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Jamie Peck

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Austerity urbanism
American cities under extreme economy

Jamie Peck

Austerity budgeting in the public sector, selectively targeting the social state, is a long-established trait of neoliberal governance, but it has been enforced with renewed systemic intensity in the period since the Wall Street crash of 2008. The paper develops the argument that these conditions are defining a new operational matrix for urban politics. Examining some of the leading and bleeding edges of austerity’s ‘extreme economy’ in the USA, the paper seeks to locate these developments in the context of mutating processes of neoliberal urbanism, commenting on some of its social and spatial consequences.

Key words: Austerity, neoliberal urbanism, extreme economy

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 (see Figure 1), which on 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 quite appropriate minimalism of which indexes notions of existential scarcity and stern oversight that resonate not only with historical meanings of this word (and its classical associations with self-discipline, thrift and scarcity), but which also exhibit distinctively neoliberal inflections in what is often euphemistically referred to as ‘these economic times’. 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 targeted on city governments and on the most vulnerable, both socially and spatially. Austerity represents a 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, 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 USA, the brief episode of post-crash stimulus spending under the incoming 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 recent assessment has called the ‘local squeeze’ will be felt ‘for years to come’ (Pew Charitable Trusts, 2012, p. 2). The US 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% per year, every year to 2062, to close this gap (GAO, 2012). Since 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 (see Figure 2), in contrast to the USA, where the practice has been both normalized and localized, while the term itself has rather less onshore currency. As Paul Krugman (2012a, p. 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

Figure 1  The rise of a keyword: austerity, 2005–12
(Source: Author’s calculations from Factiva)
state and local level’. In all but name, austerity has trickled down. In the USA, 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. (Both of the 2012 presidential candidates, for example, campaigned as deficit hawks, differing only on the degree and distribution of spending cuts, not on the question of their necessity.) 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’ (2012a, p. 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, p. 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 ... [E]conomic 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 USA, where the post-crisis corollary of decentralized governance has been a new wave of devolved fiscal discipline, the paper explores the emergent phenomenon of ‘austerity urbanism’. Here, state and local governments, and 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 the urban state. 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, for uneven spatial development is also part of the story, but the generalized
manifestations of devolved austerity are becoming increasingly evident at the urban scale across the country. In important respects, this represents an incipient fiscal crisis for the local government sector as a whole in the USA, but it is also a distinctively urban crisis in the sense that the cities have been hit especially hard by the housing slump and 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. However, 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, step-change reductions in staffing and service levels—some at the cusp of 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. Here, the austerity moment and its emergent spatiality are located theoretically, as a particular intensification of neoliberal restructuring strategies. It then turns to an exploration of some of the bleeding edges of austerity urbanism in the USA, where in the context of reduced revenue flows and the withdrawal of state and federal assistance, cities are being forced to enact ‘extreme measures’. A penultimate section turns to the specification, in rather more abstract terms, of the dynamics of austerity urbanism and the turn to lean(er) forms of city government, calling attention to some of the emergent features of this still-moving fiscal and institutional landscape. Always a political project, austerity is being contested, but a fiscal environment tilted in favor of long-run deficit reduction and government downsizing transforms the political calculus for all involved. The paper concludes by asking whether austerity urbanism represents a phase, or merely a 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’. Neoliberalism’s idealized world(view) 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 reregulation, and all manner of short-term fixes, band-aids and bromides—complete with their own limits and contradictions (see Peck and Tickell, 2002; Brenner et al., 2010). At root, it is the failure of these successive waves of neoliberal reform to generate sustainable economic, social or environmental development, of course, that results in periodic returns to crisis (fiscal and otherwise). However, this is interlaced with deep-seated political motivations as well, to denigrate the state (and its allies) and to cast aspersions on the viability of governmental solutions, the serial underperformance of the state becoming 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 Whiteside, 2011), although so are frequent episodes of overreach, failure and crisis. Yet this most recent wave of austerity measures is more than a mere rerun of 1980s rollbacks, 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.

Loic 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 USA, 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 test beds for crisis-driven service rollbacks and hot spots 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.3

Even though 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. And where it is matched with advanced forms of externalization and down-loading (legacies, also, of earlier rounds of neoliberalization), the costs of austerity measures quickly cascade down 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—in the form of institutional unsustainability by virtue of long-run indebtedness—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 progress, such as public-sector unionism, welfare programs and collective services, the rollback of which 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, to 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 for 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 macrofiscal 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 rolling 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, but also extending 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 is handed down to local authorities, actors and agencies—where the capacity to respond is uneven at best. Systemic conditions of fiscal restraint serve to reinforce the hierarchical powers of budget chiefs and audit regimes, inducing instrumentalism, entrepreneurialism and muscular modes of management at subordinate scales. Moreover, the long-term rollback of fiscal transfer regimes, automatic stabilizers, revenue sharing, and both redistributive and investment-based programming means that there is little option but to (crisis) 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 devolution of budget cuts.

Above all, it is important to recognize that ‘enforcing economy’ is a relational strategy: austerity is ultimately concerned with off-loading costs, 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 1%, who continue to accumulate wealth and power at an alarming rate, does to the 99% (see Marcuse, 2011; Sparke, 2013) —or 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, DC, 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 daily life, in workplaces, households and the public sphere. The benefits of economic growth never did trickle 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 visited on the dispossessed, the disenfranchised and the disempowered. In the process, an austere federalism is taking shape in the USA, together with a new operational matrix for urban politics.

None of these pressures is experienced uniformly, of course, especially in highly decentralized systems like the USA (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 concluded their empirical analysis of subnational governance under conditions of austerity:

‘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, p. 433)
Notably, Lobao and Adua’s extensive study of more than 1000 local governments covered the period immediately prior to the Wall Street crash of 2008. Nevertheless, their evidence for 2001–2008 suggests that pressures for budget cutbacks and service retrenchment were already quite widely distributed; that many local governments had been operating for some time in a normalized state of low tax/low capacity/low service (dis)equilibrium; that 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; and that 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. However, 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, notwithstanding increasing social need. Some cities afflicted by high rates of poverty and long-term economic decline, which were on the brink of fiscal crisis before the Great Recession, now face bankruptcy. Conditions of tax aversity 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—where (as a result) credit markets can be accessed on relatively favorable terms and where (also as a result) project-based government spending, premised on opportunities for rent seeking or profit taking rather than social need, can be attracted.

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 US states ‘are increasingly pushing down their problems to their local governments’ (quoted in Cooper, 2011b, p. A20). At the extreme, a number of (generally smaller) cities, scattered across the USA, have been pushed to the point of bankruptcy, in the context of precipitous, multi-year reductions in local tax revenues (especially from property taxes) and cuts to intergovernmental transfers (Lowenstein, 2011; Walsh, 2012). It is reckoned that around 300 municipalities nationwide are currently in default on their debt, many having been induced to play the bond market to fund earlier infrastructure projects. Cities that have filed for bankruptcy include Pennsylvania’s state capital, Harrisburg; Vallejo, California and Central Falls, Rhode Island; and Jefferson County, Alabama, home to the city of Birmingham. Following frantic efforts to avoid this fate (which, after all, does nothing to resolve the underlying problems of falling revenues and increased need), the City of Stockton, California filed for bankruptcy protection in June 2012 (see Box 1), soon to be followed by San Bernardino, CA.
Box 1 Stockton goes bust

Following a period of suburban expansion, Stockton’s property tax base collapsed with the bursting of the housing bubble and the outbreak of the subprime lending crisis in 2008.

Drastic early measures included laying off one-quarter of the local police force, one-third of the city’s firefighters and 40% of the remaining municipal employees.

The healthcare and pension benefits of the remaining city workers were later reduced, causing retirees with chronic medical conditions to beg municipal leaders to find other ways to balance the books.

Even these measures only postponed the day of financial reckoning, as Stockton was eventually forced to initiate Chapter 9 bankruptcy proceedings in June 2012, a strategy designed to avert what the City Manager referred to as an ‘uncontrolled chaotic situation’. The city had cut $90 million in spending, but was unable to close a budget gap of $26 million for 2012–13.

‘We need to spread the pain’, the City Manager explained on the day of the bankruptcy announcement. Bankruptcy proceedings would mean that some bondholders would be forced to take a ‘haircut’, along with municipal workers and local residents.

Choosing to call Stockton, ‘California’s Greece’, the Economist predicted that the wave of municipal bankruptcies might not be as large as some are claiming, despite the fact that the fiscal pressures are real and widespread. These emergency measures (always legally difficult and strongly opposed by bondholders) would continue to be relatively rare because fiscal discipline was ‘working’: Chris Hoene of the National League of Cities was quoted as saying that, ‘a lot of cities are making dramatic decisions to bring their long-term fiscal solvency into line’ (Economist, 2012, p. 28).

Moody’s, the ratings agency, downgraded the city to ‘Caa3’ on review of the bankruptcy plan, indicating ‘substantial risk’ going forward.


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 later sank into structural 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; 42% of those that remain 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, 2011a). What one local councilor described as a ‘responsible reduction’ in local services entailed the permanent removal of 1300 streetlights, leaving only a few hundred in ‘strategic locations’. The mayor encourages residents to turn on their porch lights.

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 long-run fiscal crisis. This has set the scene for transformative changes in the state’s fiscal–political terrain, and in the constitution of state–city relations. Most notably, Public Act 4, a controversial measure enacted in early 2011 by newly elected Republican Governor, Rick Snyder, assumed draconian powers of ‘emergency management’ at the state level. The Act empowers state officials to take financially distressed local governmental entities, like municipalities and school boards, into de facto receivership: following the declaration of a fiscal emergency at the local level, the state governor may appoint an emergency manager with 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. The constitutionality of Public Act 4 was soon being challenged in the Michigan Supreme Court, in a complaint characterizing the powers conferred on emergency managers as ‘czar-like’ (Davey, 2011b).

To date, five Michigan cities and two of the state’s school systems have been subjected to emergency management. Most notoriously, the majority-black city of Benton Harbor, the state’s poorest, was taken over by an externally appointed emergency manager in April 2010, who moved quickly to merge and downsize the police and fire services; to cull the municipality’s top management and its planning commission; and to introduce a rudimentary version of ‘broken windows’ policing to maintain order on the historically riot-prone streets; all while continuing to invest in an arts district adjacent to the city’s struggling golf resort, ostensibly as the foundation of future growth (Mahler, 2011). Meanwhile, across the state in Pontiac, the state-imposed emergency manager began by slashing the municipal budget from $58 to $38 million, before attempting to sell by public auction most of the city’s remaining assets—including two cemeteries, 11 water-pumping statues, the public library, five fire stations, 10 parking lots and city hall itself—with little success (Gray, 2011).

The fiscal ‘takeover’ of cities like Pontiac and Benton Harbor has been met, in different quarters, by resignation, disbelief and outrage. National figures like Jesse Jackson and Stephen Colbert have taken up the cause, likening emergency management to a financial coup.5 However, the political stakes were dramatically raised when Detroit, Michigan’s largest city, was placed on the financial watch list in late 2011. Here, Public Act 4 is meeting its sternest test. Hovering on the brink of bankruptcy, with more than $12 billion in long-term debt, Detroit had already cut its city workforce by one-fifth, while freezing pay
and restructuring services. The city has been attempting to manage its own downsizing, amid an intensifying drumbeat of crisis, by dismembering its central administration and by publicly designating some neighborhoods for active disinvestment while greenlining others, delivering residual services on a triage basis (see Davey, 2011c; Guarino, 2011). In fact, Detroit’s increasingly desperate efforts to avoid fiscal takeover have resulted in the self-imposition of similar forms of budget cutting, concession bargaining and subjection to audit that Public Act 4 seeks to impose from above (see Egan and Bell, 2012). It was the looming threat of emergency management that spurred the city’s Democratic Mayor, Dave Bing, to wring significant concessions from public-sector unions, many of whom were convinced, as the *Economist* (2011, p. 36) coolly observed, that the ‘game is up’.6 Meanwhile, as the state-imposed budget deadline drew closer, there were signs of fiscal gun-shyness on the part of Governor Snyder. The former venture capitalist had belatedly come to appreciate that not only was the economic fallout of placing the state’s largest city in fiscal receivership potentially unmanageable (investor and business confidence already being fragile), the political optics could hardly have been worse (solidly Democratic, Detroit is also 82% black).

At the 11th hour, on the eve of mandated emergency-management proceedings, the City of Detroit acceded to a Financial Stability Agreement, negotiated with the state, which approved a package of short-term loans while installing a nine-member Financial Advisory Board with a charge to restore municipal solvency. The new board is empowered to reopen union contract negotiations, to initiate deep budget cuts and to privatize or rationalize services. Governor Snyder, who appointed the majority of the board’s members, reassured the people of Detroit—by way of a newly launched website, *Detroit Can’t Wait*—that there was a way back from the fiscal abyss. In the meantime, Detroiters would have to make do with a minimalist commitment to minimalist public services:

> ‘The financial situation in Detroit is not good. To be blunt, the city is at risk of running out of money. Instead of worrying about who gets blame or credit, we all need to work together to put Detroit back on the path to success. We need solutions ... We need to find common ground with long term solutions to a structurally broken system. We need to wipe the slate clean and move forward for the future. As we work together to solve these issues, I am committed to making sure basic services are provided. In the short term, this means making sure:

- The streetlights are on at night and trash is picked up;
- Students can safely walk to and from school;
- When people call the police, there is a response; and
- Buses run on a reliable schedule so people can get to work.’

What is rather implausibly known as a ‘consent agreement’ between the city and the state commits Detroit to a rolling program of budget-driven restructuring, with barely an end in sight. The agreement itself pulls no punches in its portrayal of the depth of Detroit’s fiscal crisis:

> ‘the City currently confronts daunting challenges characterized by persistent and systemic fiscal imbalances and deficit conditions, aggravated by the deterioration in revenues received from property taxes, income taxes, interest earnings, utility revenues, and intergovernmental [transfers]; by the growth in the City’s legacy costs concurrently with [a] diminished ability to carry such costs; and by the difficulty in rapidly restructuring the City’s operations so as to bring short-term and long-term expenditures in line with current and projected revenues’. (City of Detroit and State of Michigan, 2012, p. 1)

Echoing the Governor’s scorched-earth language of ‘wip[ing] the slate clean’, the
agreement concludes that a return to fiscal solvency and urban growth will mean ‘fundamentally changing the City’s current trajectory’ (City of Detroit and State of Michigan, 2012, p. 1)—hopefully while maintaining 911 services and keeping the streetlights on.

Within days of the consent agreement being signed, there were signs of this new trajectory, although to many observers it looked depressingly like the old trajectory. The City announced an additional $160 million in cuts to the 2012–13 budget. While rhetorically committing to defend—as sacrosanct or ‘core’ services—public safety and transportation, the new budget nevertheless reduced bus services, as well as the wages of police and fire officers; some City departments were slated for closure, others would have their budgets halved, including the Mayor’s Office. The Detroit Free Press, for its part, remained unimpressed: ‘The fact that the best [Bing’s] administration can offer, at this juncture, is massive, emergency-style cutting is testament to how badly Detroit needs better leadership’ (Detroit Free Press, 2012, p. 1). Moody’s later scored this first phase of Detroit’s structural adjustment as ‘credit positive’, on the grounds that it should alleviate near-term risk of municipal bankruptcy (Egan, 2012).

Meanwhile, the lights have been slowly going out across the city. It is estimated that 40% of Detroit is now in darkness, largely as a result of creeping system failure, long-term budget shortfalls and (selectively) abandoned maintenance efforts. The Mayor has been attempting to privatize the streetlight system, with the support of the Governor’s office. Enabling legislation has gone before the state legislature, inventively crafted so as to evade a constitutional requirement for a citywide vote on measures involving the sale of public assets (presumably on the grounds that the privatization proposal would likely be defeated at the ballot box). Instead, the public will be ‘consulted’ on the question of which neighborhoods to consign to permanent 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.’

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 the 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, p. 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 quite 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, where its 1200 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 for 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 in reductions [in government capacity] go well beyond a simple conservative fiscal agenda’, cramping local political discretion and undermining economic growth (Hoffman and Hogan, 2005, p. 16; Stanley, 2009). In the Springs, property taxes have fallen by 41% 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 depending 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. Today, three-quarters of Colorado Springs’ remaining municipal workforce of 1600 is occupied with public-safety functions, in law enforcement or firefighting—this bold experiment in ‘do-it-yourself’ government and skeletal staffing veering close to the neoliberal ideal of a night watchman 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. However, 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, reaching into educational reform and labor-market deregulation; to a far-reaching program of privatization; to the rollback of pension provisions, equal-pay laws and collective-bargaining rights; and to a 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 slightly increased margin, after Republicans outspent Democrats by 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, p. A17).

Wisconsin-style reforms have defined the dominant direction of change since the time of the Wall Street crash, 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, 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 synch with these forces, the tea-party movement has been decisive in authenticating and consolidating a distinctively American strand of folk-neoliberalism, combining a morbid fear of tax hikes with deep antipathies to social redistribution in favor of 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’, which has now been signed by 13 state governors. All but one of this gubernatorial class of fiscal fundamentalists, which includes Scott Walker of Wisconsin, was elected post-2008, in the aftermath of the Wall Street crash. Notably, Governor Snyder of Michigan has yet to sign the pledge, marking him as a potential centrist by current Republican standards and producing rumbles of dissent from his political right. As far as the tea party is concerned, Snyder has yet to truly earn his free-market spurs.

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), where corporations and conservative politicians gather (in closed session) 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 the 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.

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 of existence for policymaking action 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 (cf. 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 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 with 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 US 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, p. 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. Forty-three 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 a historical inversion of the Keynesian logic, public-sector payrolls have been slashed during the protracted economic slowdown, on a scale comparable only to Reagan-era attacks on government workforces during the ‘double dip’ recession of the early 1980s (see Figure 3). Government employment at the subnational scale has fallen by 483,000 between the start of the recession and June 2012 (despite the ameliorating effects of stimulus spending), with 84% of these job losses occurring in the local government sector, suggesting that the states have largely passed on the pain. As Figure 3 reveals, the pattern of continuing retrenchment in local government employment now exceeds Reagan-era rollbacks, which had begun to recover by this point in the cycle, threatening to become the largest on record.

The latest round of austerity measures, however, has been pushing considerably beyond headcount reductions. In June 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 June 2012 referendum result represented the culmination of these efforts. Meanwhile, the same vote passed with a 70% 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 advocating 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, 8 June, p. 5).

Budget cuts, in this sense, may prefigure structural reforms. As Figure 4 reveals, virtually all of the states have enacted targeted or across-the-board spending cuts in the period since the financial crisis of 2008, in tandem with a concerted reapplication of 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, p. 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 $5.6 billion from the cities by unilaterally abolishing 400 redevelopment agencies reliant on tax-increment financing, which by 2011 were channeling 12% 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). Moreover, 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 also favorable. And those cities capable of summoning sufficient political–economic muscle to go it alone are doing just that. 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 commuter 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 3800 leaks in 2011. The Chicago Infrastructure Trust will function as an exchange, exploiting infrastructure development opportunities under local conditions in which
Figure 4  State strategies for closing budget gaps, 2008–14:

(i) fiscal retrenchment: across the board percentage cuts—AL, AR, AZ, CA, CO, CT, DE, GA, HI, IA, IL, IN, KS, KY, MA, MD, ME, MI, MN, MO, NC, NE, NH, NJ, NM, NV, NY, OH, OR, PA, RI, SC, UT, VA, WA, WI, WV; targeted cuts—AK, AL, AZ, CA, CO, CT, FL, GA, HI, IA, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, NC, NE, NH, NJ, NM, NY, OH, OK, OR, PA, RI, SC, SD, TX, UT, VA, VT, WA, WI, WV; rainy day fund—AK, AL, AR, AZ, CO, CT, FL, GA, HI, IA, ID, IL, IN, KY, MA, MD, ME, MN, MS, NC, NE, NH, NJ, NM, NV, OH, OK, OR, PA, RI, SC, SD, TN, UT, VA, WA, WI;

(ii) workforce downsizing: layoffs—AL, AZ, CA, CO, CT, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MO, NC, NE, NH, NV, OH, OR, PA, RI, SC, SD, UT, VA, VT, WA; furloughs—AZ, CA, CO, CT, GA, HI, IA, ID, IL, IN, KY, LA, MA, MD, ME, MI, NC, NH, NJ, NV, OR, RI, SC, UT, VA, WA, WI; salary reductions—AZ, CA, CO, CT, HI, MA, MD, ME, NC, NJ, NV, OR, RI, SC, VT, WA; cuts to employee benefits—AL, AZ, CA, CO, CT, FL, GA, HI, IA, ID, IL, MA, MD, ME, MI, MN, MS, NC, NE, NH, NJ, NM, NV, RI, VA, VT, WA, WI; early retirements—AZ, CT, IA, IL, KS, LA, ME, MI, NV, NY, OH, OK, SC, UT, VA, VT, WA;

(iii) organizational restructuring: reorganization of agencies—AL, CA, CT, DE, FL, GA, HI, IA, KS, LA, MA, MD, ME, NC, NE, NH, NJ, NM, NV, NY, OH, OR, PA, RI, SC, SD, UT, VA, WI; privatization—AZ, FL, IN, KS, LA, MI, MO, OH, VA; reduction in aid to localities—AZ, CA, CO, CT, HI, IL, KS, LA, MA, MD, ME, MI, MN, MO, NC, NE, NH, NJ, NM, NV, NY, OH, OR, PA, RI, SC, SD, UT, VA, WI;

(iv) service charges: user fees—CA, HI, IL, MD, ME, MA, MI, NV, NY, OK, OR, RI, SD, TN, TX, UT, VA, WI; higher education fees—AZ, CA, FL, GA, HI, IL, KS, LA, NV, NY, OR, NJ, NM, NC, RI, SC, UT, VA, WI; court-related fees—AZ, CA, DE, FL, GA, ID, HI, IL, IN, KS, NV, NY, OR, PA, RI, TX, UT, VA, WI; transport-related fees—AZ, CA, CT, FL, GA, HI, IL, KS, LA, MA, MD, NJ, NV, OR, RI, VA, VT, WA, WI; business-related fees—AZ, CA, IL, MA, MI, MO, NV, NY, OR, RI, TX, UT, VA, VT, WI;

(v) sin taxes: lottery expansion—AZ, FL, IL, OH, MD, ME, MO, NJ, NY; gaming/gambling expansion—IL, ME, PA; Key: Alabama—AL; Alaska—AK; Arizona—AZ; Arkansas—AR; California—CA; Colorado—CO; Connecticut—CT; Delaware—DE; Florida—FL; Georgia—GA; Hawaii—HI; Idaho—ID; Illinois—IL; Indiana—IN; Iowa—IA; Kansas—KS; Kentucky—KY; Louisiana—LA; Maine—ME; Maryland—MD; Massachusetts—MA; Michigan—MI; Minnesota—MN; Mississippi—MS; Missouri—MO; Montana—MT; Nebraska—NE; Nevada—NV; New Hampshire—NH; New Jersey—NJ; NewMexico—NM; New York—NY; North Carolina—NC; North Dakota—ND; Ohio—OH; Oklahoma—OK; Oregon—OR; Pennsylvania—PA; Rhode Island—RI; South Carolina—SC; South Dakota—SD; Tennessee—TN; Texas—TX; Utah—UT; Vermont—VT; Virginia—VA; Washington—WA; West Virginia—WV; Wisconsin—WI; Wyoming—WY; (Source: National Governors Association and National Association of State Budget Officers, Fiscal Survey of the States, various years)
'investor appetites are keen and the supply of potential projects looks ample' (*Economist*, 2012a, p. 34). As John Schwartz (2012, p. A14) has observed:

‘At 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 also 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, p. A14).

‘Make no little plans’ is after all Chicago’s unofficial motto. However, at the same time as the city has been pursuing this audacious extragovernmental strategy for infrastructure redevelopment, in partnership with the business community, a host of more routine functions and services are being curtailed. 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. Therefore, New York City has been attempting to close a $4.6 billion budget gap by cutting after-school programs, paring staffing levels in schools and fire stations, borrowing from the municipal pension fund, while generating increased revenues through a new taxi medallion scheme. However, there are big plans here too. Mayor Bloomberg argues that the maintenance of the city’s top-tier position in global rankings for urban competitiveness and talent attraction is dependent on a program of bold, new initiatives in education, science and engineering—again, planned and financed with private-sector and nongovernmental partners. Evidently, New York has been able to draw on powerful global networks in rolling out its plans for new science and technology campuses in the city. But clearly, this is not an option for Detroit, and it is also out of the question for countless other ordinary cities. ‘Of course, these approaches may not work for other cities; each must chart its own course’, Bloomberg (2012, p. 9) confesses, ‘But these are the types of strategies, once thought to be only the purview of national governments, that leading cities must adopt if they want to keep up with—and lead—the competition.’

It is almost 40 years, of course, since cities were seriously part of the purview of the federal government in the USA, a historic retreat normally traced to Nixon’s 1974 state of the union address, which signaled the symbolic death knell of New-Deal urbanism. However, if this 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 step 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 Bloomberg and Emanuel complain about ‘dysfunction’ in Washington, they are not merely referring to
a passing moment of partisan dissensus, 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. Amongst Republicans, what has been a long-established anti-tax current has evolved into a dogmatically policed article of faith in the post-Reagan period, cemented on different sides by the lobbying industry and the tea-party complex.15 Meanwhile, the Democrats bought into what would become centrist arguments about small government and deficit control during the 1990s,16 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). Moreover, 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 droughts at the state and local level (see Draper, 2012; Mann and Ornstein, 2012). According to the veteran political commentator, Thomas Edsall, the USA has ‘entered a period of austerity markedly different from anything we have seen before’:

‘A brutish future stands before us […] The politics of scarcity favor the right, which is better equipped ideologically than the left to inflect the hardship measures a sustained economic crisis invites. Nonetheless, Republicans in power have frequently overestimated their mandate, forfeiting public support.’ (2012, pp. 1, 8–9)

Not knowing where to stop, especially when it comes to small-government crusading, can be considered to be constitutive of the ideological DNA of the Republican right, and perhaps of neoliberal ‘reformers’ more generally (Peck, 2010). As Thomas Mann and Norman Ornstein (2012, p. 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—itself hardly 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).

In concert with tea-party activists, Republicans have successfully rebranded ‘stimulus’ spending as debt-deepening profligacy. The Federal Recovery Act of 2009 (the ‘stimulus package’) injected $134–140 billion into the coffers of state and local governments, almost certainly averting imminent fiscal collapse, and possibly economic depression, but most of these provisions had lapsed by 2011 (see McNichol et al., 2012; Pew Charitable Trusts, 2012). The lagged effects of the Great Recession have therefore only recently begun to take their full toll on state and local government budgets. In the ensuring period of strident deficit reduction, spending cuts were initially targeted at what Luce (2012) has called the ‘tomorrow’ part of the budget—domestic and ‘discretionary’ spending on investment items like education, infrastructure, and research and development—while deferring yet-more politically intractable cutbacks to the ‘yesterday’ portion of accumulated commitments on pensions, defense, retiree healthcare and
debt-interest payments. As the cost of the stimulus package—along with two debt-financed wars in Afghanistan and Iraq—ballooned the federal deficit, debt-reduction politics have taken a firm hold on both parties. The scale of the ‘national debt’, itself subject to endless political manipulation, has duly become the all-purpose rationale for a program of rolling cuts to discretionary budgets and the ‘reform’ of entitlement programs, with the Republican right retaining both the initiative and the impetus. In the process, the challenge of transformative institutional surgery is gradually being moved, through the dull compulsion of austerity bookkeeping, from the politically unpalatable to the fiscally necessary. In Washington’s post-crisis mode of budget jujitsu, what limited scope there might be for modest tax increases (whispered in the coded language of ‘restructured revenues’ or the closing of tax ‘loopholes’) can only be contemplated in tandem with deep (and socially selective) cuts in entitlement spending—more specifically, on social-state budgets for healthcare, welfare and (more cautiously) social security (see Bai, 2012; Edsall, 2012).

A high social price is therefore being paid for the interlude of pseudo-Keynesian ‘stimulus’ spending that was authorized in the immediate wake of the Wall Street crash, as this has become the ideological pivot around which the stakes in political bargaining have been reconfigured. The new norm of long-term deficit reduction effectively locks in an escalating austerity program, raising the stakes on both sides for political elites to summon the ‘courage’ to implement what are presented as necessary—indeed urgent and ‘responsible’—cuts. And as the scope for executing ‘soft’ cuts in discretionary budgets is exhausted, attention is turning to budget lines ‘hard-wired’ into state structures, through social contracts at home and (even) military commitments abroad. Deferred disputes around long-term federal deficits, Bush-era tax cuts, and mandated reductions in defense and entitlement spending will be rejoined (with gusto) after the presidential election of November 2012—the fiscal day of reckoning known as ‘taxmageddon’, or what Fed chairman Ben Bernanke and others called the ‘fiscal cliff’. The political construction and institutional path of austerity politics in the USA is therefore rather different to that witnessed in Europe, but there are parallel outcomes nonetheless (see McBride and Whiteside, 2011; Luce, 2012; Blyth, 2013). The cumulative effects of neoliberal austerity measures, not only in the post-financial crisis period but over the medium term, now appear to be transnational in scope (see Box 2).

In such an environment, pressure on current-account spending is intense, but longer-term investments on ‘soft’ and ‘hard’ infrastructures—like education and R&D on the one hand, or road, water and sewerage systems on the other—become even more difficult to finance. The infrastructure-spending backlogs and deferred maintenance programs of many US cities are now reckoned to be intergenerational in scope—the annual shortfall on transport infrastructure alone is calculated to be around $94 billion (Economist, 2012b), a legacy of the historic withdrawal of state and federal support over the decades since the early 1970s (see Biles, 2011). In the resulting vacuum, privatization schemes and public–private partnerships have allowed some cities to fill budget holes and to tap corporate capacity, although often at the price of future revenue streams, surrendered control over public assets and the socialization of risk. And (even) these measures are only feasible where the underlying ‘business case’ is sufficiently attractive to the corporate-finance sector; again, New York and Chicago are better placed to play these markets than are Buffalo or Detroit. It remains to be seen how the plan to privatize Detroit’s streetlight network will work out. And even though Chicago may have the capacity to mobilize a $7 billion public–private fund for infrastructure development, it is hardly immune from the perversities of such privatization schemes. Something of a pioneer in the field of municipal selloffs, the
The City of Chicago continues to be lobbied to experiment with yet-more systemic forms of privatization as a means of closing structural budget gaps (see Civic Federation, 2011). However, 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.19 Despite the loud and protracted public outcry against this neoliberal folly, it has nevertheless inspired emulators in cities across the USA.20

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’. Some, like Maywood, CA and Sandy Springs, GA are pursuing a strategy of near-total privatization, monetizing every asset and outsourcing every service, sometimes due to fiscal necessity, as in Maywood, but on other occasions through ideological choice, as in Sandy Springs, the Hayekian 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, p. 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 sociospatial development, rather than simple convergence. The landscape of austerity urbanism will be a variegated one (cf. Brenner et al., 2010; Theodore et al., 2011), albeit one cut across 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 (cf. 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 small(er) local state strategies along the way.

Already it is clear—four years after the Wall Street crash and counting—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 Speilman, 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, some near-term impacts on cities at the sharp end of the austerity’s ‘extreme economy’ can already be discerned, highlighting what can be seen as 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 capacity (institutional and fiscal) to meet these challenges, seems likely to deepen the reliance of cities on symbolically resonant, market-oriented and low-cost initiatives that marry aspirational goals (creativity, sustainability, livability, etc.) with projects that work with the grain of localized incentives and business-as-usual interests. 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, further embedding the economy of signs and symbols in the (increasingly post-rational) field of urban development policymaking.

- **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 deleterious 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 supralocal 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 accountability’ will be consolidated, both between scales of government and within individual municipalities. Beyond the immediate effects, not to be under-estimated, of continuing budgetary shortfalls and intramural 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.

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 ‘bail outs’ 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 be naive therefore 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 others, the situation is further complicated by (financial) interests they may have acquired in service delivery (see DeFilippis, 2003; Hackworth, 2012). Moreover, the politics of shrinking-pie resource allocation is always 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, and in practical terms, it may be the only place to start, but because austerity is ultimately a politics of regressive redistribution, the horizons of progressive political action must extend beyond the local (cf. 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, p. 767) observed that, ‘As 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, p. 768) concluded, ‘policies that are restricted to the city level cannot challenge the deeper structural roots of US spatial inequality’. To do so would require, amongst 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 socio-economic 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 but also ‘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, US style. Historically, this can be seen as the most recent episode in what has been a decades-long movement 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 at the same time enforcing unflinching fiscal restraint by way of extralocal disciplines; they further incapacitate the state and the public sphere through the outsourcing, marketization and privatization of governmental services and social supports; and they
concentrate both costs and burdens on those at the bottom of the social hierarchy, compound-
ing economic marginalization with state aban-
donment. Traditionally, ‘localism’ has been regarded as normatively benign, even implicitly progressive in some instances; today, it has become a pressure point for some of the most pernicious consequences of late neoliberalization. Struggles over austerity and its alternatives seem set, therefore, to exhibit an intensely urban form (cf. 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 realms of the cross-scalar and the interurban.

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. As David Harvey (2012, p. 32) has argued, both sides of this contradictory process have been exposed in New York City, which ‘became the center for the invention of neoliberal practices of gifting moral hazard to the investment banks’, while at the same time, ‘making people pay up through the restructuring of municipal contracts and services’. Meanwhile, the downside of this process—and its many injustices—are pain-
fully evident in countless ‘ordinary cities’ too, including places at much greater distance from the scene of the original crime, which are now facing unprecedented budgetary pressure in the context of few, if any, opportu-
nities for raising revenues or for reconstructing governmental capacities. There are signs that austerity is becoming a new urban condition in many parts of the USA. To be sure, the sever-
ity of the attendant pressures will vary from city to city, but the pressures themselves have already become system-wide. Austerity, in this sense, operates as a ‘permanent fiscal tribu-
nal’, to adapt an appropriate Foucauldian phrase (cf. 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 (cf. Theodore et al., 2011)—even though at the present time this looks more like an inflex-
ion point than a moment of imminent transcen-
dence. Yet if austerity urbanism is to be understood as a particular mutation of neolib-
eral 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 rep-
resents a ‘new’ departure in the context of the shape-shifting, nonlinear dynamics of neoli-
beralization. Austerity has become a strategic space for the contradictory reproduction of market rule, calling attention to the ways in which neoliberal rationalities have been resus-
cititated, reanimated and to some degree rehabi-
litated in the wake of the Wall Street crash of 2008–2009. 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, pro-
tests and resistance efforts will mutate into a politics of transformation. To be sure, the mul-
tiple 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 prosecuted across 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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Notes

1 Calculated on the volume of user lookups (see http://www.merriam-webster.com). The runners-up in 2010 were ‘pragmatic’, ‘moratorium’, ‘socialism’ and ‘bigot’. On the 2011 count, austerity was no longer the most-searched word—perhaps its meaning was becoming self-evident—but it remained in the top five, surrounded on all sides by baleful signifiers of the political–economic zeitgeist: ‘pragmatic’, ‘insidious’, ‘capitalism’, ‘socialism’, ‘vitiol’ and ‘apres moi le deluge’.

2 As Adam Gopnik (2012, p. 18), has wryly observed, ‘To the American right, anything that goes wrong in Europe does so because Europe is wrong, and not because of austerity, because austerity is right.’

3 On prisons, see Steinhauer (2009) and Davey (2010); on policing and other service cutbacks, see Cooper (2010, 2011a, 2011b), McKinley and Wollan (2010), and Lowenstein (2011).

4 On these cases, see McKinley (2008), Walsh and Zezima (2011), Tavernise (2011), Walsh (2012) and Medina (2012).


6 The Mayor had been telling the city’s unions that the prospect of a state takeover through emergency-management proceedings was ‘more than a threat’, maintaining that the current level of payouts for employee health insurance and pensions was simply ‘unsustainable’ (quoted in Guarino, 2011, p. 2).


10 Norquist, a leading figure in the ‘leave us alone’ coalition, heads Americans for Tax Reform in Washington, D.C. For the pledge, see http://www.atr.org/taxpayer-protection-pledge-a2882. Governors of the following states are signatories of ATR’s Taxpayer Protection Pledge: Alabama, Alaska, Florida, Georgia, Louisiana, Maine, Mississippi, Ohio, Oklahoma, Pennsylvania, South Carolina, Texas and Wisconsin. Today, more than 1100 state office-holders are signatories. At the federal level, the pledge has been signed by 238 of 242 House Republicans and 41 out of 47 Senate Republicans.


13 See CBPP (2011) ‘The state budget crisis and the economy’, http://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-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, 2012a).

14 Nixon declared that, ‘After 40 years of moving power from the States and the communities to Washington, D.C., we have begun moving power back from Washington to the States and communities and, most important, to the people of America’, http://www.presidency.ucsb.edu/ws/index.php?pid=4327#axzz1qzy3Ohk1. See also Biles (2011) and Harvey (2012).

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

Not coincidentally, this tends to overlap with tea-party demands, which selectively target government spending on those groups seen as lazy and unproductive ‘others’, such as minorities, immigrants and the poor, while remaining largely silent on the question of fiscal transfers to the tea party’s own social base, in the form of social security and retiree healthcare, which is considered to have been ‘earned’, in contrast to ‘welfare’ (Skocpol and Williamson, 2012).

Congressman Paul Ryan of Wisconsin, chair of the House Budget Committee, has become the talismanic figure here (see Cantor et al., 2010). The fiscally extreme ‘Ryan budget’, which dramatically cuts taxes and entitlements en route (supposedly) to deficit reduction, continues to be seen as electorally treacherous for the Republicans, but it nevertheless establishes the coordinates against which alternative proposals, including those of the presidential candidates, are scored. On the Ryan budget, see Draper (2012) and Skocpol and Williamson (2012).


References


Jamie Peck is at the Department of Geography, University of British Columbia. Email: jamie.peck@ubc.ca