

Inequality in the “Entrepreneurial City”

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The concept of the “Entrepreneurial City” is one that has recently brought together a series of changes in the way that western cities organise their government and development. The name refers to cities that use strategies usually more associated with private enterprise than with public administration, in order to progress and be successful in an economy which gets more and more global all the time.

Following on from Harvey (1989), in the more flexible stage in which capitalism now finds itself, the old industrial cities have lost part of their competitive advantage and new elements have come into play in the more and more volatile race to attract and fix capital investment. The debate has tended to become polarised in two extremes (Graham, 1995): On one side are those who assure that cities have very little room for manoeuvre in the face of globalisation, while on the other side are those who see a new window of opportunity for local policies against the traditional figure of power: the State.

Nevertheless, there is an idea which seems to be imperative in urban policy at a practical level and which has surpassed not only geographical frontiers, but also ideological ones. That is the need to put into practice more proactive policies for local development. The work of politicians and administrators has evolved from the management of a completely delimited territory, to the promotion of the city in the international arena (Jensen-Butler, C. and Van Weesep, J., 1997). This means leaving behind the more traditional responsibilities of local government (distribution of resources and provision of services to the city’s inhabitants) and assuming more risky policies aimed at job creation and development of the local economy.

Harvey (1989) points to three common aspects of entrepreneurial cities: Firstly, the business-based style of urban government is closely linked to public-private collaboration in order to launch strategies aimed at revitalising cities. Secondly, the activity of these coalitions is business activity because it is speculative both in its design and in its execution. This means that local governments that invest public funds in schemes whose outcomes are difficult to predict are obliged to take risks. Finally, according to Harvey, the entrepreneurial style is far more centred on the “economic policy of the place” rather than of the “territory”; in other words, projects destined to revitalise the city are designed with specific places in mind, in the hope that these places cause a “waterfall” effect over the rest of the city, rather than designing policies which take in the whole population of a territory.

In general, the new functions of the entrepreneurial city are: promotion and marketing, giving grants to attract new investors, making improvements in the competitive advantages of cities, catalysing the creation of new businesses from within the particular area of the city and the provision of technical assistance to businesses to make them more competitive (Wolman and Goldsmith, 1992 in Jensen-Butler, C. and Van Weesep, J., 1997).

Nowadays, urban marketing, brought in directly from business philosophy, is one of the strategies most commonly used by entrepreneurial local authorities, with the aim of attracting investment to their cities. This means selling the city, the city’s image, not only to the outside world, but also to the city’s inhabitants themselves, using publicity campaigns, the organisation of sporting events, conferences and exhibitions, and the creation of “projected spaces” (Brenner and Theodore, 2002) for spectacular architecture. This practice carries with it an intrinsic paradox. Although its object is to differentiate one city from another and to draw attention to the comparative advantages of one over the other, it tends, in the end, to create a similar image in all of them, homogenising places and repeating the same schemes (Griffiths, 1988, p.44). There are some elements or “themes” which appear in practically all cities: the redevelopment of waterfronts as recreational areas with sports clubs, restaurants and luxury hotels, the construction of cultural centres such as museums or public spaces like parks, shopping centres or football/athletics stadiums etc.

Numerous people have questioned the positive effects of business strategies in urban regeneration. In a context of global capitalism where uncertainty over investment is on the increase, the cities themselves have also experienced a growing economic insecurity, resulting in more competitiveness between them. Leitner and Sheppard (1998) remind us that cities are related amongst themselves in inter-urban networks and that, therefore, the adoption of competitive strategies in some cities obliges others to take on similar “entrepreneurial” solutions. This can end in an “I win, you lose” situation, where one city can only profit at another’s cost.

Apart from this, the social polarity that entrepreneurial strategies in cities can lead to has also been demonstrated. Huge investments of public money made to “adapt” cities to the new necessities of urban

competitiveness, or in Harvey's words, "to feed the monstrous city" (Harvey, 2000:141), inevitably divert funds from the budgets of social projects. One study of 13 major European urban regeneration projects concluded that these projects, far from favouring social cohesion (as the majority of the local and national authorities frequently announced they would) they had actually worsened social differences in the city. (Swyngedouw, Moulaert and Rodríguez, 2002). Creating these "projected areas" can result in the fragmentation of the city: the production of spaces and areas which receive both private and public investment to convert them into attractive focuses of attention within the city, as against the decline of areas that are not in the "façade" of these "neo-liberal spaces" (Brenner and Theodore, 2002). In the case of the staging of major events, like the Olympic Games in Sydney, for example, there was an increase in prices in the central areas of the city and a process of displacement of the lower classes from these areas – areas which have gradually become more and more gentrified (Hall and Hodges, 1998). In the last few years, especially in cities in America, there has been an increase in "retaliatory" practices aimed at protecting these "neo-liberal spaces" from being used by "marginal elements", such as the homeless, alcoholics, or skateboarders, who have been persecuted by the police (Smith, 2001). This type of retaliatory practices has also been seen in some European cities (MacLoed, 2002).

Entrepreneurial strategies have been used extensively to turn around the image of depressed industrial cities. Although this has had positive effects, increasing the population's self esteem, these strategies have also been used as "social control" mechanisms and to gain support from the population for the use of public funds in risky schemes by local authorities (Hubbard, 1996). Furthermore, the image of the city projected through these "projected areas" or publicity campaigns does not always do justice to the city's cultural plurality. Boyle and Hughes (1991) reported that in the events organised in Glasgow for its year as European City of Culture, the historic and cultural heritage of the working class was deliberately pushed into the background. In Sydney, although the Olympic Games portrayed a multicultural city, respectful of diverse cultures, there is still marked social polarisation and the aborigines are still discriminated against in the labour market (Waitt, 1999).

As we have seen, the entrepreneurial city is a long way from being the solution to the economic and social problems faced by cities in these times of growing neo-liberalism. Urban marketing strategies should be designed as part of social policies designed to integrate, not separate, and which are fair to all inhabitants of the city. Increasing urban fragmentation and polarisation should not become a "side effect" of entrepreneurial policies.

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