



# “London between Global Narcissism and National Responsibility”

**DEMOLOGOS London Case Study**

**Delphine Ancien and Frank Moulaert  
(IFRESI-CNRS – Lille, France and GURU, Newcastle  
University, United Kingdom)**

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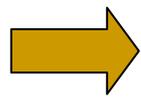
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# Overview

- Lead themes
- Analytical framework
- Time-space dynamics: periodization and emblematic moments
- Inter-scalar dialectics
- Space/scale, agency and power
- Conclusions

# Lead Themes

- 'Global city' development strategies and discourses
- Transition/restructuring from an imperial capital and a world commercial and financial center to a global financial centre
  - Financialization and internationalization of London's economy
- Increasing failure to play its political and economic roles as a national capital
  - Issues of scale: London global city vs. London national capital
- Disconnection (and conflict) between financial and industrial capital
  - Politico-economic disconnection between London (where financial capital clusters) and the rest of the country
  - Ambiguity of London's political role ...
  - ... The latter being a factor of search for endogenous development strategies by other big cities in the UK

 Conflict (s) of scales rooted in particular regime(s) of capitalist accumulation

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# Analytical Framework

- Meta-analytical framework: ‘ASID-cum-CDIH’ (TSP1 + TSP4)
  - Role of articulated spatial scales as structures of development
    - London as a place of territorialized institutions and of identity-building and strategy-making at the crossroads of multi-scalar economic, political and social networks
  - Articulation of discourse with agency (“as an outcome of agency” or as a particular agency), structure (“as a dimension of structure”) and institutions (“as an institution” that plays a role in the reproduction and regulation of social forces that produce socio-economic development models – TSP3)

# Time-Space Dynamics: Periodization and Emblematic Moments

- Three main periods from mid-19<sup>th</sup> C. until now with particular time-space dynamics + three emblematic moments
- Mid-19<sup>th</sup> c.–WWI: despite apparent cohesion of imperial Victorian Britain, inherently unstable character of the period due to growing contradictions between different imperatives: maintaining and expanding the Empire; optimizing the financial returns generated through colonization and imperialism (“gentlemanly capitalism”); protecting national industries (and workers)
  - Struggle btw fractions of the capitalist class, ambiguous political role of London re: growing tensions between function of industrial and financial capital
  - Developing spatial and scalar expressions of early disconnection btw (London-based) financial capital & industrial capital (embedded mainly outside of London)
  - **Emblematic moment: Struggle over & defeat of Tariff Reform in 1906, illustrating the politico-economic ambiguity of the period**

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- WWI – late 1970s: changes in the structure of London's economy (industrialization and struggling financial sector in the Interbellum, deindustrialization, restructuring and revival of the City in the 1960s), reassertion of London's role as a national capital (e.g. channeling of European regional funds for Britain's depressed areas, i.e. deindustrializing areas)
    - **Emblematic moment: Britain's 1973 EEC membership, showing the government's desire to restructure the industry in the North.**
  
  - 1980s onward: neoliberalization of British politics, increased financialization and globalization of London's economy through entrepreneurial public management policies, widening gap between London and the rest of the country, economically and politically speaking
    - **Emblematic moment: The 1986 'Big Bang' (in financial services) - Radical choice for the financial economy and the rentiers' stake**

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# Inter-Scalar Dialectics

- Intrinsic spatial unevenness of capital = a prime factor in explaining strategies of economic development in different competing places
  - Even more so under an era of increased globalization, neoliberalization and deregulation, financialization and mobility of invisible revenues = all important explanatory elements in the London case
- Translating this basic principle of uneven development in capitalist accumulation to the role of strategic agency (mainly capitalist) within the 'ASID-cum-CDIH' model and how it interacts with spatial scale, we observe that through the three periods different types of agency-with-links to structure and institutions can be distinguished.

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- 1<sup>st</sup> period (1850s until WWI):
    - Rise of the City through “gentlemanly capitalism” (Cain & Hopkins, 1993), parallel to development of industrial imperialism across the country
      - i.e. British imperial expansion as a way to spread out investments possibilities for London-based financiers and the British ruling land-owning rentier class
      - Additional theoretical perspective: ABC paper on theories of imperialism, which provides key elements of an understanding of the imperial state as an agent of capitalist expansion and class domination (with clear reference to the case of Britain), and of the creation of core-periphery patterns at the global scale as analyzed by world-systems theories (reviewed in another ABC paper), but also at the national scale
    - Important role of discourse (TSP1, TSP4) in legitimizing the capitalist state’s imperial quest to the nation
      - Great exhibitions (1851 and 1886, London), stimulating national pride (nationalism) and ‘putting to sleep’ potential class-driven (or regional?) protests

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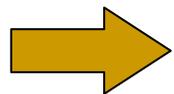
- 2<sup>nd</sup> period (until late 1970s):

- Decline of Britain as a colonial and industrial power ...
  - Largely as a consequence of decolonization and deindustrialization
- ... while London managed to reinvent itself from a former global financial center to a more hybrid economic centre...
  - Industrialization in the inter-war period
  - Revitalization of the City in the 1960s, growth of financial sector
- ... and tried to reassert its role as a national capital ...
  - EEC membership (1973), upward rescaling of regional policy from Nation to EU
- Strong emphasis on 'the regional issue' and the regional scale
  - London championing European regional policy
  - Creation of 8 Regional Economic Planning Boards in the 1960s
  - First plans for regional devolution in the late 1970s (planned for 1979 – never happened)

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- 3<sup>rd</sup> period (from late 1970s until now):
    - Neoliberalization of British politics and an ever-increasing financialization and internationalization of London's economy; increasingly ambiguous role of London as a national capital
    - Materialization of the 'conflict of scales' through tension between two trajectories:
      - London reproducing its role as a major center in the continuously developing world urban hierarchy (focusing on FIRE and high-tech industries in London 'Region')
      - London as the political capital of a regional restructuring process and policy-making process
    - Tension exacerbated by total abandonment of regional policy altogether (virtually no regional redistributive policy)
      - Predominance of 'strategic agencies of the global economy', ever-increasing growth of APS and FIRE activities → very unequal distribution, very significant clustering patterns (in London here), poor multiplier effects in the 'off-City' regions (the rest of the UK here)
    - Intensification of territorial competition in order to attract/retain inward investments when the state withdraws from its role of mitigating the uneven geography of growth
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# Space/Scale, Agency and Power

- Transformation of spatial articulation from one period to another and changing power relations, across society and across space
  - Imperial period: still a 'division of labor' between English cities and colonial centers and amongst English cities
  - Post-WWII era: dismantlement of these trade and production networks through decolonization and deindustrialization
    - Reorganization of 'imperial' relations (e.g. through the Commonwealth), mainly around trade, corporate organization and financial relations between London and former colonies
    - Deindustrialization affecting mostly UK's traditional industrial centers
    - Slow disintegration of Britain's industrial fabric, despite London's championing of European regional policy at the end of the period
  - Thatcher's era: revival of a strong English liberal tradition (so-called neoliberalism),
    - Privileging of 'FIRE' activities unrolling at the global level
    - Abandonment of national regional policy



From this perspective the Nation-Territory has become London or the Southeastern English Territory rather than England or the UK

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- No real change under New Labour (since 1997):
    - London's economy even more financialized and internationalized, at the expense of other British cities or regions
    - Regional problem significant since the 1960s → intensification of protests against the economic divide of the country → strong regional dimension of class struggle
    - Regional attempts to overcome this spatial bias with central government's help (e.g. the Northern Way; rather discursive than materially effective) or without it (e.g. Core Cities Group)
    - How significant is the New Regional Policy?



Disempowerment of counter-hegemonic forces + empowerment of international corporate actors in the City supported by local and national government → alternative strategies to regional development and the search for a new role for London are very much needed

# Conclusions

- Growing disconnection between London-based financial capital and industrial capital embedded mainly outside London, since the late 19<sup>th</sup> c. – early 20<sup>th</sup> c.
  - Struggle between class fractions with increasing territorial and scalar expression over time (London vs. ‘the rest of the country’)
- Throughout Inter-war & post-WWII period, active political role played by London with regard to national issues of socio-economic development
  - Significance of regional policy to mitigate deindustrialization in the ‘60s-’70s, even though partly upscaled to the EEC
- Since the advent of neoliberalism in the ‘80s, increasing socio-economic and political gap between ‘London and the rest of the country’
  - Ambiguous political role of London to be traced back to the early 20<sup>th</sup> c.; deep-rooted in the protection of Britain’s liberal tradition
- Under New Labour (since mid ‘90s), few changes with regard to regional equity policy, apart from an essentially discursive official agenda
  - Ever-increasing financialization, internationalization and ‘Wimbledonization’
  - Growing economic gap between the Southeast and the rest of the country, and growing political rift between London and its nation
  - New Labour’s solution: (Blair’s) New Regional Policy – Rhetoric of regional politico-economic self-reliance heavily based on another strong British tradition: localism