

# The Space in Transition: from urban-industrial economy to metropolitan-financial economy

*Eudes Leopoldo*

LERGEO/USP, Brazil

## **Abstract:**

The primacy of metropolitan dimension, which is simultaneous to financial sphere domination, revolutionizes the social space and imposes new forms and contents to society. Thus, there is a new process of productive and regional organization: the metropolitan-financial economy. Given this hypothesis, the space in transition demands renovation, denial and overcoming categories and concepts: from city to metropolis, from urbanization to metropolization, from industrial to financial, from the urban form to the metropolitan form. It is verified that the metropolitan form is related to network, integration and connection, which denies and reaffirms the agglomeration, reunion and meeting, lighting new simultaneities that does not erase the previous ones, but converge and confront each other. The Urban Geography needs to advance in the theoretical and practical field of world metropolization and financialization in search of new space determination demanded by a developing metropolitan-financial epoch.

**Key-words:** Metropolitan-financial epoch; Metropolization of Space; Network; Connection; Integration

## Introduction

Never before in global geography and history has the feeling of having the world in the palm of your hand been so strong. Technological advances in the field of information systems and means of transport, as well as the effective promises of supersensible links between individuals (brain-brain interface, neurological chips), automatization means (internet of things) and new everyday experiences (the sixth artificial sense, futuristic glasses internet integrated), lead to a new form of spatial simultaneity.

Today, what David Harvey (1989) called “space-time compression” and Milton Santos ([1996] 2000) later called “convergence of moments” is the foundation of a new society-space relationship, which establishes the “simultaneity form” mentioned by Henri Lefebvre ([1968] 2001) with much more intensity and depth than half a century ago. The annihilation of the classical urban hierarchy and the exchange intensification within and between city and centrality networks by the metropolis implosion-explosion reveals and points to a space in transition. This setting determines the metropolitan condition as presence and as horizon of a new production of space, establishing the network, the connection and the integration.

The urbanization of society advanced through all the latitudes and longitudes of the planet and opened ways for the emergence of concrete space metropolization. Metropolitan conceptions of urban and regional planning (New York and London in middle of the last century), metropolitan deconcentration politics of space and metropolitan development (France and Brazil in the 60s and 70s), artificial island construction (Dubai in United Arab Emirates, Miami and Balboa in the U.S., Bahrain, Qatar, Kuwait), Chinese ghost towns (Tianducheng, Zhengdong New Area, Kangbashi New Area), failure of American cities (Detroit, San Bernardino, Orange County) and fever of gated condominiums and planned neighborhoods show that only urban space production is not enough to develop new capital accumulation strategies.

A new time of production of space needs to be born in order to allow the acceleration of “capital turnover” and the promotion, update and renovation of urbanization. Thus, metropolization arises as an inexhaustible modernization source of the capitalist production mode allowing an

increased reach of territory control and the formation of a new space policy. The metropolization is “the expanded reproduction of metropolis” (LEOPOLDO 2013a), the colonization of urbanization. Thus, it reaches, in the twenty-first century, power consolidation of metropolises and metropolitan spaces in double potency. Thereby, a metropolitan form emerges (network, integration, connection), which denies, but does not erase the urban form (agglomeration, reunion, meeting).

The marks, signs and unfolding of the metropolitan are everywhere. “Gated communities, shopping centers, metropolitan transport networks, business condominiums, planned neighborhoods, hypermarkets, resort condominiums and others make the materiality of political economy of metropolization” (Leopoldo 2014a: 84). We start from the idea that metropolization involves, on the one hand, capital centralization in major metropolitan centers and, on the other, the dissemination of metropolitan contents in and beyond metropolis and metropolitan spaces.

The orientation change of production of space (from urbanization to metropolization) is directly linked to new spectrums of the predominant process of world capitalism: the financialization of the economy. The thesis defended here is that we move from an urban-industrial economy to a metropolitan-financial economy, this transition determines a new epoch (Leopoldo 2014a and 2014b). It is the metropolitan-financial epoch<sup>16</sup>.

Given the new challenges of the modern world, new concepts and issues are imposed to Urban Geography. Thus, the geographic thought about the city and the urban needs to update itself in order to capture the space in transition and its new determinations. Empirical studies of Urban Geography, which became a tradition in this specialized field, need go hand in hand with theoretical renovation; otherwise, they will be doomed to be

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<sup>16</sup> The original analyzes of Lencioni (2006) and Pereira (2008) on the emergence of the metropolization of space as a decisive moment of the contemporary capitalist mode of production contributed decisively in the investigation of new contradictions and determinations of space. However, the prospect of triadic periodization of modern capitalist sociability and the dominance of the metropolitan-financial epoch from the overcoming of spatial forms of urbanization (agglomeration, reunion, meeting) by the metropolization (network, integration, connection) are entirely my responsibility. I thank teacher Wayne Davies for helping to point out the scope and limits of this intellectual research in development.

mere idea replicators. In order to start a debate in Urban Geography and beyond, we did an exercise to understand what is universal and what are the differences of contemporary world, based on practical research and critical approaches.

## **From urban-industrial economy to metropolitan-financial economy**

Henri Lefebvre (1972), in “The Urban Revolution”, utilizes the historical periodization to speak about the emergence of the “urban society” that illuminates a new world of contradictions. There would be three convergent, opposing and juxtaposed periods: the agrarian era, the industrial era and the urban era. According to Lefebvre (1972), the urban formulates itself, as it is discovered and revealed, becoming at the same time real and virtual, with concrete and utopian predominance of the reunion and of the meeting.

In “The Postmodern Condition”, David Harvey (1989) discusses a geo-economic conception of transition with heuristic base on the regulation school. According to this eminent geographer, the twentieth century saw the transition from Fordism to flexible accumulation, a trajectory with intense metamorphoses in way of life, work organization, relationship between state and market. Harvey notes the “space-time compression” as determiner of the contemporary world, which challenges the experiences of everyday life.

Milton Santos ([1996] 2000), in “The Nature of Space”, periodizes geography and history from the triad: natural means, technical means, and technical-scientific-informational means. The empire of new social variables, which is increasingly technical, scientific and informational transforms space-time, since the most remote times, when man still had a certain relation of subordination to nature. For the Brazilian geographer, the fundamental connection is the technique, which is the main form of relationship between man and nature, society and environment.

These historical and geographical conceptions of universal chronology and chorography ratify a radical transformation of capitalism in the second half of the twentieth century. One way or another, it advances on understanding the predominant moments of social space-time. However, we

point out the need of proposing a new way of knowledge of world history and geography periodization, from the predominance of the following production forms: agrarian-commercial economy, urban-industrial economy and metropolitan-financial economy.

In official literature, it is recurrent to find prospects of a transition from agrarian-commercial economy to urban-industrial economy. However, the transition from urban-industrial economy to new moment, a metropolitan-financial economy, did not receive a more detailed treatment. There is no understanding of this term we are calling metropolitan-financial economy. According to the interpretations, it seems that we still live under the dominance of the urban-industrial economy, even if the new forms and contents of processes in development, elucidated by these same readings, point to a new spatiotemporal configuration, a new simultaneity.

The metropolitan-financial economy is a new capitalist frontier, a new moment articulated and convergent to the agrarian-commercial economy and to the urban-industrial economy. It dominates, but retains traces, processes and contradictions linked to the previous economy. Each of these economies determines means to its respective societies and mobilizes spaces and times of its historical and geographical present. Each economy only resolves itself with and in its own space.

Space is a simultaneity of social relations of production. It is not a mere land where history takes place. It is its own history in movement. As each economy requires a space and a time, illuminating specific processes of production and reproduction, we can talk about periods, eras, epochs, moments that are not thought as separate and split steps. Each time dialogues with its preceding and its posterior.

The agrarian-commercial economy determined an epoch. In fact, capitalism consolidates with trade. In this movement, the exchange of agricultural products and precious metals overseas led to the consolidation of accumulation European centers and the intense exploitation of labor in the American, African and Asian colonies. In this dynamic, cities are established as a place of achievement of agricultural surplus, administrative and commercial centers. Marx ([1867] 1985) said that the capital begins its true saga at this time, in the sixteenth century, with profound changes in economic structures, in the emergency of capitalism.

The agrarian-commercial epoch is strongly linked to subordinated incorporation of a new continent to capitalist logic: Latin America. In the words of Quijano (2005: 9) “Latin America was both the original space and the opening time of the historical period and the world we still inhabit, the first historical entity/identity of current colonial/modern world-system and the entire period of modernity”. With the same line of thought, but with a reading of the metropolitan regionalization of world space production, we propose the idea of a “primitive transatlantic metropolization, the basis of the hierarchical relationship between European metropolises and its colonies (led by Latin American cities)” (Leopoldo 2013b: 4) as the geopolitical foundation of the agrarian-commercial epoch.

Therefore, the elementary dynamics of metropolization as concentration is present since the origin of capitalism and unfolds itself in other historical and geographical moments. In the urban-industrial epoch, which begins in the eighteenth and nineteenth centuries, the metropolization as concentration progresses with continued focus on Europe, later moves to the United States. While the European and American commercial cities become increasingly industrial cities, peripheral cities continue to appear as points of sale and export of agricultural and mineral products.

Gradually the peripheral cities expand its industrialization and urbanization. In peripheral capitalism, these processes are linked to concentration politics towards the strengthening of certain regions of the national territory. The peripheral metropolises arise crowned by slums, where the wagers workers reside (without means for field production), demanded by factories in operation and installation. The concomitant process of industrialization and urbanization changes the way of life, everyday life and social relations of production, expanding the capitalist process worldwide. New technologies, means of transport and communication ferment new society-space relation based on the urban-industrial economy.

At the end of the first half of the twentieth century, the urban-industrial economy reaches its apex, with the diffusion of American ideals of consumption, technological advances and the growth of applied science. At this time on the innovation and ruins left by end of the Second World War, for the first time an integrated conception of metropolitan space emerges: the

New York metropolitan region, designed by Robert Moses an interconnected mode according to Harvey (1989).

The transition from the dominance of an urban-industrial economy to a metropolitan-financial economy is limited to the period between the concrete emergence of capitalist metropolitan space in the U.S. in the middle of the last century to the politics of metropolitan deconcentration in peripheral countries in the 1970s and 1980s. A deregulation of the financial sphere and the neoliberal policies mobilize new strategies of capital through the metropolization of space.

The metropolization as politics of space sets up new resolutions in all domains of the reproduction of the social relations of production. The financial sphere becomes denser and the productive restructuring mobilizes new technologies and inputs, shaking the structures of production of value. At the same time, the mediatic information boosts forms of alienation. Thus, opening the doors for the metropolitan-financial epoch and its contradictions of space.

## **The space in transition: network, connection and integration**

In the metropolitan-financial epoch, the metamorphoses in all spheres of life resonate with intensity in the ways of life, in space production and in human communication. Forms of space and society production modify themselves intensely. Integration, network and connection end up defining the simultaneity of social relations in contemporaneity and new concrete and abstract composition of space.

The way the subway system is organized and installed in metropolitan regions illustrates the different means in which integration, connection and network are established. In 1863, the first subway system in the world began to operate in the metropolis of London, which was later expanded to metropolitan region and other English cities. At this time, the subway system illuminates the metropolitan space. But, concretely, as we have seen, the metropolitan space only came to light in the post-war period with the

integrated conception of the New York metropolitan region, consolidating itself later as a social and productive condition beyond the urban space.

If we consider the metropolitan space from the constitution and expansion of the metropolis or mother-city, we can infer that it was present-absent somehow in other historical moments such as in the Greek urban network. However, only in the second half of the nineteenth century, that the subway system reveals the metropolitan space as real and utopian need of emergence of a new world and a new order. However, it is in the “integrated metropolitan planning” of New York that the metropolitan space, nearly a century later, acquires its more radical contours.

The international adoption and incorporation of the subway network or better “metropolitan transport network” produces some necessary conditions to the expansion of world metropolization. The network introduces a convergent reticular structure, which allows the dialogue between distant places. From the core network is established lines and nodes that articulate with all near or remote locations. The network covers an extension socially broader. Thus, it becomes possible to advance policentrality, the expanded reproduction of metropolis, i.e. the production of metropolitan space.

Thus, the network releases the urban agglomeration to reach another level: the metropolitan region. Agglomeration is transformed into network, which resolves itself in the convergence of a reunion of cities. Several integrated agglomerations produce a metropolitan network. Insofar as the metropolitan web progresses on cities, centralities, neighboring and distant spaces, expanding the network, the metropolis turns into itself and for itself<sup>17</sup>. The metropolitan web constitutes a contradictory unity of urban fabrics.

In this dynamic, the integration works in space articulation, fostering connections and adherences to metropolis and metropolitan web logic. As in the subway system, where each station integrates certain places to the

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<sup>17</sup> The purpose of the network concept, Castells (2000) points out theoretical formulations of the so-called “network society” and Lencioni (2006) highlights the unfolding of the networks in the transformations between what is local, regional and global. In discussing the emergence of the city-region by metropolization of space, Lencioni (2006) proposes the notions of “territorial proximity network” and “relative proximity network”.

metropolitan web, the integration is the combination of spaces in a serial and multifaceted mode.

The integration actualizes the necessary conjunction between spaces, centralities and cities linked to the metropolis logic and determines the production of metropolitan space. The integration actualizes both in a simple scale such as in the case of Fortaleza metropolitan region<sup>18</sup> and in a complex scale such as in the case of the city-region of São Paulo. In the first situation, the integration is constituted as “network of centralities (Leopoldo 2013a) and in the second as “network of metropolitan regions”. Thus, we can speak of complex metropolitan integration and simple metropolitan integration.

Thus, the reunion is denied and integrated meeting takes place. As a particular time determined by the transition from the urban form to the metropolitan form. Integration as unit of binder times of urban spaces to metropolitan totality indicates spatial connections. In the subway system, some integrated stations allow connections with other lines of the network. Each connection allows shortcuts, detours, meetings and ways. Possible meetings multiply with new connections in all directions of the metropolitan space, which extends itself beyond the metropolitan region established by the state. The metropolitan space is the contradictory simultaneity of social relations of production integrated in network through connections.

By integration and connection, the various latitudes and longitudes of the metropolitan space are associated in networks. The spatial and temporal links with new technologies of communication and transport worldwide, financial globalization and formation of global market fertilize a universal metropolitan network through international integration and connection of logics and processes of metropolises and metropolitan webs. In this same line of thought, Sassen (1996: 212) says that

Economic globalization does indeed extend the economy beyond the boundaries of the nation-state. This is particularly evident in the leading economic sectors. Existing systems of governance and accountability for transnational economic activities and actors leave much ungoverned when it comes to these industries. Global markets in finance and advanced services partly operate through a “regulatory” umbrella that is not state-

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<sup>18</sup> Cf: Silva (1992) and Amora (1999). About the production of coastal metropolitan space of Fortaleza, see: Dantas (2009) and Leopoldo (2013a).

centered but market-centered. The new geography of centrality is transnational.

Therefore, the new geography of metropolitan spaces is transnational, but also national and regional. Integration and connection to networks are performed in all geographic scales with different intensities between metropolises and its metropolitan spaces. The metropolitan-financial economy highlights new possibilities on the world stage, but also in joints and specificities with and in national and regional levels.

Understanding the relationship between what is metropolitan and what is financial in the twenty century as a sociospatial process is a great challenge. In fact, the metropolitan-financial economy is not found everywhere with the same intensity. However, if its presence did not apparently materialize, it is found as a last determination, in the virtual mode.

More and more people live in metropolitan regions, where the main economic activities in the world are concentrated. In 1990, there were 10 metropolitan regions with more than 10 million inhabitants and, today, they have nearly tripled to 28, they have grown to 453 million people (UN, 2014). These are the major financial centers that impose the new logic of capital accumulation. The movement of metropolization combines itself with the dynamics of financialization.

The metropolization of space and the financialization of economy pave a new way sedimented by integration, cleaved by network and disposed in connection. This space-time dominated by a metropolitan-financial economy keeps in its core the marks of the urban-industrial economy and the agrarian-commercial economy, becoming an intense, dispersed and fragmented simultaneity.

## **Rediscovery of the world and space as simultaneity: conclusions and horizons**

Each epoch has a specific and dominant space-time. In the agrarian-commercial epoch an agrarian space-time prevailed; in urban-industrial epoch, an urban space-time prevailed. In turn, in the metropolitan-financial epoch the metropolitan space-time predominates.

The metropolitan-financial epoch presents a spatial simultaneity such as simultaneity in networks, which demands integration and connection. So the urban centrality disperses and gains ground beyond the territorial boundaries of the city, then emerges the policentrality. When talking boundary, thinking in terms of “network of global cities” (SASSEN 1996) or “network of global city-regions” (Scott; Agnew; Soja; Storper 2001), we can speak of a transculturality. Therefore, the creative destruction of centralities, the intense construction of policentralities, the constitution of global metropolises in network (transculturalities) and the world expansion of metropolitan contents is the continuing challenge of metropolization of space.

The world urbanization has reached its ultimate consequences. Its adventures are still widely experienced in the human geography and history. However, we now live on the prevalence of metropolization as a determining process of the reproduction of the social relations of production. Thus, Urban Geography must seek to understand theoretical and practical senses of this new world and cooperate in the rediscovery of the present and future of metropolitan society in genesis.

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