AUSTERITY URBANISM
The Neoliberal Crisis of American Cities

By Jamie Peck
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Austerity and Struggle in the 21st Century City

Cities are sites of contestation. This has never been truer than today, with inequalities in the industrialized world rising to levels not seen in decades. Neoliberalism continues to reign—in spite of its spectacular failures, most recently exemplified by the Great Recession of 2007-08—and austerity policies are the recipe du jour, marking a new stage in what David Harvey describes as “accumulation by dispossession.”

While there is much debate about the so-called “gridlock” in Washington, D.C., and how it affects politics, comparatively little is said about the local effects of—and responses to—austerity. In the “entrepreneurial city,” municipal governments act as cost-saving business actors that run their cities like corporations. Facing tax cuts and other revenue-slashing measures, these governments have increasingly turned to austerity policies. This has translated into fewer services for citizens and less investment in the city, particularly in affordable housing.

In this study Jamie Peck, professor of geography at the University of British Columbia, Canada, delineates how neoliberalism has tightened its grip on cities since the Great Recession, engendering what he calls “austerity urbanism.” Due to the spatial concentration of unionized labor, communities of color, poor people, and liberal constituencies, cities are favored—and particularly vulnerable—targets of austerity measures. Municipal governments cut social services and the wages of public sector workers (increasingly denying these workers the right to bargain collectively), slash school budgets, and eliminate affordable housing units—all while privatizing core city functions and subsidizing private investors. While a small number of city governments with corporate inclinations welcome this self-starvation, most succumb to the pressures created by state or federal governments that pass down budget cuts to the municipal level—essentially leaving each city and town to fend for itself. A few cities adapt and ride the wave of privatization relatively unscathed, while others, most notably Detroit, drown.

Yet from the viewpoint of the Left, the situation in today’s cities is not all bleak. They are once again a hotbed for progressive politics—both at the grassroots and electoral levels. Occupy Wall Street was a distinctly urban movement that inspired similar formations in countless cities across the U.S. and even abroad. “Right to the city” initiatives are stemming the flood of foreclosures, evictions, and rising rents. Progressives have increasingly focused their efforts on city politics and paved the way for left-leaning mayors in New York City, Boston, and Minneapolis, to name a few. These cities have recently enacted policies including minimum wage increases, IDs for undocumented residents, protections for domestic workers, paid sick leave, universal Pre-K, and more. So while our cities and towns are falling increasingly under the dark spell of austerity, it is at the same time clear that the battle over austerity and the fight for progressive urban experiments has only just begun.

Housing justice and urban politics represent a core area of our work at the Rosa Luxemburg Stiftung’s New York office. With this study, we start a new chapter in our ongoing work on these issues: a series of studies titled “City Series.”

Stefanie Ehmsen and Albert Scharenberg
Co-Directors of New York Office, May 2015
“Austerity” was selected by the Massachusetts-based dictionary company, Merriam-Webster, as its Word of the Year for 2010. It has since become a keyword for these ostensibly post-crisis times, which by some accounts show signs of descending into an “age of austerity” (Edsall, 2012; Featherstone et al. 2012). Merriam-Webster’s definition of austerity refers to a condition of “enforced or extreme economy,” the appropriate minimalism of which indexes notions of existential scarcity and stern oversight that resonate with historical meanings of this word (and its classical associations with self-discipline, thrift, and scarcity), but which also exhibit distinctively neoliberal inflections. According to the neoliberal script, public austerity is a necessary response to market conditions, and the state has responded by inaugurating new rounds of fiscal retrenchment, often targeting city governments and the most vulnerable, both socially and spatially. Austerity represents an historic opportunity to press for yet smaller small-state settlements at the urban scale; in defining government downsizing and rolling privatization as fiscal necessities, it is neoliberal terrain. It is not the same terrain, of course, because this latest austerity offensive is being prosecuted under historically and geographically distinctive conditions and in the context of already neoliberalized configurations of (local) state power and (urban) politics.

In the period since the Wall Street crash of 2008, the refurbished rationale for austerity measures is that the imposition of strict fiscal discipline and government spending cuts is the (only) way to restore budgetary integrity—thereby securing the confidence of the investor class, appeasing the jittery markets, and paving the way to growth. The critical test case that is Europe, of course, shows no signs of working: there, growth has slowed or failed altogether, mass protests have been provoked together with political countermoves on both the right and left, and a succession of pro-austerity governments have collapsed under the resulting strains. In the United States, the brief episode of post-crash stimulus spending under the Obama Administration triggered a populist uprising on the right, with significant electoral consequences, culminating in an entrenched budgetary stalemate in Washington and significant reductions in state and local government spending.

This is not a passing moment. What one assessment has called the “local squeeze” will be felt “for years to come” (Pew Charitable Trusts, 2012). The U.S. Government Accountability Office has estimated that property tax receipts (which historically account for around one-third of local government revenues) will not return to 2009 levels until 2039, opening up a “fiscal gap” that is structural in nature. Absent policy change, local government expenditures will have to be reduced by 12.7 percent per year, every year until 2062, to close this gap (GAO, 2012). To make things worse, 46 of the 50 states now restrict the capacity of local governments to raise taxes. The result is a “one-two punch” of falling revenues and increasing need (Pew Charitable Trusts, 2012).

In mainstream public discourse, austerity continues to be principally associated with the
protracted European crisis in contrast to the United States where the practice has been both normalized and localized while the term itself has rather less onshore currency. As Paul Krugman (2012: 7) has observed, even though American policy elites “never fully embraced the doctrine” after the Wall Street crash, the country has nevertheless experienced “de facto austerity in the form of huge spending and employment cuts at the state and local level.” In all but name, austerity has trickled down. In the United States, devolved austerity measures have played a part in sapping, at source, what continues to be an anemic economic recovery, but Krugman sees little prospect of the de facto policy consensus changing any time soon. While those Krugman brands as “the austerians [may have] given up on hope, they haven’t given up on fear—that is, the claim that if we don’t slash spending, even in a depressed economy, we’ll turn into Greece” (Krugman, 2012a: 7; see also Crotty, 2012). This amounts to an especially brazen application of a tried-and-tested neoliberal tactic of refracting crisis pressures back onto the state itself. As Krugman (2012b: A27) points out, “the austerity drive [...] isn’t really about debt and deficits at all; it’s about using deficit panic as an excuse to dismantle social programs [...]. Economic recovery was never the point; the drive for austerity [is] about using the crisis, not solving it.”

In the context of this apparent normalization of austerity conditions in the United States, where the post-crisis corollary of decentralized governance has been a new wave of devolved fiscal discipline, this paper explores the emergent phenomenon of “austerity urbanism.” Here, state and local governments, cities in particular, are being exposed to the full force of austerity’s “extreme economy,” which in some cases is driving a fiscal crisis of cities. Municipal bankruptcies in California and elsewhere have captured the headlines, but behind this lies a deeper pattern of structural imbalances between revenues (mainly from property and sales taxes, plus intergovernmental transfers—all of which are under severe pressure) and ongoing commitments to public services and workforces (which are now being unilaterally renegotiated).

Clearly, the situation is far from uniform, but the generalized manifestations of devolved austerity are becoming increasingly evident at the urban scale across the country. While in important respects, this represents an incipient fiscal crisis for the local-government sector as a whole in the United States, it is also a distinctively urban crisis in the sense that the cities were hit especially hard by the housing slump and by the parallel wave of mortgage foreclosures; in the sense that cities are disproportionately reliant on public services; and in the sense that they are home to many of the preferred political targets of austerity programs—the “undeserving” poor, minorities and marginalized populations, public-sector unions, and “bureaucratized” infrastructures. Cities are therefore where austerity bites—but never equally. A fortunate minority of cities, with access to the credit markets, have begun to fashion their own financial arrangements independently of Washington and the state capitals. A larger number of struggling cities have been attempting to manage, in the context of falling revenues and often structural deficits, significant reductions in staffing and service levels—some at the cusp of fiscal receivership or bankruptcy. In between, conditions of “ordinary austerity” are prompting city governments around the country to prune budgets while moving to leaner operating models, driving new rounds of innovation in outsourcing and privatization.

In three parts, the paper begins by framing this most recent austerity moment in the context of ongoing processes of neoliberal urbanization...
and restructuring strategies. It then turns to an exploration of some of the bleeding edges of austerity urbanism in the United States, where in the context of reduced revenue flows and the withdrawal of state and federal assistance, cities are being forced to enact “extreme measures.” The paper concludes by asking whether austerity urbanism represents an extended phase or merely a temporary facet of the continuing neoliberal transformation of the American city.

**Extreme Economy: Neoliberalism’s Austerity Moment**

Austerity measures, selectively applied, have long been part of the neoliberal repertoire. Fiscal purges of the state (especially the social state) derive from the most elemental of neoliberal motives—to “roll back the frontiers of the state.” Neoliberal ideology constructs governmental downsizing as the *sine qua non* for the reinvigoration of private enterprise, free markets, and individual liberty. The awkward reality that the state and the market do not exist in a zero-sum relationship and the stubborn fact that the suppression of the Leviathan state does not result in an automatic expansion of freedom is a lesson that neoliberal reformers had to learn in political practice, not from classical theory. The contradictory strategy of public-sector cuts is nevertheless a recurring one. This does not mark a unidirectional path to small-state equilibrium but more commonly serves as a prelude to political instability and institutional degradation, to crisis management, to backfilling efforts on the part of nonprofit or business interests, and in some cases to *de facto* abandonment. Hence the patterns of roiling, dialectical transformation that have come to define the institutional dynamics of actually existing neoliberalization: rollback moments of deregulation, dismantling, deconstruction, and downsizing yield market failures and a host of negative externalities, prompting ostensibly corrective rollout responses in the form of experimental governance, pro-market deregulation, and all manner of short-term fixes—complete with their own limits and contradictions (see Peck and Tickell, 2002; Brenner et al. 2010; Peck et al. 2013). At root, it is the failure of these successive waves of neoliberal reforms to generate sustainable economic, social, or environmental development, of course, that results in periodic returns to crisis (fiscal and otherwise). But this is interlaced with deep-seated political motivations as well to denigrate the state and its allies and to asperse the viability of governmental solutions. The serial underperformance of the state becomes a self-fulfilling condition of this willfully malign process of neglect (see Frank, 2008).

Fiscal purging is therefore a recurrent condition under neoliberal governance (see Peck et al. 2010; McBride and Whitehead, 2011), although so are frequent episodes of overreach, failure, and crisis. The most recent wave of austerity measures is more than a mere rerun of 1980s rollbacks, however, more than a form of retro-Reaganomics. It comes “after” these moments not by repeating them but by selectively consolidating and intensifying both their underlying logics and their (deepening) contradictions. Many of the effects are politically, socially, institutionally, and fiscally cumulative. More than a temporary bout of fiscal fasting, successive purging has resulted, historically, in the cumulative incapacitation of the state. Eventually, this impacts not only those governmental functions that neoliberal critics choose to construct as “fat,” such as welfare, social services, and bureaucracy but also those basic, essential, and skeleton services often deemed indispensable (even) to the neoliberal state,
such as policing, prisons, and public safety. Consequently, austerity is not merely a cyclical condition; its long-term consequences are associated with cumulative incapacitation and institutional wasting, and the lock in of various forms of low tax/low service disequilibrium.

Loïc Wacquant has argued that the American mode of neoliberalization is inescapably (and indeed even necessarily) associated with a secular expansion of the punitive, law-and-order state (Wacquant, 2012; Peck and Theodore, 2012), but there are signs that this latest austerity drive may be threatening to emaciate even some of these “right arm” functions. Furthermore, in federal systems like the United States, the fact that many of these functions are state and local responsibilities—as indeed are many of the “left arm,” social-state functions that have long been subject to neoliberal attacks—means that the costs of austerity measures are disproportionately falling on subnational governments—which have been duly constituted as the testbeds for crisis-driven service rollbacks and hotspots for the toxic politics of fiscal retrenchment. This is the scale at which the neoliberal buck-passing ultimately has to stop. Hence the peculiarly American spectacle of law-and-order Republicans initiating “early release” schemes due to financial stresses on the overcrowded state prison system or downsizing local police forces on budgetary grounds.2

Although the causes of the 2008-2009 financial crisis are widely recognized to have had little or nothing to do with governmental profligacy (see Crotty, 2011; Callinicos, 2012), its downstream consequences are nevertheless being measured in terms of a deeply inscribed fiscal crisis of the state in the service of the same neoliberal interests that were culpable in the first place. Lurches towards smaller-state conditions become almost inevitabilized in this environment once the alternatives to fiscal surgery are rapidly exhausted. This is a clear instance of the way in which neoliberalism operates as an ideological frame—one that defines, in effect, the politically tractable solution space from which mainstream remedies can be sought.

The costs of austerity are commonly externalized and downloaded to the state and local level, raising the real prospect of (local) state failure. Ironically, in a fiscally stretched, tax-averse environment, the specter of state failure tends to beget yet more austerity measures, suggesting that a systemic (or perhaps even structural) logic is coming into play. The situation is too unstable to warrant the label of a new order; austerity defines the prevailing politics of restructuring more than it denotes a sustainable destination. An orderly transition to lean local government seems less likely, in this respect, than a future marked by crisis management and political instability.

For a host of reasons, the nexus of deep neoliberalization and entrenched austerity is likely to be an especially challenging one for cities. In this context, the staple neoliberal maneuver of refracting crisis pressures back onto the state raises the prospect of self-discipline descending into auto-evisceration or incapacitation. The projection downward of these pressures establishes a socially regressive form of scalar politics—with cities positioned at the sharp end. The principal dimensions of this escalating process, which might be conceived as an urbanization of neoliberal austerity, can be summarized as follows:

⇒ Destructive creativity. Austerity conditions amplify the destructive moment in neoliberalism’s ongoing process of creative destruction. The project of neoliberalization has proceeded, historically, by way of targeted attacks on those state and social forms deemed antithetical to market prog-
ress, such as public-sector unionism, welfare programs, and collective services. This rollback does not lead to the spontaneous emergence of deregulated or free markets (as neoliberal ideology would have us believe) but to further rounds of state and social action patterned in neoliberal terms (from private provision to voluntarism and restrained governance). The current round of austerity measures is qualitatively different, however, from the welfare-state retrenchments of the 1980s in that it operates on, and targets anew, an already neoliberalized institutional landscape. It cuts deeper into the remnants of the socially redistributive and welfare state (the target of 1980s rollbacks) while also curtailing many of the institutional accretions and adaptations associated with rollout neoliberalism (such as those associated with “third-way” governance); it is rollout neoliberalism’s very own rollback moment.

⇒ *Deficit politics.* A macro-fiscal environment defined by austerity actively favors neoliberal responses, which are fortified by negative budget scenarios that stretch beyond most electoral horizons. Preemptively restricting the options of opponents (especially those calling for new investment, progressive redistribution, or ameliorative spending), deficit politics is neoliberal terrain. Long-term public deficits set the stage for “starve the beast” tactics, to recall the vivid formulation coined by Ronald Reagan’s budget director, David Stockman, in that they induce downward budgetary pressure, in effect as an environmental condition. In a climate of systemic financial restraint and tax cuts, soft budget measures and discretionary spending become subject to a politically amplified form of existential threat. Spending fields that are not defended by powerful constituencies or large voting blocs are especially vulnerable under such conditions, resulting in the default targeting of programs for the poor and marginalized. However, they also extend into middle-class terrain (such as schooling and community facilities), where costs can be externalized and services incrementally privatized.

⇒ *Devolved risk.* The neoliberal proclivity for downloading, by way of responsibility dumping and devolved discipline, assumes an increasingly radical and regressive form in an environment of austerity, as both budget cuts and responsibility for their management are handed down to local authorities, actors, and agencies—where the capacity to respond is uneven at best. Fiscal restraint reinforces the hierarchical powers of budget chiefs and audit regimes, inducing instrumentalism, entrepreneurialism, and muscular modes of management at subordinate scales. The long-term rollback of fiscal transfer regimes, revenue sharing, and both redistributive and investment-based programming means that there is little option but to manage budgetary crises at the local scale. Even localities that were fortunate enough to miss the worst of the housing-market collapse and the recession that followed have become indirectly subject to this fate as federal and state-level cuts cascade down; many will suffer twice, first from the localization of economic decline and then from the localization of budget cuts.

### What the 1% Does to the Cities

Above all, it is important to recognize that enforcing economy is a relational strategy: austerity is ultimately concerned with offloading costs and displacing responsibility; it is about making others pay the price of fiscal retrenchment. In the language of the Occupy movement, it is something that the one percent, which continues to accumulate wealth and power at an alarming rate, *does to* the 99 percent. To put it another way, it is something that Washington
does to the states, the states do to cities, and cities do to low-income neighborhoods. This is the common thread between the high politics of austerity in Washington, D.C., with its budgetary shell games and deficit ceiling theater, and the politics of everyday austerity at the street level, where the effects of public-service cutbacks, job losses, and increased exposure to socioeconomic risks are experienced in workplaces, households, and the public sphere. The benefits of economic growth never trickled down, as promised, but the costs of economic decline and budgetary culling evidently do. Austerity, in this sense, is the means by which the costs of macroeconomic mismanagement, financial speculation, and corporate profiteering are shifted onto the dispossessed, the disenfranchised, and the disempowered. In the process, an austere federalism is taking shape in the United States, together with a new operational matrix for urban politics.

None of these pressures are experienced uniformly, of course, especially in highly decentralized systems like the United States (see Cox, 2009; Lobao and Adua, 2011). Here, fiscal restraint is a long-established fact of life across many jurisdictions, especially at the subnational scale (Clavel et al. 1980; Clark and Walter, 1991; Pierson, 1998; Pollin, 2003; Peck, 2011). This said, cumulative processes of neoliberalization have progressively remade the terrain of urban governance in significant ways over the period since the 1970s. As Lobao and Adua conclude their empirical analysis of subnational governance under conditions of austerity:

\[\text{counties have been particularly affected by devolution of welfare reform, growing use of competitive grants to disperse funds and reliance on independent fund raising to attract business. In this environment, the institutional capacity of local governments [...] becomes more critical in whether localities have any chance of securing external funding, in addition to the effective formulation and implementation of programmes and policies. The future response to downturns is likely to involve increasing stratification among local governments within the same region/state and in turn stratification of populations into places that offer high capacity, expert government and strong protection of public well-being versus those that do not [...]. [O]ur findings suggest that austerity policy response strains emerge first among higher capacity governments, those that are larger, professionalized and also more unionized. These governments are currently under attack for “over-reaching” in providing social protections as the right seeks to reign in organized public workers (2011: 433).} \]

Notably, Lobao and Adua’s extensive study of more than 1,000 local governments covered the period immediately prior to the Wall Street crash of 2008. Their evidence for 2001-2008 suggests that pressures for budget cutbacks and service retrenchment were already quite widely distributed and that many local governments had been operating for some time in a normalized state of low tax/low capacity/low service (dis)equilibrium. The larger, more professionalized, and more heavily unionized local administrations were more likely to have cut services, to have frozen the pay of public employees, and to have engaged in outsourcing or privatization. The counties most likely to be found selling off public assets were those with a declining tax base and/or a significant African-American population (Lobao and Adua, 2011). These were the conditions under which American cities entered the Great Recession.

It follows that the effects of neoliberal austerity measures, while generalized, are not experienced uniformly but remain politically and institutionally mediated. Some sunbelt jurisdictions have been operating according to small state principles all along. Others, cushioned by relatively robust tax revenues and comparatively mild local recessions, have been able to hold the line. But many of those big-city administrations—with their bigger budgets, more unionized workforces, and higher levels of institutional capacity, usually under Democratic Party control—have been coming under intense (budget) pressure to downsize and rationalize despite increasing social need. Cond
tions of tax aversion span this variegated landscape, in some cases as a neoliberal virtue and a preference of conservative-voting electorates but elsewhere as an economic necessity (due to an ideologically amplified threat of capital or key-worker flight). And finally, against this general backdrop of budgetary stringency and tax phobia, the option of more expansive or investment-based approaches is restricted to a fortunate minority of cities for whom (market) conditions are propitious. These cities are able to access credit markets on relatively favorable terms and can attract project-based government spending, premised on opportunities for rent seeking or profit taking rather than social need. The devolution of austerity is driving a sharp wedge between those cities that can feasibly go it alone and those that, by virtue of local economic frailty or high poverty rates, have no real option but to downsize municipal government and retrench public services. Fiscal discipline is duly applied in a downscale manner: Moody’s, the credit-rating agency, has observed that the U.S. states “are increasingly pushing down their problems to their local governments” (quoted in Cooper, 2011b: A20).

Municipal bankruptcies used to be rare financial events but have become increasingly commonplace in the wake of the Great Recession. More than 60 municipalities have entered bankruptcy protection since 2007, typically in the context of precipitous multi-year reductions in local tax revenues (especially from property taxes) and intergovernmental transfers. Several hundred more cities are reckoned to be on the brink of default (see Lowenstein, 2011; Walsh, 2012). The rash of post-crash municipal bankruptcy filings was led by Vallejo, CA in 2008, followed in 2011 by Harrisburg, PA and Jefferson County, AL (the latter establishing a new record, at $4.2 billion), before the California cities of San Bernardino and Stockton filed in 2012. Stockton, CA had been the largest city to file, before Detroit’s bankruptcy in 2013 set a new mark in terms of scale, depth, and public attention, combining a revenue collapse with up to $18 billion in long-term debt.

While not wishing to gainsay the challenges confronting many rural jurisdictions, where low-intensity crisis is in some respects almost the normal condition, it must be recognized that cities are facing challenges on a scale, and in a form, that is unique. Just as the states inherited the federal budget squeeze, cities have become the places of reckoning for what has become a devolved and protracted fiscal crisis. Cities are on the receiving end of austerity politics for a number of reasons. They are sites of concentrated social need and economic marginalization. They tend to be disproportionately reliant on public services and public employment. They are the places where the big budgets—and their constituencies—reside and (as a result) tend to be sites of serial forms of aggravated neoliberal reform, many of which target, for political as well as fiscal reasons, large bureaucracies, municipal unions, and public-sector pension funds. Moreover, cities occupy the lowest, politically accountable spatial scale at which the books, in principle, might be rebalanced, following conspicuous failures to do so in Washington and in the state capitals.

When the Lights Go Out: Cities under Austerity Rule

Highland Park, Michigan, has a place in history as the birthplace in 1909 of Henry Ford’s moving assembly line. During the middle decades of the 20th century, the city rose to working-class affluence as a locus of Detroit’s expanding automobile economy, but it later sank into struc-
tural decline as the factories moved away (Sugrue, 2005; Steinmetz, 2009). Today, having lost more than three-quarters of its residents, both the economy and the tax base have collapsed. Of the remaining residents, 42 percent are living under the poverty line while an embattled city hall—having exhausted all other rational options for budget cuts—has been reduced to surrendering most of its remaining streetlights in a debt-forgiveness deal with the local utility company (Davey, 2011). What one local councilor described as a “responsible reduction” in local services entailed the permanent removal of 1,300 streetlights, leaving only a few hundred in “strategic locations.” The mayor encourages residents to turn on their porch lights.

The Case of Detroit

Although the wider Michigan economy has been slowly returning to growth again—led by the bailed out, structurally adjusted, and downsized auto industry—many of its cities remain mired in a long-run fiscal crisis. Detroit is one of eleven Michigan cities (and a further five public school systems) where a state of financial emergency has been declared by the (Republican controlled) state government, prelude to the appointment of an “emergency manager” by the governor in March 2013. Emergency managers possess sweeping powers to restructure public services, planning procedures, and delivery systems while voiding contracts with service-providers and labor unions—in the process not only circumventing normal decision-making channels but subverting local democracy itself (Nichols, 2014).

The job description of the Emergency Manager for the City of Detroit, Kevyn Orr, has been summarized as, “[u]rban planner, numbers cruncher, city spokesman, negotiator, politician, good cop, bad cop” (Davey and Vlasic, 2013: A1). Emergency management is about more than balancing the books. It is about governing the city differently, if not governing a different city. As a self-styled “restructuring professional” (and allegedly by the same token, no “political animal”), Orr pledged to govern the city according to the “rule of reason” (quoted in Vlasic and Yaccino, 2013: A17). The inexorable logic of finance is duly raised above the earthly domain of politics. By implication, Detroit before the time of emergency management was a place of unreason, a politicized city, in contrast to the financially rationalized city where politics-as-usual is suspended. A future beckons in which financial order begets social and political order—and eventually the earned resumption of home rule.

Mr. Orr’s first significant task as the manager of Detroit’s emergency was to prepare a proposal for the city’s creditors, in principle as a means to avert a bankruptcy filing but in practice as its prelude. This first-cut financial plan (since much revised) took the form of an extended litany of structural problems, depicting a broken-down place with a local-government system already shrunk to the point of incapacitation: even as the city’s operating costs had been slashed (due to headcount reductions, wage cuts, and mandatory furloughs), revenues were falling still faster and would continue to do so as accumulated deficits skyrocketed, possibly quadrupling the debt burden by the fiscal year 2017 in the face of “strong economic headwinds” (City of Detroit, 2013: 6, 37). Technically insolvent, the city had been deferring capital outlays and contributions to its (underfunded) pension fund; two-thirds of its parks had been closed; some 78,000 buildings within the city limits were considered abandoned, half of these in a dangerous state, while an additional 66,000 structures were either vacant or (deemed) blighted. The fire department was found wanting for standard-issue equipment; the fleet of police patrol cars was “extremely old” and poorly maintained; barely one third of the city’s ambulances were in service while some of the emergency-medical
service’s other vehicles had been running over potholed streets for more than 250,000 miles, “break[ing] down frequently” (City of Detroit, 2013: 12-14). In Orr’s plan, alongside the proposed downsizing of municipal government, modest provision was made for essential items of new spending (on emergency services, blight remediation, an IT upgrade, and urgent maintenance of the city’s dilapidated electricity and sewer system), but it transpired that the city’s creditors were not prepared to countenance the necessary “haircuts,” in the order of 20 cents on the dollar. The plan was doomed, and Orr would file for bankruptcy protection the following month, in July 2013. Worse was to come.

In a protracted hearing, required to determine the city’s legal eligibility for bankruptcy “protections,” Mr. Orr was later chided by Judge Steven W. Rhodes for having failed to bargain in good faith with the city’s creditors; although it was conceded that dealing equitably with around 100,000 interested parties would have been practically impossible. Orr has been repeatedly accused of rattling the municipal-bonds market, Detroit’s travails having been reported to have driven up borrowing costs elsewhere in Michigan and, in some cases, beyond (Nolan, 2013). At the time of writing, Detroit remains under bankruptcy “protection.” Extreme measures such as shutting off water to tens of thousands of Detroit residents behind on their payments have drawn international attention. While the precise form of the city’s “adjustment,” as the restructuring plan is appropriately called, is not known at this point, it is likely to involve further rounds of privatization, asset selloffs, and reductions in public-sector employment, together with the erosion of workplace and pension rights.

Meanwhile, the lights have been slowly going out across the city. It is estimated that 40 percent of Detroit is now in darkness. As a commentary in the Detroit News put it,

The dark is one of the most visible and oppressive signs that Detroit’s impoverished government struggles to provide even the most basic of services to its dwindling population... What is clear to government officials, neighborhood activists and utility experts is that a decision about reducing and repositioning streetlights is a decision about the ultimate size and shape of Detroit and its neighborhoods. Once a part of the city goes permanently dark, it is unlikely to come back.3

Austerity Is Politically Imposed

The challenges facing Detroit may be extreme, but they are not exceptional. Cities in California, Illinois, Wisconsin, Minnesota, Oregon, and elsewhere have been forced to shut off streetlights. This crude imposition of austerity logics is rarely popular, though it seems more often to be met with ill-tempered resignation than meaningful resistance. It is certainly consistent with a reading of austerity as a politically imposed condition. However, there are some instances where this kind of street-level austerity apparently reflects the will of the people. The relatively affluent but ideologically tax-averse city of Colorado Springs, for example, has adopted a brown-out strategy (with an option for residents to band together on a voluntary basis to pay for reconnection on a street-by-street basis) as part of a self-administered experiment in municipal minimalism.

For some time now, Colorado Springs has enjoyed a reputation as the “capital and staging ground for America’s Christian right” (Cooper, 1995: 9). Indeed, such is the density of religious-right organizations headquartered there, the city has become known in some circles as the “Evangelical Vatican.” The roots

of this distinctive, postindustrial profile date back to the late 1980s. Seeking to diversify an economic base formerly reliant on military installations, in the period of cold-war cutbacks, Colorado Springs was successful in targeting a range of new economy employers in the high-tech and knowledge sectors but also introduced a package of tax breaks designed to favor religious organizations. As if moved by a hidden hand, one of the behemoths of Christian conservatism, Focus on the Family, was attracted there from Los Angeles in 1991, and its 1,200 employees now occupy a 45-acre campus. Around the same time, the city passed a pioneering taxpayers bill of rights (TABOR), the prelude to a 1992 constitutional amendment at the state level designed to permanently restrict the scope of tax increases (see Johnson and McMaken, 2004; Stanley, 2009). TABOR now applies to all local government units in the state of Colorado, where it has been associated with an unrelenting trend towards public-sector shrinkage, to the point that even sympathetic observers are concluding that the “resulting reductions [in government capacity] go well beyond a simple conservative fiscal agenda,” cramping local political discretion and undermining economic growth (Hoffman and Hogan, 2005: 16; Stanley, 2009). In Colorado Springs, property taxes have fallen by 41 percent in the wake of TABOR and are now among the lowest in the country (at a per capita annual rate of around $55). The radically downsized city hall depends almost exclusively on a trickle of sales-tax revenues (Patton, 2010). When these revenues suddenly slowed, in the last recession, parks were immediately closed, public washrooms were padlocked, and the mowing of roadside verges ceased. Three-quarters of Colorado Springs’ remaining municipal workforce of 1,600 performs public-safety functions in law enforcement or firefighting. This bold experiment in do-it-yourself government and skeletal staffing veers close to the neoliberal ideal of a nightwatchman state.

Colorado Springs’ libertarian localism, however, is actually a rather curious exception to the more general pattern of neoliberal rule. Much more common are the circumstances in which austerity urbanism is imposed, rather than electorally chosen, by a combination of budget cuts handed down by higher tiers of government, the curtailment of intergovernmental transfers, and the cumulative effects of localized economic decline and falling tax revenues. But what might resemble a naturalized condition of fiscally automated budget cuts remains, of course, an intensely political process. Recently elected Republican governors, in particular, have turned the austerity-driven (or at least austerity-legitimated) restructuring of the public sector into something of a cause. For example, Wisconsin’s Republican Governor Scott Walker has implemented a rolling program of budget cuts at the state and local level clearly intended not only to balance the books but to propel a fundamental redefinition of the role (and indeed scale) of government. It entailed educational reform and labor-market deregulation; a far-reaching program of privatization; the rollback of pension provisions, equal-pay laws, and collective-bargaining rights; and an historic effort to break the public-service unions—all of which transformed the state into a key battleground for both the advocates and the opponents of austerity. A recall-election challenge to Governor Walker, which took place in June 2012, duly became the locus of a national struggle over the reach, role, and responsibilities of state and local government, with significant out-of-state involvement on both sides. Walker won the recall election by a slightly increased margin after Republicans outspent Democrats 7:1 in what was a feverish campaign. This was interpreted as a serious, strategic setback for the labor movement as well as for the Democratic Party, “provid[ing] a blueprint for elected officials considering a

rollback of public employee bargaining rights elsewhere” (Kocieniewski, 2012: A17).

**Advocates of Austerity**

Wisconsin-style reforms have defined the dominant direction of change during the Great Recession, with a series of electoral defeats for the Democrats culminating in the resumption of Republican control over the majority of state capitals. The rise of Tea Party populism has been widely credited as a driving force of this rightward slide into anti-tax fundamentalism, nativism, and constitutional originalism—revealed for all to see in primary election purges of moderates and the timid accommodation of the Republican Party leadership. For all its declarations of anti-establishment, grassroots independence, however, the Tea Party movement derives much of its power and influence from the nexus of conservative media organizations, plutocratic funding networks, and free-market advocacy groups with which it is intricately aligned (Skocpol and Williamson, 2012). In sync with these forces, the Tea Party movement authenticated and consolidated a distinctively American strand of folk neoliberalism: It combines a morbid fear of tax hikes with deep antipathies to social redistribution benefitting those branded as unproductive or undeserving, like recent immigrants and the workless poor—rapidly refashioning the base of the Republican Party in its own image. Perhaps the most unambiguous measure of fiscal purity, in this context, is Grover Norquist’s “Taxpayer Protection Pledge,” a politically binding commitment to “oppose and vote against tax increases.” All but one of those belonging to this gubernatorial class of fiscal fundamentalists, which includes Scott Walker of Wisconsin, were elected in the aftermath of the 2008 Wall Street crash.

In concert with the Tea Party movement and the Fox News echo chamber, the new Republican policy agenda for the states has been disproportionately shaped by a secretive, membership-only organization called the American Legislative Exchange Council (ALEC). In closed sessions, corporations and conservative politicians gather to draft and ratify model bills for implementation in state capitals around the country—the state-by-state rollout of which has been achieved with a remarkable degree of success. The activities of ALEC and fellow-traveler organizations like Americans for Prosperity, Freedom Works, and the Heritage Foundation’s State Policy Network call attention to some of the ways in which the most recent rounds of austerity programming are wired into the central nervous system of the neoliberal project (see Peck, 2014). At the same time, the dynamics of the austerity moment are certainly not restricted to such actions (or indeed actors). The wider significance of this moment is that it remakes the conditions for policymaking across the board. The election of Democrats to state and local office, after all, is hardly a shield against what are in many ways systemic budget pressures, though in relative terms they tend to be less strident in their embrace of fiscal crisis as a political opportunity. For Republicans (especially in this age of Tea Party and Fox News fidelity tests), budgetary restraint creates an ideological following wind, enabling the necessitarian embrace of small-government restructuring measures (see Munck, 2003). For Democrats, these same conditions constitute more of a headwind, but “fiscal realities” often compel many of the same “hard choices,” even if these are presented to local electorates under the veneer of third-way angst. One way or

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5 Norquist, a leading figure in the “leave us alone” coalition, heads Americans for Tax Reform in Washington, D.C. For the pledge, see www.atr.org. Many governors are signatories of ATR’s Taxpayer Protection Pledge, as are almost all House and Senate Republicans.


7 On ALEC, see Williams (2010), McIntire (2012), and alecexposed.org. On ALEC’s work in Wisconsin and the “Cronon affair,” see Cronon (2011), Medvetz (2012), and William Cronon’s blog at scholarcitizen.williamcronon.net.
Another, fiscal conservatism is established as a bipartisan condition.

This is reflected, in turn, in a pattern of fiscal revanchism that is quite unprecedented in its reach and intensity, even in comparison to the Reagan and Gingrich revolutions of the 1980s and 1990s. Analyses conducted by the Center on Budget and Policy Priorities (CBPP) have confirmed that the revenue reductions experienced by U.S. states in the protracted economic slump since 2007 have far exceeded those experienced in the three preceding “neoliberal recessions” (those of the early 1980s, the early 1990s, and the early 2000s). “The Great Recession that started in 2007,” CBPP budget analysts McNichol et al (2012: 1) conclude, “caused the largest collapse in state revenues on record.” At least 46 states and the District of Columbia have enacted deep cuts to services as a result. 43 of the 50 states have cut funding to colleges and universities, 34 have cut K-12 education, 29 have cut services for the elderly and disabled, and 31 have cut health services—all during times of increasing need. In

8 See CBPP (2011); www.cbpp.org, McNichol et al (2012) and Williams et al (2011). In contrast, 17 states have raised sales taxes, 13 have raised personal income taxes, 17 have raised business taxes, and 22 have raised excise taxes. Many states have also deregulated long-es-
an historical inversion of Keynesian logic, public-sector payrolls have been slashed during the protracted economic slowdown, on a scale comparable only to the Reagan-era attacks on government workforces during the double dip recession of the early 1980s (see Figure 1). Government employment at the subnational scale fell by 615,000 between August 2008 and August 2014, with nearly three-fourths of these job losses occurring in the local government sector. The states have deflected the pain of restructuring onto the cities. As Figure 1 reveals, the pattern of continuing retrenchment in local-government employment has exceeded Reagan-era rollbacks, being set to become the largest on record.

**Structural Adjustments**

The latest round of austerity measures, however, has been pushing considerably beyond headcount reductions. In 2012, citizens of San Diego and San Jose voted overwhelmingly to decimate the pension entitlements of current and future city workers. These well-funded campaigns were widely regarded as pattern-setting for other cities (and states) with an interest in the new frontier “pension reform” (Cooper and Walsh, 2012). San Diego’s efforts to finesse its pension commitments had earlier breached Securities and Exchange Commission reporting requirements, effectively denying the city access to public bond markets. In order to cope with funding shortfalls, the city had been reduced to closing firehouses on a rotating basis. For years now, San Diego has been a pension-reform beachhead for conservative organizations like ALEC, the Heritage Foundation’s State Policy Network, and the Manhattan Institute (see Cokorinos, 2005). The 2012 referendum result represented the culmination of these efforts. Meanwhile, the same initiative passed with a 70 percent margin in San Jose, the home of Silicon Valley, where the Democratic mayor had campaigned for the pension-cutting measure on the grounds that this would enable the city to rehire some of its furloughed police officers and to provide staffing for four public libraries that had been built in better times but had to remain shuttered, empty of both books and staff (Cooper, 2012). California’s Democratic Governor Jerry Brown, who has been pushing his own measures to gut pension obligations, said the vote in San Jose sent “a very powerful signal that pension reform is imperative” (quoted in *International Herald Tribune*, June 8: 5).

Budget cuts, in this sense, may prefigure structural reforms. As Figure 2 reveals, virtually all of the U.S. states have enacted targeted or across-the-board spending cuts since the financial crisis of 2008. Simultaneously, they have applied a familiar repertoire of neoliberal restructuring strategies, including outsourcing to private corporations and nonprofits, the reorganization and downsizing of government operations, and the adoption of socially regressive revenue generators, such as user fees and service charges. New programs of privatization have been initiated in Arizona, Florida, Illinois, Indiana, Kansas, Louisiana, Michigan, Missouri, Ohio, and Virginia. Meanwhile, no fewer than 31 states have opted to pass down budget cuts to local governments, including “some instances of significant reductions,” in the characteristically sober words of the national association of state budget officers (NGA and NASBO, 2010: 56). This has taken a variety of forms, from straight reductions in aid to localities to funding cuts for specific programs, such as K-12 education, road maintenance, and property-tax relief. Some states have also begun to dismantle revenue-sharing agreements with local governments. Most egregiously, Governor Brown of California, faced with a $26 billion state deficit, has moved to claw back

established controls on the sale of alcohol and gambling, and even on the purchase of fireworks, not as a matter of political choice but as a result of extreme budget pressures (*Economist*, 2012b).
$5.6 billion from the cities by unilaterally abolishing 400 redevelopment agencies reliant on tax-increment financing, which by 2011 were channeling 12 percent of property-tax revenues in the state (Stephens, 2012).

Confronted by these programmatic cutbacks at the state level and shrinking or static tax revenues locally, many cities have no alternative but to follow the path to austerity. Quite often, the question of operating in the red is rendered moot by state laws that formally preclude (or severely limit) deficit budgeting or indeed tax increases. Untended budget deficits also create political vulnerabilities for elected officials, who are almost guaranteed to face more fiscally hawkish challenges (from both parties). And as if to underline the existential grip of neoliberal rationalities, the option of operating beyond austerity is increasingly restricted to sites and situations in which market conditions are favorable. Those cities capable of summoning sufficient political-economic muscle to go it alone are doing just that.

Chicago: “Make No Little Plans”

To take one example, Chicago’s mayor, Rahm Emanuel, called on former President Bill Clinton to join him in the launch of a public-private partnership venture designed to raise $7 billion for long-neglected infrastructure projects in the city, including investments in the com-

Source: National Governors Association and National Association of State Budget Officers.
mater rail and road networks, a major airport expansion, new spending on schools and community colleges, and an upgrade to the dilapidated water system, which sprung 3,800 leaks in 2011. The Chicago Infrastructure Trust will function as an exchange, exploiting infrastructure development opportunities under local conditions in which “investor appetites are keen and the supply of potential projects looks ample” (Economist, 2012a: 38). As John Schwartz (2012: A14) has observed,

[alt a time when the nation is only beginning to pull itself painfully and delicately out of a deep recession, and when cities and states are cutting essential services and wondering how to keep the courthouses open and the lights on, an infrastructure proposal for a single city with an estimated cost in the billions—with a ‘b’—is audacious.

It is a form of audacity not available to most cities. Celebrating the initiatives of what he called “can do” states and cities, Mayor Emanuel assured Chicago voters that his bold plans could be accomplished without any increase in property or sales taxes. (The Chicago taxpayers’ salvation would, instead, come in the form of investors like Citibank, JPMorgan, Macquarie Infrastructure & Real Assets, and Ullico.) The scale of the infrastructure rebuilding challenge was now on a par, Emanuel asserted, with that faced by the city in the aftermath of the Great Fire of 1871, when the recovery plan was also, by necessity, self-financed and self-administered. “I will not tie this city’s future to the dysfunction in Washington and Springfield,” he insisted (quoted in Schwartz, 2012: A14).

“Make no little plans” is after all Chicago’s unofficial motto. But at the same time as the city has been pursuing this audacious extra-gov-ernmental strategy for infrastructure redevelopment, in partnership with the business community, it curtails a host of more routine functions and services. The City of Chicago has been laying off public-sector employees in the hundreds, reducing library opening times, downsizing the administration of its police and fire departments, and increasing fees for water and sewerage services. Even in this elite league of “can do” cities, various forms of (social) state austerity coexist with economically rationalist outlays on business infrastructure.

It is four decades since cities were seriously part of the purview of the federal government in the United States, an historic retreat normally traced to Nixon’s 1974 state of the union address, which signaled the symbolic death knell of New Deal urbanism. But if Nixon’s speech marked a moment of malign abandonment, to be followed by decades of financial withdrawal and strategic abrogation (see Biles, 2011), the turn to austerity politics seems to be indicative of a significant change towards much more proactive and prescribed forms of fiscally mandated retrenchment. This again draws attention to the relational, cross-scalar form of austerity politics. While these are associated with especially acute effects at the state and urban scales in no sense, of course, are they confined to these scales. When mayors like Rahm Emanuel complain about dysfunction in Washington, they are not merely referring to a passing moment of partisan disagreement, but to deeply entrenched structural conditions that are at the same time fiscal and political (see Edsall, 2012; Mann and Ornstein, 2012). Austerity conditions have been fomenting negative-sum or shrinking-pie forms of political engagement at the federal level, spawning congressional deadlock and fiscal nihilism in Washington, and further ossifying the country’s unproductive electoral duopoly. Among Republicans, what has been a long-established anti-tax current has evolved into a dogmatically policed article of faith in the post-Reagan

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9 Nixon declared that, “[a]fter 40 years of moving power from the States and the communities to Washington, D.C., we have begun moving power back from Washing-ton to the States and communities and, most important, to the people of America,” www.presidency.ucsb.edu. See also Biles (2011) and Harvey (2012).
period, cemented on different sides by the lobbying industry and the Tea Party complex. Meanwhile, the Democrats bought into what would become centrist arguments about small government and deficit control during the 1990s and have since been backed into positions of defensiveness and compromise. For all the Tea Party hysteria about Obama’s alleged infatuation with “European-style socialism,” both in principle and practice he has remained a pro-market fiscal hawk (Peck, 2010). And Democratic Party defenses of federal intervention, regulation, and socially necessary spending have descended, in turn, from pragmatism to timidity, if not outright retreat—a condition that Thomas Frank (2012) portrays as a form of ideological cowardice.

Federal politics is now being conducted on the slippery slopes of budget balancing, entitlement reform, and asymmetrical debates over the scale—not the fact—of fiscally driven downsizing, with severe downdraughts at the state and local level (see Draper, 2012; Mann and Ornstein, 2012). According to the veteran political commentator, Thomas Edsall, the United States has

entered a period of austerity markedly different from anything we have seen before […]. A brutal future stands before us [...]. The politics of scarcity favor the right, which is better equipped ideologically than the left to inflict the hardship measures a sustained economic crisis invites. Nonetheless, Republicans in power have frequently overestimated their mandate, forfeiting public support (2012: 1, 8-9).

Not knowing where to stop, especially when it comes to small-government crusading, is constitutive of the ideological DNA of the Republi-can right and perhaps of neoliberal reformers more generally (Peck, 2010). As Thomas Mann and Norman Ornstein (2012: xiv) have remarked, the Republican Party has evolved into “an insurgent outlier—ideologically extreme; contemptuous of the inherited social and economic policy regime; scornful of compromise; unpersuaded by conventional understanding of facts, evidence and science; and dismissive of the legitimacy of its political opposition.” Meanwhile, as the Democrats have incrementally tracked to the political center—itshardly where it used to be—they have become increasingly stranded in the desolate and unforgiving territory of ceaseless, concessionary deal-making under apparently locked-in conditions of low fiscal capacity (see Bai, 2012; Frank, 2012).

The habit that cities acquired, while they were being celebrated as the “engines of growth,” of freely borrowing development models from one another (see McCann and Ward, 2011), is being animated in new ways by austerity conditions, as municipalities learn from a new crop of best practices in organizational downsizing, charging systems, and the privatization of remaining assets. Confronted by negative budget scenarios, more cities are looking for creative ways to “do less with less.” Chicago’s notoriously botched parking-meter privatization of 2008, in which a Morgan Stanley-led consortium purchased the rights to manage the system for a period of 75 years, is estimated to have cost the city almost $12 billion in lost revenues. Some smaller cities, like Maywood, CA, and Sandy Springs, GA, are pursuing a strategy of near-total privatization, monetizing every asset and outsourcing every service.

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11 This position congealed during the Clinton presidency, the signature achievements of which, after all, were NAFTA, welfare reform, and deficit reduction (see Pollin, 2003).

12 The City of Chicago raised $1.16 billion in this privatization project, which was used to plug holes in the near-term budget. Parking fees were almost immediately quadrupled, while the number of metered streets increased dramatically. See Harris A M (2009). William Blair sued over its advice on Chicago parking meter privatization, Bloomberg September 17, www.bloomberg.com; Bergen M (2012) Chicago, ugly urban parable of privatization. Forbes January 3.
sometimes due to fiscal necessity, as in Maywood, but on other occasions through ideological choice, as in Sandy Springs, the architect of which proudly evangelizes for what he likes to call “the model” (Porter, 2006; Segal, 2012). True believers in the free-market cause, like the Economist, retain their idealistic faith in devolved governance as a “laboratory of democracy,” insisting that in the context of extended deadlock in Washington, it is in the “states and cities that America is endlessly renewing itself” (Economist, 2012c: 18). “A clutch of new Republican governors,” the magazine approvingly observes, “have been driving forward the reform of the public sector, often controversially but in the long-term interest of their states,” it being at the subnational level that “most progress has been made in restoring public finances.”

Develop or Default: The Dynamics of Urban Austerity

Devolved governance and downloaded responsibility have long been hallmarks of neoliberal rule (Hackworth, 2007; Peck, 2011; Harvey, 2012). Under conditions of systemic austerity, this phenomenon of scalar dumping is taking on new dimensions as cities are confronted with a succession of budgetary Hobson’s choices. Some cities will be able to muddle through by cutting corners (and maybe the odd department) while keeping the streetlights burning; for many others, ongoing fiscal restraint, service retrenchment, and public-private workarounds seem set to reshape the operating environment over the medium term. It is in the nature of downscaled austerity politics that these pressures are neither manifest nor managed uniformly, even as they are felt widely. As Loboa and Adua (2011) have remarked, localized austerity is a recipe for yet more marked forms of uneven socio-spatial development, rather than simple convergence. The landscape of austerity urbanism will be a variegated one (see Brenner et al. 2010; Peck et al. 2013), albeit one cross-cut with a series of restructuring imperatives, repeating patterns, and recurrent threats. The immediate fate of particular cities will have been partly conditioned by their fiscal-cum-institutional condition on entering the Great Recession, coupled with the diverse geographical effects of the housing-foreclosure crisis and of the wider economic slowdown itself (see Chernick et al, 2011; Aalbers, 2012). At one extreme are those failed or failing local states that will slide towards default or receivership; at the other, some cities with strong market positions, the beneficiaries of selective public investment and regionalized economic growth, will continue to monopolize the spoils locally—a fiscal form of winner-takes-all urbanism. And the countless strivers in between do what they can, and what their institutional and political resources will permit, to manage the contradictory imperatives of deregulated growth and governmental incapacitation, adding to the repertoire of smaller local-state strategies along the way.

Already it is clear—six years after the Wall Street crash in 2008—that these are not transitory developments. Austerity urbanism is driving new waves of institutional transformation, governance reform, and public-service restructuring—with long-run and potentially path-changing consequences for both its winners and its losers. For example, the decision that was made, in the midst of the financial crisis, to privatize Chicago’s parking meters will mean foregone revenues to 2084; indeed, the saga of this especially rotten deal is an ongoing one (see Spielman, 2012). Reversing the ratchet-down effects of TABOR in Colorado will take a constitutional amendment; Detroit
neighborhoods selected for streetlight disconnection or service red-lining will be blighted, perhaps irrecoverably. The resulting landscape of austerity urbanism may be uneven, but it will not be entirely chaotic or unpatterned. In fact, one can already discern some near-term impacts on cities at the sharp end of the austerity’s extreme economy, highlighting emergent features of austerity urbanism:

⇒ **Leaner local states.** The cumulative effects of budget paring and service rationalization will be revealed in the downsizing of public-sector workforces, resulting in back-office and front-line cutbacks in fields like education, healthcare, and welfare. Since cities are disproportionately reliant on public-sector employment—a labor-market segment historically more open to minority and women workers—the immediate effects of government downsizing will likely be spatially concentrated and socially regressive, compounding the effects of service withdrawals themselves.

⇒ **Rollback redux.** If a defining feature of early-stage neoliberalization was the rollback of the social state and its redistributive machinery, austerity urbanism will reach more deeply into “hard to reform” fields, while also selectively paring back the ameliorative infrastructure of rollout neoliberalism (such as the “shadow” welfare state, comprising grant-dependent institutions engaged in service-delivery roles in the community, nonprofit, and faith-based sectors). Conditions of permanent fiscal vigilance may also restrain new pressures for next wave rollout programming, prompted by the immediate needs of negatively impacted groups, such as the working poor.

⇒ **Fire-sale privatization.** Continuing efforts to sell off public-sector assets and to privatize revenue streams can be anticipated, including land and property sales, tolling and user fees, and contracted-out service management. Infrastructure development will become increasingly reliant on public-private partnership models, favoring projects that promise attractive and secure financial returns, with corporate interests benefiting from a buyer’s market. Shorn of its most saleable assets and revenue streams, with a rump of functions that have failed the profitability test for privatization, the residualized local public sector will likely face intensifying management and financing problems.

⇒ **Placebo dependency.** Devolved responsibility for economic growth and social development, in the absence of meaningful institutional and fiscal capacity to meet these challenges, seems likely to deepen the reliance of cities on symbolically resonant, market-oriented, and low-cost initiatives. The mismatch between the capacity to act locally and the continuing political imperative to be seen to be acting locally can be expected to drive the continuing inflation of rhetorical claims for materially hollow urban economic-development initiatives in order to fill the resulting credibility vacuum. Occasional “successes” will inspire new rounds of interurban emulation and model-borrowing.

⇒ **Risk-shifting rationalities.** Under conditions of fiscal duress, the costs of managing a host of social and environmental costs, risks, and externalities will continue to be downloaded onto cities and localities. Unable to absorb these costs and risks, institutionally lean local governments and economically lagging cities will have few alternatives but to reciprocally offload themselves; reductions in social-service delivery and the adoption of fee-based systems will have especially devastating consequences for low-income populations, for women, and for communities of color.
Tournament financing. Further absorption of competitive funding logics into state and quasi-state allocation systems can be expected, inducing cities to pursue challenge, bid-based, or demonstration-project financing, in the absence of programmatic support. A further shift towards competitive forms of urban funding (as opposed to technocratic allocation or insider lobbying) plays to the political advantage of supraregional budget holders, who are able to pick (and for that matter announce) winners, to endorse and advance favored experiments, and to steer local policies and priorities from a distance. Asymmetric but reciprocal relations are duly established between the lean, competition state at the national scale and its local “profit centers” and “innovation hubs.” Grant hustling and investment-chasing entrepreneurialism consequently become even less of a willed political strategy, more of a fiscal necessity.

Austerity governance. Extended forms of management by audit and “rule by accountancy” will be consolidated, both between scales of government and within individual municipalities. Beyond the immediate effects of continuing budgetary shortfalls and struggles over the apportionment of cuts, protracted subjection to fiscal stringency will likely become an indirect driver of ongoing organizational transformation. This strengthens the hands, internally, of the cadre of fiscal disciplinarians, restructuring advocates, change-managers, consulting auditors, and local-state entrepreneurs, whose license to act (decisively) is reinforced by austerity-budgeting Realpolitik. The opponents of this ascendant class of fiscal change-makers, on the other hand, can be maligned and marginalized as advocates for special interests, defenders of turf, or apologists for the status quo.

Austerity Urbanism

Clearly, this projection of the dynamics of austerity urbanism is a sobering one. Few beyond the ranks of the neoliberal true-believers, and their friends in the markets, are likely to see much of an upside in austerity politics. Some amelioration can be expected, along with the eventual return of economic growth, though this will be geographically selective and in its own way merely reimposes the neoliberal rationality of disciplining (local) states to market conditions. The logic of bailouts evidently does not apply to the state itself: cities cut adrift from the market cannot expect to be saved by the state, especially under conditions of devolved austerity budgeting. Austerity urbanism, in this respect, reflects the coldest logic of neoliberal rule. This is not, however, a bloodless process.

Inescapably, austerity urbanism is politically controversial, and the animation of resistance politics might be considered one of its double-movement contradictions. Since sustainable small-state solutions are likely to remain elusive, austerity manifestly does not anticipate a stable regime or new political-economic equilibrium. Instability and uncertainty beckon. New terrains (and stakes) of struggle will be shaped in the process. This is already evident, for example in local campaigns to defend public services, in electoral recall efforts, and in opposition to privatization initiatives, where states like Michigan and Wisconsin and cities like Stockton and Detroit are defining some of the early hot spots. By definition, the localized and aggregate outcomes of these struggles are unpredictable. What can be predicted, however, is that the austerians will continue to take the fight to the opposition, including public-sector unions and social-advocacy groups, since the more strategic objectives of the program clearly extend beyond balancing the books. In the manner of earlier waves of neoliberalization, these objectives also include the degradation of
collective institutions and the incapacitation of oppositional forces. It would therefore be naïve to think that austerity programs will somehow automatically call forth their own gravediggers, or that there are straight lines between austerity-induced crises and the animation of progressive counter-measures. Austerity may provoke oppositional movements, but it may also (re)divide them. Public-service unions, for example, must manage the tensions inherent in defending the interests of their own members (against layoffs, pay cuts, and benefit rollbacks) while at the same time maintaining the integrity of the services under threat, many of which have their own constituencies (such as education and social welfare). Sparsely resourced social-advocacy organizations, on the other hand, routinely find themselves in highly asymmetric struggles in which the immediate imperatives of front-line firefighting are difficult to reconcile with questions of long-range strategy and coalition building. For other organizations, the situation is further complicated by (financial) interests they may have acquired in service delivery (see DeFilippis, 2003; Hackworth, 2012). The politics of shrinking-pie resource allocation is likely to breed defensiveness and sectionalism in many quarters.

Just as the first-responders in many austerity crises are very often local responders, so it may be the case that responses to austerity politics—especially devolved austerity politics—will also begin at home. This is a place to start, but because austerity is ultimately a politics of regressive redistribution, the horizons of progressive political action must extend beyond the local (see Peck and Tickell, 2012). In a context of competitive decentralization and continued institutional attrition at the local scale, even defensive efforts may be difficult to mobilize in some of the most heavily impacted locations. Writing from Detroit, in the immediate aftermath of the Wall Street crisis, George Steinmetz (2009: 767) observed that, “[a]s cities call on the states for help, and as states ask the federal government for loans or direct infusions of cash, the irrationality of the American state’s fiscal and administrative decentralization is revealed in the harsh light of day.” Cities like Detroit cannot bail out themselves, and meaningful development strategies must surely involve not only extralocal infusions of resources, but a qualitatively transformed interurban settlement. As Steinmetz (2009: 768) concluded, “policies that are restricted to the city level cannot challenge the deeper structural roots of U.S. spatial inequality.” To do so would require, among other things, historically new forms of interurban politics, based not on competitive or winner-takes-all principles, but instead founded on a quite different set of ethics, such as those of progressive redistribution, ecological sustainability, and social responsibility. Austerity politics, no doubt, make such counter-maneuvers difficult to mobilize, perhaps even to envision, but they also underline—once again—their socioeconomic necessity, indeed urgency.

Conclusion: Austerity as the Fiscal Crisis of the Urban State

The Wall Street crash of 2008, far from marking the terminal event for neoliberalism, as some speculated at the time, has ushered in a more revanchist and roiling phase of neoliberal development (see Peck et al, 2010; Dale, 2012). The systematic dumping of risks, responsibilities, debts, and deficits to the local scale has become a hallmark of austerity urbanism, U.S. style. Historically, this can be seen as the most recent episode in what has been a decades-long move-
ment towards devolution, decentralization, and downloading, one which has involved the dismantling of those forms of federal urbanism that found their fullest expression in the Great Society programs of the 1960s (Gelfand, 1975; Clavel et al, 1980; Biles, 2011; Peck, 2011).

Neoliberal austerity measures operate downwards in both social and scalar terms: they offload social and environmental externalities on cities and communities while enforcing unflinching fiscal restraint by way of extralocal disciplines. They outsource, marketize, and privatize governmental services and social support, thus further incapacitating the state and the public sphere. Furthermore, they concentrate both costs and burdens on those at the bottom of the social hierarchy, compounding economic marginalization with state abandonment. Traditionally, localism has been regarded as normatively benign, even implicitly progressive in some instances; whereas today, it has become a pressure point for some of the most pernicious consequences of late neoliberalization. Struggles over austerity and its alternatives therefore seem set to exhibit an intensely urban form (see Harvey, 2012) as cities become beachheads and staging grounds for both fiscal revanchism and progressive forms of counter-politics. But just as austerity is, by its very nature, a form of redistributive politics—in spatial, scalar, and social terms—so must its progressive alternatives reach beyond the local, to the state and national level.

In the course of just a few years, a financial crisis has been transformed into a state crisis, and now that state crisis is being transformed into an urban crisis. Austerity is becoming a new urban condition in many parts of the United States. To be sure, the severity of the comitant pressures will vary from city to city, but the pressures themselves have already become system-wide. Austerity operates as a “permanent fiscal tribunal,” to adapt an appropriate Foucauldian phrase (see Lemke, 2001; Foucault, 2008). In macro terms, austerity politics exacerbate the asymmetrical scalar relations propagated by neoliberalization while further eroding the capacity for supportive extralocal action. At the city scale, austerity politics entail a marked intensification of neoliberal urbanism (see Peck et al. 2013). Yet if austerity urbanism is to be understood as a particular mutation of neoliberal urbanism, unevenly realized and still no more than emergent in some respects, it is also important to acknowledge that the systemic imposition of fiscal discipline hardly represents a new departure in the context of the shape-shifting, non-linear dynamics of neoliberalization. Austerity has become a strategic space for the contradictory reproduction of market rule, calling attention to the ways in which neoliberal rationalities have been resuscitated, reanimated, and to some degree rehabilitated in the wake of the Great Recession. By definition, however, this does not define a sustainable course. Beyond its internal contradictions, austerity urbanism has already become a site of struggle in its own right, though it remains to be seen whether the latest wave of occupations, protests, and resistance efforts will mutate into a politics of transformation. To be sure, the multiple pathways of resistance politics cannot be simply read off from these newly formed maps of urban austerity, but resistance politics will nevertheless have to be organized within fiscal and institutional terrains (re)shaped by austerity urbanism. What can be said, for now, is that if austerity defines a new normal, it is a state of normalcy at the very cusp of crisis.
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