



Book review: *The Wealth of Cities and the Poverty of Nations*

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Parnreiter, C.: The Wealth of Cities and the Poverty of Nations, Newcastle upon Tyne, Agenda Publishing, 148 pp., ISBN 978-1-78821-561-9, GBP 24.99, 2024.

In his book – which is pleasantly slim at under 150 pages – Christof Parnreiter questions the triumphalist claims that cities bring universal prosperity and are the solution to just about every problem. Instead, he focuses on what he calls the Janus-faced genius of cities, especially in the eponymous chapter 4, which, at a good 60 pages, is the main part of the book: yes, cities generate innovation and wealth. But they only do so because they are, as the command centers of global capitalism, also the places of (the organization of) exploitation and over-exploitation – not only within the city, but also in the urban–rural relationship as well as along the global urban hierarchy. Because cities are places, drivers and profiteers of spatially uneven development, Parnreiter argues for “a *cityfied* understanding of uneven development” (p. viii; emphasis in original). Thus, he flips the title of Jane Jacobs’ (1984) book on its head (from *Cities and the Wealth of Nations* to *The Wealth of Cities and the Poverty of Nations*) to emphasize that cities do generate wealth but at the expense of the rest of the world.

Obviously, “although cities have a certain genius, they do not act” (p. 27). Instead, actors in cities benefit from the urban environment and its urbanization economies as well as the resulting “vibrant, animated and stimulating ambience... [and] inspiring atmosphere” (p. 23). Thus, *agglomeration* is the first of the three central characteristics of cities identified by Parnreiter; the other two are *networks* and the *built environment*. Networks “from the immediate hinterland to the end of the world” (p. 23f.) are essential because agglomeration, which is based on “the concentration of *everything* there is in the world” (Lefebvre, 2003:39; original emphasis) in the city, itself requires “connections to other cities which create the ‘bridges’ over which everything flows

into cities” (p. 24). Finally, the built environment is the foundation of the first two characteristics, “the material basis on which all social processes and relationships that make up a city develop” (p. 24). Credit-financed as it is, the built environment is also a central way in which the city is integrated into global flows of fictitious capital. Due to these three characteristics – agglomeration, networks and the built environment – cities should “be conceived of as *proactive* nodes in asymmetric relations across space, with special attention given to what they are providing that enables economic elites to forge... effective weapons of exploitation” (p. 42; original emphasis).

With these three characteristics, Parnreiter reminds us of several well-established findings that have been somewhat lost sight of in the fast-paced academic debate with its specific innovation constraints. Firstly, he draws on the connection established over 30 years ago by Saskia Sassen and since then by many urban researchers and economic geographers – for example in the Globalization and World Cities Research Network (<https://gawc.lboro.ac.uk/>, last access: 29 January 2025), of which Parnreiter is also a member. These scholars have highlighted the link between the necessary growth and increasing importance of business services and the financial industry in capitalist globalization on the one hand and their concentration in a hierarchy of global cities on the other hand. Secondly, he recalls the debates on the mechanisms of the spatial transfer of capitalist value and surplus value, as discussed in “theories of unequal exchange and in dependency theory” (p. 14). Thirdly and finally, he emphasizes what David Harvey famously termed the “urbanization of capital” and the necessity of the spatial fixation of capital (mainly circulating as credit) in the form of the built environment.

In the main part of the book, Parnreiter goes even further back into the history of theory and discusses the significance

of agglomeration, networks and the built environment in and between cities in Adam Smith's and Karl Marx's discussions of the transition from feudalism to capitalism and in Fernand Braudel's account of the development of early capitalism. In doing so, he works out how the wealth of cities was historically essentially based on monopolies, which they acquired through the concentration of money, production and information based on political power vis-à-vis the surrounding countryside. The resulting networks with hinterlands and between cities were "always hierarchic, serving the purpose of centripetal wealth transfers" (p. 81). The result is that cities "are both exploited themselves (by the more powerful), and actively involved in the exploitation of other cities and of their hinterland" (p. 90).

Taking seriously the history and presence of (post-)colonialism, Parnreiter reconstructs how this worked in the Global South, drawing on the work of *urban political economy* from the 1950s to the 1970s. The same "genius of the city" led to significantly different results in colonial and post-colonial contexts than in western Europe. Here, cities functioned "as 'suction pumps' (Timberlake, 1987, S. 51) that soaked up the surplus of producers in small towns and the countryside" (p. 97). In Latin America, where the aforementioned debate originated, the focus was not on industrial production but on primary sector products. In mining and agriculture, extra profits were realized through rents that flowed to Europe. As a result, no local bourgeoisie emerged that would have had an interest in local economic development. Instead, the intermediaries in the cities, the places of value transfer, were focusing on maximum exploitation. Nothing remained locally that could have been invested in accumulation.

In chapter 5, "Towards a citified research agenda for uneven development", Parnreiter provides insight into his own research through interviews with lawyers in German global cities who deal primarily with patent or labor law. While the labor lawyers enforce exploitation and over-exploitation by means of *union busting*, for example, the patent lawyers are central to securing monopolies. Beyond these illustrations, however, Parnreiter emphasizes that "how exactly agglomeration, embeddedness in networks, and the built environment feed exploitative practices remains an open field of research" (p. 116).

Christof Parnreiter's book is both a welcome reminder of debates and connections on the "dark side" of the "Janus-faced nature of cities" that have been forgotten (or deliberately concealed) in large parts of current urban research and a convincing theoretical foundation for empirical research. Exploitation and over-exploitation are organized on a global scale in cities and by means of city networks. Anyone who wants to understand contemporary capitalism would do well to take the active role of cities seriously.

The reference to the central role of cities in the organization of capitalist monopolies, which are rightly being intensively discussed again in times of platform capitalism (see

Moisio and Rossi, 2024), seems particularly important to me. Peter Thiel, according to his German Wikipedia entry "billionaire, investor and right-wing libertarian political activist" (my translation), famously preaches "competition is for losers" and instead recommends the creation of monopolies. Such positions are not new but structural. In his global history of capitalism, Lenger (2023) identifies "the interest in monopoly profits" as one of its four constants, which "can be seen in the early modern spice trade as well as in the market dominance of large industrial companies or the control of market access by digital platforms" (Lenger, 2023:520, my translation). With Parnreiter, one can add here the importance of the urban as elaborated in geographical theory. In this context, it might have been interesting to note how libertarians à la Thiel are currently propagating the production of territorial, often urban, zones with no or minimal labor rights and environmental standards as a spatial strategy, following the example of the global cities of Hong Kong SAR and Singapore (cf. Slobodian, 2023).

I have two minor criticisms. Firstly, the detailed historical discussions of Smith, Marx, Braudel and others are illuminating. Their relevance to current constellations, as outlined in the equally illuminating current examples – such as the interviews mentioned – is not always clear. Secondly, while the significance of agglomeration and network is illustrated very convincingly, that of the built environment remains somewhat pale in comparison. In particular, its specific character as fictitious capital fixed in space, which circulates globally but must be utilized in situ (which regularly fails), would have enabled further connections to exploitation by means of debt (cf. Harvey, 2017), austerity and crisis theories (cf. Wiegand, 2024).

In conclusion, I warmly recommend Christof Parnreiter's book, which is also well written and nice to read, to anyone interested in a theoretically sound, critical understanding of the role of cities in capitalism.

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