

MICHAEL GOLDMAN

HIDDEN EMPIRE OF FINANCE

HOW WALL STREET
PROFITS FROM OUR
CITIES AND FUELS
GLOBAL INEQUALITY

~~HIDDEN EMPIRE OF FINANCE~~

BUY

MICHAEL GOLDMAN

HIDDEN
HIDDEN EMPIRE

EMPIRE OF
OF FINANCE

FINANCE

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GLOBAL INEQUALITY

DUKE

DUKE UNIVERSITY PRESS

UNIVERSITY
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DURHAM AND LONDON

2026

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Printed in the United States of America on acid-free paper ∞

Project Editor: Livia Tenzer

Designed by Matthew Tauch

Typeset in Warnock Pro by Westchester Publishing Services

Library of Congress Cataloging-in-Publication Data

Names: Goldman, Michael, [date] author.

Title: Hidden empire of finance : how Wall Street profits from
our cities and fuels global inequality / Michael Goldman.

Description: Durham : Duke University Press, 2026. | Includes
bibliographical references and index.

Identifiers: LCCN 2025026142 (print)

LCCN 2025026143 (ebook)

ISBN 9781478033004 (paperback)

ISBN 9781478029557 (hardcover)

ISBN 9781478061762 (ebook)

Subjects: LCSH: Urban economics—History—21st century. | Cities and towns—
History—21st century. | Real estate development—Finance. | International
finance—History—21st century. | Global Financial Crisis, 2008–2009.

Classification: LCC HT321 .G64 2026 (print) | LCC HT321 (ebook)

LC record available at <https://lcn.loc.gov/2025026142>

LC ebook record available at <https://lcn.loc.gov/2025026143>

Cover art: Unfinished apartment building, Bengaluru, 2016.

Photo by Pierre Hauser.

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WITH LOVE,
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ACKNOWLEDGMENTS

As we who do research know so well but don't often admit, all knowledge production is social, relational, and conjunctural. My long and circuitous journey has been all of the above. One of the benefits of being a slow researcher and thinker is that I have been able to study change over a lengthy period, leaving me with the gift of being able to sustain incredible friendships. This project has drawn me to many nurturing places around the world. It all started with a sabbatical year during which my family (Rachel, Nadia, Eli) and I lived in Bangalore.

At first, on a Senior Fellowship from the American Institute of Indian Studies, I was invited to affiliate with the Institute for Social and Economic Change, generously hosted by Professors Gopal Karanth and Supriya RoyChowdhury. Later, shifting to the National Institute of Advanced Studies (NIAS) on the Indian Institute of Science campus, I was bigheartedly hosted by Professors Carol Upadhyya, A. R. Vasavi, and Narender Pani. Both institutes are vibrant sites of great significance in the national and city landscape. Both supported me and organized a number of academic and public workshops that allowed me to present and learn from so many people in-the-know, key actors and observers of the rapid changes occurring in Bangalore/Bengaluru. From one fruitful workshop at NIAS, we produced a special issue of the Delhi-based public journal *Seminar* (2017), together with scholars, planners, government officials, artists, filmmakers, and activists.

Back at the University of Minnesota, soon after I arrived, we started a collaborative reading group with PhD students and professors. This group took on many forms and eventually settled down with a core group that received funding from the university's many institutions, such as the GPS Alliance, the Institute for Advanced Studies, and the Interdisciplinary Center for the Study of Global Change—great incubators of intellectual work. With limited start-up funds, we began to build a larger network of scholars through a series of international gatherings, in

Minneapolis (2010), Jakarta (2012), and Shenzhen (2013), with smaller and more intensive workshops in Bengaluru (2016) and Jakarta (2017). The organizers of the 2012 Jakarta event, funded by the Urban Studies Foundation, included an amazing crew of intellectuals—Helga Leitner, Vinay Gidwani, Eric Sheppard, Ananya Roy, Anant Maringanti, Maliq Simone, and Dean Jo Santoso and his colleagues at Tarumanagara University.

Influential to the conceptualization of my early findings was the 2008 workshop “Inter-Referencing Asia: Urban Experiments and the Art of Being Global,” funded by the Social Science Research Council (SSRC) and hosted by the Dubai School of Government, United Arab Emirates (UAE). Coordinators Ananya Roy and Aihwa Ong turned those papers into a widely circulated book, *Worlding Cities* (2011).

While I continued to conduct research in India, I was also spending time elsewhere in the world, conferring with scholars, officials, and activists at meetings, offices, universities, and public forums, as well as in homes. Most influential to my thinking were my experiences living in Valencia, Spain, in 2012, as well as spending a week in Rio hosted by Professor Carlos Vainer and his inspiring colleagues from across Brazil, who were developing new curricula on global urbanism from a Latin American perspective, at the Federal University of Rio de Janeiro (2015). I also learned much from a series of talks and engagements with scholars and activists across Turkey: At Koc University for the SSRC conference “Inter-Asian Connections” (Istanbul, 2013), with wonderful feedback from Professors Ching Kwan Lee and Cetin Celik; then as the keynote speaker at the International Urban Studies Congress, at Anadolu Universitesi (Eskisehir) in 2015, and with faculty and students at Bilgi, Boğaziçi, Mimar Sinan Fine Arts universities (Istanbul) and Adnan Menderes University (Izmir). Special thanks to my former PhD students, now all reputable professors and brilliant scholars, Serife Genis, Emin Adas, Yildirim Senturk, and Sinan Erensu.

An early version of chapter 5 was presented at the workshop “Land Dispossession in China and India,” funded by the American Council of Learned Societies (ACLS), hosted by Singapore Management University and organized successfully by Professors Michael Levien and Joel Andreas, from which emerged a journal special issue (2021) and an edited book (2020). Professors Sophie Gonick and Thomas Sugrue (New York University) organized a generative workshop at that university’s campus in Florence, Italy (2017), where early versions of chapters 2 and 3 were

first, clumsily, introduced. Later, I spent a week in residence at the WZB Berlin Social Science Center, hosted by Professor Dieter Plehwe where I presented an early version of the Introduction. Over multiple invitations, I engaged with Paris-based scholars hosted by Cermes3 Institute, Centre National de la Recherche Scientifique-Paris, the University of Paris, the Natural Science Museum-Paris, and the Centre for South Asian and Himalayan Studies, particularly Dominique Pestre, Lorraine Kennedy, Ozan Karaman, Veronique Dupont, Pierre Benoit-Jolly, and Ludovic Halbert.

My most profound and lengthy set of interactions emerged from a multiyear research grant from the National Science Foundation, with co-principal investigators Professors Vinay Gidwani, Helga Leitner, Carol Upadhy, and Eric Sheppard. We worked as an intensely generative and creative team that sponsored extensive research on Jakarta and Bengaluru, working with and training many dynamic researchers and collaborators. Helga Leitner and Eric Sheppard spearheaded a series of panels over two annual meetings of the American Association of Geographers on the theme of speculative urbanism, which was so generative for our collective thinking and produced a journal special issue (2023). It also spawned a marvelous book, *Chronicles of a Global City* (2024), that was co-researched and cowritten with some of our talented young colleagues, working in an inspired experiment in knowledge production. Vinay Gidwani and Carol Upadhy, dear friends as they are, performed miracles to produce this book, driving the unique project with their masterful creativity and commitment to distilling our analytics into an expressive narrative, picking up my responsibilities when I was emotionally unable.

Thanks to our creative postdoctoral leader, Professor Hemangini Gupta, as well as Kaveri Medappa, Sachinkumar Rathod, Jawairia Mehkri, Priyanka Krishna, Anuradha Sajjanhar, B. Manjunatha, Revathi Kondor, Harpreet Kaur, and Deeksha Rao. Their insights and dogged research skills were so instrumental in our collective research, some of which spills into these pages. We also worked closely with a number of talented colleagues with expertise in business economics, mapping and GIS, and real estate and finance dealmaking—Amay Narayan, H. S. Sudhira, and Sanjiv Aundhe. My childhood friend, now a famous photographer, Pierre Hauser, accompanied us during three periods of research and produced a catalog of incredible photographs, some of which adorn these pages.

One standout who offered me so much expertise, wisdom, and friendship is Vinay Baindur, my first and longest-standing research colleague

and friend, an expert in so much about this complex city, introducing me to so many actors, from key legislators and judges to displaced villagers and farmer advocates, as well as an expert in landmark *dhabas* and bookstores. People who were so generous with their time, knowledge, and friendship were P. Rajan, B. Manjunatha, Leo Saldanha, and Bhargavi Rao and their courageous Environment Support Group staff, Solly Benjamin, R. Bhuvaneswari, Devika Narayan (and her loving family), Diba Siddiqi, and Vinay Sreenivasa and the dedicated Alternative Law Forum staff, Lalitha Kamath, and Sharadini Rath. Leo and Bhargavi and their staff are remarkable scholars, activists, advocates, communicators, and organizers, doing what few have been capable of, which is to shine a bright light on the injustices occurring across the city and countryside, bringing expertise on environmental and social dimensions to the crisis of the global city. They teach youth, scientists, legislators, and judges, as well as leading numerous campaigns to regenerate the lakes, rural commons, wetlands, truly sustainable farming, and, most important, old and new forms of grassroots democracy. My heart goes out to Leo and his family as he works with and through a heartrending health crisis.

Four eminent scholars—Professors Supriya RoyChowdhury, A. Vasavi, Janaki Nair, and Carol Upadhyia—helped me understand and navigate the multiple layers of city and rural life, in more ways than I can possibly acknowledge. Carol was, and continues to be, an amazingly gifted interlocuter and friend, without whom I could never have established myself in this enthralling but dauntingly complex social environment of the city.

My PhD students along the way were, and continue to be, remarkably helpful and supportive: Wes Longhofer, Sinan Erensu, Snigdha Kumar, Kriti Budhiraja, Devika Narayan, Anuradha Sajjanhar, and two undergrads, Ross Abrams and Jake Carlson (who is now a professor).

Down the final tortuous stretch, and during the two most difficult years of my life, dear friends stepped up and supported me in immeasurable ways—in the final editing process as well as in my well-being—for which I am eternally grateful: Ron Aminzade (who offered his unflagging intellectual, editing, and joke-telling skills over countless drafts—and meals and cultural events), Karen Ho, Vinay Gidwani, Kriti Budhiraja, Snigdha Kumar, Eric Sheppard, Helga Leitner, and Carol Upadhyia. You all helped me enormously in the final stretch.

My non-book-related friends who supported me with succor and love amid grief include Rebecca Skoler and Steve Stovitz, Trisha Barry

and Sean O'Driscoll, Maree Hampton and Corey Brinkema, Sue and Tom Trondson, Julie Pringle Garner, George Henderson and Rachel Breen, Diyah Larasati, Divya Karan, MJ Maynes, Awa Abdi, Rachel Bergman, Bruce Braun and Morgan Adamson, Ajay Skaria and Shiney Verghese, Tom Wolfe, Serra Hakyemez, Danielle Dadras, Evelyn Davidheiser, Kathy Hull, Allison Pugh and Steve Sellers, Karen and Miles Rhein, Andy Nash, Paul and Barbara Schurman, Josh Schurman and Kate Dunnigan, Monica and Mark Abrahams, Vivian and Steve McClure, David Goldman and Dalia Nevo, and our WRITE! Group (which includes Devika, Kriti, Snigdha, Michelle Lee, and Niharika Yadav). And, of course, the (now-adult) kids, friends, and partners of my own kids who loved Rachel as their auntie and who supported me these last years like few adults could ever imagine. And especially to my life inspirations, my dearest Nadia and Eli, awe-inspiring spirits of love and care and creativity. An amazing generation: Watch out, world!

The Duke team has been remarkable, especially editor Elizabeth Ault, who had faith even with such uneven initial reviews; Ben Kossak; and the two stalwart reviewers who stuck with me until the bitter end, including reviewer 1, who beat me over the head until I came up with a coherent analytic and methodological framework in which the data actually fit, and vice versa. Thank you.

When the family lived in Bengaluru, we lived on a lane in which the homes to the west of us were built close to the ground and crammed with working-class families, while the homes to the east had been recently rebuilt as two stories and spread out like eagles across an enlarged footprint, inhabited by IT professionals. At the far end of that side, a ten-story residential building was being built, the first in the neighborhood; at the opposite end of the lane was a series of crudely constructed shanties, with a handful of roaming pigs and tied-up goats. Every morning, we watched as men and women trudged down the lane with the simplest of tools, coming from their handmade homes and heading to the construction site. At night, they walked back down our lane, exhausted, through the neighborhood kids' makeshift cricket pitch, to light their fires and make their meals. As the building on the far end became complete, the homes on the other end were unceremoniously bulldozed, and the community of workers disappeared from the lane. Perhaps they joined the multitude of itinerant laborers who would build the next multistory building at another site, or perhaps on their own demolished plot—first a home, then a graveyard, then real estate.

Learning what and why all of this was happening before our eyes—its incomprehensibility and normalization—could occur only within an entangled supportive web of people, noted above, helping me every step of the way. I am eternally grateful to all; this book is a product of all those social insights, exchanges, and friendships. Just as this book focuses on the importance of social networks of care and concern, so too have networks of friends nurtured me through these tough times. But no web or network or community could ever match the love and support from my dear Rachel, who in the last two years battled with the nastiest of cancers. She did it with strength and love and laughter and wisdom. She confronted it all head on, like the “Schurman tank” that one of her father’s best friends used to call her when she was a youth. More life was packed into those two years than one could possibly imagine. She not only strengthened her bonds with people around her but also became besties with the staff at National Institutes of Health’s National Cancer Institute and Dr. Steven Rosenberg’s miraculous team. Anyone who says government spending is a waste knows nothing about the intense work of people experimenting with immunotherapy to save lives, more every day.

But in an instant, all her vitality disappeared. In moving through death as powerfully and gracefully as she moved through life, Rachel taught us that there is no such thing as a full life without its final stage, that there is no love without grief. She taught us to be unafraid, clear-eyed, and in full acceptance of the inevitable and the natural—all of which our culture, or some cultures, refuses to acknowledge, embrace, or prepare us for. Her values and love continue to blossom in our two kids and animate the lives of so many people in our inner circle as well as others around the world. This book was fueled by Rachel’s vivaciousness and her endearing and powerful sense of curiosity, commitment, analytics, anger, caring, love, and gratitude. For Rachel, forever.

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INTRODUCTION

THROUGH THE LOOKING GLASS OF GLOBAL-CITY MAKING

Organizationally, *haute finance* was the nucleus of one of the most complex institutions the history of man has produced. —Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Times*, 1957

They might give us money, but they will never give us land. Land is the new money. —Dalit slum activist, 2019

It's quite simple: No one invests without an exit strategy. —Upper-caste investment banker participating in a global summit in Delhi, 2016

Not so long ago, at the dawn of the twenty-first century, a strong desire erupted to build global cities (Shatkin 2017; Ananya Roy and Ong 2011). Ambitious world leaders heeded a call for “world-class” infrastructure. They imagined a string of their own branded metropolises, brimming with new business districts, sleek skyscrapers, and state-of-the-art metro systems linking IT and biotech industrial parks with multiuse gated residential towers. These cities would be bejeweled with luxury malls and recreational facilities that would put to shame anything found in the aging cities of the twentieth century, such as London, New York, and Paris. Driving innovation and an endless virtuous cycle of large-scale capital flows—financiers with their trillions of dollars of liquid and convertible capital—would make the whole city-to-city system thrum, from the Arabian Sea to the foothills of the Himalayas.

In Dubai, dueling projects with bombastic names competed for scope, scale, and euros and dollars. At The Universe project, Dubai's major developers promised to convert private and state capital into an offshore real

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estate extravaganza: an artificial archipelago in the shape of the cosmic Milky Way. Not to be outdone, The World project offered another artificial archipelago but with many more newly created islands of dredged sand and imported rock, all in the shape of the world's map of nations. Rumors swirled of billionaires and rock stars racing to secure their favorite nations, with Rod Stewart snatching up Ireland and Brangelina claiming Ethiopia. Lindsey Lohan, gossip revealed, purchased her own island—to be named Lohan, naturally—crowing that she would “out-Trump Trump!” Like Brangelina, however, these wild, ambitious headline grabbers would stall out. Amid the cataclysmic 2008 financial crisis, real estate values along Dubai's glittering coastline dropped 75 percent as capital took flight. Several high-profile fraud indictments hit the courts. One investor committed suicide. And yet, as I write, plans have resurfaced to revive, if not the whole world map, at least the European bits, luring tourists with destination sites, year-round snow skiing in the Arabian Desert, and luxury-goods stores that only accept euros.

China's Belt and Road Initiative, announced in 2013, is grander still—and hitting several of its benchmarks. The government project, which the Communist Party in 2017 dubbed the Twenty-First-Century Silk Road on its inclusion in the Chinese Constitution, is scheduled for completion in 2049. It would urbanize parts of Asia, Europe, and Africa into a single colossal, massively surveilled grid. The Chinese state imagines a hundred global cities comprising a multitrillion-dollar empire of infrastructure stretching across seventy countries, together representing a bid to reorient the global economy. Many declare, “If anyone can do it, China can,” but coming down from these atmosphere-high aspirations, things look troubling at ground level.

There have been no environmental assessments to anticipate the effects of all this tar, concrete, steel, and glass on ecosystems, nor social assessments regarding what might happen to the many millions of villagers being shunted into an urbanized economy, ecology, and life where they may suffer from marginalization and intolerance. Investors and politicians radiate optimism, overlooking that China's rural landscape has already become littered with ghost cities, built-but-empty metropolises, and dams so enormous that scientists believe they may have realigned the earth's rotation (Shelton et al. 2018). Smaller investors have lost bundles of money in these speculative schemes, yet the Chinese construction industry rolls forward to its next state-led projects, elsewhere around the globe.

The land on which these speculative desires are built is not in some barren nowhere disconnected from essential ecosystems and social lives (Goldman et al. 2024). The land comes from somewhere and someone, such as land-based communities embedded in specific forms of use, exchange, and governance (Benjamin and Raman 2011; Benjamin 2008). Yet the proponents of these urban dreams claim they are built on a universal object of value—cheap and transferable land. Consequently, this same phenomenon of unbridled global urban expansionism heralds massive protest movements by the dispossessed, many of whom are focused on retaining their land and dignity.

Scholars and activists alike have weighed in on these momentous and disruptive trends (Bonizzi et al. 2019; Brenner and Schmid 2015; Brenner 2014). I identify the rise of *global finance capital* (or what I refer to as *Wall Street* or just *finance*) and its collective intrusion into the productive sectors of national economies as a major culprit. It invents opaque financial tools that few around the world understand, such as initial public offerings, mergers and acquisitions, interest rate swaps, real estate investment trusts, collateralized debt obligations, securitized bonds, and derivative hedges and contracts. By 2021 global asset managers were playing with more than \$100 trillion worth of assets, up from \$31.5 trillion in 2003, with the biggest spike in growth occurring *after* the 2008 global financial crisis, and with Asia being the highest-growth region (Boston Consulting Group 2021).¹ Historically, this form of capital would have flowed into familiar financial assets like stocks/shares and bonds. However, in the decade leading up to the 2008 financial crisis and afterward, the most aggressive large investors put their money into what is called *alternative assets* (i.e., alternatives to traditional banking that avoid banking regulations and use tools and strategies to keep their capital liquid and mobile, as much as possible), such as real estate, housing, and urban infrastructure. The brilliance, or conniving, of this clique of financiers is reflected in the ways they would convert what appears as illiquid and fixed, such as urban infrastructure (e.g., luxury residential complexes, shopping malls, rail and road projects), into something that *becomes* liquid in their savvy hands and for their near-exclusive benefit. This sublime trick of the imagination, as Ian Baucom noted in *Specters of the Atlantic* (2005), is the focus of the analysis here.²

Housing investments entered the lived spaces of rental apartments, public or social housing, single-family homes, nursing care facilities, and mobile homes, while infrastructural investments

flowed into transport (e.g., toll roads, parking lots), energy (wind farms), telecom (transmission towers), office campuses and shopping malls, food production (farmland), and social infrastructure (schools, hospitals). These alternative assets act very differently than how we typically perceive that finance works, with the prevailing assumption being that these investments will enhance productivity and growth (Ward and Swyngedouw 2018; B. Weber et al. 2016).

“Forty years ago,” Brett Christophers writes, “it would have been more or less unthinkable that we would buy our gas from, make our parking payments to, or rent our home from a company like [the giant private equity firm] Blackstone. But today, for growing numbers of people around the world, such is the social reality” (2023, 7). We have entered a brave new world, a reality that Christophers calls “asset-manager society,” denoting that so much of the financial world’s profits come from rents extracted from the routine “social functioning and reproduction” of our lives. Over the past decades, unbeknownst to most of us, finance capital has turned these social goods, if not essentials, into liquid assets tradable on global markets. The largest of alternative investors—called *private equity firms*—now have portfolios that are profoundly reshaping our lives, as suggested by the title of Christophers’s 2023 book, *Our Lives in Their Portfolios*.

By 2023, this segment of the global financial world, called the “shadow banking system” by conservative institutions such as the Federal Reserve and the IMF (International Monetary Fund) for its ability to remain largely untraceable, untaxable, and unregulated, controlled more than \$250 trillion of assets, which is almost 50 percent of the world’s total financial assets (Financial Stability Board 2023). The two riskiest, most aggressive, and most profitable arms of the shadow system have grown by leaps and bounds. Hedge funds have grown at twice the pace of traditional banking and manage fifteen times as many assets as they did in 2008. Private equity funds have grown by 170 percent over the past decade (McKinsey 2022).

The business model of private equity runs on the piling up of debt on the acquired firms, extreme cost cutting, the firing of workers, and the selling off of the most valuable assets of any acquisition (such as the land under retail chain stores or the iconic downtown buildings of local US newspapers). These are common strategies that enable them to extract maximum profits from these short-term investments before exiting. Whatever the merits and demerits of such a slash-and-burn

business model, which can make record profits for investors and suck dry the productive potential of the investment, one key concern is that most people have absolutely no idea how this new financial world works. Is anyone watching or regulating it? The CEO of Brookfield Asset Management explained its management of \$825 billion in assets across five continents as follows: “What we do is behind the scenes. Nobody knows we’re there” (quoted in Christophers 2023, 9). What kind of trouble have such secretive and powerful entities produced by infiltrating arenas that were once commonly the purview of governments? What is the impact of this increasing influence of financial logics, motives, tools, and strategies—what we call *financialization*—of public goods, services, and infrastructure, including residential spaces, roads, water/sewerage systems, hospitals, and care facilities? If more of the infrastructure that comprises city life is owned and controlled by a handful of major financial firms based outside the borders of local governance, with the sole goal of maximizing profits for their (also remote) investor clients, we need to ask how private equity’s ascendancy into these arenas affects democracy and governance. How does it affect people’s livelihoods and societal patterns of inequality? How does it transform the conditions of city life? Why are these world-altering practices opaque to the public, and how can they become transparent and be tamed, if not reversed? These are some of the key questions addressed in this book.

Finance Capital in the Twenty-First Century

There are several dimensions to this sprawling financial sector of the twenty-first century. Finance capital promises high returns for their high-net-worth individual clients as well as for their institutional investors, such as Vanguard (managing \$8.5 trillion); large insurance companies like Allianz (worth \$100 billion); workers’ pension funds (e.g., New York State Common Pension Fund alone handles \$250 billion of workers’ pensions); and sovereign wealth funds such as the Norway Oil Fund and Abu Dhabi Investment Authority (which manages more than \$1 trillion). In the United States, the 1970s marked a dramatic turn in the regulations and rules governing finance, insurance, and real estate (FIRE) industries. The linchpin of the rise of neoliberal politics during this period was the privatization of pension funds and the deregulation of US banks, insurance, investment firms, and real estate companies.

Wall Street firms merged and consolidated into a handful of mega-banks (which included private equity and venture capital managers) and, with the help of the US Congress, took over the management of people's retirement and pension funds, a model that is fast becoming universal. Their capital reserves overflow with steady revenue streams from millions of workers' biweekly paychecks. Where there were once hundreds of small and regional firms across the United States where you could save and borrow, today there are few. The big players include firms such as JPMorgan Chase with \$3.31 trillion, the Bank of America with \$2.41 trillion, and Citigroup with \$1.71 trillion. These behemoths have folded under their corporate wings a string of investment banks, insurance companies, credit card companies, and mortgage agencies. Take JPMorgan Chase as one example: It consists of a conglomerate of Chemical Bank, Washington Mutual, Chase Manhattan, Bear Stearns, Bank One, First Republic, and many more (Parsons and Nguyen 2017). With such consolidation comes corporate power over capital flows and their regulation by the state. In the 2020 US election cycle, Wall Street spent an estimated \$3 billion—or \$4 million a day—on lobbying government officials (Collins et al. 2021).

One of the investment strategies of the “alternative to banking” sector of private equity is the transformation of firms producing commodities (e.g., cars) and providing services (e.g., health care) into firms that produce asset value increases. These upticks in value can come in the form of higher stock prices and distributed dividends, as well as from selling off key assets from the acquired companies (Ho 2009). During the tumultuous period of the 1970s where the US economy slowed to a halt, Wall Street promoted the idea that major firms had lost their value-generating steam and needed to change by following the stripped-down goal of focusing solely on increasing asset values, period. Pleasing shareholders and investors over consumers and communities would be the ultimate goal of the financialized corporate world.

One exemplary case is the retailer Toys“R”Us: After its Wall Street takeover and initial public offering (IPO) by KKR and Bain Capital, stock prices spiked, but a few years later, after they piled more than \$5 billion of debt from the IPO onto Toys“R”Us, the toy megaretailer was paying more than \$400 million in interest annually to the purchasers and was unable to fix the prevailing problems that had allegedly spurred the Wall Street intervention in the first place. With such a debt burden,

the owners increased their profits beyond the interest and management fees by selling off the most valuable asset remaining: the real estate under their well-placed stores. The result: the popular retailer fell (or was shoved) into bankruptcy in 2017. The cannibalized company left a vast gap in the market that was happily filled by megafirms Walmart and Amazon. More than 800 stores were shuttered and an estimated forty thousand employees were fired, while KKR, Bain Capital, and a third firm made an estimated \$464 million from the deal, according to their SEC (US Securities and Exchange Commission) filings (PESP 2018).

Building on this successful business model, private equity's reach today expands into a wide range of service-providing enterprises, including nursing and de-addiction homes, detention facilities, surgery centers, health care providers, and even schools. They raise funds through leveraged buyouts, so called because they purchase a company through the capital raised from loans taken out against the company, leaving minimal risk and debt with the purchasing firm and instead placing the full burden on the purchased company. Following private equity logic, that debt and risk burden is a natural market exchange for a company being "rescued" and the savvy firm doing the rescuing. Private equity firms rarely use their own capital reserves, and if they do, they use their investor clients' capital, minimizing the firm's own risk and liability.

Private equity's new business strategy has often thrown the rescued company under the bus with a debt burden that leads to bankruptcy and requires selling off their valuable assets, such as real estate and specific units within the company with the highest revenue-generating capabilities. In most cases, these buyouts trigger layoffs and deep cuts that affect the firm's clients—the elderly at nursing homes, the health-frail in de-addiction centers, hospital patients, low-income renters in apartment complexes, and so on. Such cuts also affect the remaining employees in these firms—the ill-paid and underinsured staff at nursing homes, the nurses and support workers at hospitals. A few decades of numerous value-extracting deals have left workers and service receivers much worse off, while private equity firms and banks have boasted record profits (Christophers 2023; Gottfried 2022; Robertson and Wigeratne 2021).

Scholars, tell-all memoirs, and even Hollywood movies have portrayed this late twentieth-century financial world as swimming in massive personal wealth, inhabited by cocaine-infused Wall Street traders' jet-setting

on private jets and oversized yachts. Less understood, however, is the way finance is encroaching on other aspects of our everyday lives, to create a brave new world of the financialization of everything in city life (Langley 2020).

*Following the Money: The Two-Way Traffic
Between Global Speculative Urbanism and
Bengaluru's Transformation*

In this book I explore the themes discussed above through extensive qualitative research on what I call global-city making (Sassen 1991). I initially started my project by tracking the making of a global city in Bangalore/Bengaluru, India, through the practices of its water and sewerage agency.³ Everyone needs water, and its scarcity and abundance can reveal a lot about how a city works and how the discourse of global-city making shapes the interplay between expansionary urban infrastructure and people's lives. At the time (2006–7), the water agency, called the Bangalore Water Supply and Sewerage Board, happened to be caught in a crossfire between the World Bank and Asian Development Bank's efforts to privatize the water agency and the street protests of the urban majority, who lacked basic access to potable water and were fearful of having to pay fees for water distributed by a private European corporation. The powerful antiprivatization campaign succeeded in pushing back on these development banks' mandates and global water firms' wishes (which included France-based Suez and Veolia as well as interested financial backers at Goldman Sachs and Deutsche Bank). Although I started my research in the water agency with its water tanks, pipes, and channels, my field site soon slid into the murky world of foreign debt, as the mounting debt of the water agency had become a major drain on city government coffers. Once it was clear that the debt could not be repaid from the relatively paltry sums collected from water user fees, the city government realized it had to find another way to generate revenues. Government agencies thus entered the shadowy world of the land market and began selling off government land. One summer early in my research, I watched a patch of water agency land next to my apartment building become a fancy for-hire wedding facility.

Meanwhile, an illegal market for water began to flourish as the public sector failed to deliver water to the urban majority. These local

entrepreneurs (colloquially labeled the *water mafia*, suspected to be backed by politicians linked to the land mafia) needed access to rural land to tap the underground water aquifers, so they, too, jumped into the land market. The ensuing flurry of activity, along with a palpable sense of excitement, fear, and uncertainty around land and real estate, led me to consider the sinewy relations of water, land, and finance in urban space making differently (Ranganathan et al. 2023; Anand 2017; Ranganathan 2014).

By the time the 2008 global financial crisis hit, my attention was already shifting from the specifics of water infrastructure to the enigmatic world of finance that drove it. Clear explanations existed as to why water infrastructure successfully delivered water to elite quarters and not to the rest of the population, but people were much foggier on the role and actions of the financial actors undergirding these infrastructural processes. Although more everyday experiences in the city were being mediated by new financial arrangements, the latter remained a mystery. Yet the business media and politicians alike expressed excitement when Wall Street firms like Blackstone, BlackRock, and Goldman Sachs began arriving in town in the 2000s. And when investors pulled their money from unfinished projects a few years later, earning large profits for themselves while leaving the city without sufficient funds, elite journalists and politicians insisted that Wall Street's success reflected the city's success. Why would profiting from the abandonment of the city be construed as success? Little of this made sense to me or my local interlocutors—not the disruptive financial dynamics, nor the discursive consensus on extracted profits as a positive for city life, nor the deepening of anxiety-ridden speculation that spread across the city.

Displacement from speculation occurs in many forms. Senior water engineers expressed to me their concerns about the accumulated debt from loans piled on their agency and its effects on their ability to provide water to the urban majority, who had to look elsewhere for water resources (Goldman and Narayan 2019). Young IT professionals told me of their parents' distress at developers' plans to replace their single-family homes with high-rises as home and land prices skyrocketed, inviting in new investors from around the world to take over prized neighborhoods of the city. This burgeoning professional class is the fastest-growing community in Bengaluru to buy new apartments to house themselves and/or their elders, and often a second place as an investment with promised value appreciation (Upadhy 2016). But the



I.1 Welcome to Bengaluru IT Park, 2019. Many years after the dispossession of farm, village, forest, watershed, and commons land, very little construction or production has occurred. Photo by Pierre Hauser.

weight of such risk-taking for the young is substantial, as is the impact on their elderly parents, who are moved out of their tight-knit communities just so they can stay in the city.

Most other city denizens, however, do not have the capital to buy, nor the luxury to speculate in this manner. Street vendors, barbers, and shoe cobblers have been judged by the middle class and city officials as too unsanitary and dangerous to ply their trades on footpaths adjacent to these newly valorized residential complexes. Where else could they go? Small farmers on the city's periphery were pressured to sell their land quickly so that land could be aggregated and sold as large parcels to developers. In these transactions, caste, class, and gender play an outsized role in determining how much compensation a farmer could get for their parcel and where they could expect to move, as I show later in the book. On the city's circumference, a gold rush for farmland in the 1990s put many small and large farmers in the difficult position of having to decide whether to sell (and at what price), speculate on land elsewhere, or try to hold out (figure I.1). Though one might assume that these decisions could be based on some clear economic calculation, small farmers (typically from lower castes) face a world of uncertainty

and are up against powerful interests. Making such decisions represents a burden for those most likely to lose out and reflects the wide range of speculative risks forced on people with few resources already shouldering too much risk in their lives (Upadhy and Rathod 2021; Gururani 2020; Balakrishnan 2019; Cowan 2018).

Throughout this period, street protests decrying this growing power over land and water were becoming more common. They reflected the raw collective angst of people experiencing the tumult of speculative city life in Bengaluru, India. Housing and rents had become too expensive for the urban majority. Land prices had gone crazy. In one pivotal example, the siting of the new international airport and adjoining special economic zones (opening in 2008) in vast rural terrain just north of the city gave elite insiders with advance notice the opportunity to buy land. This speculative land grab caught this region of lower-caste small producers by surprise. As they began to organize and seek protection from government courts and other agencies, farmers learned too quickly that these instruments of the state were in fact working hand in glove with investors to take advantage of rising land values rather than defend villagers from unscrupulous brokers.

Elsewhere in Bengaluru, politicians and developers promised a stream of pipe dreams, including a Formula One raceway to draw in big spenders from abroad, a Japanese-financed monorail to fly over congested streets, and self-managed private townships with heliports and living quarters that promised a more luxurious life than one could find in Singapore or Dubai (Buckley and Hanieh 2014). These speculative dreams transformed city life by “rendering urban space an object of investment,” even if rarely realized as imagined (Nowak 2023, 472). This encouraged city leaders to build world-class infrastructure to “catch up” in the hypercompetitive global economy by using finance capital and financial tools that end up extracting and evicting more than they offer in the form of improvements. This phenomenon is not unique to Bengaluru. Its manifestation in India is a deliberate consequence of processes intimately linked to ones occurring elsewhere around the world. Although we are asked to believe that cities and their world-class infrastructure are distinct and self-contained accomplishments (or failures), I argue throughout the book that the financing of these projects is, by design, a multisite global process. They enable global financiers to exert power across different sites to extract value in a quasi-monopolistic fashion. I trace common business tendencies that typically yield high profits for

the most powerful firms regardless of whether specific projects in different cities achieve their public goals.

From observing these similar practices and paying attention to what undergirds these projects, I learned what these projects produced for the major investors, what they offered to communities, and why so many projects disappoint in terms of delivering public goods even while they are touted as successes (and indeed are successes for many large investors). Simply put, I immersed myself in the world of finance as it works within one city and across investments globally. Having conducted research in three cities experiencing the immediate and lingering effects of the 2008 financial crisis—Minneapolis (United States), Valencia (Spain), and Bengaluru (India)—I learned how certain private equity firms take over cities and transform them into markets of assets (housing, water, land, roads) in different places similarly. This research also revealed to me how their competitors chose not to compete in these same geographic and sectoral markets, which for us calls into question notions of free and competitive market practices.

Following these cues led me to acknowledge that behind the turmoil around access to water and land was a bigger story of finance capital discreetly moving money across seemingly unrelated projects. For example, Blackstone, a key player in Bengaluru's land and water price explosion, also played a central role in the housing crisis (and its afterlife) in the United States. The research for this book started in India, but it followed the money globally to reveal and explain transnational connections and their volatile multisite effects. By developing an argument that is at once theoretical, methodological, and political, I show that when we trace financial investments and strategies across the globe, we can see how finance reshapes everyday life. This is not an argument that replaces the local with the global; rather, it foregrounds their relationality and shows how different localities play or are played off each other for profit. This approach helps us reveal the mysteries of finance and the power-laden entanglements that shape today's precarious urban condition. It also introduces a way of knowing, a methodology embedded in a theory of history. Along with other scholars, I refer to this methodology as the *relational-conjunctural approach*, and I name this particular twenty-first-century conjuncture, where financialization meets the global city, *speculative urbanism*. The following section provides a short review of scholarship that, along with my empirical findings, brought me to this theoretical and methodological framework.

Scholarship on the growing trend of financializing the city brings together two phenomena that are often seen as discrete: urbanization and financialization. The contemporary version of the term *financialization* refers to the global process that started in the neoliberal era (circa the late 1970s), during which investment capital shifted its strategies of growth in Global North economies to those that could derive profit from the *circulation* of capital rather than from the *production* and sale of goods and services. The latter reflected the dominant business model for manufacturing, construction, agriculture, and services over the twentieth century. This strategy has led to the remarkable growth and consolidation of different sectors of the economy in the subsequent decades, which those in the business community now call “the FIRE sector.” The acronym FIRE refers to the close synergistic connections across once-discrete arenas of finance, insurance, and real estate. It also signals the destructive effects that critics decry (Stockhammer 2012).

Critical scholars effectively utilize political-economic analytics and a long-term historical approach to understanding this latest upsurge in the power of finance (Marx and Engels 1997). Geographer David Harvey (2003) refers to what he saw as a Northern capital-led practice of “accumulation by dispossession,” an expropriative phase of global capitalism; economist Costas Lapavistas (2014) calls it “profiting without producing.” Sociologist Saskia Sassen (2014) characterizes the effects as global “expulsions,” while Jamie Peck (2012) understands the driving political force in city life as “austerity urbanism.” Neil Brenner and Christian Schmid (2015) stress a universalizing form of power that they see as “planetary urbanization,” where urbanization becomes the driving force for capital accumulation. Greta Krippner (2011) interprets finance’s rise in the United States as “capitalizing on crisis,” and Karen Ho (2009) and Gerald Davis (2009) explain the historic turn in the logic of capitalism starting in the 1970s as a structural shift in the United States from managerial to shareholder capitalism. This change occurred within large corporations once controlled by in-house managers interested in reproducing and growing their companies (albeit under exploitative labor conditions). More recently, major investors and their largest shareholders have taken over the management of nonfinancial firms (like Toys“R”Us), paying themselves extraordinary management fees (2 percent annually)

and performance fees (20 percent of the profit) as standard forms of compensation. In this era of shareholder capitalism, major investors are primarily interested in any short-term spike in asset value for the firm, even if it means selling off its value-creating assets (such as its inventories, real estate, and factories), alienating its customers, and discarding its employees for the good of the shareholder, who has now become the king in this radically refashioned global economy (Ho 2009; Davis 2009). Interestingly, the largest financial firms also tend to be the largest shareholders of nonfinancial corporations' shares.

These scholars stress macroeconomic global forces, their political manifestations and cultural codependencies, and the social fallout affecting the general population. Many argue that since the 1980s, beyond finance's leveraged takeover and revamping of major corporations, the new landscape of profit became *the built environment of the city*. Following David Harvey's (2001) lead, scholars refer to this move as a "spatial fix" for sectors of capital that suffer from shrinking of profit rates earned from their traditional business practices.⁴ This major shift into land, real estate, and the physical infrastructure of the city started after the collapse of the Fordist regime of production in the United States in the 1970s and subsequently spread across the Global North.⁵ Shifting from a production-led to a finance-led economy has caused significant crises and ruptures with variegated global consequences. For example, many national governments have adopted a neoliberal approach to public and industrial obligations by letting go of the (Keynesian) social contract that asked governments to provide affordable housing, water, electricity, and transit to industrial working-class communities. Now, the responsibility for public investment and industrial strategy has been placed upon the shoulders of investors.

Early on, the city governments of New York, London, and Paris enticed financial firms with tax breaks to set up headquarters as islands of wealth alongside the city's crumbling urban infrastructure, hoping that this concentration of wealth would create positive ripple effects across the city, including in nonelite communities paying inflated fees for public services. Large financial firms were freed up to invest in old and new forms of real estate—producing a new class of office and residential skyscrapers while converting industrial ports and warehouse districts, once part of the productive economy, into high-end amusement and entertainment centers—creating some glitter to urban life that had lost its sheen.

By the 1990s we found a marked shift away from these saturated centers of Northern wealth with new strategies that go far beyond what the scholarship emphasizes under the shareholder capitalism moniker. In this deregulated banking environment, a new branch of unfettered finance capital emerged with its own logics and practices, with a portfolio of interventions from IPOs to new frontiers of investment into urban infrastructure, such as in Global South cities. A fast-growing wing of global finance, private equity, mobilized stockpiles of capital and invented new tools to invest, in ways that kept their capital fairly liquid and mobile: investing in rapidly expanding cities, like Dubai and Shanghai, and in new forms of value-extracting infrastructure, such as World Cup stadia, destination airports, and luxury enclaves for globe-trotting elites looking to invest (and launder ill-gotten wealth). These high-profile investments have been touted by some as engines creating a new tier of city formation—world-class or global cities. However, boosters of this approach ignore the rather banal but essential elements of this new landscape of investment: These new forms of wealth generation depend on widespread liquidations, evictions, and dispossessions (Rolnik 2019; Gillespie 2016; Sassen 2014). These financial strategies require “freed-up” land and public space, placing limits on protective government regulations, and the movement of people to create these fantasy-like global-city landmarks (D. Hall 2013). Is displacement necessary for accumulation?

The new scholarship on global cities and their financialization offers us a valuable jumping-off point for an explanatory framework to understand some of the major changes in the global economy that affect city life and vice versa. To build on and enrich inquiries into the workings of global finance, my research brings together a global approach with a more localized set of production sites, seeing them as coconstitutive and generative. That is, by scrutinizing happenings closer to the ground—observing the places and sites of engagement where the mysterious world of globalized finance meets everyday city life—I can unpack the “organic” aspect of a global crisis emergent from long-standing contradictions and tensions alongside the more particular “conjunctural” dimensions that pop up “almost accidentally” from particular clashes and events, as Antonio Gramsci (1971) has suggested in his conjunctural approach to crisis and change. For example, in subsequent chapters I focus on specific clashes around contested land deals that displace farming communities so rural land can become part of the new urban real

estate landscape—a disruptive process that has been treated by state and market actors as necessarily good for the economy while also being ignored by many urban scholars (Peck 2017). It is a significant world-wide phenomenon worthy of our scrutiny.

On the periphery of Indian cities, I find that the creation of these speculative land markets has been shaped by divisive social hierarchies: Lower-caste farmers and workers have been forced to give up their fertile land or homes to (mostly) upper-caste real estate brokers, through transactions lubricated by (mostly) upper-caste government officials receiving a cut of the action, so that a global-city project can be built. Thus, I find that the terrain of local transformation is mediated by both local and global practices. Value creation and destruction for global finance capital does not just become real from the rollout of algorithms scripted in Wall Street headquarters or in the back offices of Bengaluru’s Silicon Valley—it is actively reconstituted across multiple localized sites.

One of the most startling lessons I learned from interviews with people caught in the crossfire of land sales and evictions is well articulated by Indigenous writer Vine Deloria Jr. in *Custer Died for Your Sins*: “[The US government] took away [Indigenous peoples’] title to their land and gave them the right only to sell” (Deloria 1988, 30). In other words, minoritized communities’ right to possess land existed only in the form of the singular right to sell to their oppressor. Historically, these property “rights” (or wrongs) were the basis for systematized expropriation that triggered not only a massive land grab but also new racialized regimes of property, dispossession, and finance (Coulthard 2014). I heard echoes of this portrayal from the most oppressed group of Indian society, Dalits, who repeated to me often that the new global-city airport built on the rural outskirts of Bengaluru created a “Dalit graveyard.”⁶ Many small farmers and landless farmworkers explained that all they could get in return for the state-led land grab for the benefit of global investors and local developers was a pittance of monetary compensation, money that was value deprived in a land market that would skyrocket in price once the land exchanged hands. This land transfer/eviction left many small landowners and landless users with little means to remain on the land and/or benefit from its newly profitable economy. After many interviews over nearly two decades of research, I determined that their eviction was not an unfortunate by-product of this gold rush; the creation of their graveyard became the foundation for the birth of this

speculative land market and the attraction of investors from around the world. Therefore, I think it's more valuable to consider this global-city phenomenon in terms of the main forces supporting it, what I call *dispossession by financialization*, to emphasize the coconstitutive nature of this relationship between land dispossession and financial gain.

But what about the social-hierarchy dimensions to land theft? In his fascinating 2020 book *Theft Is Property!*, political theorist Robert Nichols argues that dispossession has been fundamental to capital accumulation throughout modern history, generating the dual process of “proptertization and systemic theft” (98). The consolidation of stolen land throughout the early years of the US nation-state produced a property-based globalizing economy, with the state investing in major infrastructure—like the railways—using borrowed capital from the eastern US banking industry, with liabilities and risks offset by the nascent insurance industry (Sell 2021; Baucom 2005). These nation-producing financial transactions were dependent on and shaped by projects of *racialization*, that is, through the alienation of minoritized and raced populations and the dismantling of the structure of their societies. These social hierarchies enrich some (white elites) and impoverish others (other-than-white subalterns), creating and reproducing an extremely rigid hierarchy of racialized difference—in the case of the early United States, white, red, and Black. The enslavement of Africans and the mass murder of Indigenous peoples for their land are formative practices that produced the racialized social and geographic US landscape and its wealth-producing, slave-plantation- and eviction-based economy. Lessons from these brutal moves were subsequently borrowed by European governments curious to learn how the United States had created such a robust economy through what appeared to be a plantation-based economy on the one hand and frontier expansionism on the other. As scholars have recently revealed, Europe strategically absorbed those lessons for their tool kit of colonial rule in Africa and Asia (Sell 2021; Mamdani 2020).

In sum, many reinterpret the rise of global capitalism as based on theft—from land grabs to body snatching—through the creation of racialized hierarchies of power (Nichols 2020). The concept of racial capitalism reflects this combination and emphasizes the coconstitutive nature of race and capital throughout history (Melamed 2015). Related to my inquiry, Black studies scholar Cedric Robinson (1983) argues throughout his path-breaking book *Black Marxism* that “racial

capitalism's historical agency" is the "operational form of financialization" which functions through "scalar hierarchies that animate the distributional order of global finance." In the case of India, Crispin Bates (1995) contends that the concept of race emerged with the early British invaders, who decided that caste reflected a hierarchy of races (hence the relevance of race to caste in global history), mobilizing the racialized notion that upper castes have a strong Aryan/European biological composition while lower castes are biologically inferior. Similarly, Gajendran Ayyathurai (2021) explains that racialization and racial capitalism in Indian history were "situated entanglements of Brahminism, coloniality, and global capitalism" (see also Cháirez-Garza et al. 2022, 196).

It is important to clarify why I, along with others, use the term *racialization* regarding the historically specific and enduring phenomenon of caste in India. Can caste be reduced to race or vice versa? As Sheetal Chhabria (2023) argues, caste as a violent system of social hierarchy did not persevere because it is deeply rooted in tradition and culture, as advocates of discriminatory casteism insist. Instead, she and others demonstrate that, much like the constitutive role of race in the United States and Europe, capitalist property regimes mobilize caste hierarchies to help produce the social relations of property and difference, both of which have been important scaffolding for capitalist modernity in India (Yengde 2019; A. Rao 2009). The term *racialization* highlights a set of practices in which ethnic or racial identities are systematically constructed and legitimated, even if the specifics of racial categories change over time. The concept of racialization can signify processes by which elites in power manage resources and people to create both networks of affiliation for elites and also barriers for nonelites (or subalterns) to prevent them from mobilizing against powerful interests.

In challenging the key tenet of casteism in India, Dalit leader B. R. Ambedkar rejected racial theories of caste that claimed, speciously, that "untouchables" or Dalits were biologically inferior. Caste is neither a physical obstacle nor a biological truth, as Ambedkar argued, but a state of mind and a tool of violence. Further, he demonstrated how public spaces as well as bodies were racialized in ways that defined who was untouchable and who was Brahmin. In his 1936 treatise "The Annihilation of Caste" (2016), Ambedkar argued that only through the destruction of the caste system—and its social, institutional, and psychological dimensions of power—could the unfree ever be free (Cháirez-Garza 2022). I use the theory of racialization as a valuable analytic lens to un-

derstand how ideas of social difference—race, color, caste, ethnicity, and so on—are utilized by institutions (and networks) of power on behalf of capitalist relations, class and political power, land grabs, and more.

Specific to the city of Bengaluru today, Malini Ranganathan (2022) demonstrates how twenty-first-century urban space becomes organized along the lines of what she calls environmental casteism, in which Dalits are shoved off their land using the (once British) law of eminent domain. Much as David Chang (2010) writes about US settler colonialism compelling settlers to convert Indigenous usufruct rights into white-owned homesteads, Ranganathan reveals how new governmental categories of ecologies—such as deeming Dalit land as unproductive wasteland and Dalits as a race of filthy wasters—were generated to legitimate the expulsion of lower-caste communities, justifying the taking of their land to benefit a “more productive” class of upper-caste urban elites.⁷

Throughout the book I highlight two features of speculative urbanism: the centrality of *dispossession* for finance’s accumulative endeavors and the *racialization* of these institutional practices, which creates opportunities for accumulation. In the globally mediated case of India, they combine to deprive lower classes and castes (including Dalits, Other Backward Classes [OBCs], Muslims, and Adivasis), to the advantage of upper-caste and upper-class networks and communities. I highlight the agentic thrust coming from what I call *the patrimonial regime of governance*—populated by networks of mostly upper-caste and upper-class elites ruling over the transformation of city and economy, and ultimately governance. These elites operationalize their networked power within the economy and state apparatus to racialize (via caste and class fraternal power) dispossession in the financialization process. There is nothing natural, stable, or inevitable about this or any form of dispossession or hierarchy creation for urban development; rather, it shape-shifts as a result of power moves that support rapid accumulation for local and global elites.

A traditional notion of the patrimonial regime refers to an oligarchic regime using state resources to produce wealth and to enlist obedient clients all the way down to the village to access resources and compliance.⁸ More recently, French economist Thomas Piketty uses the idea of patrimonial capitalism to show how since the 1970s the Western imperial countries have experienced a “strong comeback of private capital,” a return to global finance’s influence of the late nineteenth century under European empires (Piketty 2019). This renaissance occurred through

the gradual privatization and transfer of public (state-based) wealth into private corporate hands in the neoliberal era. He focuses on the long-term “catch-up of real estate and stock prices” of the financial world since the 1970s, creating favorable conditions for financial firms’ wealth accumulation (Piketty 2014, 173, 237, 260).⁹

I extend the notion and adapt it to reflect practices of networking to produce regimes of elite power and specifically the ways they influence financial investment strategies as well as governance structures of the economy and of the state. I argue that the realms of market making and wealth creation emerge from the hard work of elite global networks—that is, Wall Street firms and their affiliates—working together with localized upper-caste patrimonial networks with their own dynamic characteristics. The more that global-city projects affect investment and spending priorities in the city, the more these networks of actors influence the ways cities, people, and ecosystems are governed. I emphasize the dialectical nature of elite networking that encompasses the undercurrents running through three domains: the tight-knit network of rich (mostly) men who run the global financial system, the cadre of elite self-proclaimed experts of global-city making within and outside of the state, and the entangled network of local elites—land brokers, members of parliament, lenders and buyers, state officials, developers—within cities who work closely to orient financiers to their particular interests and pet projects. I demonstrate that the common tendency among these elite networks of power is to use markers of race, class, gender, and caste to determine whose land will be acquired with what types of compensation, and how projects will be designed to benefit elite segments of the population (Mitchell 2002). Whereas some reduce these designs and consequences to the shady realms of corruption or clientelism, I prefer to see it sociologically as a practice embedded in enduring hierarchical institutions of power—caste, class, gender, and race.

Power, of course, is never unidirectional or one-dimensional. We find immanent critique deep within the threads of dispossession. As Indigenous scholar Leanne Betasamosake Simpson explains, “The opposite of dispossession is not possession, it is deep, reciprocal, consensual *attachment*. We [Indigenous peoples] relate to land through connection—generative, affirmative, complex, overlapping, and nonlinear *relationship*. The reverse process of dispossession within Indigenous

thought then is Nishnaabeg intelligence, Nishnaabewin. The opposite of dispossession within Indigenous thought is grounded normativity. This is our power” (Simpson 2017, quoted in Nichols 2020, 144).

In the expropriation of land in and around Bengaluru, I argue that the very idea of Dalit justice has been forged in and through modes of resistance to land expropriation, what some scholars call the fight against the possessive logic of upper-caste patriarchy (Pandian 2007; Mosse 2018; Ajantha Subramanian 2019; Viswanath 2014). Caste-based expropriation and oppression are fundamental to the financialization process in India’s urban transformation, a process that mirrors larger tendencies in our global economy and society. These power dynamics are central to my analytic framework of speculative urbanism and to my relational-conjunctural approach. I learned more about finance power by understanding how specific firms play urban and rural sites off each other rather than by conceptualizing financial projects and locations as discrete entities with their own particularistic needs and logics. To do so effectively, I trace finance capital wherever it goes, following the money along with its many discursive maneuvers and institutional supports. I follow finance as it undermines Dalit justice while fueling elite regimes of governance. I capture these movements and landings wherever they create trouble.

As noted earlier, I first burrowed my way into the water bureaucracy as a starting point to understanding the rapid urban changes occurring in Bengaluru. It was the bureaucrats themselves who steered me to my topic by emphasizing that their biggest worry was not water allocation but the mounting debt they suffered under. The imperative they faced was to comply with the World Bank, the Asian Development Bank, and Japan’s development finance agency (Japan International Cooperation Agency) and package even grander water projects that required much bigger loans with more expensive financial mechanisms—larger dams and more extensive water canals that would draw water from water-scarce neighboring regions. This idea of bigger and riskier went counter to their conservative engineering training and prudent sensibilities. Once the 2008 crisis hit the city, it became clear to me, as instructed by my interviewees, that it was not water and its scarcity but finance capital and its abundance that impinged most on urban and institutional life. So rather than use the most typical metrics of researchers and observers for understanding large projects—that is, in situ success or failure—I

decided to instead find answers to my questions by trying to understand the lens used by financiers to see the world, or what Devika Narayan and I call the *optics of finance capital* (Goldman and Narayan 2019).

*Tracing Finance Capital Across the Globe:
A Relational-Conjunctural Approach*

As I demonstrate in subsequent chapters, global finance is rarely interested in one place or city or piece of infrastructure, nor is it nested within a single nation-state with any permanence or allegiance. I show how investment firms can rapidly remake their financial tools and strategies at key moments, such as when the world is rattled by a tsunami of bankruptcies and defaults. A relational-conjunctural approach focuses on large-scale ruptures as they occur across sites in a world of uneven interconnectedness (Hart 2023b; Peck 2024; Robinson 2022; Goldman 2021; Leitner and Sheppard 2021, 2020; Sheppard et al. 2015). It directs us to an appreciation of why relationships across sites matter for finance capital and therefore for our research. These relational dynamics can proliferate at moments of crisis, that is, conjunctures, such as the 1970s collapse of the Bretton Woods monetary system, the 1997 Asian financial crisis, and the 2008 global financial crisis.

The debates on the most propitious method to understand global capitalism as it traverses city life are immense and complex. Here I only profile the thinking to which I am drawn, as it embodies method, theory, and politics equally (Hart 2023b; S. Hall et al. 1978). In brief, the lineage of this methodology starts with the Italian political theorist and activist Antonio Gramsci, in his own work on the rise of Italian fascism in the 1930s. He understood that Italy was a case of something much larger: the uneven rise of fascism across Europe at a cataclysmic moment when capitalism was taking new form and working-class movements were responding by shutting down factories and taking to the streets. Gramsci's instinct was to see this disruptive moment through a methodology that helped locate the volatility he experienced in contemporary Italy within a larger context of diverse but interconnected European revolutions during the previous two centuries. As Gillian Hart argues, "Conjunctural analysis is not simply a 'method' that can be divorced from theory and politics" (Hart 2023b, 136).

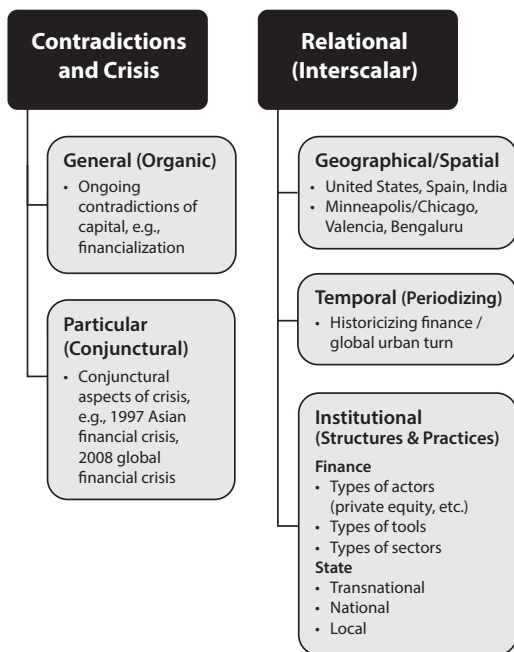
While Gramsci was against the notion of empiricism (i.e., research divorced from theory), he nonetheless saw what Stuart Hall (2021, quoted in Hart 2023b, 139; S. Hall et al. 1978) calls the “specificities and the connections” of such a study on the ground (i.e., empirical research) as parts of “the complex unity of structures” (i.e., embedded theory). Seemingly abstract structures, according to Hall (2021, 36, quoted in Hart 2023b, 153) “have to be demonstrated by concrete analysis of concrete relations and conjunctures,” Hart (2023b) argues in a seminal article on the method, and Helga Leitner and Eric Sheppard (2020) deftly develop this point in their recent works. Using this stance as my starting point, I argue that theory cannot be “conjured out of thin air” but only through close observation as to how forces, structures, and imaginations work along multiple scales and across sites. Gramsci understood “the relations of forces” (i.e., the powers of the state, the military, and capitalist enterprises) in terms of interconnected processes unfolding across scales and “in constant flux” (Hart 2023b, 149). That is, conjunctures—or moments of crisis that emerge from perplexing and often unpredictable circumstances—create moments of both rupture and opportunity, occurring relationally across sites and practices.

Jamie Peck (2024, 462) summarizes the point in this way: “Conjunctural analysis engages the abstract, the structural, and the historical through the contingent, the concrete, the particular, and the real; it works through the specificity and particularity of situations in part for their own sake, as loci of concern, but also as prisms through which to read, to map, and to situate the systemic, the global, and the ‘general.’”

The French sociologist Henri Lefebvre developed his approach through studying the city at a key juncture in history, the late 1960s, which were rife with social turmoil. He focused on what he called *everyday life* as the experiential site of data collection (method), understanding (theory), and politics (Benjamin 2008). From an analysis of the streets of French cities, he not only explored the contradictory relations of production of urban space but also scaled up to broader questions of global forces and change. Gillian Hart reframes Lefebvre’s approach as layered analytics: “three dialectically interconnected domains rather than levels: *global conjunctures*, praxis in the multiple arenas of *everyday life*, and projects, practices and processes of *bourgeois hegemony* that mediate between global forces and everyday life” (Hart 2023b, 151).

In this book I build on this approach by focusing on key moments in recent history as points of departure: the 1970s crash of Northern economies, with its entangled political norms, leading to the rise of neoliberalism globally; the 1997 Asian financial crisis, with the shakeup of state-centered economic policies in Asia and the emboldening of international finance institutions; and the 2008 global financial crisis, as the catalyst for a full-throttle financialization of the city. By explaining the historical rise of finance power through the coconstitutive changes in governance over the banking and finance sectors and city public financing in three countries (Spain, United States, and India) preceding and subsequent to the 2008 crisis, I am able to show what precipitated the global crisis as well as what the crisis generated afterward. The conjunctural moment matters, I find, as it reveals how the preceding rise and ensuing consolidation of finance power across countries propelled the financialization process across cities of the Global North and South (Mawdsley 2018; Lapavistas and Powell 2013). Of course, it was not the crisis itself as some disembodied force or actor but rather the intense relational dynamics within/across capitalist economic sectors, as well as the business classes and state institutions in their support, that catalyzed the urban-financialization process. These corporate and state actors proceeded to collaborate on a new agenda for capital accumulation expressed unevenly in cities around the world (Fernandez and Aalbers 2020). Lefebvre understood such conjunctures as “generative of new conditions,” with their “worldwide reverberations” emerging from multiple sites of production that were not “just recipients” but rather highly generative of global processes (Hart 2023a; Lefebvre 1991).

Starting with this conjunctural perspective, I refine this methodological approach by emphasizing the relational nature of such global practices—relations that reveal the problematic portrayal of the city as an isolated site for inquiry and the realm of global finance as its own distinct and discrete galaxy (Hart 2018). I focus on relations unfolding at key historical moments across cities, between the urban and rural, within and among state institutions, and across capitalist sectors and processes—such as the tensions between finance capital and productive capital. Hence, I study the financialization of the city through a relational-conjunctural approach that helps clarify what Gramsci called the “practico-political” possibilities before us. The diagram in figure I.2 reflects the methodology.



1.2 What is the relational-conjunctural approach?

Source: Michael Goldman, Snigdha Kumar, and Devika Narayan.

The Relational-Conjunctural Approach and the Key Traits of Finance

Applying this methodological approach helps me discover where the world of global finance meets the everyday of the city. As there are infinite ways to drill down into these interactions, I decided to study the world of finance by learning to see through the lens that finance capital uses when it pursues its business strategies, or what my colleague and I call the *optics* of finance capital (Goldman and Narayan 2021). From this perspective, I found a constellation of notable traits that explain how an important set of global finance actors—private equity firms—perform in cities around the world. I refer to these traits throughout the book as *liquidity*, *arbitrage*, *opacity*, and *monopoly*. Here, I offer an initial interpretation of these findings to show how theory and method can generate analytics that help explain the mystifying and multisite world of finance.

My methodological approach reveals how this first trait of *liquidity* works in its paradoxical form. Private equity is a complex and misunderstood asset class of finance (Morran and Petty 2022; Byrne 2016; Davis

and Kim 2015; Finel-Honigman 2009; Gotham 2009; Epstein 2005). Compared to mutual funds, stocks, or bank accounts, it is actually one of the *least* liquid for individual investors but potentially the *most* liquid for the financiers of private equity. That is, unlike when investing in a stock or mutual fund, in which you can cash out anytime, when you invest in private equity, you must wait until the asset is sold before you can see your money again. One hopes that the value of that real estate venture or bridge has grown during the time of the investment. But private equity firms make sure that *their* activities and assets remain as liquid as possible. They want to be able to freely exit any investment before the value decreases, sometimes as soon as possible if the winds of risk switch directions. Often their exit itself can trigger a price fall, which never bodes well for average investors holding on to the depreciated share or for the productive thing itself.

To offer one multinational example, when the Australian firm Macquarie owns the United Kingdom's Thames Water or the United States' Chicago Skyway toll road, it owns a monopoly without any competitors. As provided by contract, the multinational firm can raise its monopoly rents as it wishes across countries, thus producing an almost guaranteed consistent—liquid—revenue stream for it to extract and export through its multisite investment portfolio.¹⁰

In fact, the whole premise behind the world's first stock market was to make shareholding liquid, to enable stocks to be easily converted into cash and securitized—turning “‘unliquid capital’ into tradeable instruments . . . increasing the mobility and globalization of capital” (Ho 2009, 184, referring to Sassen 1998, xxxv). In the twenty-first century, private equity takes this trait to another level: Its capital accumulates wealth both from cashing out from one deal and through moving capital across national borders (thus avoiding internal tax and regulatory burdens) via tax havens with the greatest of ease (Shaxson 2018). This liquidity premium exists because governments actively unshackle international capital flows by not taxing or regulating them, in hopes that liquidity and mobility will increase economic activity (and therefore prosperity) for their people.

Through this method I establish a second trait of private equity firms, *arbitrage*, which has many dimensions. According to the economics literature, there is regulatory arbitrage, risk arbitrage, cross-border arbitrage, and spatial arbitrage. For us, the term *arbitrage* reflects the technique of leveraging difference and unevenness within and across geographies,

projects, and regulatory practices. Sometimes finance works to skirt laws in one place and ask for more attractive rules elsewhere, pitting one set of regulations against another. In all cases, it raises the specter of capital scarcity as its bargaining chip to get a better deal—even when it sits on trillions of dollars of capital. Moreover, finance capital invents opaque tools such as derivatives, swaps, hedges, and more to work in markets that it either tries to corner (i.e., dominate) or helps to create, such as the post-2008 market in nonperforming (i.e., bankrupt) assets.

In many arenas in which private equity invests, it is both a monopoly (a single seller) and a monopsony (a single buyer); it uses arbitrage in these circumstances to convince buyers to offer guaranteed profits just to access the capital it provides. As the historical record reveals, a handful of European financial firms in the mid-1800s convinced the British Parliament to guarantee them an attractive profit rate for lending for the construction of the Indian railways, largely because there were so many British colonies worldwide bidding for scarce money to finance colonial transit structures. As the sole proprietors of capital financing wars and colonial conquests, the Rothschilds and Pereire Brothers (and a few others) were able to negotiate a profitable set of guarantees and commitments (Jenks 1927).

The same monopoly power also exists in the post-2008-crisis period for housing and commercial real estate markets: As asset values plummeted, only a handful of megafinancial firms were equipped and willing to purchase these depressed assets, but they would do so only, of course, under conditions of their own choosing. Financiers could invest in the United States, Spain, or India, depending on the best deal available. That they chose to invest in all directions should have sent a warning flare to buyers that capital is not scarce and thus overvalued. This practice exposes the important role that *monopsony arbitrage*, as I call it, plays in private equity's portfolio, where a single buyer dominates the demand for a service or good simultaneously in multiple markets. Monopsony and monopoly forms of arbitrage allow finance capital to set the prices and conditions of its deals; it signifies the power of finance capital in these times (Christophers 2018).

Through this methodological approach, I intervened into private equity's third trait—its *opacity*—by searching for meaning in its oft-hidden activities. Most people have never heard of the arena of alternative finance and have no idea what hedges and derivatives are, nor interest rate swaps or collateralized debt obligations—even though

these collectively represent a multitrillion-dollar industry, and some of the biggest debt obligations our cities now shoulder. Their workings are completely opaque, and the way they profit is mystifying. Gone is the world where a loan means the cash up front plus an interest rate payable over time. Now there are a series of obfuscating gambles set up by the house, in which case the house typically wins. While the business press heralds the huge profits accumulated by global private equity and tantalizes us with the enormous end-of-the-year take-home pay for its CEOs—now up to \$1 billion a year—it never digs deep into the contractual obligations to reveal, from the opacity of business deals, how a firm can extract such wealth from mundane services like maintaining roads or commercial buildings.

Moreover, it is unclear who the house, or the financier, is. For example, the Chicago Skyway toll road—a simple, decrepit, and congested highway outside the spread-out city of Chicago—used to be owned by the city. During times of fiscal crisis, the city's financial advisers convinced it to lease the road to a private company based in Australia. As it turns out, Macquarie is the world's leader in highway/toll road deals; the deals are based on a calculation in which they put up a minimal amount of cash up front (i.e., a loan to the city in exchange for a road) to help pay off the worst of the city's existing debts. Macquarie has a global reach, owning similar toll roads in India, Germany, and France. Recently, it shed from its core smaller firms, which include ATLAX, ATLIX, QTPP, Atlas Arteria Holdings, and Green Bermuda Holdings—all of which own a piece of CCPI, the owner of Skyway Concession LLC. What does this complex ownership structure do for Macquarie? And where exactly would a discontented Chicago-based consumer or regulator go to collect money or find solutions to their grievances? Bermuda? Australia? One would need a team of lawyers to find the correct holding company and access their staff. A string of tax-haven-based shell/shadow holding companies as owners of public goods around the world reflects global finance's opacity. In subsequent chapters the value of this opaqueness for the central business strategy of skirting regulations, taxes, and accountability will become clear.

The relational-conjunctural approach to my research enabled me to see private equity's final trait—*monopoly*—as I observed firms collaborating with state agencies to create the conditions for consolidation and market control in multiple sites (i.e., the relational) at critical moments (i.e., the conjunctural). As I will show, the largest financial firms actively

avoid competition among themselves in key markets. While industry advocates might call this *specialization*, I find that private equity makes its money from investing in monopolies in two senses: one, they tend to invest in public goods that are in themselves monopolies—like electric and water services, highways, and telecom towers, which are set up as noncompetitive. It is rare to have competing water firms or competing toll roads in the same town (Christophers 2023; Aalbers 2017; Lapavistas 2014; Ho 2009). But as I explain throughout the book, private equity firms also create new markets in which individual firms can dominate, that is, monopolize. This is one of the most remarkable, opaque, and profitable aspects of their ever-evolving business model.

These four traits—liquidity, opacity, arbitrage, and monopoly/oligopoly—thrive in tandem. As a heuristic, they teach us to think across institutional domains, such as transnational entities, state agencies, and civil societies. For example, the discourse of finance-led urbanization since the mid-1990s became coherent and legitimate in large part because it emerged from star-studded conversations of eminent experts that included leaders of the World Bank, urban institutes, chambers of commerce, and the heads of PricewaterhouseCoopers and McKinsey (see chapter 1). Their emergent discourse aligned well with what Wall Street firms like KKR, BlackRock, and Blackstone had been calling for: the financialization of the city. Global boosters of urbanization, of regulatory/deregulatory systems of law and governance, and city-based project planners began to invoke a series of mirror-like policy approaches, plans of action, cost/benefit calculations, and infrastructural projects. Global finance's traits began to inform and be legitimated by the new-normal language of global urbanism (Leitner and Sheppard 2021). Each chapter in this book explains how these overlapping domains of finance, urbanization, global expertise, state action, and public life converge in ways that reveal the contours of this new financial regime of urban governance and how it produces interurban patterns of disruptive change.

In sum, this is a case in which theory and methodology reveal a way of thinking that avoids the more common notion that pivotal events succeed or fail based on the specific characteristics of an individual nation, state, or economy. Focusing instead on the relational and conjunctural in multisite interscalar research allows us to see the intersection of finance and the city in its coconstitutive, messy reality. This zigzagging of capital, discursive framings, global forms of expertise, and state regulatory practices across

cityscapes requires such an innovative analytic framework. The typical methodological approach that understands our current urban crises as the products of national cultural problems, such as Spanish overexuberance, American working-class overreach, or Indian corruption, makes even more opaque the workings of global finance and portrays structural problems as ethnic. By contrast, the relational-conjunctural approach has helped me understand this recent convergence of urbanization and financialization as a phenomenon I call *speculative urbanism*.¹¹

Speculative Urbanism

From this approach emerges my concept of speculative urbanism. It captures the events and practices I was observing and resonates well with others who have taken up the term and modified it based on their findings and perspectives (see Leitner and Sheppard 2023). The concept comprises a bundle of fundamental characteristics. The first focuses on *the power and instruments of finance working to financialize the city*. Financialization—which intersects with but is different from privatization—denotes the increasing power of the financial sector and capital markets in the nonfinancial worlds of business, land relations, government, and even citizenship (Christophers 2022; Fields 2018; Pereira 2017; García-Lamarca and Kaika 2016; Ouma 2016; Searle 2016, 2020; Sud 2014; Krippner 2011; Aalbers 2008, 2016, 2017). This world-altering phenomenon of financialization works in part because of the oft-changing set of tools and strategies produced by global finance to fit its needs and desires. Because of finance's current power in society, these tools determine the stakes of the game and dictate for the state and private entities the parameters for the provisioning of capital for equity and debt investments.

For example, in the United States, almost half of the gross domestic product now comes from the financial sector, a significant increase from the 1950s, when it was less than 5 percent (Krippner 2011; Wolfson and Epstein 2013). Behind these startling statistics are the daily financial innovations and tools necessary to make this transition happen. Contractual agreements with local developers and municipal governments tell an important story about how these new relationships between global finance and local builders and service providers are forged and to whose advantage. I focus on the specifics of global finance's tool kit of

innovative practices and strategies marketed to the world as well as how they are negotiated on the ground and to what effect (Wu 2022, 2021; Aalbers 2019a, 2019b; Searle 2018; Fields 2018, 2017; Moreno 2014). The nuts and bolts of financial practices reveal in the aggregate how finance's rise to power occurred in an atmosphere in which there now exist few alternative strategies for city leaders, builders, and administrators.

The second characteristic of speculative urbanism is captured by the worldwide phenomenon of the *global urban turn*, or the creation and spread of an elite discourse of global-city making, which gained traction in the 1990s and became dominant in the 2000s. It promotes the new common sense that high-risk borrowing from global financial firms will produce world-class infrastructure. This new discourse emerged from twin currents of urban change. The first current was expansive urbanization: At the dawn of the twenty-first century, more people live in cities than in the countryside, a dramatic reversal in human history, with its magnetic force of possibility and innovation. The second current reflects the opposite trend: the crumbling of the infrastructure on which the urban is based. In many parts of the world, the neoliberal era of the 1970s and 1980s produced the *decrepit city*, born from the ashes of the wholesale withdrawal of government support and the punitive/moralistic demand that cities go it alone. Promoters of the global urban turn seized on this opportunity: McKinsey in an Infrastructure Practice and Global Institute report declared, "\$57 trillion will need to be spent on building and maintaining infrastructure worldwide between now and 2030 . . . greater than the estimated value of all the world's infrastructure assets today" (Palter and Pohl 2014, 36–39). This audacious claim attracted the attention of governments and business elites alike and produced an extremely risky and expensive game plan to transform budgets and their rationales.

From Singapore to Barcelona, as illustrated in chapter 1, dozens of coordinated events brought together world leaders and thinkers on this question and generated an elite set of expert discourses and experts on global-city making. These elites boldly declared that large-scale investments would offer a tremendous boost to lagging cities whose leaders were eager to catch up to, if not surpass, long-standing global successes like New York and Paris. It didn't take long before industry and financial leaders fully supported this mandate, as did mayors and citizen groups keen to equip their down-and-out cities with much-needed public goods like housing, roads, commercial centers, energy, and water. This dream-scape gained traction as the vise of needing basic infrastructure and the

lack of public financing squeezed governments, cities, and citizens alike, making the global urban turn very attractive to those in control of major capital flows. The imagined possibilities of this global urban turn seemed endless, fortifying the new paradigm of finance-led urbanization.

The next set of related features of speculative urbanism focuses on the state and government. One aspect I call *speculative governance* to denote the increasingly prominent role that financiers play in socio-spatial rule and governance. Financiers have increased their sway over the domain of urban public goods and services normally under the governance of local or national state entities. Finance now determines which public goods are creditworthy and can generate increased (and exportable) flows of revenue and which are not worth the investment. As finance capital infiltrates the logic of city government and its budgeting responsibilities, it influences governance-based ethics and responsibilities. Consequently, many of the largest infrastructural investments, such as public light-rail systems, airports, and water/sewage systems, suffer from the weight of onerous debt and rents extracted from the large (and expensive) loans required to build or upgrade them.

Such loans privilege the bottom line of global financial firms at the cost of accessibility and affordability for the public. As the built environment (e.g., concretized land, buildings, infrastructure, housing) is converted into assets (i.e., assetized) and made into something tradeable and liquid on global capital markets, and as state agencies and their regulatory capacities respond and adapt to the needs and demands of finance, we can say that finance, in this speculative fashion, remakes the domain of governance (Swyngedouw and Ward 2024). The fate of, and governance over, large infrastructural projects in one location has become more closely aligned with financial business priorities across nations and borders through the process of fast entry and exits. The liquidation of assets and the rapid circulation of capital has become a common business—and governance—practice with manifold disruptive effects.

I emphasize another dimension of the active participation of the state, which I refer to as the *speculative state*: its role as both a handmaiden to finance capital and a speculative agent that buys and sells land in support of real estate ventures. The roots of this relationship can be traced back to the colonial period, in the formation of the British Empire (Cowen 2020; Mehta 1999). More recently, financial sector reforms have enabled nontraditional financial entities and practices to sprout and thrive in countries that once had banned or heavily regulated them

(Pike et al. 2019; Fumagalli and Mezzadra 2010; Epstein 2005). Some of the most significant reforms have occurred at critical junctures, for example, during the 1997 Asian financial crisis and the 2008 global financial crisis, when states responded by further liberalizing rather than tightening the rules overseeing finance. These reforms often reflected the tough-love conditionalities of the International Monetary Fund (IMF) and the World Bank and their debt relief/loan packages, which mimicked calls by global urbanists to open cities to the creative powers of finance (World Bank 2015; BlackRock 2015; Fischer 1998).

Alongside these reforms, national and municipal governments have liberalized their approach to providing key public goods and services by disinvesting from public land, housing, and infrastructure. They have shifted the authority over them onto capital markets while playing the role of intermediary speculators and brokers, and they have invited international investors to enter local markets and establish financialized urban landscapes.¹² Consequently, it is becoming more difficult to separate out the functioning of the state from the workings of finance capital. The state has become a broker and guarantor of public assets, while finance capital has inherited the role of architect and benefactor of public initiatives.

These state-finance alliances are closely connected to another dimension of state relations, what I call *speculative governmentality* (Goldman 2011). It refers to the question of how to be a governable state subject and citizen under these speculative-urban forces. Governmentality, a concept first articulated by French philosopher Michel Foucault, captures the rise of an orientation of government that is less about the state itself than about how we conduct ourselves as state subjects and how we choose to govern ourselves, govern others, and seek to be governed (Lucarelli 2010; Foucault 1991). As Laura Bear and her colleagues suggest, the term *speculation* borrows from the Latin origins of the term *speculari*, meaning to watch, spy, and observe, and from *specula*, a look-out or watchtower surveilling the populace (Bear 2020, 2017, 2015; Birla 2015; Bear et al. 2015a, 2015b).

Speculative governmentality reflects the types of conduct, rationalities, and subjectivities that emerge from the tensions of risk-taking and future-divining, albeit within the context of the burgeoning power of finance. Such dispositions are necessary for urban denizens to keep up with spiraling global-city ambitions and rents in the context of dwindling state provisioning of public goods, services, and spaces. As the ability of governments to provide services and goods becomes contingent on

external capital flows, access to public services is threatened when these currents run dry or reverse course. To survive the tumult of city life under speculative urbanism, people must typically embrace the risk-laden strategies of world-class city making and management championed by government and corporate entities. They must find their own way in this dangerous chaos of speculation, which is largely determined by power relations in society that place differentially weighted risk on different shoulders, based on caste, class, gender, and other factors. Crucial to this aspect of the concept, dispossession and risk-taking have become normalized and shape one's subjectivity as part of twenty-first-century urban survival.

Speculation encompasses the city's elite and nonelite residents, taking different forms with differing effects. One manifestation is the way many people participate in "chains of rentiership" (Leitner and Shepard 2020) whereby large-scale projects trigger a cascading set of possible speculative opportunities, with different life chances emerging along the chain (Upadhyaya and Rathod 2021; Gururani 2020; Balakrishnan 2019; Cowan 2018). Some farmers take their compensation money and try their luck in the city. Others expand their village homes into dormitories for transient construction workers, and some end up on the street with inadequate payments for their land to jump-start a new livelihood. Government rationalities see such displacements and risk-taking as natural and necessary for the process of producing wealth, citizenship, and governance in cities that must become economically and globally competitive (Foucault 2004).

A final and underlying feature of speculative urbanism is the transformative effect of rapid urban and rural transformations on the environment, which colleagues and I conceptualize as *speculative ecologies* (Gidwani et al., 2024). Throughout the book I highlight the significance of water, land, and the public commons as necessary conditions of production and reproduction that are being directly threatened by the financialization of the city (O'Connor 1988; Goldman 1998). Societies across the planet are being confronted with cataclysmic weather conditions—unexpectedly struck by multiple and entangled environmental crises, from flooding to water scarcity, to deadly fires and air pollution, to loss of biodiversity and species extinctions. While some cities suffer from extreme drought and heat, Bengaluru faces destructive floods as well as a life-threatening scarcity of drinking water. The rapid expansion of this city in just a few decades—gobbling up villages and towns as well as

floodplains, forests, pastures, watersheds, underground aquifers, lakes, and drainage channels—is based on the expectation that the IT and biotech revolutions would transform the city's wealth and future. Yet the IT/biotech corridor was built atop precious life-supporting wetlands. Lakes and channels were paved over with water-sucking residential complexes and bejeweled with high-end shopping malls and five-star sporting and leisure complexes, concrete motorways, and fossil-fuel-driven heliports. Just like so many urban landscapes being remade in the likeness of a global city, the dream of transforming Asia's Silicon Valley into a well-managed global city is now faced with the implosion of the ecological foundation on which the city and countryside had been built over earlier generations (Angelo and Wachsmuth, 2015).

The relationship among all these elements of speculative urbanism can be summarized like this: The global urban turn succeeded as a discursive-material set of practices at a particular juncture in which neoliberalism's material limits were transformed into an opportunity for finance capital. This accomplishment required a concerted effort by elites, working with an attractive discourse in hand and a set of political, social, and cultural institutions to rally behind it. The global urban turn enabled elite patrimonial networks to mobilize the financialization tool kit and become the new governance regime for city life, affecting people's subject positions and the ways they could conduct themselves within the changing parameters of city life and space. These local and transnational networks have joined forces to devalue and thus undermine the social-natural dynamics that once sustained life for and in the city. The urban and ecological commons are now being converted into assetized collateral whose value is free to circulate globally through capital circuits while destroying essential ecological resources. These characteristics combine to create the new reality of speculative urbanism.

I tell this story through a transnational, historical, and dialectical lens. It starts with a series of chapters (1 through 3) that focus on the intersection of financialization and urbanization, followed by chapters (4 through 6) that drill down into its manifestations as seen from the city of Bengaluru, but always making clear that each chapter reflects an interconnected and interscalar piece of the puzzle. The conclusion recounts the critical voices running through the book as a multivocal articulation of a postspeculative future.

You might wonder what the roots of the book's title, *Hidden Empire of Finance*, are. It comes from my reading of a fascinating history of the

British Empire that focuses on the quiet but powerful role of global finance in making and unmaking empire. Here is the last paragraph from Leland Hamilton Jenks's 1927 classic study:

There was a curious unreality in their conception [of the British Empire as the geographic extension of the British Isles]. For while they spoke of an empire of fidelity to the Queen, and strove to bring new areas within its bounds, they lived their economic life in *another empire*, which did not, could not wholly coincide with the Queen's. The economy which owned London for a metropolis was at once more broad and more restricted than the empire which praised Victoria as the pattern of all the virtues. That economic empire was even more essential to the people of the stocks-and-bonds and to the people who earned them dividends. It did not yet in 1875 exist; but its elements were in being. And as the migration of British capital proceeded, and from the mechanisms that moved it, the structure of that other empire grew. (336, emphasis added)

Jenks's words suggest a proposal: Amid the pugilistic struggles of European powers, there emerged a *shadow or hidden empire* ruled by the ruthless efficiencies and violent practices of non-state-based finance capital. Alongside the oceans of imperial blood and sweat, empire was built on the speculative-financial technologies of power that elevated an increasingly wealthy but vanishingly small global elite class (Gilbert et al. 2023). He clearly demonstrates that wealthy financiers did not act alone, nor did states ambitiously conjure imperial power abroad without the necessary support of global finance, coming from many banking nodes across Europe (Hobsbawm 1987). Although this book focuses on the twenty-first-century challenge of how to convert the city into a financial asset, we should not lose sight of the fact that this is not the first time global finance has ruled with such awesome power—or fallen so hard from grace, as it did in the late 1920s and 1930s.

What I Did and What Comes Next

I started this project in late 2006 by living in Bengaluru and conducting interviews with local researchers and scholars, journalists, and local “people in the know,” that is, the oral historians who have a breadth of knowledge as to how government works, how local deals are brokered,

how elites often work in stealth, and how working-class people respond to cycles of opportunities and challenges. Some of my best interlocutors were school principals and real estate consultants, farmer advocates, and remarkably talented researchers, all of whom introduced me graciously to their networks and explained to me how things worked in their niches of the city and countryside. As I became known through these networks, I received invitations to meet a wider range of people immersed in the many local controversies. Some interlocutors helped me get invited to official and unofficial meetings where questions of land and lake grabbing were discussed, and evidence presented. I attended discussions between lawyers/advocates and their clients and became integrated into public debates on city- and countrywide concerns (Upadhy et al. 2017).

From 2009 to 2018, I spent from two to six months each of these years conducting participant observation and in-depth formal and informal interview research—more than two hundred interviews by the end. I worked closely with research assistants who were embedded in city and country life, equipped with intimate knowledge of and expertise in different aspects crucial to my questions. I worked closely with various nongovernmental organizations (NGOs), including one well-regarded environmental organization that has close relations with present and former legislators and judges overseeing legislation. They worked on cases to stop the most egregious illegal mischief related to land grabbing by senior officials in Bengaluru and New Delhi. I also spent considerable time over the years interviewing—and hanging out with—financial elites, some of whom invited me to exclusive conferences where frank discussions transpired among foreign and Indian investors, government officials, and city managers. I made sure to follow up on conversations with attendees in their offices back in Delhi, Mumbai, and New York City.

I started out as a visiting American Institute for Indian Studies scholar at the Institute for Social and Economic Change (ISEC) in Bengaluru, later became an adjunct professor at the National Institute for Advanced Studies (NIAS), and then returned to ISEC as the endowed Dr. V. K. R. V. Rao Chair Professor from 2016 to 2018, where I gave keynote addresses and short courses for their excellent PhD students. All these opportunities enabled me to engage with scholars and researchers working on elements of the questions I was pursuing.

In 2016 Professors Carol Upadhy (NIAS-Bengaluru), Vinay Gidwani (University of Minnesota), Helga Leitner (University of California, Los

Angeles [UCLA]), Eric Sheppard (UCLA), and I received a multiyear research grant from the National Science Foundation (NSF) for the research project “Speculative Urbanism: Land, Livelihoods, and Finance Capital.” We jointly hired several research assistants to conduct ethnographic research, and we hired consultants from the real estate industry to explain the inner workings of contract negotiations and deals, a geospatial expert to analyze public data and turn them into impressive visual images, and a photographer to document our research experiences. Whereas most of my research on financial maneuvers, land deals, and dispossession for this book focused on the airport region in the northern reaches of Bengaluru, the research for the NSF project focused on two other important regions in the center and east. This collaboration with my NSF colleagues informs my analysis here as well as corroborates what I found.

Pre-1990s Bangalore was a quiet, small, and verdant city. Retired upper-caste bureaucrats whom I interviewed waxed nostalgic about the old days in which they would ride their bicycle home from their government jobs in the Vidhana Soudha office complex at lunchtime, eat with their families in the outlying neighborhood of Koramangala, and then ride back to finish the workday. Such an excursion is now impossible by bicycle and takes up to three hours one way by car. Environmental activists were school buddies with parliamentarians, and high-court judges were childhood friends with now big-time real estate developers. Those connections, though thinning like their hairlines, still exist. An office visit to a retired judge often led me via a quick phone call to the otherwise inaccessible, heavily secured offices of the leading “land bankers” in town. Of course, these social networks are closely tied to caste- and class-based communities. I found similarly strong ties within the lower-caste, lower-class, and Dalit communities and their advocates, researchers, journalists, land brokers, farmers, and wage laborers. They, too, had compelling but vastly different stories about local transformations. Although the city is now bursting at the seams with more than fourteen million people, many denizens were able to construct astute historical, sociological, and ecological analyses, the sorts that would be the envy of any prestigious university around the world. I try to capture their insights in my writing.

The chapters on the global project of financialization of the city are based on research conducted in India (Bengaluru), the United States (Minneapolis), and Spain (Valencia), where I conducted expert interviews

and monitored, with the assistance of local scholars and activists, the ways in which finance capital created a newly financialized landscape of unfinished projects and public and private debt (Christophers 2023; Derickson et al. 2021). Living in these cities in the wake of the financial crisis, I found that the same private equity firms working in Bengaluru were also mobilizing similar strategies and tools in Valencia and Minneapolis, albeit with some differing effects. My relational-conjunctural tool kit helped me recognize how finance works across sites, using strategies of arbitrage and monopoly to get the most out of their investments.

To immerse myself in the intricate debates on urban markets for finance before and after the 2008 crisis, I attended exclusive finance sector conferences in New York City, New Delhi, and Bengaluru and global urbanization events in Goa, Bengaluru, and Barcelona; scrutinized their annual reports and white papers; and, with my NSF grant colleagues, co-organized scholarly conferences on these topics to learn from others, hosted in Minneapolis (2008), Shenzhen (2010), Jakarta (2012), and Bengaluru (2016).

The rest of this book is divided into two. In the first part, chapter 1 presents the construction of a discourse of global-city making, based on data collected from my participation at a series of global insider meetings from 2007 to 2019, a time span long enough to observe big shifts in strategy and expansive dispersion. Among the many organizations comprising this newfound elite network are the World Bank, UN-Habitat, the United Nations Development Programme (UNDP), the McKinsey and PricewaterhouseCoopers consulting firms, C40, the Cities Alliance, high-tech “smart cities” firms such as Cisco, and infrastructure firms such as Siemens. I show how the idea of high finance for urban infrastructure became a global imperative for these prominent elites.

In chapters 2 and 3, I explore the forces that set the stage for financialization in three countries—Spain, the United States, and India—from the mid-twentieth century to the present. My argument emerges from research conducted in, and on, three cities—Valencia, Minneapolis, and Bengaluru—as well as from secondary data sources. I highlight their historical differences before the 2008 crisis in chapter 2 and the various convergences occurring postcrisis to create a financialized urban landscape globally in chapter 3. Over time, state–finance sector relations became increasingly similar globally, reflecting a new form of global urban governance.

In the second part of the book, chapters 4 through 6, I present how the intersection of financialization and urbanization affects and is shaped by processes occurring in the city of Bangalore/Bengaluru. In this way, I explicate how these arguments play out in one place, fully cognizant that this one place is constituted by translocal practices. Once establishing in part I how exactly the world is changing, we can then see more clearly in part II how the city becomes an important generative site of transnational processes and events. Like many metropolises, Bengaluru bustles with tens of thousands of migrant construction workers building a city they cannot afford to live in for people who have little intention of inhabiting many of the luxury homes built for speculation.

Chapter 4 digs into the city's history to set the context for our understanding of successive rounds of change in the making of the city, from colonial times through the postindependence era of big state-driven projects, what India's first Prime Minister Jawaharlal Nehru referred to as India's "modern temples." The chapter documents changes occurring up to the 1970s period of state fiscal crisis and retrenchment. Chapter 5 lays out the next phase of urban development, a process of converting rural land and ecologies into urban real estate, with their dispossessive and opportunistic effects, eventually becoming a system of dispossession by financialization. Chapter 6 tells the story of what happens when the bottom falls out of twin markets of capital and real estate. It explores the negotiations between foreign capital and local developers and documents how this rollercoaster ride of uncertainty and tumult creates a debt-ridden, precarious city landscape on which only a small cadre of well-networked elites (local and global) can capitalize.

The book's conclusion sheds light on the relationship between the power of finance and responses to it by millions of people in India and around the world who are working to envision and make real a postspeculative alternative to the crazy world of speculative urbanism and financial dominance. As the late Indian scholar Kalyan Sanyal (2007) observed, the distance workers travel between the *commodity-based economy* and the *need economy* is the space where we should focus our attention to imagine and develop an alternative politics. Under speculative urbanism, the volatility of city life quickens to the point of crisis, which creates new opportunities for more than speculative accumulation, including new forms of resistance, solidarity, and alternative modernities. This book, and the last chapter in particular, features some of these voices and articulations of hope.

I will end this introductory chapter with a suggestion for a thought experiment: When reading the rest of this book, consider how the dominant realms of money, finance, and credit were created and normalized, and then consider how they could (just as easily) be different—more fair, more ecologically protective, more socially just. What if the money needed to build housing or water infrastructure were handled by people and institutions that were *not* profiting from every transaction but were instead democratically chosen for that task? What if investment in our cities and towns were not dictated by the circulation and accumulation demands of finance capital but were debated and determined deliberately by people concerned with meeting real social needs and ensuring future ecological survival? These what-if questions are so important during times of inhumane volatility, widening inequality, and ecological collapse. They allow us to envision a world in which decisions about public investment are not made in the backrooms of private capital but in the open spaces of the public commons. They can open our imaginations to a nonexploitative, ecological, and democratizing way of making our world socially just and overflowing with care for humanity and the environment.

Currencies are called US dollars and Indian rupees for a reason; they are printed and backed by the full power of the state and legitimated by the nation. So why give up the power of the state and the nation to a bunch of self-interested bankers and self-appointed elites and expect them to act on the public's behalf? Pay attention throughout this text to how the definition of the public good evolves in the hands of finance capital. Read the narratives in the chapters that follow and see how the foundational claims of modern capitalism—the notions of capital neutrality, the efficiencies of private property, and the invisible hand of the market, so cherished among economists and bankers—melt away when scrutinized.

The material presented in this book illustrates how money becomes abundant at certain moments in select places, and scarce elsewhere. Financiers depend on the muscular game of arbitrage to dangle huge sums of money before the eyes of developers and government officials to entice them to build big, and promises of substantial profit to individual speculators whose salaries alone cannot keep them without jeopardy in the city. Yet that surfeit of money and promises can miraculously vanish when it comes time to provide essential public goods like potable water, affordable housing, life-enriching employment, public

education, public health, and climate-mitigated ecologies. An abundance of money can suddenly reappear when it comes time to build bullet trains and exclusive gated communities. Why and how does money work in this fashion? Why has it unfolded this way recently but not in the mid-twentieth century? Why does it shift over time?

Finally, why do we bail out those controlling the invisible hand of the market when a global financial crisis hits, yet fear the visible hand of elected community bodies that could, if pressed, create conditions for lending that directly benefit the people, for the public good? The following chapters describe the making of cities during the past forty years of the dominance of finance capital. It is up to us to imagine and work toward its unmaking. As we hear from those who challenge the hegemony of finance today, borrowing the words of the poets, with dreams come responsibilities. Those responsibilities could be ours.

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Introduction. Through the Looking Glass of Global-City Making

- 1 All dollar amounts are in US dollars.
- 2 An alternative asset is one that does not fall within the conventional categories of equity or income or cash. Examples include actors that are called private equity and venture capital, which invest in hedges, real estate, commodities, and tangible assets like urban infrastructure. Private equity firms investing in real estate and infrastructure are the main focus of this book, for reasons that will become quite clear.
- 3 Once called Bangalore, the city's official name was changed to Bengaluru in 2014. I will use *Bangalore* when discussing times before 2014 and *Bengaluru* when discussing the post-2014 city.
- 4 The idea of an overaccumulation crisis is that any given productive sector comes up against the limits to rising profit rates in their sector. Such a crisis leads capital—in theory—to search for new outlets and arenas to realize profits (O'Connor 1984). Urban space and infrastructure became that temporary “spatial fix” to the falling rate of profit, an idea argued by critical urban theorists starting in the 1970s.
- 5 The post–World War II era of what scholars call Fordism reflects how the innovations of the Ford Motor Company—industrial mass production and standardization coupled with a Keynesian state that supported mass consumption by providing infrastructure, services, and stable fiscal policy—became normalized for leading industrialized societies.
- 6 The term *Dalit* has a political history and translates as “oppressed and broken.” Dalit is the self-designation referring to the community whose members are placed outside the hierarchical Hindu caste system; they were formerly called “Untouchables.” Although the constitutional term is Scheduled Caste, Dalit is the chosen name of many fighting against systemic oppression.

- 7 For more on the question of caste as race that transcends reductive interpretations, see Khilnani (2020). On the complex nature of caste as a stratified hierarchy that includes the odd-sounding category of Other Backward Classes (OBCs), see Somanaboina (2022) and A. Rao (2009). For excellent coverage of the two dominant rural-based communities in Karnataka that defy easy classification, see Janaki Nair's series of articles in the media over the past decade, including her 2021 piece in *India Forum* on the Lingayats and Vokkaligas, where she explains how these two landed castes in Karnataka maintain significant power despite being officially part of the OBC category. Caste hierarchies differ from one region to another in India, and even non-Hindu communities have adopted their own version of a caste system.
- 8 This definition is different from the one used by historical sociologists, who highlight kinship and the familial and patriarchal nature of early modern patrimonial states.
- 9 Geographer Louis Moreno (2014, 2018) mobilizes the concept for his study of capital accumulation as it affects the built environment and living conditions in Global North cities, especially in Spain.
- 10 According to Atlas Arteria's disclosure statement (2022) in acquiring a majority interest in the Chicago Skyway, it promises to its shareholders that it will raise the toll prices annually over the remaining eighty-eight years on the lease. The report also offers a diagram of the numerous entities that are different owners of the Skyway, all of which were once part of the mother company, Macquarie. These diagrams, typical of private equity shareholder reports, reflect the complexity of ownership—and liquidity—that might, for one, make it quite difficult for someone in Chicago to follow the money or even express their concern about a bumpy ride and rising tolls. Even though Atlas Arteria acquired a majority interest in a public good, stamped on every page is the notice that Americans are not allowed to read the document: "Not for Distribution or Release in the U.S." It is widely available online.
- 11 Scholars continue to refine the concept. See Shih and de Laurentis (2022) on Taiwan; Sood (2019) on India; Nam (2017) on Cambodia; Zappa (2022) on Vietnam; Shin and Kim (2016) on South Korea; Z. Li et al. (2014) on China; Leitner and Sheppard (2018, 2023) and Colven (2023) on Indonesia; Juan Zhang (2017) on Southeast Asia; Barasa (2021) on Kenya; and Knuth (2014) on the United States. For example, China and Japan have invested widely in infrastructure projects in and around Jakarta, Indonesia, supporting their own construction firms as major contractors, and their financiers as investors collecting rents from each project (Anguelov 2023).