

SYMPOSIUM

Scales of Neoliberalism*

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This symposium focuses on the tensions that manifest at different scales of government (international, national and subnational) as a result of neoliberal policies that privilege capital and the private sector over broader social interests and the public sector. The set of articles shows how increasing pressures from global neoliberalism create disruptions and challenges at multiple scales of government. By neoliberal we refer to the range of market-oriented policies that finds its ideological roots in Hayek (1944), economic justification in Friedman (1962), and political practice of Thatcher and Reagan (Feigenbaum and Henig, 1994), that assumes the market triumphalism of Fukuyama (1992). We focus not on globalization as a general phenomenon but instead on the economic policies that international institutions like the World Bank and IMF (Williamson, 1993; Stiglitz, 2002), states and international treaties put into practice on a range of scales (Brenner and Theodore, 2002). While varied, these neoliberal policies tend to increase the tension between the contradictory needs of the state to maintain legitimacy on the one hand and to secure conditions for the accumulation of capital on the other (O'Connor, 1973). As a result, social opposition — the Polanyian countermovement described by many — takes place as citizens voice their discontent in the streets, which provide the only arenas available. While citizen opposition is of importance, it is not the focus of this set of articles that sees citizen opposition as a manifestation of structural problems, not as the object of study.

We focus instead on the challenges to state and local governments in an environment constrained by neoliberal policies. Our articles show the difficulties for national and subnational governments in maintaining such a complex system. Taken together, the cases suggest that the challenges are so important as to question the benefits and stability of privatization as a political project regardless of scale. Warner and Gerbasi focus on the international level through an examination of the North American Free Trade Agreement (NAFTA) that created a new set of rules to determine the relationship between foreign firms and states. Kohl looks at the national level using the case of an innovative partial privatization program in Bolivia that turned the largest sectors of the economy over to international investors. Mirafteb turns her eye to the local level, analyzing the outsourcing of municipal services in Cape Town whereby the cost recovery principles of neoliberalism bound the municipal government to rely on casual labor hired through short-term contracts at minimum wages and the unpaid labor of volunteer women in disadvantaged townships. These cases show how neoliberalism works at different levels to enhance the overarching logic of the market at the expense of governance for the broader social good.

* This symposium grew out of an informal discussion group on governance and neoliberalism at the Department of City and Regional Planning at Cornell University. As part of these discussions we presented a panel at the American Collegiate Schools of Planning Conference in November 2002. We regret that other members of our informal group, including Dan Guttman, Elliot Sclar and Katherine Rankin, were not able to contribute to this series of articles.

Warner and Gerbasi look at the new neoliberal governance features of NAFTA that extend state rights to firms and undermine longstanding democratic and legal traditions. They show how the NAFTA shifts legal authority from national and subnational governments to an international body that operates according to a set of rules different from those historically developed by the national and subnational governments. They show that NAFTA (1) creates new definitions of property rights, (2) introduces an alternative adjudication process that circumvents the courts system, and (3) invites a new class of participants (foreign firms) into the state and local legislative arena. Taken together, NAFTA places severe restrictions on state and local government action. Warner and Gerbasi highlight a point commonly ignored: NAFTA adjudication changes how government is practiced at the national and subnational levels. They illustrate the importance of NAFTA's system of governance discipline that neither relies on nor creates precedents, in contrast to US case law. As important, while US case law is open to the public, NAFTA allows the players to cloak the entire negotiation and adjudication process.

Warner and Gerbasi's focus on the United States shows that even a powerful country that largely determines the rules for international trade has done so in a way that erodes government authority, following a pattern that Gill (2003) refers to as the 'new constitutionalism'. Under neoliberal globalization, there is space for resurgence of the city in economic and social development (Brenner, 1999); however, our analysis sounds a warning call for urban and regional scholars and practitioners to pay more attention to the implications for governance.

Kohl looks at how neoliberal policies play out at the national level in a small country. In the past 20 years Bolivia has undergone a rocky transition from a state- to a market-directed economy. This has been an uneven although highly contested struggle that has placed the state between international institutions intent on privatizing everything (Watts, 1994) and social groups from labor unions to neighborhood organizations that resist these changes at every turn. Between 1985 and 2003, five successive administrations, in the face of constant opposition and with ever-increasing economic, social, political and human rights costs, implemented round after round of neoliberal policies (Kohl, 2002). Beginning with the Cochabamba 'water wars' in 2000, new sets of alliances that unified members of urban and rural communities, class and territorial-based organizations, and indigenous and mestizo organizations formed often impromptu alliances to rally against the neoliberal juggernaut. Finally, in October 2003, the president resigned as 500,000 citizens expressed their voice in the streets. Members of all political parties and even the armed forces called for the president's resignation in the face of the deepening social response to neoliberal economic policies. Yet the popular 'victory' against international neoliberalism does not necessarily warrant cause for celebration. The new administration is still faced with the fundamental constraints faced by a government dependent on the support of bi- and multilateral aid and confronted with a highly mobilized populace.

Kohl argues that the economic crisis that contributed to the protests grew out of a combination of the privatization of resources and the inability of the government to protect itself from an Andean version of predatory privatization. This is significant, as international development policy that promotes privatization of firms and services assumes that regulatory institutions will protect the public interest. In Bolivia, as in other emerging economies, that simply is not the case (Schamis, 2002). Bolivia, while a small country, turns out to be significant not only because it is a poster child of internationally supported privatization and democratization programs (Graham, 1998) but also because it has gained fame as a model in the resistance to global neoliberalism.

Miraftab looks at the municipal level in Cape Town, South Africa, and shows how neoliberal policies reproduce inequalities in the post-apartheid state. She focuses on the cost recovery principle of the local governments and how it compromises equity by contracting out service provision for specific neighborhoods to private contractors who sidestep formal unionized labor and hire unemployed residents at minimum wage through short-term contracts. This, Miraftab argues, is part of a larger neoliberal process of privatization whereby the public sector is encouraged to operate by private sector principles, blurring the public-private distinction.

In the context of the townships' heightened social consciousness and raised expectation that the state should intervene to alleviate injustices of the past, how has the post-apartheid government been able to justify formulation of programs that perpetuate service stratification? Miraftab reveals the discursive aspects of this process, showing how neoliberalism gains force precisely from its ability to be all encompassing (e.g. economic, social and political). While in one context neoliberalism uses the discourse of industrialization, civilization or globalization to promote its celebrated market principles, in another it relies on gender ideologies of 'municipal housekeeping' and the empowerment discourse to obscure the unjust aspects of these programs.

Whereas Miraftab shows how those practices rely on discourse to obscure the mechanisms of the market that reinforce patterns of spatial, racial and gender inequality, Warner and Gerbasi show, in another context, how neoliberal practices of NAFTA threaten existing governing institutions that protect citizens' economic, environmental and social rights. Unlike the Bolivian case where the privatization of economic resources contributed to economic and political crises, the outsourcing of waste collection services in Cape Town has helped the city deal with financial crisis using community-participation to mask the lack of fundamental change in the structure of service delivery. Over the long term challenges to these practices, however, introduce instabilities in the terrain where they are implemented.

The contribution of our set of articles is that these prescriptions create important management difficulties at multiple scales of governance. These impacts occur at both central and decentralized locations in the governance system and thus must be addressed by scholarship that does not privilege one level over another. Urban scholars need to recognize that these policies constitute not a simple retreat of the state but its restructuring in ways that have critical implications for cities.

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