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## THE EIGHTEENTH CONTRADICTION AND THE END OF LOCAL DEVELOPMENT

April 22, 2015: the Grand C / D North Hyatt Hotel in Chicago was crowded beyond the average capacity for one of the events more exciting conference of the Association of American Geographers: round tables "Author-Meets-Critics". *Ca va sans dire*, that every new book by David Harvey, edition after edition, is the protagonist of a passionate debate that, in the Anglo-American academic customs and manners, little or nothing has celebratory and solemn. The discussion of "Seventeen Contradictions and the End of Capitalism" has often gone beyond the rules of engagement of academic etiquette, especially for the presence, together with Harvey's former students and associates (Don Mitchell, Dick Peet and Erik Swyngedouw), of three critical scholars and radicals engaging with gender studies (Ipsita Chatterjee, Elaine Hartwick, Sue Roberts). The most common criticism was, not surprisingly, the poor attention that David Harvey pays to feminist philosophy in the construction of its argument. The response was as concise as enlightening: "Many feminists are anti-capitalist, but not all feminists are these."

In this short story, we can find all the elements of discomfort emerged during the discussion of "Seventeen Contradictions and the End of Capitalism," which is the occasion for this special issue of the Bulletin.

Throughout his career, critics have often accused him of systematically underestimating and downplaying those ideas and inspirations that might offer an alternative (that is, non-Marxist) foundation for critical geography. His dislike for the existentialist and phenomenological derivation of topophilia from Heidegger is well known. Harvey repeatedly attacked Heidegger - and rightly so, in the opinion of the writer - because of his inherent reactionary *Weltanschauung*. Equally known is the consequence of Harvey's suspect towards "place," namely the long-standing dispute that opposed him to another key figure of the Marxist geography, Doreen Massey (1994, pp. 146-156). The same applies to other major issues that have characterized contemporary Anglo-American geography: environmentalism and political ecology, feminism and gender studies, anarchism and grassroots

activism. Harvey always recognized all of these approaches as a significant contribution to the establishment of critical thinking, but at the same time, he relegates them to an ancillary position compared to Marx's critique of capital. Not without logic. If the Trimurti of capitalist accumulation, appropriation of surplus value produced by wage labor and division of society into classes is the "structure" of modern reality, then it is consequent that alternative approaches are subordinate to the radical and structural criticism that only Marxism, according to Harvey, can offer. On contingency superstructure of the different points of view, Harvey is very clear:

This variability and adaptability of capital to complex configurations of distribution does double duty when inserted into the incredible complexity and diversity of social groupings that can exist throughout capitalism in general. Gender, sexual, racial, ethnic, religious, cultural, national and place-bound distinctions are everywhere in evidence and questions of status, skills, talents, respect and admiration for achievements and values confer differential opportunities and life chances both for individuals and for distinctive ethnic, racial, sexual and religious social groups within capitalist social formations. To the degree that these characteristics are associated with differential access to and remunerations in, for example, labor markets, wide-ranging differentiations in economic and political power result. Not all economic distinctions within capitalism are attributable to capital (Harvey 2014: 166).

In other words, the differentiation of individual and collective conditions assumes full meaning only when it is interpreted through the lenses of structuring classes (here expressed as "Access differences and remuneration"). Especially, any non-Marxian critical geography risk of steadily becoming either the handmaiden of capitalist accumulation or the locomotive of reaction and conservatism. By an Italian and continental perspective, one could argue that, even within Marxism, red-brown temptations have been frequent, from Costanzo Preve to the media-philosophical case of Diego Fusaro and its interpretations of Marx and Gramsci (Fusaro, 2009, 2015). What is relevant for our analysis is that the seemingly trivial objection that not all feminists are necessarily anti-capitalist can help us to rethink critically some developments of the Italian economic geography, namely the genealogy of local development. Before getting into the specific theme of my contribution, I think it is appropriate to take into account the objectives and reasoning that underlie this recent work of Harvey.

### **At the roots of capital.**

Blaming Harvey for not having shown esprit de finesse during his academic career is an undeserved and unjust criticism. Albeit with a certain repetitiveness of argument - after all, the objections brought against the new cosmopolitanism (2009) do not differ much from those deployed in *The Crisis of Modernity* (1993) - David Harvey always held together the rigor of reasoning with the chronicle of present days. If the sophistication of the argument fails in "Seventeen contradiction", the doubt should arise that it is a programmatic choice, dictated by the urgency of geometries, of clarity that simplifies and fixes. In this sense, *The seventeen contradictions* are a fundamentalist book, which wishes to place the foundation of resistance to capitalism within Marxian orthodoxy. Hence the short bibliography - five pages just in the Italian edition - and even thinner citations of geographers. Three only: Cindy Katz, Richard Peet, and Neil Smith. For the rest, we find a close dialogue with Marx and Engels, as well as with some privileged interpreters of Marxist thought - Gramsci, Baran, Althusser, Marcuse.

*The "Seventeen Contradictions"* is perhaps the most structuralist work of Harvey, not only in the sense indicated in the previous paragraph (i.e., the super-structural and contingent nature of all individual and collective differences). Harvey's structuralism is also manifest in the selection of concepts. It is no coincidence that, from the very beginning, the author reiterates that he does not deal with the contradictions of capitalism but of capital itself:

I here make, however, a clear distinction between capitalism and capital. This investigation focuses on capital and not on capitalism. So what does this distinction entail? By capitalism, I mean any social formation in which processes of capital circulation and accumulation are hegemonic and dominant in providing and shaping the material, social and intellectual ground for social life. Capitalism is rife with innumerable contradictions, many of which, though, have nothing to do directly with capital accumulation. These contradictions transcend the specificities of capitalist social formations (Harvey 2014: 7).

This essentialism is not without consequences for our analysis since it also affects the geographical concepts that Harvey unfolds to interpret the contradictions of capital. Strictly speaking, only the eleventh contradiction/chapter is inherently and explicitly spatial ("*Uneven Geographical Developments and the Production of Space*"). What is most striking is the superficiality with which Harvey deals with the concepts that revolve around the imaginary of place. Unlike his other texts in which the engagement with the toponophilia was violent and explicit, "place" is a term mostly missing

from the Seventeen Contradictions. Both "place" as "site" are absent from the index of the original edition. If we observe the occurrences of "place" in the English text we see that Harvey uses it eighty times. Usually, place stands for idioms or metaphors - "taking place", "market-place", "stay/remain in place" - or in recurring formulas, such as "places and times" and "spaces and places", indicating a general context of space and time of a process. Proper use of "place" as a geographical concept consists in about ten occurrences. Something similar happens of course for the corresponding adjective "local", generally used to indicate a partial phenomenon, localized or contingent. Eventually Harvey privileges "regional" over "local", to connote a particular scale interpretation of the processes of production, distribution and consumption. Also, in this case, Harvey is carefully observing his orthodoxy. His account of the regional dimension of the economy is almost disarming, utterly indifferent even to the economic geographies that in the last twenty years have highlighted a variety of interpretations of the spatiality of economic facts (Lee and Wills 1997). Not only: his reading of the regionalization of economic processes seems to ignore the geographical political economy (Sheppard 2011), largely inspired by him, which speaks explicitly of "varieties of capitalism" (Hall, 2001) and "variegated capitalism" (Peck Theodore and 2007).

As the above quotation shows, regional economies are not the expression of endogenous or relatively autonomous processes, but merely the result of a cleavage between the mobility of capital and that of the production, of a convergence of molecular processes that appear de facto disembedded from the characteristics of the place:

Production, with some exceptions like transportation itself, is the least mobile form of capital. It is usually locked down in place for a time. [...] Agglomeration produces geographical centralization. The molecular processes of capital accumulation converge, as it were, on the production of economic regions. The boundaries are always fuzzy and porous, yet the interlocking flows within a territory produce enough structured coherence to mark the geographical area off as somehow distinctive (Harvey 2014: 148-149).

The territorialization of the governance of economic and political processes for Harvey seems to depend solely on the need to ensure the accumulation of capital, with the result that can form the "dominant classes and hegemonic class alliances" that "can form and lend a specific character to political as well as to economic activity within the region" (Harvey 2014: 149). Hence the addition of competitive processes between regions (Harvey 2014: 154) and the advent of localized crises, real deterritorializations imposed by capital "to build a wholly new landscape in a different image" (Harvey 2014: 155).

It is hard to find, within this orderly system, space for a reflection on a theme apparently alien to Harvey's mechanics, that is, precisely, local economic development. This is the task that I will try to sketch out in the remaining pages of this article.

### **The eighteenth contradiction of capital (and local development).**

In his speech, Franco Farinelli began provocatively hinting at an eighteenth capital contradiction, namely, its capacity of co-optation, to absorb critical, when not downright hostile, elements and inspirations, and to bend them to its logic and needs. The reference, argumentative, was to David Harvey himself, interpreting the publication of the "Seventeen contradictions" as an example of the academic neo-liberalism of the large Anglo-American publishers. If this reduction of the urgency of Harvey's academic work to a mere commercial-academic placement may sound ungenerous, it helps to illuminate an aspect of capital and capitalism that Harvey largely overlooks. I refer precisely to the ability to co-opt the most critical and hostile expressions within the speeches and capitalist practices. The matter is well known to anyone who has worked in developing countries. The social costs of the failure of structural adjustment policies gave rise to such a widespread and capillary reaction that it marked a break and the move to the Post-Washington Consensus. The basic idea, in a nutshell, is that macroeconomic policies should be accompanied by both the redefinition of micro-sociality and profound reforms of statehood. Apparently, the purpose was humanizing the financial instruments of development policies. More profoundly, it was reshaping society and local policy to make them "fit" to a profound capitalist transformation. In this context, neoliberal think-tank opened to themes and slogans that were developed in previous decades, even and especially in opposition to neoliberal orthodoxy. Consequently, gender and ecology, sustainability and education permanently occupied their place in the agenda of players such as the World Bank, IMF, UN agencies, OECD. This cooptation of theories and practices within orthodoxy has naturally affected also local economic development. From the establishment in 1982 of an OECD program called Local Economic and Employment Development (LEED) till World Bank's 2006 "Local Economic Development Primer," edited by Gwen Swinburn, Soraya Goga and Fergus Murphy, the language and metaphors of local development have been included in the neoliberal imagination.

Obviously, like all the cooptations this is anything but problematic as well. The very idea of local economic development was born, in fact, in sharp contrast compared to the tenets of neoclassical economic development, substantially spaceless and deterritorialized. In front and opposition to recipes of development valid for each site, the LED approaches maintained the role a geographical and

historical context of economic development. Moreover, LED envisaged in places the custodians of the resources, tangible and intangible, to draw new and unusual paths of development. Hence, taking these insights into neoliberal orthodoxy led to almost a reversal of direction about the original inspiration. As noted Cristina Scarpocchi in an essay on the integration of local development in supranational bodies theories and practices:

The discontinuity between local development theories and neoliberal orthodoxy is, therefore, more apparent than substantial. There is no doubt that the failure of neo-liberal policies has been accompanied by a reflection on the limits and failures of market regulation, arousing widespread recognition of the social dimension of the development process. Nevertheless, the introduction of heterodox theories into mainstream international organizations is often used to highlight the need to restructure the relationship between state and market (...). On the one hand, the recognition of the regulatory role of the state parallels the abandonment of the rigid neoliberal orthodoxy. On the other hand, it is also true that criticisms target the disorganization of the state, and the bloated and corrupt bureaucracy, rather than market failures in ensuring a more equitable distribution of resources (Scarpocchi, 2008, 28-29).

In her fundamental "Markets of Dispossession. Economic Development, and the State in Cairo" (2005), anthropologist Julia Elyachar has used Harvey's concept of accumulation by dispossession. According to Harvey, in fact, neoliberalism would have reported in vogue one of the primary mechanisms of capitalist accumulation, dispossession, the transformation of a shared asset into a proprietary one (2004). In particular, Elyachar focuses her analysis on the policies of the Social Fund for Development of the World Bank and the attempt to transform the "poor" in "entrepreneurs of themselves" (Gentili Nicoli and 2015). She shows how a wealth of social capital that escaped the logic of the market economy is deconstructed and reorganized to foster the process of capitalist accumulation. Above all, what at a first glance may appear as an example of successful local development is instead accompanied by an extensive process of deterritorialization, thanks to state policies of selective eviction of such communities towards the new cities built in the desert. Moreover, these relocations take place in the name of heritage protection, with the approval of UNDP, UNESCO and other international bodies. The case of Egypt - along with that of Turkey - also clearly shows that even the political Islam of the Muslim Brotherhood can be easily integrated into a neoliberal governmentality, holding together gentrification and repression of dissent, Islamic finance and urban policies. The role played Peruvian economist Hernando De Soto is iconic. De Soto is one of the key figures in bridging the informal economy in the Global South with the entrepreneurial and neoliberal

world (Musembi 2007). In this context, the presence of De Soto is a real element of continuity in Egyptian economic policy since the beginning of the new millennium, under the Mubarak regime (Giaccaria and Scarpocchi 2008), to continue as a Morsi adviser.

From this perspective, the eighteenth contradiction of capital (its capability to feed incessantly of what is other or even opposite to itself) comes to coincide, in a sense, with the first contradiction of local economic development and, more generally, of all critical thinking. Whether it's women empowerment or environmental protection, the fight against poverty or local development, any critical thinking came to be reinterpreted by and made ancillary to neoliberal orthodoxy.

### **Local development and fetishism.**

In the final section of the article, in particular, I return to the “Seventeen Contradictions” looking for some ideas of interpretation that allows reflecting critically on the cooptation of local development issues into neoliberal narratives and practices. Although in this book, as we were able to highlight, Harvey is rather stingy with reflections on the place and its role in economic processes, a couple of ideas seems to offer them. Concluding his reflections on the eleventh contradiction, the most geographical, Harvey notes:

So what, then, should an anti-capitalist movement make of all this? It is first vital to recognize that capital is always a moving target for the opposition because of its uneven geographical development. Any anti-capitalist movement has to learn to cope with this. Oppositional movements in one space have often been defanged because capital moved to another. Anti-capitalist movements must abandon all thoughts of regional equality and convergence around some theory of socialist harmony. These are recipes for an unacceptable and unachievable global monotony. Anti-Capitalist movements have to liberate and coordinate their dynamics of uneven geographical development, the production of emancipatory spaces of difference, to reinvent and explore creative regional alternatives to capital (Harvey 2014: 162).

This partial recognition of the potential of places as an inspiration for resistance - incomplete as Harvey prefers to use the term neutral, technical term "region," rather than "place" more connoted in the humanistic tradition - must be read together with another observation. Mentioning the last great famine in China at the time of the "great leap forward," he observes:

Such an event could not now happen in China. This should be a salutary lesson for all those who place their anti-capitalist faith on the prospects for local food sovereignty, local self-sufficiency and decoupling from the global economy. Freeing ourselves from the chains of an international division of labor organized for the benefit of capital and the imperialist powers is one thing, but decoupling from the world market in the name of anti-globalisation is a potentially suicidal alternative (Harvey 2014: 125).

Reading together these two quotes throws light on what we have called the eighteenth contradiction. On the one hand, Harvey admits the possibility of finding regional solutions - that is local, place-based - to the ruling neo-liberalism and imperial (Harvey 2014: 165-166). On the other hand, it admits that economic localism might drive regional communities to the ridicule of failure, and even to the specters of famine (Harvey 2014: 130). The space that opens up between these two statements is precisely where local economic development has deployed his parable conceptual and factual set of theories and practices. Without the aspirations and revolutionary maximalist underlying the Harvey's thinking, local economic development has always tried to hold together two separate instances: the search for an alternative to the dominant development policies, and the engagement with supralocal networks of exchange and trade. At the same time, any space of reflection and practices that seek to hold "the alternative" together with "the integration" defines precisely that field of tension which produces the eighteenth contradiction of capital, that space where critical thought is brought back to the needs of accumulation.

The manner and timing in which a region/place to escape international division of labor while remaining attached to global markets is a mystery that neither Harvey nor local development scholars explain. This is not the place to outline a genealogy of local development in the Italian geography of the last thirty years. In these final pages, however, I would like to make a hypothesis, perhaps worthy of further thought and reflection. The premise is that the crisis of the industrial districts and the Italian relational capitalism has left his "pupils" without an empirical anchorage, ideal and ideological. The emergence of a fabric of highly competitive medium enterprises, real "small multinationals", highlighted in the Mediobanca report, presents some ambiguities since some of these companies have grown cannibalizing the underlying districts. The case of Luxottica is emblematic. Despite being a success story of the Made in Italy, Luxottica displayed a policy consisting in internalization, absorption of smaller firms, creation of a strictly dependent agglomeration and relocations that have contributed to the restructuring, de facto the disappearance, of the eyewear district of Belluno (Bramanti and Gambarotto 2009). Generalizing, expectations on Marshallian industrial districts faded out and



consequently also the potential to hold together embeddedness and competitiveness. The hypothesis is that the industrial districts have granted LED theories a ground in real production processes - those that Harvey calls "the molecular processes of capital accumulation". Since this condition of possibility failed, LED seems to have taken a communitarian and voluntarist turn that finds its climax in the so-called "territorial" development (Dematteis and Governa 2005). The outcome is the fall in what the regional scholar Mark Purcell called the "local trap," i.e. the belief that the local scale automatically implies an almost moral value of coincidence between community values and development trajectories. The risk, to borrow one of the best-known Marxian categories, is to (re)produce a fetishistic device. In *The Seventeen Contradictions*, Harvey devotes few but enlightening opening hints to the role of fetishism in contemporary capitalism. In his word:

By fetishism, Marx was referring to the various masks, disguises and distortions of what is going on around us (Harvey 2014: 4).

In other words, the very idea of fetishism refers to a reification - a crystallization and a naturalization together - of relationships that are objectified, replacing the real power relationships that underlie the production processes. In this sense, Harvey deploys the concept of fetishism when dealing with technological innovation:

Capitalist culture became obsessed with the power of innovation. Technological innovation became a fetish object of capitalist desire (Harvey 2014: 95)

Something similar might happen to terms such as place, territory, social/territorial capital and community concerning local and regional development processes (Giaccaria 2009). When these concepts are dropped from real production processes, and the empirical micro foundation linking the individual to the collective vanishes, then they become a fetish. Such a fetish, in particular, hides those power relations that are constitutive of territoriality itself and territorial processes (Raffestin 1985). From the point of view of the writer, it is precisely this ability to transform place/territory, gender relations, environment, poverty itself into a fetish that makes possible the eighteenth contradiction of which Harvey does not talk, namely the cooptation of any alternative investigation into neo-liberal orthodoxy. It is hard, perhaps impossible, to organize paths of development that hold together local roots and supralocal competitiveness. Certainly, a critical rethinking of the categories and the fantasies that nurtured local and territorial development is a step that is unlikely to be circumvented, if we want a way out of our contradictions.

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