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Examining the link between urbanization and capitalism, David Harvey suggests we view Haussmann's reshaping of Paris and today's explosive growth of cities as responses to systemic crises of accumulation – and issues a call to democratize the power to shape the urban experience.

**DAVID HARVEY**

## **THE RIGHT TO THE CITY**

We live in an era when ideals of human rights have moved centre stage both politically and ethically. A great deal of energy is expended in promoting their significance for the construction of a better world. But for the most part the concepts circulating do not fundamentally challenge hegemonic liberal and neoliberal market logics, or the dominant modes of legality and state action. We live, after all, in a world in which the rights of private property and the profit rate trump all other notions of rights. I here want to explore another type of human right, that of the right to the city.

Has the astonishing pace and scale of urbanization over the last hundred years contributed to human well-being? The city, in the words of urban sociologist Robert Park, is:

man's most successful attempt to remake the world he lives in more after his heart's desire. But, if the city is the world which man created, it is the world in which he is henceforth condemned to live. Thus, indirectly, and without any clear sense of the nature of his task, in making the city man has remade himself. [1] Robert Park, *On Social Control and Collective Behavior*, Chicago 1967, p. 3.

The question of what kind of city we want cannot be divorced from that of what kind of social ties, relationship to nature, lifestyles, technologies and aesthetic values we desire. The right to the city is far more than the individual liberty to access urban resources: it is a right to change ourselves by changing the city. It is, moreover, a common rather than an individual right since this transformation inevitably depends upon the exercise of a collective power to reshape the processes of urbanization. The freedom to make and remake our cities and ourselves is, I want to argue, one of the most precious yet most neglected of our human rights.

From their inception, cities have arisen through geographical and social concentrations of a surplus product. Urbanization has always been, therefore, a class phenomenon, since surpluses are extracted from somewhere and from somebody, while the control over their disbursement typically lies in a few hands. This general situation persists under capitalism, of course; but since urbanization depends on the mobilization of a surplus product, an intimate connection emerges between the development of capitalism and urbanization. Capitalists have to produce a surplus product in order to produce surplus value; this in turn must be reinvested in order to generate more surplus value. The result of continued reinvestment is the expansion of surplus production at a compound rate – hence the logistic curves (money, output and population) attached to the history of capital accumulation, paralleled by the growth path of urbanization under capitalism.

The perpetual need to find profitable terrains for capital-surplus production and absorption shapes the politics of capitalism. It also presents the capitalist with a number of barriers to continuous and trouble-free expansion. If labour is scarce and wages are high, either existing labour has to be disciplined – technologically induced unemployment or an assault on organized working-class power are two prime methods – or fresh labour forces must be found by immigration, export of capital or proletarianization of hitherto independent elements of the population. Capitalists must also discover new means of production in general and natural resources in particular, which puts increasing pressure on the natural environment to yield up necessary raw materials and absorb the inevitable waste. They need to open up terrains for raw-material extraction – often the objective of imperialist and neo-colonial endeavours.

The coercive laws of competition also force the continuous implementation of new technologies and organizational forms, since these enable capitalists to out-compete those using inferior methods. Innovations define new wants and needs, reduce the turnover time of capital and lessen the friction of distance, which limits the geographical range within which the capitalist can search for expanded labour supplies, raw materials, and so on. If there is not enough purchasing power in the market, then new markets must be found by expanding foreign trade, promoting novel products and lifestyles, creating new credit instruments, and debt-financing state and private expenditures. If, finally, the profit rate is too low, then state regulation of 'ruinous competition', monopolization (mergers and acquisitions) and capital exports provide ways out.

If any of the above barriers cannot be circumvented, capitalists are unable profitably to reinvest their surplus product. Capital accumulation is blocked, leaving them facing a crisis, in which their capital can be devalued and in some instances even physically wiped out. Surplus commodities can lose value or be destroyed, while productive capacity and assets can be written down and left unused; money itself can be devalued through inflation, and labour through massive unemployment. How, then, has the need to circumvent these barriers and to expand the terrain of profitable activity driven capitalist urbanization? I argue here that urbanization has played a particularly active role, alongside such phenomena as military expenditures, in absorbing the surplus product that capitalists perpetually produce in their search for profits.

### *Urban revolutions*

Consider, first, the case of Second Empire Paris. The year 1848 brought one of the first clear, and European-wide, crises of both unemployed surplus capital and surplus labour. It struck Paris particularly hard, and issued in an abortive revolution by unemployed workers and those bourgeois utopians who saw a social republic as the antidote to the greed and inequality that had characterized the July Monarchy. The republican bourgeoisie violently repressed the revolutionaries but failed to resolve the crisis. The result was the ascent to power of Louis-Napoleon Bonaparte, who engineered a coup in 1851 and proclaimed himself Emperor the following year. To survive politically, he resorted to widespread repression of alternative political movements. The economic situation he dealt with by means of a vast programme of infrastructural investment both at home and abroad. In the latter case, this meant the construction of railroads throughout Europe and into the Orient, as well as support for grand works such as the Suez Canal. At home, it meant consolidating the railway network, building ports and harbours, and draining marshes. Above all, it entailed the reconfiguration of the urban infrastructure of Paris. Bonaparte brought in Georges-Eugène Haussmann to take charge of the city's public works in 1853.

Haussmann clearly understood that his mission was to help solve the surplus-capital and unemployment problem through urbanization. Rebuilding Paris absorbed huge quantities of labour and capital by the standards of the time and, coupled with suppressing the aspirations of the Parisian workforce, was a primary vehicle of social stabilization. He drew upon the utopian plans that Fourierists and Saint-Simonians had debated in the 1840s for reshaping Paris, but with one big difference: he transformed the scale at which the urban process was imagined. When the architect Jacques Ignace Hittorff showed Haussmann his plans for a new boulevard, Haussmann threw them back at him saying: 'not wide enough . . . you have it 40 metres wide and I want it 120.' He annexed the suburbs and redesigned whole neighbourhoods such as Les Halles. To do this Haussmann needed new financial institutions and debt instruments, the *Crédit Mobilier* and *Crédit Immobilier*, which were constructed on Saint-Simonian lines. In effect, he helped resolve the capital-surplus disposal problem by setting up a proto-Keynesian system of debt-financed infrastructural urban improvements.

The system worked very well for some fifteen years, and it involved not only a transformation of urban infrastructures but also the construction of a new way of life and urban persona. Paris became 'the city of light', the great centre of consumption, tourism and pleasure; the cafés, department stores, fashion industry and grand expositions all changed urban living so that it could absorb vast surpluses through consumerism. But then the overextended and speculative financial system and credit structures crashed in 1868. Haussmann was dismissed; Napoleon III in desperation went to war against Bismarck's Germany and lost. In the ensuing vacuum arose the Paris Commune, one of the greatest revolutionary episodes in capitalist urban history, wrought in part out of a nostalgia for the world that Haussmann had destroyed and the desire to take back the city on the part of those dispossessed by his works. [2] For a fuller account, see David Harvey, *Paris, Capital of Modernity*, New York 2003.

Fast forward now to the 1940s in the United States. The huge mobilization for the war effort temporarily resolved the capital-surplus disposal problem that had seemed so intractable in the 1930s, and the unemployment that went with it. But everyone was fearful about what would happen after the war. Politically the situation was dangerous: the

federal government was in effect running a nationalized economy, and was in alliance with the Communist Soviet Union, while strong social movements with socialist inclinations had emerged in the 1930s. As in Louis Bonaparte's era, a hefty dose of political repression was evidently called for by the ruling classes of the time; the subsequent history of McCarthyism and Cold War politics, of which there were already abundant signs in the early 40s, is all too familiar. On the economic front, there remained the question of how surplus capital could be absorbed.

In 1942, a lengthy evaluation of Haussmann's efforts appeared in *Architectural Forum*. It documented in detail what he had done, attempted an analysis of his mistakes but sought to recuperate his reputation as one of the greatest urbanists of all time. The article was by none other than Robert Moses, who after the Second World War did to New York what Haussmann had done to Paris. [3] Robert Moses, 'What Happened to Haussmann?', *Architectural Forum*, vol. 77 (July 1942), pp. 57–66. That is, Moses changed the scale of thinking about the urban process. Through a system of highways and infrastructural transformations, suburbanization and the total re-engineering of not just the city but also the whole metropolitan region, he helped resolve the capital-surplus absorption problem. To do this, he tapped into new financial institutions and tax arrangements that liberated the credit to debt-finance urban expansion. When taken nationwide to all the major metropolitan centres of the us – yet another transformation of scale – this process played a crucial role in stabilizing global capitalism after 1945, a period in which the us could afford to power the whole global non-communist economy by running trade deficits.

The suburbanization of the United States was not merely a matter of new infrastructures. As in Second Empire Paris, it entailed a radical transformation in lifestyles, bringing new products from housing to refrigerators and air conditioners, as well as two cars in the driveway and an enormous increase in the consumption of oil. It also altered the political landscape, as subsidized home-ownership for the middle classes changed the focus of community action towards the defence of property values and individualized identities, turning the suburban vote towards conservative republicanism. Debt-encumbered homeowners, it was argued, were less likely to go on strike. This project successfully absorbed the surplus and assured social stability, albeit at the cost of hollowing out the inner cities and generating urban unrest amongst those, chiefly African-Americans, who were denied access to the new prosperity.

By the end of the 1960s, a different kind of crisis began to unfold; Moses, like Haussmann, fell from grace, and his solutions came to be seen as inappropriate and unacceptable. Traditionalists rallied around Jane Jacobs and sought to counter the brutal modernism of Moses's projects with a localized neighbourhood aesthetic. But the suburbs had been built, and the radical change in lifestyle that this betokened had many social consequences, leading feminists, for example, to proclaim the suburb as the locus of all their primary discontents. If Haussmannization had a part in the dynamics of the Paris Commune, the soulless qualities of suburban living also played a critical role in the dramatic events of 1968 in the us. Discontented white middle-class students went into a phase of revolt, sought alliances with marginalized groups claiming civil rights and rallied against American imperialism to create a movement to build another kind of world – including a different kind of urban experience.

In Paris, the campaign to stop the Left Bank Expressway and the destruction of traditional neighbourhoods by the invading 'high-rise giants' such as the Place d'Italie and Tour Montparnasse helped animate the larger dynamics of the 68 uprising. It was in this context that Henri Lefebvre wrote *The Urban Revolution*, which predicted not only that urbanization was central to the survival of capitalism and therefore bound to become a crucial focus of political and class struggle, but that it was obliterating step by step the distinctions between town and country through the production of integrated spaces across national territory, if not beyond. [4] Henri Lefebvre, *The Urban Revolution*, Minneapolis 2003; and *Writings on Cities*, Oxford 1996. The right to the city had to mean the right to command the whole urban process, which was increasingly dominating the countryside through phenomena ranging from agribusiness to second homes and rural tourism.

Along with the 68 revolt came a financial crisis within the credit institutions that, through debt-financing, had powered the property boom in the preceding decades. The crisis gathered momentum at the end of the 1960s until the whole capitalist system crashed, starting with the bursting of the global property-market bubble in 1973, followed by the fiscal bankruptcy of New York City in 1975. As William Tabb argued, the response to the consequences of the latter effectively pioneered the construction of a neoliberal answer to the problems of perpetuating class power and of reviving the capacity to absorb the surpluses that capitalism must produce to survive. [5] William Tabb, *The Long Default: New York City and the Urban Fiscal Crisis*, New York 1982.

### *Girding the globe*

Fast forward once again to our current conjuncture. International capitalism has been on a roller-coaster of regional

crises and crashes—East and Southeast Asia in 1997–98; Russia in 1998; Argentina in 2001—but had until recently avoided a global crash even in the face of a chronic inability to dispose of capital surplus. What was the role of urbanization in stabilizing this situation? In the United States, it is accepted wisdom that the housing sector was an important stabilizer of the economy, particularly after the high-tech crash of the late 1990s, although it was an active component of expansion in the earlier part of that decade. The property market directly absorbed a great deal of surplus capital through the construction of city-centre and suburban homes and office spaces, while the rapid inflation of housing asset prices—backed by a profligate wave of mortgage refinancing at historically low rates of interest—boosted the us domestic market for consumer goods and services. American urban expansion partially steadied the global economy, as the us ran huge trade deficits with the rest of the world, borrowing around \$2 billion a day to fuel its insatiable consumerism and the wars in Afghanistan and Iraq.

But the urban process has undergone another transformation of scale. It has, in short, gone global. Property-market booms in Britain and Spain, as well as in many other countries, have helped power a capitalist dynamic in ways that broadly parallel what has happened in the United States. The urbanization of China over the last twenty years has been of a different character, with its heavy focus on infrastructural development, but it is even more important than that of the us. Its pace picked up enormously after a brief recession in 1997, to the extent that China has taken in nearly half the world's cement supplies since 2000. More than a hundred cities have passed the one-million population mark in this period, and previously small villages, such as Shenzhen, have become huge metropolises of 6 to 10 million people. Vast infrastructural projects, including dams and highways—again, all debt-financed—are transforming the landscape. The consequences for the global economy and the absorption of surplus capital have been significant: Chile booms thanks to the high price of copper, Australia thrives and even Brazil and Argentina have recovered in part because of the strength of Chinese demand for raw materials.

Is the urbanization of China, then, the primary stabilizer of global capitalism today? The answer has to be a qualified yes. For China is only the epicentre of an urbanization process that has now become genuinely global, partly through the astonishing integration of financial markets that have used their flexibility to debt-finance urban development around the world. The Chinese central bank, for example, has been active in the secondary mortgage market in the us while Goldman Sachs was heavily involved in the surging property market in Mumbai, and Hong Kong capital has invested in Baltimore. In the midst of a flood of impoverished migrants, construction boomed in Johannesburg, Taipei, Moscow, as well as the cities in the core capitalist countries, such as London and Los Angeles. Astonishing if not criminally absurd mega-urbanization projects have emerged in the Middle East in places such as Dubai and Abu Dhabi, mopping up the surplus arising from oil wealth in the most conspicuous, socially unjust and environmentally wasteful ways possible.

This global scale makes it hard to grasp that what is happening is in principle similar to the transformations that Haussmann oversaw in Paris. For the global urbanization boom has depended, as did all the others before it, on the construction of new financial institutions and arrangements to organize the credit required to sustain it. Financial innovations set in train in the 1980s—securitizing and packaging local mortgages for sale to investors worldwide, and setting up new vehicles to hold collateralized debt obligations—played a crucial role. Their many benefits included spreading risk and permitting surplus savings pools easier access to surplus housing demand; they also brought aggregate interest rates down, while generating immense fortunes for the financial intermediaries who worked these wonders. But spreading risk does not eliminate it. Furthermore, the fact that it can be distributed so widely encourages even riskier local behaviours, because liability can be transferred elsewhere. Without adequate risk-assessment controls, this wave of financialization has now turned into the so-called sub-prime mortgage and housing asset-value crisis. The fallout was concentrated in the first instance in and around us cities, with particularly serious implications for low-income, inner-city African-Americans and households headed by single women. It also has affected those who, unable to afford the skyrocketing house prices in urban centres, especially in the Southwest, were forced into the metropolitan semi-periphery; here they took up speculatively built tract housing at initially easy rates, but now face escalating commuting costs as oil prices rise, and soaring mortgage payments as market rates come into effect.

The current crisis, with vicious local repercussions on urban life and infrastructures, also threatens the whole architecture of the global financial system and may trigger a major recession to boot. The parallels with the 1970s are uncanny—including the immediate easy-money response of the Federal Reserve in 2007–08, which will almost certainly generate strong currents of uncontrollable inflation, if not stagflation, in the not too distant future. However, the situation is far more complex now, and it is an open question whether China can compensate for a serious crash in the United States; even in the prc the pace of urbanization seems to be slowing down. The financial system is also more tightly coupled than it ever was before. [6] Richard Bookstaber, *A Demon of Our Own Design: Markets, Hedge*

*Funds and the Perils of Financial Innovation*, Hoboken, nj 2007. Computer-driven split-second trading always threatens to create a great divergence in the market—it is already producing incredible volatility in stock trading—that will precipitate a massive crisis, requiring a total re-think of how finance capital and money markets work, including their relation to urbanization.

### ***Property and pacification***

As in all the preceding phases, this most recent radical expansion of the urban process has brought with it incredible transformations of lifestyle. Quality of urban life has become a commodity, as has the city itself, in a world where consumerism, tourism, cultural and knowledge-based industries have become major aspects of the urban political economy. The postmodernist penchant for encouraging the formation of market niches—in both consumer habits and cultural forms—surrounds the contemporary urban experience with an aura of freedom of choice, provided you have the money. Shopping malls, multiplexes and box stores proliferate, as do fast-food and artisanal market-places. We now have, as urban sociologist Sharon Zukin puts it, 'pacification by cappuccino'. Even the incoherent, bland and monotonous suburban tract development that continues to dominate in many areas now gets its antidote in a 'new urbanism' movement that touts the sale of community and boutique lifestyles to fulfill urban dreams. This is a world in which the neoliberal ethic of intense possessive individualism, and its cognate of political withdrawal from collective forms of action, becomes the template for human socialization. [7] Hilde Nafstad et al., 'Ideology and Power: The Influence of Current Neoliberalism in Society', *Journal of Community and Applied Social Psychology*, vol. 17, no. 4 (July 2007), pp. 313–27. The defence of property values becomes of such paramount political interest that, as Mike Davis points out, the home-owner associations in the state of California become bastions of political reaction, if not of fragmented neighbourhood fascisms. [8] Mike Davis, *City of Quartz: Excavating the Future in Los Angeles*, London and New York 1990.

We increasingly live in divided and conflict-prone urban areas. In the past three decades, the neoliberal turn has restored class power to rich elites. Fourteen billionaires have emerged in Mexico since then, and in 2006 that country boasted the richest man on earth, Carlos Slim, at the same time as the incomes of the poor had either stagnated or diminished. The results are indelibly etched on the spatial forms of our cities, which increasingly consist of fortified fragments, gated communities and privatized public spaces kept under constant surveillance. In the developing world in particular, the city

is splitting into different separated parts, with the apparent formation of many 'microstates'. Wealthy neighbourhoods provided with all kinds of services, such as exclusive schools, golf courses, tennis courts and private police patrolling the area around the clock intertwine with illegal settlements where water is available only at public fountains, no sanitation system exists, electricity is pirated by a privileged few, the roads become mud streams whenever it rains, and where house-sharing is the norm. Each fragment appears to live and function autonomously, sticking firmly to what it has been able to grab in the daily fight for survival. [9] Marcello Balbo, 'Urban Planning and the Fragmented City of Developing Countries', *Third World Planning Review*, vol. 15, no. 1 (1993), pp. 23–35.

Under these conditions, ideals of urban identity, citizenship and belonging—already threatened by the spreading malaise of a neoliberal ethic—become much harder to sustain. Privatized redistribution through criminal activity threatens individual security at every turn, prompting popular demands for police suppression. Even the idea that the city might function as a collective body politic, a site within and from which progressive social movements might emanate, appears implausible. There are, however, urban social movements seeking to overcome isolation and reshape the city in a different image from that put forward by the developers, who are backed by finance, corporate capital and an increasingly entrepreneurially minded local state apparatus.

### ***Dispossessions***

Surplus absorption through urban transformation has an even darker aspect. It has entailed repeated bouts of urban restructuring through 'creative destruction', which nearly always has a class dimension since it is the poor, the underprivileged and those marginalized from political power that suffer first and foremost from this process. Violence is required to build the new urban world on the wreckage of the old. Haussmann tore through the old Parisian slums, using powers of expropriation in the name of civic improvement and renovation. He deliberately engineered the removal of much of the working class and other unruly elements from the city centre, where they constituted a threat to public order and political power. He created an urban form where it was believed—incorrectly,

as it turned out in 1871—that sufficient levels of surveillance and military control could be attained to ensure that revolutionary movements would easily be brought to heel. Nevertheless, as Engels pointed out in 1872:

In reality, the bourgeoisie has only one method of solving the housing question after its fashion—that is to say, of solving it in such a way that the solution continually reproduces the question anew. This method is called ‘Hausmann’ . . . No matter how different the reasons may be, the result is always the same; the scandalous alleys and lanes disappear to the accompaniment of lavish self-praise from the bourgeoisie on account of this tremendous success, but they appear again immediately somewhere else . . . The same economic necessity which produced them in the first place, produces them in the next place. [10] Friedrich Engels, *The Housing Question*, New York 1935, pp. 74–7.

It took more than a hundred years to complete the embourgeoisement of central Paris, with the consequences seen in recent years of uprisings and mayhem in those isolated suburbs that trap marginalized immigrants, unemployed workers and youth. The sad point here, of course, is that what Engels described recurs throughout history. Robert Moses ‘took a meat axe to the Bronx’, in his infamous words, bringing forth long and loud laments from neighbourhood groups and movements. In the cases of Paris and New York, once the power of state expropriations had been successfully resisted and contained, a more insidious and cancerous progression took hold through municipal fiscal discipline, property speculation and the sorting of land-use according to the rate of return for its ‘highest and best use’. Engels understood this sequence all too well:

The growth of the big modern cities gives the land in certain areas, particularly in those areas which are centrally situated, an artificially and colossally increasing value; the buildings erected on these areas depress this value instead of increasing it, because they no longer belong to the changed circumstances. They are pulled down and replaced by others. This takes place above all with workers’ houses which are situated centrally and whose rents, even with the greatest overcrowding, can never, or only very slowly, increase above a certain maximum. They are pulled down and in their stead shops, warehouses and public buildings are erected. [11] Engels, *Housing Question*, p. 23.

Though this description was written in 1872, it applies directly to contemporary urban development in much of Asia—Delhi, Seoul, Mumbai—as well as gentrification in New York. A process of displacement and what I call ‘accumulation by dispossession’ lie at the core of urbanization under capitalism. [12] Harvey, *The New Imperialism*, Oxford 2003, chapter 4. It is the mirror-image of capital absorption through urban redevelopment, and is giving rise to numerous conflicts over the capture of valuable land from low-income populations that may have lived there for many years.

Consider the case of Seoul in the 1990s: construction companies and developers hired goon squads of sumo-wrestler types to invade neighbourhoods on the city’s hillsides. They sledgehammered down not only housing but also all the possessions of those who had built their own homes in the 1950s on what had become premium land. High-rise towers, which show no trace of the brutality that permitted their construction, now cover most of those hillsides. In Mumbai, meanwhile, 6 million people officially considered as slum dwellers are settled on land without legal title; all maps of the city leave these places blank. With the attempt to turn Mumbai into a global financial centre to rival Shanghai, the property-development boom has gathered pace, and the land that squatters occupy appears increasingly valuable. Dharavi, one of the most prominent slums in Mumbai, is estimated to be worth \$2 billion. The pressure to clear it—for environmental and social reasons that mask the land grab—is mounting daily. Financial powers backed by the state push for forcible slum clearance, in some cases violently taking possession of terrain occupied for a whole generation. Capital accumulation through real-estate activity booms, since the land is acquired at almost no cost.

Will the people who are displaced get compensation? The lucky ones get a bit. But while the Indian Constitution specifies that the state has an obligation to protect the lives and well-being of the whole population, irrespective of caste or class, and to guarantee rights to housing and shelter, the Supreme Court has issued judgements that rewrite this constitutional requirement. Since slum dwellers are illegal occupants and many cannot definitively prove their long-term residence, they have no right to compensation. To concede that right, says the Supreme Court, would be tantamount to rewarding pickpockets for their actions. So the squatters either resist and fight, or move with their few belongings to camp out on the sides of highways or wherever they can find a tiny space. [13] Usha Ramanathan, ‘Illegality and the Urban Poor’, *Economic and Political Weekly*, 22 July 2006; Rakesh Shukla, ‘Rights of the Poor: An Overview of Supreme Court’, *Economic and Political Weekly*, 2 September 2006. Examples of dispossession can also be found in the us, though these tend to be less brutal and more legalistic: the government’s right of eminent domain has

been abused in order to displace established residents in reasonable housing in favour of higher-order land uses, such as condominiums and box stores. When this was challenged in the us Supreme Court, the justices ruled that it was constitutional for local jurisdictions to behave in this way in order to increase their property-tax base. [14] *Kelo v. New London, ct*, decided on 23 June 2005 in case 545 us 469 (2005).

In China millions are being dispossessed of the spaces they have long occupied—three million in Beijing alone. Since they lack private-property rights, the state can simply remove them by fiat, offering a minor cash payment to help them on their way before turning the land over to developers at a large profit. In some instances, people move willingly, but there are also reports of widespread resistance, the usual response to which is brutal repression by the Communist party. In the prc it is often populations on the rural margins who are displaced, illustrating the significance of Lefebvre's argument, presciently laid out in the 1960s, that the clear distinction which once existed between the urban and the rural is gradually fading into a set of porous spaces of uneven geographical development, under the hegemonic command of capital and the state. This is also the case in India, where the central and state governments now favour the establishment of Special Economic Zones—ostensibly for industrial development, though most of the land is designated for urbanization. This policy has led to pitched battles against agricultural producers, the grossest of which was the massacre at Nandigram in West Bengal in March 2007, orchestrated by the state's Marxist government. Intent on opening up terrain for the Salim Group, an Indonesian conglomerate, the ruling cpi(m) sent armed police to disperse protesting villagers; at least 14 were shot dead and dozens wounded. Private property rights in this case provided no protection.

What of the seemingly progressive proposal to award private-property rights to squatter populations, providing them with assets that will permit them to leave poverty behind? [15] Much of this thinking follows the work of Hernando de Soto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*, New York 2000; see the critical examination by Timothy Mitchell, 'The Work of Economics: How a Discipline Makes its World', *Archives Européennes de Sociologie*, vol. 46, no. 2 (August 2005), pp. 297–320. Such a scheme is now being mooted for Rio's favelas, for example. The problem is that the poor, beset with income insecurity and frequent financial difficulties, can easily be persuaded to trade in that asset for a relatively low cash payment. The rich typically refuse to give up their valued assets at any price, which is why Moses could take a meat axe to the low-income Bronx but not to affluent Park Avenue. The lasting effect of Margaret Thatcher's privatization of social housing in Britain has been to create a rent and price structure throughout metropolitan London that precludes lower-income and even middle-class people from access to accommodation anywhere near the urban centre. I wager that within fifteen years, if present trends continue, all those hillsides in Rio now occupied by favelas will be covered by high-rise condominiums with fabulous views over the idyllic bay, while the erstwhile favela dwellers will have been filtered off into some remote periphery.

### ***Formulating demands***

Urbanization, we may conclude, has played a crucial role in the absorption of capital surpluses, at ever increasing geographical scales, but at the price of burgeoning processes of creative destruction that have dispossessed the masses of any right to the city whatsoever. The planet as building site collides with the 'planet of slums'. [16] Mike Davis, *Planet of Slums*, London and New York 2006. Periodically this ends in revolt, as in Paris in 1871 or the us after the assassination of Martin Luther King in 1968. If, as seems likely, fiscal difficulties mount and the hitherto successful neoliberal, postmodernist and consumerist phase of capitalist surplus-absorption through urbanization is at an end and a broader crisis ensues, then the question arises: where is our 68 or, even more dramatically, our version of the Commune? As with the financial system, the answer is bound to be much more complex precisely because the urban process is now global in scope. Signs of rebellion are everywhere: the unrest in China and India is chronic, civil wars rage in Africa, Latin America is in ferment. Any of these revolts could become contagious. Unlike the fiscal system, however, the urban and peri-urban social movements of opposition, of which there are many around the world, are not tightly coupled; indeed most have no connection to each other. If they somehow did come together, what should they demand?

The answer to the last question is simple enough in principle: greater democratic control over the production and utilization of the surplus. Since the urban process is a major channel of surplus use, establishing democratic management over its urban deployment constitutes the right to the city. Throughout capitalist history, some of the surplus value has been taxed, and in social-democratic phases the proportion at the state's disposal rose significantly. The neoliberal project over the last thirty years has been oriented towards privatizing that control. The data for all oecd countries show, however, that the state's portion of gross output has been roughly constant since the 1970s. [17] oecd *Factbook 2008: Economic, Environmental and Social Statistics*, Paris 2008, p. 225. The main achievement of the

neoliberal assault, then, has been to prevent the public share from expanding as it did in the 1960s. Neoliberalism has also created new systems of governance that integrate state and corporate interests, and through the application of money power, it has ensured that the disbursement of the surplus through the state apparatus favours corporate capital and the upper classes in shaping the urban process. Raising the proportion of the surplus held by the state will only have a positive impact if the state itself is brought back under democratic control.

Increasingly, we see the right to the city falling into the hands of private or quasi-private interests. In New York City, for example, the billionaire mayor, Michael Bloomberg, is reshaping the city along lines favourable to developers, Wall Street and transnational capitalist-class elements, and promoting the city as an optimal location for high-value businesses and a fantastic destination for tourists. He is, in effect, turning Manhattan into one vast gated community for the rich. In Mexico City, Carlos Slim had the downtown streets re-cobbled to suit the tourist gaze. Not only affluent individuals exercise direct power. In the town of New Haven, strapped for resources for urban reinvestment, it is Yale, one of the wealthiest universities in the world, that is redesigning much of the urban fabric to suit its needs. Johns Hopkins is doing the same for East Baltimore, and Columbia University plans to do so for areas of New York, sparking neighbourhood resistance movements in both cases. The right to the city, as it is now constituted, is too narrowly confined, restricted in most cases to a small political and economic elite who are in a position to shape cities more and more after their own desires.

Every January, the Office of the New York State Comptroller publishes an estimate of the total Wall Street bonuses for the previous twelve months. In 2007, a disastrous year for financial markets by any measure, these added up to \$33.2 billion, only 2 per cent less than the year before. In mid-summer of 2007, the Federal Reserve and the European Central Bank poured billions of dollars' worth of short-term credit into the financial system to ensure its stability, and thereafter the Fed dramatically lowered interest rates or pumped in vast amounts of liquidity every time the Dow threatened to fall precipitously. Meanwhile, some two million people have been or are about to be made homeless by foreclosures. Many city neighbourhoods and even whole peri-urban communities in the us have been boarded up and vandalized, wrecked by the predatory lending practices of the financial institutions. This population is due no bonuses. Indeed, since foreclosure means debt forgiveness, which is regarded as income in the United States, many of those evicted face a hefty income-tax bill for money they never had in their possession. This asymmetry cannot be construed as anything less than a massive form of class confrontation. A 'Financial Katrina' is unfolding, which conveniently (for the developers) threatens to wipe out low-income neighbourhoods on potentially high-value land in many inner-city areas far more effectively and speedily than could be achieved through eminent domain.

We have yet, however, to see a coherent opposition to these developments in the twenty-first century. There are, of course, already a great many diverse social movements focusing on the urban question—from India and Brazil to China, Spain, Argentina and the United States. In 2001, a City Statute was inserted into the Brazilian Constitution, after pressure from social movements, to recognize the collective right to the city. [18] Edésio Fernandes, 'Constructing the "Right to the City" in Brazil', *Social and Legal Studies*, vol. 16, no. 2 (June 2007), pp. 201–19. In the us, there have been calls for much of the \$700 billion bail-out for financial institutions to be diverted into a Reconstruction Bank, which would help prevent foreclosures and fund efforts at neighbourhood revitalization and infrastructural renewal at municipal level. The urban crisis that is affecting millions would then be prioritized over the needs of big investors and financiers. Unfortunately the social movements are not strong enough or sufficiently mobilized to force through this solution. Nor have these movements yet converged on the singular aim of gaining greater control over the uses of the surplus—let alone over the conditions of its production.

At this point in history, this has to be a global struggle, predominantly with finance capital, for that is the scale at which urbanization processes now work. To be sure, the political task of organizing such a confrontation is difficult if not daunting. However, the opportunities are multiple because, as this brief history shows, crises repeatedly erupt around urbanization both locally and globally, and because the metropolis is now the point of massive collision—dare we call it class struggle?—over the accumulation by dispossession visited upon the least well-off and the developmental drive that seeks to colonize space for the affluent.

One step towards unifying these struggles is to adopt the right to the city as both working slogan and political ideal, precisely because it focuses on the question of who commands the necessary connection between urbanization and surplus production and use. The democratization of that right, and the construction of a broad social movement to enforce its will is imperative if the dispossessed are to take back the control which they have for so long been denied, and if they are to institute new modes of urbanization. Lefebvre was right to insist that the revolution has to be urban, in the broadest sense of that term, or nothing at all.



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