

Experimenting with alternative economies: Four emergent counter-narratives of urban economic development.

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Abstract

In recent decades neoliberalism has become a powerful narrative that has shaped processes of urban economic development across the globe. Any future attempts to steer urban transitions will need to engage with and potentially challenge this dominant approach. This paper reports on four nascent ‘new economic’ logics which represent fundamentally different imaginaries of the urban economy. In each case, the underlying narrative informs already existing urban experiments in transformative social innovation, leading to the production of new patterns of (economic) relation and practice. Each of these experiments offers a counterpoint to conventional understandings of the neoliberal urban economy across four key dimensions: What is the purpose of economic development? What are the preferred distributive mechanisms? Who governs the economy? What

is the preferred economic form of organisation? In conclusion, the emergence of these experiments and their concomitant narratives not only illustrates that cities are spaces where counter-narratives can emerge and circulate, but also that acknowledging the existence of these alternative visions opens up a wider set of possibilities for future urban transitions.

1. Introduction

In the 'century of urbanisation' [1, 2] cities are seen as critical sites for societal change in general [3] but also specifically for sustainability transitions [4, 5, 6]. Attempts to steer urban sustainability transitions create a number of difficulties, not least how such transitions relate to the role of cities as sites of economic production, consumption, exchange and innovation. A narrative based on neoliberal market rationality has, in recent decades, played a significant role in shaping the governance, economies, built environment and infrastructure of cities [7]. The power of this narrative is that it creates a 'common sense' way in which urban economic development should be pursued, which is underpinned by a certain set of logics and enacted through a set of decisions, relations and practices. Here we highlight four important dimensions of the overall neoliberal narrative:

- Economic growth should be the prime policy objective.
- Markets (and therefore privatization) are the most effective and efficient means of economic (re)distribution.
- Urban elites and professionals or experts should be primarily in control of urban planning and decision making.
- Private enterprise should be promoted as the dominant form of economic organization. Large enterprises, inward investment and mega-projects are to be encouraged.

Any attempt to steer processes of urban transformation will require some kind of engagement with this incumbent narrative. Arguably, the extent to which a transition is truly 'transformative' will depend upon the degree to which currently dominant practices are displaced or replaced. Whilst there is no doubt that the neoliberal narrative has been a powerful driver of urban economic development, the reproduction and reification of dominant capitalocentric discourses can obscure the multiplicity of existing economic possibilities that are operating under alternate logics [8]. This paper argues that whilst cities are crucial sites of the 'spatial fix' of neoliberal capitalism [9], they also offer the experimental space from which counter-narratives can emerge. These counter-narratives pose a challenge to the dominant neoliberal approach to urban economic development by proposing novel ways of organizing economic relations which might form the basis of a more fundamental transformation in the urban economy. Acknowledging and recognizing this diversity in strategies of urban economic development is a critical step towards opening up future possibilities in urban transition processes [9,10].

This paper highlights four counter-narratives of urban economic development, each of which challenges key aspects of the dominant neoliberal discourse. In each case these are being enacted in localised experiments of transformative social innovation (TSI). We define TSI as changes in social relations, involving new ways of doing, organizing, knowing and framing [11,12]. In each of these cases there is an explicit attempt to fundamentally change economic and social relations, i.e. to bring about

transformative societal change [13,14]. These experiments are both informed by, and reproduce alternative narratives of urban economic development. In doing so they begin to open up the possibilities of alternative (urban) economies that exist beyond the dominant, capitalocentric mainstream narrative [15]. Whilst there are similarities and overlaps between the discourses, each experiment is seen as emblematic of a wider set of ideas around how the urban economy might be organized otherwise. The transformative potential of each of these cases has been explored in more depth through the Transformative Social Innovation (TRANSIT) project and further, more detailed analyses are available [16, 17, 18, 19].

2. Transition Towns: degrowth and localisation as a challenge to economic growth

Transition Towns is a movement of place based community activism that involves citizens developing projects across a range of domains including food, energy, finance and transport. Starting in 2006 in Totnes, UK, the movement has spread internationally to encompass over 1,000 initiatives on several continents. In the urban context transition initiatives are often organized at a neighborhood or suburban level. Whilst Transition Towns styles itself as a positive and constructive form of activism, one which seeks to engage with a wide range of partners, it is underpinned by a radical critique of mainstream economics – degrowth – which also produces an alternative vision for the socio-economic configuration of urban areas. This directly challenges the idea of economic growth as a primary objective of urban economic development.

Proponents of degrowth – such as many Transition Towns activists – argue that exponential economic growth cannot continue indefinitely in a world of finite resources [20], calling for a reorientation of economic activity away from continuous expansion and toward lower material production and consumption [21, 22, 23]. The major ecological concern that underpins calls for degrowth is related to perceived limits on planetary capacities to absorb and process material wastes from economic activities without loss of (or changes to) critical ecosystem properties and functions, such as climate regulation. Degrowth is related, therefore, to calls for other kinds of economic systems, such as a zero-carbon economy, a dematerialized economy or a circular economy, and switches from selling (material) goods to selling (dematerialized) services. In the case of the Transition Towns movement, new forms of economic relation can also include non-market forms of production and exchange including self-provisioning, the commons and gift economies. Whilst degrowth is something that can be envisaged at the macro-economic scale [24] Transition activists often place a strong emphasis on building the strength and resilience of the ‘local’ economy as a core strategy. This involves building circuits of local production and consumption, rather than competing to attract inward investment [25]. At the urban level transition activities which seek to promote localisation and resilience include the development of local currency systems, supporting local food production, community ownership of energy and supporting locally owned forms of enterprise.

2. Sharing cities: sharing as a new form of economic exchange

A growing number of cities are self-identifying and networking under the banner of *sharing cities*, around eighty of which are officially members of the Sharing Cities network. Definitions of the sharing

economy vary and overlap with broader ideas of the collaborative economy and peer-to-peer production and consumption [26]. Botsman [27] defines three different types of collaborative economy:

- i) A redistribution market where unwanted or underused goods are being redistributed or reused (such as freecycle or garden share),
- ii) Collaborative lifestyles where non-product assets such as time, skills, money or space are exchanged or traded in new ways (e.g. air-BnB or peer to peer finance), and
- iii) Product service systems where people pay to access a good rather than buy it (e.g. car share).

In each case, various different types of sharing and business (for-profit and not-for-profit) can be identified and the extent to which for-profit businesses are contributing to a wholly new form of economy has been questioned. However, it is claimed that growth of sharing and collaborative production and consumption have been fostered by the 2008 economic crisis [28; 29] and Cohen and Kietzmann [28] argue that the emerging sharing economy is particularly interesting in the context of cities that struggle with population growth and increasing density.

At its essence, the collaborative economy is about new forms of networked production and consumption - facilitated by new forms of technology - that bring people together in new ways, often without intermediaries and outside existing markets or institutional structures [30]. It therefore offers a direct challenge to the idea of privatisation and markets as the most effective allocative mechanism for economic and public goods. According to Stokes *et al.* [31 p.7] "activities and models within the collaborative economy enable access instead of ownership, encourage decentralised networks over centralised institutions, and unlock wealth (with and without money)." Sharing cities implement new networks and platforms of sharing across a range of different domains such as food sharing or car sharing as well as through the creation of specific spaces which embody a sharing, collaborative ethic such as co-working spaces and co-housing schemes.

3. Participatory budgeting: solidarity economy as bottom up economic governance

Participatory budgeting involves the inclusion of citizens in municipal financial decision-making and was first started as an experiment in the city of Porto Alegre in 1989. Whilst the original experiment has become somewhat managerialist and institutionalised, the innovation has been translated into a number of different models, and the principles of participatory budgeting have been advocated as an important strand of building economies based around the principles of solidarity rather than competition, where collective needs are prioritised over individual accumulation. Participatory budgeting reflects attempts to democratise decision making around resource allocation within the urban context and can be understood as part of a broader movement towards participatory democracy. By 2015 the *International Observatory on Participatory Democracy* has grown into an international network with 341 local governments and 274 universities, research centres and associations in 71 countries. Participatory democracy – particularly where decisions are made over economic resources – can be considered an example of the *solidarity economy* in action, an approach to economic development which advocates a range of collective, grassroots methods of organising economic activity where decision-making lies with ordinary citizens [32].

Contrasting the solidarity economy as an alternative to both the capitalist market and planned economies, Miller [33] defines solidarity economics as “an organizing tool that can be used to re-value and make connections between the practices of cooperation, mutual aid, reciprocity, and generosity that already exist in our midst. Such a tool can work to encourage collective processes of building diverse, locally-rooted and globally-connected, ecologically-sound, and directly democratic economies”. Miller [33] emphasizes the bottom up community-led nature of solidarity economy activity and how it is something that needs to be actively nurtured and built. Singer [34] argues that solidarity economy has a number of core themes: participatory democracy; equity; environmental sustainability and transnational solidarity. The implementation of participatory budgeting within the urban context promotes the democratic control of urban finance, contributing to the first of these three strands and enables the involvement of citizens in urban economic governance.

4. Impact Hub: Social enterprise as a new form of economic organisation

Impact Hub is a community focused network of social entrepreneurs, combining elements from co-working spaces, innovation labs and business incubators in order to support the development of purpose driven social enterprises. Since 2005 they have spread to 70 cities globally with a membership in excess of 15,000 individuals, predominantly social entrepreneurs.

Social entrepreneurship is characterised by the combination of entrepreneurial and commercial means with social goals [35, 36]. It is ‘not-for-profit’ in the sense that profit is made, but such profit is not the primary driver. The main goal is to achieve desired social impact [37]. Interest in social entrepreneurship, and the role that it can play in social provision and welfare, grew significantly in the 1990s. In a report pivotal in popularizing the concept, Leadbetter [38] argues that social entrepreneurs are ‘social’ in several senses: in promoting social outcomes; in that their focus on social capital gives them access to other capitals; and, in that they establish organisations that are socially-owned and not primarily profit-focused. It is for these reasons that social enterprises are often celebrated as providing a viable alternative to privatization, de-regulation and re-regulation [39, 40]. Social enterprises can operate at various scales. For example, at international level there are fair trade organisations, whilst those with a more local focus can be characterised as community enterprises which deliver services at neighbourhood level [41]. In the latter case, they can contribute to the development of what has been characterized as a non-market, community economy [42]. Here enterprises are controlled by, and responsible to, the citizens that they serve, and are not solely driven by the imperative to seek profit. The rise of social enterprise, in all its forms, therefore reflects an alternative to conventional private enterprise.

5. Conclusion

Urban sustainability transitions necessarily involve significant economic reconfigurations. Questions about sustainable urban economic development cannot be separated from questions relating to the continuing dominance of a neoliberal narrative of urban economic development and the way in which this shapes economic practices and relations. This paper has highlighted four alternative narratives to neoliberalism which are informing experiments in transformative social innovation. Table 1 provides a summary of the four alternative discourses and the way in which they contrast with the dominant neoliberal approach to urban development. Each case exemplifies a significant challenge to the

neoliberal narrative on one of the four key dimensions that were identified. However, whilst these four strands of 'new economic' thinking can be analytically distinguished, they overlap and have several commonalities in their underlying philosophies.

Firstly, they all challenge the extent to which economic growth should be the primary goal of urban development. Some, such as the Transition towns movement question the very possibility of ongoing economic growth, articulating an alternative vision of 'degrowth'. The others, at the very least, seek to decentre economic growth as the sole driver of economic policy. All of them also emphasise the significance of building social capital as well as financial capital. These critiques contribute to a broader ongoing debate around different forms of valuation and the goals and measurement of economic progress [43]. Secondly, they all seek to promote a much greater role for citizens in the urban economy, whether this is through decision making, visioning the future or through the collective ownership of assets. Thirdly, each of them questions the efficacy of markets as the primary mechanism of economic allocation, and instead point to alternative forms of non-market distribution including shared commons and non-monetary peer-to-peer exchange. In each case then, there is the desire to point to the existence of economic possibilities which lie outside the confines of conventionally imagined markets. Finally, there is also a focus on a broader range of organisations which can support livelihoods and support some of the other objectives described above. Co-operatives, small businesses and social enterprises are all promoted as forms of economic organisation.

We conclude with two important implications for urban sustainability transitions. Firstly, as is the case with other forms of sustainability experimentation, cities provide a supportive geographical context in which experiments with new economies can be mobilized and articulated [44]. The city is therefore both a site of neoliberalism *and* a key site of critique and alterity. Whilst the neoliberal discourse is powerful, there is also always the space for counter-narratives and their related experiments to emerge. Proximity of other actors (volunteers, foundations, sympathetic politicians, the media) means that cities can provide resources and visibility for experiments. But to label these as only 'experiments' belies the fact that they are already entangled and reconfiguring the socio-material fabric of the city: that they are having real material consequences, both within their immediate localities and beyond. Consequently, the global networks that emerge are often also based on links between urban actors and organisations. Secondly then, the acknowledgement of their existence not only opens up the possibilities of what urban transformation might entail, but is to also challenge dominant imaginaries of urban economies, so we can begin to imagine the city as a site of multiple, co-existing and overlapping diverse economies [45]. In this way these alternative narratives challenge dominant framings of what constitutes the urban economy and how it might be transformed. So, whilst neoliberal models of urban development are prevalent and powerful, there are already existing counter-narratives which provide a starting point for the imagination of different possible future pathways.

Table 1: Summary table of narratives of urban economic development

| | | Transition Towns | Sharing Cities | Participatory budgeting | Impact Hubs |
|-------------------------------|---|--|---|---|---|
| Narrative | Neoliberalism | Degrowth | Collaborative economy | Solidarity Economy | Social economy |
| Aim | Economic growth as dominant objective of economic development. | Local economic resilience as a key objective. Also a focus on wellbeing and other non-economic factors. | An economy organised around peer to peer principles which facilitates reuse, sharing and builds social capital. | Primary aim of economic solidarity where needs are prioritised over economic competition and profit. | Objective of a social impact economy where positive social impact is prioritised alongside conventional economic development. |
| Distributive mechanisms | Markets as dominant mode of economic distribution and organisation. | Sharing, commons, non-market exchange as key forms of distribution. | Sharing and collaborative platforms as a key form of economic distribution. | Distribution driven by need not by market imperative. State and other actors involved in non-market exchange. | Sharing as a mode of organising within networks (e.g. Impact Hub). Markets not purely driven by profit. |
| Governance | Elites in control of resource allocation and decision-making. | Focus on citizen led planning and visioning. | More democratic and distributed modes of control and decision making. | Citizens involved in key decision making processes about resource allocation. | 'Third sector' as an important part of the economy. |
| Form of economic organisation | Private enterprise as the dominant form of enterprise. | Citizens as innovators. Small business, co-operative and non-profit modes of enterprise. | Commons and peer to peer platforms as forms of enterprise. | Focus on co-operatives and other collective forms. | Social enterprises as key forms of organisation. |

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