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## Space wars and the new urban imperialism

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# SPACE WARS

and the New Urban Imperialism

Anders Lund Hansen

Meddelanden från Lunds universitets geografiska institution  
Avhandlingar CLXVIII

# SPACE WARS

## and the new urban imperialism

Anders Lund Hansen



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*... at the core of geography is the study of struggles for power over the  
entry of entities and events into space and time*

Torsten Hägerstrand, Om geografins kärnområde,  
*Svensk Geografisk Årsbok*, 1986, p.43 (here translated)

*To Malene,  
Agnete &  
Alfred*

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# Preface

Back in ‘Wonderful’<sup>1</sup> Copenhagen in 2005, after having lived in New York City for a period with our two children, we were looking forward to live in a less militarized urban environment. We loved living in NYC, but sometimes the securitization of urban space was too much. Particularly during the Republican Party’s National Convention in August 2004, when the city was reshaped through police barricades, a trip across town became a daylong expedition. This came over and above the massive presence of police forces in the streets and increased surveillance in general as a result of the events September 11, 2001<sup>2</sup>.

Denmark was celebrating H.C. Andersen’s 200<sup>th</sup> birthday in 2005, and the country was all dressed up, at huge public costs, to meet the tourists’ image of Denmark: a safe, innocent and idyllic fairytale country (this was at least many people’s impression of Denmark before the so-called cartoon crisis<sup>3</sup> that started later that year and erupted at the beginning of 2006). Taking my daughter to kindergarten in Central Copenhagen in the fall of 2005 was not wonderful and not very idyllic. It was like moving through a war zone. Every morning we had to pass ten to twenty policemen in battle uniforms, prepared to carry out the right wing government’s zero-tolerance policy against ‘urban troublemakers’. The kindergarten is located next to the free city Christiania, a socialist/anarchist urban social experiment that is a prime target for the government’s ‘cultural battle’ launched shortly after they came into power in 2001. Since 1971, Christiania has been a center of resistance, critique and creative transformation of urban space. What started out as a squatter occupation of a more than eighty-five acre, closed military compound in central Copenhagen, has developed into a home for almost nine hundred inhabitants<sup>4</sup> and is today a laboratory for new modes of urban design, democracy and social and environmental sustainability. The Danish government’s plans to ‘normalize’ Christiania, however, threaten the existence of the community. The central objectives are to close down the cannabis market, ‘legitimize’ the building stock and to abandon the principle of joint ownership of the land in favor of private property rights and free

market forces. A neo-liberal revanchist strategy stamped by the logic behind the new urban imperialism (Smith 1996), the design is to make way for a ‘generalized gentrification’ (Smith, 2002a; 2002c) of the area, to harvest huge land rents (development gains) and displace the ‘uncreative’ and ‘economically unsustainable’ population.

The police had chosen a location just outside the kindergarten’s playground as one of their temporary command centers. During the day, there was a flow of crime suspects, often loud and violent, between Christiania and the command center. With the children’s wellbeing in mind, parents and personnel resisted against the police’s spatial strategy, without any results.

Urban space wars are not abstract distant phenomena. They are a very real part of the everyday life of many people — even in Denmark. Space wars are, however, more than police barricades and NIMBY resistance. The broader intent with the dissertation is to study urban space wars as part of a larger scalar reconfiguration of geographical and social embodiment of political and economic powers. Forces of global capital accumulation, shifts towards neoliberal urban governance and increased interurban competition during the past decades has led to a “nouveau-bourgeois war for talent” (Peck 2005, 766), causing increased struggles over urban space and the displacement of people. I seek to elucidate the global-local nexus of space wars and the new urban imperialism in Copenhagen, Lisbon and New York. The focus is on analyses of globalization of the commercial property market, changes in urban governance and changes in social geography, and interconnections between the three.

The dissertation is structured as follows: in Chapter One, I introduce the concepts of space wars and the new urban imperialism and present the research questions and methodological considerations. Chapter Two analyzes processes of globalization in property markets through an empirical investigation into the commercial property market of Copenhagen. Globalization of property markets is defined, a framework for analysis is presented and methodological problems are reported. The chapter aims to improve our understanding of globalization in the sphere of immobile property, and to show to what extent globalization (in this limited sense) has occurred in Copenhagen. In Chapter Three I analyze linkages between rescaling of commercial property markets and changes in urban governance in

Lisbon. The chapter aims to further advance our understanding of globalization in the sphere of immobile property, and its relation with shifts in urban governance. Cautious comparisons with Copenhagen are made. Chapter Four expands the analysis of Copenhagen as a globalizing city. Through the optic of the imagineering of Copenhagen as ‘creative city’ — part of Copenhagen’s competition with other cities — relations between globalization, urban governance and social geography are analyzed. The chapter problematizes what on the surface seems to be an unequivocally positive quality (‘creative’) and goal (‘creativity’). Chapter Five employs the concept of the global-local nexus of space wars, forging links between highly localized processes of urban transformation, competition between cities and global movements of capital and people. It shows how mental and material boundaries as well as ethnicity and class are central elements in the Copenhagen space wars. Through the example of Sydhavn, a rapidly changing part of Copenhagen, the chapter aims to illustrate how processes of material and social construction and transformation of urban space constitute urban space wars, engaging actors at all scales.

The Epilogue serves as a supplement to my short film “Space wars: a street level odyssey through the centre of the American empire — New York City”. The film offers a street level voyage through the urban topography of New York, centre of the American empire, showing how the rhythms of vagabond capitalism manifest themselves as space wars. At first glance, every day in the city seems an original performance, but underneath the surface, we find a myriad of rhythms that reveal traces of millennia of human cultures and histories. In urban centers throughout the globe, such as Copenhagen, Lisbon and New York, we can observe contemporary modern society and the materialized topographies of different modes of time-space production. The film seeks to direct attention to, and stimulate discussion on issues of space wars at different scales and in different (urban) contexts.

No dissertation is an individual accomplishment and I have benefited tremendously from critique, comments and suggestions from a long list of people. Needless to say, all misunderstandings and shortcomings are mine.

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I have tried to live up to Antonio Gramsci's concept of an "organic intellectual"<sup>5</sup>, by being engaged in my 'glocal' society. During the work on this dissertation I have been an elected board member of the non-profit housing association Lejerbo København<sup>6</sup>. Through this work I have taken active part in the production of the urban space of Copenhagen — with insights into the political economy of Copenhagen no book could have taught me. Thanks to: Bent Bundgaard, Bent Johansen, Bjørn Vibholm, Flemming Vibo Grandal, Lene Degn (who died too young), Palle Adamsen, Poul Øland, Preben Christiansen, Sheku Amadu Jalloh, Steffen Boel Jørgensen, Tina Waldorff and many more.

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In the fall terms of 2002 and 2004, I was a Visiting Research Scholar at the Center for Place Culture and Politics, The Graduate Center of the University of New York (CUNY). I owe a large debt of thanks to Neil Smith for his generous hospitality during these stays, which provided excellent opportunities to think about and discuss issues of space wars in the outstanding intellectual environment at the Center (and not least at O'Reilly's). Many people at the Grad Center have made a profound impact on my thinking. I would like to thank all my co-grad students and the participants in the series of seminars on 'Transformative cities'. Special thanks to Cindi Katz, David Harvey, Eliza Darling, Ida Susser, Julian Brash, J.C., Megan Schauer.

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## Sources

Earlier versions of the Epilogue and the film *Space wars: a street level odyssey through the centre of the American empire — New York City*<sup>7</sup> has been presented at the workshop 'Urbicide: the killing of cities' in Durham, November 2005; The Inaugural Nordic Geographers Meeting (NGM) in Lund, May 2005; the 4th meeting in the International Critical Geography Group (ICGG) in Mexico City, January 2005; and at the session 'Art and political economy' at Rethinking Marxism's 5th International Gala Conference in Amherst, Massachusetts, November 2003.

The sources of the remaining chapters are as follows:

- Chapter 2: *Geoforum*, 2000 (with Eric Clark)
- Chapter 3: *Géocarrefour*, 2004 (single authored)
- Chapter 4: *European Planning Studies*, 2001 (with Hans Thor Andersen and Eric Clark)
- Chapter 5: *Identity dynamics and the construction of boundaries*, edited by Bo Petersson and Eric Clark, 2003 (single authored)

The references have been collated in one bibliography, and the chapters have been slightly revised, updated and edited<sup>8</sup>.





## **Introduction: space wars and the new urban imperialism**

Urban territory becomes the battlefield of continuous space war, sometimes erupting into the public spectacle of inner-city riots, ... but waged daily just beneath the surface of the public (publicized), official version of the routine urban order. (Bauman 1998, 22)

In short, imperialism can be conceived as what Edward Said ... describes as a multifaceted 'struggle over geography'. (Clayton 2000, 376)

The city makes concrete some of the struggles and opposing interests of global capital and the new urban workforces on which it depends. What appear as localized struggles, such as anti-gentrification movements or fights on behalf of the rights of immigrants or those of the homeless, are actually the concrete enactment of a much larger and more abstract conflict between the interests of global capital and the interests of these new types of urban workforces. In this sense, the space of the city enables a concrete moment in the formation of the different social forces involved. (Sassen 2004, 12-13)

The urge to conquer and control space is as old as humanity itself. From the cellular to the planetary scale, the battlefronts are many and varied. The urban scale is no exception. Urban transformation processes, from normalization of Christiania and urban renewal of Vesterbro in Copenhagen to the construction of Expo '98 in Lisbon and the gentrification of Lower East Side and Harlem in New York, take the form of space wars, revanchism and new urban imperialism: a deliberate and systematic creative destruction of the very fabric of urban space. Demolition of spaces for 'the other' and construction of borders to control who are inside and who are outside have been common practice among city builders for millennia. Walls and weapons of force, furthermore, remain essential aspects of space wars — causing 'wounded cities' and 'urbicide' (Schneider & Susser 2003, Graham 2004). Space wars, however, are more than physical destruction, fortifications and military hardware. I will argue that semiotic as well as material space wars are fundamental driving forces behind the construction of urban space.

Zygmunt Bauman (1998) describes how processes of globalization entail increased struggles over space. Bauman uses the term 'space wars' in his analysis of how the modern state increases its demand for control over space. New tools are constantly forged in the establishment of 'objective' units of measure and the use of maps to avoid local subjective interpretations of space. Processes of modernization of our societies have inherent elements of creative destruction, "be it gentle and democratic, or the revolutionary, traumatic, and authoritarian kind" (Harvey 2003b, 1). This tendency can be recognized in the creation and destruction associated with urban change — which is the focus of this dissertation.

But why use such a heavy metaphor as space wars? The Greek meaning of a metaphor is to 'transfer' or 'carry something across', and the metaphor of space wars carries a critical perspective across to the study of urban transformation processes and uneven development. The term is related to the processes of gentrification (Lewis 2001) at multiple scales (Atkinson & Bridge 2005; Smith 1996; 2002a). Public space, furthermore, from city parks and public streets to internet blog sites, has been eroded after September 11 2001, due to the Patriot Act in the U.S. and similar legislations elsewhere (Low & Smith 2006). In her recent study of Vancouver, Loretta Lees concludes: "The war rhetoric used by those who bemoan the death of public space does capture something" (2004, 250). Following the same train of thought, Mitchell and Staeheli (2006) demonstrate how public space has become a key battleground, as cities are redeveloped: "a battleground over the homeless and the poor and over the rights of the developers, corporations and those who seek to make over the city in an image attractive to tourists, middle- and upper-class residents, and suburbanites" (ibid, 144).

The use of armed guards, locked gates, and ubiquitous security cameras, the multiplying of gated communities for the upper classes and other manifestations of the fortification of space are not new phenomena (Blakely & Snyder 1997). This development is part of what Atkinson (2005) identifies as a 'new enclavism' of enclosed spaces that is reflected in moving through daily life-worlds in SUVs rather than public transport, and is manifested in gated communities, ghettoized poverty and prisons. The 'camp' is a universal socio-spatial manifestation of contemporary societies, from refugee camps for

asylum seekers to various gated communities for the upper classes (Agamben 1998).

In his study of Los Angeles, Mike Davis shows how the social praxis of dealing with homeless people can be characterized as a “cold war on the streets” (1990/98, 234). He identifies a variety of vicious spatial tactics, including physical installations such as ‘bumproof’ benches, ‘bag-lady-proof’ trash cages and deployment of outdoor sprinklers to prevent camping in public parks and storefront sidewalks. Moreover, he directs our attention to how new urban design in general functions as an ‘architectural language’ intended to warn off the underclass Other. This dystopian element of postmodern urbanism is, according to Baeten (2002), reflected in visions of the future. These are:

... influenced by dystopian classics — including film classics such as *Mad Max* or *Blade Runner* to name but a few. Most of them would have as central ingredients urban anarchy, outrageous levels of violence, racialised gang warfare, tribal conflict, explicit gender stereotypes, and the implosion of social cohesion and civic society. If anything, society’s future seems to be the urban dystopia, modelled around Hollywood inspired violent inner-city street cultures (as in stereotypical versions of downtown LA), leading to security-mad and surveillance-obsessed city cultures ..., in which the twentieth-century social democratic ideals — the eradication of discrimination on the basis of class, gender and race — have all but vanish. (ibid., 146-147)

Lefebvre (1991) saw the emancipatory potentials associated with the creative destruction of the three-dimensional (material, ideological-institutional, symbolic-affective) multi-scalar processes behind *The production of space. The urban revolution* (1970/2003) is both a diagnostic of how urbanization has become a worldwide process, but also an analysis of how the processes of urban transformation offers opportunities for marginalized social groups to claim ‘the right to the city’ (1996), through space wars. Lefebvre does not use the term ‘space wars’, but he talks about how revolutionary claims can be made to social surplus and political decision-making articulated through struggles over space. Christiania, the squatter occupation in central Copenhagen mentioned above, is an excellent example of such a struggle. Like many other western cities, landscapes of urban slums produced by economic restructuring and disinvestment in inner city areas characterized Copenhagen in the beginning of the 1970s. It was in this contest that ‘Slumstormerne’ (the slum troops) squatted the

former military compound, and for 35 years they have used it as a platform for the development of an alternative urbanism. Today, the Danish government's plans to 'normalize' Christiania threaten the existence of the community. One of the objectives is a revanchist strategy to gain control over the area through privatization of the common land of Christiania. The potential 'tragedy of the commons' of Christiania is, of course, not happening without a struggle. However, the struggle seems *not* to be taking the form of violent street battles between the police and the 'unruly'<sup>10</sup> inhabitants of Christiania<sup>11</sup>. Instead, what we can observe in Christiania is a 'flanked attack' from the Danish government. As one inhabitant in Christiania very precisely formulates it: "It is grinding slowly on us. They realize that using bulldozers is not a good idea. Bureaucrats are good though: it works! And suddenly it becomes a 'nice' area — and damn boring. I can't stand niceness!" (Quote from: Guldbrandsen 2005). As a possible counter strategy to the government's slow gentrification strategy, a collaboration between Christiania and KAB (a non-profit rental housing association) is being established (KAB 2004). The idea is to transform Christiania into an independent non-profit rental housing association (and a foundation for small businesses). The future will show if this marriage between the special forms for anarchism we find in Christiania and the reformed Socialist practise of AKB is a viable solution for Christiania.

These social processes, however, are not new. 'Primitive accumulation', the process of separating people from their land and thereby their means of providing for themselves, was essential in 'kick-starting' the capitalistic system<sup>12</sup> (Perelman 2000). It undermined the ability for people to provide for themselves and prevented them from finding alternative survival strategies outside the wage-labor system. In this light, space wars constitute a fundamental element in the invention of capitalism itself.

For Marx, primitive accumulation was "not the result of the capitalist mode of production but its point of departure" (Marx 1990, 873) and it played an essential role for the division of labor. In classical political economy the logic was the other way around. Adam Smith used the notion of 'previous accumulation' and suggested that the division of labor was a consequence of accumulation of 'stock' (Smith's term for capital). Marx rejects Smith's interpretation and characterizes

his version as an attempt to explain the current existence of class by reference to a mythical past that we cannot challenge. Marx argues that the process is anything but idyllic and illustrates how force was an integral practice of primitive accumulation (Marx 1990, Chapter 26). The term primitive accumulation embraces a wide range of processes. These involve:

... the commodification and privatization of land and the forceful expulsion of peasant populations; conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights; suppression of rights to the commons; commodification of labor power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neo-colonial and imperial processes of appropriation of assets (including natural resources); monetization of exchange and taxation (particularly of land); slave trade; and usury, the national debt and ultimately the credit system as radical means of primitive accumulation. (Harvey 2003a, 145)

David Harvey argues that the theory of overaccumulation and of capital's tendency to exploit spatio-temporal fixes to overcome crises is central to the understanding of the new (urban) imperialism. Furthermore, he introduces the term 'accumulation by dispossession' and suggests that the practices of 'primitive' accumulation are an ongoing process. He argues that "all the features of primitive accumulation that Marx mentions have remained powerfully present within capitalism's historical geography up until now" (ibid, 145). In countries like Mexico and India, for instance, displacement of peasant population and the creation of landless population have increased during the past three decades. Moreover, privatization of global environmental commons (land, air and water), public assets and intellectual property rights constitute new waves of enclosing commons. Resistance towards this process forms the core of the agenda for many of the participants in alternative/anti-globalization movements.

On the urban scale, privatization and liberalization of markets have been part of neo-liberal politics for decades, generating new rounds of dispossession (Harvey 2005, 2006a). I find the term 'accumulation by dispossession' very useful in grasping how space wars constitute an integral part of the capitalist space economy and the new urban

imperialism. I find the term highly relevant, because it illuminates elementary mechanisms behind contemporary urban change:

Real estate is a critical dimension of internal imperialism... When San Francisco and other Bay Area cities wanted to expand their business, industry, transportation or housing, they eagerly conquered new space by such devices as filling in the bay, bulldozing hillsides, and even removing the dead outside the city limits to claim the cemeteries. After World War II, the downtown real estate operators looked to the surrounding neighbourhoods, potential office and commercial space — that is, if the people and old buildings could just be removed. This development marked the era of “urban renewal” projects that devastated historically working class, poor neighbourhoods around downtown San Francisco, ... driving out many of the poor and people of colour. That process of internal conquest continues to this day, ... leaving many more homeless. (Walker 2005, 1)

Walker uses the term ‘internal imperialism’ to characterize “the internal conquest” in cities. But are the real estate investments really that local today? In the following chapters we will look more closely at the globalization of fixed capital investment. I would argue that greater sensitivity towards contemporary scalar dynamics of uneven development reveal the new urban imperialism as simultaneously internal and external.

Neil Smith (1990; 2005b) identifies a series of shifts that crystallize a new stage in uneven development. In this new stage, the geographic dynamic of uneven development has shifted from national and regional economies to the nexus between global and local. The geographical scales of human activity are the product of changing economic, political and social activities and relationships, and are to be understood as something different than the traditional distinction between urban, regional, national and global. Smith shows us how the transformation of the global political economy since the 1970s has involved a restructuring of scales at which different kinds of political, economic, and cultural activities are organized. This has, according to Smith, led to:

... a profound transformation in the entire geographical framework of capitalist accumulation. This in turn constructs a whole new pattern of uneven geographical development in the global economy that effects local as

much as global structures of social and economic production and reproduction (2005b, 97).

Much of contemporary popular and academic debate about empire emanates from the controversy over Michael Hardt and Antonio Negri's *Empire* (2001). The book challenged traditional debates between e.g. dependency theorists (like André Gunder Frank) and those who view imperialism as a phase of capitalism (as Vladimir Lenin and Rosa Luxemburg and others have argued) (Harvey 2003a). Furthermore, Hardt and Negri suggest that twenty-first century capitalism is deterritorialized, post-imperial and not identifiable with the United States. Neil Smith challenges this characterization of contemporary capitalism:

They capture the deterritorializing impulse of globalization, but they are entirely blind to the converse reterritorialization that globalization also brings. Even before 9/11 and the Afghan and Iraq wars, before the hardening of US national borders, it should have been obvious that whatever the power of the global, imperialism — however much it now operates through geo-economic more than geopolitical calculation — never relinquishes territorial definitions. Power is never deterritorialized; it is always specific to particular places. Reterritorialization counters deterritorialization at every turn. (Smith 2005a, 51)

The nation state, geopolitically, with its patent on the means of violence, has traditionally played an important role in the praxis of space wars and imperialism. A classic historical example of the justification of warfare can be found in the German geopolitical idea of 'Lebensraum' in the 1920s and 1930s (Dickinson 1943). In *American empire: Roosevelt's geographer and the prelude to globalization*, Neil Smith (2003) demonstrates how the concept inspired US global ambitions in the 1940s, seeking American global economic Lebensraum. The shift from the idea of a geopolitical to a geoeconomical Lebensraum is central to understanding Smith's argument — and to understanding space wars and the new urban imperialism. According to Smith, the US led wars are to be viewed not as wars on terrorism. Nor did they just want to control the important oil resources. Rather the wars were designed to complete a US centered globalization that has characterized the third moment of US ambition since the 1980s (Smith 2003). *The endgame of globalization*, as Smiths

calls it, is about gaining global control through *geoeconomic* means — via the long-term installation of neoliberal institutional frameworks<sup>13</sup> (Smith 2005a).

Following some of the same ideas, Saskia Sassen (2004) agrees that the US state centered empire today is the dominant formal empire, and like other observers<sup>14</sup> she anticipates a decline and fall of the formal US empire. However, she suggests that a new, as yet informal empire is emerging:

The new empire is not simply a function of power, nor is it simply the result of an immanent tendency in capitalism towards imperialism. The new imperial structures need to be produced, implemented, serviced, and debugged. ... I want to argue that one of the strategic working structures enabling the new empire is the network of global cities, one that might eventually evolve into a grid of imperial and subimperial cities. ... the US centered formal empire was and still is the crucial enabler of the new empire, and the shaper of its norms and basic institutions. But there is a new informal empire in the making, and it is one not centered in a new hegemonic state... Nor is this new as yet informal empire centered in the US even though the latter is a crucial part of it. The new empire does not need to be centered in a hegemonic state. It is a new type of configuration, highly networked, with global span, cutting across multiple frontiers, and involving multiple states and countries, yet only partly embedded in any of them. (Sassen 2004, 1-4)

The OPCE<sup>15</sup> resolution, *Make the growth engines work!*, regarding the capital cities and regions of Europe, confirms the tendency towards stronger urban regions:

[M]ost of the metropolitan areas in the EU are the growth engines of their surrounding regions and of their countries. They help to lift other regions to a higher economic level and help through this the EU to reach the goals of the Lisbon process – making Europe the most competitive region of the world. (OPCE 2003)

What we witness in Europe is an indication of how the geography of production has changed. Furthermore, urban mega-agglomerations, e.g. Mexico City, Johannesburg, Mumbai, Manila and São Paulo, experience the highest urban growth rates globally, and the slums on the outskirts of these cities stand in stark contrast to wealth concentrated in their commercial and upper class residential center. These urban manifestations represent the visual spatial results of



current global uneven development (Harvey 2006b) and the workers from the slums that work in the so-called informal sector are very much part of global uneven production (Davis 2004).

According to Neil Smith (2005b), what we can observe today is not just that production is being sent to the margins of the global economy and reconcentrated in the centers:

Rather the entire framework of production is itself being dissolved and reconstructed. In the advanced capitalist economies, the traditional regions that provided the production platforms for twentieth century industrial production have disintegrated rapidly as the national scale economies for which they produced are increasingly globalized. A certain scale bifurcation has therefore taken place in the ashes of the old regional structure. On the one hand supra national regional complexes of the sort that now dominate East and South-East Asia have emerged. On the other, production has been recentred at the lower scale of the metropolitan area. Cities have been rescaled as production centres. (ibid., 101)

### **The global-local nexus of space wars: a framework for analysis**

The new imperialism and its associated accumulation by dispossession are important to understanding the global-local nexus of space wars in contemporary cities. Areas formerly labelled working class, red-light or no go are the interesting investment objects of tomorrow. Flows of capital and people in the built environment generate urban change. The classification by finance capital of particular areas as good or bad investments ('redlining') is a crucial political economic mechanism behind these flows and operates at different scales: ghettoization is more than a neighbourhood phenomenon – it is inflicted upon regions and nations as well. The actors engaged in redlining are therefore especially powerful combatants in (urban) space wars.

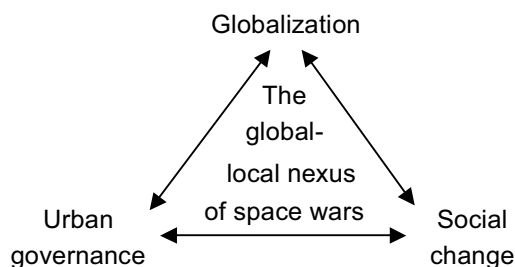
Investors, financiers, real estate agents, developers, local politicians, the state and local social groups are all powerful combatants in the struggles over urban space. Processes of specific battles among specific actors over concrete places and times lead to specific urban 'topographies' (Katz 2004). However particular and unique, these socio-material topographies are heavily influenced by the structural characteristics of the capitalist space economy (Sheppard & Barnes 1990). As David Harvey (1982) shows us, space constitutes the *Limits*

*to capital* in its constant search for 'spatial fixes'. This search entails the making and taking of 'rent gaps' (Clark & Gullberg 1997; Smith 1979, 1996), struggles over which generate urban change.

In this optic, urban space wars are inherent to the social architecture of capitalism. Moreover, the concept captures a central characteristic of what Cindi Katz (2001) calls vagabond capitalism, where capital moves through all imaginable scales, from the body to the extra-planetary, in search for profits. The outcome of these battles is uneven geographical and social development. According to Neil Smith (Smith 2002b, 13), uneven development is today "increasingly organized around the nexus of global and local". The rhythms of capitalism and urban governance formed by competition between cities translate into uneven development — segregation, exclusion and space wars.

As part of a new grammar of space, cities have become important spaces of neoliberalism. An entrepreneurial urban politics, more accommodating towards investors and developers, has been implemented in many western cities (Harvey 1989a). Urban political coalitions and institutional setups are temporally and spatially particular (in e.g. Copenhagen and Lisbon). However, responses to the challenges of globalization and post-fordist structural and spatial transformations have been rather uniform across space. Proactive city governance uses Margaret Thatcher's TINA acronym to suggest that There Is No Alternative to the global neoliberal (uneven) growth agenda (Harvey 2005). City branding and investments in infrastructure, waterfront redevelopment and other large-scale urban development projects are well known elements in the entrepreneurial ethos. In an effort to fuel the urban 'growth machine', political and economic elites are trying to attract global capital to their city's commodified land resources (Molotch 1999). Moreover, Copenhagen, like many other city-regions, targets what Richard Florida (2002; 2005) has called the "creative class" in the race for global competitiveness. Florida talks about 'cool cities' as an important concept in the 'creative' competition between cities. The argument is that cities that can create an open, tolerant, 'buzz' urban environment attract the creative people (presumably a mixture of bohemians, writers, actors, homosexuals, ethnic minorities etc.), and that seems to be conducive to more robust economic development and investment and job-growth in the so-called 'new economy'. The strategy is part of

a larger global battle over the proper — so-called, creative — citizens, involving continuous local battles against the implicitly labelled ‘economically unsustainable’ activities and citizens that stand in the way of moving from ‘problem city’ to ‘promise city’ (cf Rofe 2004).



**Figure 1.1** Schematic representation of the core of the dissertation: the global-local nexus of space wars and the interconnection between globalization, urban governance and social change.

Figure 1.1 represents the multifaceted, multiscalar dynamic of urban change and provides a framework for the present study of urban transformation through the lens of space wars. This dissertation focuses on the global-local nexus of space wars in Copenhagen, Lisbon and New York through studies of globalization, urban governance and social change. Methodologically, the Copenhagen and Lisbon studies are similar, while the study of New York (reported in the epilogue and the film) is more experimental and serves as a supplement to the main study.

## Research questions

The first questions, dealt with in Chapters One and Two, are related to issues of globalization in relation to fixed capital investments and changes in urban politics. To what extent has globalization occurred in the commercial property market of Greater Copenhagen and Lisbon? What are the relations between globalization of commercial property markets and shifts in urban governance?

The second set of questions examined in Chapter Three are concerned with ‘the creative city’ and relations between processes of globalization, changes in urban government/governance and social

geographic change in Copenhagen. How does the idea of the creative city manifest itself in Copenhagen? What are the relations between processes of globalization, developments in urban government/governance and social geographic change?

The final questions that I study in Chapter Four deal with urban space wars and uneven development as fundamental aspects of ongoing processes of material and social construction and transformation of urban space. What do we mean by space wars? How do urban space wars manifest themselves in Copenhagen?

## Research design

Critical realism, with its deep ontological worldview, is the epistemological foundation for the dissertation. Before positioning my project in the context of this tradition I will first highlight some basic arguments within critical realism. The ontological starting point for realism is the assumption that the world exists without our knowledge of it<sup>16</sup> (Sayer 1992). This assumption draws on the distinction between the transitive and intransitive dimension of knowledge. The transitive dimension of knowledge represents theories about the world, while the world, which the theories deal with, constitutes the intransitive dimension. Theories about the world can change without the world necessarily changing. Moving from a geo/telocentric to a heliocentric theory of the planetary system, the shift in the transitive dimension of knowledge was not accompanied by a shift in the intransitive dimension. It becomes a bit more complicated, however, in the realm of the social relations. Here, the intransitive dimension does not exist independently of the transitive dimension, because the social world is under constant social construction. Andrew Sayer nevertheless maintains the distinction between the two dimensions of knowledge even within social science:

When researchers change their minds it is unlikely to produce a significant change in the phenomena they study. For the most part, social scientists are cast in the modest role of construing rather than 'constructing' the social world (Sayer 2000, 11)

According to Sayer, social science research can have an impact on the social practice under investigation, but for the most part the researcher

just documents change that would take place with or without the interference of the researcher. The consequences of this train of thoughts is the claim for *a soft social constructivism*, which recognizes that research results can not exclusively be seen as a mirror of social practice (ibid., Clark & Petersson 2003; Fairclough, Jessop, & Sayer, 2002); sometimes we can, and should, affect the social world.

Critical realism recognizes that it is only possible to obtain limited knowledge about the world, within limited areas, communicated through available discourses: “Realists expect concrete open systems and discourses to be much more messy and ambiguous than theories of them and do not consider that differentiation poses a threat to social science” (Sayer 2000, 5). This does not, however, lead to relativism.

Critical realism operates with an additional stratification of knowledge through a division between the real, the actual and the empirical. The real includes all that exists — in the natural<sup>17</sup> as well as ‘the social’ world. The real is a world of objects, their structures and causal forces; be it minerals or the capitalist mode of production. It is for instance possible to identify certain structures and mechanisms, certain logics behind the production of urban space (Harvey 1982). The theory does not, however, predict precisely how this production will form urban space, rather it identifies potential developments: “its spatio-temporal relations with other objects, having their own causal powers and liabilities, which may trigger, block or modify its action” (Sayer 2000, 15).

Whereas the real is the realm of structures and causal forces, it is the consequences of these that constitute for the actual. Continuing with the example of the capitalist mode of production, the tendency to move capital to the built environment is in the realm of the real, while the specific investment and its consequences are in the realm of the actual. Furthermore, the empirical strata of knowledge are determined by what we experience.

As a result, this stratified ontological perspective on knowledge builds on the assumption that behind observable events, through a process of abstraction, we can identify a number of processes, mechanisms and structures. This does not lead to a disregard of empirical data, but the empirical data cannot stand alone. From this perspective, the method to obtain knowledge is to conduct

theoretically founded concrete research that moves from the concrete to the abstract and back to the concrete<sup>18</sup>.

Through a focus on praxis, critical realism seeks to merge the abstract and the concrete<sup>19</sup>. This is done through operationalization by searching for ‘contingent relations’ between the abstract and the concrete universe:

Now no theory of society could be expected to know the nature and form of ... [the] contingent relations in advance, purely on the basis of theoretical claims. The move from abstract to concrete must therefore combine theoretical claims with empirical research ... [O]ur understanding follows hermeneutic circles or spirals, relating parts to wholes ... Nevertheless, to the extent that social relations and practices are concept dependent ... the movement from abstract to concrete must be combined with interpretive understanding. Awkward though this may sound, to some extent social scientists do it intuitively. ... [T]he point ... is not so much to provide recipes for research as to assist in the process of making these reasoning processes more transparent and self-conscious. (Sayer 1992, 142-143)

Sayer distinguishes between four research methods: concrete research (intensive), abstract research, generalization (extensive) and synthesis. The dissertation’s research design draws on both intensive and extensive elements, and I have used both quantitative and qualitative methods. There are advantages connected to the employment of these different methods, given that they complement one another. Both have their strengths and weaknesses (Andersen 1990; Sayer 1992). Drawing on a mixture of these methods offers a combinatorial perspective to the problems that the dissertation is concerned with. This kind of strategy has many labels: convergent methods, multi-methods or triangulation.

In accordance with Sayer’s suggestions to make the reasoning processes more transparent I will elaborate on the choices made in connection with the quantitative method employed for the study of globalization of the commercial property market (Chapters Two and Three). Initially we sought statistical data that would provide a picture of both foreign and domestic ownership and investment flows over an extended period of time. Ideally, locations and distances would be of interest, but for practical purposes we judge it a good start to get a picture of ownership and investment patterns within Copenhagen and

Lisbon, across the border of Denmark and Portugal (in both directions). I have searched for time series over the following variables:

- (i) the value of foreign ownership in the Copenhagen and Lisbon commercial property markets,
- (ii) the value of total ownership in the Copenhagen and Lisbon commercial property markets,
- (iii) the value of Copenhagen and Lisbon based ownership in foreign commercial property markets,
- (iv) the value of foreign investment in the Copenhagen and Lisbon commercial property markets,
- (v) the value of total investment in the Copenhagen and Lisbon commercial property markets, and
- (vi) the value of Copenhagen and Lisbon based investment in foreign commercial property markets.

Globalization could with these variables be operationalized as increases in the proportions of cross-border ownership and investment relative to total ownership and investment. In Chapters Two and Three I elaborate on the strengths and weakness of this method, and go into details with data sources drawn on. To help me interpret the findings, a number of semi-structured interviews were made with key actors and specialist in the field of immobile capital (see description below).

This method has been applied to two cases (Lisbon and Copenhagen). The comparative strategy has been used to 'test' the validity of the method and to provide a broader empirical insight into the transnational dynamics of capital flows on the commercial property market. The two cities are suitable for a comparative study because they are approximately the same size and are both capital cities in their respective EU countries. Furthermore, they represent two poles in the socioeconomic geographical strata of Europe (Hansen & Silva 2000; Muttay 2003), or at least they did when I launched the study — after enlargement in 2004 the picture is different.

I have made three semi-structured interview studies in connection with the Copenhagen studies (Chapters Two, Four and Five). The purpose with the first interview study was to complement the quantitative data regarding globalization of the commercial property market (Chapter Two). The intention with the second interview study was to examine changes in urban politics (Chapters Four and Five). The third interview study was intended to shed light on the changing

social geography and identity of Sydhavn in Copenhagen (Chapter Five). Two semi-structured interview studies were conducted in connection with the Lisbon study (Chapter Three). One interview study was carried out to complement quantitative data regarding globalization of the commercial property market in Lisbon, and one study was made to examine changes in urban politics.

An interview study entails a number of choices; of interview themes, interview persons, type of interview guide, use of tape recorder etc. (Pettersson 2003). The choice one has to make in connection with the selection of the interview persons is the 'type' of respondent (e.g. 'key actors' vs. 'residents') and the number of respondents needed to answer the research questions. On the one hand there is the aim to obtain fair and reasonable breadth and variation in the material; on the other hand there is concern with clarity and resources to analyze material. According to Kirsten Simonsen (1993), the trick is to stop gathering material when a 'reasonable' level of information has been reached and the research questions have been answered in an 'adequately convincing way'. In this study I have interviewed 33 respondents (For a full list over the people that I have interviewed see Appendix One); all were 'key actors', except one. The interview with Denmark's former Prime Minister (1972-73, 1975-83), Anker Jørgensen, was a 'life story interview' where I was both interested in his role as a significant key actor, and his experiences as resident in Sydhavn. The interviews were conducted between 1998 and 2005. All were conducted as semi-structured interviews, a tape recorder was used and the average time used per interview was an hour and a half. In the following I will clarify the choices made during the process.

As a complement to the quantitative data on investment, I interviewed a number of key actors with considerable experience of and insight into processes and developments in the Copenhagen and Lisbon commercial property market. The selection of the respondents for this interview study was based on an interest in solving practical problems connected to the collection and interpretation of the quantitative data. The most important themes discussed in the interviews were: 1) Detailed technical issues regarding the data on the commercial property market. How does one e.g. compare the data categories used by the National Bank, the Ministry of Taxation and the Ministry of Environment and Energy? 2) A description of the



commercial property market in Copenhagen and Lisbon. 3) How has the commercial property business changed over time (the last twenty years)? 4) A characterization of actors on the commercial property market. 5) A qualitative assessment of the extent of foreign investments and ownership at the commercial property market. 6) The extent to which the commercial property market has moved towards a securitization, e.g. the introduction of REITS on the stock exchange. How does this tendency influence the property sector? 7) Barriers to globalization of the commercial property. What are the barriers for foreign investors? Has there been any change over time?

Three groups of actors were of special interest. First, key actors who work with the compilation, registration, storage and official publication of relevant data on commercial property. Second, persons experienced in analyzing the Copenhagen commercial property market. And third, actors directly engaged in the market: realtors, construction firms, pension funds. All three groups of actors possess from their different perspectives a finger-top feel for the market and have been valuable sources of information. One source of information that helped me identify key actors that could contribute to the analysis of the investment data was the journal *Markedesoversigten ErhvervsEjendom*. The journal has since 1997 published information, analyses and interviews concerning primarily the Copenhagen commercial property market. The journal is an interesting window to an otherwise closed business community. This qualitative input has proved highly valuable for interpreting the quantitative data and grasping aspects the data leaves untouched.

As a supplement to archive studies of planning documents I have conducted a number of semi-structured interviews that contribute to the understanding of changes in urban politics and connections to globalization of the commercial property market. I have identified four themes that are central to understanding changes in this area: 1) increased awareness of globalization, 2) governance, 3) growth coalitions and the commercial property market, and 4) rescaling. The identification of these themes was made partly through reading previous abstract and concrete research in this area and partly as I went along doing the interviews<sup>20</sup>. This framework has been used as background for the interview guide (see Appendix Two). The respondents represent the urban neighbourhood councils, the

municipality, county, the nation state, and private organizations. Some are active; others offer a retrospective view on the changes (see Appendix One).

One thing is to make choices regarding interview themes and respondents etc., another thing is to interpret the interview material. An interview is literally an 'inter view' — between viewpoints — an exchange of ideas between two individuals. Knowledge emerges in the relation between people and can thus be characterized as interrelational (Kvale 1994). The classical hermeneutical domain is interpretation of text. 'Text' has, however, been broadened so that it also embraces the sphere of the non-textual as well (Andersen 1990). The purpose is to reach a valid and general understanding of the meaning of a text, conversation or behavior. The hermeneutic perspective is double relevant when it comes to the interpretation of a research interview. First of all, the dialogue between the participants in the interview is exposed, and secondly the produced interview texts are analyzed in relation to our frame of interpretation. The procedure to characterize this process is called 'the hermeneutic circle'. We gain meaning by tacking back and forth between the interpretation of the meaning of the text's individual parts, the understanding of the general meaning of the text and our presuppositions. The analyses of the meaning of the individual parts of a text can change the original understanding of the general meaning of the text and the researcher's frame of interpretation. It is a circular process because it is a constant movement between the interpreter and the interpreted, and can in principle be an infinite process, but in practice it stops when a reasonably homogenous meaning is reached, without huge inner contradictions (Barnes 2000; Kvale 1994).

As a consequence, together with the study of interpretation and meaning in social science in general, the analysis of the semi-structured interviews made in this dissertation encompasses two frames of interpretation. First of all, the researcher's frame of interpretation, which consists of our universe of self-understanding, concepts and theories developed through the researcher's life in general and through training and exercise of scientific work. This kind of frame of interpretation exists for all science, both physical and social. For social scientific work, however, it is necessary to incorporate the frame of interpretation of the people that one studies. The respondents are not

only objects: they are self-interpretive acting subjects who influence the world (Simonsen 1993). It is therefore necessary for a critical social scientific analysis to be aware of people's frame of interpretation and 'position' in society, to grasp their behavior and statements.

In the analysis of the interview data I first did a transcription of the interviews. Then the interviews were carefully read through and each statement from the interview persons were sorted in accordance with the research themes. This 'horizontal analysis' of the interview data (Freudental-Pedersen et al. 2001) transformed the transcribed interviews into a text mosaic organized around the themes. Moreover, each theme was subdivided into sub-themes. The purpose with this exercise has been to initiate a 'dialogue' between the abstract theoretical realm that the research themes represent (see Appendix Two) and the concrete sphere that the interviews represent (see Appendix Three).



# Globalization of a commercial property market: the case of Copenhagen

*(An earlier version has been published in Geoforum<sup>21</sup>, with Eric Clark)<sup>22</sup>*

## Introduction

The purpose of the present study is to improve our understanding of globalization processes in property markets through an empirical investigation into the extent to which globalization (in one sense) has occurred in the commercial property market of Greater Copenhagen<sup>23</sup>. Characteristics of property — as fixed capital, immobile, unique in relational space, vulnerable to place specific devaluation and accounting for a considerable share of the world's wealth (Olds 1995) — render it of special interest as a sphere of globalization processes which compress time-space and transcend borders. It is here the 'spatial fix' of capitalist economies is sought and some key tensions played out, as investments in new spatial configurations contribute to the demise of yesterday's spatial fix (Harvey 1982).

Our focus is on investment in commercial properties<sup>24</sup>. We begin by defining globalization of property markets and presenting a framework of analysis. We then report on methodological problems and limited achievements which form the basis of the subsequent empirical analysis. The findings reveal a picture of investments in the 1980s and 90s in which there is a marked increase in the volumes and shares of foreign investment between 1983 and 1995. After 1995 there is a pronounced fall in foreign investment, at the same time as changes in the stock exchange indicate a move towards increased securitization of the market, facilitating a new round of globalization in the Copenhagen commercial property market.

The study constitutes a part of a larger research project called 'Globalizing cities: social, economic and political restructuring'<sup>25</sup>,

which includes other sub-projects looking into concurrent shifts in urban politics, labor markets, the welfare state and social polarization in Copenhagen. Though it is too early to present analyses linking the present study of the commercial property market in Copenhagen with the results of the other sub-projects, we mention it here because this context has been an important lodestar in the formulation and execution of the study.

## **Globalization of property markets defined**

Few concepts have diffused as rapidly as globalization. A look into the Social Science Citation Index shows zero entries 1986, ten entries 1990, and nearly four hundred entries 1997. It figures daily in newspapers. It's 'the talk of the town'. But, in spite of all the talk of globalization, pro and con, the notion is seldom defined, much less operationalized. It therefore often serves ideologically as a diffuse positive goal associated with degrees of freedom, mobility, integration, exchange of learning and broadening of horizons; or, as an equally diffuse negative alien force, falling down like rain on poor innocent locals, diminishing their autonomy and threatening their identity.

Globalization has become a generic term for a wide variety of processes involving a number of societal spheres: trade and investment flows, the geography of branches and firms, the political geography of spatial competence in decision-making, cultural exchange and hybridization, transportation and telecommunications. Indeed, it can be argued that since these processes are plural, we should "conceive of globalisations in the plural" (Nederveen Pieterse 1994, 161).

What these processes share in common is 'time-space compression' (Harvey 1989b), or 'time-space distanciation' (Giddens 1984). Giddens for instance defines time-space distanciation as "the 'stretching' of social systems across time-space" (1984, 181), explains that globalization "refers essentially to that stretching process", and defines globalization as "the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa" (1990, 64). Similarly, Roland Robertson defines globalization as "the compression of the world and the intensification of consciousness of the world as a whole" (1992, 8).

In the broadest sense, *globalization is to expand over contextually given borders* — not only spatial, but also temporal, cultural and conceptual. As such, the human activity of globalization has been going on, however unevenly, for millennia. Enlightening as such a broad conceptualization may be, it nevertheless serves rather poorly as a concept for grasping the complex relationships involved in specific contexts. For such purposes, a narrower and more contextually sensitive delimitation is called for.

When globalization is given a narrower definition focusing on one aspect, it commonly assumes one of a few forms: increased volumes of world trade (Hirst & Thompson 1992), increased volumes of foreign direct investment (Koechlin 1995), increased volumes of trading in the world's foreign exchange markets (Helleiner 1994) or reductions in transportation and communication costs (Krugman & Venables 1995). Most definitions are limited to the crossing of a certain type of border: between nation states. None of these definitions are especially appropriate for the purposes of the present study, though subsets of each could provide valuable indications. In order to analyze globalization of property markets we will need a definition appropriate to the context of property markets.

Globalization of a property market can in very general terms be defined as increasing shares of agents at increasing distances from the market area, involved in the production, ownership, maintenance, use and reproduction of the built environment. More specifically, it can be defined in various ways depending on which function one focuses on: planning and design, construction, material flows, finance, investment/ownership, management, or use. A focus on use, for instance, could entail an operationalization employing data on foreign users of the building stock. A focus on design could utilize data on the geography of architects and design firms engaged in the construction of the built environment. A focus on material flows in the production of the built environment would require yet another entirely different set of data (c.f. Lenntorp 1993).

In the context of the larger research project we are interested in forging links to analyses of among other aspects, developments in urban governance. There has for instance been a noticeable shift in Copenhagen from 'managerialism' to 'entrepreneurialism' (Harvey 1989a; Andersen 1991; Andersen & Wichmann Matthiessen 1995).

How does this shift relate to developments in the commercial property market? One effect of the shift to policies associated with entrepreneurialism, should they succeed, would be increased flows of foreign investment in the commercial property market. We therefore focus on the aspect of investment and ownership, and for the purpose of the present study we define globalization as increased shares of foreign investment and ownership in Copenhagen's commercial property market (fully aware that such a definition misses some aspects which in another context, given other research questions, would rightly be deemed more significant).

Globalization is however not something that just simply lands on localities. As Amin argues, "to think of the global as flows of dominance and transformation and the local as fixities of tradition and continuity is to miss the point, because it denies the interaction between the two" (1997, 129). The agents involved in processes of globalization are always based somewhere. Some are based in the locality of Copenhagen. Danish investments in foreign property markets channel — with various successes — land rent incomes generated abroad into Danish pension funds and local economies. Consequently, we also look into the extent to which Copenhagen based agents actively invest in foreign property markets.

## **Globalization of commercial property markets: an analytical framework**

If globalization is understood in terms of crossing borders, then the barriers, which constitute those borders, should be central to our analysis. There are a number of characteristics of property markets that may compose barriers to globalization, some of which are inherent to real estate, some of which are associated with differences between particular markets. Primary among the former are immobility and heterogeneity. Buildings and land may be positioned at one end of a continuum with money at the other end. Not only can money be transferred around the globe during a wink of an eye; it is highly homogenous so there are few costs for buyers and sellers to acquire information necessary to assess risk. Among the barriers specific to particular markets are size of market, volume of turnover, legislative and judicial considerations and what may be called 'local knowledge'



or 'cultural know-how'. A recent analysis by the *Economist Intelligence Unit* (1997) emphasizes the following barriers: lack of confidence in property rights, direct restrictions on foreign ownership of property, property sector laws (concerning planning and urban development, health and environmental regulation, and taxation), differences in valuation methods, differing roles of professional property consultants and differences in real estate professional practice. Globalization of property markets hinges on the surmounting of these barriers.

Lindahl (1995) has developed a historical framework of analysis, in which three successive models of property investment are identified in the transition from a predominantly local and relatively closed model to a highly open and globally oriented model. Lindahl's first model of investment in commercial property he calls the 'simple model'. Local developers act alone in the construction and financing of development projects, with loans from local banks whose financial base draws largely from local depositors. Capital flows remain within the region.

A marked increase in the activities of a special category of large institutional investors towards the end of the 1970s gave rise to a second model of investment in commercial property, the 'institutional model'. During this period, pension funds and insurance companies became increasingly integrated in the production of the built environment. Three factors were of particular influence in the transition to this model. First, these institutional investors accumulated capital at a swift pace, as retirement annuities became more common. The built environment provided arenas of relatively secure long-term investment for these rapidly accumulating funds. Second, the service sector experienced considerable growth, with subsequent increase in demand for appropriate premises. And third, high rates of inflation encouraged the willingness to accept higher risks in the pursuit of higher returns. Even if new institutional agents came to dominate the market, the development process remained by and large regional.

The third model, 'today's model', springs from a revolutionary move towards the liquidification of property capital in the form of stocks and securities. The securitization of real estate through Real Estate Investment Trusts (REITs) has revolutionized the market for investment in commercial property in a number of ways. Though highly interrelated, the primary characteristics of this radical transformation can be summarized in four points: divisibility of

investment (as opposed to 'chunkiness'); spread of risk over a portfolio (as opposed to one specific property); separation of investment from the function of procuring local knowledge necessary for risk assessment; and markedly increased ease of entrance and exit (as opposed to the thresholds of purchasing/selling specific properties). REITs open up for borderless investment in commercial property, radically facilitating globalization of a traditionally localized market.

While REITs clearly contribute to the financial fluidity of otherwise fixed capital, they are unable to change the localized character of the fixed capital they liquify. Clark and O'Connor (1997) address this issue in terms of the transparency *vis-à-vis* the opaqueness of financial product types. Even if trade with values anchored in commercial properties has become as easy as trade with currencies in international foreign exchanges, the buildings which the values are anchored in are nevertheless fixed locally and are vulnerable to place specific devaluation. Clark and O'Connor distinguish between transparent, translucent and opaque financial products. Transparent financial products, exemplified with gold, are characterized by: a probable market scope that is global, an information intensity that is ubiquitous, a low requirement of specialist expertise and a low perceived risk-adjusted return. Opaque financial products, exemplified with REITs, are characterized by: a probable market scope that is local, an information intensity that is transaction specific, a vital requirement of specialist expertise and a high perceived risk-adjusted return. Translucent financial products have an intermediate position.

We find Clark's and O'Connor's analysis important to understanding processes of globalization in property markets, but differ with their view that REITs exemplify opaque financial products, restricted to the scope of local markets. REITs seem rather to involve a radical step towards the translucency of investments in property capital, breaking the local barrier. The globalization of commercial property market investment is intrinsically tied to transformations, which increase the fluidity of this form of fixed capital, and in this context, REITs play an important role.

## Methodological considerations: blind alleys and limited achievements

Initially we sought data that would provide a picture of both foreign and domestic ownership and investment flows over an extended period of time<sup>26</sup>. Ideally, locations and distances would be of interest (e.g. Malmö based, across The Sound, or Hong Kong based, around the globe), but for practical purposes we thought it a good start to get a picture of ownership and investment patterns within Copenhagen and across the border of Denmark (in both directions). We searched for time series over the following variables:

- (i) the value of foreign ownership  
in the Copenhagen commercial propertymarket,
- (ii) the value of total ownership  
in the Copenhagen commercial property market,
- (iii) the value of Copenhagen based ownership  
in foreign commercialproperty markets,
- (iv) the value of foreign investment  
in the Copenhagen commercial property market,
- (v) the value of total investment  
in the Copenhagen commercial property market, and
- (vi) the value of Copenhagen based investment  
in foreign commercial property markets.

Globalization could with these variables be operationalized as increases in the proportions of cross-border ownership and investment relative to total ownership and investment in Copenhagen.

The task of compiling data on ownership (variables i - iii) proved to be unwieldy. We found no pre-existing compiled data ready for use. Furthermore, it was not possible to simply order a computer run to generate the time series we sought. Property deeds are publicly accessible, and it is in principle possible to construct time series data over the broad categories of Danish and foreign ownership. For properties owned by companies, it is possible to work backwards and chart the ownership of firms with the help of *Greens Opslagsværk om dansk erhvervsliv* (Green's Encyclopedia over Danish business and industry). It then becomes a practical question where to draw the line regarding precision, e.g. in the case of a property owned by a company which is owned by ten other companies, each of which is owned by ten

other companies, etc. But even stopping at first base, it would require a massive number of archive hours just to compile data for a single year, let alone a time series sufficient to reveal any sustained trend of globalization. For variables (i - iii) we were forced to give up in the face of these difficulties.

Concerning data on investment (variables iv - vi), however, we experienced limited success. Neither the Copenhagen City Council nor the National Bureau of Statistics keep statistics on the origin of property investments, but the National Bank's *Annual Reports* include data on foreign direct investment (FDI), broken down into sectors of the economy, one of which is commercial property. From these we have been able to construct time series for variable (iv) from 1983 to 1997 and variable (vi) from 1983 to 1995. Data is not available for the period prior to 1983. Changes in the content of statistical categories after 1995 render the data available in the *Annual Reports* inconsistent with the pre-1995 data. The National Bank was however able to provide us with commensurable 1996-1997 data for variable (iv), as well as data specific to Copenhagen from 1991 to 1997, after special runs<sup>27</sup>.

The use of FDI is not entirely unproblematic. In practice, different countries measure differently and variously succeed in recording flows. The origins of many investments are masked by flowing via highly unregulated 'financial paradises'. Methods of registration and branch categories vary between countries, as well as within countries over time. There exist no common definitions for measuring FDI into property, and there are a number of factors which make it difficult to develop common statistical standards. Furthermore, investments in property by multinationals are frequently classified as belonging to the sector associated with the firm's activity, e.g. a branch of manufacturing or services. For these and other reasons, the above mentioned study by the *Economist Intelligence Unit* argues that the "share of real estate investment as a proportion of total FDI flows is significantly understated" (1997, 29). As poor as it is, however, it is the best available measure of investment flows by sector over national borders (Mehlsen 1998).

But there is a more intricate conceptual problem with the use of FDI. In a broader argument concerning the use of measures of investment flows to reflect and analyze globalization *qua*

deterritorialization, Storper (1997a, 176) argues that there is "little in the statistics that reveals much about the territoriality of economic dynamics". Concerning property markets, share of the market 'securitized' under real estate investment trusts and traded via stock exchanges may be a more significant measure. We will return to this aspect in the analysis below.

For variable (v) we had to rely on two sources of data. Total investment in commercial property in Copenhagen can be broken down into investment in new commercial properties and investment in the existing stock. Unfortunately, the data on investment in new production is only available (from the Ministry of Environment and Energy)<sup>28</sup> in terms of square meters, not value in DKK. We have made a time series for 1983-2004. For total investment in the existing stock (sales of commercial properties) we were able to obtain a time series for 1983 - 1999 from the Ministry of Taxation. Far from ideal, these two sources constitute a 'second-best' solution, which can only provide a rough basis for estimating volumes of total investment. In comparing the data for variable (v) with the data for variables (iv) and (vi), it is important to emphasize that the definitions of commercial property employed by the various sources (National Bank, Ministry of Taxation and Ministry of Environment and Energy) are very similar, but not identical. Furthermore, a sale occasioning the registration of an investment in the National Bank's data, may not count as a sale in the data of the Ministry of Taxation.

As a complement to the quantitative data on investment, we interviewed a number of key actors with considerable experience of and insight into processes and developments in the Copenhagen commercial property market. This qualitative input has proved highly valuable for interpreting the quantitative data and grasping aspects the data leaves untouched. Three groups of actors were of special interest. First, persons who work with the compilation, registration, storage and official publication of relevant data on commercial property. Second, persons experienced in analyzing the Copenhagen commercial property market. And third, actors directly engaged in the market: realtors, construction firms, pension funds. All three groups of actors possess from their different perspectives a finger-top feel for the market and have been valuable sources of information.

## Globalization of the Copenhagen commercial property market?

Figure 2.1 shows FDI in the commercial property market in Denmark between 1983 and 1997. Data specific to Copenhagen from 1991 to 1997 indicate that for foreign investors, Copenhagen is practically synonymous with Denmark. Together, figures 2.2 and 2.3 roughly depict change in total investment in the commercial property market. Total investment consists of investment in the existing stock (reflected in figure 2.2) and investment in new properties (reflected in figure 2.3).

Figure 2.1 indicates escalation of FDI from the early 1980s to the mid-1990s, consistent with the notion of globalization. Figures 2.2 and 2.3 aim to provide a backdrop for interpreting the absolute numbers of figure 2.1 in relative terms. The different measures render simple addition of figures 2.2 and 2.3 impossible, but we will assume there is a stable relationship between total square meters produced and value (in DKK) produced. From 1983 to 1986 there is a low level of total investment in the market (2.2 plus 2.3), and a low level of FDI (2.1). From 1987 to 1991 and 1999 to 2002 there is a high level of investment in new production (2.3), which together with a raise of investment in the existing stock (2.2), reveals an overall increase in total investment. This corresponds to an increase in FDI during the same period in the end of the 1990s.

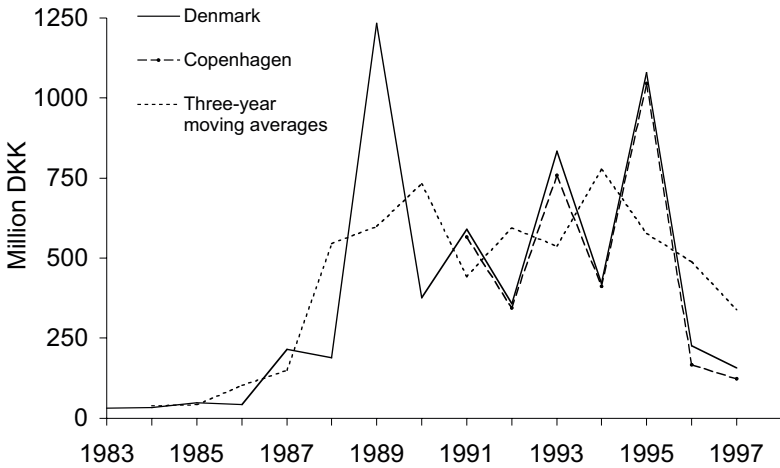
From 1992 to 1995 there is a marked increase in investment in the existing stock matched by a decline in investment in new production. This shift reflects increased economic caution in the wake of the international property slump. Until 1991 it remained common practice to build new commercial properties for use by the owner. They were thus not sold in connection with completion and do not appear in figure 2.2. Lower propensity to take risk led to increased use of a system whereby new commercial buildings were commonly sold to an investor, together with long-term contracts with renters — renting being associated with lower risk for the user than ownership (Hartoft-Nielsen 1998; Lehrskov 1998). This ‘double-booking’ of new construction and sales gives reason to interpret the figures as indicative of an overall decline in investment during the period, while FDI remained at relatively high levels.

All in all, the data reveals both absolute and relative increase in FDI in the commercial property market between 1983 and 1995. The peak in 1995 accounted for ca 1.8% of the value of the total stock of commercial property in the region — as annual investment, a substantial share. After 1995 there is a pronounced decline in FDI, in both absolute and relative terms.

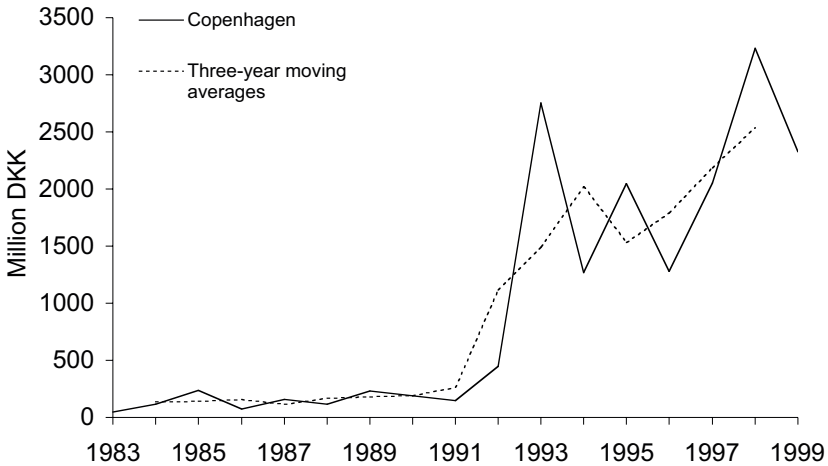
The data also reveals a considerable volatility of FDI into commercial property in Copenhagen. This volatility can be at least partially explained by the ‘lumpy’ nature of property investment, together with the limited number of countries of origin — the entrance or withdrawal of only a few actors can in many cases result in precipitous increase or decline in aggregate FDI into the sector. In this, Copenhagen and Denmark are not alone: volatility appears to be a very common characteristic of real estate FDI flows (*Economist Intelligence Unit* 1997). Perhaps the introduction of new financial instruments, e.g. REITs, can be seen as an effort to reduce this volatility by reducing ‘lumpiness’ and expanding the base of potential actors in the market. The increased translucency these instruments entail may however create new forms of uncertainty and volatility, similar to those created by the rapid expansion of markets for derivative instruments following the collapse of the Bretton Woods system and the deregulation of money markets (cf. Swyngedouw 1996; Thrift & Leyshon 1994).

The peaks of 1989, 1993 and 1995, as well as the precipitous decline after 1995, may be associated with the activities of Swedish investors, crossing The Sound. One single purchase in 1989 by a Swedish investor accounted for ca 400 million DKK, or almost half of that year’s FDI, and in 2005 one Swedish investor, Norrporten, accounted for ca 700 million DKK<sup>29</sup>.

Crossing a sound ca 20 kilometers wide is perhaps not the first thing that comes to mind when we think of globalization. But if we understand globalization as expansion over contextually given borders, then the vast bulk of globalization may arguably take the form of expansionary regionalization rather than movements and flows around the globe. This appears to be the case for the ‘globalization’ of Copenhagen’s commercial property market, and could conceivably be so for many other sectors and cities as well.

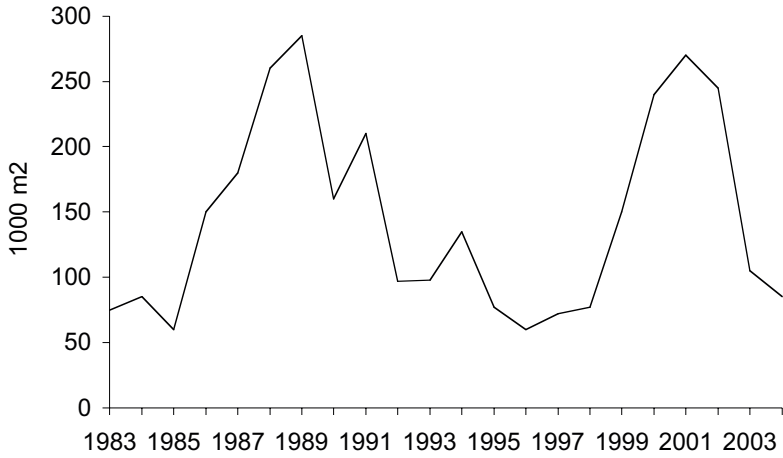


**Figure 2.1.** Foreign direct investment (million DKK) in the commercial property market in Denmark 1983 - 1997 and in Greater Copenhagen 1991 - 1997 (1985 values). Source: National Bank.

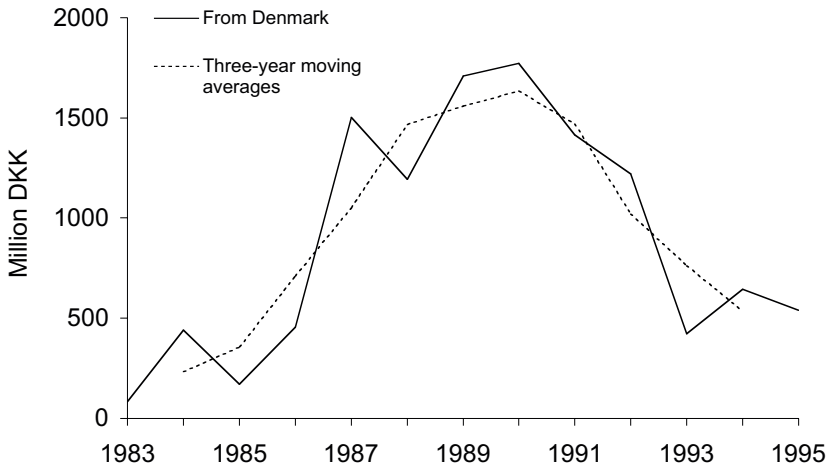


**Figure 2.2.** Commercial property sales (million DKK) in Greater Copenhagen 1983 - 1999 (1985 values). Source: Ministry of Taxation.





**Figure 2.3.** *New construction of commercial buildings (1000 m<sup>2</sup>) in Greater Copenhagen 1983 - 2004. Source: Ministry of Environment and Energy.*



**Figure 2.4.** *Outward foreign direct investment in commercial property, from Denmark, 1983-1995 (1985 values). Source: National Bank.*

By this we do *not* intend to assign priority to a reified regional scale. Rather, in resonance with the notion of network as developed in actor network theory (recently buried, or transcended; see Latour 1999), which expounds an explicitly non-essentialist perspective on scale (Law 1999; Mol & Law 1994; Murdoch 1997), we would simply point out that the networks involved in this specific case seldom reach farther than Denmark's neighbors, Sweden and Germany. In a similar vein, one may say that the commercial property sector in the Øresund region<sup>30</sup> is in the process of 'rescaling' (Swyngedouw 1997). Swedish based firms account for most of the foreign direct investment in the Copenhagen commercial property market, followed by Denmark's other neighbor Germany. France, Norway, the UK and USA account for most of the remainder (Winther 1998). Indeed, one of the strongest arguments raised against the exaggerated claims of the globalization hype concerning 'the death of distance' and 'the end of geography' is that the lion's share of 'global' exchange is in reality regional exchange (Hirst & Thompson 1992, 1996). Other studies have established the importance of the networks of local élites on investment flows (Olds 1998; Mitchell & Olds 2000), and the pattern here suggests this may be a fruitful direction for further research.

Sweden's predominance must be seen in the context of accelerating cross-border infrastructural and economic integration of the Øresund region. Malmö, Sweden's third largest city is less than 20 kilometres from Copenhagen. Major investments in a motorway and railway bridge over The Sound, expansion of the international airport (already a major hub, with anticipated expansion from 17 million annual passengers to 30 million by 2005), a new metro line connecting the downtown with the airport and a new major urban development project (Ørestad), a new 'city tunnel' in Malmö facilitating train services between Scania and Copenhagen, and considerable investments in the built environment in connection with these infrastructural investments, are expected to increase the region's attractiveness for international investment in competition with Stockholm, Hamburg and Berlin. Copenhagen Capacity serves as a service organization to facilitate localization to the region, and as an agent of boosterism, marketing the city as a good place for locating business activities. It is in this context Swedish investors invest in the Copenhagen commercial property market, and Swedish based multi-

national construction and development firms (e.g. Skanska, NCC) buy Danish firms (e.g. C.G. Jensen, Rasmussen & Schiøtz), in part or whole.

The decline after 1995 is largely the result of a combination of two factors. First, increased activity among domestic investors tends to crowd out the occasional foreign investor (Winther 1998). ATP, a large national pension fund, is for instance in the process of increasing property holdings as a share of total investments from ca 2.5% to ca 7 % (Frederiksen 1998). Second, a marked decline in Swedish outward FDI (OECD 1998) meant the near loss for Denmark of one of its largest inward direct foreign investors.

The decline is also reflected in data from Sadolin & Albæk, a property realtor specializing in commercial properties, which actively profiles itself as a realtor for foreign investors. Foreign investors accounted for 14% of their turnover in 1996, and 7% in 1997 (Winther 1998; data not available for earlier years).

There are indications that the overall small share of foreign investment is geographically concentrated. Sadolin & Albæk have investigated transactions among properties along Strøget, the main commercial stretch in Copenhagen's central business district, between 1992 and 1997. Of the seventy purchases during the period (ca one third of the properties in the study area), foreign investors accounted for 12% of the monetary volume (*Erhvervs Ejendom* 1997).

Figure 4 shows outward Danish FDI in commercial property markets from 1983 to 1995. With the exception of 1993 and 1995, outward FDI consistently exceeded inward investment. Danish investment in first Northern Germany and later Eastern Germany accounts for the high level of outward FDI between 1987 and 1992 (Liliegreen 1998; Eger 1998).

The figure is a reminder that Copenhagen is not only the enviable recipient of the sunny days of globalization, or the unfortunate recipient of global rains originating in the power centres of 'global cities'. Actors in Copenhagen shine or rain on other places as well. Globalization processes are always geographically selective and unevenly anchored in places. They not only influence places, they are generated in places.

## Barriers to globalization

The main barriers to globalization of Copenhagen's commercial property market are the relatively small size of the market, low volumes of turnover, low level of securitization, and the barriers of judicial know-how and 'local knowledge'. All bear upon the continuum of liquidity — opaqueness, outlined by among others Clark and O'Connor, in the sense that they determine the permeability of the market.

The size of the Greater Copenhagen property market, and the related volume of turnover in the market, are not sufficient for large international investors to be attracted to enter the market (Frederiksen 1998; Lehrs-kov 1998; *Børsen* 1995; Aberdeen Property Investors 2005). The costs of entry to the market cannot be spread over a sufficiently large investment base. Easy entrance and easy exit are essential to fluidity, and are more important to investors in properties than to locally anchored users of properties. High volumes of turnover facilitate entrance and exit and make it more worthwhile for investors to monitor the market. Low volumes constitute a threshold, the market attracting less attention.

Knowledge of local contexts, e.g. legislation, judicial regulation and local practices, is essential to successful investment. Again, this aspect is associated with size of the market since the costs of securing knowledge of local contexts, for purposes of both risk assessment and learning 'the ropes', can be distributed over a greater or lesser number of investment objects. In the late 1980s and early 1990s, Danish construction firms turned towards north German markets, which were experiencing a boom while the Danish market experienced stagnation. The successful ventures bought into German firms with established networks, established routines anchored in regional/national contexts, and the necessary know-how to avoid judicial problems. The failures went into the market with Danish labor and expertise, which worked well at home, but wound up making too many locally specific 'mistakes' resulting in economic loss (Eger 1998; Liliegreen 1998; Winther 1998).

The lack of financial instruments of fluidity constitutes a significant barrier to globalization in the Copenhagen property market. While there were some large property management firms listed on the stock exchange in the late 1990s, most of them had zero or very low

turnover. The branch is in the process of ‘cleaning house’, with thirteen listed property firms disappearing from the stock exchange over the last fifteen years, and more preparing to leave. In 2000 numbering twelve in total and in 2005 five large property firms (defined as firms with a market value over one billion DKK) were listed (Jeudan, Nordicom, SjølsøGruppen, TK Development and Keops), there are signs of both greater concentration and higher turnover, with fewer listed companies accounting for more trade. (*Børsens nyhedsmagasin* 1997; *Erhvervs Ejendom* 1998; Ministry of Business and Industry 2000; Sadolin & Albæk 2005). The introduction of REITS on the stock exchange would further contribute to the securitization of the market, and thereby its permeability for foreign investors (Frederiksen 1998).

## Conclusions

We interpret the findings to be supportive of the following conclusions:

- i) The commercial property market in Copenhagen experienced increasing globalization during the period 1983-1995, after which there occurred a marked fall in cross-border investments. The process is neither smooth nor unidirectional, and its scope is so far rather limited.
- ii) The lion’s share of this globalization involves actors from neighboring countries, and thus belongs to what may arguably be a common and important form of globalization, namely expansionary regionalization or ‘rescaling’ of predominantly local activities and networks. It seems neighbors are relatively well equipped to break the barriers to ‘global’ exchange (as are the homelands of economically powerful immigrant groups; cf Olds 1998).
- iii) Activities on the Copenhagen stock exchange point in the direction of increased securitization of commercial property in Copenhagen, which should considerably facilitate globalization of the commercial property market in the future. In Lindahl’s framework of analysis, the Copenhagen market has predominantly fit the ‘institutional model’, but is in the process of transition, and we would emphasize in an *early* stage of this transition, into ‘today’s model’ of increased fluidity.

The findings also indicate some rewarding directions for further empirical analyses. These include the mapping of networks of local élites and commercial property investors; monitoring the ongoing process of securitization and tracing the geography of new actors in the market; and analyzing relations between globalization of the commercial property market and shifts in urban politics and planning.

# Rescaling of the commercial property market and changing urban governance in Lisbon

*(An earlier version has been published in Géocarrefour<sup>31</sup>)<sup>32</sup>*

## Introduction

This paper aims to analyze linkages between rescaling of commercial property markets and changes in urban governance in Lisbon. In chapter two, a method and analytical framework for analyzing globalization of commercial property markets and for probing the relations with shifts in urban governance were developed. Here, I attempt to apply these to the context of Lisbon. Some cautious comparisons with Copenhagen are made, underscoring similarities and differences.

In the first section, I discuss the connections between globalization, rescaling and the commercial property market and present an analytical framework. In section two, I briefly unpack the connections between the concepts of urban governance, globalization, rescaling and commercial property. In the third section, methodological considerations are reported. In section four and five, I analyze globalization of the commercial property market, the ‘new economic politics’ and changes in the urban politics of Lisbon. Finally, I conclude that Lisbon has experienced regional rescaling of its commercial property market and change in its urban governance, and that these processes are inextricably intertwined. The changes in urban governance have been asymmetrical, however, benefiting private capital more than local levels of government and ordinary people in the city.

## Globalization, rescaling and the commercial property market

Multi-country portfolios allow us to 'ride' different real estate cycles. ... .  
Globalize your portfolio. (Nick Tyrrell, Head of European Research, DB Real Estate, Deutsche Bank Group, 2003)

One of the world's largest commercial property investors, DB Real Estate, Deutsche Bank Group, concludes in an analysis entitled *The Outlook for European Property* that the long-term trend is: "Globalization". The consequences of globalization are, according to Deutsche Bank Group: "Diversification benefits, higher income/returns, more opportunities, better understanding/less fear of foreign markets, exchange rate risk eliminated for euro zone." Moreover, as suggested in the opening quote, large real estate investment firms are thinking about the geography of investments and how it is possible to 'ride' different real estate cycles.

One could argue that DB Real Estate's new strategy is part of a larger scalar transformation in the commercial property investment industry. The impetus to find a new 'scalar fix' (Smith 1990) is a result of the inner logic of capitalism itself. Capital is, as David Harvey (2001, 83) reminds us:

... always promoting 'internal revolutions' within the accumulation process — revolutions which are forced through by crises which affect the production and use of the built environment. The ebb and flow of urban investment in both space and time is a product of this permanently revolutionary force which capital itself expresses.

In the broadest sense, globalization is to expand over contextually given borders — not only spatial, but also temporal, cultural and conceptual ones (Clark & Lund 2000). As such, the human activity of globalization has been going on, however unevenly, for millennia. Today it is widely accepted that the term 'globalization' captures a complex web of processes. In the sphere of economic geography, globalization can be defined as:

... the rapid proliferation of cross-border production, trade and investment activities spearheaded by global corporations and international financial



institutions that facilitate the emergence of an increasingly integrated and interdependent global economy. (Yeung 2002, 287)

In order to analyze globalization of property markets we are in need of a definition appropriate to the context of property markets. Globalization of a property market can in very general terms be defined as increasing shares of agents at increasing distances from the market area, involved in the production, ownership, maintenance, use and reproduction of the built environment. In this study, I define globalization of the property market as increased shares of foreign investment and ownership.

My theoretical understanding of property investments is first of all informed by David Harvey's analysis of the *Limits to Capital* (1982), where he shows how capital's constant search for 'spatial fixes' underlies urban change. As a complement, the particular understanding of the dynamics of changes in commercial property markets draws on three perspectives.

The first is a historical model (Lindahl 1995), in which three successive models of property investment are identified, illustrating the nature of scalar transformation from a predominantly local scale and relatively closed model to a highly open and globally oriented model, through a revolutionary move towards the liquidification of property capital through stocks and securities (e.g. REITs). The second theory addresses this issue in terms of the transparency vis-à-vis the opaqueness of financial product types (Clark and O'Connor 1997). Clark and O'Connor distinguish between transparent, translucent and opaque financial products, using gold as an example of a transparent financial product and REITs as opaque financial products. The rescaling of commercial property market investment is intrinsically tied to transformations that increase the fluidity of this form of fixed capital, and in this context, REITs play an important role (see Chapter Two for a more thorough review of Lindahl (1995) and Clark & O'Connor (1997)).

The third perspective I want to discuss here stresses the importance of the local elite on the market and their global networks (Olds 1998). Olds' study builds upon Arjun Appadurai's (1996) concept of the 'global cultural economy'. The perspective draws on socioeconomic literature about the embeddedness of 'economic actors' in networks and institutions which are reflective of the sociocultural and

professional systems of which they are part. I use this perspective as a reminder of how 'globalization' is not an alien force drifting around the globe — it is always people who make the decisions. By focusing on the actors and their networks (Latour 1991) it is possible to bridge the global and the local. In Olds' case study of the Pacific Place Project in Vancouver, he launches a critique of the predominant discussions about forces propelling the global spaces of flows. Olds finds that in much literature about the global spaces of flows, these flows are "merely assumed rather than examined", they are "dangerously overgeneralized" and there is a lack of "historically specific" analysis. I agree with Olds' critique that much of the discussions about globalization and global spaces of flows remain too abstract and need empirical focus.

### **Urban governance, globalization, rescaling and commercial property**

Two very different interpretations of 'globalization' and its consequences can be identified. One sees globalization as a genuine positive force that creates global equality. Another set of voices can be heard in the streets of Seattle, Genoa, Porto Alegre and Cancun etc. During the end of the 1990's a new swell of global resistance against neo-liberal globalization in general and global institutions like WTO, IMF and WB<sup>33</sup> in particular, can be identified. Through organized meetings and events, a plurality of social movements comes together and resists uneven global flows. But how are we to understand globalization in relation to urban contexts?

Lisbon is a globalizing city. It is not, however, a mere passive recipient of the influences of mysterious external forces of globalization. Like all cities, it is actively engaged in generating globalization. Indeed Lisbon, for centuries, has been active in broadening our global horizon, especially when it during the 'age of exploration' became a world city. Today, flows of capital, ideas, people, images, goods, species and pollutants are multidirectional, pouring into and issuing from Lisbon and Portugal.

One common assumption is that globalization has led to 'the end of geography' (O'Brian 1992). I find this notion seriously flawed. In this study, I aim to show how globalization has rather led to intensified

struggles over geography in, among other places, Lisbon. As David Harvey (1982) so effectively argued, space constitutes the limits to capital, with capital's constant search for 'spatial fixes' underlying urban change. In this optic, struggles over geography — the global-urban nexus of space wars — are integral to the social architecture of capitalism. Moreover, capital's constant search for 'spatial fixes' captures an essential characteristic of what Cindi Katz (2001) characterizes as vagabond capitalism, where capital moves through all imaginable scales, from the body to the extra-planetary, in search of profits. One of the consequences of the increasingly global capitalist production is a neglect of "many of its particular commitments to place, most centrally those associated with social reproduction, which is almost always less mobile than production" (Katz 2001, 709). The search for new spatial fixes entails local disruptions for people living where capital finds new opportunities. Investors, banks, real estate agents, developers, local politicians and the state are powerful actors in the political economy of urban space (cf Clark & Gullberg 1997; Harvey 1982, 2001; Smith 1996, 2002b, 2002c).

Capital's footloose search for profits paradoxically necessitates localized investments. One consequence is considerable effort and investment by cities to become, or create an image of being, attractive locations for capital investment (cf Harding 1995; Harvey 1989a, 2001; Molotch 1999). In this context, property markets are crucial to the urban economy. The construction of good conditions for fixed capital investments is therefore a central issue for urban decision makers, facilitating that which is essential to capitalist economies: profits, growth, expansion. The fixed nature of these markets, place them strategically at the heart of territorially competitive urban politics.

The city as the 'powerhouse' of the globalized economy constitutes the context for capital accumulation and regulation (Amin & Graham 1997), and the traditional patterns of government have changed accordingly. From hierarchical top-down co-ordination, with the nation state as the key player, to "the art of steering multiple agents, institutions and systems which are both operationally autonomous from one another and structurally coupled through various forms of reciprocal interdependence" (Jessop 1997, 95) on different spatial scales (e.g. Brenner 1998, Marston 2000, Smith 1990, Swyngedouw

1997). This shift has been labeled as a shift from urban government to urban governance, or as Harding & Le Galès (1997) and Ward (2000) point out, a combination of government and governance

## Methodological considerations

Data were sought on both foreign and domestic ownership and investment flows over an extended period. There were however a series of problems in gathering systematic data on ownership<sup>34</sup>. Focus here is therefore on investments. Locations and distances would be of interest — e.g. Spanish based investments across the border, or Hong Kong based investments across the globe. This kind of data was available from the period 1996-2001. Before 1996, however, the investigation is primarily limited to foreign direct investment as an aggregate (both inward regardless of origin and outward regardless of destination). Globalization is therefore, in this case, operationalized as increases in cross-border investment relative to total investment in Lisbon. Time series over the following variables were constructed:

- (i) the value of foreign investment  
in the Lisbon commercial property market,
- (ii) the value of total investment  
in the Lisbon commercial property market, and
- (iii) the value of Lisbon based investment  
in foreign commercial property markets.

Variables (i) and (iii) are based on data from the Bank of Portugal. The bank was — after special data-runs<sup>35</sup> — able to provide data on foreign direct investment (FDI) (inward and outward) in commercial property markets from 1980 to 1995 and FDI in ‘real estate’ from 1996 to 2002. The bank does not keep data on FDI in the commercial property market of Lisbon (Patricio 1999; Antonio 2004). Qualitative data suggest, however, that the Lisbon commercial property market is the most important commercial property market for foreign investors (Duarte 1999; CB Richard Ellis 2003). It is therefore reasonable to assume that the vast majority of foreign direct investment in the commercial property markets of Portugal is geographically concentrated in the Lisbon commercial property market (the same goes for Denmark and Copenhagen). For the period 1996-2002, the Bank

of Portugal was able to provide data on foreign direct investment in 'real estate' in Portugal. Unfortunately, it was not possible to get data on the investments in the 'commercial property markets' in this period. The category 'real estate' includes data on individual investments in both commercial and non-commercial property (Antonio 2004). Therefore, the two time series from 1980-1995 and 1996-2002 are not directly compatible, because they are not based on the same categories. For the period 1996-2002, data on the origin and destination of the investments was available.

For variable (ii), the value of new construction in Greater Lisbon, data were only available for the years 1990-92, and 1996-99<sup>36</sup>. I therefore had to rely on the only possible source of information, which according to Maia José Pinheiro (1999) from of the National Bureau of Statistics, is the number of licenses given to new constructions from 1981 to 1989. After 1989 statistics are kept on number of completed new constructions. The number of licenses given by the authorities to new constructions of commercial buildings is included in the Building Construction Statistics of the National Bureau of Statistics (Mendes 1999). From these I have been able to construct two time series showing the number of licenses given to new constructions and 'transformação' of commercial buildings from 1981 to 2001 in Portugal and Central Lisbon. The category 'transformação' (in the following I use the term 'transformation') indicates the number of licenses given for the transformation of existing properties into commercial buildings. Because it is very hard to find places to build in Central Lisbon, old buildings are transformed into commercial buildings (Seixas 1999). This tendency is easily recognized in the business/ commercial areas of Central Lisbon (see Photo 3.1).

The time series for variable (ii) does not give insight into investment in the existing stock of commercial buildings (i.e. sales). No authorities keep statistics on this (Seixas 1999; Silva 1999; Santos 2003)<sup>37</sup>.

In addition to the quantitative data on investment, I interviewed a number of key actors with considerable experience of and insight into processes and developments in the Lisbon commercial property market<sup>38</sup>. This qualitative input has proved highly valuable for interpreting the quantitative data and gaining insight into aspects the data leave untouched. Changes in the urban politics of Lisbon were

identified on the basis of literature studies and interviews with key actors and scientists specialized in the area of urban politics<sup>39</sup>.

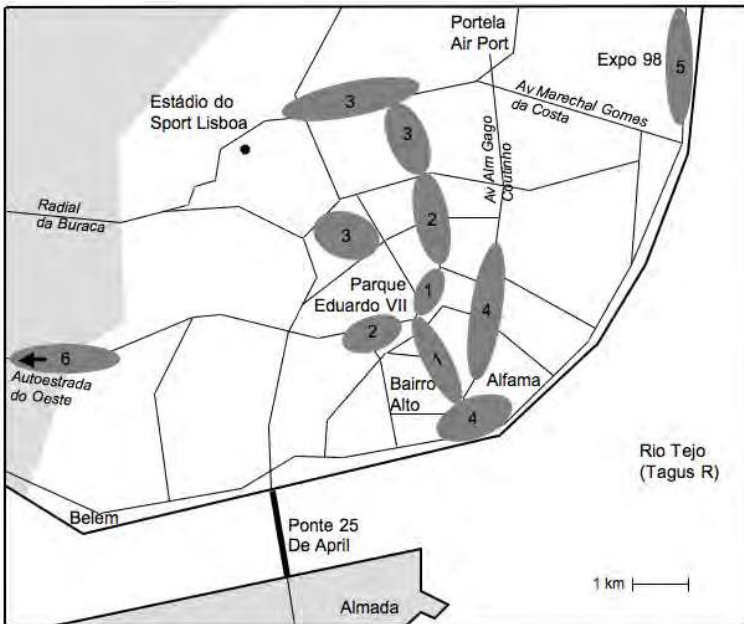
## **Globalization of the commercial property market**

The commercial property market of Greater Lisbon can be divided into three categories: Office buildings, office parks, and buildings connected with tourism (hotels, apartments, etc). My main focus here is on office buildings and office parks. However, as tourism is an important part on the Portuguese space economy, this fraction of the commercial property market is partly included in the analysis. Office buildings are concentrated in Central Lisbon, whereas office parks are located in the suburbs of Greater Lisbon. The main office areas in Central Lisbon are: Av. da Liberdade (1), Av. de República, Praça de Espanha, Amoreiras (2), 2º Circular, Campo Grande (3), the historic centre and Av. Almirante Reis (4). To the East, Parque das Nações (Parque Expo 98, S.A.) (5) is located, where some major companies such as Sony, P.T. Marconi (telecommunications), Telecel (mobile telecommunications) have moved their headquarters. In Greater Lisbon, the main office areas are located in the western corridor (situated along the A5/IC 19 motorways between Lisbon and Cascais/Sintra) (6), where major business parks are situated (Arquiparque, Quinta da Fonte, Taguspark, Sintra Business Park, Alfra Park and Central Park) (see figure 3.1). Central Lisbon accounts for c. 10%, Greater Lisbon for c. 30%, and the entire region 'Lisboa e Vale do Tejo' accounts for more than 50 % of the commercial property market of Portugal (National Bureau of Statistics). Greater Lisbon had a stock of c. 4.1 million square meters of office space in 2003 (CB Richard Ellis 2003).

Figure 3.2 shows inward and outward foreign direct investment in the commercial property market in Portugal between 1980 and 1995. Qualitative information indicates that for foreign investors, the property market of Lisbon is nearly synonymous with that of Portugal (Duarte 1999; CB Richard Ellis 2003).



**Photo 3.1** *New construction (left) and transformed building (right) in Lisbon. (Photo: Benny K. Nielsen)*



**Figure 3.1** *The commercial property areas in Lisbon. (Source: CB Richard Ellis 2002, 2003)*

One can therefore presume that figure 3.2 strongly reflects foreign direct investment in the commercial property market of Lisbon. The curve that shows the outward flow illustrates that globalization works both ways — flows of capital issue from and enter into Lisbon.

Figure 3.2 reveals increasing investments in the commercial property market at the end of the 1980's and a decline in 1991-93. The increase in foreign direct investment after 1986 is related to membership in the EU. In the second half of the 1990's foreign investment again increased, though the situation is not the same as the 'boom period' (Costa 2003; Escobar 1999; Farrao 2003; Duarte 1999). For instance, the owner of a new commercial building in Central Lisbon (near the Saldena metro station) has only been able to lease 40 % of the property, which was symptomatic for the situation in Lisbon in the second half of the 1990s (Duarte 1999).

Figures 3.3 and 3.4 show the foreign direct investment in the 'real estate' sector in general. The curves show significant increase of both inward and outward investments from 1996 to 2002. According to this data source, the UK is — with more than 50% of total investment — the single most important origin and destination of foreign direct investment in 'real estate' that flows into and issues from Portugal. Spain, France and Germany account for 10-20% of investment, and the category 'other origin' accounts for another 10-20% — more than half of which is European. The only non-European country identifiable in the data from Bank of Portugal (2003) is USA — with less than 5% of the investments in the entire period.

The data seems to suggest that the pattern of investments is 'European'. But, is this a reasonable way to map the geography of the global money flows in the commercial property sector? As Storper (1997b, 19) remind us, the statistic for foreign direct investment "reveals little about the territoriality of economic dynamics". Technological innovations and deregulation over the past three decades, furthermore, has made it difficult to track down the origin of 'global money'. Flowing "at the speed of light, as nothing but assemblages of zeros and ones, global money dances through the world's fiber optic networks in astonishing volumes" (Warf 2002, 34). The emergence of offshore banking, often located on small islands, has formed "small 'black holes' in the topography of regulation through which large sums of money flow" (ibid, 45). In the case of real estate

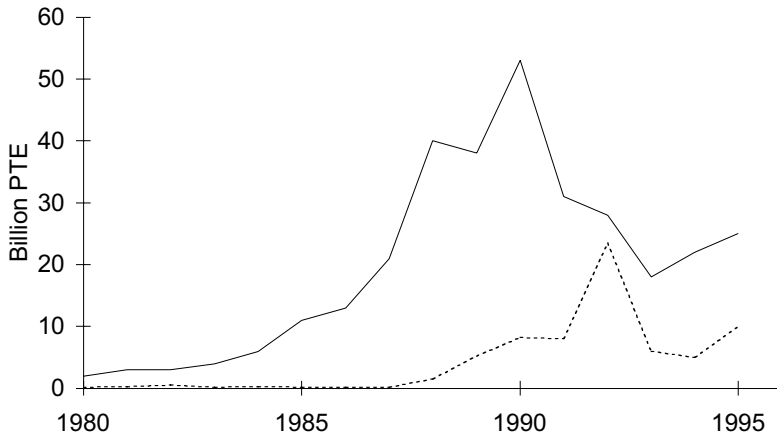


investment in Portugal, *The Sunday Times* has estimated that more than 80% of foreign owned real estate in Portugal has been purchased through offshore institutions, usually registered in the Channel Islands, Isle of Man or Gibraltar. Approximately 200,000 individuals in the UK use this method to buy property in Portugal. As a means to regulate this traffic, a new law came into effect January 1 2004 in Portugal. However, new modes of avoiding taxation are created. As a Malta based lawyer firm, seeking business opportunities, writes on their home page:

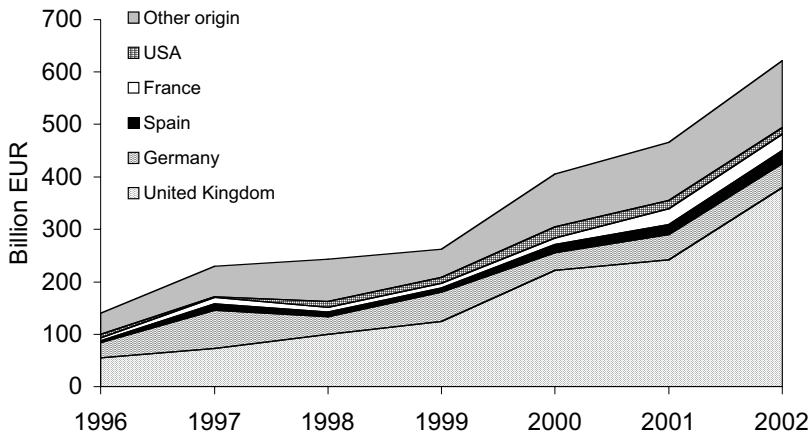
... There are about 200,000 British owners who have purchased property in Portugal, apart from the considerable number of persons of other nationalities, most notably Germans and Austrians. Until recently, these property owners in Portugal had little to worry about aside from local taxes but this year most property owners have spent the summer with their lawyers and tax advisors, devising ways and means to avoid the new tax bombshell that the Portuguese authorities have fired at offshore companies owning real estate in Portugal. New legislation passed by Parliament in Portugal on July 30, 2003 and which came into effect on January 1, 2004 has targeted the corporate ownership of Portuguese real estate, in those cases where the company is registered in what the Portuguese consider to be offshore tax havens. A list of 83 'undesirable' countries has been published by the Ministry of Finance of Portugal, including Gibraltar, Jersey, Guernsey, the British Virgin Islands, the Cayman Islands and the Isle of Man. The legislation rules out companies registered in Delaware (USA), Malta or New Zealand so that companies registered in these three jurisdictions are not affected by the new tax legislation. (Griscti 2004)

Maybe we will see a new pattern of investment in a year or two, with Malta as a 'big player'? If it is true that more than 80% of property investments in Portugal flow through offshore institutions, then we need another methodology to determine the agents behind the commercial property investments.

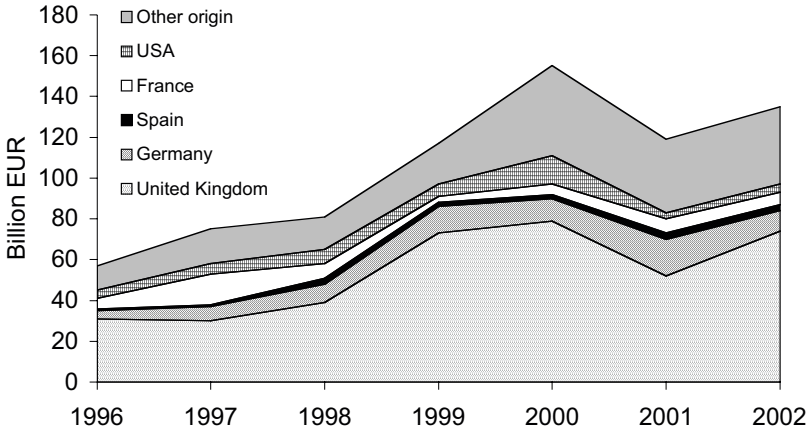
According to Gentil Sousa Duarte (1999), who has studied the pattern of foreign ownership in the commercial property market of Lisbon, 90% of the owners are fronts — often lawyers from Spain or France. Furthermore, many investments go through offshore banks.



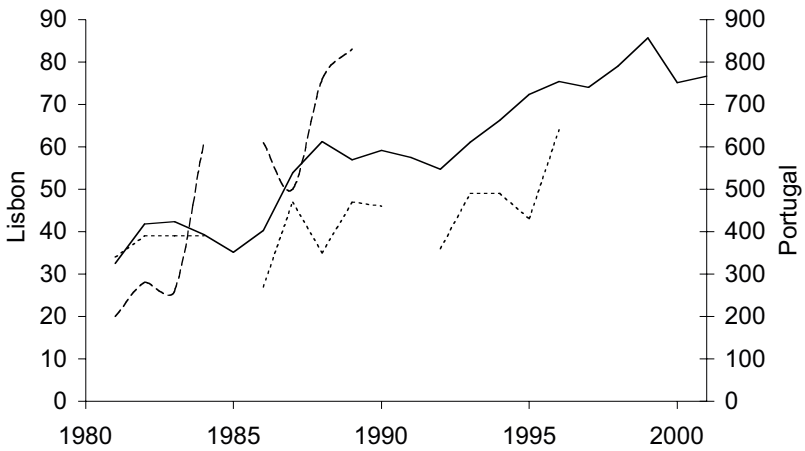
**Figure 3.2** *Inward (whole line) and outward (broken line) foreign direct investment in commercial property market, Portugal 1980-95. (Source: Bank of Portugal)*



**Figure 3.3** *Inward foreign direct investment in 'real estate' in Portugal 1996-2002, by country of origin. (Source: Bank of Portugal)*



**Figure 3.4** *Outward foreign direct investment from Portugal in 'real estate' 1996-2002, by country of destination. (Source: Bank of Portugal)*



**Figure 3.5** *New construction of commercial buildings in Portugal 1981-2001 (whole line; right scale). New construction (dotted line; left scale) and transformation (broken line; left scale) of commercial buildings in Lisbon 1981-96. (Source: National Bureau of Statistics)*

A focus on Av. da Liberdade, one of the main commercial property streets in Lisbon, illustrates how patterns of investment are manifested in urban space. On this particular street, the majority of investments come from Spain (ibid.). Together, these observations seem to indicate that the patterns of investment in Lisbon are regional rather than global; a pattern that corresponds to what we found in Copenhagen, where Swedish investment accounts for the greater part of foreign direct investment. Crossing the border between Spain and Portugal or a sound ca 20 km wide between Denmark and Sweden is perhaps not the first thing that comes into mind when we think of globalization. But, if we understand globalization as expansion across contextually given borders, then the vast bulk of globalization may arguably take the form of expansionary regionalization rather than movements and flows around the globe. This is especially relevant for the 'sunk cost' of spatially fixed built environments, for which local knowledge is particularly significant for risk assessment.

Regardless of the origin of the investments, the data shows an escalation of foreign direct investment from the 1980s to today suggestive of globalization. Relative to total investment in Portugal and Lisbon, however, the picture is quite different (see Figure 3.5). Data from the National Bureau of Statistics suggest that the value of the newly constructed commercial properties in Greater Lisbon (30% of the market) went from 12 billion PTE in 1990 to 300 billion PTE in 1999 in 'Lisboa e Vale do Tejo' (50% of the market). Together the data show a substantial increase in investment in the Lisbon commercial property market during the 1990s.

Figure 3.5 shows the number of new constructed commercial buildings in Portugal from 1981 to 2001, in Central Lisbon from 1981 to 1996, and the transformation of existing properties into commercial buildings in Central Lisbon from 1981 to 1989. New construction in Portugal increased more than 100% from 1981 to 2001, with periods of stagnation: 1985-87, 1989-92 and 2000-01. Central Lisbon basically followed the same tendency, with high growth rates in the end of the 1990's due to preparations for Expo 98 (Fadigas 1999). 'Transformation' of existing properties, however, did have a significant higher growth rate (more than 300%). As mentioned earlier, due to the lack of space in Central Lisbon, old buildings are transformed into commercial buildings (Seixas 1999).

Today, the Lisbon commercial property market is still in a period of recession. As one of the largest ‘fully-integrated real estate service and property finance companies in the world,’ CB Richard Ellis — listed on the New York Stock Exchange — writes in a report on Lisbon:

The full impact of the economic recession is now being felt in the office rental market. ... Portugal, along with many other countries in the European Union (EU), has experienced difficult economic conditions during 2003. After seeing a remarkable performance during the 1990s, with levels of GDP growth generally above that of the EU, growth rates in Portugal have slowed in recent years ... . However, the outlook is more optimistic for next year ... The Euro 2004 football championships are anticipated to provide a boost to the economy, and recent legal and fiscal reforms, including the reduction of SISA (the property acquisition tax), should help to revitalize the property market. In the meantime, with the current economic slowdown, many companies are delaying important business and property decisions until the economy improves. (CB Richard Ellis 2003, 1)

In spite of Portugal's active participation in the final stage of the EMU and mega projects such as Expo 98 and the preparation of the European Football Championship 2004, the current crisis is accentuated by the general crisis of the global economy and by capital flow from Portugal to the new EU members in Eastern Europe (Farrao 2003).

### **New economic policy, changing urban governance and the commercial property market in Lisbon**

Entrance into the EU in 1986 has entailed a rescaling of Portuguese economic policy to the European scale, associated with the dismantling of judicial, political, economical and mental borders towards the other EU countries. The ‘new economic policy’ of EU includes well-known neo-liberal recipes: “Deregulation, privatization, flexibilization of labor market and spatial decentralization” (Swyngedouw, Moulaert & Rodriguez 2002, 548)<sup>40</sup>.

The Portuguese economy experienced strong growth during the late 1990s. After 2000, however, parallel with trends in the global economy, the Portuguese economy experienced a recession. For Portugal the new economic regime of the single currency has since 1997 been:

characterized by price stability, translated into a structural reduction of interest rates and a significant easing of liquidity constraints for households and corporations. ... In the context of the weak international activity, the adjustment process of private demand had led Portuguese economy to slowdown significantly in 2002. (Ministry of Finance 2003, 16)

Since coming to power in spring 2002, Durao Barroso's centre-right government (PSD/PP) has argued for fiscal restraint, e.g. through the new Program for the Modernization of the Economy (PRIME), including sale of state property and reduction of public spending. From January 2004 the property transfer tax and Municipal Tax, an annual local property charge, has been reduced significantly (CB Richard Ellis 2002; 2003). This fiscal policy is integral to a new economic spatial policy 'weapon' in the competition between cities, aimed to facilitate investments in Lisbon commercial property markets — and the fueling of the urban growth machine (Molotch 1976, 1999).

As most Western cities, the economic/political space of Lisbon has undergone drastic change since World War II. Today Greater Lisbon has c. 2.5 million inhabitants in 19 municipalities. The economic base of Lisbon has shifted the past 30 years. In 2003, roughly 80% of the city's population was employed in the service sector, which has created a higher demand for commercial property buildings in Lisbon<sup>41</sup> (DB Real Estate 2003).

On a national scale, Portugal is presently building up a welfare state that can be characterized as a hybrid of ideas/elements from the liberal and the corporatist regime but combined with elements from its own political and social history. The system is highly centralized, uniform and standardized, with emphasis on civil society and the market (Hansen & Silva 2000). On the national scale, regional development plans are made. The task is, in cooperation with the EU, to make a comprehensive development strategy for the country, which is "to strengthen the competitiveness of the metropolitan areas of Lisbon and Oporto" (Gaspar 1992, 89).

On a metropolitan scale, 10-year regional land management plans for the Lisbon metropolitan area are made, and relations between the different bodies involved in the metropolitan area are co-ordinated. On the local scale, the municipalities make municipal land management plans, which are the most important land management instrument in

Portugal (Gaspar 1992; Silva 1998, 1999). (See Silva & Syrett (2003) for a more detailed outline of continuities and changes in Lisbon governance systems in the past two decades).

Political decisions regarding Greater Lisbon have changed from a centralized system to a more decentralized system. Until 1989, political power was concentrated in the hands of the national government. After 1989, however, a process of decentralization has resulted in some changes, which give civil society formal opportunities to participate in the decision making of the city. Nevertheless, this opportunity is rarely used, partly due to what Jessop (1997) refers to as ‘cultural characteristics’. During the dictatorship, local government and citizens were not included in the decision process. This cultural habitus is a highly integrated part of the structure of the system. As Anna Seixas from Lisbon Municipality puts it: “Even today, more than 25 years after the revolution, it still is an obvious problem” (Seixas 1999). These cultural characteristics explain why Portugal remains one of the most centralized countries in EU. Local administration is in charge of only 7% of public funding — the lowest in EU — and depends mainly on block grants (Silva 1998). According to (Hansen & Silva 2000) there are no indications so far that clearly show a future move towards greater local government involvement.

As other modern western large cities, Lisbon has produced a map in the Strategic Plan 2000-2010 showing the city in the centre of the world. For Lisbon, the strategy is to be the “Capital Atlântica da Europa” (Strategic plan 1999). The location and size of the harbour is the engine in this global ambition. This kind of urban imagining is a frequently used weapon in inter-urban warfare (see Chapter Five). AMBELIS (Agency for the Economic Modernization of Lisbon) and the newly established API (Portuguese Investment Agency) are other examples of shifts in the urban governance of Lisbon. AMBELIS is a public-private partnership established with the purpose to:

... promote the city of Lisbon and its surroundings, and to contribute to the regeneration of its economic and urban fabric, thus acting as a catalyst of ideas, projects and resources mainly contributing to the modernization of Lisbon’s economic base. (AMBELIS 1998, 2)

One of the objects for AMBELIS is to attract foreign investment to the commercial property market of Lisbon. The means are the provision of

analyses, studies, plans and contacts. According to the president of AMBELIS, Leonel de Sousa Fadigas, the procedures regarding the provision of contacts are “very informal and non-bureaucratic, and often built on personal acquaintances and friendships”. Cross-border contacts and co-operations are dependent on mutual respect:

If they are open — we are open. ... There [is] a tendency, towards an ‘imperialistic’ attitude among investors from certain Western countries: They think Portugal is an African country, where they can do as they like. Our object is of course to make money, but we like to be treated as equals. (Fadigas 1999)

This circumstance is one of the reasons why there is so much cross-border interaction between Portugal and Spain, thanks to the physical, mental and cultural proximity between the two countries (Fadigas 1999; Silva 1999).

This kind of observation is, of course, not new. The so-called ‘cultural turn’ or ‘new economic geography’ has directed attention towards the social and cultural relations and practices through which economic activities are constituted (e.g. Amin and Thrift 2000; Yeung 2001, 2003). The focus here is on “the social and especially cultural character of the economy” (Barnes 2001, 558) and the social ‘embeddedness’ of economic behavior (Granovetter 1985; Polanyi 1944).

In the case of AMBELIS it is quite clear that the feeling of being treated with disrespect leads to a particular kind of behavior. This supports the earlier assumption about globalization as expansionary regionalization rather than movements and flows around the globe. Capital is not drifting around the globe in a footloose manner — people make the decisions. Decisions depend on trust between people. Borders are central to our understanding of globalization. Judicial, political and economic issues are of importance, but equally central are the mental and cultural borders between people.

The planning of Expo 98 is another example of the shift in urban policy. The exhibition area crosses the border of two municipalities, which under traditional planning circumstances would have caused a series of ‘time prolonging’ — democratic — discussions. To avoid this, a public-private partnership, Parque Expo 98 SA, was established by the central government (Fadigas 1999; Silva 1999; Seixas 1999). The



result is a transformation of an old harbour area into an urban development project (UDP). The project was seen as an opportunity “to both modernize and internationalize Lisbon” (Parque das Nações 2004). Expo 98 shares much in common with other UDPs throughout Europe. In the past two decades local European authorities, alone or with the private sector, have used large-scale UDPs:

... as a part of an effort to re-enforce the competitive position of their metropolitan economies in a context of rapidly changing local, national, and global competitive conditions. In many cases these projects were supported by a majority of the local constituency, or at least by a silent majority. In other cases, they were initiated by means of “exceptionality” measures, such as the freezing of conventional planning tools, bypassing statutory regulation and institutional bodies, the creation of project agencies with special or exceptional powers of intervention and decision-making, and/or a change in national or regional regulations. On occasion, national governments became the main developers setting aside both local authorities and constituencies. (Swyngedouw, Moulaert & Rodrigues 2002, 543)

Expo 98 is no exception: A space where property speculation, the new bodies of urban governance, the new economic policy, and the state melt together. According to Swyngedouw, Moulaert & Rodrigues’s study of thirteen large-scale UDPs in twelve European Union countries, UDPs — like Expo 98 (and Ørestaden and Holmen in Copenhagen):

... accentuate socioeconomic polarization through the working of real-estate markets (prices rises and displacement of social or low-income housing), changes in the priorities of public budgets that are increasingly redirected from social objectives to investments in the built environment and the restructuring of the labor market. (ibid, 543)

This is a clear case of prioritizing production over reproduction (c.f. Katz 2001). The new corporate bodies of urban governance that emerged during the 1990s have made influence through traditional representative democracy more difficult. The introduction of public-public and public-private partnerships during the 1990s was vital to the turn towards market oriented planning in Lisbon, Copenhagen and the rest of Europe. The establishment of these corporations gave private capital a stronger position in decision-making, with increased

transparency for the companies involved and a corresponding opaqueness for the public.

The planning of Expo 98 serves as an icon of how the new urban governance in Lisbon and globalization of the commercial property market are connected. However, Lisbon is not alone. Together with Ørestaden and Holmen in Copenhagen and other large-scale UDPs throughout Europe, Expo 98 can be characterized as a playground for capital and attractive economically strong people in the globalized economy.

## Conclusions

Lisbon has experienced regional rescaling of its commercial property markets. On closer inspection, the vast majority of cross-border real estate investments in Portugal are European, though extensive use of offshore banking makes the geographical mapping of investment rhythms and patterns complex. Although 'global money' has made instant cross-continent investments possible, this study suggests that geographical proximity, historical and political nearness and cultural identity are important elements in the social practice of urban political economy, and therefore crucial to the historical geography of fixed capital investment in Lisbon. From 1996 to 2002, the UK was the investor or receiver of more than half the foreign direct investments in 'real estate' — in and out of Portugal. Moreover, there are substantial cross-border commercial property investments between Portugal, Spain, France, and Germany some of which flow through offshore banks. These observations support the conclusion of earlier studies, showing that the patterns of investment in the commercial property market in Lisbon are regional rather than 'global.' Similar patterns of investments were found in the Copenhagen case, where Swedish investment accounts for a large share of foreign direct investment. This conclusion supports one of the strongest arguments raised against the exaggerated claims of the globalization hype concerning 'the death of distance' and 'the end of geography', namely that the vast majority of 'global' exchange is upon closer inspection regional exchange.

Marked changes towards urban governance in the past 10-15 years have facilitated investments in fixed capital. The fixed nature of these markets places them strategically at the heart of Lisbon's new

territorially competitive urban politics. These changes are intrinsically tied to the new rescaled economic politics of Portugal towards the EU. The Urban Development Project Expo 98 exemplifies how new economic policy and the new urban governance are materialized as an urban 'topography', where actors in the 'new economy' find commercial property investments and central location in the city. Though Lisbon remains the most centralized country in the EU, urban governance is undergoing rapid change. A shift away from top-down management of urban space to more open systems can be identified — with multiple actor structures characteristic of urban governance.

Together the study of rescaling of commercial property markets and changes towards urban governance in Lisbon supports the view of the economy as "relations, the economic process as conversation and coordination, the subjects of the process not as factors but as reflexive human actors, both individual and collective" (Storper 1997a). These relations of new governance networks have had asymmetrical consequences, however, benefiting private capital more than local levels of government and ordinary people in the city.



# Creative Copenhagen: globalisation, urban governance and social change

*(An earlier version has been published in European Planning Studies<sup>42</sup>, with Hans Thor Andersen and Eric Clark)*

Success is about flexibility and creativity. (Pia Gjellerup, Minister of Trade and Industry, 1997)

## Introduction

The 'creative city' appears to be the latest in a line of hyped normative visions and strategies for success in the rankings of competitors in growth and prosperity, tight on the heels of the 'entrepreneurial city'. It is of course easy to sympathise with creativity, and even easier to feel querulous in questioning such an admirable quality. But it is one thing to seek understanding of urban history and development from the perspective of creativity and to investigate geographical aspects of creativity largely ignored in the psychological literature (Hall 1998, 2000; Törnqvist 1983), and something entirely different to develop 'toolkits' for becoming the (more) creative city (Landry 2000) without critically examining possible social costs.

Creativity, like laughter, is not had on demand, even if there are ways to foster or inhibit its genesis (Csikszentmihalyi 1996). There are a couple of paradoxes about the introduction of creativity as a strategy necessary to develop urban competitiveness. If the move towards 'creative cities' is necessitated by increased urban competition associated with the forces of globalisation, where is there room for creativity? And, when all other cities are singing the same ode to creativity, is it an act of creativity to chime in? If we, like Pia Gjellerup, associate the rhetoric on creativity with the demands of the 'new economy' on flexibility, it seems reasonable to ask to what extent it

serves as a gloss to cover less admirable ambitions and legitimise measures with unacknowledged consequences.

The purpose of this article is to elucidate the introduction of creative city 'imagineering' in Copenhagen from a specific perspective focusing on relations between processes of globalisation, changes in urban governance and shifts in social geography. We argue that analysis of these relations are necessary for understanding urban change in Copenhagen in general during the last two decades, and more specifically the recent introduction of new strategies centring on creativity, including the commonly neglected aspect of social costs.

We start with a brief introduction to the 'creative city' concept and to kindred notions of 'learning cities' and 'life-long learning', and show how the creative city as strategy in the context of urban competitiveness has recently taken root in Copenhagen, with no hint of social costs. The following three sections provide an empirical backdrop for the subsequent analysis by providing overviews of the recent history of Copenhagen with regard to globalisation, urban governance and social geography. The analysis is broken down into three sections focussing respectively on ties between globalisation and urban governance, between urban governance and social geography, and between globalisation and social geography. Finally, we draw conclusions concerning the introduction of 'creative city' strategies in Copenhagen and their potential social costs.

Each section is prefaced by quotations of actors involved in urban development in Copenhagen. Most are from interviews carried out for this research, but a few are from other sources.

## **Copenhagen — a creative city?**

It is a welfare goal, that cities shall be creative places to live and develop in.  
(Business and Urban Policy Committee 2000)

Creativity, knowledge sharing and human resources have become the most important parameters of competitiveness. ... It is the goal of this government that Denmark develops to become one of the creative regions in Europe.  
(Gjellerup 2000a)

Copenhagen has potential to become a creative region. Perhaps not on rank with London or Paris, but a region that really puts its stakes on its creative resources. (Gjellerup 2000b)

The next wave of investments in Copenhagen has the citizens in focus. ... The foundation of Copenhagen is the engaged and creative people who live in our city. (Copenhagen Municipality 2004)

Factors such as access to capital, communication, knowledge, creativity, and culture will provide the Øresund Region with a status as one of the hotspots in the world. (Petersen 2001)

While cities have a long history as arenas for creative activity, the concept of creative city is very new. Though it may be traced back to the mid-1980s (Andersson 1985a, 1985b; Törnqvist 1983), and possibly even earlier, the recent and more influential works on the subject are by Peter Hall (1998, 2000) and Charles Landry (2000). It seems to be an offshoot of the literature on 'learning regions' (e.g. Florida 1995; Simmie 1997). The concept has been re-scaled to the city in titles like *The learning city in the learning age* (Landry et al. 1998), *The rise of the creative class* and *The Flight of the Creative Class* (Florida, 2002; 2005).

The concept of the creative city can be seen as the newest place-marketing product, employed in the struggle between cities to attract investors. As Short (1999) points out, there is considerable overlap, verging on uniformity, among cities in the key notions used in 'imagineering' themselves as something special. This certainly should raise questions concerning the effectiveness of such images. Indeed, Jessop et al. (1999, 142) argue that "strategies of urban governance may be copied not so much because they demonstrably 'work' but because their advocates have won out the battle for ideas in response to shared problems."

Creativity and the creative city have recently entered the vocabulary of imagineering Copenhagen, not only in organisations of boosterism, e.g. Copenhagen Capacity, but also in governmental bodies (Gjellerup 2000a, 2000b), energetically supported by local social scientists (Matthiessen 1998). Influential actors share the goal of putting Copenhagen on "the creative map of Europe" (Matthiessen 2000, 7). The material extension of the rhetoric takes the form of establishing institutions like Learning Lab Denmark; erecting symbolic works of

architecture such as Arken (The Ark), the new museum of modern art, and Den Sorte Diamanten (The Black Diamond), the new waterfront annex to the Royal Library; and constructing new built environments for the main actors in the 'new economy' (IT and FIRE: information technology and finance, insurance and real estate), including luxury hotels, restaurants, conference centres and shopping malls, such as the new Fisketorvet on the harbour. To this must be added investments in luxury housing and publicly financed renewal of inner city housing to attract the 'new middle class' employees in the new economy. These processes of gentrification, generated by public policy, entail the deportation of marginalised inner city residents who do not fit in the disneyesque 'creative city'. But this back side, the social costs, is by and large neglected in the imagineering rhetoric.

Learning Lab Denmark (LLD) "is a research-based experimental centre, which focuses on learning and skills development. By means of experiments LLD develops a knowledge of how companies (private as well as public), educational institutions, and organisations learn and develop new skills and competencies" (LLD 2000). 'Life-long learning' is the new mantra, which in practice means that labour must be constantly prepared to sit on the school bench again to learn new tasks and become more flexible, i.e. adapt to new demands on labour qualifications. Like creativity, life-long learning is inherently positive, so one must be querulous to be critical of it. But, in the broad view of history, life-long learning is not only inherently positive, it is inherently human — a gift we possess thanks to the biological process of neoteny, whereby we retain youthful traits into adulthood (Gould 1977; Montagu 1981). Against this background it seems rather pretentious to pretend this is a defining characteristic of the 'new economy' and its counterpart in the built environment, the creative city.

## **Copenhagen — a globalising city**

The next phase is connected to globalisation, in that one began to think of Copenhagen as a part of Europe. That's why Schlüter established a committee to write the report: 'The Capital: what do we want with it?' (Lemberg 2000)



A couple of times a month we have inquiries from international hotel companies that want to establish themselves in Copenhagen. (Bisgaard 2000)

They [the private investors] have good connections. They can also threaten to move their firm abroad. (Lemberg 2000)

Overall I don't think the state is afraid that capital will leave Denmark. ... It's a whole lot easier to have that attitude when there is a boom than when there is a slump. (Nordvig Larsen 2000)

What the international firms say, for instance Nokia, ... is that first they could recruit their workforce nationally, but now the market is such that they have to go out and recruit internationally, for instance from Sweden. It's therefore important for them to locate where they can attract international labour. This they can do in a big city. It's important to be close to an airport, since their company is spread over many countries. (Madsen 2000)

The ownership pattern in the harbour is a distribution among pension funds, private enterprise and Copenhagen Harbour. What foreign capital there is, is primarily Swedish. (Jensen 2000)

Just as globalisation connotes a variety of processes, so Copenhagen is a globalising city in a number of ways. The city is in some respects the 'victim' or passive recipient of globalisation, in the sense of 'suffering' the consequences of increased migration and of decisions of foot-loose capital, and having to adapt accordingly. But in other respects it is an active agent in processes of globalisation which both bear on its own development and contribute to globalisation elsewhere. In the following we render a thumbnail sketch of some of the more significant ways Copenhagen may be argued to be a globalising city.

The most commonly invoked image of globalisation is the shrinking world in which transportation and communication costs fall as time-space compression bring places closer (e.g. Harvey 1989a; Krugman & Venables 1995): what Marx called "the annihilation of space by time" (Marx 1973, 524; cf Harvey 1982, chapter 12). Clearly this process has been going on for a long time, however unevenly across time and space, and Copenhagen is no exception. Reflecting on one of his more realistic fables, *A string of pearls*, with reference to the string of towns between Korsør and Copenhagen, Hans Christian Andersen later wrote that it "tells of the period of transition that I have lived through. In my childhood a trip from Odense to Copenhagen took about five days.

Now it takes as many hours” (Andersen 1974, 1083). In the fable, his grandmother exclaims: “Odense is not much farther away from Copenhagen than it was from Nyborg in my childhood. You can almost travel to Italy in the time it took us to get to Copenhagen. Yes, that is something!” (ibid., 638). Today the inter-city train from Odense to Copenhagen takes an hour and fifteen minutes. In other words, over the last two centuries, the time-distance between Odense and Copenhagen shrunk with on the average some 35 minutes per year.

As air travel has become cheaper, passengers through the Copenhagen airport have increased from ca 700 000 in the mid 1950s to ca 13 million 1990 and 18.4 million in 2000, bringing numerous cities closer to Copenhagen in terms of time and costs. And the costs of telecommunications to and from Copenhagen have fallen dramatically in the same period. Obviously, these trends are not unique for Copenhagen, even if each place can show its own set of unique figures (some of which reveal the opposite experience of increased relative distance — globalisation is spatially uneven development; Massey 1994a).

Another aspect of Copenhagen as a globalising city pertains to globalisation of commercial property markets. In an earlier analysis of foreign direct investment in the Copenhagen commercial property market (Chapter Two; Lund Hansen 2000), we found that foreign direct investment (FDI) in the commercial property market increased in both absolute and relative terms between 1983 and 1998, with peaks in 1989, 1993 and 1995. The peak in 1995 accounted for ca 1.8% of the value of the total stock of commercial property in the region — as annual investment, a substantial share.

The data revealed considerable volatility of FDI into commercial property in Copenhagen. This volatility can be at least partially explained by the 'lumpy' nature of property investment, together with the limited number of investors — the entrance or withdrawal of only a few actors can result in precipitous increase or decline in aggregate FDI into the sector. In this, Copenhagen and Denmark are not alone: volatility appears to be a very common characteristic of real estate FDI flows (*Economist Intelligence Unit* 1997). Perhaps the 1990s 'cleaning house' of listed property firms, with fewer listed firms accounting for more trade (*Børsens nyhedsmagasinet* 1997, *Erhvervs Ejendom* 1998) and the introduction of new financial instruments, e.g. REITs (not yet

introduced, but keenly argued for; Frederiksen 1998), can be seen as an effort to reduce this volatility by reducing 'lumpiness' and expanding the base of potential actors in the market. The increased translucency these instruments entail may however create new forms of uncertainty and volatility, similar to those created by the rapid expansion of markets for derivative instruments following the collapse of the Bretton Woods system and the deregulation of money markets (Swyngedouw 1996, Thrift & Leyshon 1994).

Most interestingly, we found that the bulk of these investment flows were associated with the activities of Swedish investors crossing The Sound. Crossing a sound ca 20 kilometres wide is perhaps not the first thing that comes to mind when we think of globalisation. But if we understand globalisation as expansion over contextually given borders, then a sizeable share of globalisation may arguably take the form of 'rescaling' (Swyngedouw 1997), i.e. expansionary regionalisation, rather than movements and flows around the globe.

Our findings suggest that the commercial property sector in the Øresund region is in a process of rescaling. Swedish based firms account for most of the foreign direct investment in the Copenhagen commercial property market, followed by Denmark's other neighbour Germany (Winther 1998). This supports one of the strongest arguments raised against the exaggerated claims of the globalisation hype concerning 'the death of distance' and 'the end of geography', namely that the vast majority of 'global' exchange is upon closer inspection regional exchange (Hirst & Thompson 1996).

Sweden's predominance must be seen in the context of accelerating cross-border infrastructural and economic integration of the Øresund region. Malmö, Sweden's third largest city, is less than 20 kilometres from Copenhagen. Major investments in a motorway and railway bridge over The Sound, expansion of the international airport (with anticipated increase from 18 million passengers per annum to 30 million by 2005), a new metro line connecting the downtown with the airport and a new major urban development project (Ørestad), a new 'city tunnel' in Malmö facilitating train services between Scania and Copenhagen, and considerable investments in the built environment in connection with these infra-structural investments, are expected to increase the region's attractiveness for international investment in competition with Stockholm, Hamburg and Berlin. Copenhagen

Capacity serves as a service organisation to facilitate localisation to the region, and as an agent of boosterism, marketing the city as a good place — yes, as a 'creative city' — for locating business activities. It is in this context Swedish investors invest in the Copenhagen commercial property market, and Swedish based multinational construction and development firms (e.g. Skanska, NCC) buy Danish firms (e.g. C.G. Jensen, Rasmussen & Schiøtz), in part or whole.

A final aspect of Copenhagen as a globalising city is “the intensification of consciousness of the world as a whole” (Robertson 1992, 8). With immigrant population exceeding 15 percent, there are increasing numbers of Copenhageners with acute consciousness of other parts of the world. And, as will be made evident in the following section, Danes have increasingly perceived Copenhagen as a growth locomotive for all of Denmark, as a node in the European urban system, and as a place tied in umpteen ways to a multitude of places around the world. This led in the early 1990s to a virtual turnaround from a longstanding political tradition of restricting investment and growth in the capital city to very proactive policies to 'put Copenhagen on the world map'.

## **New urban governance in Copenhagen**

We got a new set of planning laws in the 1970s and 1980s that meant increased public access to and engagement in planning. It was troublesome and time-demanding. Therefore, these corporations were constructed, which need not be subjected to the same rules of public transparency, for some of the big projects. (Lemberg 2000)

Planning has changed character. ... What I sense as a planner is that we to a greater degree familiarise ourselves with how market forces function. We try to place ourselves as an extension of them, to avoid running into walls. ... This is a change, that we to a greater degree try to understand market forces. It's not them and us. We have a joint project called development. ... In the Capital Region, this shift took place concurrently with the formulation of a business policy in the early 1990s. This put us on the track to think like businesses. (Madsen 2000)

The business I am in is very little in Denmark. Everyone knows everyone. ... There is a small flock of specialists. There is not room for many in this market. Therefore, it is a little flock. It's chimeras. (Jensen 2000)

There are no demands for public transparency. In this sense they [the corporations] function like private companies. (Madsen 2000)

The spirit has changed. That's true. I believe it has become more centralist. Even if decentralisation is talked about, the big decisions have become more centralised. (Gleerup Andersen 2000)

The concept of urban governance covers a number of changes in the ways the local state and public sector act in the context of and react to processes of globalisation, economic and political restructuring (e.g. European integration) and technological change (Harvey 1989a; Jessop 1994; Harding & Le Galés 1997). The concept gains its meaning in contradistinction with that which it is seen to develop out of and replace, namely an inwardly oriented urban government. The difference between the two is not so much a definitive break as an unfolding transformation (Ward 2000). It is a complex process involving change in a number of societal spheres and on different levels of scale (Swyngedouw 1996, 1997; Brenner 1998, 1999, 2000).

The last twenty years of change in urban politics in Copenhagen has, highly simplified, involved three intertwined tendencies. First, urban political priorities have moved from an agenda of redistribution to an agenda of growth. Second, urban politics has shifted perspective from predominantly inward looking to a more outward looking approach. And third, private enterprise is to a greater extent included in decision making, while the public sector has embraced entrepreneurial forms of organisation and behaviour.

The shift towards urban governance in Copenhagen began in the late 1980s and established itself as 'business as usual' in the 1990s. Though the shift was largely gradual, the pace of change varied, and we find it useful to identify three phases: the post-war period through 1988, 1989 – 1992, and after 1992.

Post-war urban government in Copenhagen was formed largely by the political and administrative construction of the welfare state. The long post-war boom entailed increased welfare, population growth and expansion of automobilism, and consequently record construction of burgeoning and increasingly distant suburbs. This rapid development of the built environment was regulated by state, county and municipal authorities in accordance with the Town Planning Act of 1938 and the

Regional Planning Act of 1949, inspired by the famous 'Finger Plan' of 1947, according to which development would be channelled into five finger zones extending outwards from the city centre, with recreational space in between. Growth culminated in the 1960s, with the back-side of uneven development largely concentrated to the inner city: derelict industrial buildings and slums, some already replaced by office buildings suitable to the new service economy (Andersen 1987).

Planning competence was decentralised in the 1970s. One purpose of the county and municipal reform of 1970, reducing the number of counties from 22 to 14, and the number of municipalities from 1063 to 275, was to create administrative units large enough to carry new responsibilities in planning and regulating urban growth, given to them in new planning acts in 1970 and 1974. Though the 1970 reform aimed to establish new scales for the administration of the Danish welfare state, fear of an all too strong capital city left Copenhagen without any regionally competent planning authority for co-ordinating urban policy (National Planning Division 1999).

The economic crisis of the mid 1970s impacted Copenhagen, as it did other cities. That Copenhagen's recovery was considerably slower than other North European cities is due in part at least to the established national policy on 'balanced' regional development which seriously contained growth in the capital city (Gaardmand 1993; Lemberg 1995, 2000). For Copenhagen, the crisis continued through the 1980s, eventually leading to some state initiatives signalling a new phase in urban politics.

The second phase, from 1989 to 1992, is a period of rapid political change. The national government established committees to review policy concerning the capital city. The Stallknecht Committee submitted its report on 'The capital city: what are we to do?' in 1989. The Würtzen Committee submitted its report on investment in infrastructure in 1991. And the Co-ordination Group submitted its report on the sale of public property and stimulation of development in Copenhagen in 1992 (a facilitation of accumulation by dispossession). Together, the three reports and their political and practical consequences constitute a marked shift: from containment of growth to growth in Copenhagen as a national priority, and from urban government to urban governance. Copenhagen changed status, from one town among many Danish towns, to the 'growth locomotive'

of all Denmark. The national government, disregarding the principle of even growth, established the basis for a shift from an agenda of redistribution to an agenda of growth and development in Copenhagen as a national interest (Bogason 1992). Essential to this shift are a number of initiatives for major infrastructural investment projects in the capital region. The Øresund Bridge, a new metro-line and Ørestaden (a Danish companion to London's Docklands) are seen to form a basis for renewal in entrepreneurial development and the formation of a cross-border region (Co-ordination Group 1992a, 1992b; Initiative Group for Greater Copenhagen 1989; Greater Copenhagen Transport Investment Committee 1991).

These mega-projects mark somewhat of a paradigm shift in several ways. A central strategy is that the sale of public land in Ørestaden will finance the new metro-line. Property investment is used to finance investment in transport infrastructure, previously financed by the state. The Ørestad Corporation was established, 55% owned by Copenhagen Municipality, 45% owned by the state, for the construction of both the new metro-line and Ørestaden. This was the first of its kind in Denmark, an innovation (clearly imported) in urban politics.

On March 20, 1990, a debate in Parliament on the future of the capital city clearly marked a shift away from an inwardly oriented towards an outwardly oriented policy (Andersen & Jørgensen 1999). Then Prime Minister Poul Schlüter presented a series of measures directed towards making Copenhagen “the power centre of Scandinavia” (Gaardmand 1993, 268). The debate reveals a heightened awareness that Copenhagen stands in a competitive relationship with neighbouring European metropolises: Stockholm, Hamburg and Berlin.

The third phase, after 1992, is a growth phase characterised by continued change in urban governance. The initiatives from the second phase are realised: the bridge was opened in July 2000, construction is underway in Ørestaden, and publicly owned property is greatly diminished compared with 1990. The forms of partnerships and corporations introduced in the second phase are extended and establish themselves as the norm.

Retrospectively, 1992 appears to be a tipping point for the shift from government to governance. According to Copenhagen's Head of Planning Holger Bisgaard, the shift has ushered in a 'new spirit'. The

changes are so overwhelming, Bisgaard dubs the city 'The New Copenhagen':

The spirit — it's a new spirit — that has come to Copenhagen. That is the most crucial change. It's psychological. That's why we call it a spirit. ... The spirit is totally central to understanding what is happening in Copenhagen these years. (Bisgaard 2000)

Others we interviewed had a more careful conception of 'the new spirit', wondering when it would reach the margins and what it would bring with it.

## **The changing social geography of Copenhagen**

Not even a decent immigrant worker family can live there [in the small social housing flats]. (Bisgaard 2000)

70% of our flats are two rooms or less. This has considerable impact on our social profile. (Leonardsen 2000)

Copenhagen's social geography has been formed by at least four major influences. First, regional policy dampened growth in the capital region during the post-war period. The reversal of this policy in 1989 let loose powerful forces of change in the city's social geography (see the later sections on 'Urban governance and social geography' and 'Globalisation and social geography'). Second, deindustrialisation changed the economic base of the city, leaving brownfield areas for eventual redevelopment and shifting the demand for labour towards consumer and producer services. Industrial employment was halved between 1960 and 1980, falling another 20% in the following 20 years. Third, the crisis from the mid 70s through the 80s gave rise to high rates of unemployment. And finally, suburbanisation meant a loss of inner city population as primarily younger, better-off households moved out, leaving primarily older and economically weaker households in the inner city (Andersen 1998).

The 1990s brought renewed economic growth, yet continued high levels of unemployment, giving rise to debate on social polarisation (Groes 1995; Goul Andersen 1996; Hansen & Hansen 1997). A study of marginalisation in the labour market (Ingerslev & Pedersen 1996)



found that economic growth during 1990-94 had little impact on the inclusion of long term unemployed and marginalised labour. In fact, the marginalised group nearly doubled during the five year period. The core labour force hardly felt the high levels of unemployment, which peaked in 1994 at 13%. Unemployment was particularly high among immigrants, unskilled labour, young and elderly.

The highest levels of unemployment were found in Copenhagen municipality and the municipalities in Vestegnen (west of Copenhagen), while unemployment in the northern suburbs maintained a constant low level. The northern suburbs have average incomes of about twice the level of the inner city, and have experienced the most positive growth of income. Economic restructuring imposed increasing demands on the qualifications of labour and led to polarisation with regard to wages and work conditions. Notwithstanding increasing levels of education, there remains a large group, ca one third of each class, that never finishes vocational education (Hansen & Hansen 1997).

Denmark closed its borders to immigration in 1973, but due to laws regulating family unification, the number of immigrants continued to grow. The number of foreign citizens doubled between 1980 and 1999, from ca 4% and ca 8%. But the immigrant population is highly concentrated, especially to the inner city and western suburbs. Immigrants were hit especially hard by unemployment. In 1981, immigrant unemployment was ca 25%, while that of Danes was ca 4%. In 1996, unemployment among immigrant men and women had risen to 33% and 43 % respectively, while the unemployment of Danish citizens reached 8%.

The polarisation of the late 80s and 90s gave rise to processes of ghettoization in the inner city and western suburbs. In 1981, four areas were characterised by extremely low levels of income; in 1997, twenty-two areas, ca three fourths in the inner city, the rest in suburban public housing estates. These areas carry the burden of social costs of marginalisation and labour market exclusion.

In conclusion, Copenhagen shares many tendencies in urban development typical of western cities (Marcuse & van Kempen 2000): sharpened borders between quarters characterised by greater difference, intensified spatial concentration of immigrant minorities, and

increasingly isolated and stigmatised areas of exclusion (Wacquant 1996), with the elite highly segregated elsewhere.

## Globalisation and urban governance

A lot can be done if the firm that comes knocking is interesting enough. ... Planning is not good if it scares investors away. It is only good if they stay, and that may well cost something. (Madsen 2000)

When Daimler-Chrysler is to locate their Scandinavian headquarters, the municipality of course gets a little weak in the knees. ... It is complicated, because there are also global-regional forces pulling in the direction of urban sprawl. For instance, Compaq wants to locate out in the open landscape. It is a real challenge for regulation and politicians. (Nordvig Larsen 2000)

We [Kongens Enghave Neighborhood Council] have employed someone with a background in private enterprise to communicate with firms. It is important that this person can speak the language of firms and understand the mechanisms that move firms like Phillips and Sonofon. (Leonardsen 2000)

It was the 92-syndrome. A new grip was taken. The bridge decision was made, and Ørestaden came. The Metro came. All these things came in the early 90s. We sold all our properties and, as it were, saw the world anew. That established a good ground for other initiatives. ... Old ways of thinking disappeared and new ways of thinking came to Copenhagen municipality. ... There is a new spirit! That's why we call it 'The New Copenhagen!' (Bisgaard 2000)

The corporations are not transparent. I believe they are a dangerous arrangement. (Gleerup Andersen 2000)

It's they [the corporations] who steer! (Madsen 2000)

This section and the following two sections present analyses of relations between processes of globalisation, developments in urban governance and changes in social geography in Copenhagen. The analyses aim to make sense of these concurrent developments by suggesting ways in which they have impacted upon one another. For analytical purposes, the inquiry is broken down into three parts, but we prefer to see the parts as articulations of a single perspective.

In the following we address the question how the above identified changes in urban governance stand in relation to processes associated with Copenhagen as a globalising city. First we focus on globalisation of the commercial property market, and then on globalisation as a discursive process entailing increased consciousness of a wider world.

The experiences of globalisation and change in urban governance outlined above suggest that the 'rescaling' of the commercial property market in Copenhagen rendered the traditional scales of political regulation dysfunctional and constituted a force behind the shift in urban governance. At the same time, the new forms and practices of urban governance reduced barriers to globalisation of the commercial property market and actively encouraged the flow of foreign investment into the city-region. Globalisation as increased consciousness of the wider world, and the concomitant escalation of urban competition, also placed new demands on existing regulative institutions and modes of practice. But globalisation as intensified awareness of increasingly distant surroundings is not only an external force in relation to urban governance: urban governance has actively created and discursively used this force in the realisation of both major infrastructural projects and its own political transformation.

In the early 1990s, the Danish government established a committee — the Co-ordination Group — whose task was to investigate how the sale of public land and property could contribute to "the regeneration of development in Copenhagen" (Co-ordination Group 1992a, 1). With the major construction projects of the Øresund Bridge and Ørestaden on the drawing board, the committee was called upon to coordinate public and private investments. On October 29, 1992 the Minister of finance Henning Dyremose held a meeting with the Mayor of Copenhagen and "a number of important investors" in order to coordinate the efforts of planning and investing in Copenhagen. The aim was to ensure that public and private investments "supported" each other, and to make Copenhagen a more attractive place to invest in. With growth as explicit ambition, the committee sought to create a "synergy effect, successfully increasing the interest of domestic and foreign investors to locate, build and invest in Copenhagen" (Co-ordination Group 1992a, 5). Crucial to this strategy was the creation of "landmarks" with global appeal. These would accentuate

Copenhagen on the world map, and incidentally also increase land values considerably.

The activities of this group, involving both national and local government and private capital, are not unrelated to the marked increase in foreign direct investment in commercial property in Copenhagen during the early 1990s (Chapter Two). The sale of public land not only increased the volume of the market, thus reducing a significant barrier to foreign investment (Clark & O'Connor 1997; Molotch 1999), but was directly initiated for the explicit purpose of attracting investment, largely foreign. The introduction of public-public and public-private partnerships during the 1990s (the first one, Ørestad Corporation, in 1992) was important to this turn towards market oriented planning. The development of these corporations gave private capital a stronger position in decision-making and allowed for greater transparency for the companies involved (but a corresponding opaqueness for the public).

Together with the work of the Co-ordination Group, the new corporate bodies of urban governance contributed to the creation of favourable conditions for foreign investment. For instance, an important motivation for IBM to locate offices in Copenhagen was "positive co-operation with the government and local authorities" (Lund 2001). In order to secure IBM's localisation, the authorities deviated from two planning principles: one not to allow localisation at a greater distance than one kilometre from a public transport station; another not to allow localisation in environmentally protected areas. Though they have since then become stricter, e.g. not allowing Compaq to locate adjacent to IBM, similar deviations from planning principles are part of the history behind new developments in the South Harbour, presently the largest development site in Scandinavia.

These developments were facilitated by a parallel process of globalisation in the sense of intensified consciousness of the wider world. Prior to 1989, national urban policy was almost exclusively inward-looking, with primary concern for regional development policy within Denmark. Inspired by policy re-orientation in Great Britain, where London was forwarded as the 'growth locomotive' of the nation, Danish urban policy underwent a dramatic shift within the span of months during 1989 and 1990.

Initially, this was expressed in terms of internationalisation rather than globalisation, with an explicit acceptance of consequences associated with uneven development at the sub-national scale:

It is the view of this government that we shall in the years ahead see Danish regional development in an international perspective. ... It is important to make it clear that Denmark is part of a greater context, both culturally and economically. Regional differences in Denmark, both present and those that arise, must be seen in relation to differences and imbalances that exist in Europe and on the global scale. In the 1990s we should therefore invest in the strengths of our regions, so that Denmark does not become a 'periphery' in international contexts. (National Planning Report 1989, 5)

As mentioned above, the definite turn in policy came in the debate on the future of the capital city in the Danish Parliament on March 20, 1990, in which Prime Minister Poul Schlüter presented a number of proposals with the aim of making Copenhagen 'the power centre of Scandinavia'. Later, globalisation entered the vocabulary of legitimisation for this policy turn, recently with the strength of a 'criterion of success': "Our eyes are on the global market — globalisation has become a criterion of success" (National Planning Report 2000). In this way, globalisation (as material process) not only *influenced* urban governance, it (as discursive process) *became* part and parcel of urban governance — a constantly present leitmotif.

In conclusion, foreign direct investment in the Copenhagen commercial property market increased twenty-fold between 1986 and 1995, most of which occurred during the late 1980s (Clark & Lund 2000). The clear shift in course by the Danish national and local government came after 1990. The timing suggests one would be hard pressed to argue that increased globalisation should be understood as an effect of changes in urban governance. At the same time, the observed changes in urban governance cannot either be reduced to effects of increased globalisation of the commercial property market. The major urban development projects were being planned (largely by a small circle of influential agents) and publicly debated prior to the upswing in foreign direct investment, which was spurred by the mere speculation of these plans. The economic crisis of the late 1970s and early 1980s created economic opportunities for foreign investors and stimulated a welcoming attitude among Danish politicians and public

administrators: preludes to the more marked shift in urban governance in the early 1990s. Globalization of the commercial property market and change in urban governance formed each other.

## Urban governance and social geography

For me, housing policy is the key to Copenhagen's development. If we can't change the housing stock, we will continue to be the poorest municipality in the capital region. We won't change the type of people living here, and so the municipality won't become sustainable. ... We have made a study that shows that we get all the trash, pardon the expression, because of the cheap housing. The middle class, who we would want to stay, moves to Sweden. (Bisgaard 2000)

They [Copenhagen municipality] don't say it straight out that people are to be thrown out to make room for proper tax-payers, but that is — if you look at it cool and straight — de facto the goal. That is to make it difficult for people with poor economy to come into Copenhagen municipality. ... We have taken initiative to have a dinner for all the upper crust of politics and private enterprise. Sonofon provides a locale. The aim is to create a business forum, in which to form a basis for community, to generate development. The enterprises aren't either interested in having a slum next door. (Leonardsen 2000)

The transition from government to governance entails in practice an undermining of the welfare dimension with emphasis instead on the improvement of conditions for economic growth. The neo-liberal strategies of privatisation, partnerships, corporations and the like aimed to rebuild the political spirit of and public attitude to capitalism, while making local authorities responsible for local development. One consequence among others was a marked increase in place competition at the regional and local scale.

The shift in urban politics in the late 1980s and early 1990s outlined above in section 4 played a key role in the rapid changes in the social geography of Greater Copenhagen outlined in section 5. The transition to governance opened up for the creation of result-oriented networks engaging the participation of powerful private and public agents able to mobilise resources and reach clear results. Decentralisation of responsibilities and competencies characterised this

shift. One area of special significance is local housing policy as instrument for influencing the socio-economic composition of the population. Housing policies became central to strategies of local development. Business policies became another main instrument for local development in competition with other municipalities. In both areas, new forms of partnerships and corporations associated with urban governance became the dominant scheme of organisation. This provided for increased political capacity to take efficient action and facilitated the making of unpopular decisions, at the price of less political transparency and weakened representative democracy.

Housing policy became a very important instrument for municipalities in their efforts to develop favourable social and economic conditions. The housing policy goal of Copenhagen municipality was expressed in a report with the seemingly socially conscientious title "Housing for all" (Copenhagen Municipality 2000). The contents however reveal the ambition to transform the built environment and housing stock in order to create suitable conditions for the so-called 'economically sustainable population'. Sustainability is used here to mean economic sustainability for Copenhagen municipality. The tangible goal is to establish a balance between level of services and level of revenues, a precondition for which is an increase in the upper socio-economic strata of the population and a decrease in the share of unemployed and welfare recipients.

The main means to reach this goal is to change the housing stock in terms of size, standard and tenure. This is being done in a number of ways. New construction of spacious, expensive and luxury housing is being stimulated through the formation of corporations and partnerships between the municipality and investors (pension funds, insurance companies, landowners, building firms). Concerning the public housing stock, new forms of more 'flexible' housing assignment and privatisation of tenure ('flat break-up') are on the agenda. Finally, urban renewal of working class and immigrant quarters, i.e. publicly induced gentrification, results in considerable socio-economic upgrading of the population. Vesterbro is one example of this strategy at work.

In spite of high levels of equalising transfers of tax-income between municipalities in the capital city region, there remain considerable differences in level and quality of services and in levels of municipal

taxation. The pursuit of the 'economically sustainable population' has the consequence that the economically 'unsustainable' population is passed back and forth between municipalities. The unemployed, the sick, the disabled, the otherwise marginalised, who should be the focus of welfare state strategies, are not welcome in municipalities. A counterproductive zero-sum game has been established, the outcome of which is the deportation of people. From this view, Copenhagen appears more a 'revanchist' city than a creative city (Smith 1996).

## **Globalisation and social geography**

Nokia and Sonofon came to Sydhavn against all odds. Just four years ago no one believed anything would happen down there. Now it has become the country's largest development project. I believe that has to do with foreign investors not being bound by local views of where it's attractive to live. ... The foreign firms look at the region and locations in relation to infrastructure. (Jensen 2000)

It's difficult, to stand as a relatively small place and shout at a big system. ... What the residents are afraid of is becoming an appendix, a forgotten corner in all the new and smart. That's what I hear. It's the feeling of being deserted that worries them. (Leonardsen 2000)

The impact of globalisation on social polarisation in cities attracted much attention in the 90s. The debate is now familiar to students of urban geography: Sassen (1991) argues that globalisation entails polarisation in the labour market, and consequently social and economic polarisation in 'global' cities, while Hamnett (1994) argues that the dominant process in labour markets has been professionalisation, with no obvious tendency towards either polarisation or levelling out. There has been remarkably little empirical analysis which attempts to probe any mechanisms behind observed patterns. Empirical analysis of employment, income or some variable for measuring polarisation is conducted, it is assumed that globalisation has taken place during the period and it is concluded that globalisation is the cause of any change in socio-economic distributions. The problem is that while it may be reasonable to assume that globalisation has taken place, the notion covers a vast array of aspects spanning communication costs, foreign trade and



geographical consciousness, so without clearer specification of what is meant by globalisation, we can not even begin to reach a simple correlation, let alone pry into possible mechanisms involved. Globalisation remains a ghost in the machine.

To the extent connections are made, the chain of reasoning generally goes from global competition to change in the urban economic base, involving change in employment structures and finally socio-economic distributions: polarisation, or equalisation. But as Burgers (1996) and Kempen (1994) argue, analyses must take societally specific institutions into consideration. Between globalisation and social change lie a number of intervening institutions at various spatial scales, e.g. EU, national and local governmental bodies.

The reason we present the analysis of relations between globalisation and change in social geography last is that urban governance is seen as an important intermediary force. It therefore facilitates the analysis to have first reached some understanding of ties between globalisation and urban governance, and between urban governance and social geographic change.

In the perspective we wish to develop here, urban governance plays a key role in mechanisms whereby globalisation impacts on socio-economic polarisation, and whereby changing social geographies impact on the ways in which cities globalise. We wish to look not only at how patterns of social change can be partially explained by globalisation, but also how the geographical outcomes of social change are strategically utilised in the sphere of urban governance to encourage globalisation. Rather than reiterate and combine parts of sections 6 and 7, we focus on two case areas, Vesterbro and Sydhavn, and ask how social change in these areas is related to globalisation.

Vesterbro (West Bridge) is a centrally located immigrant district — earlier from the countryside, more recently from other countries. Privately developed as speculative rental housing, Vesterbro has for many years been one of Copenhagen's poorest areas. The city took initiative to redevelop the area in the early 1990s. That the ensuing transition from rental to privately owned flats in conjunction with major renovation of the built environment would entail a change in population — gentrification — fits nicely with the strategy to cater for an 'economically sustainable population'. As opposed to other areas of Greater Copenhagen, there are no 'problems' with immigrants in

Vesterbro: ethnic restaurants and shops are assets that contribute to the economic values generated by gentrification. Many of its new residents work in the new IT companies: Nokia, Sony, Eriksson, Sonofon.

Sydhavn (South Harbour), also centrally located but with clear infrastructural boundaries separating it from the rest of the inner city, was developed for public rental housing. With mostly small flats (70% two rooms or less) it became a solid working class area, its residents working in factories nearby. Deindustrialisation, economic restructuring and associated labour market marginalisation, combined with the municipality's control over its social housing stock led to marked change in Sydhavn's population during the crisis of the late 1970s and 1980s. Working class flight left vacancies in a housing stock (small flats, isolated) the municipality found suitable for the unemployed and marginalised. Sydhavn became one of the very poorest areas in Copenhagen.

With the arrival of Nokia and Sonofon, the slum area became neighbours to the largest development project presently under construction in Denmark. It was subsequently spotted to become one of the seven areas in Denmark to participate in a national program for 'district upgrading', involving the establishment of neighbourhood councils with limited autonomy, decentralised administration and various forms of partnerships between private enterprise, city council and local residents (neighbourhood councils). (See quotes above by Leonardsen and Glerup Andersen.) The economic restructuring and labour market polarisation associated with globalisation arguably played an important role in the process of slum formation in Sydhavn. Later, the influx of global IT firms awoke political and administrative bodies to the need (of who?) to upgrade the area.

These examples suggest that Copenhagen's social geography compels the municipality of Copenhagen, with support of the Danish government, to invent new urban policies which can both secure Copenhagen's competitiveness and maintain social welfare. The concentration of the poor in Copenhagen municipality is seen as a burden in the context of attracting investments in competition with Berlin, Hamburg, Stockholm and other European cities. Changing Copenhagen's social geography has thus become a primary strategy for developing its competitiveness. There is, of course, public resistance against major infrastructural investments in new metro lines in areas

with substandard housing. But the self-image of growth locomotive for Denmark provides legitimisation for emphasis on the need to cater to the 'economically sustainable population' in order to better compete on the global scale. Copenhagen as globalising city finds it necessary to deport its 'unsustainable population' and induce and encourage gentrification. For the goal of the better city is formulated in terms of investments in research, education, culture, IT and built environments to match: the creative city.

We agree with Bashi and Hughes (1997, 120) and others that segregation and processes of social change cannot be satisfactorily explained with globalisation as causal force, since important mechanisms of exclusion have “more proximate causes” than globalisation. But we do argue that these more proximate causes cannot provide “sufficient explanation” (Bashi & Hughes 1997, 120) of changing social geographies in globalising cities. Perhaps one could argue that the mechanisms generating basic inequalities and exclusion are more 'fundamental', but that how cities scramble to globalise does play a role in the specific placing and pacing of social change — unless Copenhagen is unique in this respect.

## Conclusions

The introduction of strategies to become 'the creative city' or a *more* creative city must be seen against the background of competition between cities, which is one manifestation of globalisation — perceived both as free-flowing capital and labour, and as enhanced consciousness of broader horizons. Of course we all want things to improve, and if something as unequivocally positive as creativity can provide improvement, what could be better? We do not want to suggest the opposite, that cities are in need of strategies conducive to ossification and orthodoxy. What we see as problematic is that the new strategies are embraced with a near absence of critical thought on possible social costs. “All discourses have their silences” (Short 1999, 53), and the blaring silence of the discourse on 'creative cities' is that about social costs.

Our analysis of Copenhagen places creative city strategies in the context of globalisation, urban governance and social geographic change. Globalisation has impacted both as re-scaling of flows of

capital and labour and as increased consciousness of standing in relation to a wider world. This clearly played a key role in the marked shift from a traditional reactive governmental management of public resources to a more proactive entrepreneurial strategy involving close co-operation with private organisations and firms. A consequence of this shift has been competition between municipalities in the capital city region to cater to what is called the 'economically sustainable population' and the simultaneous displacement of the socially and economically marginalised population. The latter group, largely unemployed and immigrants (two surprisingly overlapping categories), have become the 'Old Maid' in a cynical territorial game with considerable social costs.

What at first glance appears to be an unambiguously positive characteristic and goal — the creative city — becomes on closer inspection a dubious ideological smokescreen to cover up the social costs associated with compulsive adaptation to the requirements of the 'new' globalised economy, including reduced transparency in urban governance, social and geographic polarisation and large scale transformation of the urban landscape involving considerable displacement. It is not an act of creativity to ignore these.

# Urban space wars in ‘wonderful’ Copenhagen: uneven development in the age of vagabond capitalism

*(An earlier version has been published in Identity dynamics and the construction of boundaries<sup>43</sup>)<sup>44</sup>*

We have made a study that shows that we get all the trash, pardon the expression, because of the cheap housing. The middle class, who we would want to stay, moves to Sweden. (Holger Bisgaard, Head of Planning in Copenhagen, 2000)

The idea [with the new strict immigration law] is to prevent the creation of large islands of poverty in our big cities. (Bertel Haarder, Danish Minister of Refugee, Immigration and Integration affairs, 2002)

## Introduction

Entering Copenhagen at the airport one encounters a sign with the text: “Wonderful Copenhagen”. The slogan is of course intended to create a positive first impression of the city. The two quotes above, however, reveal a reality where actors at different scales implement politics harder to describe as wonderful. The aim of the chapter is, through the optic of urban space wars, to expose patterns of uneven development produced by the globalized economy of ‘vagabond capitalism’ and the urban governance of Copenhagen.

Urban space wars are identified as a fundamental aspect of ongoing processes of material and social construction and transformation of urban space. Departing from the notion that “uneven development is increasingly organized around the nexus of global and local” (Smith 2002a, 13) the recent history of a case area in Copenhagen is analysed from the perspective of urban space wars. Theories of globalization,

scale and urban governance as well as findings from earlier studies in Copenhagen are drawn upon.

In section one, the concepts of urban space wars, vagabond capitalism and urban governance are briefly unpacked. In section two and three I focus on globalization, urban governance and the construction of 'Wonderful' Copenhagen as a socio-economic fortress city. In section four, a case study of Sydhavn (South Harbour) in Copenhagen illustrates how urban space wars manifest themselves. Finally, I conclude that focusing on the global-urban nexus of space wars provides an important perspective for the understanding of processes behind uneven development and the production of contemporary cities.

## **Urban space wars, vagabond capitalism and 'the perfect city'**

Struggles over geography have always been a central force behind the creation of human settlements. The construction of borders to control who are inside and who are outside has been a common practice among city builders for millennia. Walls and weapons are the classic means, and they are important aspects of urban space wars. Nevertheless, space wars are more than walls and weapons:

Just as none of us is outside or beyond geography, none of us is completely free from the struggle over geography. That struggle is complex and interesting because it is not only about soldiers and cannons but also about ideas, about forms, about images and imaginings. (Said 1994, 7)

Zygmunt Bauman (1998) introduces the term 'space wars' in *Globalization — the human consequences*. He traces the processes of space wars back to the construction of the modern state, which caused an increased demand for control over space. New tools were forged in the establishment of 'objective' units of measure and the use of maps to avoid local subjective interpretations of space. Bauman describes how processes of globalization entail increased struggles over space. I find this tendency elementary to understanding uneven development and the production of contemporary cities.

As David Harvey (1982) so effectively revealed, space constitutes the limits to capital, with capital's constant search for 'spatial fixes'

underlying urban change. In this optic, urban space wars are integral to the social architecture of capitalism. Moreover, the concept captures a central characteristic of what Cindi Katz (2001) characterizes as vagabond capitalism, where capital moves through all imaginable scales<sup>45</sup>, from the body to the extra-planetary, in search for profits:

A vagabond, as is well known, moves from place to place without a fixed home. However, vagabondage insinuates a little dissolution — an unsettled, irresponsible, and disreputable life, which indeed can be said of the globalization of capitalist production ... . The phrase vagabond capitalism ... suggests a threat at the heart of capitalism's vagrancy: that an increasingly global capitalist production can shuck many of its particular commitments to place, most centrally those associated with social reproduction, which is almost always less mobile than production. At worst, this disengagement hurls certain people into forms of vagabondage; at best, it leaves people in all parts of the world struggling to secure the material goods and social practices associated with social reproduction. (Katz 2001, 708-709)

The search for new spatial fixes entails local disruptions for people living where capital finds new opportunities. Investors, banks, real estate agents, developers, local politicians and the state are powerful actors in the political economy of urban space (e.g. Clark 1987, 1995, 2003, 2005; Clark & Gullberg 1997; Harvey 1982, 2001; Smith 1979, 1990, 1996, 2002b). Areas formerly labelled as 'working class', 'red-light' or 'no go' are the 'urban wonders' of tomorrow. Flows of capital and people in the built environment generate urban change. The classification by finance capital of particular areas as good or bad investments ('redlining') is a key political economical mechanism behind these flows (a process that operates at different scales — ghettoization happens to neighbourhoods as well as regions and nations). The actors engaged in redlining are therefore especially powerful combatants in (urban) space wars.

Capital's footloose search for profits paradoxically necessitates localized investments. The capacity for multinational firms to move investments and jobs at the 'click of a mouse' is a real issue for — and an imagined threat used by — local urban decision makers (Kelly 1999). One consequence is considerable effort and investment by cities to become (or create an image of being) attractive locations for capital investment (e.g. Harding 1995, Harvey 1989a, 2001; Molotch 1999).

The question at the top of the agenda is: how to create ‘the perfect city’ for business and (the right) people in the globalized economy?

Bauman (1998) reminds us how architects and city planners have for centuries tried to construct ‘the perfect city’. Le Corbusier for example dreamed of a city where ‘le Plan dictateur’ controlled and structured the practices and identities of its inhabitants. The dream of ‘the perfect city’ is important to the understanding of space wars, uneven development and the production of contemporary cities. It often involves the creation of spaces cleaned from ‘the Other’:

All too often, ‘we’ — planners responding to politicians — are engaged in an ongoing battle to keep ‘them’ out of our communities. And we create and use planning legislation for this very purpose. ... Such is our fear of the Other — a fear of those who are culturally different and of people whose symbolic and real presence speaks of economic instability — that we try to make them invisible, by removing them — legally, of course ... — from our neighborhoods, our communities, our parts of the city. And what we can’t do collectively, we try to make up for by individual security systems, patrolled neighbourhoods, gated communities. (Sandercock 1998, 21)

These policies represent a shift in urban political strategies away from more egalitarian welfare strategies. In the context of New York, this tendency can clearly be observed. Neil Smith describes it as:

... a vendetta against the most oppressed — workers and ‘welfare mothers’, immigrants and gays, people of colour and homeless people, squatters, anyone who demonstrates in public. ... This visceral revanchism is no automatic response to economic ups and downs but is fostered by the same economic uncertainties, shifts, and insecurities that permitted the more structured and surgical abdication of the state from many tasks of social reproduction. Revanchism is in every respect the ugly cultural politics of neoliberal globalization. At different scales it represents a response spearheaded from the standpoint of white and middle-class interests against those people who, they feel, stole their world (and their power) from them. (Smith 1998, 1-10)

In this chapter I aim to show how the dream of ‘the perfect city’ remains an important part of the urban imagination of city builders in Copenhagen, and a central part of urban space wars in Copenhagen.



## Globalization and urban governance in Copenhagen

As never before in the anthropogenic history of the globe, capital, ideas, people, images, goods, species and pollutants crosses geographical borders. Intellectual life seems to have become transfixed by ‘globalization’ and its consequences. One of the assumptions is that globalization has led to ‘the end of geography’ (O’Brian 1992). I find this notion seriously flawed. In this study I aim to show how globalization in the age of vagabond capitalism has rather led to intensified struggles over geography — urban space wars — in Copenhagen.

Copenhagen is a *globalizing* city. It is not, however, a mere passive recipient of the influences of mysterious external forces of globalization. Like all cities it is actively engaged in generating globalization. Flows of capital, ideas, people, images, goods etc. are multidirectional, pouring into and issuing from Copenhagen and Denmark. Copenhagen is a globalizing city in a number of ways. Together with colleagues I have studied globalization in Copenhagen in two earlier studies. In the first study we examined globalization of the commercial property market (Chapter Two) and in the second study we analysed globalization, urban governance and social changes (Chapter Four). In the following, I will focus upon the mediating roll urban governance plays between translocational processes of globalization and localized urban space wars in Copenhagen.

The last twenty years of change in urban politics in Copenhagen has involved three intertwined tendencies. First, urban political priorities have moved from an agenda of redistribution to an agenda of growth. Second, urban politics has shifted perspective from predominantly inward looking to a more outward looking approach. And third, private enterprise is to a greater extent included in decision making, while the public sector has embraced entrepreneurial forms of organisation and behaviour. (For a more detailed analysis see Chapter Four; Lund Hansen 2000). This led in the early 1990s to a virtual turnaround from a longstanding political tradition of restricting investment and growth in the capital city to very proactive policies to put Copenhagen on the urban world map — firstly in a European context (see figure 5.1). The central actors on the urban political scene have increasingly perceived Copenhagen as a node in the European urban system, and as a growth locomotive for all of Denmark.

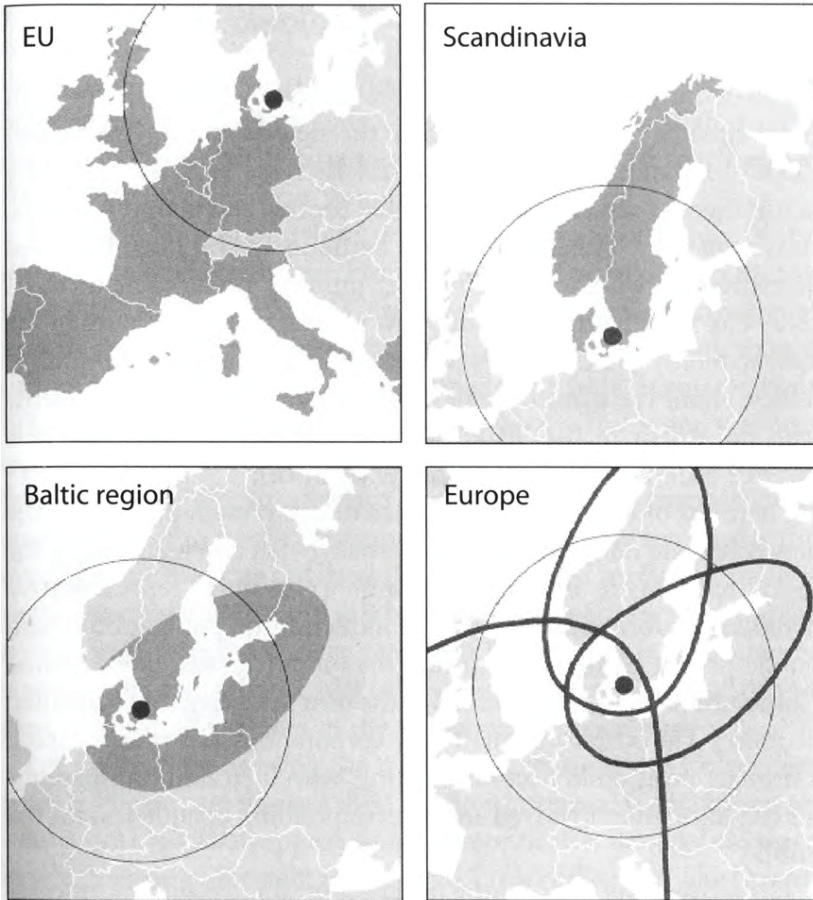


Figure 5.1 *The maps shows how Copenhagen is imagined to be a centre in the European Union, Scandinavia, the Baltic region and Europe. (source: Udvalget om Hovedstadsområdets trafikinvesteringer 1991, 7)*

In this process the most powerful actors in the region have invested heavily in creating an identity for one whole region — the Øresund region — by linking Greater Copenhagen and the region of Scania in south Sweden. One of the new actors on the scene — the Øresund Network — describes the present and the future for the region as follows:

Strategically located at the gateway to Scandinavia and the Baltic area, the Øresund Region is rapidly emerging as one of Europe's dynamic centres. Here flourishing high-tech sectors, strong emphasis on R&D and education and world-class infrastructure, including the new Øresund Bridge between Denmark and Sweden, come together to form a region for the 21st century. (Øresund Network 2002)

Malmö, Sweden's third largest city, is less than 20 kilometres from Copenhagen. Major investments in a motorway and railway bridge over The Sound, expansion of the international airport (with anticipated increase from 18 million passengers per annum to 30 million by 2005), a new metro line connecting the downtown with the airport and a new major urban development project (Ørestad), a new 'city tunnel' in Malmö facilitating train services between Scania and Copenhagen, all draw on and lend to the credence of this new cross-border region.

Other material manifestations include symbolic works of architecture such as Arken (The Ark), the new museum of modern art, and Den Sorte Diamanten (The Black Diamond), the new waterfront annex to the Royal Library, and the ongoing construction of a new opera house on the harbour. The opera house is a 'gift' to the city from Mærsk Mc-Kinney Møller, the most powerful businessman in Denmark, owner of a major multinational (shipping, oil, airline etc.) corporation. As an actor in the age of vagabond capitalism Mærsk Mc-Kinney Møller offers gifts rather than pays taxes. A gift has the convenient characteristic that the one offering the gift decides what to give — and it is not polite to complain about a gift.

Furthermore the material manifestations includes the new built environments for the main actors in the 'new economy' (the IT and FIRE sectors), including luxury hotels, restaurants, conference centres and shopping malls, such as the new Fisketorvet on the harbour. To this must be added investments in luxury housing and publicly financed renewal of inner city housing to attract the 'new middle class' employees in the 'new economy'. These processes of gentrification, generated by public policy, entail the displacement of marginalised inner city residents who do not fit in the 'region for the 21st century' and the 'new creative economy' (Chapter Four). There has of course been resistance to this growth policy, but the new corporate bodies of urban governance that emerged during the 1990s have made influence

through traditional representative democracy more difficult. The introduction of public-public and public-private partnerships during the 1990s (the first one, Ørestad Corporation, in 1992) was important to the turn towards market oriented planning. The establishment of these corporations gave private capital a stronger position in decision-making, with increased transparency for the companies involved and a corresponding opaqueness for the public.

The accelerating cross-border infrastructural and economic integration of the Øresund Region is expected to increase the region's attractiveness for international investment in competition with Stockholm, Hamburg and Berlin. In the following, I aim to show how urban governance formed by this competition between cities on one (global) scale translates into uneven development and space wars at another (urban) scale.

### **Wonderful Copenhagen: the construction of 'the perfect city'**

The imagineering of Copenhagen as "wonderful" is inspired by the film Hans Christian Andersen from 1952, in which Hans Christian Andersen (Danny Kaye) dances his way through a cinematic representation of the streets of Copenhagen, singing, "wonderful, wonderful Copenhagen ...". Copenhagen is portrayed as a clean, happy, white, socially harmonious and culturally homogenous place. Here social life practically fits the description of 'the perfect city'. Politics in Copenhagen fifty years later is dominated by efforts to remain true to the slogan Wonderful Copenhagen.

Walls and weapons have historically played a crucial role in the production of Copenhagen. From the foundation of the city in 1167 until 1856, when the idea of Copenhagen as a military 'fortress city' was finally abandoned, classical military defence systems were a major feature throughout the transformation of the built environment of Copenhagen. The aim was to control who was inside and who was outside in order to create a safe environment for the elites and labour force within the city, to safeguard investments made in that particular space and later to ensure continued capital accumulation. Today the objectives are the same but the walls are different. There are numerous exclusionary structures and mechanisms in Western societies (Sibley

1995). Copenhagen is a socio-economic fortress city in a number of ways. In the following, I will offer examples of how ethnicity and class are central elements in the Copenhagen space wars.

Let me start by drawing the reader's attention to the picture below (see picture 5.1). The picture shows a shop window in central Copenhagen on Christmas Day, 2001, approximately a month after national elections in which the populist right wing party Dansk Folkeparti (The Danish People's Party) captured 12% of the vote and became part of the parliamentary foundation for a new right wing government. The owner of the shop is a Danish/French/Moroccan man. In the shop window, there are a number of portraits of people smiling at us. The text says: "Glædelig jul til de indfødte — fra gæstearbejderne" (Merry Christmas to the natives — from the guest workers). This 'voice of the other' provides critical commentary on the Danish version of the wave of right-wing populist movements in Europe. The events of September 11 2001 seem to have rendered support to right-wing populist parties in Europe. The European Monitoring Centre on Racism and Xenophobia (EUMC)<sup>46</sup> writes in a report on Islamophobia in the EU after September 11 in the section on Denmark:

Much of what occurred post-September 11 drew heavily upon pre-existent manifestations of widespread Islamophobic and xenophobic attitudes. The issue of 'foreigners' — immigrants from Third World and Islamic countries — was already in the public domain in Denmark, where issues of nationality and a rise in the number of asylum seekers became, post-September 11, entwined with undifferentiated debates, and indeed Islamophobic stereotypes and discourse, regarding Muslims as potential terrorists. (Allen & Nielsen 2002, 16)

The Danish case is of course multifaceted, and this is made clear in the report. There are counter reactions to the xenophobic attitudes from progressive social movements and 'ordinary' people.

Nevertheless, issues of ethnicity dominated public debate prior to the national election in November 2001:



Picture 5.1 *Shop window in central Copenhagen on Christmas Day, 2001. (Photo: Anders Lund Hansen)*

Throughout the election campaign, the issue of 'foreigners' was central. Most political parties seized on the event of September 11, the Danish People's Party explicitly portraying Muslims as 'our enemy', so much so that the party leadership was reported to the police for violation of laws against hate speech. (Allen & Nielsen 2002, 17)

On a national scale, judicial walls are being raised around the nation to reduce immigration. The Danish Minister of Refugee, Immigration and Integration Affairs, makes no secret of the fact that economic considerations are one of the driving forces behind the legislation (see the opening quote above by Bertel Haarder). But, how does one separate the economic from the xenophobic? Which one is legitimizing the other? Bertel Haarder's statement could be just a persuasive rational mask for irrational xenophobic impulses? Another politician from the new government, Birthe Rønn Hornbæk, went even further, pointing out a number of ethnic groups as 'the key problem'. She argued that the new immigration law should only affect these specific groups of people. Their economic contribution to Danish society, she argued, was very limited. Later this statement was renounced, as it was

in conflict with international conventions signed by Denmark. These examples show how far the Danish government is ready to go to fortify national boundaries against the global scale vagabonds: immigrants.

For municipalities in Denmark housing policy is a very important instrument in their efforts to develop favourable social and economic conditions (Chapter Four). The housing policy goal of Copenhagen municipality is expressed in a report with the socially conscientious title “Housing for all” (Copenhagen Municipality 2000). The contents, however, reveal the ambition to transform the built environment and housing stock in order to create suitable conditions for the so-called ‘economically sustainable population’. Sustainability is used here to mean economic sustainability for Copenhagen municipality. The tangible goal is an increase in the upper socio-economic strata of the population and a decrease in the share of unemployed and welfare recipients (see the opening quote above by Bisgaard). The Director of the Neighbourhood Renewal Secretariat, Kongens Enghave Neighbourhood Council in Sydhavn (South Harbour) describe the policy as follows:

They [Copenhagen municipality] don’t say it straight out that people are to be thrown out to make room for proper tax-payers, but that is — if you look at it cool and straight — de facto the goal. (Leonardsen 2000)

The proclaimed objective for the municipality of Copenhagen is to become ‘economically sustainable’. The method is to attract the ‘economically sustainable’ people and to get rid of the ‘unsustainable’ people. It is against this background of urban warfare that the seemingly innocuous image of Wonderful Copenhagen must be seen.

In the housing plan from 2005 (Copenhagen Municipality, 2005), however, the language has shifted towards more ‘soft’ formulations that fit the vision to become “a human metropolis” (Copenhagen Municipality 2004, 5). The aim to create good conditions for the ‘economically sustainable population’ nevertheless remains intact, according to Head of Planning Holger Bisgaard. The language in the new plan has been adjusted to “ensure political consensus behind the plan” (Bisgaard, 2005). Why this strategic shift in the meaning of a sustainable city? Richard Florida (2002, 2005) talks about ‘cool cities’ as an important concept in the ‘creative’ competition between cities. The argument is that cities that can create an open, tolerant, ‘buzz’



urban environment attract the creative people (presumably a mixture of bohemians, writers, actors, homosexuals, ethnic minorities etc.), and that seems to be conducive to more robust economic development and investment and job-growth in the so-called ‘new economy’. It is in this light that the following programmatic statement from a strategic report has to be seen:

“Openness, diversity and tolerance are seen by many as an economic enabling condition in line with a high technological level and a skilled, highly educated workforce. Copenhagen is widely regarded as an open and tolerant city. Recent [political] development [the neo-national policies in Denmark], however, has contributed to change this picture. It will be an important task for Copenhagen Municipality to maintain *the picture* of Copenhagen as an open and tolerant city in the years to come”. (Copenhagen Municipality 2004, 16. Brackets and italics added)

The question is whether Copenhagen Municipality has the instruments to change more than the *image* of the city when the neo-nationalist agendas are formed at a higher scale of government? It is an advantage to have ‘interesting’ urban environments with ‘exotic’ and diverse cultural neighbourhoods like the newly renovated Vesterbro near the Central Station. However, the area will not have this character for many years to come (Bisgaard 2005). Urban renewal policies will change the area into a more ‘nice’ gentrified neighbourhood. Another issue that Copenhagen strategic report is concerned with is to ensure that: “The city appears to be a haven for homo-, bi- and transsexuals” (ibid., 28). Is the municipal strategy really about being inclusive and tolerant for all these groups? Or is the strategy rather about attracting the ‘proper’ immigrants and the ‘proper’ homo-, bi- and transsexuals who contribute to the ‘proper’ cool city image and the constitution of ‘Creative Copenhagen’? What appears to be a civil urban strategy about openness, inclusiveness and tolerance is bypassed by larger scale neo-national strategies to control immigration nationally and to ensure good bottom line results for business and the municipality itself. Upon closer inspection, it is hard to interpret the current strategy for Copenhagen Municipality in any other way.



## Urban space wars in Sydhavn

When we speak of landscapes of modernity, postmodernity, postcolonialism, consumerism, fear, marginality, or spectacle, we simplify just as radically, and perhaps with no more justification than did Burgess with his bland “commuter zone.” As [social scientists], we would do well to remember that places and patterns are always more complex than is implied by the way we label them. (Harris & Lewis 1999, 636)

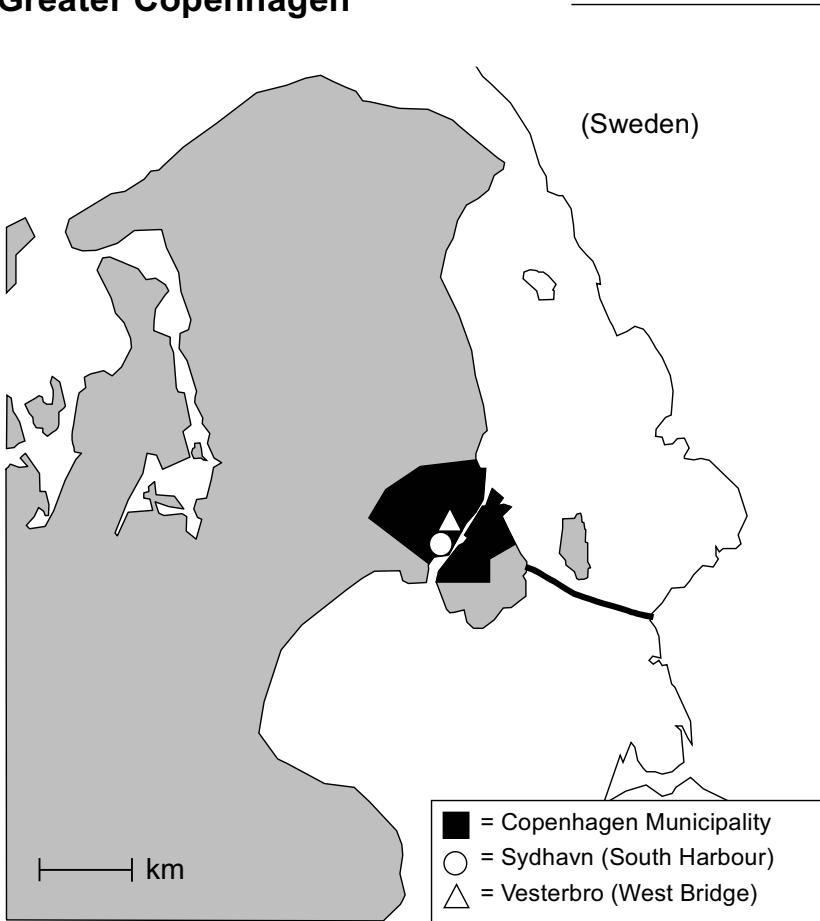
Vesterbro (West Bridge) is a centrally located district traditionally inhabited by immigrants — formerly from the countryside, latterly from other countries (see figure 5.2). Privately developed as speculative rental housing, Vesterbro has for many years been one of Copenhagen’s poorest areas. Since the mid 1990s, the area has been going through a process of urban renewal in which the Danish Welfare State is a key actor. The magazine *Utne Reader* proclaims, in its November-December issue 2001, that Vesterbro is one of seven “urban wonders” of the world:

Beset in recent years by suburban decay, Denmark’s capital city responded with exceptionally creative measures to reinvigorate hard-hit neighbourhoods. Vesterbro, a shabby district near downtown notorious for drug deals, was targeted for revitalization. But this was not urban renewal as we know it, which destroys a neighbourhood to save it, or gentrification, which clears up problems by pushing out residents. Instead, old tenement buildings were rehabbed through generous government grants ... . (Walljasper 2001, 83)

Urban change in Vesterbro, as presented by the *Utne Reader*, sounds indeed like a fairytale. Reality is not so simple. Although the central actor in the urban renewal process in Vesterbro is the Danish welfare state, the results are the same as in any other process of gentrification: displacement of residents with high economic barriers to entry. This fits, of course, nicely with the strategy to cater to the ‘economically sustainable’ segments of the population (Chapter Four).

Another area in Copenhagen: Sydhavn (South Harbour) — or more accurately, Kongens Enghave, the west side of Sydhavn — has during the 1980s and 1990s been labelled as a ‘bad neighbourhood’ and a ‘poor investment’.

# Greater Copenhagen



**Figure 5.2** *Greater Copenhagen, Copenhagen municipality, Vesterbro (West Bridge) and Sydhavn (South Harbour).*

With more than 70% small flats (two rooms or less) the area attracts the ‘losers’ of the Vesterbro space war. When prices rise in the ‘urban wonder’ of Vesterbro, some people are forced to move out of the area and one of the places where they move is Sydhavn. Brian Lenz (2002), leader of Sydhavnskompagniet, a social project for homeless people, describes the situation as follows:

It has been a ‘truth on the street’ that people from Vesterbro were forced to move to Sydhavn. Then they made an investigation of how many have changed their permanent address ... The result was: incredibly few compared to expectations. The reason is that many of the people who are forced to move from Vesterbro do not get an apartment. I know *many* people in Sydhavn who live on a friend’s sofa, or in ‘Lorte Renden’ [‘Skid Row’, or literally, ‘Shit Ditch’, a place where homeless people live in Sydhavn], or a garden allotment or somewhere else. Their moves aren’t registered. I think there are many more moves than the statistics indicate.

This example illustrates how contemporary urban change in Copenhagen is stamped by the logic behind the new urban imperialism; it creates uneven development in the built environment, generates vagabondage and urban space wars. But is this all that Sydhavn is about? Are places like Sydhavn really that simple to understand? No, of course not: Sydhavn has a plurality of stories to tell, as does any urban area. This story about urban space wars is just *one*. But it is an important one to tell in order to understand processes of urban change that forms the place. With Harris & Lewis’s (1999) comment in mind, we need to be cautious how we label areas like Sydhavn. However, in order to change reality, we need to identify the mechanisms that create it.

Sydhavn is at first sight a space of the ‘losers’ in the political economy of urban space. But Sydhavn is actually also a very interesting meeting point between the two vague categories ‘winners’ and ‘losers’ in globalizing economies. A border — Sydhavnsgade (a four-lane major thoroughfare) — cleaves the space of Sydhavn in two. Syhavnsgade is a link between downtown and the airport, the new bridge to Sweden, and the highway to the rest of Denmark, Europe and the world. An advantage for some and a disadvantage for others, this is a classic example of how the increased speed of our globalized societies is unevenly distributed and generates uneven development (Katz 2001, 2004; Massey 1994a). What some groups — the ‘winners’ in the globalized economy — may experience as a rapid connection, can for others — the ‘losers’ in the globalized economy — be a boundary in space, an impediment to local movement<sup>47</sup>.

Other mental and physical borders can be found in Sydhavn; other roads are creating physical borders in the space of Sydhavn, and other

identities exist than ‘winners’ and ‘losers’ in the globalizing economy (Bohn & Andersen 2001; Lentz 2002). Nevertheless, Sydhavngade is a unique example because it represents the border between two very different spaces, with different stories to tell. In the following, I therefore analyse the spaces east and west of Sydhavngade.

*East of Sydhavngade*, facing the harbour, a number of glass and steel commercial property buildings have emerged during the late 1990s. Nokia, Sonofon, Eriksson are examples of transnational IT companies that have chosen Sydhavn as the location for their Scandinavian headquarters. These firms and their employees represent the ‘new’ and ‘creative’ economy (Asheim & Clark 2001; Chapter Four). The Director of Planning and Development, Copenhagen Harbour, describes the development on the east side of Sydhavngade:

Nokia and Sonofon have come to Sydhavn against all odds. Four years ago nobody believed that anything would happen down there. What has happened is that it has become the largest development area in Denmark .... I think this is due to the fact that the international firms are not bound by traditions of where it is fashionable to locate. The international firms look at the region and the location in relation to infrastructure. (Jensen 2000)

The Director of Commercial Development Planning, Roskilde County, adds:

What the international firms say, for instance Nokia, ... is that it’s important to be close to an airport, since their company is spread over many countries. (Madsen 2000)

These recent developments have placed the space east of Sydhavngade among the many new spatial ‘frontiers’ of globalization. The area can be described as a ‘developer’s utopia’ (Harvey 2000). West of Sydhavngade — just across the frontier from the wonders of the ‘new’ economy — the picture is very different.

When we enter the space *west of Sydhavngade* we enter the old Sydhavn (called Frederiksholm) constructed after 1913 as an alternative to the unhealthy spec-built inner city working class areas (as Vesterbro once was). The area was developed for high quality public rental housing, and the high rents attracted primarily skilled workers.

The identity of the area was until the 1950s and 1960s characterized by the label: Arbejdernes Hellerup (*Workers' Sunbelt*) (Jørgensen 2002).

The story of the labour movement in Denmark is engraved in space via the names of the streets in central Sydhavn; Louis Pio, Gustav Bang, Peter Sabroe, Frederik Borgbjerg, among others, were all central actors in the battles between labour and capital in Danish society at the end of the 19<sup>th</sup> century and the beginning of the 20<sup>th</sup> century. The history of this particular place represents one piece in the jigsaw puzzle of industrial society: a place for skilled workers in the heyday of industrial society. Deindustrialisation, economic restructuring and associated labour market marginalisation, combined with the municipality's control over its social housing stock led to a marked change in Sydhavn's population during the crisis of the late 1970s and 1980s. Working class flight left vacancies in a housing stock (small flats, isolated) that the municipality found suitable for the unemployed and marginalised. Sydhavn is today the very poorest area in Copenhagen and one of the poorest in Denmark (Bohn & Andersen 2001). The employees in the IT-company Sonofon — on the east side of Syhavnsgade — capture the shift in the identity of the area when they refer to the old Sydhavn — the west side of Sydhavnsgade — as: "*Sonobronx*" (Heimann 2002).

Today traces from the heyday of industrial society can still be found. Aside from the names of streets, some of the residents still have a strong attachment to the historical past:

Some of the elder people were proud of living in the area when they first moved here. They were very content. They had an identity of residents in 'Arbejdernes Hellerup'. Today it has become an area that you don't want to be associated with. It is hard to tell people that you live in Sydhavn because of the stigmatisation that comes with it. ...

Anker Jørgensen [the former Danish prime minister] is one of the people who, despite social downgrading of the entire area, hasn't moved away. That means something to people in Sydhavnen. (Lentz 2002)

The former Danish prime minister (1972-73, 1975-83) Anker Jørgensen, from the labour party, has lived in Sydhavn since 1949. His motivation for moving there was the need for an apartment. It was only later that he learned from one of his friends that the area was labelled 'Arbejdernes Hellerup' (Jørgensen 2002). But today his

motivation for staying is a kind of persistent illustration of the wrongness of the negative imagination that ‘outsiders’ often have:

Just because you earn a little bit more, you don’t have to move. ... I know that there is a pattern of movement in the housing market. I don’t give a damn. ... I don’t want to point fingers at the people moving. ... Emotionally I think that the reason why I stay is because I want to show solidarity with the place that has formed me. (Jørgensen 2002)

The example shows that: “... identity is not merely an individual or social category, but also — crucially — a spatial category” (Paasi 2001, 10). For Anker Jørgensen, Sydhavn is an important part of his identity. The example also reveals a local awareness of and resistance to ongoing changes in the city.

*West of Sydhavnsgade* class identity has historically played an important roll. The workers movement (or simply ‘the movement’) has been *the* network of institutions that kept class identity strong among the residents in Sydhavn. The area was, according to Anker Jørgensen, never the most progressive part of the city. However, the people actively participated in the development of the Danish social democratic welfare society (Esping-Andersen 1990); a welfare society now on retreat in ‘wonderful’ Copenhagen. Today a plurality of identities can be found in Sydhavn (Lentz 2002). New social movements of late modern society have given rise to issues of “class, race, gender, locality or a hybrid recombination” as important producers of identity (Smith 2001, 42), which are also reflected in Sydhavn. *East of Sydhavnsgade* we have a showcase of the globalized economy of vagabond capitalism. The municipality of Copenhagen, the Danish State, Copenhagen Capacity (a regional booster institution), other public-public partnerships and private companies strongly support the production of a competitive capital city. Housing and business policy instruments are used to produce a space for the actors in the so-called ‘new’ ‘creative’ economy (Chapter Four). As mentioned above, the most powerful actors in the region cooperate to create a macro identity for the whole region — the Øresund region — by linking Greater Copenhagen and the region of Scania in south Sweden together in one big competitive region. In this urban imagination of the transnational region “for the 21<sup>st</sup> century” (Øresund Network 2002), there is little room for the ‘economically

unsustainable' people we find east of Sydhavns­gade. The major new plan to create an 'attractive' residential area west of Sydhavns­gade — called *The New Sydhavn* — speak for itself in this context, and the new Danish government's plans to privatize public housing will facilitate their displacement: the removal of 'trash' from Copenhagen.

There are of course concerns that everything will be taken over by a bunch of golden boys from the gold coast. ...

It's difficult, to stand as a relatively small place and shout at a big system. ... What the residents [in Sydhavn] are afraid of is becoming an appendix, a forgotten corner in all the new and smart. That's what I hear. It's the feeling of being deserted that worries them. (Leonardsen, 2000)

The pursuit of the 'economically sustainable population' has the consequence that the economically 'unsustainable population' is turned into vagabonds, passed back and forth between municipalities, like the 'old maid' in the card game. The unemployed, the sick, the disabled, the otherwise marginalised, who should be the focus of welfare state strategies of social reproduction, are not welcome in municipalities (Chapter Four). A counterproductive zero-sum game — an urban space war — has been established. From this perspective, Copenhagen appears more a 'revanchist' city than a 'wonderful' city.

## Conclusions

The study of urban space wars in Copenhagen points towards two conclusions. First of all urban space wars have to be understood as ongoing processes of material and social construction and transformation of urban space. Urban space wars reflect the interests, ideas and imaginations of a complex web of actors at different scales. My argument here is that a focus on the global-urban nexus of space wars offers a fruitful approach to understanding processes behind uneven development and the production of the urban scale.

The second conclusion is that the urban space wars in ('Wonderful') Copenhagen are largely mediated through the urban politics of Copenhagen. Urban governance, formed in this age of vagabond capitalism by competition between cities on the global scale, translates into uneven development and space wars at the urban scale. Policy is dominated by the aim to be a competitive 'region for the 21st century'

and the proclaimed objective of the municipality of Copenhagen to become economically sustainable. The means are to attract capital and the 'economically sustainable' people and to get rid of the 'economically unsustainable' people, 'the trash'. This exclusionary neo-liberal policy is anything but wonderful. Copenhagen municipality is however just one combatant among many in the neighbourhood, urban, regional, national, European and global space wars that form local histories, identities and boundaries.



## Conclusions

*Space wars and the new urban imperialism* is a study of the multiscalar dynamic of global capitalism through the lens of the global-local nexus of space wars. The thesis analyzes the new logic of uneven development and the glocal forces that transform our cities in the 21<sup>st</sup> century. The main focus is on globalization of the commercial property market, changes in urban governance and changes in social geography, and interconnections between the three. In the study of globalization of the commercial property market (Chapters One and Two), I have mapped investment patterns in Copenhagen and Lisbon. Both studies showed a rescaling of the commercial property markets during the past two decades. The Lisbon study showed that there are substantial cross-border commercial property investments between Portugal, UK, Spain, France, and Germany. In the Copenhagen case, Swedish investment accounts for a large share of foreign direct investment. These findings support one of the strongest arguments raised against the exaggerated claims of the globalization hype concerning ‘the death of distance’ and ‘the end of geography’, namely that the vast majority of global exchange is upon closer inspection re-scaled regional exchange. Large shares of the investments, however, flow through offshore banks often located on small islands (Engdahl 2004). These offshore institutions have formed “small ‘black holes’ in the topography of regulation through which large sums of money flow” (Warf 2002, 45).

The rescaling of commercial property markets is closely connected to changes in urban governance. Chapters Three, Four and Five elucidate ‘actually existing neoliberalism’ (Brenner and Theodor 2002) in Copenhagen and Lisbon. The shift from government to governance covers a number of changes towards a neo-liberal agenda: changes in the ways the local state and public sector act in the context of and react to processes of ‘glocalization’, economic and political restructuring and technological change. The difference between the two is not so much a definitive break as an unfolding transformation. A new form of multi-scalar meta-governance (Jessop 2005) is emerging, involving change in a number of societal spheres and on different scales. In this study of

globalization of the commercial property market and changes in urban governance I argue that urban governance serves as a 'filter' through which the global/regional investment rhythms flow.

Chapter Three suggests that Lisbon has experienced a regional rescaling of its commercial property market (similar to Copenhagen) and changes in urban governance, and that these processes are inextricably intertwined. The findings indicate that changes in urban governance have been asymmetrical, benefiting private capital more than citizens. In Chapter Four, the idea of the 'creative city' is studied in the context of the imagineering of Copenhagen. Strategies for developing urban competitiveness are analysed from a perspective on relations between processes of globalization, developments in urban government/governance and social geographic change. It is argued that there is a need to recognize the social costs of developments that are glossed over by the creative city rhetoric, including diminished representative democracy, social and geographic polarization and considerable displacement of the marginalized. In Chapter Five the global-urban nexus of urban space wars is identified as a fundamental aspect of ongoing processes of material and social construction and transformation of urban space. The study shows how ('Wonderful') Copenhagen is a socio-economic fortress city in a number of ways. It offers examples of how ethnicity and class are vital elements in the Copenhagen space wars and demonstrates how urban space wars in Copenhagen are largely mediated through urban politics. Urban governance, formed in this age of vagabond capitalism by competition between cities on the global scale, translates into uneven development and space wars at the urban scale.

The shift towards neo-liberal governance in Lisbon and Copenhagen can be seen as an installation of a neo-liberal lebensraum on the urban scale through geoeconomic means (Smith 2003), a form of space war and accumulation by dispossession (Harvey 2003a). In Copenhagen, the gradual shift from Keynesian government towards deregulated urban governance began in the late 1980s and established itself as business as usual in the 1990s. In this process many barriers to globalization were reduced. On top of the general deregulation and introduction of Public-Private/Public Partnerships, privatisation of public owned property was central to the process.



**Photo 6.1** *Graffiti in Gamla Väster in Malmö, Sweden. (Photo: Anders Lund Hansen)*

Especially the latter initiative facilitated accumulation by dispossession — a fundamental characteristic of the new urban imperialism. One of the ideas with this manoeuvre was to install a neo-liberal lebensraum by privatizing public property, in order to ease the progress of globalization of the commercial property market.

Furthermore, the practical consequences of these changes entailed a shift from containment of growth to a pro-growth strategy for Copenhagen as a national priority. Copenhagen changed status in this process, from one town among many Danish towns, to the growth locomotive of all Denmark (a copy of Thatcher's strategy for London). The example shows how strong metropolitan regions, like the Øresund Region in Denmark and Sweden, are emerging as crucial production platforms for global capitalism. In this process resources are drawn from the periphery to the urban centers in order to rearm the metropolitan regions in the global battle for investors, good taxpayers and creative people. These findings offer a perspective on the logic behind contemporary urban change, and it shows how space wars and the new imperialism are integral parts of this process. One can argue that the global-local nexus of space wars is a component of a multi-scalar territorial reshaping of core-periphery relations that mediates a new imperial urban world order: an urban context with little room for counter spaces like Christiania and other areas of focus for revanchist imperialist conquest.

“Capitalism means constant war”, reads the graffiti on the wall in gentrified Gamla Väster in Malmö, Sweden (Photo 6.1); hinting at the fact that the capitalist mode of production, even in Sweden, has a constant tendency towards geopolitical and geoeconomic spatial warfare at all scales (Harvey 1985; Smith 2003). Well, not all wars are the product of capitalism, and urban space wars would not disappear if the current mode of production were changed. I do, however, consider it crucial that we use our imaginative powers and courage to think outside the current hegemonic system, and find alternative modes of social organization: towards a more just post-neo-liberal urbanism!

## EPILOGUE

# A street level odyssey through the center of the American empire: New York City

Walking the streets of big cities is a mind-blowing experience. Especially New York City — the center of the ‘American Empire’ — is a great laboratory to study urban change. Walking through the streets of the city, a cacophony of signs, impulses and rhythms of modern society are played out. I feel spell-bound by the flows of human cultures and the materialized social processes that surround me.

Walking down 5<sup>th</sup> Avenue, crossing 34<sup>th</sup> Street, I am reminded how death is a very real part of urban battlefields. Suddenly, I jump for my life as the driver of a big black car ignores a stop sign, shooting down 34<sup>th</sup> street. My heart beats wildly as the driver of the car leaves the scene without even slowing down. I can see the back of the car. It is not just a big car — it is huge — like a tank. A Bass at O’Reilly’s Pub helps shake off the experience. Back on 34<sup>th</sup> street, still in shock after squeaking through the battle with the tank, I slowly regain control over my body as the calmness of walking sets in. Hanging a right back on 5<sup>th</sup>, a big sign on the facade on the other side of the avenue gives my near death experience another dimension. The text says: “If you’ve ever dreamed of driving a tank, the Hummer is the next best thing.” There is indeed a war going on out there!

Ambling south on 5<sup>th</sup>, all the way to Washington Square Park, I pass many “good American patriots”, shopping their way to heaven. Heading east to Tompkins Square Park in the Village, then south through Lower East Side, I end up in Chinatown, passing on the way thousands of signs of how the see-saw mechanisms of capital lead to gentrification and deportation of lower classes from the center: living manifestations of ongoing space wars. In Chinatown the steam pipes mark how slavery is a very real part of modern capitalism. The steam issues from local orchestrations of terror-like working conditions in the urban center of the so-called “Land of the Free”: “sweatshops” where

immigrants — the global vagabonds — work long hours for extremely low wages<sup>48</sup>. Continuing west on Canal Street, veering south on Broadway I catch a glimpse of Ground Zero at Fulton Street and am reminded how space wars operate both locally and globally at the same time<sup>49</sup>.

Near Wall Street I suddenly feel dizzy, sensing something very menacing surround me. It is like the whole place is void of human spirit. As I rush away, I stumble over something, barely able to cover my face with my arms before my body hits the sidewalk. I do not know how long I am unconscious — perhaps just a couple of seconds. The next thing I remember is pain, and the sight of a young man kneeling next to me. He is in his mid thirties, white, sporty and dressed in a black designer suit, probably worth twice the value of my entire wardrobe. First I think he intends to help me, but then I realize that his concern is with the black leather handbag next to me. “What the fuck are you doing? Watch where you’re going!” the man shouts at me, without moving his eyes from the bag. He opens it, takes out a laptop and turns it on. The classic fanfare indicates that Microsoft is still going strong on this piece of hardware. The man turns the computer off, puts it in the bag and looks at me with cold eyes for the first time. “I should sue you. But my computer seems to be working and I’m in a good mood this morning. You’re lucky”. He gets up, turns around and walks away. I don’t feel especially lucky. I can only hope that my private medical insurance will cover the hospital bill. I have lost the rhythm of the city. I feel an urge to leave this place, for good.

But then I hear something that fills me with hope. At first the message only faintly reaches me. However, as the voices increase in strength, I hear the not very poetic but nevertheless effective slogan:

One, two, three, four: we don’t want your fucking war.

One, two, three, four: we don’t want your fucking war.

One, two, three, four ...

I look up and realize that I am suddenly surrounded by thousands of people marching in the street. A group of young women, all wearing matching red sweatshirts with the text: “Immigrant workers for peace”, gathers around me. They help me up and to my surprise I do not feel pain any more. I want to walk with them. I want to be part of this

group of people. I want to march for world peace and social justice. As I am getting tuned in to the rhythm of the walking crowd the future seems bright. I tell myself to always remember this day, February 15, the day “the world says no to war”<sup>50</sup>.

## **Walking and filming the urban tango of vagabond capitalism**

Streets are more than just pathways from which to get from A to B. They are the materialized topographies of different modes of time-space production, as well as sites of social interaction and political protest. Many urban scholars have been drawn to the streets in search of meaning, botanizing the asphalt, by reading the city from its street-level perspective. Getting lost in the urban labyrinth is one method of gaining insight into modern society:

The city is the realization of that ancient dream of humanity, the labyrinth. It is this reality to which the flâneur, without knowing it devotes himself. (Benjamin 1999, 429-30)

Walter Benjamin did this brilliantly in his Arcades Project in Paris. Through the study of a particular spatial form (the arcades) he showed how our imaginations, our dreams, our conceptions, and representations are mediated through urban materiality, and he emphasized that we do not merely live in a material world (Harvey 2003b). In his study of *The Condition of the Working Class in England* Friedrich Engels also uses streets as an analytical point of departure:

Passing along a rough bank, among stakes and washing-lines, one penetrates into this chaos of small one-storied, one roomed huts, in most of which there is no artificial floor; kitchen, living and sleeping-room all in one. ... This whole collection of cattle-sheds for human beings was surrounded on two sides by houses and a factory, and on the third side by the river, and besides the narrow stair up the bank, a narrow doorway alone led out into another almost equally ill-built, ill-kept labyrinth of dwellings. ... The lanes run now in this direction, now in that while every two minutes the wanderer gets into a blind alley, or on turning a corner, finds himself back where he started from, certainly no one who has not lived a considerable time in this labyrinth can find his way through it. (Engels 1972, 432-433)

Through the rhythms of walking one can observe and study a myriad of rhythms of modern society and the multiplicity of 'footprints' that can tell numerous different spatiotemporal histories. Michael de Certeau talks about the practices of life, conducted every day:

The ordinary practitioners of the city live 'down below', below the thresholds at which visibility begins. They walk – an elementary form of this experience of the city; they are walkers, *Wandersmänner*, whose bodies follow the thicks and thins of an urban 'text' they write without being able to read it. (de Certeau, 1984, 128)

Another method to observe the rhythms of the street is to observe regularly from a fixed point. Lefebvre (1996) suggests an elevated closed window as an ideal position to carry out rhythm analysis. This kind of position provides an opportunity to observe from a distance the flows and the fixity of the city. An example of another kind of fixed observation is photography. The camera is a powerful tool to capture situations in urban space. Paul Auster (1990) describes an interesting urban photo project in *Auggie Wren's Christmas Story* (the scene is also in the film *Smoke*). Auggie works behind the counter in a cigar store on Court Street in Downtown Brooklyn. Every morning at the exact same time he takes a picture of the same street corner. Auster describes the project when he examines it for the first time:

Eventually I was able to detect subtle differences in the traffic flow, to anticipate the rhythm of the different days (the commotion of workday mornings, the relative stillness of weekends, the contrast between Saturdays and Sundays). And then, little by little, I began to recognize the faces of the people in the background, the passersby on their way to work, the same people in the same spot every morning, living an instant of their lives in the field of Auggie's camera. (Ibid, 6-8)

Reading the city from the perspective of the walker is, it seems to me, not an easy task. The successful reflexive wanderer, in my view, manages to be tuned in to the daily rhythms of the city and its material manifestations while still linking the impressions to more abstract knowledge of the city. From this perspective the street can be seen as a medium through which particular cultural forms are expressed (Keith 1997). Together, everyday urban rhythms (e.g. morning vs. evening



routines and events), and more abstract rhythms (e.g. investment cycles in the built environment) are constantly transforming urban space.

For nine months over a period of two years (from 2002 to 2004) I have frequently walked the streets of New York City, collecting first hand impressions of this enormous urban manifestation. In between grad courses at CUNY and changing diapers (in the fall of 2004 I was on half-time parental leave with my then six month old son), I spent as much time as possible walking in the city. The vibrant life and global forces that shape NYC were overwhelming, and I felt an urge to document street level experiences.

The text in the pervious section is a textual representation of some of my encounters with the city. Studies of geography and visual representations (maps, signs, paintings, photographs, commercials, films etc.) (e.g. Gregory 1994; Mitchell 2000), inspired my to make an extra-textual representation of the city. I just had to make a video about ‘space wars’ in New York. There were no questions of “how” and “why”; I just *had* to do it. All of the tricky questions came later (and they are still piling up).

I bought a video camera and used it as a visual diary. Since I have no formal training in filmmaking, it took a while before I felt comfortable walking around with the camera in the streets. At first I felt like a voyeur invading people’s privacy. In the end, however, I developed a technique where I held the camera close to my body without actually looking into the lens. This technique provided me with the freedom of being more anonymous and inconspicuous. To a certain extent I can recognize Westerbeck and Meyerowitz’s description of how it feels to be documenting the streets through a (video)camera:

It’s like going into the sea and letting the waves break over you. You feel the power of the sea. On the street each successive wave brings a whole new cast of characters. You take wave after wave, you bathe in it. There is something exciting about being in the crowd, in all that chance and change. It’s tough out there, but if you keep paying attention something will reveal itself, just a split second, and there’s a crazy cockeyed picture! ... ‘Tough’ meant it was an uncompromising image, something that came from your gut, out of instinct, raw, of the moment, something that couldn’t be described in any other way. So it was TOUGH. Tough to like, tough to see, tough to make, tough to understand. The tougher they were the more beautiful they became. It was our language. (1994, 2-3: quoted in Rose 2001, 21-22)

The first half and the last sentence I sympathize with, while the part about the toughness of filming I do not fully embrace. Like the flâneur figure itself, street photography (or filming) has been accused of being a masculine and patriarchal method. Kirsten Simonsen (2004, 47) characterizes the flâneur as “a detached spectator and his visions are mediated through a male gaze, objectifying woman as part of the urban landscape”. There are therefore, according to Simonsen, good reasons to search for alternative research strategies. Reading through Westerbeck and Meyerowitz’s quote one can understand why street photography has a masculine image: the underlying assumption is that you need macho power to survive the streets. From my experiences, however, there are no automatic connections between filming and walking in the street and macho power and toughness.

Of course, it is a matter of the urban context. Filming in the streets of Lund during daytime is often a very ‘un-tough’ experience. Filming around Pusher Street in Christiania in Copenhagen, on the other hand, can even during daytime be very tough<sup>51</sup>. Not to mention the obvious toughness of taking pictures in Baghdad or Beirut during bombing. In the same way, my experiences in New York were very varied.

My daily walking tours produced many hours of film. Sometimes I went alone, but often I walked with my son in a stroller and had a bag with baby food and diapers on my back. The Argentinean/Parisian music group Gotan Project inspired me to turn the material into a seven minute long ‘music video’. The rhythms of the music and the title and refrain of the song: *El capitalismo foraneo*, from the album *La revancha del tango*, provides a suggestive-audio-setting for summarizing these street experiences. The title of the film is *Space wars – a street level odyssey through the center of the American empire: New York City*. The aim is to show how battles over space are important parts of the ‘urban tango’ of vagabond capitalism and the fluidity and fixity of New York City. The film is intended to provide inspiration to think about issues of urban transformation through the lens of space wars. I argue that it represents a potential pathway to the study and representation of issues of concern within social science, and that it can serve as a supplement to ordinary textual analysis.

The first draft of the film was ready in May 2003 after four months of filming in New York. This version was edited through a very primitive program on a PC. After having received feedback on the

project, I applied for a grant to take it to the next level. In the fall of 2003 I made a second version together with a professional editor at The Short & Documentary Film School (K&DF) in Copenhagen. For three months we worked on the project, 1-2 nights a week (working outside normal working hours, was the cheapest solution). It was a very educational process. First, I learned about filming: how to get useful shots. Much of my material was useless. From the more than forty hours of raw film I had produced, only fragments had acceptable quality. Second, I learned a lot from the editing process itself. The procedure is very similar to 'the hermeneutic circle' where we gain meaning by tacking back and forth between the interpretation of the meaning of the 'text's' individual parts, the understanding of the general meaning of the text and our presuppositions. The 'text' here is film material. The individual scenes are small snapshots of particular events in the city. We try, through the editing procedure, to create a general meaning — a film. There are many visual methods (Rose 2001) and filmic references (cf Clarke 1997; Donald, 1995; Shiel & Fitzmaurice 2003) behind this part of the work. For a professional editor, much of this is crafted intuitively, as Sayer (1992) reminds us. I tried to control this part of the process as much as possible, asking stupid questions and demanding impossible visual expressions all the time. After this process the second draft was finished in November 2003. Armed with my newfound filmic method, I went straight back to New York and filmed for a week. And in the fall of 2004 I returned for another four months. The final version was completed during a week in late December 2004.

One of my initial thoughts was to represent an undiluted version of the center of the American Empire — New York City. All too often I have heard colleagues in Europe proclaim that "the American 'urban conflict rhetoric' is highly exaggerated" and it can "absolutely not be transferred to Europe" (Europe supposedly has, from this perspective, superior planning legislation that prevents this kind of uncivilized urbanism). Having launched a project about space wars in Copenhagen and Lisbon, I wanted to challenge this standpoint. However, I do recognize that planning and legislation in general can deflect some of the consequences of e.g. gentrification. As Tom Slater concludes in his resent study of North American gentrification:

A particularly glaring finding from both case studies is that gentrification would not be happening with anything like the magnitude I have described if there were tighter rent regulations enforced by higher levels of government. (Slater 2004, 1207)

Having said this, I want to point out that planning is neither neutral nor value free. Leonie Sandercock informed us in Chapter Five, about how planners are “engaged in an ongoing battle to keep ‘them’ out of our communities. And we create and use planning legislation for this very purpose” (1998, 21). Furthermore, we have seen Holger Bisgaard, Head of Planning in Copenhagen, pursuing a planning policy designed to attract the ‘economically sustainable population’, and get rid of the “trash”. And we have seen the urban renewal of Vesterbro and the Danish government’s plans to ‘normalize’ Christiania as flanked attacks (or slow gentrification strategies). These examples illustrate how planning and legislation can make way for “gentle and democratic” (Harvey 2003b, 1) creative destruction.

The film seeks to elucidate how space wars are integral to the ‘urban tango’ of the capitalist space economy. In the spring of 2004 one could view Lisa Autogena and Joshua Portway’s art installation *Black Shoals Stock Market Planetarium*, in central Copenhagen<sup>52</sup>. The installation showed a live representation of the world’s stock markets<sup>53</sup>. Live stock market data from Reuters are represented as stars in the night sky and, like a planetarium, presented as a hemispherical dome in a dark room. The stars and star formations ‘react’ to the trading that goes on around the globe. The installation was interesting since it gives a rare representation of the rhythms of global money. I have been interested in showing how these rhythms of global money relate to the urban scale. One of the aims, thus, has been to document how the “rhythmic flux and flow of capital investment and disinvestment in the built environment” (Clark 2004, 147) is manifested in urban space. Forces of capital destruction in the space economy trigger a battle over space resembling what (Harvey 1982, 393) calls a “frenetic game of musical chairs”.

The city, however, is more than these abstract rhythms. People inhabit the city; they are not passive empty bodies:

It is not possible to reduce the body or the practico-sensory realm to abstract space. The body takes its revenge — or at least calls for revenge — for

example in leisure space. It seeks to make itself known, to gain recognition as '*generative*', thus appropriating or shaping urban space through everyday life, struggle (Lefebvre) or tactics (de Certeau). (Simonsen 2004, 51)

In the film, populating the everyday world of the streets, we meet diverse characters like the Afro-American school guard, anarchists, the homeless flute player, Latino policemen, Chinese market-stand dealers, panhandlers, hustlers, street people, artists, laughing children and many more. We travel through areas like Wall Street, DUMBO, Midtown, Lower East Side, Time Square, Ground Zero, Harlem and China Town.

In this way, the film may also be seen as a humanist odyssey, through a 'forest of symbols', where we witness how 'all that is solid melts into air' in a 'liquid modern' world (Bergman 1983/95; Bauman 2005). Here space wars are expressed through class, ethnic and gender tensions, revealing how urban space is constituted by many different kinds of boundaries, mobilities and transnational flows of capital, people and information: a context open to alternative urban transformations.



# Appendix 1

List of interview respondents. All interviews have been carried out in person, except a few telephone interviews (\*) and one interview via mail (\*\*).

- Ana Maria Patricio, Chief Analyst, Bank of Portugal, Statistical Office  
(\*)
- Anker Jørgensen, Prime Minister (1972-73, 1975-83), Denmark
- Anna Seixas, Head of Section, Lisbon Municipality, Department of  
Technical Issues
- Bent Frank, Director, The Defense Construction Services, Copenhagen  
(\*)
- Bo Heimann, Information staff, Sonofon (\*)
- Brian Lentz, Leader of Sydhavnskompagniet (a social project for  
homeless people)
- Carlos N. Silva, Associate Professor, University of Lisbon, Department  
of Geography
- Carsten Lehrskov, Director of Analysis, European Construction  
Research, Copenhagen (ECR)
- Clara Santos, Data Analyst, National Bureau of Statistics, Lisbon
- Curt Liliengreen, Chief Economist, Entreprenørforeningen (the  
Association of Danish Contractors), Copenhagen
- Ermelinda Costa, Consultant, ICEP (Portuguese Trade and Tourism  
Office)
- Eva Glerup Andersen, Head of Section, Traffic and Environment  
Division, Inner Østerbro Neighbourhood Council, Copenhagen
- Gentil Sousa Duarte, Researcher, University of Lisbon, Department of  
Geography
- Holger Bisgaard, Head of Planning for Copenhagen Municipality
- J. Escobar, Director, ICEP (Portuguese Trade and Tourism Office),  
Department of Statistics
- Jacob Nordvig Larsen, Committee on Business and Urban Policy,  
Ministry of Environment and Energy, Copenhagen

Jaõ Farraõ, Researcher, University of Lisbon, ISCTE (Institute of Social Sciences and Business Studies)

Jens Eger, Director of Development, Højgaard & Schultz (H&S)

Joaquim Antonio, Data Analyst, Bank of Portugal, Statistical Office

Jytte Andersen, Ministre, Ministry of Housing and Urban Affairs, Denmark (\*\*)

Kai Lemberg, Adjunct Professor, Roskilde University, Denmark

Karl Gustav Jensen, Director of Planning and Development, Port of Copenhagen

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## Appendix 2

### Revised interview guide for the urban political analysis

Abstract themes	Semiabstract themes	Empirical / concrete themes
1. Increased awareness of globalization	<ul style="list-style-type: none"> <li>∞The global-local nexus</li> <li>∞Globalization as a discourse</li> </ul>	<ul style="list-style-type: none"> <li>- Events or concepts that have changed urban political priorities</li> </ul>
2. Governance	<ul style="list-style-type: none"> <li>∞Changes in the mode of regulation over time</li> <li>∞Competition between cities</li> <li>∞PPP (construction of public-private or public-public partnerships)</li> <li>∞Democracy</li> <li>∞New growth strategies</li> <li>∞Business promotion</li> <li>∞New planning principles</li> </ul>	<ul style="list-style-type: none"> <li>- Changes in co-operation between public and private actors</li> <li>- Big projects (the urban development project Ørestad, Metro, the bridge between Denmark and Sweden)</li> <li>- The role of e.g. The Ørestad Development Corporation, The Øresund Consortium, Port of Copenhagen, Business promotion (Copenhagen Capacity, Øresundskomiteen, Greater Copenhagen Business Development Program)</li> <li>- Compliance of the Danish planning acts: e.g. location near junctions (stationsnærhed), conservation, urban and rural zoning etc.</li> <li>- Transparency/ citizen participation in the decision process</li> <li>- The new spirit in Copenhagen</li> </ul>
3. Growth coalitions and the commercial property market	<ul style="list-style-type: none"> <li>∞New actors</li> <li>∞Elites</li> <li>∞Market trends</li> </ul>	<ul style="list-style-type: none"> <li>- New actors on the urban political scene</li> <li>- The role of private actors, the semipublic actors, domestic and foreign commercial property investors</li> <li>- New business/ administrative procedures</li> <li>- Actors on the commercial property market and the market trends</li> <li>- Connections between regulation and market trends</li> </ul>
4. Rescaling	<ul style="list-style-type: none"> <li>∞Politics of scale</li> </ul>	<ul style="list-style-type: none"> <li>- The role of e.g. EU, Danish State, county authorities, Greater Copenhagen Authority (HUR), Øresund Region, municipalities, urban districts in Copenhagen</li> <li>- Different actors' ability to 'move' between scales</li> </ul>



## Appendix 3

Example of the horizontal analysis:

### Increased awareness of globalization

"A couple times a month we have inquiries from international hotel companies that want to establish themselves in Copenhagen." (Bisgaard)

"When Daimler-Chrysler is to locate their Scandinavian headquarters, the municipality of course gets a little weak in the knees." (Nordvig Larsen)

"The next phase is connected to globalization, in that one began to think of Copenhagen as a part of Europe. That's why Schlüter established a committee to write the report: 'The Capital: what do we want with it?' They decided it was important to have the Øresund bridge. All of a sudden, it was possible to attract huge investments to Copenhagen, among other things, the Metro." (Lemberg)

"The ownership pattern in the harbour is a distribution among pension funds, private enterprise and Copenhagen Harbour. What foreign capital there is, is primarily Swedish (Skanska, NC)." (Jensen)

"What the international firms say, for instance Nokia, ... is that first they could recruit their workforce nationally, but now the market is such that they have to go out and recruit internationally, for instance from Sweden. It's therefore important for them to locate where they can attract international labor. This they can do in a big city. It's important to be close to an airport, since their company is spread over many countries." (Madsen)

"Nokia and Sonofon came to the South Harbour against all odds. Just four years ago no one believed anything would happen down there. Now it has become the country's largest development project, with over 400,000 square meters. I believe that has to do with foreign investors not being bound by local views of where it's attractive to live. ... The foreign firms look at the region and locations in relation to infrastructure." (Jensen)

"When a foreign investor comes to Copenhagen to buy a lot, there is almost always a Danish developer / entrepreneur who deals with the customer. Only

seldom does Copenhagen Harbour receive an inquiry directly from an international investor. Usually, it's firms already located in the country, that wish to expand; not new international firms that all of a sudden get their eyes on Copenhagen on the world map. I don't ever experience that." (Jensen)

## Governance

"In the 1960s and 1970s there was a very salient public planning. ... There was no contact with the private sphere. That was something neglected. ... Plans came from above up to the 1960s. They were elitist projects. There was no popular debate. ... We got a new set of planning laws in the 1970s and 1980s that meant increased public access to and engagement in planning. It was troublesome and time-demanding. Therefore, these corporations were constructed, which need not be subjected to the same rules of publicness, for some of the big projects. That's why we got HS [Hovedstadens Sygehusfælleskab: The Capital City Hospital Association], HT [Hovedstadens Trafikselskab: The Capital City Traffic Corporation], Øresundsselskabet, Ørestadsselskabet." (Lemberg)

"We have taken initiative to have a dinner for all the upper crust of politics and private enterprise. Sonofon provides a locale. The aim is to create a business forum, in which to form a basis for community, to generate development. The enterprises aren't either interested in having a slum next door." (Leonardsen)

"The restructuring in the municipality has made the political system more open, but the administrative system more closed" (Gleerup)

"Governance is perhaps something that to a greater extent takes place at other levels [than national], for instance municipalities. With regard to the theoretical postulate that there is a movement from government to governance, I believe it depends a lot on where you are. There is probably a tendency. But much of the old may very well remain. Engineers always use an 80/20 rule. I think it possibly applies here [Ministry of Environment and Energy]. There may very well be 20% governance, but I believe there remains strong elements of government in urban policy and planning policy — the physical planning policy of Denmark.. ... What's new is the holistic attitude in urban policy — the effort to try to rise above the partial approaches to problems, regardless if it's a matter of infrastructure or commercial development." (Nordvig Larsen)

"Planning has changed character. ... What I sense as a planner is that we to a greater degree familiarize ourselves with how market forces function. We try to

place ourselves as an extension of them, to avoid running into walls. ... This is a change, that we to a greater degree try to understand market forces. It's not them and us . We have a joint project called development. ... In other words, we have a common destiny in getting an area going. And so one enters a dialogue. It's not certain one reaches agreement, but one listens more to each other. ... In the Capital Region, this shift took place concurrently with the formulation of a business policy in the early 1990s. This put us on the track to think like businesses.” (Madsen)

”The business I am in is very little in Denmark. Everyone knows everyone. ... We are in the first place a very small market. There is a small flock of specialists. There is not room for many in this market. Therefore, it is a little flock.. It's chimeras.” (Jensen)

”There *is* a new spirit! That's why we call it ‘The New Copenhagen!’” (Bisgaard)

### *Planning principles*

”There are principles, and there is development that crosses the principles, either because the principles are circumvented or because the plan predates the principles. One loses respect for the planning system when one sees things that are forbidden.” (Madsen)

”In the South Harbour there is commercial development which is not in proximity to any station, which is a principle introduced by the Ministry of Environment and Energy. Compaq's possible location in Mølleådalén is another example of transgressing this principle.” (Nordvig Larsen)

”Citizens are interested in two things: the local environment and jobs. And most mayors would, other things equal, choose to take jobs into consideration. All the more reason for the state authorities to see their task as pulling the brakes. And that is what Svend Auken (Minister of Environment and Energy) did when he put a stop to external shopping centers. The same goes for the directives of the coast plan. Everything else is done in the municipalities. The state has few possibilities to go out and steer — only to urge the following of what the state enjoins.” (Nordvig Larsen)

”So much has happened so even the state realizes it is not always good with state regulation. Rather than dictating from above, it is a matter of finding a form of regulation through incentive. This presents a great pedagogic task.” (Nordvig Larsen)

"In Ålborg, for the last four or five years, instead of a municipal plan, a 'city catalogue' is made where smaller areas are developed. All interested parties are invited to discuss the area's future. ... It's a new way to think of planning, which is also governance oriented. They have had some problems directing the process. ... In spite of good intentions, it turns out the market mechanisms intrude and overrule some of the intentions. ... There is a greater publicness in this. But it is not representative democracy. Perhaps there has always been an element of negotiation game between the municipality and the investor. The advantage is that some of that can be brought out into the open, since all actors are invited onto the floor." (Nordvig Larsen)

"Planning is not good if it scares investors away. It is only good if they stay. And that may well cost something." (Madsen)

### *Negotiation planning*

"Negotiation planning to a greater degree takes the interests of investors into consideration. That's also why they don't want a comprehensive plan for the harbour. They don't want a rigid plan for the whole harbour area because that could scare away investors." (Madsen)

"A lot can be done if the firm that comes knocking is interesting enough." (Madsen)

"In politics you can bargain about anything." (Lemberg)

### *Democracy, power, transparency*

"When Daimler-Chrysler is to locate their Scandinavian headquarters, the municipality of course gets a little weak in the knees." (Nordvig Larsen)

"They [Copenhagen municipality] don't say it straight out that people are to be thrown out to make room for proper tax-payers, but that is — if you look at it cool and straight — de facto the goal. That is to make it difficult for people with poor economy to come into Copenhagen municipality." (Leonardsen)

"The question was raised: is there a project for an area, or can we produce one? That was an easy task. It was just to have a meeting with entrepreneurs and business leaders at Langeliniepavillonen, and there was a project a week or a month later ... The Mayor. He was 'king of the city'." (Lemberg)

”They [the private investors] have good connections. They can also threaten to move their firm abroad.” (Lemberg)

”The laws provide for improved instruments of democratic regulation. On the other hand, the upper layer of power has become increasingly aware that they can exercise their power. That’s what I call the strengthening of corporate alliances.” (Lemberg)

”That’s even worse [the democratic deficit in PPPs]. There are no demands for publicness [offentlighet – public access, transparency]. In this sense they function like private companies.” (Madsen)

”In spite of good intentions, it turns out the market mechanisms intrude and overrule some of the intentions [of the ‘city catalogue’]. ... There is a greater publicness in this. But it is not representative democracy. Perhaps there has always been an element of negotiation game between the municipality and the investor. The advantage is that some of that can be brought out into the open, since all actors are invited onto the floor.” (Nordvig Larsen)

”The Harbour is much more open now, compared with earlier, when it was a very closed organization that ran its own race. It has changed a lot in recent years.” (Gleerup)

”It’s difficult, to stand as a relatively small place and shout at a big system.” (Leonardsen)

”Our cooperation with the Harbour has been based on exchanging information and experiences. We have no decision-making authority. It’s no idea to deceive yourself and believe you’re bigger than you are.” (Leonardsen)

”What the residents are afraid of is becoming an appendix, a forgotten corner in all the new and smart. That’s what I hear. It’s the feeling of being deserted that worries them.” (Leonardsen)

”There has been a move away from top-down steering, towards a greater degree of resident influence. Urban renewal is still directed from the top. But if the residents just become active, they can have some influence.” (Gleerup)

”The biggest problem with the Greater Copenhagen Development Council is the indirect election. Decision processes become nontransparent. ...

”The Council puts limitations on the power of the counties because decisions require only a qualified majority (6 of 11). Copenhagen and

Fredriksberg can direct the Council. The concerns us out in the environs.” (Madsen)

”We still suffer from demands that all investments in Copenhagen have to pay themselves, in contrast to for instance a highway on Jutland.” (Bisgaard)

## Coalitions and rescaling

### *Neighborhood councils*

”The neighborhood councils are part of Copenhagen municipality. Their authority is quite limited. It’s the ‘soft’ areas where the neighborhood council has competence: child care, elderly care, culture, cleaning and maintenance of streets, etc. Everything that has to do with owning property and local plans is still in the hands of the municipality. It turns out there are some problems with this arrangement. There are some potential conflicts that have completely unfolded. We know the local area, but have no say in what is built. Concerning this point, we feel considerable limitations.” (Gleerup)

”We have chosen to look at the whole area, both the renewal areas and the harbour, because we are afraid that otherwise there will be an A neighbourhood and a B neighbourhood. An A neighbourhood with leading firms, ironically called the Gold Coast out here, where there are plans for luxury apartments. And a B neighbourhood for the poor. ... We want the area to function as one whole neighbourhood.” (Leonardsen)

”We have made much effort to communicate our planning to various population groups, neighbourhood councils etc. Two neighbourhood councils are concerned with the harbour. They start by saying it’s their harbour, so it’s called Østerbro Harbour and Kongens Enghave Harbour. Startled, I say ‘it’s not your harbour, it’s our harbour’. But one can turn that around and say: Yes, it’s your harbour. Now, would you like to hear what’s happening in you harbour? That’s how we decided to do. It’s fruitful, because you get a lot of good ideas.” (Jensen)

”There is not so much anxiety over contact with private firms. We have educated people here from municipal administration engaged in thinking with a clear development and project orientation. We call them neighborhood developers, someone who knows the whole neighborhood well. There are people who work in local social welfare offices who have no idea what goes on in the neighborhood. They come at eight o’clock and leave at four. What’s happening now is that people are taking a holistic perspective on the neighborhood, just like is done in a private firm. One needs to be familiar



with the whole range of products in a firm. This is what we are trying to teach these people. I think this is a new way to think of public service. This has not been the tradition. For a long time we have been sufficient to ourselves.” (Leonardsen)

### *Municipalities*

“Copenhagen Municipality is the planning authority. That the Ørestad Corporation, Copenhagen Harbour and others occasionally feel that they are the ones with planning competence is their mistake.” (Bisgaard)

### *County*

“Once you’ve put a line on the map, it’s binding. It creates expectations among those who got the line — a municipality.” (Madsen)

### *The Greater Copenhagen Development Council*

“From July 1, 2000, all planning authority is to be shifted from the five separate units to the newly established Capital City Development Council. They will be responsible for planning and for the general development of business, as well as voluntary initiatives (such as Copenhagen Capacity). So they have the power to see things in context, if they so wish. It will be the wish of central power to see things from an overarching perspective, and the wish of local interests to strengthen local development.” (Madsen)

”A classical struggle was the one in Allerød, where IBM managed to establish an international center for software out in the open landscape – clearly against the planning principle of development close to a public transport station. That was a number of years ago, before the principle came to be applied more strictly. Compaq now wants to build next to IBM in Allerød, but practice now is to now allow development outside of established business areas.” (Madsen)

”The Capital City Development Council does not contribute anything to the planning process since it is the units that come with individual planning initiatives. These are however brought together in the council. This has to do with that the various units do not want to relinquish power. Cooperation is fine, as long as it is voluntary. ... It is not certain to promote development. If something goes against the grain of one of the units, it can of course cause some friction.” (Madsen)

## *State*

“Regarding the Division of National Planning’s perspective on the commercial property market: ”The city cannot be allowed to expand when there are commercial vacancies and undeveloped commercial land in the city.” (Nordvig Larsen)

”According to the municipalities, there can be no endogenous growth, only outward growth. It is complicated, because there are also global-regional forces pulling in the direction of urban sprawl. For instance, Compaq wants to locate out in the open landscape. It is a real challenge for regulation and politicians.” (Nordvig Larsen)

## *Corporations*

”The corporations are not transparent. I believe they are a dangerous arrangement; especially the Ørestad Corporation.” (Gleerup)

”There are several agendas in Copenhagen municipality. I experience a sort of double-dealing within the Ørestad project, because there are different rules of play. There are more general rules that apply with regard to the broad discussion on environmental impacts of spatial development in which transport policy and contiguous location and infrastructure are on the agenda. But it is not at all certain it is this which determines development in the end. There it is ‘realpolitik’ that prevails. The state carries half the costs if they can’t sell the land. That is an imperative of great significance.” (Madsen)

“Ørestaden is only the first of many projects where the state, county and municipality join forces in a development operation with co-financing. ... The state’s problem is that it cannot apportion investments to Copenhagen without running into problems with the Jutlandish [west Danish] interests, even if this is where investment is needed. It is not the state that invests, it is the corporation.” (Madsen)

“Establishing Copenhagen Capacity entailed establishing a board which included private companies. Private firms thereby become discussion partners in dialogues about conditions that can provide for positive development. They visited South Carolina, in the U.S., where there is a similar organization. They gained inspiration for cooperation between public authorities, private business interests and research institutes.” (Madsen)

"It [Copenhagen Capacity] is an institution that primarily promotes investment. It has no interest in assigning proximity to stations. I doubt that keeps them awake at night." (Madsen)

"We establish corporations also with private firms, share the investments and the risks. We try to test things in these corporations." Jensen)

"It's they [the corporations] who steer!" (Madsen)

### *The harbour*

"Copenhagen Harbour is a state in the state. It is neither under the state nor the municipality. It has its own board, with members from the state and the municipality. So it can run its own race." (Lemberg)

"We have the National Archive's word that we are from 950, so we've been here longer than the city has. So it's the others who have to conform. That's how all harbours perceive themselves." (Jensen)

"There's bundles of money to be had developing land. You can double the value by creating a formal plan and a building with a tenant. So we do it too." (Jensen)

"One of our tasks is urban development, including qualitative development of urban areas. ... Copenhagen Municipality is the planning authority. No doubt about that. Our task is to present the Harbour's view. We have a very close relationship with Copenhagen Municipality." (Jensen)

"When I came to the Harbour, there was a war between Copenhagen Municipality and the Harbour. One of my tasks was to some common ground between the planning authorities. (Jensen)

"The municipality has considerable insight into the activities of the Harbour through the board, and we have insight into the municipality. I wouldn't say it is without conflict; that it certainly isn't. For the time being, it works well." (Jensen)

"The Harbour runs around and believes it's a self-owned institution." (Bisgaard)

"I see my role as an initiator." (Jensen)

## *Strategies*

"Analyses are made on the comparative advantages of the Capital Region, reaching the conclusion that we are strong in the areas of medicine and health, information technology, distribution. With the means at hand, how can we strengthen these areas?" (Madsen)

"Also the EU and increased focus on regions influence national policy to emphasize the capital city region as part of the Øresund region, a region in competition with other regions. This is a new way of perceiving Copenhagen." (Madsen)

"It is Copenhagen's strategic position in the northern hemisphere that makes it interesting for developers. The airport plays a decisive role." (Jensen)

"Of the twelve to thirteen hundred firms that Copenhagen Capacity has helped to the region between 1995 and 1998, only a small handful have chosen to locate in Roskilde County. Most have located themselves in central or northern Copenhagen. Proximity to the city, the airport and decision-makers are what draws." (Madsen)

"What can we do to put Copenhagen in a strategic position, so that we get our share of the growth? Development of Ørestaden is essential." (Bisgaard)

"The airport is of decisive importance for Copenhagen. Another central aspect attractive to business is that we have a peaceful labour market. And business is generally satisfied with the labour force. ... Firms like Nokia and Sonofon have difficulties attracting qualified labour. They therefore employ internationally. Salary is not the issue: they pay what it costs. What is important to attract labour is the supply of culture in the city. Do things happen in the city and is there life on the streets? The location of the workplace is also important." (Jensen)

"For me, housing policy is the key to Copenhagen's development. If we can't change the housing stock, we will continue to be the poorest municipality in the capital region. We won't change the type of people living here, and so the municipality won't become sustainable. ... We have made a study that shows that we get all the trash, pardon the expression, because of the cheap housing. The middle class, who we would want to stay, moves to Sweden." (Bisgaard 2000)

"Not even a decent immigrant worker family can live there [in the small social housing flats]. [chuckle]" (Bisgaard)

“Holger [Bisgaard] has seen the economic light. 70% of our flats are two rooms or less. This has considerable impact on our social profile.” (Leonardsen)

“Industry and service firms say that they experience difficulties in getting the so-called ‘flyers’ to live here. Because they can’t get a hold of the right kind of dwelling. ... They do not want to be tied down to a place. They want rental apartments, like those out in Langelinje. A study we have made of all the housing areas shows that if we look at figures for foreign origin – or non-Danish citizens, or whatever they are called – Langelinje is one of the areas where there are most. That’s not exactly what we expected. But, of course, it is an entirely different group than those out in ...” (Bisgaard)

“One thing we have done is to ask if perhaps some of the dwellings in the neighborhood could possibly be of interest to the employees [in Sydhavn]. Consequently, we have organized a ‘green allocation’ whereby people who work in the area have priority to dwellings in the neighborhood.” (Leonardsen)

“We [Kongens Enghave Neighborhood Council] have employed someone with a background in private enterprise to communicate with firms. It is important that this person can speak the language of firms and understand the mechanisms that move firms like Phillips and Sonofon.” (Lenoardsen)

### *Boom or recession, fluctuations in the economy*

”But then we got that glorious collapse in the 1970s, which entailed the fantastically fine thing that the balloon popped for all the grand plans. That was the most beautiful day of my entire life as planner. It started in 1973, and they gradually fell.” (Lemberg)

”I can see a clear connection there [between planning and economic fluctuations]. ... I would say that each boom, the 1960s and the 1990s, is itself. It is not a repetition. It happens on another level. And the power relations between the various actors can change.” (Lemberg)

”You aren’t allowed to do that down there [build right down to the water, allowing no access to the public of public space by the water]. That’s something one in principal cannot do. ... I think it has to do with when the development takes place. Daimler-Chrysler came a number of years ago, when both the Harbour and the municipality were very hungry for new firms. In such a situation, of course, many things are possible, which would not be possible when there is excess demand [for developing properties].” (Nordvig Larsen)

"I believe it is very important to remember fluctuations in the economy when looking at this. The ability to keep a cool head is very dependent on fluctuations in the economy." (Nordvig Larsen)

"Development in the harbour is unbelievably sensitive to the state of the economy [konjunktur]. And it has become very popular to live in the harbour." (Jensen)

"Overall I don't think the state is afraid that capital will leave Denmark. I believe that is an expression of confidence. They'll come around anyway. It's a whole lot easier to have that attitude when there is a boom than when there is a slump." (Nordvig Larsen)

"If we aren't able to secure more housing in Copenhagen during a boom, then I reckon we never will." (Bisgaard)

"We were happy as long as anything was built. We were delighted to see a single crane. Then we came into a different phase, a boom, and today there are many cranes all over town. We don't need to lie down." (Bisgaard)

"There are so many factors to take into consideration. And the tables can turn in a year. ... It's like the stock market that crashes because of nervousness, and no one understands why. The same thing goes for this market." (Jensen)

"It's always easy to reach agreement in times of upswing. It's also easy to be a developer in times of upswing." (Jensen)

*There is a new spirit!*

*That's why we call it The New Copenhagen!*

{What is the most significant and most marked change in Copenhagen Municipality?} "The spirit" {The spirit?} ... "The new spirit in Copenhagen municipality. The spirit in which we to a greater degree attend to the municipality and its problems, both as politicians and as administrators. The spirit in which we take more consideration of the municipal economy. The spirit in which we are more conscious of how we plan and try — not from a narrow perspective, but from a broad view — to get things to work in planning. The spirit — it's a new spirit — that has come to Copenhagen. That is the most crucial change. It's psychological. That's why we call it a spirit. ... The spirit is totally central to understanding what is happening in Copenhagen these years." {Was there anything in specific that generated this change?} "It was the 92-syndrome. A new grip was taken. The bridge decision was made, and Ørestaden came. The Metro came. All these things came in the

early 90s. We sold all our properties and, as it were, saw the world anew. That established a good ground for other initiatives. ... Old ways of thinking disappeared and new ways of thinking came to Copenhagen municipality. ... There is a new spirit! That's why we call it 'The New Copenhagen'! ... I don't think you can make these changes without first taking care to prepare a new spirit." (Bisgaard)

"A new spirit ... I don't know. It may be that Holger [Bisgaard] sits there in City Hall and notices it. But when you sit out here and work with the City Hall, you could wish the spirit were a bit faster at spreading through the system. But you can notice it locally in the neighborhood, that there is a strong will to try to think differently. But I believe it is a long process, to create this new spirit.

"So yes, I believe there is something underway, but I think it's a damned long haul. ... What I've experienced out here is a break with the traditional municipal way of thinking about work, to define work very narrowly. That there is now another attitude towards worktime, the workplace and work tasks. That one can cross over in relation to each other. The sense that one can very well cross over the boundaries of specialists, so as to reach clarity over how things hang together." (Leonardsen)

"There is not the same fear of touching [private firms]. We have educated people here from the municipal administration to think along the lines of development and projects. We call them 'neighborhood developers'. People who can relate to the whole neighborhood. There are people who have worked at a social center for years and don't have the faintest clue what is happening in the neighborhood. They'd come at eight and go home at four. What needs to happen is that people start to relate holistically to the neighborhood, like private firms do. You have to know the firms entire production. That's what we're trying to teach people here. I believe that is a new way of thinking in the public sector. It hasn't been a tradition. We have for a long time been self-sufficient.

"I think it is the same thing Holger [Bisgaard] refers to. It is an effort to change the culture. But it's nothing that's done in five minutes — it isn't even done in five years." (Leonardsen)

"The spirit has changed. That's true. I believe it has become more centralistic. Even if decentralization is talked about, the big decisions have become more centralized. It is no coincidence that the new financial manager comes straight from the Ministry of Finance." (Gleerup)

"If it is true, what Holger Bisgaard says, that there is a new spirit in the municipality, if it spreads out in the system, then that's the way we shall go.

That would be good for the experiments with neighborhood councils. Because it hasn't been clear to people further down in the hierarchy what we stand for." (Gleerup)

"It was first after 1992 that the grip was taken, and we got a whole new politics for municipal development." (Bisgaard)



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# Endnotes

- <sup>1</sup> The film *Hans Christian Andersen* from 1952 has inspired the imagining of Copenhagen as “wonderful”. Today ‘Wonderful Copenhagen’ is a public-private foundation functioning as the official convention and visitors bureau of Copenhagen, dealing with Copenhagen as a leisure and business destination. See also Chapter Five.
- <sup>2</sup> In the epilogue I will return to some of my NYC experiences.
- <sup>3</sup> *Jyllands Posten*, a Danish newspaper, published 12 cartoons depicting the Prophet Mohammed in September 2005. As a consequence, protests spread in the Muslim world during the following months.
- <sup>4</sup> According to Copenhagen Municipality’s Statistical Office, 878 people (hereof 167 children) were registered inhabitants of Christiania on January 1, 2003. Demographically, middle-aged couples dominate Christiania. Average income is 106.000 DDK, which is almost half of the average income in Copenhagen in general. 33% is connected to the job market (56% in Copenhagen in general).
- <sup>5</sup> See Merrifield (2002, 158).
- <sup>6</sup> With more than 5000 apartments, Lejerbo København, is one of the largest non-profit rental housing associations in the capital city. As an antipode to neo-liberal urbanization, with its roots in the everyday geographies of people’s home, organized around a multi-scalar democracy, Lejerbo København produces and protects the ‘urban commons’: something worth studying and fighting for!
- <sup>7</sup> Questions regarding the film: anders.lund\_Hansen@keg.lu.se.
- <sup>8</sup> Since this dissertation consists of a collection of papers, some overlap between the chapters occurs.
- <sup>9</sup> See *Oxford English Dictionary* or [http://owl.english.purdue.edu/handouts/general/gl\\_metaphor.html](http://owl.english.purdue.edu/handouts/general/gl_metaphor.html).
- <sup>10</sup> See Simone (2004).
- <sup>11</sup> In the spring of 2004, without any major violent coordinated resistance from the inhabitants of Christiania, the police closed down Europe’s largest open-air cannabis market in “Pusher Street” where ‘pushers’ sold their products from 30 booths in the center of the community (See Guldbrandsen, 2005).
- <sup>12</sup> Primitive accumulation took place in different countries at different times and was not *one* historical event but a series of events, separated by space, time and form.

- <sup>13</sup> At the urban scale, the same strategy has been successfully deployed in Thatcher's privatization of the social housing stock in UK in the 1980s and is being implemented in Denmark recently by the Danish right wing government.
- <sup>14</sup> Throughout history there have been many different kinds of empire: Roman, Ottoman, Imperial Chinese, Russian, Soviet, Austro-Hungarian, Napoleonic, British, French, Spanish etc. According to Johan Galtung (2004), empire has a life cycle reminiscent of an organism, with conception, gestation, birth, infancy, childhood, adolescence, adulthood, senescence and death. Hence decline and fall of empires is to be expected. He estimates that the timeframe for the US Empire is less than fifteen years.
- <sup>15</sup> Association of Interprofessionnal Employers Businessmen Organisations of European Capital Cities. Employers and business peoples organizations of the following European capitals are members of the OPCE: Athens, Berlin, Brussels, Budapest, Lisbon, London, Madrid, Moscow, Paris, Rome, Sofia, Stockholm, Valletta, Vienna, Warsaw.
- <sup>16</sup> This ascertainment leads to what Roy Bhaskar characterizes as a non-empirical epistemology and a non-atomic ontology (Philo 1991). Behind this lies a critique of the empiricist and positivistic scientific approach, and its 'closed system' worldview.
- <sup>17</sup> 'Nature', however, is a contested concept because nature and society are in many cases *not* clearly separated realms (Smith 1990).
- <sup>18</sup> Critical realism thus represents a critique of inductive and deductive research, by proposing an interaction between abstract and concrete research (Sayer 1992). This break away from induction and deduction has been labeled 'abduction' (Kirkeby 1990).
- <sup>19</sup> Other researchers have suggested different mediating concepts to understand the connection between the abstract and the concrete. Bourdieu uses 'habitus' and Giddens structuration (Thrift 1983).
- <sup>20</sup> For a full account of this part of the operationalization process, see Lund Hansen (2000).
- <sup>21</sup> Clark & Lund (2000).
- <sup>22</sup> This paper has benefited from critical comments and suggestions raised in the session on Global Cities in Comparative Perspective sponsored by the Urban Geography Specialty Group at the 94<sup>th</sup> Annual Meeting of the Association of American Geographers, Boston, 25-29 March, 1998. We are also indebted to Hans Thor Andersen, John Jørgensen, Kris Olds, Jennifer Robinson and two anonymous referees for constructive criticisms of earlier drafts.
- <sup>23</sup> In the following we abbreviate Greater Copenhagen to Copenhagen. All references to Copenhagen are to the Greater Copenhagen area.
- <sup>24</sup> We use commercial in the broad sense of both trade and office space, not only retail space; and property in the narrow sense of real estate.

- <sup>25</sup> Based at the Institute of Geography, Copenhagen University, with financial support from the National Danish Social Science Research Council, the project is part of the EU COST Action A9 CIVITAS: The transformation of European cities and urban governance.
- <sup>26</sup> See Lund Hansen (2000) for a more thorough report on method and empirical analysis.
- <sup>27</sup> We are indebted to Lisbet Mehlsen at the Statistical Office of the National Bank of Denmark for the valuable information she provided and the many hours of extra work we caused her.
- <sup>28</sup> Ministry of Environment and Energy (1997) and Sadolin & Albæk (2006).
- <sup>29</sup> The investment include three properties: Kalvebod Brygge 43-45 (16.000 m<sup>2</sup>), Peblingehus: Nansengade 19 (12.000 m<sup>2</sup>), Baltorpevej 154-158 (14.000 m<sup>2</sup>) (DN Erhverv, 2005).
- <sup>30</sup> Øresund is Danish for The Sound between Zealand (Denmark) and Scania (Sweden). The Øresund region is one of numerous cross-border regions emerging in Europe (Maskell & Törnqvist 1999).
- <sup>31</sup> Lund Hansen (2003b).
- <sup>32</sup> I would like to thank Bruno Moriset, Eric Clark, John Jørgensen and two anonymous referees for valuable critique and comments of earlier drafts. Also a special thanks to Frank Hansen and Diogo Abreu for introducing me to the political economy of Lisbon. An earlier version of the paper was presented at the International Geographical Union International Conference, "Public Administration, Public Policy and Governance: Challenges & Innovations" in Lisbon 9-11 April 2003. Thanks to all the participants, especially Carlos Silva for organizing the conference. The usual disclaimers apply. I also thank my good friend Benny K. Nielsen for the camaraderie during my first stay in Lisbon in 1999. In Bairro Alto we come to imagine new modes political economy. The generous financial support of The Danish Research Training Council (FUR) is gratefully acknowledged.
- <sup>33</sup> World Trade Organization (WTO), International Monetary Fund (IMF) and World Bank (WB).
- <sup>34</sup> For a more detailed account of the problems met in the Copenhagen study see Chapter Two and Lund Hansen (2000). Similar problems were met in the Lisbon study.
- <sup>35</sup> I am indebted to Ana Maria Patricio and Joaquim Antonio at the statistical Office of the Bank of Portugal for the valuable information they provided and the many hours of extra work I caused them.
- <sup>36</sup> The value of the newly constructed commercial properties in Greater Lisbon was 12 billion PTE in 1990, 8.5 PTE billion in 1991 and 21 billion PTE in 1992. In 1996 the value of new construction in commercial properties in the entire region 'Lisboa e Vale do Tejo' was 50.9 billion PTE, 56 billion PTE in

1997, 57 billion in 1998, and 300 billion PTE in 1999 (National Bureau of Statistics).

<sup>37</sup> Ana Seixas, an urban planner in Lisbon laughed when I asked her if any authorities kept statistics on the value, size, investment and ownership of the commercial properties.

<sup>38</sup> Gentil Sousa Duarte, University of Lisbon, Department of Geography. J. Escobar, ICEP (Portuguese Trade and Tourism Office), Department of Statistics. Ana Maria Patricio & Joaquim Antonio, Bank of Portugal, Statistical Office. Maia José Pinheiro, National Bureau of Statistics, Department of Industrial Statistics, Office for Building Construction Surveys. Clara Santos, National Bureau of Statistics.

<sup>39</sup> Ermelinda Costa, ICEP (Portuguese Trade and Tourism Office). Leonel de Sousa Fadigas, AMBELIS (Agency for the Economic Modernization of Lisbon). João Farrao, University of Lisbon, ISCTE (Institute of Social Sciences and Business Studies). Anna Seixas, Lisbon Municipality, Department of Technical Issues. Carlos N. Silva, University of Lisbon, Department of Geography.

<sup>40</sup> For a more detailed account of EU economic policies, see e.g. Mutray (2003) and Dennis & Guio (2003).

<sup>41</sup> Demand for residential housing is also an issue for the city. Lisbon has a large stock of 'illegal housing' without sanitation and electricity. The problems arose when Portuguese citizens returned from the ex-colonies in the 1970s. 300,000 of the new citizens came to Greater Lisbon, which created enormous demand for housing (Seixas 1999).

<sup>42</sup> Lund Hansen et. al. (2001).

<sup>43</sup> Lund Hansen (2003a).

<sup>44</sup> I am indebted to Eric Clark and Bo Petersson for valuable critique of earlier drafts. I have also received encouragement and critical comments when earlier versions of this paper were presented at the International Conference of Critical Geography, Békéscsaba, Hungary, June 2002, Nordic Summer University's annual meetings in Tórshavn, Faeroe Islands April 2002 and Gothenburg, Sweden July/August 2001, and in seminars at Lund University and The Graduate Centre, City University of New York (CUNY). The generous financial support of The Danish Research Training Council (FUR) and The Swedish Foundation for International Cooperation in Research and Higher Education (STINT) is gratefully acknowledged.

<sup>45</sup> For more on scale see e.g. Brenner (1998), Marston (2000), Simonsen & Holm 2003, Smith (1990, 1995) and Swyngedouw (1997).

<sup>46</sup> "The European Monitoring Centre on Racism and Xenophobia (EUMC) was established in 1997 by the European Union as an independent body to contribute to combating racism, xenophobia and anti-semitism throughout Europe. The EUMC works with the Council of Europe, the United Nations



and other international organisations. It has the task of reviewing the extent and development of racist, xenophobic and anti-semitic phenomena in the European Union and promoting "best practice" among the Member States" (EUMC 2002).

<sup>47</sup> There are many local critical voices of resistance in Sydhavn, and local critique has recently come to focus on the physical planning – the infrastructure and the traffic. It is indeed interesting to analyse the battlefield of physical planning in Sydhavn: the power relations between the different actors on the urban political scene. Andersen & Nordgaard (2002) describe this in great detail and analyse how local governance networks have tried to reduce the traffic in the area.

<sup>48</sup> See e.g. [www.nmass.org](http://www.nmass.org)

<sup>49</sup> See Smith (2002a).

<sup>50</sup> On February 15 2003, around the world, more than 10 million people protested against the war. The slogan was "The world says no to war". It was the largest day of coordinated protest ever known. In New York City more than 500,000 people were out protesting (<http://www.unitedforpeace.org/feb15>).

<sup>51</sup> I was filming there when the police closed down the cannabis market in March 2004. Apparently I crossed a line when I did this, because one of the guards from Pusher Street commanded me to delete the film under his inspection. These guards are often associated with the motorcycle gangs that control the cannabis market, and I had the impression that I was lucky that I could leave with my camera and health intact.

<sup>52</sup> Earlier, in a different composition, the installation has been shown at Tate Britain in London.

<sup>53</sup> Frankfurter Wertpapierbörse, Eurex, Milan Stock Exchange, London Stock Exchange, New York Stock Exchange, NASDAQ, Toronto Stock Exchange, Tokyo Stock Exchange, Singapore Stock Exchange, Hong Kong Stock Exchange, Copenhagen Stock Exchange, Oslo Stock Exchange, Stockholm Stock Exchange, HEX (Helsinki Stock Exchange).



## Dissertations

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# CAPITALISM MEANS CONSTANT WAR

...reads the graffiti on the wall in gentrified Gamla Väster in Malmö, Sweden. Capitalism tends towards geopolitical and geoeconomic spatial warfare at all scales. How does this affect contemporary urban transformation?

Recent urban transformations are here analyzed through the lens of space wars. The main focus is on investment flows in the commercial property market, changes in urban governance and changes in social geography, and how these three aspects are related. Drawing on cross border investment data, archive studies, interviews with key actors and street walking experiences in Copenhagen, Lisbon and New York, the book offers insight into the 'glocal' logic of urban imperialism and its tendency towards uneven development – fundamental forces that shape our cities in the 21st century.

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