

Urban Planning  
Urban Economies And the Financialized City

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## The Financialized City

This paper will cover how economies and the industrial complex effect cities, particularly in North America.

## The Mode of Production and the History of Cities

This section will cover the realation between economic change and the process of urbanization. Urban development is not static and so to understand them, critical geographers analyze capitalism to to try and understand the changes of the city.

The structures of the current economy is based upon the economic order of cities in the past. Furthermore, the current iteration of economies affect the shape of urban life in cities.

The mode of production is the social and physical infrastructure for the production of goods.

Back in the middle ages, Feudalism was the mode of production in which land was the means of production. The social aspects of feudalism was very strict, with a strong social Heirarchy. In contrast, in the renaissance merchantilism was the mode of production and trade was the means.

In capitalism, the mode of production is the factory owners, and the means are the factories. The objective under capitalism is to accumulate capital, disregarding other aspects of social and economic life.

As the industrial revolution brought on capitalism, cities grew as the means and mode of production were bought closer to the consumers and factories grew and some people became very wealthy, whereas others became worse off than before. Slums, and a general decrease in the quality of life for the working class emerged in this time of apparent growth and prosperous developments.

## The Evolution of Cities in North America since 1800

Cities in the United States of America can be categorized by 4 eras:

- frontier-mercantile era 1700
- early industrial capitalism 1800
- national industrial capitalism 1850
- mature industrial capitalism 1950
- new economy capitalism 1970

as these eras went on, the size of cities reflected the current economic environment.

In Canada, the railroad had a large impact on linking America and Canada. Beforehand, the main link Canada had with other countries and economies was with Britain.

As this happened, there was substantial growth in the urban population with nearly 50% of Canadians living in cities in 1850's.

As the cities and economies of Canada grew, so did speculation and mercantileism. This was a golden period for the growth of cities (see Winnipeg in the 1800's)

This growth was at the expense of workers and their quality of life. This resulted in a strike by metal workers which was ended by mounties firing into the crowd and killing 3.

This should illustrate how the economies of Canada have affected its cities and how the economy can continue to shape the city in the future.

## Urban Economies since 1945

In the post-war era there was a distinct change in the role of the city. From the 50's to the 70's Fordism was prevalent in the American economy. It focused on paying workers well and mass production via assembly line. Additionally, policies like welfare were implemented during the post-war boom to help increase the quality of life for (white) working class Americans. The

Suburb also emerged during this time to mirror the mass production of other goods at the time. To facilitate these new suburbs highways were also constructed. The car replaced the person as the main concern in planning the city. As we can see the changing post-war economy created the post-war city. After Fordism, the knowledge based economy was introduced. This is an economy that prioritizes knowledge and information over goods and resources. For example: Silicon Valley. This shift was caused by a growing international economy where wealthy countries can outsource menial tasks to lesser countries. Because not everyone is a scholar—but there are no factory jobs anymore—the service sector has grown as an employer. In an information economy, cities are incentivised to create ‘clusters’ of industry that foster growth and development. This economy also shifted away from the welfare state and focused policy on market oriented social support.

In Canada, the information economy manifested in the government focused on economic growth in the context of the global economy, whereas in Fordism, there was a focus on redistributing wealth to poorer cities to incentivise growth in them.

In the information economy, there has been a development of new living spaces: like gated communities or edge cities. This has resulted in a large spread of population within North American cities.

| <i>Fordism</i>   | <i>Post-Fordism</i>   |
|--|---|
| <ul style="list-style-type: none"> <li>• Financial/corporate central business district</li> <li>• Declining industrial activity in the inner city</li> <li>• Growth of regional branch plant economies</li> <li>• Cities specialized in making standardized manufactured products</li> <li>• Spatial concentrations of unionized labor</li> <li>• Strong functional ties between city and suburbs</li> <li>• Emerging suburban retail centers and office parks</li> <li>• Specialized industrial and residential suburbs</li> <li>• Auto-dependent urban development</li> <li>• Metropolitan planning to achieve economies of scale</li> </ul> | <ul style="list-style-type: none"> <li>• Knowledge/creative/finance industries in the downtown</li> <li>• Selectively revitalized inner city districts</li> <li>• Global clusters of new economic activity</li> <li>• New industrial districts based around flexible products and processes</li> <li>• Urban reserves of nonunion and contingent labor</li> <li>• Weak ties between central city and suburbs</li> <li>• Edge cities and suburban downtowns with back offices</li> <li>• Mixed industrial and residential suburbs</li> <li>• Transit-oriented urban development</li> <li>• Regional collaboration to achieve economies of scope</li> </ul> |

## The Entrepreneurial City

in the Post-Fordist era cities must compete to attract people, money and companies. This has resulted that cities producing the types of landscapes *they* think they need, rather than the people of the city. For example, cities would compete for Amazon to choose them to build their new Head Quarters in. New jersey even offered to give 7 million dollars in tax breaks to if Amazon chose them. A city has many modes of economic competition

- Clustered industry
- Consumption/Culture
- Command and Control centres
- Governmental Redistribution

This type of competition can cause tax money to be taken away from services but can also revitalize a city (see the downtown of cities in north america c.2022)

The revitalization of the downtown makes a city more desirable to live in and improves the quality of life for it's citizens.

This spirit of competition also strengthens links in a region as many cities may work together to improve their region. (see the Pearl River Delta cities in China).

there are some problems with this city framework however. The decisions made are generally outside of democracy and people have no say. Furthermore this type of governance can lead to undesirable gentrification where not everyone in the city benefits.

## Finance and The City

Financialization is the increasing role of financial motives, markets, actors, and institutions in a given area. Historically, finance has had a large role in cities as well (see redlining in the US)

In the post-fordist era, cities have become more reliant on investment.

In 2008 we can see this financialization as the subprime mortgage which crisis caused an economic collapse. The focus of the economy was on the buying

and selling of *mortgages* for homes. The collapse cause the housing market to tank in cities which resulted in the implosion of urban development.

in the wake of 2008, large organizations are investing in real estate in order to rent them back to the—previously— possible owners. Condos have also become very popular to invest and speculate on after 2008; however their vacancy is quite high which is in contrast to the current housing crisis. Furthermore, the finiacialization of cities can be seen as the increaing attempts of cities to decrease spending by selling services off to private companies. (see highway 407 in Ontario)