

Austerity and Urban Crisis: Insights from German Cities

Introduction

Often blamed for being the motor behind austerity urbanism in Europe, it is overseen that the impact of this principle of state reorientation has also changed the spatial geography of Germany itself. While a booming economy seems to support the argument of a neoliberal political agenda, the effects on cities in Germany has been overlooked in the general debate on the consequences of austerity on cities (Peck 2012, Tonkiss 2013, Donald et al. 2014, Tabb 2014). In this article, the paradoxical situation of "loser cities" in Germany addressed and thereby a newly emerging political geography with social and political divisions are pointed at. On the basis of four cities facing severe financial crisis, it will be discussed in which way cities can manage the consequences of being decoupled from the economic growth centers of Germany.

Early 2014, forty cities of the Ruhr area in Germany associated under the slogan "Für die Würde unserer Städte" (In favor of the dignity of our cities) and called for a cut of their debts. Soon, more cities in Germany from the states of Rheinland-Pfalz, Brandenburg, Saarland and Mecklenburg-Vorpommern joint this initiative. Their main address of protest is the national government but not for having a direct financial support. It is clear to all political actors that the precariousness of these cities derives from a variety of factors that can only be changed in a multi-level approach to the total fiscal system in Germany (Wieland, 2014). The current state of affairs is characterized by high level of complexity created by the interferences of all levels and fields of policy in the corporative and federal political system. Regaining the ability for reform in this complexity is one of the major objectives of the discussed political reforms. The call for transparency is therefore often heard.

In recent years, reforms in Germany have often been motivated by juridical arguments. The constitution and its definition of the state role and the architecture of the different levels of the state has been central points of discontent and conflict. The principle of local autonomy and of equal living conditions in all parts of the country (Art. 84) are the main references in these controversies. The constitutional article 104 moreover is regarded as defining the obligation of cities to not only execute national policies but also (financially) share burdens. This has led to a cost division that differentiates between obligatory and voluntary tasks that cities have to fulfil. While costs for individual unemployment and social beneficiaries were reimbursed by the federal budget, many additional and rather community oriented costs have to be decided (and thus paid for) by each city itself. This has led to the fact that cities were saving money to cut in those areas like local libraries, sport facilities,

cultural institutions, street repair, infrastructure investments, or economic stimulus programs. Decisions for cuts in these voluntary offers have undoubtedly negative effects on the economic performance, attractiveness and livelihood of the cities, the policies for community support and for persons with special needs. As a result, those cities which were most indebted had often no other choice to cope with their fiscal crisis by creating critical social conditions on the longer run (cp. Fujita, 2014). Therefore, most affected cities see themselves trapped into a downward spiral.

In this article, the situation of indebted cities in Germany will be discussed in the framework on the theoretical concept of austerity which will worked out in the first chapter. It will propose to look at austerity from a wider perspective and link it to earlier research before the current crisis in the European cities. By doing so, the author hopes to enable to see how much of the current urban crisis is related to actual politics since the 2008 world economic recession and the following austerity measurements. In a second chapter the situation since than is detailed by looking at the state frames that create the paradox of German cities being indebted although the national economy is booming. In contrast to discussions on the impact of austerity politics in Southern Europe, the German discussion (chapter 3) reflects on the crisis by reflecting on changes with the implementation of reforms already since the 1990ties. To overcome the difference in the international and German discussion on the effects of austerity on cities, the author follows the claim to regard Germany as an early example of austerity politics which was introduced in terms of "saving" (Keller, 2014). However, the German case might also irritate the international view in urban studies which merely links the urban crisis to the emergence of a state crisis caused by the all-encompassing neoliberalism. In chapter 4, the author illustrates how four cities are coping with their fiscal crisis. Here, the main assumption is that still local politics and the state framing can have a significant impact on the left over room to maneuver for cities.

What is austerity?

The notion of austerity urbanism assumes that a city needs to be understood as primarily concerned with the financial dimension of local politics, in which the debt of a city is viewed as the most important problem and in which therefore there may be given priority to "save money" over other policy objectives. Although the concern about the local financial situation is historically nothing new, the prioritization of debt avoidance and debt reduction is more recent. In this sense, we can speak of a political paradigm shift, which is to be viewed in the context of further changes in politics and society. The emergence of austerity has to be understood as a concept of statehood that has changed in the context of a new political framework, which is inevitably also expressed by the municipal authorities. Austerity assumes a fundamental connection with a changed role of the state and its tasks with regard to the issue of social cohesion, in which the idea of "generational justice" is entering the redefinition of the welfare state and in which it appears unjust to burden the next generation through over-indebtedness. From the point of view of austerity policy a redefinition of the economy needs to be introduced in the first place, where state action are judged on the basis of criteria of the market rating. This means that a lack of austerity is seen as an obstacle to investment.

However, the first attempts to define the connection between austerity and local politics have not been based on such reasoning and, on the other hand, pointed out that with the austerity principle the political scope for action becomes bigger. This view is particularly expressed in the work of Poul Erik Mouritzen (1992), who described for indebted states the relationship between diminishing "political capital" and "fiscal stress" through a comparative study in ten countries at the beginning of

the 1990s. Analyzing the literature at the time, Mouritzen understood the problem primarily as a problem of difference between input and output into the local financial system. He identified three different discourses that explain the input-output difference differently: Firstly, explanatory approaches can be found that place this phenomenon in a context of socio-economic disparities. One would have to take into this category today's narrower theories of "austerity urbanism". Secondly, there are theoretical approaches (so-called maladaptation theories) which reduce the problems of austerity to the lack of adaptation of the local financial system and which only problematize the remaining political scope for action. Finally, Mouritzen identifies theories working with an "expectation gap approach" which see the gap between the political expectations of the citizen and the achievements of politics as a starting point of the debt crisis. The latter theories do not consider the lack of financial but political resources as the real problem. In summary, one can say that the second and third approach primarily sees policy as responsible – whether to deal with the lack of financial resources or to be politically responsible towards citizens with their expectations – while the first approach sees primarily the problem of austerity as a non-local and non-political one, which affects the political system from the outside. Intrinsically interwoven with the concept of austerity is the concept of crisis. Regardless of the three possible explanatory approaches, it is assumed that a financial crisis does not allow the cities to provide adequate care for the citizens. However, early studies have shown that the link between an urban financial crisis and the general prosperity of a city is not necessarily to be assumed. As it becomes clear in the international comparison, the role of the state and its contributions to the cities is decisive (Mouritzen and Nielsen, 1992). In other words, overburdened cities and a lack of local political capital need not lead to a social deterioration in living conditions if state institutions are compensatory. Particularly with regard to German cities, the concept of crises has been used repeatedly since the 1980s, in order to demand a stronger participation of state institutions at the federal and state level.

All approaches of austerity stress that an analysis of urban development must be carried out from the financial situation of a city's public budget. In particular, those early approaches, which focus on this basic idea of the concept as debt crises or over-indebtedness, try to find solutions that can be described as incremental, which are offering solutions within the predefined framework of the federal state architecture and its roll towards municipalities. The effects of the austerity principle are assessed with regard to the existing task fulfillment of municipalities. A more critical analysis places municipal financial problems in a context of a changed statehood, in which the municipalities are confronted with tasks which they had not yet been able to do so far. Two different causal complexes are introduced. On the one hand, a change in the demands on the state is considered to be the source of the various financial problems (Ellwein and Hesse, 1994). This analysis focuses on the efficiency of financial, social and economic policy instruments and how they possibly adjust the distribution of tasks between the federal government, the state and the municipality. On the other hand, there is also an overburdening of the citizens, who have to cope with increased expenditures by additional taxes. This view has been articulated since the late 1970s, promoting as a way-out the concept of a "lean state" (Häfele, 1979), which implies not only an instrumental but a conceptual redefinition of the relationship between the state and society.

Later neo-Marxist approaches described the conceptual content of austerity urbanism, as well. The financial crisis is seen here above all as a macro-social restructuring in the course of the emergence of neo-liberalism. Austerity is thereby seen as part of a crisis of global capitalism, a genuine expression of the capitalist and neoliberal functioning of society. For this approach, the concept of austerity is, in principle,



rather a vocabulary with which the changed power relations in capitalism are to be identified and the real problem is to be concealed. Austerity presumably justifies a departure from the existing anti-cyclical financial policy, according to which the state can counteract cyclical economic crises through more public investments. Austerity has led to the growing impoverishment of public budgets and private households, the excessive expropriation of over-indebted residential property owners, increasing social inequalities, housing shortages and the decline of public facilities such as schools, hospitals, libraries, swimming pools, public buildings or infrastructures. Privatizations and public-private partnerships are the new forms of organization that give private capital direct access to previously public property.

The concept of austerity is accompanied by normative ideas concerning the relationship between politics, citizens, the economy and the city. While the incremental views are concerned with a non-normative definition of the concept, in which further discussions about the understanding of the state are to be left out, the critical approaches point to the necessity of such a critical review as an "activating state" (Behrens, 2005) has been arriving according to which the state gives and requires more engagement by the civil society and the individual. For liberal criticism, this approach does not go far enough, and austerity is to be understood as a kind of self-purpose, which should therefore also have a constitutional status.

Current fiscal crisis

At the latest in the context of the global economic crisis of the late 2000s, the principle of austerity as a leading economic and financial policy approach was dominated by the institutions of the World Bank, the IMF and the European Commission. This in turn led to a neglect of socio-political tasks by the EU Member States and contributed to the exacerbation of existing social problems, especially in Southern Europe. Austerity policy has therefore been identified as a cause of crises. The concept of austerity is, therefore, identified by both proponents and opponents almost exclusively with regard to the actions of the institutions mentioned. The normative political dimension of the concept of austerity makes an analytical approach however more difficult. If the concept of austerity is kept uphold as an analytical concept that is not exhaustive as a neoliberal legitimation vocabulary, then it can be connected to the respective national debate about the over-indebtedness of the cities and can be placed into an empirical exploration in which research form starts from sketching the framework of the idea of austerity under the specific local conditions. Such a framing into for example the canon of German local policy research can profit from extensive preparatory work, and can address conceptual approaches such as "urban governance" and "neoliberal city" with regard to their explanatory scope. The study of the effects of austerity has so far not taken place in Germany (Schönig and Schipper, 2016), just as the international debate does not take account of the situation in Germany. In international studies, case studies from countries with a national debt problem (such as Fujita, 2013) predominate, for example in Southern Europe (Eckardt and Sánchez, 2014).

This discrepancy between German and international research leads to an antagonistic reception of the respective findings. For example, contributions to journals such as the "City" or "International Journal for Urban and Regional Research" show that the problem of urban debt is predominantly described as externally caused whereby external forces are regarded as stronger than the local ones: "The pessimism many urban scholars have expressed finds justification in our awareness that while victories can be won in local struggles, the larger societal expectations of continued austerity (...) limit such potential." (Tabb, 2014, p. 98). Such an emphasis on external forces raises the question of how they can be made visible as a power mechanism.

As Jamie Peck (2012) underlines, this is only indirectly recognizable as market rationality with its principle of competition is imposed on areas of life that have followed other social logics and principles such as solidarity. He agrees with Harvey's point of view that the financial crisis has been transformed into a state crisis and this again has been transformed into the current urban crisis.

It would however be inadequate to simply relate the fiscal crisis of the cities to the state architecture in general. The indebtedness of the concerned cities is also a consequence of a more profound political change and has to be seen as integral part of a political course that has gained momentum in the 1990ties and which has been replacing a different understanding of the political role of the city in general. Already in 1980, the mayor of Duisburg – a larger city in the Ruhr area – called for attention with his pamphlet "Save Our Cities". At that time, the political response consisted of a numerous programmatic approaches to address the increasing structural crisis of the old industrial cities losing jobs in the steel companies and coal-mines. Confronted with long lasting unemployment and processes of economic and social decline, the paradigm of political response was until then that the state has to set up programs for an innovated urban economy (Maly, 2014). In the seventies, this has led to billions of Euros of state subsidy for the settlement of new industries like the most emblematic case of Opel in Bochum and the setup of universities. Already in the eighties, these programs seemed to be too limited in their impact and too expensive. Furthermore, there was a certain fatigue about the political framing of these economic policies. The overall turn to conservative parties with their focus on individual responsibility prepared the ground for a reduced federal welfare state resulting for example in the end of national social housing programs.

The nineties, however, have been a breakthrough for so-called neoliberal politics in many ways (Kemper, 2013). As national politics more and more rejected responsibility for the costs of social problems, the burdening of cities with the growing expectations of citizens for care and support continued slowly. Only in 2006, the federal fiscal system accepted the principle that "who orders, who pays" which means that the national legislation cannot enforce cities to contribute financially to the realization of new state programs. Important social achievements of the past, like the individual housing grants, however were not touched and thereby contribute to the misbalancing of the fiscal equilibria between the national state, the Länder and the cities.

In the context also with European prerogatives, the cities were regarded increasingly to reposition themselves as economic actors. The perspective on cities as being a company that has to produce a solvent budget was a guiding idea in the reform for local administration (Linhos, 2006). In effect, the economic opportunities for city development however rather shrunk than increased (Wohlfahrt, 2005). A lean administration has reduced the number of office workers and the fields of policy activities. Many economic activities with regard to water, electricity, gas, housing, and infrastructure supply were now seen to be better situated in the hands of private investors. While the outcome of these privatizations have been evaluated critically in fiscal aspects, the ability for local politics to steer processes in the city has been reduced significantly (Sack, 2013). This is why recent developments in German cities have tried to return to public ownership of basic local infrastructure (Moewes, 2014).

In the line of the shift to this renewed view on cities, the problem of the indebted cities was seen as a local only which derives from wrong political decisions and a lack of effectiveness. Consequently, the reform of the federal system did not give cities more rights and has not even allowed them a particular voice in those reforms. In sum, one can say that despite a long and intensive debate among experts and some

political attention, the necessary steps in the reformulation of the federal system obvious for many observers have not been undertaken (Köthenbürger, 2013). A main argument remains that cities can be competitive by their own means. Here, the most prominent example is the local economic tax rate (Hebesatz). Cities have competed with each other to offer the lowest tax basis and the result of this "race to the bottom" is that only big companies are often regularly paying directly to the local budget. Estimations point to the fact that this is true for less than one per cent of all economic activities in the cities and that local taxation policies have no effect on their economic performance (Kelders and Köthenbürger, 2010). Reforms were moreover often rejected. The existing system of financial re-budgeting between the Länder (Länderfinanzausgleich) and within each Land seem to guarantee the stability of tax flows. As these tax compensations are negotiated every year, the planning of long term financial engagements becomes increasingly difficult. This resulted in an uncertainty regarding most needed infrastructure investments for the future and high interest rates for long-term credits. The political debates on the local level therefore concentrated on more effective debt management (Birkholz, 2008). For many cities, the use for short-term credits (Kassenkredite) - which were previously only meant to overcome technical delays of payment - has become the way to "muddle through" (Heinemann, 2009).

This strategy however became impossible during the recession of 2008. Many cities had to apply for being taken up by the trusteeship of the Länder. The consequences were that the concerned cities lost significant autonomy about their fiscal affairs while the crucial economic disadvantages were not addressed (Sidki, 2011). Paradoxically, the situation of the indebted cities has not changed but rather worsened while Germany has reached its national objectives of austerity and prosperity during a long lasting European crisis (Hardes, 2013). The inability to act in an autonomous way as it was meant in the German constitution is severely threatened (see the commentaries in Schmidt-Bleibtreu, Hofmann and Brockmeyer, 2014).

The German discourse on austerity

There is a whole area of overlap between the German discourse, the concepts of governance, neoliberalism and austerity in the research on municipal debts. The concept of austerity in the German context can be understood not only as a normative, but also as an analytical one that bears a critical potential. It could be developed so that it can offer a tool to consider concrete local conditions of political and social action, if it is not merely considered as an expression of global crises. It could also show impossibilities and possibilities for influencing state transformation whether a take-over of market logic in the social field can be observed and how local institutions and actors can keep their scope for action.

The municipal consolidation of local budgets would require a focus, looking on how the overarching principle of the "saving money enforcement" (Sparzwangs) against the over-debts of cities already was introduced at the beginning of the 2000s and thus clearly before the financial crisis of the assumed state crisis. This form of early German austerity politics under different terms has not been captured in the considerations of the crisis in Europe today and as such has not been internationally perceived in the research literature. The intensified municipal supervision, which avoids any political control and which was implemented by states like North Rhine-Westphalia with their "commissionaires of savings" (Sparkommissare), lacks the democratic transparency about decisions where cuts in the budgets should be undertaken (Holtkamp, 2006). This was even implemented in cases where a debt reduction was hardly conceivable because the structural budgetary miseries were not resolved. This state control was implemented with great consistency and it constructed politics as

a bipolar negotiating scheme between the city and the state. It is however precisely the lacking reflection on the effects of this form of local austerity that prevented the introduction of real administrative reforms. In other words, the administration has not taken over the austerity as reforming their organizational logic, as austerity was placed into the negotiation with the state. The municipal administration has thus proved to be resistant in a certain way, as they have resisted earlier reforms such as New Public Management, which were often cited as a proof of implementation for the austerity concept, but in reality were often only proclaimed as an administrative concept without further meaning.

Reconstructing the consolidation of over-indebted local budgets in German cities, as Holtkamp (2009) has done for Marl and Waltrop, it becomes clear that a number of structural problems have caused the debts. These include the "unfavorable social and economic structure, negative migration balances, high financial transfers to East Germany, and massive resistance to the increasingly oversized infrastructure" (cp). In the interplay of these factors, the "futility trap" emerges, which cannot be regarded as an exclusive consequence of austerity politics. The over-indebtedness of the Ruhr area is therefore not the result of the crisis of 2008 nor is it a logical conclusion of the structural change of the old industrial region. This does not deny the dependence of municipal finances on interest rate developments and the global economic situation. However, the fact that this drama has come about could have been dispensed with since 2003, when the positive development of the general municipal finances in Germany on the cities in the Ruhr area began.

Small consolidation successes have been spoiled in this way. Through the employments of local authorities and the "commissionaires of savings" an exaggerated expectation level has emerged which provokes problems of democratic legitimation. Due to the permanent non-compliance of overdated claims, it is no longer comprehensible for the electorate who could be blamed for too little savings. In contrast to the approaches of governance theories, which assume an increase in efficiency through more co-operation and transparency, it has been observed in the case of the "Sparkommissare" that these were relatively traditional and incremental. They reduced the involvement of the population and political objectives were not linked to savings targets, although the commissioners in question were often willing to avoid politically sensitive savings. In this way, earlier approaches to the administrative reform are rather reversed: "Local administration and policy become more hierarchical, less transparent and even more incremental" (Holtkamp 2011, p. 444). The interpretation of the external factors in the German discourse refers to the shaping of roles between the federal government, the Länder and municipalities. For the federal tax distribution in Germany, it must be stated that there has always been a higher expenditure requirement from municipalities than this could have been covered by financial allocations from the federal government and the Länder (Wieland, 2014, p. 830). In the financial policy integration of the three levels of government task fulfillment, there has never been a time when there was no underfinancing.

The constitutional right to welfare is addressed to the state as a whole, but which level of the state has to fulfill this obligation is not clearly defined by the constitution. This has led to the fact that government can increase social benefits, but the executing municipalities were not sufficiently equipped. Municipal self-administration is thereby undermined. The uniformity of living conditions, however, which is a basic principle of state action, is fundamentally dependent on the economic and financial power of the Länder which, according to Article 83 of the Constitutional Law, have to ensure the enforcement of welfare services. This generates the gap between federal grants and local expenditures. At the latest since German reunification, the effects of this responsibility allocation are clear. The economically weaker German

states – and thus also the cities and municipalities in it – have less money to ensure equal living conditions in the whole of Germany. With the introduction of the debt brake (Article 109, Paragraph 3 of the Constitutional Law), the discrepancy can no longer be offset by borrowing.

This circumstance has been seen in many austerity discourses as evidence for the implementation of neoliberal politics and it appears to confirm in the first place the assumption of a changed statehood. However, it also obscures the complex rules of national financial compensation, which contribute to the principles of federal equality. In particular, the need for higher spending, for example, for cities or countries with different population densities still has not been questioned (BVerfGE 72, 330). In addition to the state mechanisms of direct financial compensation, there are still more opportunities within the scope of the federal organization to indirectly support municipalities that have to finance extraordinary tasks such as coastal protection. Within the Länder, the differences in the key allocations of the Länder to the municipalities are differently regulated. As a principle, however, it is not called into question that the assignments should be appropriate to the local authorities in the face of the state's tasks delegated to the cities.

For Rheinland-Pfalz, therefore, the Constitutional Court has obliged the state to shape its system of national financial compensation in such a way that municipal autonomy and self-administration are adequately ensured (Harden, 2012). Autonomy can only be built on a certain scope for action and thus cannot be replaced due to a state crisis (Bravador, 2016). This principle can be seen realized in the various welfare benefits of the municipalities in Germany. The obvious differences among cities with regard to the spending on social services are caused by a set of different factors. It can be assumed that, in principle, there is a link between social need and the necessary social benefits of the municipalities. The latter was clearly demonstrated by studies (Thommes, Junkerheinrich and Micosatt 2010). However, this correlation does not explain the local differences in comparison, especially with regard to the obvious north-south divide, which corresponds only partially with the existing economic regional disparities.

The reference to the financial compensation systems of Germany can be dismissed as irrelevant because, as a result, the financial situation of the municipalities and the Länder is not in line with the general expectations with regard to the public investments and welfare services, while at the same time the municipal debts are not diminishing. In fact, it can be observed that, after the introduction of the Hartz 4 laws, social expenditures for municipalities have grown considerably (Harden, 203, p. 26ff) The expected benefit by the merger of social assistance and unemployment assurance is not demonstrable. On the whole, the increase in social welfare expenditure according to the social code, the costs of housing and heating (KdU), and expenditure on child and youth care are the structural reasons for the increase in municipal expenditure on social services. The sub-financing of the municipalities mainly concerns the so-called area of voluntary contributions, such as the construction of sports grounds, the preservation of cultural facilities or the promotion of local traditions. These voluntary spendings fall under the autonomy of the municipalities, which should also be made possible via financial allocations.

It is expected that the debt brake at the federal and provincial levels will increase the municipal enforcements of saving (Sparzwang). One may therefore doubt the effect of the existing system of national financial reconciliation, but it is not possible to prove a change of the state principle following a market rationality. Such a rationality assumption can be asserted for the municipalities with the introduction of the system of double accounting. This form of accounting can be understood as an economization of the municipal financial organization, which seems to be even

furthered by the introduction of various forms of debt management, debt optimization and the active management of financial risks.

Whether the new instruments of municipal financial management can actually be understood as the result of a changed view of the state in general – comparable to the introduction of public private partnerships – cannot be answered comprehensively because it is hardly known how they are actually influenced by conventional financial instruments in the municipalities. It appears that they do not seem to have any significant influence on the debt situation of the municipalities concerned (Sidki, 2011). As Kothenbürger (2013) shows in the example of the basic and trade tax, the discussion about the municipal financial system is characterized by the fact that there is a decade-long “reform discussion without reform”. In effect, for more than 40 years, there has been no adjustment of the local tax base for economic and fiscal changes, resulting in horizontal and vertical equity problems. Since the author suspects that the municipalities are aware of this and do not use the land tax for the same reason, in order to solve municipal financial constraints: “It will therefore be not unlikely that municipal policy would want to bypass the resistance against tax reforms by going to the voters. They keep it not transparent or accept higher dependence from the state” (p. 92).

The implementation of the austerity principle at the municipal level has led to the fact that no new debts have been taken up in many cities despite increased social expenditure. This is assessed differently and partly seen as a cause of underfunding and missing investments, especially in large cities such as Berlin. The municipal investment lack is estimated at more than € 100 billion, with missing investments especially in childcare, schools, roads, infrastructure, sports facilities, housing and public administration (Harden 2013, p. 33).

Many cities have not taken up new loans since the installation of the debt brake on the state level, although not necessarily a sustained economic well-being causes more revenue. As the Municipal Finance Report 2016 of the German Association of Cities stresses, cities and municipalities profit differently from the good economic situation and cities in structural change are still not sufficiently taken into account in the system of financial distribution. To this end, it must be stated that the financial disparities between the cities have become more acute. Nevertheless, the report also differentiates the role of the state, which has reacted effectively to the financial hardship of the community, without however suggesting an end to the problematic cash deposits.

This example shows that there has not been a transformation of the state according to an omnipresent logic of competition, but the balance between different levels of government have remained different principles. Financial resources remain negotiable. Indirectly institutionalized through the central position of the Länder, the municipalities – even if their own representation is not foreseen in the formation of political bargaining – are not just prone to the decisions of the federal state. As the example of the negotiation of the costs of the refugee integration demonstrates, cities also have weaker media to successfully articulate their interests.

Apart from the institutions of the corporate state, there are also mechanisms of discursive influence. These levels of state-city relations are largely left out in the conception of austerity and are more likely to be taken up by governance theories, which also assume a changed state, but which tend to link them with extended possibilities of control and steering society. This would also include the recognition of participatory approaches, which should be abandoned in the concept of the radical anti-austerity perspective in favor of “rebellion” (Harvey, 2013), but which play a growing role in urban politics.

Local governance strategies

In the following, four cities in different metropolitan regions were analyzed with regard to their particular strategies to cope with a long lasting fiscal crisis. The chosen cities have a different economic profile and should not be regarded as primarily characterized by a single branch. They have in common that systematic unemployment with poverty and joblessness rate above the national and Länder average. All cities have nevertheless a working class tradition and host a high degree of citizens with a migratory background. The selection of the city refers to the per capita indebtedness where all case studies were distinctively prominent examples for a longer ongoing economic and crisis, which aggravated since the 2008 recession and did not lessened after incorporation into the Länder trusteeship. The four cities are not the top ranked cases of indebtedness, which would otherwise mean that only cities from the Ruhr area needed to be included into this comparison. Only city of Hagen stands here as an example of this area. The other cities were chosen as representing other regional economic and political contexts: The city was the first to be taken under direct control by the Land. Bremerhaven is embedded into the Bremen-Oldenburg metropolitan area; Offenbach shares a border with Frankfurt with which the city joins the Frankfurt Rhine-Main area; and Ludwigshafen is represented here as a city of the Rhine-Neckar metropolis.

Bremerhaven

As an outlying enclave of the city-state of Bremen, the city hosts one of the most important harbors of Germany. Most maritime car export is realized here. Containerization however has led to profound job loss. This affected the total harbor industry including 90 percent of the jobs in the shipyards. Earlier, the city lost its significance as a fishery port and in the 1990ties the withdrawal of the US-American troops has completed the economic decline of Bremerhaven. The city however has been reacting early on the first signs of these processes already in the 1970ties by starting to support new directions in urban development. Basically, the city invested into maritime research institutions, in the wind energy industries and tourism. This has however not brought fast benefits and urged the city to take up credits to the extreme level of 1,5 billion Euros. On the long run, it seemed however that the new industries have been established successful and in the year 2005 the rise of unemployment stopped. This motivated plans to take up new loans for large scale investments. 200 million Euros are going to be spend to build an offshore harbor (cp. Breitlauch, 2010). Much support is also given in various projects under the umbrella of the "harbor world" and the "Climate City Bremerhaven". This slogan is meant to give the city a new brand, which should overcome the negative image being socially disadvantaged. Most prominently, the building of an educational and entertainment center (Klimahaus) promoting green policies against climate change embodies this concept. The underlying idea is that Bremerhaven wants to attract inhabitants, investors and visitors who are interested in a place where science, history, attractive living conditions and housing are combined and in close reach. Responsible actors are underlining that the investments for the Klimahaus are paying off but it is doubtful whether the expected numbers of visitors are really achieved. However, the emblematic Klimahaus needs to be evaluated in the context of the reshaping of the old industrial harbor and the northern quarter. Statistics show that the balance between in- and out-migration is positive since 2011. Bremerhaven moreover has stabilized his commuter function in the region. A large part of the debts results therefore in the fact that the surrounding localities do not contribute to the social and cultural voluntary expenditures and investments from which they benefit from. Moreover, the interviewed politicians and local actors assumed in unison that being part of

the Land Bremen has rather negative effects for the city. One obvious reason is that Bremen owns territories in Bremerhaven that it does not develop as it gives preferences to areas in Bremen itself.

Hagen

Historically, the city of Hagen exists because of the establishment of steel industry in the 19th century. The city consists of five settlements which were administratively merged to become "Hagen" but which until today gives the city its rather dispersed morphology. With a debt of 1,3 billion Euro and an ongoing loss of inhabitants, the city of Hagen has become the most prominent example of shrinkage. Since the first crisis of the steel industry in the Ruhr area in 1973, Hagen continuously lost jobs and already 1976 the last steel company closed. The process of deindustrialization was initiated and continued with the closure of textile and food industries. In the following thirty years, different initiatives were undertaken to develop Hagen as a center for service and trade. Despite major achievements like the opening of the only public university for distance learning and the integration into the high-speed train network (ICE), the effects of the investments did not counterbalance the negative spiral of loss. Major challenges derive from the industrial landscape left over without use. In the nineties, the city concentrated on the reshaping of the inner city aiming at the creation of an attractive consumer atmosphere and supporting cultural institutions. The city center suffers from an urban structure that once has totally been dedicated to industrial transport and car orientation. The central train station and adjacent neighborhood remains a critical "entrance" for visitors, although Hagen is situated in a landscape with many natural and leisure time offers. Most interviewees emphasize the potential the city has but regret how little is gained from this. Hagen has been restricted in its fiscal autonomy since a decade and was obligated to participate in the trusteeship of the Land in 2011. Since then, the discussion about larger projects or perspectives for future development have been postponed. Earlier concepts for the creation of future institutions to foster professional training exist, but they have not been brought to life so far because of the fiscal restrictions. The general idea is that Hagen should use its image of being an industrial city and that it should identify itself as innovative in close relationship to industrial production. The settlement of companies which would support this self-description however has not taken place. The idea of keeping up an industrial basis in a common concept in the Ruhr metropolis. In other cities of the Ruhr (like Dortmund and Essen), the transformation to a high-tech-reindustrialisation has been successful to some extent. Also Hagen still hosts metal and construction industries which serves as an argument not uphold the traditional notion of being an industrial city. However, the city officials are also upholding a loose idea of becoming more attractive in a post-industrial manner. This has led to small-scale projects mainly in the field of urban planning. The decreasing space for new initiatives has produced a difficult political climate where elected politicians have given up their offices before the end of the term. It has been confirmed in the interviews with local stakeholders that there is little trust in politicians from the citizenry. There is an obvious lack of ideas what could be done under the circumstances of fiscal dependency from the Land. The imposed plans for cuts in the financial budget of Hagen has created an attitude of pragmatism for so long, that there is also no political alternative formulated by the opposition. Changes of party dominance in the local council had been discouraging. The local civil society are sharing this pragmatic attitude and are mostly concentrated on one-issue projects (ecology, education, social groups) without any programmatic perspective.



Ludwigshafen

As the bourgeoisie of Mannheim has rejected the building of chemical industries, the city of Ludwigshafen has been funded on the other side of the Rhine in the mid of the 19th century. Developing as a classical workers' city, with the very soon success of the Badische Anilin und Soda Fabrik (BASF), Ludwigshafen gained in all aspects: the number of inhabitants grew from 1,500 in the 1850ties to 135,000 before it was heavily damaged by Allied Forces. The impressive return of Ludwigshafen as "city of chemistry" attracted 16 other companies producing chemicals for the global market. Being considered as one of the most global competitive and economic strong cities of Germany, the local debt crisis is produced by a variety of reasons. Since the setup of the industries, the profits were partly transferred to Mannheim. This happened merely because of the mobility patterns of the better-off and the qualified working force. Ludwigshafen offered work for low skilled personal which mainly lived in the city and benefited from the social investments of BASF. The chemical industry is well known for paying relatively high salaries and seldom having conflicts with the unions. This is visual in many urban projects, which do not only serve the logic of industrial production but also offer to some extent an appropriate environment for workers. Engineers and qualified workers however preferred to live in the more attractive areas of Mannheim and thereby disinvesting in Ludwigshafen. This pattern of settlement was increasingly deepening the social divide when in the 1960ties car mobility allowed most workers to seek housing in suburban areas. Despite a remaining strong industrial production which serves for more than two third of the local economy, Ludwigshafen entered a down ward spiral in the 1980ties. With the neoliberal policy change in the 1990ties, BASF was generally allowed to pay fewer taxes. In the "golden years" between 1960 and 1980, the city had invested heavily in large and expansive infrastructure like the building of a city hall, a new train station, and a cultural center (Pfalzbau). Maintenance and necessary renovations deriving from these investments arrived earlier than foreseen and at a time when the city – due to changes in the national legislation when workers no longer pay their taxes where they work but where they live – could no longer count on high local tax payments. The professionalization of the chemical industries furthermore destroyed a lot of job for less skilled workers, so that the unemployment is twice the regional average. In 2006, the BASF pushed the region to set up the Rhine-Neckar association, which later became the metropolitan region. Social activities of this global player were then put into the frame of metropolitan cooperation and less focused on Ludwigshafen. It seems evident that BASF seeks an attractive area to attract high skilled workers which apparently would be rather oriented to the metropolitan than local offers for housing, culture, and education. As this internationally operating is so dominant in the city, there is no public criticism or alternative discussed. Politics are seemingly to afraid to confront BASF with the consequences of the metropolitanisation of their engagement and instead join this change in regional orientation. The leading politicians have focused therefore on neo-liberal policy goals like even reducing the local tax rate (Hebesatz) which is assumed to save jobs in smaller companies. Shaping a more competitive environment is one of the key ideas of the local actors and thereby using urban infrastructure investment to make the city more charming. Therefore, social projects like the "Social City Program" in the disfavored neighborhood of Mundenheim have not been continued to save money for projects like a new shopping center. This policy is supported by the trusteeship agreement with the Land after the city needed to call for external support in 2011.

Offenbach

Situated to the north and west at the border to Frankfurt, Offenbach needs to be regarded as highly linked to the disliked "global city" next door. The economic development of Offenbach however enabled a long lasting autonomy. After the Second World War, the city regained a strong position in Germany as producer of leather, mechanical and electronics. A growing number of inhabitants made optimistic plans for large investments into the urban structure plausible. The inner city, large part of the traffic system – especially the implementation of car friendly roads like the "Berliner Straße" – and social housing motivated Offenbach to start a profound renovation of core parts of the city. Already at the starting point of this modernist urban program in the 1970ties, the economic transformation of Offenbach was starting. Large parts of the industrial sectors were having problems to compete on the world markets. Slowly, more and more companies closed and unemployment raised. In the eighties, the economic policy shifted to foster service sector industries. Again, the main instrument used was urban planning and investments into the built environment. The building of the "House of Economy" and the "City Towers" was supposed to offer space for companies in the tertiary sector. Despite some successes of this approach leading to investments of middle-sized companies, the overall loss of jobs could not be counterbalanced. The decline of the economy led however to a double effect: The city lost its ability for further investments into any kind of real estate related business and concentrated to strategic debt management (Grandke, 2000). The frustration on the little effects of investments into the built environment has spilt over and many housing areas could keep a low rent. While the decline of the Offenbach economy has led to a collapse of its tax income, the number of inhabitants in contrast grew. Most new arriving inhabitants work in the larger Rhine-Main region, but they have also little money to spend. In sum, Offenbach became more and more a poor city for poor people in the region. In a regional perspective, the social divide between Frankfurt especially and Offenbach grew constantly. Offenbach thereby developed in many neighborhoods a social profile with a high degree of poor people and one of two inhabitants have a migratory background. Since the prices for living and housing started to becoming sky rocking in Frankfurt, the middle and upper class of the region began to gentrify the riverside of Offenbach, which seems to enter a new phase of development where affordable housing for the poor becomes a political concern. In total, the city has more than one billion Euro debts and needed to seek protection by joining the trusteeship of Hessen. Politically, there is a small opposition and some civil society engagement for alternative ideas on how to develop future Offenbach. Most evident, the city has difficulties with its self-image (Giese, 2010) as shifting from industrial city to "poor city" and now to something else which seems most unclear. There is no vision on how to use the little space to maneuver left by the strict austerity politics.

Conclusion

The four presented case studies from middle-sized cities in Germany show a variety of aspects of the relationship between them and their prospering metropolitan area. In all represented cases, the invention of urban governance was motivated in a framework of a perceived importance of policies in favor of competitiveness, effectiveness and pragmatism. In this way, the introduction of urban governance is the product of a broader political discourse, which in parallel has redefined the role of the state, the relation between the different levels of the multilayered federalism. The core of this approach consists of the idea of austerity (Peck 2012). This implies that cities should be regarded as entities, which should be taken responsible for their position in the regional and global markets (Tabb, 2014). It therefore fosters

the autonomies of cities to position themselves in the interurban competition for investments, inhabitants, social and cultural capital. A whole set of political implications are motivated by this overarching understanding of the “neoliberal” city (cp. Hackworth, 2007). While it is necessary to see the interference of policies as a consequence of a reoriented state philosophy, the consequences of this paradigmatic shift towards an economic and fiscal self-sustaining of cities, it has to be carefully taken into consideration that the intended changes have not been implemented in a pure form. The existing political and institutional landscape of a federally and corporative country like Germany hindered a mere adaptation to imperatives of austerity. However, harsher conditions for credit services reduced local autonomy. In contradiction to the prevalent rhetoric about austerity, choice and space for alternative decisions in local politics has not increased. In this regard, the German cities are placed into the same political framework and suffer from diminishing sovereignty – despite the economic and fiscal success of national policies – than comparable international cases (Tonkiss, 2013; Donald et al., 2014). Many negative effects of these politics however are still counterbalanced, to an increasingly lesser extent, by a complex system of tax redistribution and the enlarged welfare state. As it became apparent, all included cases are following paths deriving the political and societal construction from the industrial revolution. The unequal share of resources and power remains the intrinsic factor, which hinders a more intensive connectedness of cities in one metropolitan region. Being part of these forms of governance does not increase win-win-situations but can even increase the loss of political autonomy of cities. This is the reason for cities like Hagen or Bremerhaven wanting to leave the metropolitan associations.

With regard to the theoretical discussions on austerity and urban crisis in Europe, this article provides an insight view on the case of Germany which develops a rather irritating argument for the prominent assumption of an all explaining narrative on the “neoliberal city”. Contradictions between cities in German regions have become evident as a framing into the existing juridical and welfare state architecture are suggesting that the factors causing the indebtedness of German cities are more complex related to each other. The evidence of the cases presented here show that the existing notions on the austerity do not sufficiently explain the diversity of local policy responses and are underestimating the consistency of both the national state institutions and the local consistency of self-governance. It is moreover important to consider the fact that austerity has not been an ideology that has overridden certain values laid down in the German constitution and the logic of political competition. Austerity has merged into existing concepts on the state and has not replaced the idea of social equality and solidarity which are expressed in codified manners of relationship in politics and society. Further research on austerity and its impact on urban life needs to distinguish more sharply between the different sources which are leading to urban crisis where austerity might not be the only evil.

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A Century of Rural Planning in England: A Story of Contestation, Fragmentation and Integration

Introduction

There has, in recent times, been a clear shift in the principles underpinning the theory and practice of rural planning in England: from the narrow resource protection approach, in which rural and urban spaces were regarded as distinctly separate entities, towards an integrated spatial approach that recognises their interdependency. Acceptance that the countryside had become a much more complex and contested space, and home to a variety of competing policy agendas and constituency interests was fundamental to this shift, though implementation of ideas has sometimes lagged behind the theory. Until very recently, English rural planning policy and practice – which is distinct from the rest of the UK – remained steadfast to the principles set out in the first half of the 20th century: to protect the countryside from inappropriate development and preserve quality landscapes and agricultural land. There are some signs today however that the scope of rural planning is significantly broadening beyond its traditional ‘preservationist’ remit, and slowly recognising the differentiated and multifunctional nature of the contemporary countryside. This paper reviews the competing policy agendas and constituency interests that make the countryside before considering the role that local planning plays in mediating between these agendas and shaping rural places. The paper is structured to consider: the roots of rural planning; the system’s early priorities; why the rural agenda, post 1947, was highly fragmented; and attempts made, post 1997, to move towards more integrated rural policy delivery; and the degree to which the ‘reinvention’ of a more holistic brand of local governance and planning since 2004 – with planning becoming a potential ‘place shaper’ in rural areas – chimes with the complex realities of modern rural areas. Lastly, the paper considers the strategic dilemmas of sectoral integration and territorial policy contiguity that have re-emerged in the wake of recent central government reorganization, a streamlining of the planning system and attempts to empower local communities in local decision making under a Localism agenda.

General public concern for the state of the countryside evolved into a distinctive planning response – into what is now often described as ‘rural’ or ‘countryside’ planning – during the first half of the 20th century (Gill, 1996). In the previous century, industrialisation and the rapid growth of towns and cities had focused attention on urban problems such as bad housing, inadequate infrastructure and poor public health (Hall, 2002). But the planned responses to this growth, through the outward expansion of urban settlements including suburban development along major transport arteries, also threatened to spill onto the surrounding countryside, potentially