market. Truly democratic decision-making tends to involve political wrangling and vigorous debate; it values transparent disclosure and openness to considering new options. It takes time. It is therefore seen as slow, messy, inefficient, and not likely to produce the kind of bold entrepreneurial decisions that attract and keep capital (Miller 2007). So urban governing institutions are being increasingly "streamlined" so they can foreclose lengthy debate and more quickly respond to market opportunities. They have become less transparent and less accountable to the public (Hoggett 1987). Oligarchic institutions like public-private partnerships, appointed councils, and quasi-public agencies are increasingly making decisions that were formerly made by officials directly elected by the public (Goodwin and Painter 1996; Krumholz 1999; Payne and Skelcher 1997; Walzer and York 1998). Enterprise zones and mega-projects, for example, are creating special appointed bodies that govern only that particular project. And they are proliferating (Swyngedouw *et al.* 2002). In addition, the logic of "fast policy transfer" dictates that urban governments adopt ready-made policy ensembles developed in other places rather than engage the city's public in generating policy through democratic debate. Citizens and their representatives are increasingly replaced in decision-making by panels of business leaders and economic experts who are perceived to know how best to respond to the competitive global market. Non-profit, volunteer, and community organizations are replacing governments as primary service providers. In short, the decisions that shape the city are increasingly being transferred out of the control of the state and its citizens (Brownhill *et al.* 1996; Keating 1991; Peck 1998; Tickell and Peck 2003; Ward 2000).

On top of these democratic deficits, neoliberalism's basic values create more general problems with social cohesion. Neoliberals adopt the classical liberal emphasis on individual self-reliance. Famously, Margaret Thatcher once went so far as to say "there is no such thing as society. There are individual men and women, and there are families" (Thatcher 1987). Such naked individualism and atomism has always been problematic for social cohesion: if we are merely a

collection of individuals, what makes us a cohesive community? In the absence of a strong sense of a cohesive society, it is all the more difficult to constitute legitimate collective authority. But even a neoliberal regime requires legitimate collective authority, at the very least to enforce contracts, protect property rights, and prevent crime, and at the most, as we have seen, to actively intervene on behalf of capital. So, if we add the more general problem of social cohesion to the democratic deficits discussed above, neoliberalization, by its normal operation, creates important problems of democratic legitimacy. Although of course the degree to which democratic legitimacy poses a problem for neoliberalism will vary from place to place depending on a range of contextual factors, in the big picture neoliberalization cannot proceed without actively managing the social and political instability it generates.

Those legitimacy problems make it necessary to develop political mechanisms that can manage them (Tickell and Peck 2003). Such "regulation" of political instability is entirely typical of capitalism more generally (Jessop 1997b; Brenner and Glick 1991; Aglietta 1979; Lipietz 1992), and neoliberalism's ideological emphasis on the market intensifies the need for political regulation (Tickell and Peck 2003; Peck and Tickell 2002a; Jessop 2002). Increasingly, neoliberal policies have been responding explicitly to their democratic deficits (rather than just wishing them away) by assiduously working to appear more democratic. As I argue below, there is a very strong ideological project to associate neoliberalization with liberal democracy. In addition, deliberative democratic practices, which have become increasingly prevalent in planning recently, are being adopted in many places by neoliberals to create a visible process whose rules are democratic enough to legitimate decisions but still ensure a controlling interest for capital (McGuirk 2001; Flyvbjerg 1998a). The tradition of participatory decision-making in cities has also been subjected to at least partial absorption. After the awful experiences of urban renewal in the 1950s and 1960s, many federal laws mandated community or public involvement in decisions (Environmental Protection Agency (EPA), Endangered Species Act (ESA), Intermodal Surface Transportation Efficiency Act (ISTEA), HOPE VI, etc.). But the rules are usually quite vague. There is significant room to construct a process that ensures decisions fall only within a very narrow purview but are nevertheless seen as democratically legitimate because they involve the public in some way. Either the public's participation can be constrained, as for example in the all-too-common "public hearing" with audience microphones. And even when the public is involved meaningfully, their decisions can still be contained within neoliberal bounds by the disciplining logics I discuss above.

Other strategies to associate neoliberalization with democracy take their cue from neoliberalism itself. Neoliberals play up the undemocratic (and illiberal) characteristics of Keynesian bureaucracy. They claim their way offers a more democratic alternative. And this argument is not merely

smoke and mirrors. Keynesianism did suffer, as David Harvey (2005, p. 42) notes, from "intense restrictions on individual possibilities and personal behaviors by state-mandated ... controls." Neoliberals counterpose their values of "individualism, freedom, and liberty" with "the stifling bureaucratic ineptitude of the state apparatus" (Harvey 2005, pp. 56–7). The neoliberal tendency toward state retrenchment and devolution, in this light, is sold as a democratization of decision-making (Mayer 2007). The old national-scale Keynesian policymaking, neoliberals claim, was a top-down imposition on local places of the theories of far-away bureaucrats. Restricting that activist state or at least devolving its authority to the local scale allows places more power to shape decisions to their particular context (this claim is chronicled by Swyngedouw *et al.* 2002, p. 226). During the 1970s the Nixon administration sold the federal retreat from community development, and the move toward block grants, as a way to allow localities to judge for themselves how money should be spent (Green and Haines 2001; Rubin and Rubin 2007). The current fashion to create more "collaborative" decision-making processes, similarly, includes more non-state "stakeholders" in decisions that were formerly made mostly within the state. While these shifts can and do open democratic opportunities, nevertheless if the stakeholders are carefully selected, and they are effectively disciplined by the competitiveness imperative, such shifts can be an effective way to advance neoliberalization's agenda of outsourcing government decisions to quasi-governmental and private sector parties. If the state can be successfully tarred as the enemy of democracy, then outsourcing can be sold as democratization. Of course neither outsourcing nor devolution of authority is in itself necessarily a move toward greater democracy (Purcell 2006). It may be true that in the Keynesian era policymaking tended to be bureaucratized and undemocratic. But when that authority is ceded by the national state to local authorities or to non-state entities, it can be mobilized democratically or not. Devolution and outsourcing may or may not be democratization, but neoliberals sell it as such.

Given neoliberalism's penchant for adopting strategies of democratic legitimation, and given their strong insistence on individual liberty, it should come as no surprise that neoliberals regularly couple their agenda with that of liberal democracy. The connection with liberalism is made clear by the 1947 founding statement of the Mont Pelerin Society, the seminal group of neoliberal thinkers. It lays out clearly a distinctly liberal ethic when it worries that

the position of the individual and the voluntary group are progressively undermined by extensions of arbitrary power [which, for the Society, means the Keynesian state]. Even that most precious possession of Western Man, freedom of thought and expression, is threatened by the spread of creeds which, claiming the privilege of tolerance when in the position of a minority, seek only to establish

a position of power in which they can suppress and obliterate all views but their own.

(Mont Pelerin Society 1947)

The statement then sutures the survival of such liberal values to the values of neoliberalism. It expresses alarm about "a decline of belief in private property and the competitive market; for without the diffused power and initiative associated with these institutions it is difficult to imagine a society in which freedom may be effectively preserved." Without unfettered capitalism, in other words, there can be no freedom. The Cold War era helped solidify that ideological claim: capitalism and liberal democracy, the belief was, stood against communism and totalitarian tyranny. Capitalism and democracy were presented as an essential pair, linked by freedom, that naturally allied against all forms of tyranny. The present era is strikingly similar: the advance of capitalist social relations through neoliberal globalization is ideologically twinned with the emergence of nascent forms of liberal democracy. Just as Margaret Thatcher gushed that "there is no alternative" to neoliberal reforms, Francis Fukuyama declared "the end of history" and the final triumph of liberal democracy and capitalism. In announcing the "unabashed victory of economic and political liberalism," Fukuyama, ideological heir to the Mont Pelerin neoliberals, was mobilizing freedom as the connector: free elections are the natural pair of free markets (Fukuyama 1989, p. 3). Free citizens and free consumers are two sides of the same coin. By extension, then, socialism and communism are fundamentally incompatible with democracy (Fukuyama 1992).

Fukuyama penned his original argument as a state-department employee under the first Bush administration. The younger-Bush administration, under the influence of Paul Wolfowitz among others, has taken the argument much farther, into a messianic vision for transforming the world. In its National Security Strategy of the United States of America (Office of the President 2002, p. iv), the administration argued that "the great struggles of the twentieth century between liberty and totalitarianism ended with a decisive victory for the forces of freedom—and a single sustainable model for national success: freedom, democracy, and free enterprise." While the totalitarian nature of that statement ("a single sustainable model") is certainly ironic, the continuity with Fukuyama is clear: liberal democracy and capitalist free enterprise are inextricably bound up together to create the only imaginable way forward. Each cannot stand without the other, a claim that recalls one of the founding fathers of neoliberalism, Milton Friedman, who argued (1962, p. 8) "economic freedom is ... an indispensable means toward the achievement of political freedom" (see also Hartz 1955). Bush's National Security Strategy (p. 27) even goes so far as to reduce the capitalism/democracy pair to a single entity when

it celebrates "the basic values of free-market democracy." Democracy without capitalism, they imply, is unthinkable; the only option outside that pair is the tyranny of "anti-free market authoritarianism" (Office of the President 2006, p. 3).⁸ But even though the capitalism–democracy connection is seen as natural and necessary, the strong neoconservative influence in the administration means that the Bush administration does not plan merely to look on as the world becomes more capitalist–democratic. Rather it "will actively work to bring the hope of democracy, development, free markets, and free trade to every corner of the world" (Office of the President 2002, p. v). The administration's concept of democracy is distinctly a liberal one, stressing the importance of free elections, individual rights, the "rule of law," and limited government. And its particularly Lockean (1988) version of the liberal heritage imagines the limits to government in a very neoliberal way; among the institutions in civil society that must be protected from government are "private property, independent business, and a market economy" (Office of the President 2006, p. 4). The National Security Strategy of the United States could easily have been written in Mont Pelerin.

Despite the copious historical evidence to the contrary, which I mention above, neoliberals have been largely successful in making the case that democracy and neoliberalism are necessary for each other. Any project to oppose neoliberalization through democratization must confront that fact. The neoliberal/liberal–democracy pair is currently the hegemonic model for organizing political economies. It really is seen by many as the only sustainable model for political economies. But even if it is currently dominant, it is not invincible. History has not ended. Neoliberalization is an incomplete process that struggles with internal contradictions, manifests its agenda unevenly, and produces unintended consequences (Larner 2000, p. 21). Alternative urban futures are altogether possible, but unless we can reclaim democracy as a path of resistance, neoliberalization may very well extinguish their light.