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International Journal of Urban and Regional ...

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Competitiveness, Cohesion, and Governance: Their Implications for Social Justice

SUSAN S. FAINSTEIN

The title of this essay is taken from the organizing framework of the UK's Cities Research Programme.¹ The formulation of this program assumed, in the words of the Economic and Social Research Council framing document (ESRC, n.d.), that 'social cohesion facilitates urban economic development and, conversely, [that] social exclusion erodes long-run competitive capacity'; that is, the competitive advantage of cities is enhanced by social cohesion.² The implication is that urban economic growth and social justice are not only compatible but synergistic.

The terms competitiveness and cohesion, of course, are not precisely identical to economic development and social justice — and deliberately so in their deployment by policy-makers. Use of 'competitiveness' implies that growth must be market-driven and private-sector reliant. 'Cohesion' alludes to social bonds and trust but not necessarily equity. As the antonym of exclusion, however, cohesion does carry an equity implication. I wish herein to explore the question of the relationship between these two aims and the role of politics and policy (i.e. governance) in affecting this relationship. I also want to discuss what I think is a viable left position in this respect. For the purposes of my discussion here, I will consider that the objective of urban governance ought to be economic development and social justice and use the terms competitiveness and cohesion to mean this, realizing that this definition is not in conformity with what is usually intended.

The sunny optimism underlying the assertion that economic development and social cohesion are not in conflict runs contrary to much recent scholarship, which has found a contradiction between urban entrepreneurialism and social justice. Much of the existing literature on urban economic development and competitiveness, rather than linking cohesion to competitiveness, finds a tendency toward greater segmentation, social exclusion and inequality as a consequence of economic growth and urban competition. These works place urban change within the context of globalization, reagglomeration of certain services in the urban core and the move toward more flexible (post-Fordist) economies. The argument is basically that global competitiveness forces firms to lower

1 The program is sponsored by the Economic and Social Research Council (ESRC).

2 A Department of the Environment, Transport and the Regions (DETR) report declares: 'The three elements of [the] reconsideration [of urban regeneration policies] are: (1) the interconnected nature of social and economic life; (2) the importance of space and place to individual well-being; and (3) the contribution of local strategies and activities to economic development — in other words, the contribution of the entrepreneurial locality to growth'. A recent Labour White Paper on Cities espouses similar sentiments (UK DETR, 2000).

their costs through reducing the return to what Castells (1998: 341) terms 'generic labor'. At the same time, in what are increasingly 'winner take all' societies, high-skilled personnel can command ever-higher wages, as firms must compete for the services of technically trained knowledge workers and experienced managers. These tendencies toward inequality are particularly to be found in cities with thick global connections (Sassen, 2000). Within them the command-and-control functions of the global economy are conducted, causing them to be simultaneously centers of high-priced labor and magnets for low-skilled populations, drawn both from their deindustrialized hinterlands and abroad. Thus, growing inequality of earnings contributes to social segmentation. Other factors leading to social exclusion include increasing numbers of female-headed households, immigration, the formation of ethnic enclaves, exclusion of parts of the population from the labor force due to skills mismatch or disability, and economic dualization between oligopolistic and competitive sectors of the economy.

What this scholarship indicates is that growth and equity do not necessarily reinforce each other, and in contemporary cities growth seems to be driving the tendency toward greater inequality. Nevertheless, it does not demonstrate that appropriate policy cannot produce both economic development and greater social welfare. Indeed, Amsterdam, the location of the RC21 conference on social justice, is a particularly good place to discuss this issue, since it seemingly demonstrates that economic growth and social cohesion can go hand in hand. In a paper entitled 'Can we make the cities we want?' (Fainstein, 1999), I used Amsterdam as an example of the extent of practicable possibility, arguing that its successes allow a grounded utopianism. Even though it is the product of a particular historical path that cannot be precisely replicated elsewhere, it nevertheless indicates the potential for a move toward greater social justice without indulgence in an abstract utopianism that is easily dismissed as unrealistic.

The concept of the just city embodies a revived recognition of the need to formulate social values explicitly. Earlier, many scholars in the political-economy tradition offered critique without formulating specific criteria of what was desirable, beyond Lebeuvre's concept of the right to the city and some early efforts of David Harvey (1973). More recently, Harvey has turned back to this question in an article published in this journal (1992) and in his two most recent books (1996; 2000); Sayer and Storper (1997) edited a special issue of *Environment and Planning D* on the subject; and a volume edited by Merrifield and Swyngedouw (1996), commemorating the 25th anniversary of Harvey's original book, also explored the idea of the just city. Among political philosophers since Rawls there has been considerable discussion of the just society. Although most of this debate has not focused on cities, the communitarian strand represented by Etzioni and Walzer has important urban implications, and Iris Marion Young (1990; 2000) has directly attacked the urban question. Sociologists, however, have largely avoided interrogating the elements of social justice.

My own work stresses that the just city combines criteria for inclusionary processes with a concern for just outcomes and recognizes that the two can conflict. I thus have contended that the communicative ideal, derived from Habermas and applied to cities by many planning theorists (Forester, 1993), neglects fundamental questions of inequality in power, opportunity and resources (Fainstein, 2000; see also Flyvbjerg, 1998). It appears to me that the defeat of socialism as it really existed has driven many on the left into a rather naive belief that participation and negotiation can remedy structural inequality.³

The criterion of social justice, or just outcomes, raises many questions on which I can only touch and which philosophers have debated at length. As argued by Martha Nussbaum (2000), building on the work of Amartya Sen, it extends to the ability of

3 Young (2000) makes a strong argument that democratic inclusion does indeed have this potential. Although her argument is convincing as phrased, she does not fully persuade that, given the prior existence of social exclusion, the kind of inclusion she recommends could ever occur.

people to lead meaningful lives. The view of conventional microeconomics is that revealed preference demonstrates what people need. The basic needs approach, which introduces equity into economic analysis, is entirely based on measurement of material distribution, as is Rawls's (1999) concept of fairness. If, however, we accept multiple definitions of social difference rather than simply a class-based analysis, we face very difficult problems in describing a just city, for the living of meaningful lives by various constituent groups may produce irresolvable conflict.

Marx's analysis of society as consisting of two great classes allows escape from framing justice in terms of diversity as well as equality. Within Marxian theory, differences within the working class result either from historical atavism or the divide-and-conquer strategy of the bourgeoisie. David Harvey, even though he recognizes gender, ethnicity and even lifestyle as bases of difference, tends to lapse into this point of view. Thus, he consistently uses the term working class to refer to everyone who is not, in Gramsci's terms, a member of the power bloc, rather than dealing with real conflicts among non-elite groups that would not be dissolved by greater economic equality. The increasingly differentiated development of middle strata, extended during the post-Fordist period, the persistence of ethnic and national differentiation and the association of positive identities to outsider groups (Marx's *lumpen* have become the socially excluded) make Marx's version of class analysis seem ever more simplistic. Other approaches to social analysis, however, also raise difficulties.

The concept of just outcomes means that, in order to determine whether everybody is getting a fair share of whatever there is to get, we need to identify social groupings. Weberian class analysis leads to the Rawlsian definition of fairness in terms of outcomes — i.e. equal distribution — and to a simple majoritarianism in terms of process. Within the developed countries this is particularly dangerous, as the middle mass (which may be shrinking in some places but still constitutes by far the largest part of the population) is insecure and frequently tends to be exclusionary and nationalistic. The effort to redress social exclusion thus confronts democratic values. At the same time, the left tends to fall into the dualism of excluded/included rather than recognizing the situation of the employed middle mass who are insecure and stressed but not poor or marginal (in this respect Richard Sennett's recent work [1999] is an important exception). Most of the theoretical discussion on the left, particularly when it is within the context of the discourse on social exclusion, tends to focus on the worst off, with resulting political ineffectiveness. (This is, of course, not true of 'Third Way' politicians, who are fully cognizant of the need to attract votes from the middle class, but this group tends to attract a lot of contempt from those to their left.)

We can characterize social groupings by identity or, as Weber would say, status, recognizing at the same time that these groups are social constructions formed through discourse, that their definitions are malleable, and that they may contain internal suppressions of difference. We face, however, one of the archetypal problems of democracy — the existence of intolerant groups for whom the maintenance of identity requires denigration of the other. The fact that many of these groups are subordinate does not explain away the problem. Returning to the phraseology of inclusion/exclusion, we begin to see both virtues and liabilities in these terms. They incorporate a standard for both participation and outcome. Evaluation can use a variety of metrics from unemployment to voting to spatial segregation to who does the housework. The fundamental issue lies in the definition of inclusion — who must be included, at what level and in what relationship to the majority population of city residents.

Some of the kinds of friction that arise, even when you set aside issues of power and cultural conflict and concern yourself only with individuals of similar social status and values, derive from the various uses to which the city is put. Guido Martinotti (1999) wrote an essay in which he spoke of the city's population as including residents, commuters and visitors. Yet the visitor typically attracts scorn and is not considered to

have a legitimate stake in the city being visited. Thus, work on tourism criticizes the theming of cities and the creation of tourist bubbles:

As Benjamin remarked on the Parisian arcades of the 19th century, the whole environment seemed designed to induce nirvana rather than critical awareness. And many other cultural institutions — museums and heritage centers, arenas for spectacle, exhibitions, and festivals — seem to have as their aim the cultivation of nostalgia, the production of sanitized collective memories, the nurturing of uncritical aesthetic sensibilities, and the absorption of future possibilities into a non-conflictual arena that is eternally present. The multiple degenerate utopias that now surround us — the shopping malls and the bourgeois commercialized utopias of the suburbs being paradigmatic — do as much to signal the end of history as the collapse of the Berlin Wall ever did. They instantiate rather than critique the idea that ‘there is no alternative,’ save those given by the conjoining of technological fantasies, commodity culture, and endless capital accumulation (Harvey, 2000).

My belief is that critique of ‘fantasy cities’ (Hannigan, 2000) is misguided, that these fantasies are not simply degenerate and enervating. The aim of the critique seems to be to make everyone into a critical intellectual. Rather, the objective of social justice should involve widening access to fantastical life, even if some of it is a Disney creation. How to do it is the issue. In other words, what combination of democracy, individual rights and redistribution results in equity and diversity?

Here is where the question of the relationship between cohesion and competitiveness comes up. If competitiveness requires incentives to businesses and to high-level individual workers, and if inclusion means more than receiving a welfare payment to make up for unemployment or low wages, can we envision social justice as the outcome? Should we, as some of my students fiercely argue, accept no growth? Under capitalism this cannot happen without economic collapse — in other words, it is either growth or decline; moreover, with no surplus to take the sting from redistribution, any raising of the bottom is inconceivable without disastrous social conflict. More controlled growth, however, a greater role for the non-profit sector and more benevolent social policy *can* accompany economic development.

We are obliged to search for new methods of economic organization that provide more stable frameworks for people’s employment and which are less environmentally destructive. The living wage movement in the US represents one approach in a situation of most flexible capitalism. Within Europe the French move toward limiting work hours and Dutch dependence on part-time work represent reforms under a mode of more regulated capitalism. The continued existence of the European national welfare states in the face of ideological assaults on their viability demonstrates the possibility of retaining social benefits even within the context of heightened global competition.⁴

This returns us to the question of the relationship between competitiveness and cohesion. On the left we have tended to see competitiveness as almost wholly without virtue — a system of beggar-thy-neighbor. Much of the culturalist critique is devoted to demonstrating that the diversity apparently created by the market in post-Fordist times is ersatz — a simulacrum rather than the real thing. I would argue that markets do contribute to pluralism and that the boring, homogeneous cities of really existing socialism did tell you something about the likely outcomes of a non-market system. At any rate, marketization and commodification are not going to go away — what we must concern ourselves with is making production more participatory and collective so that the production process responds to the needs of producers and the public at large rather than simply to individuals and firms.

The assumption underlying the Third Way is that increasing cohesion — which seems to mean creating a more diverse, tolerant and equitable urban society — will result

4 The URBEX studies of European cities indicate that cities located in countries with strong welfare states did not show an increase in social exclusion during the 1990s.

in economic success as well. The recipe appears to be decentralized governance through partnerships among all sectors of the population. Even while accepting competition as the context of urban development, it is a denial of lines of conflict and exercises of power. As prescription it evades the role that the national state must play in assuring the economic well-being of individuals and the mitigating of competitiveness. We thus need to return to the concept of the enabling state rather than simply the entrepreneurial state and recognize that overemphasis on participation and decentralization evades the issue of just distribution, which may be subsumed by a capabilities approach to social justice but nevertheless is a necessary condition.

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Competitiveness, Cohesion, and Governance: Their Implications for Social Justice. Susan S. Fainstein. The advantage of cities is enhanced by social cohesion.² The implication is that urban economic growth and social justice are not only compatible but synergistic. The terms competitiveness and cohesion, of course, are not precisely identical to economic development and social justice and are deliberately so in their deployment by policy-makers. Use of "competitiveness" implies that growth must be market-driven and private-sector reliant. "Cohesion" alludes to social bonds and trust but not necessarily equity. As the antonym of exclusion, however, cohesion does carry an equity implication. Social justice issues are a significant concern for the EU at the present time: a recent assessment of social justice in Europe warns that growing inequities represent "a highly explosive situation with regard to societal cohesion and social stability within the European Union" (Schraad-Tischler and Kroll, 2013; p6). Modern concepts of social justice stem largely from the writings of Catholic philosophers Luigi Taparelli and Antonio Rosmini-Serbati in the mid-19th Century, whose theories recognised society as comprising a diverse set of social groups, with varying outlooks and requirements, and the study assessed the impact of the Single Market on growth, competitiveness and employment in EU27, in particular as regards its role in generating disparities and convergence processes. It also analysed the institutional and policy linkages between cohesion policy, the Lisbon process and the Europe 2020 strategy. The study draws on a range of sources, including desk-based research, modeling work, econometric analysis as well as qualitative assessment through a number of case studies covering regions with different characteristics.

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