Austerity in the city: economic crisis and urban service decline?

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The city is a significant level of geography at which to examine the economic, political and social implications of austerity. We consider how the financial crisis originated in the urban and became part of a broader state crisis with consequences for cities. We then explore political implications that include the undermining of democratic processes and the rise of new ‘austerity’ regimes. We also consider implications for key social groups. Arguments are illustrated with evidence from North American and European cities. Finally, we explain how scholars have theorised the situation, which in turn sets the stage for policy and political solutions to the present crisis.

Keywords: austerity, city, urban, financial crisis

JEL Classifications: G01, R51, R58

Introduction

We often think of austerity in terms of national state crisis, as we contrast the fate of countries such as Greece, Ireland or Italy that have undergone severe economic and political restructuring. However, scholars writing about earlier rounds of restructuring of state service provision, after the recession of the 1970s, stressed the crucial role of cities as sites of collective consumption—where state provision of public transport, housing, education water is a central process of urbanisation (Castells, 1977; Dunleavy, 1980). Cities are spaces and places where most of the world’s populations now live; they are the centers of economic power and wealth, but they also are where the most
vulnerable in society, particularly the young, the old and the poor are concentrated. In this issue, we return to a concern with the urban implications of the contemporary fiscal and state crisis.

We argue that the city is a significant scale of geography at which to examine the economic, political and social implications of austerity. From an economic perspective, we consider how the Wall Street crisis of 2007 originated in urban and suburban spaces, but then became a state crisis with consequences for cities and subnational scales. We then explore the political implications both in terms of how formal democratic processes are being undermined in the name of financial expediency but also in terms of how new informal ‘austerity’ regimes (Donald and Gray, 2013) of influence are operating outside the formal mechanisms of public service provision to challenge the interests of the local population. We pay particular attention to the spatial organisation and internal structure of urban government in the UK and USA and the economic constraints derived from a variety of sources (for example, decline in central grant equalisation in Europe versus property-tax constraints in the USA).

Finally, we consider the social implications of austerity policies on particular groups and classes in society. In this section, we consider both the inter-and intra-urban geographical consequences of austerity. At the national level, we explore how broader national policies have been translated into a diverse landscape of austerity with some cities and regions more affected than others. At the intra-urban level, we show how austerity measures are disproportionately impacting the poor, the young, racialised communities and the elderly leading to the intensification of social–spatial segregation at the neighbourhood, city and inter-city levels. To illustrate our arguments, we primarily use evidence from North America and Europe, with particular focus on the UK and US cities and regions. We conclude the paper with a discussion on how some of these processes are currently being theorised. While this literature is still in its infancy, what does seem clear is that theorising the consequences of austerity is setting the stage for determining policy and political solutions that might address the present crisis.

Economic implications of austerity: the urban origins and consequences of the financial crisis

The importance of scale in understanding the consequences of austerity is seen through the linkages between the urban origins of the Wall Street crisis, how that translated into a state crisis, and how that in turn affected cities and their ability to provide the infrastructure of collective consumption. As Aalbers (2009, 34) notes, “an understanding of the financial crisis is ultimately a spatialised understanding of the linkages between local and global”. The origins of the crisis are complex and historically contingent, but two key geographical dynamics stand out. The first has to do with the ways in which mortgage markets shifted over time from a locally originated and locally held arrangement to one that although still locally originated, is now globally distributed (Martin, 2011). This shift was fundamental because without strong global financial regulations to prevent excessive risk taking, the new global model enabled actors to pass off the risk of an asset to others, which led to the erosion of lending standards (Aalbers, 2008).

The second main geographical feature of the financial crisis is the fundamental link between the local lending practice in certain US cities (for example, Buffalo, Las Vegas and Baltimore) and the growth of the globally distributed subprime mortgage market. Low-income, high-risk borrowers were targets of highly leveraged financial institutions making risky loans on unfavourable terms. In previous eras, these same people and their neighbourhoods had been shut out of mortgage programmes through discriminatory practices such as redlining and blockbusting. Now, through ‘reversed red lining’ (Brescia, 2009) these same neighbourhoods became targets for globally
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When the credit crisis hit in 2007, risk was heavily concentrated among leveraged financial institutions at the heart of the financial system in New York City and London. The first casualty was the financial institutions themselves, which were forced to contract employment leading to the loss of thousands of jobs in the financial sector. Nevertheless, the largest impact was quickly registered through the wider crisis-induced recession. The depth of the recession and prolonged nature of the recovery was exacerbated by governments’ struggle to manage their indebtedness (itself in part the result of bailing out the banking sectors and re-capitalising credit markets). In turn, cities in many Western countries were forced to adopt austerity policies to address high levels of public indebtedness absorbed during the heady days of the subprime lending spree (Donald et al., 2013).

In economics, austerity refers to government policies that seek to reduce budget deficits and spending cuts by reducing or freezing labour costs, tax increases, privatisation, a reconfiguring of public services and the welfare state or a combination (Whitfield, 2013). In real time, austerity policies have played out at multiple scales, but it seems that this current round of austerity is peculiarly local in nature. Cities and their municipal governments have become both victims and instigators of new forms of urban austerity with implications for how austerity measures are realised in and across particular spaces (Christopherson et al., 2013).

Cities are the resulting victims of economic restructuring as processes of globalisation make their fiscal tax base particularly vulnerable to the effects of financial instability. In the USA, for example, California municipalities were ground zero for the subprime mortgage housing market collapse (Bardhan and Walker, 2011; Davidson and Ward, 2014). With a population of 292,000, the city of Stockton went bankrupt after city leaders realised they had accumulated $46 million in debt with little in the bank to make all their payments. Other Californian cities such as Vallejo and San Bernadino succumbed to the same debt-induced pyramid scheme leveraging future flows of funds anticipated to accompany additional revitalisation projects. The unanticipated recession accompanied high rates of home foreclosures linked to the subprime mortgage crisis, combined with bad bets on municipal bond sales, and employee salaries and pension obligations outpacing falling tax revenues.

The home foreclosure crisis has indeed affected cities and communities unevenly across the USA as particular neighbourhoods are forced to address large numbers of foreclosed properties—abandoned and neglected. Many of these communities are communities of colour, as reports from Cleveland and Jacksonville attest (Lewis, 2010). But this is not easy in cities with an already long history of racial discrimination, deindustrialisation, weak economic growth and further fiscal restraint and public expenditure cutbacks (see, for example, work on cities like Detroit in this issue by Hall and Jonas, 2014 and Reese et al., 2014).

In the political economy literature, current retrenchment by the state is interpreted as the broader manifestations of neo-liberal development and the demise of the Fordist–Keynesian system (Harvey, 2005; Peck, 2014). As Peck (2014) points out “[w]hat remains of the Keynesian commitment to public services in the United States (including education, unemployment, and disability insurance, aid and healthcare for the poor, and corrections) is basically delivered at the state and local level”.

State-rescaling is localities’ response to the need for austerity (Brenner, 2004; Lobao and Adua, 2011). State-rescaling reflects the tendency of functions of the central–state to be rescaled territorially with subnational governments assuming greater roles both in economic growth and redistribution. This has put municipalities in the EU, USA and elsewhere in increasingly vulnerable positions due to
global market vagaries and because central-state funding tends to decline while municipal responsibilities for such expenses as social welfare often increase (Lobao et al., 2009). Municipalities are forced to become entrepreneurial in order to promote economic development, often resulting in service cuts to balance budgets. Faddish economic development policies induced municipal governments to compete through infrastructure spending for trendy bohemian neighbourhoods, design centres and arts districts (Rantisi and Leslie, 2006). New urbanism unleashed another round of city-level competitions to be ‘cool’ spending scarce public funds on flashy public art projects, often at the expense of basic cultural investments like public libraries (Donald and Morrow, 2003). In a period of slow growth, basic infrastructure investments, deferred during the boom years, are now being pushed further back in the line as municipalities struggle to pay off the debt taken on during the heady days of the early 2000s.

Political implications of austerity: the giving away of democracy and the rise new ‘austerity regimes’

There is no question that the city scale has become important in understanding the political consequences of austerity. Two compelling developments warrant our attention. The first concerns the abandonment of the democratic process due to financial exigencies accompanying austerity policies. For example, in Athens and Rome, the elected heads of state were replaced by unelected ‘technocrats’ charged with pushing through politically unpopular reductions in state spending, in addition to raising the age of retirement (King et al., 2012). In the case of Athens, adoption of austerity measures was a requirement of further financial aid. This displacement of democratic practices was approved and encouraged by political and financial elites of the European Union and the European Central Bank. Similarly, in cities like Detroit and Stockton, unelected ‘administrators’ assumed control of municipal finances pushing through packages of austerity measures pushing through packages of austerity measures that severely reduced the size of the public sector. Indeed, under the pressure of crisis, public sector benefits and pensions are deemed ‘sacred cows’—unaffordable, undeserved and therefore expendable. Public pensions, and particularly, the ‘gold-plated’ public pensions which remain generous in relation to those offered by the private sector, have become symbols of public excess.

The second development involves the rise of new informal political networks recognised as ‘austerity machines’ (Donald and Gray, 2013). There is a long tradition in urban politics of local coalitions of land-based elites forming in order to structure urban development agendas and legitimate political projects that function primarily in their interest (Cox and Mair, 1988; Logan and Molotch, 1987). Crucially, Logan and Molotch argue that this ‘growth machine’ represents an ideological project promoted by local elites as value free, thus de-emphasising the links between growth and private profit and instead presenting all forms of capital investment as a public good to be celebrated (Boyle, 1999). Growth is assumed to expand the local tax base, create jobs, and to improve the general standard of living.

The explicitly spatial rescaling involved in many cities’ pursuit of austerity measures raises important questions of place, space and the politics of contraction. In contrast to the growth machine politics of the 1980s that dominated US and European municipal governments, this time there are different multiscalar coalitions forming around austerity which affect the level of public infrastructure and service provision, or collective consumption, as well as the role of the municipal government as employer. This coalition is often dominated by local actors, some of which have been part of previous growth machines, while other local actors are excluded from these newer coalitions. As Peck (2014) shows in the case of ALEC (American Legislative Exchange Council), such local partners are often in coalition with actors at state or national scales. An example is reflected in the local nature of much
of the politics of the Tea Party in the USA that occurs as part of numerous, local scale, anti-government austerity machines. The Tea Party has embraced municipal austerity measures as part of their ideological commitment to small government and libertarianism. Once seen as a politics constrained to the US context, these anti-government ideas have migrated into Canadian municipal politics. The most noteworthy example is the continued popularity of the ideas of Toronto Mayor Rob Ford, who despite his notorious personal life, remains popular with many working class and poor voters who are in fact most affected by his austerity policies. In the UK too, research on the political discourses of the elderly has shown how they have been recast from the ‘deserving’ to the ‘undeserving poor’ in debates over recent increases in pension age eligibility (Walker, 2012). This suggests that austerity machines, as much as the growth machines which preceded them, naturalise the contraction of the state as value free and without alternative. Like the growth machine (Molotch, 1999), austerity machines can also put localities in chronic competition with each other and can harm the vast majority of their citizens (Donald and Gray, 2013).

Social consequences of austerity: growing inter- and intra-urban inequality

It has since become clear that the impact of the credit crisis on financial services employment has not been nearly as severe as many first thought, nor has it impacted severely the relatively prosperous cities and regions in which those who work in this sector tend to live. Rather, the effect in the USA and Europe has been felt most directly by workers in traditional sectors such as manufacturing as well as government, and often most profoundly for those on relatively lower incomes and who were already living in economically weaker areas (Bardhan and Walker, 2011; Donald et al., 2013; Glasmeier and Lee-Chuvala, 2011; Kitson et al., 2011).

But how is this crisis actually experienced in cities? First, we have seen growing levels of income inequality in cities across Europe and the USA. Increasing income inequality is certainly not a new phenomenon, but the crisis has hit certain communities particularly hard. The uneven distribution of poverty can both be seen between cities and within cities. Certainly, the inter-urban levels of inequality are clear in both Europe and the USA. Beatty and Fothergill’s (2014) article details the uneven nature of the welfare cuts that comprise the UK governments’ attempts to roll back the state’s support of the poor and unemployed. They show that the effects are most acute in the same places that have undergone the worst of the economic restructuring of the past 25 years. Britain’s older industrial towns and seaside towns such as Blackpool and more unequal London boroughs are hit hardest. Not surprisingly, much of south and east England outside London escapes relatively lightly.

The same phenomena can be seen in the USA. In addition to structural changes in the economy, over the past 25 years income inequality in the USA has risen in tandem with declining welfare benefits, regressive tax cuts, cuts to education and health programmes and the steady erosion of workers’ collective bargaining power. However, many of these changes are multiscalar, with active agents making funding decisions at the federal, state and municipal levels. Thus, levels of inequality vary between cities throughout the country but have been increasing all over the USA. We can see this in Figure 1 where our measure of inequality, the Gini coefficient, can be seen to increase nationally between 1990 and 2010 and is reflected in selected cities, which change their rank over time, if only marginally. Although complicated by the subnational state structure in USA, examining cities allows us to see the uneven nature of inequality in the USA.

Studies by the Brookings Institute show that not only did absolute levels of poverty increase from 2000 to 2010 but that the population
which live in ‘extreme-poverty neighbourhoods’, which they define as neighbourhoods where at least 40% of individuals live below the poverty line, rose by one third to 10.5% of the population from 2000 to 2005–2009 (Kneebone et al., 2011). In other words, poverty is becoming more concentrated in particular neighbourhoods. The report also highlights the role of cities in this and shows that poor people in cities remain more than four times as likely to live in concentrated poverty as their suburban counterparts.

San Francisco is often seen as having weathered the economic crisis relatively well. Its concentration of high tech firms have continued to expand throughout the recession, and its measures of concentrated poverty are lower than many other cities in California. However, there is significant income inequality among San Francisco residents. The Bay Area, and San Francisco County in particular, have some of the highest income disparities in the state of California. The Gini coefficient for San Francisco between 2006 and 2010 was 0.51, up from 0.44 ten years earlier (San Francisco Board of Supervisors, 2013). Another way to view this is to examine income disparity between the City’s twelve Supervisorial Districts. A report to the City and County’s Board of Supervisors uses census data to show that median household income in 2010 in the city was $71,416, but ranged from $37,431 in the poorest district, which includes the neighbourhoods of South of Market and the Tenderloin, to $105,509 in the Sunset District of the City (San Francisco Board of Supervisors, 2013). Thus, citywide poverty rates averaged 12%, but this ranged from 22% in the poorest neighbourhoods to 6% in the most well off communities. Crucially, income disparities between racial groups are closely related. While the median household income for White residents in the City was $83,796 in 2010, the median average fell to only $30,840 for Blacks/African American households. Blacks/African Americans, again who are more concentrated in particular neighbourhoods, also experienced the highest rates of poverty, of over 25% in 2010 (San Francisco Board of Supervisors, 2013).

In many respects, the data presented above still fail to capture the concentration of poverty and vulnerability in the City, as all of the 12 districts combine poor and wealthy neighbourhoods, reflecting the enormous amount of gentrification and neighbourhood change that the city has experienced over the last few decades. Looking at the neighbourhoods with more fine-grained data allows us to see not only the extent of inequality in the city but also the ways in which income and racial inequality are interwoven and reinforced with poor schooling, less healthy environments and less well-being on the neighbourhood scale. Thus, in the poorer, South of Market, area we find high rates of poverty and

Figure 1. Gini coefficient 1990–2010.
Source: San Francisco Human Services Agency (2012).
diversity in a neighbourhood with schools, which perform below the city average, little open space, poor air quality and high levels of liquor stores and bars. While in the Outer Sunset, one of the wealthier areas of the city, we see that a community with fewer poor families and lower levels of diversity also has much better schools, more open space, high air quality and much lower density of alcohol outlets (see Table 1).

This data show the ways in which racially segregated neighbourhoods with concentrated poverty typically have fewer assets and resources such as good schools, and open spaces; host unwanted land uses such as contaminated brownfield sites, are overpopulated with fast food and alcohol outlets, and have major roads running through them resulting in disproportionately higher exposure to pollution. All these measures could be considered attributes of social and physical environments that are most important to health and well-being.

The City of San Francisco is far from a typical city, but its patterns of social–spatial polarisation are not atypical. When austerity measures are pushed through to the municipal level, it is not surprising that certain social groups in our cities bear the cost. Whether looking at the USA or Europe, that hardship is the daily experience of the most vulnerable: poor children and the elderly.

Since 2007, the number of children in poverty in the USA has increased substantially and stands between 16 and 20% of those living in poverty (Aud et al., 2013). According to federal statistics, as many as half of children in the nation’s state-funded school systems are from low-income families (Aud et al., 2013—National Center for Educational Statistics [NCES] 2013). This becomes a particularly important urban issue because the majority of funding for public education in the USA is obtained through local taxation, so a decline in local tax revenue increases the already uneven funding of education in the USA.

There is also a vicious cycle between meagre and uneven funding for education and child poverty. Analysis by the National Center for Educational Statistics indicates that lower educational performance is correlated with higher rates of poverty. In the USA, the fiscal crisis has had serious consequences for state-funded education, particularly in school districts where revenues are low by national standards. The lingering effects of the recession can be seen in the reduction in expenditures despite some modest improvement in many states’ budgets. More than half of the states indicate that expenditures were lower in 2013–2014 than they were prior to the recession (Oliff and Johnson, 2010—Center for Budget and Policy Priorities 2013). The growth in public education, also an important source of good paying and stable jobs for women over the mid-1990s

| Table 1. San Francisco Sustainable Communities Index. |
|---------------------------------|-------------|-------------|-------------|
| Neighbourhood indicator         | South of Market | Outer Sunset | Citywide    |
| Low-income households (population living below 200% of the census poverty threshold) | 44%      | 20%          | 26%          |
| Ethnic diversity index (High, 100; Low, 0) | 71.2      | 57.5         | 63.1         |
| School academic performance     | 749        | 839          | 792          |
| Open space (%)                  | 1.3%       | 8.9%         | 22.8         |
| Contaminated sites (brownfield/sq. mile) | 12.3      | 0.4          | 2.6          |
| Air quality (cancer cases/million) | 278%      | 0.0%         | 3.3%         |
| Density of alcohol outlets/sq. mile | 28.4      | 11.1         | 174          |
| % of total ‘unhealthy food retail’ accepting state food vouchers | 45% | 35% | 36% |

Source: Sustainable Communities Index (2013). Data from 2010 to 2012.
to mid-2000s, has been reset as states and local governments attempt to pare back growth in public expenditures, which took place over the latter part of the 1990s. Some states continue to cut while others have yet to return to levels preceding the cuts from the previous 5 years.

It is not only the uneven and declining nature of local revenue that affects US state-funded schools, however. The changes in local revenue are exacerbated by the removal of supports derived from the Federal stimulus package, which expired in 2013. National-level political posturing, such as the recent reductions associated with federal sequestration, brought further cuts, especially in programmes targeted to poor children and poor communities (Leachman and Mai, 2013).

Fiscal austerity is projected to have a seriously negative impact on families and children in the UK as well. In 2000, the UK pledged to end child poverty by 2020. Until 2007, the UK was making progress toward reducing child poverty. Since the crisis, starting in 2007, the UK progress on reducing child poverty has fallen back, in part in response to austerity cutbacks in programmes designed to help poor families and children access goods including heating, food, decent housing and the basics (Beatty and Fothergill, 2014; Lambert Council, 2011). According to UNICEF, two of three children in the UK now live in a poor household (UNICEF, 2011).

Schools and post-16 educational programmes in the UK’s poor communities are also suffering as budgets are cut to reduce the presumed future burden implied in benefit streams in the form of the cost of higher social benefits to the poor. A UNICEF UK report warns that young people’s position in Britain will worsen as a result of government austerity policies and highlights that the ‘downgrading of youth policy and cuts to local government services are having a profound negative effect on young people’. These changes are sweeping and will be experienced by both individuals and families. If carried out, predictions are that poverty rates will go up, especially in places like the city of London where estimates indicate 30% of children live in poverty (Lambert Council, 2013). According to the Lambert Council, a group of 14 local authorities that make up a large portion of inner-city London, fiscal austerity will make it difficult to achieve child poverty targets and tackle economic insecurity in the city.

Aside from reductions in funding for local government, policy shifts include significant reductions in welfare benefits and a shifting of responsibility for certain social services to the local level, both of which will have major impacts on the poor and economically vulnerable, especially children. With cuts in both services and the national health service, these changes may add up to 7 billion pounds in reductions combined with changes in disability housing and tax benefits (Joseph Roundtree Foundation, 2013). As many as 1.4 million families may be made poorer by these changes, experiencing serious hardship experienced in unquestionably the most expense place to live in the UK.

Older people, particularly older women, are another vulnerable group in the USA and the UK hit hard by austerity measures. As in the USA, resources in old age in the UK are largely determined by lifetime conditions and labour force participation established prior to retirement age. Thus, older women’s pension levels reflect the gender pay gap during their working lives as well as any interruptions in their working histories due to caring responsibilities and are lower than their male counterparts. While this gap is narrowing, by 2011, 13% of male pensioners were in poverty, while 15% of women were in the same position (ONS, 2012).

The UK has made progress in poverty reduction among older people. Although there was never a specific national target, as there was in the case of children, poverty among pensioners decreased by 8% points between 1998/1999 and 2009/2010 to 18% (Walker, 2012). However, while many pensioners have experienced rising average incomes, Walker also points to
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the vulnerability of many pensioners since three out of five are either in or close to poverty. Walker examines the uneven nature of increased life expectancy between classes and argues that recent increases in pension age eligibility particularly negatively affects working class men and women.

In the USA, many older people have also faced increased levels of vulnerability. The National Bureau of Economic Research argues that poverty reduction among older people ended in the early 1980s and that income inequality has increased markedly since then among the elderly (National Bureau of Economic Research [NBER], 2004). Estes (1986) highlights how austerity has justified renewed forms of Federalism, or extreme decentralisation of welfare programmes, which challenges the idea that there is a national responsibility for meeting basic human needs in health, income, housing or welfare for pensioners. He argues that in the USA, the neo-liberal push of the current round of austerity has coincided with the strength of the medical–industrial complex to minimise direct national involvement. As we see increasingly in the UK, the USA has a long history of income, health and social service policies reflecting different classes of ‘deservingness’ in old age (Estes, 1986). Estes argues that the US policies that deal with the ‘undeserving’ aged are ‘discretionary policies’ carried out by individual states with programme eligibility and benefits largely dependent upon the states’ variable political willingness and fiscal capacity. This has only intensified under conditions of austerity.

Despite more than 10 years of increasing vulnerability of members of our society, there is no evidence of abatement of conditions of austerity. The motion forward towards reduction of poverty at the beginning of the 2000s has stalled out, and in countries like the USA and the UK, the direction has been reversed. Only 9 years ago, many citizens had a chance at some level of economic stability, admittedly an allusion, fuelled by the availability of cheap money. Now it seems that we are in a period of extended austerity with extensive impact on certain individuals, groups, neighbourhoods, cities and landscapes.

Conclusions and implications for theory

Indeed, the return of austerity, as a policy and as a discourse, is now widespread and pervasive. Austerity is not new (Clark, 2000) but is often evoked as a policy frame to financial crises. Since these crises are inherent in the cyclical nature of advanced capitalism, we have witnessed a series of them over the last 100 years. We have seen how these crises have played out at multiple scales over the years, but the length and severity of this current round of austerity measures seem to have a peculiarly local nature.

A review of the literature on urban austerity raises several issues. First, it seems clear that the 2008 Wall Street made subprime mortgage crisis translated into a state crisis with implications for subnational and city-region scales. At least since the 1990s, cities under neo-liberalism have been undergoing radical restructuring of their economies and governance structures. The forces of globalisation and subsequent state-rescaling have left many municipal authorities with increasing responsibilities but without the fiscal capacity to deliver essential public services. The property boom of the early 2000s appeared at first to revive urban fortunes, but even during relatively good times, municipalities deferred important physical and social infrastructure investments to engage in riskier economic development projects and keep taxes and/or fees low. Now with a prolonged period of slow growth, declining revenues and a new round of central–state austerity measures, many municipalities are in a downward spiral from which there seems little prospect of emerging.

The second and related issue appears to be the giving away of the democratic process as cities and their regions are steered towards austerity. In the USA and Europe, a growing
number of cities are replacing their elected bodies with unelected managers to modify, reject, terminate and renegotiate contracts, including their own public sector union contracts. Fiscal managers and unelected officials are amending budgets, determining staffing and in some cases overruling mayors, city councils and other elected officials all in the name of financial expediency. Indeed, austerity is a particularly urban phenomenon as it can be used to rewrite the social contract under the cover of budget constraints. We have seen how these budget constraints can be achieved in part by the rise of new austerity regimes that operate outside the formal mechanisms of government to challenge the interests of particular groups in society to policymakers.

The third issue is the disproportionate impact these austerity measures are having on the poor, the young, and indeed the most vulnerable in our societies. This impact is visible in our cities with the intensification of social–spatial segregation at the neighbourhood, city and inter-city levels. The question now is whether we are in a period of long and unending austerity with broad impact and a further deepening of social–spatial inequities both within our cities and between them.

All these changes point to the urgent need for scholars to engage with the impacts of austerity across a wide range of spatial scales, but particularly at the subnational and urban level. While various theoretical perspectives can be evoked to explain cities’ austerity responses, it is clear that the way scholars theorise the situation in turn sets the stage for determining policy and political solutions that might address the present crisis.

There appears to be several conceptual ways forward to interpreting the crisis and in turn setting the stage for political debate. The first approach starts from the general critical political economy standpoint. From this perspective, without fundamental changes to nations’ paths of neo-liberal development, limited if any progressive change should be expected to emerge broadly across municipalities (Peck, 2014). Hacker and Loewentheil (2012) outline the steps needed to shift away from the present ‘vicious cycle’ of development, where unequal growth has led to populations’ increasing economic insecurity and unbalanced grid-locked democracy, to a ‘virtuous cycle’, where the benefits of growth are more equally distributed, increasing security and participatory democracy.

Second, continued local variation in response is suggested from the state-rescaling and critical urban political economy frameworks, reinforced further from empirical studies of past approaches to municipal austerity. In this issue, Meegan et al. (2014), Enright (2014) and Ion (2014) provide empirically rich accounts of differing post-crisis responses in Paris, Romanian cities and second-tier UK cities, respectively.

Even though economic and fiscal problems will continue to buffet municipalities, stronger institutional infrastructure, governance coalitions and community solidarity can position municipal governments to better cope. Exceptional cases also occur on both ends—cities (like Detroit) that appear to have exhausted the municipal qualities above to some cities thriving under prolonged adversity, such as modern day Berlin (Färber, 2014).

Finally, some positive expectations have been put forth. Warner and Clifton (2014) see the potential for countermovements against the market, drawing from Polanyi’s framework. The optimistic route is portrayed forcefully by Katz and Bradely (2013) who see cities (in the face of central–state deficiencies) as taking on the needed mantle of governance globally. The city is celebrated: much of the rescuing from austerity is being accomplished by the familiar elite actors that have long populated the urban literature, political leaders, local businesses, the philanthropic community and more recently academic institutions.

Yet not surprisingly there are pushbacks too against the optimistic accounts. Burawoy (2010) levels a series of critiques against
Polanyi’s framework that include overlooking the strength of the grasp of market fundamentalism. In terms of celebrating the city as a panacea to counter austerity, Dean (2013) outlines the shortcomings, seeing this as a pull-yourself-up-by-the-bootstrap approach that tends to leave non-elite interests and labour and community coalitions out of the picture.

In summary, long-standing as well as newer theoretical approaches inform municipal responses to austerity, demonstrated also by the articles in this special issue. Explanations for cities’ responses alternatively implicate broader political economic structural forces stemming from neo-liberal development and state-rescaling to more institutionally oriented, empirically diverse factors. Overlap and contestation cut across present theoretical approaches, in turn, influencing the manner by which the future of the city is conceptualised and remains in play.

References


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