Strategy Making in Cities: The role of calculative practices in manufacturing competition

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Abstract

Recent years have witnessed an increasing number of cities develop corporate strategies. In this paper we problematise the seemingly natural and self-evident link between cities, competition and strategy. We explore the role that calculative practices play in creating city league tables that, in turn, function as the a priori condition that generate competition between cities. The argument unfolds in four steps: first, we will briefly provide some theoretical background for our analysis and relate it back to strategizing and accounting as a calculative practice; second, we will scrutinize league tables as an a priori of competition; third, we will discuss the implications of our argument for city management and accounting studies; finally, we conclude with a discussion of the power effects of those calculative practice that shape strategizing in cities through the production of competition. The paper seeks to open up an agenda for studying city management, strategy and accounting.
1. Neo-liberalism, the logic of markets and cities

Miriam Greenberg’s book (2008) on the resurrection of New York has shown how principles of free market ideology were incorporated into city management. The social and fiscal ‘urban crisis’ (see Harvey, 2005, p.45) of the 1960s and 1970s manifested itself, inter alia, in rising crime rates and declining quality of life in many industrial cities. This led to a mass middle class exodus to suburbia. During the 1960s – especially in the era of President Lyndon Johnson’s Great Society programme – the policy solution was to pour more state funds into the city. Faced with a budget crisis, in the early 1970s, President Nixon simply declared that the ‘urban crisis’ was over. One of the odd results of this policy was a cut in funding to New York City which, in turn, precipitated a budget crisis. In 1975 financiers refused to extend the city’s overdraft and, in effect, triggered a bankruptcy crisis. David Harvey (2005, p.45) has characterized the rescue package that followed as a “coup by the financial institutions against the democratically elected government of New York City”. Successive New York City mayors sought to tame Manhattan. In the 1980s and 1990s this led to the clearing out of both established communities and the disparate remnants of the hippie movement, Vietnam veterans and so forth. The action rendered the space developable for capital (Vitale, 2008). Consequently, the neo-liberal state in concert with large-scale property developers set about re-making New York City. The changes in New York were profound (Harvey, 2005).

Allied to this re-making of the city has been a widespread experimentation by city government with new ways of organizing their affairs, including the use of private-public partnerships, semi-public bodies such as tourism authorities and convention bureaus, and city branding (Hackworth, 2007; Greenberg, 2008). Neo-liberalism cast its long shadow over city government with markets and managerial practices cast as solutions to the complex problems faced by cities. In turn city expenditure concentrated on infrastructure projects that aided businesses (Harvey, 2005, p.47). In the spirit of the zeitgeist, socially progressive themes were displaced by a set of entrepreneurial and neo-liberal concerns and practices. The citizen was re-imagined as citizen-consumer who prefers markets that can offer him or her more efficient services. The rhetoric of service and choice replaced the messy politics of the public realm (Clarke et al, 2007).

Neoliberalism has, in the Anglo-Saxon context, held sway since the late 1970s. Its influence has been pervasive; this has extended to the dominant discourse of how to manage cities, which has changed significantly in recent years. In this neoliberal climate, cities start to develop sophisticated strategies and cast themselves as brands (e.g. Flowerdew, 2004; Caldwell and Freire, 2004; Greenberg, 2008) and generally become much more managerialist in their orientation. This process has had an impact of the popular imagination, brand slogans such as I Love New York have become iconic. Managerial discourse is framed by ideas of competition in a globalized world. Under this discourse, cities have to develop compelling strategic narratives about why people should choose to live, do business or simply spend their holidays there. It is important to note the isomorphic power with which these new technologies of city management spread, quite literally, around the globe. As Barbara Czarniawska (2002) has argued, these shifts form a mimetic movement amongst cities that occurs on a global level – with cities constantly...
copying one another and global consultants promulgating “war stories” about best practice. For instance, in the late 1990s the British Government sought to re-develop the Kings Cross area of London. Centrally located, and home to one of the major train stations in the capital, Kings Cross was synonymous with crime, crack houses and prostitution. The then British Home Secretary, Jack Straw MP, closely copied New York’s ‘zero tolerance’ policy, which was held to have been a cornerstone of Rudolph Guilliani’s mayoralty.

At the heart of the neoliberal view lies the assumption that free markets are the best organizing mechanism for society (Harvey, 2005, p.64). However, they only work if there is competition amongst players. While it makes sense to speak of competition between consumer goods such as Coke and Pepsi on a supermarket shelf, how can cities compete with each other? Given cities are territorially fixed, complex and highly variegated how can they be brought into a relation with each other that is competitive? In short, how can competition between cities be created? And to what extent, if any, do cities craft strategies to react to this new competitive environment?

2. Competition and cities

For neoliberalism to function, there needs to be a market to allow competition to take place. In recent years quasi-markets have been created in many domains, including those such as public utilities that remain monopolies in all important aspects. This logic extends to cities and competition. It is a neoliberal shibboleth that competition is a “natural fact”; consequently, competition and strategy are treated as Darwinian necessities. We disagree. To be in competition with each other and to develop strategies for the future is a rather recent phenomenon in city administration. Of course, neoliberals could point to antiquity – Greek city states such as Athens and Sparta, and Machiavelli’s Florence and Venice, “competed” with each other for trade, power and influence – to argue the case that competition is natural and stems from time immemorial. Such teleology, from Ancient Greece to the present day, would, in our view, be mistaken. Of course, cities always had relations with each other and compared themselves (at the most basic level to establish their size through statistical procedures that counted the population, for instance). We argue that the recent growth of league tables usher into existence a new form of competition that transforms the relationship between cities fundamentally: rankings create hierarchical relationships; they are not about singular relations between cities but generalizable characteristics that establish a homogenous ordering framework. Current forms of competition are distinguished through intense rhetoric, scripts and roles that perform strategy differently and enact the future in new ways.

Our argument has parallels with those made by historians from the French Annales school of history. Scholars such as Fernand Braudel and Marc Bloch made the school’s approach famous by arguing for studying local mentalités (attitudes, frames of mind, world views) of people throughout history as opposed to writing history as a narrative of epic battles, kings and the occasional Robin Hood. One of its most important contributors, Philippe Ariès, has shown imaginatively in his history of death that even an ostensibly “natural
fact” such as death has a history. Of course, we are all doomed to die, but this is not the point. Rather, Ariès focuses on the practices, mentalities and institutions that make death a meaningful event (e.g. Ariès, 1985). To die in one of the crusades in the name of God, be it in medieval times or their contemporary equivalent such as 9/11, is a fundamentally different experience than dying in a rest home for the elderly. His point is that death as meaningful event is socially constructed. To focus on its biological necessity means overlooking its broader meaning in society.

Our point is less dramatic, but no less profound: competition between cities has been transformed to the extent that a Florentine city official from the time of Machiavelli would not recognize similarities between him and a modern city strategist. We believe that we ought to focus on these differences, on these transformative practices that constitute the seemingly stable concept of “competition”. The historian Paul Veyne (1997) suggested understanding an object as the correlative of a practice. Following Veyne, the object is explained by what went into its making, and not the other way around (that the object explains its making). The discourse of competition and the tools of strategic management that supposedly master it are a manifestation of a particular mentalité, or as Foucault would say, govern-mentality (Rose and Miller, 1992). If we do not subscribe to competition as a “natural fact”, we have to investigate the particular form that competition amongst cities takes.

Such a perspective necessitates posing the question: how, then, is competition “made”? As we shall argue, it is accounting as a calculative practice (Miller, 1994) that plays a central role in the manufacturing of competition between cities. As a calculative practice, accounting “translates qualities into quantities” (Miller, 1994, p.1). Consequently, as quantities, different phenomena can be ranked, ordered and compared. For our purposes league tables are a means of ranking cities. Rankings are classifications that define the boundaries of a field, identify players within that field, and relate them to each other (Espeland and Sauder, 2007; Sauder and Espeland, 2009). Calculative practices render the invisible (lifestyle, innovation, creativity etc) visible and turn the city into an object upon which strategizing can take place. The resulting league tables function as benchmarks so cities can compare themselves and identify who they are competing with regionally, in terms of the size of inward investment, number of tourists and so on. In turn, these rankings produce a certain order of things that constitutes the a priori for competition.

In her study on rankings of business schools, Wedlin (2006, p.11) has argued that competition amongst MBA programmes, and talk of a MBA market, may well be a result of the ranking mechanism, rather than its precondition. She quotes the founder of the influential Business Week ranking who justified the need for rankings as follows:

“I felt there was no marketplace, really, to make the [business] schools even pay attention to demand [from students and corporations]. … So what I thought was this, one thing that a ranking would actually do is to create a market where none had existed. Create a market where schools could be rewarded and punished for failing to be responsive to their prime constituents: the students and the corporations.”

(added emphasis)
In short, a marketplace in which competition can occur has to be created; rankings play that generative role by introducing competition in fields where none had exited previously. Because rankings define a field, identify players, and make them comparable, rankings are the logical precondition for creating markets and competition within them. Our point is that neither universities nor cities are naturally competitive. In Sauder’s and Espeland’s study on rankings of law schools (2009, p.77), one dean argued that “there shouldn’t be any competition between lighthouses”. For the dean, the different law schools were like lighthouses, all serving a necessary role in their specific environments. Through the use of calculative practices that create “trust in numbers” (Porter, 1996), league tables make us forget the idiosyncrasies of what we are actually comparing. The surrealist André Breton popularized the image of a chance meeting between a sewing machine and an umbrella on an operating table.\(^1\) Of course, they can hardly be said to be in competition. But the operating table establishes some kind of order of things or frame that ties the two objects together. League tables might seem less surreal, but they perform the same function: they create a framework in which cities become visible and comparable. But league tables do not only promote competition by creating a certain order of things. They also legitimize the existence of strategists and consultants who develop ever more sophisticated strategies that serve as promissory notes for future competitive advantage. This happens in the name of competition – and, as we shall argue, competition is made possible because of the calculative practices that rank cities in league tables. In short, we will argue that as a calculative practice, accounting is the \textit{a priori} of city strategizing and competition.

3. Calculative practices: strategizing and accounting

Strategy needs competition: in a monopoly, strategies are barely necessary. Taking the link between the confrontation of an opponent and strategy, it is not surprising that from the outset of the strategy field the military has been a great resource on which strategists could draw (see Hoskin and Macve, 1986, 1988; Sennett, 2006). In this perspective, strategy is based on the idea of confrontation and competition: if there was no “other” that we want to defeat we would not need to think about strategy. Strategy’s raison d’être is confrontation. The precondition for strategy then is that the opponent has to be visible.

The point we want to make is that a competitive field has to be rendered visible before any one of its players can start crafting a strategy. A competitive field is not something that is found “out there” or that is naturally occurring; rather, it is something that is socially constructed. Hence, competition is something that is created out of interaction between market players (Clegg et al, 2007). Its power rests in its capacity to shape people’s cognitive maps and takes on material forms through translations into charts, models, graphs, documents, brainstorming techniques and other elements that become non-human actants.

If this is true, then how are market structures, rivalry and competition rendered knowable and visible? In accounting, Peter Miller and his colleagues have analysed calculative

\(^1\) The original quote from Maldoror is: "As beautiful as the chance encounter of an umbrella and a sewing machine on a dissecting table." (quoted in Nesselroth, 1969: 13).
practices as mechanisms to make the intangible tangible. Accounting is not, therefore, a neutral technical apparatus but a social practice that constitutes reality. Rose and Miller (1992) argue that calculative practices should be analysed as “technologies of government”, which are “mechanisms through which programs of government are articulated and made operable” (Miller, 2001, p.379). Calculative practices translate the invisible and qualitative into the visible and quantitative “facts”.

League tables are calculative practices that fit this description. They offer rankings of entities by accounting for certain characteristics. Moreover, they promise to make these characteristics visible. For instance, university league tables are supposedly indicating which university is a good place to study and work. City rankings map out where best to invest, live and work. The last two decades have seen a proliferation of league tables purporting to measure the performance of a dazzling array of different institutions – hospitals, schools, hotels, cities – which have been characterised as an explosion of an idea: audit (Power 1997, p.4). Mike Power has provided a seminal account of the growth of audit practices and their application. The league tables produced from audit processes produce trust, comfort and rationality about organizations. Power makes the point that “society is increasingly committed to observing itself through various kinds of auditing practice” (Power 1997, p. 122).

League tables and rankings have been studied in other contexts. For instance, Sauder and Espeland’s (2009; 2007) research demonstrates that rankings can be analyzed as Foucauldian disciplining devices that exercise their powerful effects through combining surveillance and normalization. Others such as Warner (2000) and Geary et al (2004) have critically analysed the British Research Assessment Exercise system. This comes at a juncture where a wide number of journal rankings tables have been produced in the field of Business and. The tables, with some important caveats, purport to act as a guide to journal quality. One such table is the Association of Business Schools (ABS) journal ranking list, which marked a re-badging and partial institutionalization of the Charles Harvey/Huw Morris list, which, in turn, had its genesis in an internal report at the University of the West of England. The ABS list ranks journals from one to four, thus allowing comparability across different journals.

Importantly, these rankings are “unregulated” league tables, in that there is limited “independent” verification (see Free et al, 2008). For instance, in education, countless league tables are being produced which seem to have an important (not always only symbolic) effect on universities and potential students alike. Questions are often raised about the reliability of such studies. One such controversy over the Financial Times MBA rankings tables led to them employing the Big 4 Accounting firm KPMG to conduct an audit of the process. Free et al (2008) make the point that this is a form of brand management to delineate the FT ranking from other competing lists.

As such, these rankings make highly complex and uncertain qualities knowable and comparable. This is the second important aspect of league tables: they not only transform the qualitative into the quantitative, they also create hierarchical order amongst their elements. In short, league tables embody calculative practices that render previously
incomparable elements visible and comparable. The different evaluated elements are put into a hierarchical relation to each other. When rankings are repeated over time, dynamic relations and trends can be established and competition between different players is created. As we will analyse, city league tables are the enactment of such calculative practices that compare cities and create competition amongst them.

To paraphrase Donald Mackenzie (2006), league tables are engines, not cameras. League tables engender competition; in turn, this produces the need for cities to develop strategies. \textit{Because} they render intangibles tangible, \textit{because} they create a hierarchical order amongst barely related entities, and \textit{because} they justify and legitimize the allocation of resources to develop city strategies, including employing strategy and brand-savvy MBA managers in city administrations, league tables are powerful ways to engender competition. The next section will address the way that league tables impact on city management.

4. The \textit{a priori} of competition: the logic of league tables

We have argued that league tables are the \textit{a priori} of competition: they establish an order amongst entities and create the dynamics of improving or declining. For cities, the league tables are an indicator of their global standing. Without the ranking as a medium, such assessments would be difficult to make, and resource allocation towards developing a city would be hard to rationalize and legitimize. Young et al (2006, p.1694), for instance, looked at the re-generation of the city of Manchester. They argued that “strategies focus on making Manchester competitive at the European scale, with property-led regeneration and place marketing”. This notion of competitiveness is one that now runs deep in the world of city management.

City league tables are produced by an array of players, these include popular magazines such as \textit{The Economist}, \textit{Asia Week}, \textit{Fortune Magazine}, consultants such as Mercer and GFK, and not for profits such as the research centre on Globalization and World Cities (GaWC) at Loughborough University in the UK. While a detailed overview of city league tables is beyond the scope of this paper, we can define two axes that organize the diverse city league tables. While the \textit{y} axis differentiates between qualitative or narrative rankings and more economically informed approaches, the \textit{x} axis runs from lifestyle-focused surveys to more economically informed accounts.

One of the first popular quality-of-life city league tables was a US publication called \textit{Places Rated Almanac}, first published in 1981 (Rogerson, 1999). Today, city rankings and especially quality of life league tables are said to influence the location decisions of corporations (e.g. Rogerson, 1999). As the city theorist Peter Hall put it, “since the sources of the new economic growth are so various and finally perhaps so fickle, the possibilities are endless. But one central element is quality of life. It is no accident that, as never before, rankings of cities dominate the media.” (Hall, 1995, p.20). There are many examples of quality of life based city rankings. In contrast to lifestyle-focused league tables, there are more economically / financially grounded rankings. Saskia Sassen’s (1991) categorization of world cities was one of the first attempts to analyse cities and establish a global economic pecking order. That global cities are centres for management
of the global economy; provide advanced services and telecommunication facilities to support management of the economy; and serve as headquarters for global corporations mark them out as central hubs in the globalized world. The league tables are a means of measuring how a city, such as London, is doing vis-à-vis a competitor, such as Paris.

Whether they focus on lifestyle or the economy, league tables are powerful ways to create competition. In the context of cities, they are the *a priori* of competition as they put cities in context with each other and create a hierarchical relationship between them. Moreover, they develop a set of norms and best practices that allow the measurement of deviance. In that they allow comparability, they also produce rationality and comfort. In the following section we will look more closely at how cities are rendered calculable. How do these league tables work? What calculative practices are providing the rationality that renders them legitimate? We will focus on one exemplary league tables that show how calculative practices account for cities (the *Worldwide Centers of Commerce Index™*).

**Accounting for economics: Worldwide Centers of Commerce Index™**

The *Worldwide Centers of Commerce Index™* is a study of the economic power of cities.² Sponsored by Mastercard, and executed by a group of highly regarded academics including Saskia Sassen. That the study is conducted by a group of eminent scholars – rich in symbolic capital – lends it considerable legitimacy. It sheds light on their growth dynamics and ranks global cities in relation to their performance as global centres of commerce. The underlying concept of “location advantages”³ stresses why business should explore the best global locations:

> “Core functions, while remaining central to the company’s operations, will be spread out geographically to leverage those location advantages wherever they are found. This approach will require a strong grasp of how global cities are interrelated; and how they compete with and complement one another, so that transnationals can leverage the benefits of these cities.” (*Worldwide Centers of Commerce Index™*, 2007, p.4)

Cities are understood primarily as providers of infrastructure that allows global business to operate, effectively, transnationally. Again, this accords with the prevailing neoliberal view of cities as readily available providers of infrastructure and resources for global capitalism. People and resources should be aligned with location advantages. This, in turn,

> “will require a deep understanding not only of how global cities are interrelated, but also of how they compete with and complement each other. Understanding how to leverage the advantages of these interrelationships will distinguish truly transnational companies from their competitors.” (*Worldwide Centers of Commerce Index™*, 2008, p.1)

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³ Location advantage describes the fact that companies “are increasingly concerned with clustering effects, created by networks of suppliers (both competitors and partners) working in close proximity; innovations and logistical efficiency, which are all determined by local market conditions – in other words, location advantages.” (*Worldwide Centers of Commerce Index™*, 2007: 3)
According to this logic, global centres host, inter alia, skilled workers, the most innovative companies and the best institutions. In order to compete internationally, truly global businesses will need to plan their global presence strategically and exploit location advantages. The *Worldwide Centers of Commerce Index™* is the self-declared guide to making these decisions in an informed way. The 2007 edition of the *Worldwide Centers of Commerce Index™* ranks global cities as follows: London, New York, Tokyo, Chicago, Hong Kong, Singapore, Frankfurt, Paris, Seoul and Los Angeles.\(^4\)

It is pertinent to scrutinize how the index was put together. What is the rationale underpinning the ranking? The Knowledge Panel, comprising the well-known professors and influential practitioners listed above, defined six dimensions of global commerce (placed in parentheses is the relative weight that each dimension contributes to the overall score): legal and political framework (10%); economic stability (10%); ease of doing business (20%); financial flow (22%); business centre (22%); and knowledge creation and information flow (16%). As the report explains, “[c]ollectively these six dimensions are meant to cover the key functional characteristics of a city considered to be among the world’s Centers of Commerce.” (2007, p.5)

Each of these six dimensions was, in turn, determined by a total of 41 indicators and 111 sub-indicators. A rational outcome is produced through a series of translations that result in a number that purports to encapsulate the differences in the qualities of cities. Although rendered more “scientific” in both its style and presentation than Anholt’s brand index, the ranking leaves several questions unanswered. Take, for instance, the Business Centre Dimension. It is constituted through 11 sub-categories, including “starting a business” and “closing a business”. The sub-indicators for these categories are the “standardized case” of launching or closing a firm measured in time, cost and procedures, amongst others. Obviously, the indicators capture the formal aspect of launching and closing a firm but would tell little about the real challenges of opening or closing a business in Santiago, Sydney or Shanghai.

The category of “Business Centre Dimension” becomes even more obscure when one scrutinizes the sub-indicators that constitute it. For instance, Indicator 5k counts “commercial real estate development”, which is partly made up of “total number of people per skyscraper”. Of course, there are more skyscrapers in US cities than in European capitals with old-style city centres. How far the number of people per skyscraper indicates “business centre dimension” remains, at best, questionable.

Another example is “Dimension 6: Knowledge Creation and Information Flow”. This category comprises nine indicators, including the number of MBA programs (6c) and Google hits (6e). These two dimensions have the same weight as the number of patent applications (6d), or daily newspapers per million people (6i). It is open to question how such indicators are useful proxies for the measurement of knowledge creation and information flow. For instance, MBA programs are not necessarily the bedrock of

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knowledge creation but rather could be seen as an instance of isomorphism on a global scale. Some critics argue that conventional MBAs place fetters on innovation by serving up traditional functional fare, rather than being a public good *per se*.

Based on this analysis, there are two main points of critique: first, following the logic of the league table, it is questionable whether the indicators actually measure what they purport to describe. Putting it more strongly, we contend that the indicators discussed are deeply flawed. This does not mean they are irrational, however. Their rationality – and ultimately the authority of the ranking – derives from two sources. First, the social and cultural capital of those who conduct the cities study and author the report. They are expert professionals and, as such, they have an authority to speak about cities. Second, the language and imagery of the report generate an aura of science: the 41 indicators and 111 sub-indicators that all relate to each other and culminate in the six dimensions of global commerce evoke a mathematical precision and accuracy that lends legitimacy to the report. In this sense, auditing acts as a ritual of purification and verification that translates messy realities into ordered entities (Power, 1994). Rationality is produced through breaking down complex assemblages into calculable events. A similar logic is at play in rankings: something as complex as the global economy (which probably exists only as plural word) is broken down into 41 indicators and 111 sub-indicators – leaving none of them with the responsibility to report the “truth” but assuming that a lot of guesses and near-misses will add up to the truth. The logic of auditing produces truth through aggregating a large quantity of more or less trivial statements, each of them taken by themselves not entirely wrong but definitely not meaningful enough to justify the overall claims of the index. The point is that the logic of calculative practices creates a new playing field that is neither true nor false; rather, what we call “truth” is established within this new field.

Our second point of critique is formulated from an external vantage point: the *Worldwide Centers of Commerce Index™* assumes that one and the same signifier describes the same activity across the globe. However, we argue that complex practices such as “opening a business” mean different things in different industries and different countries, and are thus hard to measure. Or think of patent applications as indicators of innovation: given there are different IP laws in different countries (some focusing on the process of making something, others protecting the product, not the process), it remains doubtful whether number of patents is a good indicator of innovation.

A third curiosity lies in the dynamic movements that unfold on the league table. In 2008, the follow-up study of the *Worldwide Centers of Commerce Index™* was published. Madrid notably improved its ranking from the 16th spot in 2007 to 11th place in 2008. How does the report explain this move up the league table? What did Madrid do to improve so significantly? The press release explains: “Madrid’s stable GDP, exchange rate and strong bond market, coupled with a high standard of living, place this city in the company of Europe’s most prominent cities: London, Paris, Frankfurt and Amsterdam.” (*Worldwide Centers of Commerce Index™* Press Release, 2008). It is worth noting that the *Mercer Quality of Life Index 2009* ranked Madrid as the European city with the lowest quality of
life, coming in at 48\textsuperscript{th} place out of 50.\textsuperscript{5} One could suspect that the indexes tell us little about actual reality but a lot about those who assume to measure and order it.

The *Worldwide Centers of Commerce Index*\textsuperscript{TM} explains Madrid’s rise as follows: “its [Madrid’s] strong showing is likely due to its importance as a link and conduit between European and South American markets.” (*Worldwide Centers of Commerce Index*\textsuperscript{TM}, 2008). Looking at the dynamism and competition that the league tables stimulate, the question is what Madrid really did to improve. Surely the fact that it is a link between South America and Europe did not come to the fore for the first time in 2008? Also, the other indicators such as standard of living probably did not markedly change between 2007 and 2008 -- and as argued, they seem to be highly contested. Hence we suggest that the explanations that the report provides are pseudo-explanations. They create winners (Madrid) and losers, such as Los Angeles.

In fact, Los Angeles turned out to be a big loser in the 2008 report: *Los Angeles drops from top ten*. The fall of Los Angeles to #17 in 2008, compared to #10 in 2007, is, in part, due to factors around its role in the global financial services network, as well as the rise of European cities in the area of knowledge creation.” (*Worldwide Centers of Commerce Index*\textsuperscript{TM} Press Release, 2008; emphasis in the original). Again, the question is, what changes in the financial services network is the report alluding to? And what dramatic shifts in knowledge creation occurred in European cities from 2007 to 2008?

The movements that are touted as dramatic shifts remain without explanation. We suggest that the rhetoric of market dynamism is pivotal to creating competition in the minds of city managers. Without the ups and downs of league tables, investment into city brands and strategies would be inconsequential. Therefore, league tables have to keep on shuffling cities around and creating surprise that a big city can fall, but also circulate the story that a less prominent city can do well. Amsterdam, which replaced LA in the top ten, was greeted with respect as it entered the pantheon of the Top 10 World Cities. The press release celebrated thus:

*“Amsterdam enters the top ten*. Home of the world’s first multinational company and first company to sell stock. Amsterdam rises to become the #4 city in Europe in the global top 10. With one of the world’s most stable economies, high standards of living and a strong legal and political framework, Amsterdam’s rise illustrates the continued importance of Europe as a dominant global player.” (*Worldwide Centers of Commerce Index*\textsuperscript{TM} Press Release, 2008).

It is instructive to note that all reasons mentioned for Amsterdam’s rise were in place well before the 2008 evaluation. Why Amsterdam entered the top 10 at this particular juncture remains a mystery.

To argue that the league tables lack accuracy and that better proxies would result in more truthful rankings would be to miss the point, though. The *Worldwide Centers of Commerce Index*\textsuperscript{TM} might have a much more important yet less obvious function. It

\textsuperscript{5} See http://www.mercer.com/referencecontent.htm?idContent=1173105#Top_50_cities:_Quality_of_living
produces facts, and in doing so creates a framework within which cities come to relate to each other, can be compared to each other, and hence compete against each other. Put simply, league tables constitute the playing field in which city strategists have to play: it underpins strategists’ cognitive maps, the language of those who plan cities, and the expectations of those who inhabit them.

5. Implications

In the first sociologies of city life, emphasis was put on the tension that came with the intensity of urbanism. Following Simmel and Wirth, it is literally impossible to render the city knowable, predictable and calculable. The city is a complex amalgamation that can be neither measured nor managed. As Sudjic puts it, a city is:

“… complex organism, never entirely comfortable, always a place with its dark corners and suffering. But it is precisely that edge of danger and instability that makes the city such an extraordinarily powerful force. … it is in its role as an engine for change that the city is most alive.” (Sudjic, 1992, p.32)

In these accounts, urban life is highly complex and variegated. Cities are understood as melting pots, as temporarily negotiated heterogeneous entities where opposing streams meet. As such, cities neither represent one story nor do they compete with each other like soccer clubs in the European Champions League.

This paper argues that in order to create competition, cities have to be objectified in a way that renders them open for management intervention. In other words, in order to make cities compete with each other, they need to be positioned on the same playing field (league table). Accounting is the calculative practice that delineates the playing field and defines the rules of the game. We have shown that the two city rankings we have used as exemplars are built on rather shaky grounds. But to criticise league tables because of their lack of realism means misjudging their power effects. We will highlight five important ways that illustrate how rankings influence city management.

First, league tables reduce qualities to quantity. In the context of cities, this is a very recent phenomenon. By defining a homogenous brand, events, people and things are written in and out of the city. Take Edinburgh (where a formative workshop that inspired our paper was held) as example: The “Inspiring Capital” brand rehearses the city of castles, palaces, smart bars, architecture and the festival. The Edinburgh of Trainspotting or Detective Inspector Rebus is written out of the image. The city is, therefore, represented in a particular way. There is no mention of the under-belly, of the dark side of drug abuse and illicit crime.

League tables cast the city as a consumption hub for the well off. They write out the under-belly and invest in what high-income earners would classify as “good lifestyle”. For instance, Rogerson (1999, p.982) quotes a report to a UK council in which two excluded groups – young men and the unemployed – voice their concern about quality of life
studies. For the former, “quantity of life” takes the form of instant gratification and is more important than quality; and the latter group see the term as a judgement about their inability to be consumers and therefore “normal” members of society. Branding is thus a unitarist exercise – one that writes out class, diversity, spaces and representations. It writes in cosmopolitanism: where spaces of the city become a work and playground for designers, architects, property developers, financiers, marketers and other global flaneurs.

The quantification of qualities leads to the commodification of cities: rankings treat complex assemblages such as lifestyle as a good that can be managed and consumed within free markets. This commodification is achieved through the reduction of qualities into quantities that represent a series of translations resulting in league tables. These tables frame the “battle-ground” in which cities can start to compete in the first place. As outlined above, an agreement about the “theatre of war” precedes the actual engagement. Similarly, the establishment and institutionalization of league tables frames the city manager’s mind so she can think strategically about competition.

Second, league tables create an order amongst a heterogeneous ensemble of entities. By rendering the invisible visible they establish a hierarchical relationship between previously separate and unrelated elements. From the strategy manager’s view, the city is looked at from a distance – through league tables, charts, numbers and comparisons. This removed perspective produces a split between the subject (the strategist), the object (city) and the environment (other cities). As Porter (1995, p.85) has argued, “[q]uantification is a powerful agency of standardization because it imposes order on hazy thinking, but this depends on the license it provides to ignore or reconfigure much of what is difficult or obscure.” Technologies of ranking liquify cities into computable streams of information, detach information from its origin, and universalize its characteristics. The object can then be analysed and repopulated with qualities and values as defined by the brand. This is a paradoxical process: first, cities are seen as the mere result of what a sample of interviewees can express across a scoring system that runs from 1 to 5. Then, based on these quantitative results, a brand that fits within the global framework of competition is constructed. In this respect, a brand is the controlled reintroduction of quality into the economy (see Lury, 2004). If one understands the economy as a series of transactions, money as a quantifiable indicator of value is pertinent. For Simmel, money is such a powerful medium because it is able to quantify qualities. Money introduces what Simmel described vividly as “merciless objectivity” through which every quality is dissolved into a relative variable that can be compared (Simmel quoted in Lury, 2004, p.5). Simmel did not hide his critical attitude to this phenomenon: “Money, with all its colourlessness and indifference, becomes the common denominator of all values; irreparably it hollows out the core of things, their individuality, their specific value, and their incomparability.” (Simmel, 1902/1950, p.414). With branding we experience the re-introduction of qualities into the global economy. Pure quantities do not add up to the images and symbols, which the new economy demands. Through branding, previously uncontrollable qualities become manageable as they relate to each other. In a globally institutionalized realm of floating signifiers, league tables do not only create order amongst quantities but also produce new qualities. Or to pick up Porter’s line of thought again (1995, p.86), quantification has the virtues of its vices.
Our argument is that league tables engender new qualities that have not existed before. Calculative practices do not merely mirror an objective reality beyond the league table. Nor do they simply reduce complex stories into simple numbers. As we pointed out earlier on, objects are the correlate, the outcome of practices. But practices do not only constitute the city as rational, purely quantitative object in the strategist’s mind. They also inject previously non-existent qualities. For instance, league tables are the \textit{a priori} of setting oneself as a city into relation with a host of other places that have been traditionally separated in space and time. Rankings create an environment, an outside, that will impact on the individual identity of cities. Even if a city stayed in the same spot for several years, its identity would change because of the dynamic movement around it. Identity becomes an issue of the relative position amongst players in a dynamic field. As such rankings do not mirror identities but are technologies of identification: as Barbara Czarniawska (2008) has argued, identity is always relational, emerging from the play of differences between identity and alterity. League tables are engines that generate relations amongst cities. These relations are qualitative as they create new associations, combinations and comparisons. On \textit{Anholt’s City Brands Index}, Edinburgh is at 22\textsuperscript{nd} place (with an overall score of 59.61), just above Singapore (with a score of 59.42). Like the sewing machine and the umbrella on the operating table, the two cities share an intimacy on the league table that is generative. Rankings turn the notion of globalization into a quality that can be experienced and consumed. Despite their quantitative nature, it seems that numbers are qualities, too.

Third, league tables stimulate competition: the whole point of league tables is that they are produced annually or even quarterly to see how the performance of individual players develops. A one-off league table would be a snapshot in time; a repeatedly conducted league table forges identity over time. In order to remain interesting, league tables have to monitor the development of these identities and stimulate movement in the table. Over time, as the tables become more institutionalized and more closely coupled to city managers’ decisions (which is not the same as actions), cities will learn to increase what is measured in the tables (which again is not necessarily what makes for a good city – think back to the number of MBA programmes, for instance). In fields with a longer tradition of league tables – such as certain sports – league tables are reified to become the only valid “reality”. Of course, cities are not soccer clubs, but to listen to the discourse of city managers one could be forgiven for thinking that they are similar. City rankings stimulate the same movement: think of LA dropping out and Amsterdam entering the Top 10 for no obvious reasons. We have to conclude that movement within league tables is part of the institutional logic of league tables and hence movement is enacted by rankings – bearing little relation to the evaluated reality.

Fourth, once competition is accepted, individual players need a strategy to play the game. We have argued that league tables have important effects on the way we manage and conceptualize cities. Institutional theory (eg Meyer and Rowan, 1977) argues that organizations de-couple external demands from internal functioning. In this view, rankings would not impact on the organization of cities. While the exact link between rankings and chance is a matter for further empirical study, we’d like to hypothesize that rankings do
matter. As Sauder and Espeland (2009) have shown in their study of rankings of US law schools, rankings impact not only on how outsiders (students, parents, firms, governments etc) perceive the institutions that are surveilled and normalized through league tables, but also on how organizational members themselves change perception of who they are, what to expect, and how to behave. In an earlier paper, Espeland and Sauder (2007, pp24-29) highlight the type of reactions to rankings that can undermine the intention of the ranking system. These include: maximizing rankings by redistributing resources from one area of activity to another in order to maximise the ranking (Espeland and Sauder give the example of Law Schools increasing the number of scholarships they offer and increasing their marketing budgets, particularly concentrating on marketing to other law schools); redefining work and policies in such a way that they fit the ranking better (for instance, Espeland and Sauder discuss the way in which the activities of the careers office changed such that they spent far more time on producing statistics about the careers of alumni and less on developmental work with existing students; and gaming, which involves manipulating numbers to look better in the rankings (Espeland and Sauder give the example of law schools misleadingly reporting employment statistics for their graduates by reporting those working in non-legal jobs as being employed in law). That rankings are a zero-sum game is clear, though the criteria on which organizations are judged are often shrouded in mystery and capricious, changing without little or no warning. This unsurprisingly is a source of managerial anxiety. Simultaneously, rankings are measures of managerial success. In this double-function, rankings coerce and seduce at the same time. Hence, organizational members internalize rankings and the “truth” produced in them. League tables impose Foucauldian self-discipline. Rankings are mechanisms of close surveillance in which every minute detail matters (such as the number of Google hits) and visibility is heightened; they also act as apparatus of normalization as they compare, hierarchize, order, and exclude (Sauder and Espeland, 2009).

Rankings matter because “individuals alter their behavior in reaction to being evaluated, observed, or measured”: “The redistribution of resources, the redefinition of work, and the adoption of gaming strategies are three prominent types of reactivity that help explain how rankings affect law schools [and city administration, we might add]. In each case, organizational actors alter their behavior to try to influence their rank...” (Espeland and Sauder, 2007, p. 6 and 32). Resources will be allocated and strategists will enjoy power as they control relevant areas of uncertainty – in our case, positions on league tables. Once rankings are accepted as reality, strategy acts as an anxiety-reducing activity that rationalizes an uncertain future. But strategy is in itself a paradoxical enterprise that is condemned to fail. Strategy is about defining oneself differently from one’s competitors in order to create a sustainable competitive advantage. Strategy is therefore about doing things differently or doing different things. However, the pre-condition of the possibility of competition (the Kantian a priori) is to eradicate the fundamental differences between entities and make them comparable. Once they are made comparable and ordered hierarchically in league tables – in short, once they are made similar – the strategist has to introduce a difference that makes a difference. Think of Edinburgh: it is a truly unique city with distinctive characteristics and history. The brand of Edinburgh reduces these differences to one single dimension (“Inspiring Capital”) and then tries to claim uniqueness. Of course, dozens of other cities would claim to be inspiring too. Ironically,
once cities have subscribed to the logic of league tables, it becomes increasingly harder for them to differentiate because these tables only capture a very small number of characteristics.

League tables create the precondition of the possibility of strategy by setting up the dilemma of strategy: being similar enough to remain comparable and, simultaneously, remaining different enough, retaining a unique identity. This is the sphinx that strategy sets up: be similar and different at the same time. Cities are drawn into this paradox through league tables. They lose their uniqueness through quantifying the qualities and idiosyncrasies that make them special. Then cities reintroduce brand initiatives and strategies to differentiate themselves from each other. A truly unique strategy might choose to operate outside the dimensions of the league table, as there might be space for doing things differently or doing different things. However, the calculative practice that establishes league tables only recognizes certain indicators. The paradox of ranking-based strategizing is that it encourages the competing entities to be different within a predefined space that precludes real difference. Therefore, city strategies and especially city brands can be seen as hegemonic vehicles for the creation of diversity (Askegard, 2006; Kornberger, 2009).

Fifth, league tables have important power effects that may result in unintended consequences. Calculative practices alter power relations and “enable new ways of acting upon and influencing the actions of individuals.” (Miller, 2001, p.379). League tables are a form of governing by numbers (Miller, 2001). What is counted is usually what counts. Rankings are a language game with power effects. As Nicolas Rose (1999, p.27) put it, to govern “is to be condemned to seek an authority for one’s authority”. In a regime of governmentality, legitimacy derives from the truth. Of course, we do not understand truth in the traditional sense of veritas. Rather, following Foucault (1972), truth is a powerful ordering device that allows us to regulate, order, circulate and distribute discourse in society. In this sense rankings are discursive resources that can be mobilized for different ends.

As such, rankings are a form of power that Foucault has described as governmentality: they “conduct” as they lead and drive others to make certain choices. To govern means “to structure the possible field of action of others” (Foucault, 1982/2003, p.138; 1978/2003). This includes governing things, events, words, images and people alike: a heterogeneous assemblage of things that creates forces within a given field. Importantly, governmentality structures the field of possible actions, but does not determine them. A city manager will not be determined by league tables in her strategizing, but she will have to act and react in relation to the realities made visible through the calculative practices that construct order.

We suggest that these sense-making processes of city strategists will lead to unintended consequences. City managers are not uncritical consumers of rankings. As we have seen above there is ‘reactivity’, from significant stakeholders, to rankings (Espeland and Sauder, 2007): “Critics point to harmful, unintended consequences that occur when professionals lose discretion and actors “play to the test,” focussing on indicators rather
than on the qualities that the measures are designed to evaluate” (Espeland and Sauder, 2007, p.2).

Future empirical research could highlight how managers make sense of rankings and (ab)use them. Learning from other studies, managers (including city managers) manipulate indicators rather than increasing actual performance. If five-star hotels are indicators of the worldliness of a city, changing the criteria for differentiating and accrediting hotels might be an easier way to collect points within the system than actually building better hotels. From a city manager’s perspective, this is a perfectly rational action; from a system perspective, such behaviour is irrational. These contradicting rationalities and their paradoxical interplay are the hallmark of managerial strategies. By introducing ostensibly efficient management practices into city administrations, cities will, knowingly or not, also introduce these paradoxes. We speculate that city strategists will adjust their identities accordingly: as Ian Hacking (1985) has argued, classifications “make up people” by locating individuals on the scale the new taxonomy introduces. In this sense, rankings not only impact on the identity of cities, but also provide new scripts and new props for city managers to enact their individual identities.

7. Conclusion

More than two decades have passed since Peter Miller and Ted O’Leary argued for a perspective that views accounting as an “important part of a network of power relations which are built into the very fabric of organizational and social life. It is a constitutive element in a form of normalizing socio-political management whose concern is with rendering visible all forms of activity of the individual …” (Miller and O’Leary, 1987, p.240). Following this tradition, accounting is best understood as a calculative practice: rather than investigating how accounting is done in municipalities, following Miller and O’Leary we should focus on how rationality and truth are constructed with numbers. The league tables discussed in this paper sketch out how such research could be conducted.

Understanding the now ubiquitous league tables and city rankings as a priori to city competition accords heightened importance to the calculative practices that are mobilized in the construction of these tables. As a form of rationality, accounting for cities shapes city strategizing, as the latter is reliant on calculative practices that create competition in the first place. In this sense, strategizing follows accounting.

We would like to think that our argument also has implications for the society in which we live. Traditionally, cities have been the loci of the public sphere in which conflicting discursive regimes collided. In an unsurpassed phrase, Robert Park (1969) described the city as “a mosaic of social worlds which touch but do not penetrate”. By casting the city as a brand that has to perform within narrowly defined league tables, the public sphere is fundamentally transformed. Barber (2007) has diagnosed this shift as “civic schizophrenia”. It occurs because the aggregation of private wants does not equal public goods. Rather, the public has to be created as public – the res publica is what cannot be reduced to private choices. Hence, a consumer democracy is an oxymoron: while the
market can address the question “What do I want?” it fails when it tries to answer the question “What do we as a community need?” “Private choices do inevitably have social consequences and public outcomes. When these derive from purely personal preferences, the results are often socially irrational and unintended … ” (Barber, 2007, p.128). This is where civic schizophrenia sets in: as an individual I want a certain lifestyle; as citizens we should use public transport to avoid pollution and reduce our dependency on oil, etc. If the “I” starts to dominate the “We”, the public domain disappears. If health insurance, education, security, transport and other public goods become a matter of private choice, the corollary is ruinous: it is impossible to live safely and in an environment free of pollution unless the whole community commits to the same values.

At a societal level, league tables and city rankings represent extensions of the market logic. Our argument is they have the potential to exert strong disciplinary effects. They are mechanisms to regulate public discourse and silence the voices of those who are rendered invisible through the very same practices that render other features of and interests in cities visible. As such, rankings are a symptom, and a driver, of civic schizophrenia. The urban strategist experiences this schizophrenia through what we have described as the paradox of strategy; citizens will experience it through an urban environment that follows the logic of league tables rather than the messy and idiosyncratic patterns that has shaped some of the greatest cities in the world.
References


