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Book review

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Book review: The Long Crisis: New York City and the Path to Neoliberalism, by Benjamin Holtzman

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These days we see a lot of cleavages – ideas and issues ever separating, diverging, shifting directions – among stories and geographies, dividing people and sending them along their own paths. Ideas and bodies are split, along with shades of skin, sexualities, interests, directions – north and south, east and west – in perpetual conflict, ever distancing, connecting masses and classes, crowds of insiders and outsiders, immigrants and natives, refugees and citizens, those with seven-figure earnings and those on the streets, families feuding and sharing, building neighbourhoods and taking them apart. Many of these are deep and lasting divisions, conflicts between us and them, and countless spaces in between. We see them everywhere: owner/worker, church/state, urban/rural, centre/periphery.[1] And increasingly, they shape politics and cities. The question is, which will be the new cleavage of our day?

Returning to New York in 2023, after a year in Berlin, I encountered newspaper reports bemoaning lines of migrants and asylum seekers sleeping on the streets outside the Roosevelt Hotel, now a migrant processing centre for the city. Entering the city, those on the streets encounter a space where

demarcations are only becoming more prominent – lines between insiders and outsiders, rich and poor, public and private – particularly since New York's 'fiscal crisis' years of the 1970s.

Across the political spectrum, pundits and policy entrepreneurs vied to advance their own diagnoses of the problem. In the years that followed, social observers and artists, sociologists and historians tried to come to grips with what happened, creating their own histories, full of protagonists and heroes of New York.[2] We have been reeling and recovering from the policy fallout ever since.

Enter *The Long Crisis: New York City and the Path to Neoliberalism*, Benjamin Holtzman's compelling study of the fiscal crisis years and the gutting of New York's public sector which transformed the city as a privatization-frenzy-gripped Gotham. Examining the neoliberal turn that reshaped New York, *The Long Crisis* is an innovative contribution to this literature.

From the late 1960s through to the mid-1970s, newspapers declared that New York City was broke. They painted a picture of a city suffocating in poverty and crime, with poorly run schools, cumbersome bureaucracy, deficits, businesses on the run and a middle class feeling the squeeze. The city was unable to pay its bills. It resembled an over bloated European-style welfare state, argued critics. The fissures grew from a very specific source: New York's social democratic municipal government, its public sector. '[President] Ford blamed New York's problems on its employee salaries and pensions, municipal hospital system, free higher education, and its "welfare burden",' says Holtzman.[3] 'The belief that New York's robust liberal policies were at fault echoed in city and national media. These explanations dramatically and often intentionally simplified the fiscal crisis and justified austerity as the only reasonable solution, even as other explanations and resolutions were possible.'[4]

The city formed a Municipal Assistance Corporation (MAC) in 1975. 'It's the fucking blacks and Puerto Ricans. They use too many city services and they don't pay any taxes,' a spokesman for MAC explained at the time. 'New York's in trouble because it's got too many fucking blacks and Puerto Ricans.'[5] Every crisis requires its scapegoats, as panic spread. In New York, the city scripted a model of planned shrinkage to rid its streets of undesirables. 'Our urban system is based on the theory of taking the peasant turning him into an industrial worker,' New York Housing Commissioner Roger Starr, one of the plan's architects argued. 'Now there are no industrial jobs.'[6]

Most of the advances that working-class New Yorkers had helped create, including a thriving public sector, with free tuition at City University and affordable rapid transit, would be lost. The federal government was able to claw back most of the loans provided to New York City with Ford's signing of the Seasonal Financing Act of 1975. In retrieving the money, the lenders robbed the city and its workers of many of the gains of the previous decades. Those workers who could fit into the post-industrial workforce would be welcomed. Those who could not would have a hard time maintaining a life in the city. 'We have balanced the budget on the backs of the poor,' Felix Rohaytn of the MAC candidly confessed, as the crisis waned.[7] With the poor increasingly pushed and squeezed, New York would not be the same.

In subsequent years, this era came to be referred to as 'the rotten apple', instead of the Big Apple of lore. Rudy Giuliani and others running for public office in the 1980s and 1990s would fearmonger about a return to the 'rotten apple' days of the mid-1970s, ever dividing and scapegoating those with whom they disagreed.

Observers argue that New York's mid-1970s social and economic transformation served as a dress rehearsal for the neoliberal reorganization of government and politics set in motion by Margaret Thatcher, Ronald Reagan, Bill Clinton and George W. Bush.[8] In this way, the chain of events served as an example of what neoliberal urbanism would look like. 'The management of the New York fiscal crisis pioneered the way for neoliberal practices both domestically under Reagan and internationally through the IMF in the 1980s,' David Harvey explained in his 2005 work, *A Brief History of Neoliberalism*. 'It established the principle that in the event of a conflict between the integrity of financial institutions and bondholders' returns, on the one hand, and the well-being of citizens on the other, the former was to be privileged.' The crisis established the new precedent that government policy was best aimed 'to create a good business climate rather than look to the needs and well-being of the population at large'.[9]

The question is, how did this happen? Who aided and abetted the process as New York gutted its public sector in favour of privatization? And was it worth it? Was a different path possible? Faced with more bills than it could pay, the mayor walked into the banks, hat in hand, opening the door to privatization, moving government from the public into the private sector and market. Holtzman contends that the fiscal crisis ushered in a move from public services to a dependence on the private sector, and a distinctly chilly brand of neoliberal urbanism, as an essential ingredient in the delivery of city services.

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Aiding the process, community-based groups, block associations and non-profit organisations gravitated towards public–private partnerships to address community problems. This partnership was thought to be necessary in order to maintain streets, parks and housing. 'Even when overall federal funding remained stable, local officials were constantly concerned that federal cutbacks could be imminent, given the rhetoric of federal administrators in the 1970s and 1980s,' says Holtzman.[10] 'The neoliberal turn, rather than simply being imposed by a narrow set of elites, took form through a process of popular marketization that involved a wide range of urbanites who transformed the political economy from the ground up.'[11] Over time, neoliberal governance supported market-based solutions that would accelerate gaps between rich and poor, Black and white, healthy and sick, those who owned and those who rented, those with insurance and those without, those attending private schools and those attending public schools. The private overtook the public, expanding inequalities into urban spaces. The assault on the public commons raged forward from East River Park to Union Square, one crisis after another.

Building on case studies throughout eight chapters, Holzman utilizes a range of primary sources from archival materials, as well as oral histories. He addresses low-income housing, a move from renting to owning, the transformation of public parks, urban policing, the limitations of development schemas and governance of homelessness and public space. 'Tremendous thanks also to everyone who invited me into their homes and offices for oral history interviews,' says the author in his long and generous acknowledgements section. A historical work on New York from the 1970s to the present, Holtzman's efforts at mining the archives and records of this period open any number of counternarratives as a privatization frenzy grasped the city, displacing residents and inspiring others to squat in their own buildings.

Perhaps the most compelling chapter of the book is Chapter 2 'Low income housing in crisis'. 'Homesteading thus first emerged as an emergency response among the poor as they became increasingly closed off from meaningful housing choices,' says Holtzman. 'In most cases when a landlord abandoned a building, the tenants soon followed. But in dozens of buildings throughout the city tenants stayed, attempting to run the building themselves rather than face potential homelessness.'[12] Group after group of ordinary people, from the Renegades to Stand Up Harlem, took control of their own buildings across the city. 'Do we all surrender our homes and our lives to the advance of abandonment, the plague or the rats, and the final demolition of our community into vacant lifeless parking lots?' 'No,' the Renegades answered: 'We can rebuild our community ourselves!!!'[13] 'Improve don't move,' argued residents, squatting in vacant lots and greening spaces to create a liveable city. But with every step forward, countervailing forces pushed to control, privatize, increase costs and monetize city space, inch by inch.

Administrations throughout the 1970s – from mayors John Lindsay to Abraham Beam to Ed Koch – tried to get a grip on the fiscal crisis. For George Sternlieb, the solution was to address the needs of high-income, rather than those of middle- or working-class residents. In his view, 'using tax policy to benefit higher income residents – even at the expense of lower-income residents – was an imperative for overcoming fiscal turmoil and transitioning from an industrial economy'.[14] Those in the Democratic Party establishment came to share this view, embracing the real estate industry as the economic engine for the city. They saw 'declining real estate as enmeshed with the city's host of problems, causing landlords to abandon buildings, the middle class to leave, parks to decay, and even – by draining public revenues for police and economic opportunities for residents – crime to fester'.[15] 'We need private capital and we need to get it,' said Mayor Koch, justifying his approach to attracting that capital, enticing development with corporate welfare policies, such as J71, a New York City tax break for renovating residential apartment buildings. Others saw the policy as a corporate giveaway. 'These contestations exposed the deep division between two contrasting visions for the city: one in which the fruits of economic activity would be spread among various classes and one in which the precarious state of city finances necessitated the absolute privileging of economic growth.'[16] In subsequent years, the J71 tax breaks helped subsidize the transition of low and moderate housing to high-end rents, including the destruction of tens of thousands of single-room occupancy hotels, further squeezing the poor already on the margins of the city.

The core argument of the book is highlighted in the conclusion, rendering a verdict on the policies associated with privatization, including public–private partnerships, tax breaks and enterprise zones. 'Proponents claim that these processes lead to increased efficiency, government savings, and better service delivery,' says Holtzman.[17] 'No doubt sometimes they do, but results are often mixed. Perhaps

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even more importantly, these shifts raise fundamental questions about whether accountability, public access, and the common good are served well in these processes.'[18] These are worthwhile questions. On the streets of New York, where unequal development is on display in the schools, the parks, the sidewalks and the subways, the affluent and able-bodied enjoy a smoother ride and those on the periphery watch repairs go neglected, elevators unbuilt, access restricted. Housing abatement, reducing property taxes of condominium and co-op owners, supports developers without addressing the need for affordable housing. Today, office towers and residential buildings stand empty. 'Take examples from this book. While reducing rent regulations has led to needed improvements to an aging housing stock, it worsened the city's affordability crisis. Though private coffers renovated major parks, this contributed to a two-tiered park system bifurcated by race and class,' concludes Holtzman.[19] We see this process in the renovation of East River Park, where the poor watch large swathes of green spaces taken away, as the park is renovated with more asphalt, leaving access to the roadway unaffected. The poor are left with less green space, the rich with their central parks and holiday homes. It is a pattern that repeats itself again and again, as gaps in access expand, along with cleavages over access to resources. Income inequalities are often expressed through spatial inequalities, in access to public space in general and green space, specifically here. The trend towards privatization favours the opinions of technocrats. It compels rebuilding bigger, not necessarily better, over and over again. The battle for East River Park speaks to the importance of access to public space, highlighting the disconcerting results on a metropolitan landscape so shaped by class and race.

Throughout *The Long Crisis*, Holtzman asks: who aided and abetted the process as New York gutted its public sector in favour of privatization? Was it worth it? It is hard to imagine that the 'absolute privileging of economic growth' served the purposes of anyone but the super-rich. Look at the city today: libraries are often closed, tuition is on the rise along with austerity budgets at City University, there is more trash on the than ever and inequality has only increased. And, with middle-class residents priced out, people can no longer afford housing here. Was a different path possible? Holtzman is not pessimistic. His conclusion highlights the importance of agency, pointing out that neoliberalism need not be an all-encompassing panopticon. 'Nor are the disparities that have been exacerbated by these shifts intractable,' the author concludes.[20] 'In New York, as across the nation, residents are at work on an extraordinary array of creative campaigns that challenge growing inequalities, such as by forming tenant unions, strengthening rent protections, expanding community land trusts for housing and public space, and demanding that public parks be more equitably dispersed and resourced, to name just a few of the initiatives targeting the city's livable environments.'[21] Unpacking the way New York City has come to rely on privatization schemas and market solutions, Holtzman's *The Long Crisis* invites us all into a debate about housing and migrations, shelters and parks, bankers and workers and a struggle for a more liveable, fairer metropolis.

Notes

[1] Bornschier et al., 'How "us" and "them" relates'.
[2] Berman, 'Introduction'; Fitch, *Assassination of New York*; Harvey, *Brief History of Neoliberalism*; Moody, *From Welfare State to Real Estate*.
[3] Holtzman, *Long Crisis*, 11.
[4] Holtzman, *Long Crisis*, 11.
[5] Quoted in Fitch, *Assassination of New* York, vii.
[6] Starr quoted in Fitch, *Assassination of New* York, viii.
[7] Quoted in Berman, 'Introduction', 24.
[8] Moody, *From Welfare State to Real Estate*.
[9] Harvey, *Brief History of Neoliberalism*, 48.
[10] Holtzman, *Long Crisis*, 12.
[11] Holtzman, *Long Crisis*, 3.
[12] Holtzman, *Long Crisis*, 24.
[13] Holtzman, *Long Crisis*, 25.
[14] Holtzman, *Long Crisis*, 177.
[15] Holtzman, *Long Crisis*, 177.

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[16] Holtzman, *Long Crisis*, 179.
[17] Holtzman, *Long Crisis*, 241.
[18] Holtzman, *Long Crisis*, 241.
[19] Holtzman, *Long Crisis*, 241.
[20] Holtzman, *Long Crisis*, 241.
[21] Holtzman, *Long Crisis*, 241.

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