

THE LIFE AND DEBT OF GREAT AMERICAN CITIES:
URBAN REPRODUCTION IN THE TIME OF
FINANCIALIZATION

by

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Abstract:

The Life and Debt of Great American Cities: Urban Reproduction in the Time of Financialization, investigates the relationship between finance and the intensification of racialized patterns of urban development in the US since the turn of the 21st century. I employ mixed methods to explore the spatiality of the municipal bond market, especially regarding its role in the uneven redevelopment of the nation's aging urban water systems. Moving qualitatively and quantitatively between one site in particular - Jackson, Mississippi - to the political-economies of the 21 largest Black-majority cities in the US, and to the entire country more broadly, I find that redeveloping urban water infrastructures by way of the private municipal bond market collapses new spaces of accumulation into the reproduction of racialized geographies of exclusion. Field research utilizing participant observation and semi-structured expert interviews in Jackson revealed that cities under austerity governance encounter complex financial arrangements in their search for infrastructural funding that they do not retain the capacity to accurately assess or manage, while the analysis of more than 5.3 million municipal bonds over the 44 year period 1970-2014 shows that the largest Black-majority cities have consistently received higher interest rates in the bond market than other cities since the deregulation of the financial industry under the Financial Services Modernization Act of 2000.

One of the consequences of the racialization of municipal finance is that the impoverished Black-majority city of Jackson pays more for federally mandated infrastructure upgrades than other cities. The socio-spatial marginalization thus produced creates sites of intense urban vulnerabilities, places lacking both economic and ecological "resilience" in the face of crisis. Austerity, as a method of urban governance and economic recovery, is, I conclude, motivated by the logics of financialization – which is both a mode of accumulation, and significantly, a geography of racialized social reproduction.

Lay Summary

Most major urban centers in the US today have water and sewer lines that are nearing or have passed the 100-year mark. System upgrading is an impending political and financial issue nearly everywhere, yet cities are no longer supported by a state apparatus that perceives the provisioning of infrastructure as one of its fiduciary responsibilities. This research follows one city's attempt to modernize their water system without precipitously raising water rates on inner-city residents. By examining a \$90 million bond issued on behalf of Jackson, Mississippi to finance system upgrades, I show that the municipal bond market harmonizes prerogatives of local elites and transnational capital in new ways - while shifting the financial burden of investment risk away from investors and onto the residents of the underlying community.

Preface:

This dissertation is the original, independent work of the author, Caroline Sage Ponder.

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List of Abbreviations

CWA	Clean Water Act
CERCLA	Comprehensive Environmental Response Compensation and Liability Act
COINTELPRO	Counter Intelligence Program
DWSD	Detroit Water and Sewerage Department
EPA	Environmental Protection Agency
EMMA	Electronic Municipal Market Access
FDIC	Federal Deposit Insurance Corporation
FiSC	Fiscally Standardized Cities
GAO	United States Government Accountability Office
MDA	Mississippi Development Authority
MDB	Mississippi Development Bank
NAACP	National Association for the Advancement of Colored People
NRRB	National Remedy Review Board
NYPD	New York Police Department
OPEC	Organization of Petroleum Exporting Countries
PRP	Potentially Responsible Party
SCLC	Southern Christian Leadership Conference
SNCC	Student Nonviolent Coordinating Committee
SIFMA	Securities Industry and Financial Markets Association

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Prologue - The Sisters

We're standing in the old hen house, a relic of the 60s and 70s now used for extra storage space, looking at beautiful side buffet that my great Aunt is keeping safe for her granddaughter while she's in rehab up in Tennessee. I'm not allowed to tell my father, who lives near the rehab center, or my grandmother – the matriarch of our family, about my cousin's current stint in recovery. Her buffet is a lovely deep walnut color, with rounded, almost curvaceous planes showing off the grain of the wood. It stands out amongst the other dust-covered items in the hen house for its well-kept condition. My 84-year old Aunt Doris¹ is doing everything she can to keep it from being damaged while it's in her care. "Ashley really loves this buffet, she got it from her mama when they were in Texas", she says in her soft Mississippi lilt, the same one my own grandmother has. The cadence that, to me, sounds like home and love and good manners.

The next week the buffet is delivered to my Aunt Eileen's house two miles down the road, where it will be temporarily installed in the formal dining room of the small house while Ashley is gone. I will often run into it with my shin when coming home late at night until I get used to its presence, thankful for its curves and lack of sharp corners.

The three sisters, my grandmother Kate, and my Aunts Eileen and Doris grew up here, on the county line between one unincorporated rural county and another suburban county, 30 miles south of Jackson, Mississippi. Their father moved down from Atlanta to a nearby lumber town during the Great Depression to start a sawmill business in the

¹ Names of family members have been changed.

heavily forested area. Doris and Eileen still live on the same road where his sawmill was located. The same place their father died of a heart attack when they were just children.

Their mother also died before they were grown. They were eventually taken in by an aunt and uncle, and away from a stepfather who had, in the time they were given to him, managed to render my grandmother afraid of open water for the rest of her life. Kate met my grandfather on a greyhound bus travelling from North Carolina to New Orleans on her way back home from that abusive house. My grandfather came from a North Carolina sharecropping family, but had been drafted into the military during WWII and was on his way to the base when they met. They exchanged letters for a while and were married while she was still in high school. Kate joined him after graduation and never lived in Mississippi again, although she often came back to visit with her sisters. And she often sent her children there during the summers when she had a job at Woolworth's and couldn't be home during the days. In the mid-1960s, as the civil rights movement unfolded and racial tensions peaked throughout the country –with Mississippi often at the epicenter of these rising pressures– my father spent the last summers of his boyhood just south of Jackson, working in his Aunts' hen houses.

My grandmother also took me on one of her visits to Mississippi once, in 1996 when I was sixteen. It was for my aunt and uncle's 50th wedding anniversary. Ashley and I were both sixteen then. She planned on majoring in pharmacy at "Ol' Miss", the University of Mississippi. We went to the mall together one day and on the way there she explained two things: she and her sister could pretty much speed at will because their father was the county sheriff; and also that there were two malls in Jackson. We were

going to the “white mall”. I convinced her to take me to the “Black mall” after that, but in turn she made me promise not to tell anyone that she did.

The next time I meet my great aunts I am 34 and it is the summer of 2014. I’m here on research for my doctoral dissertation, but Ashley isn’t. It takes my Aunts nearly three weeks to confess where she is, and to wring a promise from me that I won’t tell their sister Kate, which also means not telling my father because everyone knows he tells his mama everything.

The hen house my father worked in as a boy, and that stored Ashley’s buffet until it was moved to Eileen’s home for me to trip over, had been a primary source of income for my Aunts and their families before mechanization restructured the egg gathering process. Both of my Aunts had hen houses and were contracted with Sanderson Farms, now the third largest poultry producer in the US. “Egg money” was used to supplement farm income and my uncles’ house painting contracts. They quit the egg business after the transition to mechanization left them more in debt to Sanderson Farms for the equipment than the income they were able to earn from the eggs. My Aunt Eileen and Uncle Bob lost the farm later on during the Volcker shock when a bad harvest left them unable to make the mortgage payments on their house. They had owned their house for many years, but had taken another mortgage out on it to purchase seed and farm equipment.

The town the three sisters grew up in, which is about 15 minutes down the road and across the highway from where Eileen and Doris live now, has been majority Black for the past several decades. When I first arrived for my research trip, Doris and Eileen

drove me around and showed me the house they used to live in before their father died, a big square house with low sloping eaves and a wrap-around porch that went all the way round. They showed me the tiny brick building where my grandmother attended high school, and the cemetery their little brother is buried in, who died in 1940 when he was five. They showed me the place on the bank of Strong River where they used to spend their own lazy summer days as children: “the rocks”, a shallow portion of the river created by the stone floor of an old mill that was burned down in the 19th century, made perfect for wading and made famous in a memorable scene of the movie “Oh Brother Where Art Thou”. When I hinted I might like to go for a jog on the trail near the river at dusk when the temperature was cooler, they warned me not to come back by myself, and especially not at night. “It’s not safe”, they said.

Eileen made sure to take two entire days out of her schedule to guide me around Jackson and show me the routes I needed to get to the places where I should be. My old Subaru wasn’t a very smooth a ride for her aging body, but she wanted me to learn how to drive around town in my own car so that I would have a sense-memory of how to navigate the city without becoming lost. The care and safety of me, her sister’s granddaughter, was very important to her. For the first two months of my stay, she would stay awake waiting for me to return home every night, usually with dinner ready. She was showing me the love and care of a child, the intensity of which – as a 34 year old woman used to living on my own - I was initially unprepared for. But, as she was the sister of my own beloved grandmother, I had a strong compulsion of my own to show respect for her home and her ways of caring.

Jackson, Mississippi has a population that is about 80% Black, yet the routes Eileen instructed me to follow did not reflect that reality at all. We drove almost entirely along interstate freeways, took very precise exits and drove down only one or two specific roads before returning to the interstate. Whole swathes of the city were ignored on Eileen's tour, including South Jackson, West Jackson, and the city center - aside from the several blocks that comprise the state capitol building and city hall. Ashley's father, the now-retired sheriff, just shook his head in disapproval when I told him of my plans to attend city-council meetings, telling me that I "need to wear a bullet-proof vest downtown". The first time I left to attend a meeting of a community organization who I hoped to establish a connection with for my research, Cooperation Jackson, Eileen told me I couldn't go because it was in a "bad" part of town. She called her daughter for back-up when I tried to reason with her, explaining that the meeting was being held in church - hoping that would appeal to her Christian sensibilities. Her daughter backed her up though, telling Eileen I shouldn't be allowed to go because that area of town definitely wasn't safe. I eventually finagled my way into going to the meeting without disrupting our fragile relationship, rationalizing that it wouldn't yet be dark by the time the meeting would be ending, so I would still be "safe".

South Jackson was the area where the meeting was located, a working-class part of the city. The roads are older and narrower here, but still maintained; shopping centers carry the aesthetics of a previous era, but merchants occupy all the stores, catering to the cultural needs and preferences of a lower-middle-class African American neighborhood. There is a tall Black man in his twenties holding a sign outside of the church to assure community meeting-goers that this is the correct location. A short distance away from

him, another, older white man cleans the church signage with a pressure washer. I park my car and start to walk over to the man holding the sign for the meeting. The white man intercepts me, politely asking if there's a meeting being held here, because no one informed him of one and if his machine is too loud he can turn it off. I look at him, look at the other man holding the sign up indicating that a meeting is in fact taking place here at this location, and smile. "I think there is actually a meeting going on here", I say. "But I'm pretty sure I'm really early, so maybe we should ask this gentleman whether the noise will be a problem later on". He replies, "Oh, I'm almost finished, I'll just take 5 more minutes and I'll be out of your hair, ma'am." I nod and he returns to his task, having been polite but without ever acknowledging the presence of the other person. I continue walking over to the other man. "Can you point me to where the meeting is going to be?" I ask because I know that churches are often a labyrinth of rooms on the inside. "Sure, just follow me", he says and grins. "I'm glad you made it out. We don't bite."

He shows me to a small side entrance and we walk down the narrow hallway filled with doors to smaller meeting rooms on either side until we reach the sign-in table up front, just before the entrance to the main hall. This is the second community meeting on the topic of Mayor Chokwe Lumumba's ambitious goal of establishing a 'solidarity economy' —a network of workers' cooperatives that would form the economic backbone of Jackson— and the first since his untimely death just a few weeks before.

Many of the faces I see for the first time at the meeting would become familiar to me over the following months. Later would I find out the man staffing the sign-up table, who I prosaically asked about good grocery stores for fresh vegetables as I was signing

in, was Mayor Lumumba's Coordinator for Special Projects and External Funding, Kali Akuno, a main protagonist in Jackson's struggle for socially just economic development. Iya Falola Omobola was there as well, a charismatic woman whom I would learn worked for the office of Mayor Harold Washington, the first African American mayor of Chicago. Iya returned to the political scene decades later to become the media coordinator for Chokwe Lumumba's mayoral campaign. James Parker, a white Navy veteran from suburban, and very conservative, Rankin County was there at that early spring meeting as well, quietly sitting in a corner as I would come to learn was his tendency. James' relationship with Mayor Lumumba was forged during the season of Occupy, when Lumumba was still a city-councilman and James was still the chairperson of the Democratic Party for Rankin County. James and the other Occupiers held an encampment at Smith Park in downtown Jackson, just across the street from the Governor's mansion. Lumumba came down and held the space with them several times. "He just pulled up a bucket", James said. "He never intervened, but would give advice from his own experience."

Yet now I also realize the scene awaiting me as I walked into the church was unique, unlike the rest of my research observations. In many ways that first meeting I attended was a glimpse of what could have been, an afterlife of the broad coalition Lumumba was well on his way to building before his tragic death. For as many faces as would become familiar to me, there were as many faces that I never saw again. In the wake of Lumumba's death only nine months into his four-year tenure as Jackson's Mayor, his son and colleague, Chokwe Antar Lumumba, lost the Mayoral special election in a run-off against Tony Yarber, a candidate who was heavily backed by state and local

development interests. The intervening years have been spent by the core members of the Lumumba administration and their allied community (and transnational) organizations slowly moving forward with plans to implement a workers' cooperative network in the city. However, they have also been working just as hard to regain the social trust and regional connections with the area's non-Left electorate that the elder Lumumba had managed to build over a lifetime.

In the spring of 2017, as I prepare my dissertation for defense, they prepare for the next Mayoral election. And just as they have spent the interim years working to rebuild a coalition, I too, have spent this time in the company of people, often family, whose world view and voting patterns I do not readily accept or even understand, but whose lived experience and economic histories I have come to know, respect, and empathize with. I have come to see the vastly different prerogatives of my white family and the members of Cooperation Jackson—and the ocean of social complexities that lay between them—as deeply interconnected. The subjectivities of both groups have been co-constituted as a part of, as well as in reaction to, the production of racialized capitalist space. The neighborhood boundaries my family identify as “not safe” for me, a white woman, to crossover for example, also mark the thresholds of spaces of everyday Black life. These socio-spatial demarcations also bleed over into racially containerized narratives of various political-economic phenomena or socio-emotional landscapes: my aunt and uncle realize, for example, that the Volcker shock that caused them to lose the farm in order to save their house was not their fault, but this understanding is not, by-and-large, now granted to African-American mortgage victims of the subprime crisis. In a similar way, my cousin's struggle with substance abuse is deeply felt by my family to *not*

be an indication of her criminality – in stark contrast to the characterization that one of the most nationally powerful narratives, “the war on drugs”, typically ascribes to drug users of color.

It is this twinned production of socially different, racialized subjectivities that my field research revealed to me. In turn, this has allowed me to begin to understand the socially divisive mechanisms and narratives by which racialized capitalism, or simply ‘racial capitalism’, reproduces itself over space and through time. As conceptualized by Cedric Robinson (2000 [1983]), racial capitalism is the idea that the system of capitalism as we know it (rather than as it has been largely theorized) is functionally inseparable from the racialized social hierarchy that produces it. In contrast to conventional wisdom positing capitalism as inherently ‘color blind’, or proposing that capitalism even reduces the prevalence of racism (see for example Milton Friedman, 1962), proponents of racial capitalism perceive processes of racialization as being baked into the social and material workings of capitalism itself. Robinson grounds his argument in the observation that racial hierarchies existed in Europe long before the advent of capitalism. Widespread belief in Anglo-Saxon superiority during the feudal era, for example, lead to the racialization and subsequent oppression of Irish, Slavic, and other non-Anglo-Saxon workers hundreds of years before an industrializing Europe began to incorporate enslaved African labor into the world system (Robinson, 2000, pp. 27-41). Historically specific social practices and mechanisms of order and control implicit within these ancient notions of racial superiority have since enabled the continued reproduction of racial hierarchies over time and space. The racial order I am concerned with in this dissertation

is the simultaneously virulent, yet banal form of white supremacy that has gained power and spread in tandem, both with and through, capitalist modernity.

Importantly however, the mechanisms by which racial capitalism reproduces itself have also fostered active political economic, socio-spatial, and philosophical resistance, perhaps most notably in the form of what has been called the “Black radical tradition”. This school of thought includes thinkers such as WEB DuBois, CLR James, Richard Wright, Franz Fanon, Malcolm X, Angela Davis, Cedric Robinson and others, as well as activist organizations, including the Student Nonviolent Coordinating Committee (SNCC), the Black Panther Party, Malcolm X Society, Republic for New Afrika, and others, now including Cooperation Jackson.

Racial capitalism is not what I set out to study, but it is at the heart of what I uncovered during field research. With this project, I seek to identify some of the contemporary governance techniques and social practices at work in the reproduction of racial capitalism in the present-day. Ultimately, this research is written in the spirit of forging new alliances across racialized narratives and practices, along with the aim of rekindling lost ones as well, through creating empathies and shared understandings of our differently experienced yet commonly held urban and economic lives.

Introduction - What's Past is Prologue

As a general principle holding valid for all kinds of entities, including social systems, reproductive causation must not be assumed to be the same as generative causation. The system may be perpetuated by mechanisms significantly different from those which brought it into existence.

Charles W. Mills (2015)

For a brief, halcyon moment just after the global financial crisis of 2008, we all thought neoliberalism was dead. After following the political-economic tenets set out by the Washington Consensus for almost thirty years, the tightly interlinked global financial network of capitalist economies was made bankrupt by its own hand that autumn. Analyses calling for a return to Keynesian deficit spending and the end of the neoliberal era were momentarily triumphant. A new President of the United States swept into office on a platform of redistributive promises and hope for the future. Bush's classist bailout of the financial system, the Troubled Assets Relief Program (TARP), was followed by Obama's bailout for communities, the American Recovery and Reinvestment Act (ARRA). But after that, the credit ratings agency Standard & Poor's downgraded America's sovereign credit rating, performatively producing fears of an unprecedented default by the world's largest debtor nation. That same year an antagonistically partisan Congress passed the austere Budget Control Act of 2011, which simultaneously allowed for the expiration of Bush's massive 'temporary' income tax cuts while it punitively terminated the subsidized loan program for graduate and professional students and made provisions to further sequester funds for social and defense programs if balanced budget requirements weren't met.

Despite this strange mix of efforts to reduce the deficit, reactionary, anti-Obama members of Congress nevertheless brought the country to a so-called ‘fiscal-cliff’ crisis in 2012. They railed against the expiration of the Bush tax cuts, and against Obama’s healthcare reform policy, the Affordable Care Act, threatening to destroy the functionality of government by intentionally missing the budget deadline and triggering the sequestration of expenditures if their socially revanchist demands weren’t met. In early January 2013, Democratic members of Congress and President Obama capitulated and made 82% of the Bush tax cuts permanent in the American Tax Payers Relief Act of 2012 (Huang, 2013); by that time as well, it had become clear that although neoliberalism had been dealt a mortal blow in 2008, it was not dead. Conservative proponents of the project were lashing out in terrifyingly short-sighted moves designed to shore up their ebbing power by grandstanding against a president whose election—at least from their reactionary perspective—symbolized the failure of their ongoing sociopolitical project of market liberation. ‘Zombie neoliberalism’ (Peck, 2010; Quiggin, 2010) had become entrenched in Washington.

Americans became living survivors in a seemingly undead system, caught up in macabre, post-crisis landscapes of empty houses, foreclosed neighborhoods, and disintegrating urban infrastructure—now governed by potentially life-threatening socio-economic policy measures produced by a walking dead hegemony. Endless power struggles between left and right neoliberal factions over social programs and balanced budgets at the federal level trickled down to create geographies of fear and anger at the local level. Public sector workers saw their wages slashed and collective-bargaining rights gutted in the name of reducing fiscal deficits, and cities began shuttering services

or leasing out concession contracts to private companies instead, which were inevitably accompanied by drastically increased user fees for the newly privatized services and infrastructures. Chicago, for example, under the mayorship of Obama's former white House Chief of Staff Rahm Emanuel, closed 50 schools in the 2013-2014 school year alone—targeting mostly majority-Black areas of the city and ultimately closing 25% of the schools with majority African American populations (Kunichoff, 2014). Just before Emanuel took office, former Mayor Daley also agreed to lease out the city's parking meter system for the next 75 years to an international consortium of investors who have since raised rates from \$3 an hour in 2008 to \$6.50 an hour in 2013 (Dumke and Fusko, 2016). Municipal budgets faced shortfalls on all sides. Funding transfers from states and the federal government were eviscerated. Property tax revenues collapsed with the ongoing sub-prime foreclosure crisis. Sales tax revenues plummeted with weakened local business activity within localities. The flood of high-risk capital during the boom years was suddenly reversed into a persistent shortage of capital, as bailed-out 'Too Big to Fail' banks refused to restart lending—choosing instead to hoard the money created by the Federal Reserve's policy of 'quantitative easing' (Auerbach, 2013).

This new, bare mode of post-crisis urban life is what Jamie Peck (2012) terms 'austerity urbanism', and its resulting social geography of forced abnegation is far from even. As the stock market bounced back and even moved on to new trading highs beginning in 2013 (Rooney, 2013), the cities that have been hit 'first and worst' by austerity measures and budget battles have often been the same cities struggling to cope with decades of deindustrialization—struggling to overcome the *en masse* loss of community wealth and wellbeing from fraudulent and exploitative subprime mortgage

lending, and in desperate need of repairing worn-down basic infrastructures (Davidson and Ward, 2014; Kirkpatrick and Smith, 2011). More often than not, these places are also communities of color, with either majority-Black or Latino populations. In fact, seven of the last eight municipal bankruptcy cases that have occurred since 2010 have taken place in majority-minority cities.²

The story I trace in this dissertation picks up here. My research asks, “what processes are at work in the emergence of austerity urbanism?” In other words, why didn’t neoliberalism die in 2008 when it was supposed to? What mechanisms, relationships, or structures are keeping it alive, and producing such drastic, particularly racialized changes in the landscapes and lived experiences of post-crisis urban space?

Racial Capitalism and Gattopardo Financialization

In stark contrast to the national tide of optimism and hope for the future that pushed Americans to elect the first African American President, Barack Obama, to office in 2008, the election of 2016 fell to deeply revanchist forces. A week before the election, an historic, century-old African American church in Greenville, Mississippi was set on fire by arsonists who also spray-painted the words “Vote Trump” on the outside walls (Domonoske, 2016). The day after Donald Trump’s election, graffiti depicting swastikas as the “T” in his name began appearing all over the country alongside tags such as “Make America white again”, melding Trump’s campaign slogan of “Make America Great Again”, with white supremacist messaging (Yan, Sgueglia, and Walker, 2016). Senior

² This list includes, chronologically: Vallejo, California (May, 2009); Prichard, Alabama (October, 2009); Central Falls, Rhode Island (August, 2011); Jefferson County (Birmingham), Alabama (November, 2011); Stockton, California (June, 2012); San Bernadino, California (August, 2012); Detroit, Michigan (July, 2013) (Governing, 2015).

Justice writer for the *New York Daily News*, Shaun King, has reported that in the days immediately following Trump's election win, he was contacted by thousands of people across the country regarding a nation-wide wave of post-election hate crimes. King subsequently partnered with the Kenyan social justice organization Ushahidi to create a crowdsourced map for monitoring, documenting and verifying the overwhelming outbreak of hate-inspired racist violence in the wake of Trump's election (Manning, 2016). In the long view of social history, the heartbreaking eruption of racist vitriol that has been encouraged and emboldened by Trump's presidential campaign and his support of and by the so-called "Alt-Right" —a dangerously cute umbrella term for myriad white supremacist groups— could not be more perfectly timed. The foregrounding of seemingly anachronistic racist zealotry and overt intolerance of social difference within national discourse allows the still institutionalized methods of the reproduction of socio-economic and socio-political domination —like mass school closures in predominately African American majority neighborhoods, for example— to remain largely unseen and unchallenged by the public.

A growing number of scholars (Robinson, 2000; Lowe, 2015; Pulido, 2016) are describing these institutionalized methods of domination as part of the process of 'racial capitalism': the process by which economic value is derived (whether in the form of profit or savings) from devaluing the spaces, places, and labor of racialized groups of people. Processes of racial capitalism have been shaping our social relations and landscapes for centuries. Two of the earlier and more clear-cut examples come from, first, the regime of accumulation known as settler-colonialism, which derives value by first creating and then exploiting a settler/native binary of social difference. A second

vivid example comes from the regime of chattel slavery, which derives value by establishing a black/white skin color binary to create, legitimate, and then economically exploit the subsequent devaluation of Black bodies, spaces, and cultures. Citizenship status is another form of socially constructed, racialized difference that is highly economically exploitable under the current regime of accumulation.

Through this research what I have learned is that particular orders of racialized social difference are reconfigured alongside the reorganization of regimes of value production and accumulation over time. This process of racialized social reconfiguration alongside economic reorganization is not specific to capitalism alone (Robinson, 2000). It has happened iteratively throughout world socio-economic history. However, within capitalism, this social reconfiguration and reorganization of patterns of value extraction evolves, as has been well established (Marx 1894; Harvey, 1982; Arrighi, 1994), due to the internal contradictions of capitalism manifesting in periodic crisis. A breakdown and subsequent restructuring of socio-spatial patterns of value production follows each major crisis that brings the previous system of accumulation to a halt. When this happens, the methods by which various dimensions of racialized social difference become activated, and actively exploited during processes of value production, change as well.

For example, one of the ways the previous regime of accumulation, Fordism, used the category of race to produce economic value was through socio-legal techniques of segregation and containment. The use of restrictive covenants, for example, was widespread under the early Fordist era and maintained the legal segregation of residential areas by preventing African Americans or other racialized groups of people from purchasing homes or real estate in certain areas—thus preserving the privileged exchange

value of spatialized whiteness while providing abundant opportunities for transactional predatory profits in ‘minority’ neighborhoods and areas perceived to be at ‘risk’ of becoming Black. After the Supreme Court declared in 1948 that, though these “racial covenants” were not technically illegal, they were also not judicially enforceable, the practice of ‘red-lining’ became the most powerful conduit for creating economic value through racialized social difference. Redlining was used by the government in the construction of the National Housing Act of 1934 and was widely applied by both the private and public sectors of housing and real estate development during the height of post-war Keynesian suburban expansion, literally etching racial capitalist growth into the largest spatial decentralization of industrial capitalism achieved up to that point in history (Walker, 1981). By demarcating lower-income racialized urban areas where banks or other financial institutions refuse to issue loans or mortgages, redlining created high economic rents for existing inner-city landlords while also preserving real estate values in the still segregated suburbs.

However, with the crisis of Fordism/Keynesianism and the turn towards neoliberalism as a regime of capitalist accumulation in the late 1970s, the ways in which race became utilized as a category of value-producing social difference changed. In part these changes were reflections of new societal mores against exclusionary tactics of discrimination brought on by the Civil Rights movement. Yet changes in the ways by which capitalism utilized the category of race were also strongly tied to the new political-economic context of regulatory liberalization and finance-led development. Exclusionary tactics of value preservation and production under Fordism/Keynesianism changed to

become *inclusionary* techniques of predatory finance targeting racialized groups, neighborhoods, and cities (Crump, et al., 2008) under finance-driven neoliberalism.

In this study, I am concerned with how the return (Arrighi, 1994) of finance-led economic growth and development as a mode of capitalist accumulation has given rise to new forms of institutionalized social difference, working in the service of perpetuating old racial hierarchies. In part, this phenomenon has already been well studied over the past decade or so through the examination of inclusionary predatory lending tactics like payday loans and subprime mortgages (Wyly, et al. 2007, 2009; Aalbers, 2009; Immergluck, 2010; Kear, 2013, 2015). When measured and mapped in the aggregate, it is also clear that these individualized tactics of racial exploitation have stripped entire communities of wealth, saddling the residents of these places with huge debt burdens far into the future. However, the racialization of finance is also happening at the collective site of city management. Over the past 35 years, processes of state neoliberalization have resulted in the unprecedented rise in debt of municipalities. As cities increasingly lose funding from neoliberalizing state and federal governments, they have in turn increasingly gone to the municipal bond market for funds to be able to maintain their mandated provision of urban services. Cumulatively, local governments in the US are now \$3.7 trillion in debt to investors, 42% of whom are half-percenters – the wealthiest 0.5% of households in the country (Bergstresser and Cohen, 2015). Maintaining or improving ‘muni-market’ credit scores in order to assure this new urban seignorage their money will be repaid has become an urban policy priority everywhere. And as with any credit score, the act of determining a local government’s likelihood of default involves a socio-technical calculation of risk factors, including a consideration of the economic

status of residents and businesses in the area. In essence, the act of ‘scoring’ any local government involves calculating the level of ‘risk’ for investors’ capital advanced to the community, which has the practical effect of charging cities more for borrowing funds the more they register in ratings agencies’ calculations as socio-economically marginalized. These techniques of deprivation-accountancy almost inevitably result in new, racialized forms of poor-tax, as the increased costs of borrowing are passed on to residents by way of increased user-fees for services and infrastructures built or maintained with private, muni-market funds.

My primary objects of empirical concern in this study are first, coming to terms with the felt effects of these new poor-taxes and the locally-rooted, historically-specific lived experience of racialized cities under austerity urbanism, and second, understanding the world-scale forces both contributing to and contesting the ongoing construction of racialized socio-economic and socio-ecological futures under the bankrupt hegemony of neoliberalism. My *theoretical* concern lay with understanding why these events are happening at all. Why did we end up with austerity urbanism as a post-crisis economic recovery strategy, and not, say, another New Deal³? The answer to this is, I believe, related to the return of financialization as a method of value production.

In a 2013 article, macroeconomist Thomas Palley accused the profession of mainstream economics as being ‘Gattopardo’ economics. By this, he was invoking the political-economic survival tactics of the nineteenth century Italian aristocracy as depicted in the 1958 novel *Il Gattopardo*. Italian aristocratic elites broke with their

³ This is not to argue that another New Deal is the ideal solution. As indicated in the preceding argument, Keynesianism is prefaced on exclusionary techniques of governance and as such is also a part of racial capitalism.

traditions to ally themselves with the bourgeoisie in order to preserve their class power in the face of the political reorganization and unification of Italy. Palley uses the idea of Gattopardo, “change that keeps things the same,” to explain why mainstream economists broke with their own neoclassical doctrine to take on the tenets of behavioral economics as a kind of new, post-crisis doctrine. Palley argues that in reaction to the widespread belief that the implementation of their theories caused the 2008 global financial crisis, mainstream economists are able to preserve the continuity of their discipline’s structural power by cloaking themselves in a mantle of critique that nevertheless allows them to retain the fundamental characteristics of neoclassical praxis.

In 1994, Giovanni Arrighi was writing on a similar theme of change that keeps things the same, but with regard to the systemic power of world hegemons in the long-dureé of capitalist history. He posited that as the political-economic power of a hegemonic social formation reaches the peak of its influence and begins to wane, uncertainty in international commerce and world order creates an economic preference for liquid capital, or value produced by lending cash and credit rather than from building and selling commodities. This new phase of ‘financialization’ in the life-cycle of a hegemon not only indicates the zenith and beginning declination of hegemonic power, but it also marks the end of an expanding process of territorialization, and the beginning of a so-called ‘belle-epoche’ period (Silver and Arrighi, 2003), a time of socio-political and socio-cultural renaissance. The switch in emphasis of value production —from circuits of commodity production to financialization— produces a change in patterns of accumulation that allows the ruling classes to shore up their political-economic status domestically and to (temporarily at least) preserve their hegemonic power on the world

stage. Within capitalism, this switch in primary circuits of value production by the hegemonic elite is the change that keeps things structurally the same, both ‘domestically’ and in the world system. The most recent of these sorts of financialized transitions by a dominant world power occurred in the US largely over the decade of the 1970s, with the switch from Fordism/Keynesianism to neoliberalism. This is the change that buttressed a crumbling internal racial and class-hierarchy within the US, as well as extended the life and imperial reach of American influence internationally.

While Arrighi’s focus is on tracing the spatio-temporal transition of hegemonic power in the capitalist system, my focus is on tracing the reproduction of hierarchies of social difference through the geographies and history of racial capitalism. In other words, I want to understand how recurring periods of financialization work to reproduce racial hierarchies and other orders of social difference: how does the onset of this financial change work to keep things the same? More specifically, I focus on understanding the ways by which this is happening in the US in the current moment of financialized urban austerity.

Reproducing Racial Capitalism

Neoliberalism clinically died in 2008, but it was financialization that kept it from its grave. The current obsession that both politically “left” and “right” members of the American ruling class have with “balancing” the budget is indicative of their reliance on financial circuits of value production for their power. And while the ideologically generative mechanisms of white racial superiority that gave rise to and legitimated political-economic and geopolitical processes of accumulation like settler-colonialism and chattel slavery are no longer considered justifiable by the vast majority of people, the

social forces that brought Trump to power incontrovertibly show that we still live in a society structured by white domination. How is this possible if most people reject notions of overt racial orderings – as is commonly perceived to be the case within liberal democracies? Researchers doing work on this question (DiTomaso, 2012; Sharkey, 2012; Roithmayr, 2014) have found that overt white supremacy doesn't have to be an active ideology as long as its social and political-economic structures remain intact and are reproduced over time. Following this line of reasoning, my research indicates that the catalytic mechanisms of austerity urbanism (namely the class-based strategic adoption of financialization) are also simultaneously the reproductive mechanisms of racial capitalism. As a geographically specific process, financialization has stripped massive amounts of wealth away from African American households and communities for decades. Now, as an epiphenomenon of financialization, austerity urbanism is doing the same at the municipal level, all under the deceptive banners of necessity, fiscal 'restraint,' and 'good governance'. Meanwhile the anachronistic violence —both ideological and real— of Trump's regime invisibilizes the entire process, drumming up vitriol against minorities and immigrants even as processes of financialization and austerity actively dispossess Black and Latino households and cities of their hard-earned assets and income, or revenues.

The rest of the chapters in this dissertation are thematically organized according to four fundamental processes used to study systems-change in the field of chemical thermodynamics: work, heat, bonds, and energy. While chemical thermodynamics is ontologically and epistemologically profoundly different from human geography, the two fields of research and knowledge production nevertheless share a fundamental interest in

understanding matter and materiality – how forms and structure are made and how they can change over time. I borrow these four concepts not only to provide a heuristic device to better understand how the social system of racial capitalism is made and reproduced, but I also do so ultimately with an eye toward enhancing our understanding of the components necessary to *change* the system of racial capitalism. One thing the 2008 global financial crisis has proven beyond doubt is that neoliberal power is far more prepared and able to seize the transformative opportunities presented by economic crisis than the Left is. If progressive systems change is impossible to invoke and install during times of capitalist crisis—a long hoped for outcome of economic rupture by the Left—then a new strategy is needed. Understanding the components and dynamics of energetic transformations outside of moments of breakdown and crisis will help shed new light on this age-old question.

My mixed-methods research is intended to provide both an extensive and intensive inquiry into the racialized emergence of urban austerity and the reproduction of racial capitalism. It is built upon four months of field work in Jackson, Mississippi over two years, involving the participant-observation of two national conferences hosted by a key community organization, Cooperation Jackson, along with weekly city council meetings, 12 semi-structured expert interviews with city employees, other policy professionals and select members of Cooperation Jackson, and the quantitative analysis of 44 years of municipal bond data for the entire nation, encompassing information on more than 5.3 million bonds. These primary data are supported by secondary data analysis from various sources on different topics, ranging from archival research into nineteenth century banking liberalization, to recently published local newspaper articles

on the struggle cities face in financing their water system repairs. The next chapter speaks more directly to the ways in which I have methodologically chosen to gather and mobilize the data.

Following Chapter One on methodology, are the three substantive sections, *Work*, *Heat*, and *Bonds*, each of which are composed of an introductory portion and a longer chapter. The introductory piece qualitatively grounds the thematic inquiry of the section in the Jackson fieldwork, while the chapter fleshes out the broader geographical implications of the emplaced research question or thesis. The section on *Work* uses the chemical thermodynamic understanding of the term ‘work’ as a heuristic framing for an historical inquiry into the reproductive nature of the process of financialization. It uses an observation made by a keynote speaker at a community organized conference in Jackson on climate change to explore the geographical power of financialization in terms of its effects on the lives of Black people in the US under the financializing regimes of two different world powers: first under the process of British financialization in the nineteenth century, and then under the process of US financialization in the late 20th and early 21st centuries. By tracing the effects of key pieces of regulatory liberalization in the financial sectors of both periods, I make the case that the process of financialization plays a constitutive role in the ongoing (re)production of marginalization and social difference under capitalism, concluding that financialization itself is a geography of social reproduction – one that renders racialized places and bodies sites of intense social, economic, and ecological vulnerability.

The next two sections, *Heat* and *Bonds*, continue to focus on how racial capitalism sustains, reproduces, and spatializes a social hierarchy of institutionalized

white supremacy by focusing specifically on recent ecological and economic experiences of American Black-majority cities. Here I use key neoliberal transformations in environmental and financial regulation as a means of tracing the racializing and re-racializing power of contemporary financialization throughout the urban socio-ecological fabric of the US. Heat introduces the concept of austerity urbanism through the problematic of contemporary urban environmental crises that have been created or intensified by austerity logics, grounding the empirical investigation in the observation that – largely unbeknownst to white America – the nation’s urban infrastructural crisis is heavily racialized. The third section, Bonds, considers the role the municipal bond market plays in the reproduction of racialized urban space. I use the ongoing and urgent issue of water infrastructure upgrading in Jackson, Mississippi as a case study to understand the social and economic geographies at play in the production of a municipal bond, and quantitative data from the Electronic Municipal Market Access (EMMA) database and the Lincoln Institute of Land Policy’s Fiscally Standardized Cities (FiSC) database to produce an aggregate picture of the racialized outcomes of financing urban infrastructure by way of a private market in municipal debt. I conclude that the relational status of the infrastructural crisis emerging in several urban areas today is best understood as a topological outcome of financialization and austerity urbanism.⁴ A concluding chapter poses the contract as one of the key topological spaces, and financial accounting as one of the key topological practices of governance rendering unjust social relations constant

⁴ A common definition of topology is “the mathematical study of the properties that are preserved through deformations, twistings, and stretchings of objects”. The classic example is a donut that can be stretched and bent into the shape of a coffee mug with the gap between the body of the mug and the handle corresponding to the hole of the donut, and vice versa. The geometric, or material, space changes while the topological space remains the same, or equivalent to each other. In this respect I find that the field of topology operationalizes the idea of ‘gattopardo’. (Definition taken from Wolfram Mathworld website, accessed 4/13/2017, <http://mathworld.wolfram.com/Topology.html>)

throughout endemic political-economic change. I suggest, though, that this also makes both the contract and accountancy ideal footholds for counter-topological instantiations of more just, more emancipatory modes of social reproduction and urban life.

After the global financial crisis of 2008, many of us were upset to discover that the reports of the death of neoliberalism were greatly exaggerated. Eight years later, we find ourselves equally as upset and unprepared for Trump's presidential win, both emotionally and strategically. The window of transformative possibility provided by the global financial crisis has closed, and it was not the Left who was able to seize the moment. It is therefore no longer a question of opportune contingency - of waiting for a crisis and the moment of revolution to come to us. We must now look to create the conditions of possibility ourselves by disrupting the flow of power while it is in power. This calls for different political strategies, but still crucially relies on our ability to discern between unique, localized specificities and the overarching commonalities inherent to the urban process under financialized racial capitalism. It is to the work of identifying these structural similarities that I now turn.

Chapter 1 - Methodological Strategies

Two Conferences, Eleven Deaths, and One Stolen Identity

I carried out field research looking into the structural origins and mechanisms of austerity urbanism and racial capitalism over the spring and summers of 2014 and 2015. Two of the most important field sites were conferences organized each summer by the city of Jackson, Mississippi's short-lived Leftist Mayoral regime, initially led by Mayor Chokwe Lumumba, and then by former members of Lumumba's administration after his sudden passing, in their capacity as founding members of the workers' cooperative start-up, Cooperation Jackson. The first conference took place in May 2014 and was held on the topic of institutionalizing a solidarity economy in the American Black-belt South through the establishment of a system of workers' cooperatives. However, as Elandria Williams of the Highlander Research and Education Center for grassroots organizing in Appalachia said in the closing plenary, the conference everyone had taken to be a workers' cooperative institution-building space had also "quickly turned into a movement-building space." "We are not in 1968 yet", Elandria said that last day, "and so there is still a difference between organization-building time and movement-building time." By which she meant that although organizers had anticipated the conference being a time of institutional capacity building, the necessary political and economic groundwork still needed to be laid for bringing a workers' cooperative-based solidarity economy into existence. Or, to put it another way, before another wave of socio-cultural and political-economic resistance can return to the mainstream again, the likes of which was last seen in the US and parts of Western Europe in 1968. Nevertheless, Elandria's

positive point was that the conference had successfully used the mantle of workers' cooperatives to create just such a space for this kind of preparatory movement-building.

The second conference I attended, Summer of Our Power, was held a year later in June 2015. It too, very quickly became a movement-building space, even more so than the previous conference. Though the official topic of the conference was on how communities of color can defend against the racializing effects of climate change, much social time and energy was also dedicated to discussing how to resist and fight against a rising anti-Blackness sentiment within American society that Black conference goers were palpably experiencing, most notably in the form of ongoing racialized police brutality and death.

In fact, this research was produced in the shadow of three moments of Black death in particular - as well as one bizarre act of appropriated racial identity. The first and most impactful event on my research was the initial death of Mayor Lumumba, just seven months into his term as Mayor and a week before I reached the field site. His sudden passing at just 66 years of age in late February 2014 profoundly changed my project's anticipated engagement with state power and bureaucratic agency, not to mention the fundamental disruption it caused to the larger political project his team and allied grassroots organizations were putting into place to achieve regime change in Mississippi's capital city. The subsequent killing of African American teenager Michael Brown by a Ferguson, Missouri police officer occurred in August 2014, at the end of my first stint of field research, and sparked national protest and the international emergence of the social movement against police brutality, Black Lives Matter, which members of the Lumumba family and administration became, and remain, intimately involved in.

The third moment of death marking my research was the mass murder of nine members of the Emmanuel African Methodist Episcopal Church by a young white supremacist in Charleston, South Carolina. This occurred just nine days before the Summer of Our Power conference, in June 2015 and similarly sparked a national wave of protest, especially in those states like South Carolina and Mississippi that still flew the Confederate battle flag at their state capitols.

Finally, an event that directly reflected on my actions in the field as a white academic researcher working in Black spaces was the aberrant case of Rachel Dolezal, brought to light that same month. Just days before I was set to participate in the Summer of Our Power conference, Dolezal's parents publicly revealed that their white daughter, a professor of Africana studies and president of the Spokane, Washington chapter of the National Association for the Advancement of Colored People (NAACP), was "passing" as a Black person, and had been doing so for years. Dolezal's bizarre appropriation of racial identity combined with her status as an academic later caused one of my primary informants, Noel, to reflect on the ethical responsibility I had to report my field research explicitly from my position as a white woman working in Black activist spaces. Indeed, this prompting from her, along with another interviewee, Cynthia, who also cited my whiteness as an important factor in the process of socio-political movement building in majority Black spaces - was the major impetus behind writing the prologue to this dissertation. "Our [personal] story becomes relevant to the extent that we're interested in

movement building across racial boundaries”, is the way Cynthia, a retired film director from Los Angeles, put it.⁵

Altogether, these four events unequivocally changed the nature of my fieldwork as well as the significance of my own positionality within it. As a result, and as a white researcher working in majority-Black spaces during times of heightened duress, I consider it an ethical responsibility to locate myself within field, which I have done in the partially autobiographical prologue, as well as to specify the situationally different ways in which I engaged in analysis. In the next several pages I discuss my methodological strategy regarding studying up and, eventually, across in Jackson, Mississippi.

Listening to Racial Capitalism

The scenes and the economic histories I laid out in the prologue are clearly part of my own story as well as research context. In part, I relate them to show that I am both insider and outsider within my field research. Due to family connections, I have a basic familiarity with the socio-cultural environment of Jackson, and I have had inside access to the hearts and minds of the region’s white rural and suburban middle and working classes. Yet I did not grow up, or spend much time here before conducting research, so I am still essentially an outsider within this milieu. My accent is noticeably different from theirs, my sense of style and self-presentation are different from my female relations here in culturally symbolic ways, and my everyday mannerisms and habits of relating to others are also not the same as theirs. Nevertheless, social protocol demanded that I be accorded all the good will, and ‘safety’, my family connections afford me. In some very important ways this partially-insider access has granted me a new analytical window into

⁵ Cynthia Newhall, interview May 2015.

my research agenda that I never expected to have. Yet in others ways, access to my primary research subjects has been constrained by these connections as well.

It went without saying that my family would be very uncomfortable and some of them even antagonistic towards a certain subset of the people I was hoping to make contact with, namely the Black activists that made up the core of Lumumba's inner circle. I didn't realize until I was in the middle of research however, how significant the socio-cultural friction between my hosting family and my research subjects would actually be. Initiating hospitality by hosting 'kitchen table' group interviews with members of the community over coffee or a meal proved an unfortunate impossibility. Despite expecting the presence, if not anticipating the degree of interference these sorts of softer frictions caused, I was nonetheless stunned at the gendered purview my hosts displayed by enacting social relationships in which they would grant or deny my permission to visit certain locations around town. Because of this, I soon began to elide my Aunt's questions about the purpose and location of my research activities. In fact, one of the most tense moments between us was an evening in June 2015 when she discovered the facebook page of the conference I had been attending all weekend, and its clever —or insidious from my Aunt's point of view— name of "Summer of Our Power". She was still waiting up for me when I arrived home late at night, flipping her iPad around to show me the image of several members of Cooperation Jackson, all of whom were African American, lined up together with raised fists in the air, with the words 'Summer of Our Power' in bold colors below them.

In hindsight, the heartfelt conversation I was compelled to have with my 83 year-old Aunt that night was an indication that my research had become unbound from spaces

of state and bureaucratic power. My original intention in selecting Jackson as an exceptional case study in austerity urbanism had been to ‘study up’ (Nader, 1972), to see what the Lumumba administration’s anti-austerity mode of governance could tell us about the process of austerity more generally. How do austerity logics react or adapt to active governmental resistance instead of acquiescence, for example? What footholds can municipal power find to use against state and federal austerity pressures? Yet the outcome of that conversation with my Aunt, and several others like it in the days following the Charleston massacre and (the as of yet, still failed) efforts to remove Confederate insignia from the Mississippi state flag, led me to realize that in the aftermath of Lumumba’s passing, methodologically speaking I was no longer following urban austerity through the halls of governance alone. Lumumba’s death and the subsequent ouster of his administration from formal power had displaced one of the major aspects of my work. I was now, I realized, studying urban austerity through three separate groups of actors and their social spaces: municipal bureaucratic elites, yes, but also through the rural/suburban white middle class, and conversely, through spaces of Black resistance and activism. And most importantly, it was no longer just urban austerity that I was following, I realized, but the logics and relationships of racial capitalism as they unfolded along austerity-driven lines.

As data collection progressed, I found myself looking for moments in the narrative where the stories these groups tell themselves converge. I continued to follow bureaucratic elites after the Lumumba administration left office because I wanted to understand both the pragmatic aspects of how urban socio-spatial tensions are resolved (or displaced) under austerity, as well as to understand the justifications they give

themselves for doing so in such a fashion. In other words, how do they rationalize tactics of austerity-driven urban management? However I also, and especially after the murders of Michael Brown and the nine members of Charleston’s “Mother Emmanuel” Church, found myself rather desperately looking for points of convergence between rural and suburban whites, and Black activists. As a policy researcher, I wanted to find those moments of convergence because I thought they would point to anti-austerity footholds, common perspectives that could be politically and economically leveraged into something more. And as a child of the place once again in the midst of a social crisis produced by its own overtly vicious brand of institutionalized racism, I wanted to find those moments to convince myself that maybe everything really could be okay, in the end.

This dissertation is not about those points of convergence. Though I found a few, they are very small and might not endure. Rather, this dissertation is about what happened when I started trying to find them – when I stopped just trying to study ‘up’ in Jackson, and also started studying *across* the two social groups that are often most at odds with each other (Black activists and rural/suburban middle class whites), yet with whom I also had the most intimate access during my fieldwork. What I found is that most of the time we relate to people, and filter other people’s stories, through an assumption of shared norms or experiences.⁶ In other words, and as Iris Marion Young has previously argued (1997, pp. 52), we usually try to understand those people who share an imagined community with us by seeking to establish rapport and finding common ground with them. Analytically speaking, however, this is what Wanda Pillow

⁶ Barring the influence of processes of othering, which definitely happens both between these two groups, and perhaps more profoundly, *to* these two groups by the rest of the country.

(2003) describes as practicing ‘comfortable reflexivity’. As critically engaged qualitative researchers, we want to legitimate our findings by either rationalizing our positionality in the field, or somehow writing ourselves into the data, by becoming an ‘insider’ for example, or even a ‘fly on the wall’. However, when such relational unity, or commonality between researcher and researched does not actually exist, our tendency to assume that it does distorts our perceptions and interpretations of what other people are expressing, or trying to tell us. It distorts our data. These distortions are subsequently carried along into our analyses of issues and our knowledge of people, groups, and processes.

Looking for points of convergence between the inherently discordant narratives of rural and suburban whites, Black activists, and city bureaucrats required that I relearn how to listen to other people’s stories— to listen without attempting to relate to, or rationalize, what I was hearing. It required that I stop assuming I ‘know’ the standpoint of Cooperation Jackson members and other Black, or minority, activists simply because I share similar political values. It required that I stop assuming shared norms between me and my rural white family simply because we are family; and conversely, that I continue to expect them as well as their peers to possess complex positionalities even in the face of their sometimes stridently racialized reasoning.⁷ And it required that I stop assuming I know the language of economics and city management and how they are put to use in Jackson simply because I’ve studied them before in other places. In Pillow’s (2003) terms, it required that I practice ‘uncomfortable reflexivity’.

⁷ What I mean to say here is that racists are not *just* racists; racism is a socially produced condition, one that is inculcated and co-produced along with a host of other perspectives and socializations. As such, we are all racially conditioned to some degree or other. People who overtly display these characteristics more than others nevertheless cannot be analytically treated one-dimensionally, or expected to think and act one-dimensionally.

Uncomfortable reflexivity is the ‘vigilant practice’ (Spivak, 1984-1985, in Pillow, 2003) of constantly questioning researcher positionality in relation to the researched. It does not assume the researcher can be known in relation to the researched by a single set of unchanging conditions, i.e. by ‘confessing’ a certain amount of positional power or privilege over researched subjects, or vice versa. While a concern for self-reflexivity of this sort is a necessary first move, the data obtained by confessional reflexivity does not grapple with the problematic power relations underlying the confession. It simply states them as existing and proceeds with the analysis, inevitably both producing and using data that reflects rather than seeks to undermine or transcend these power relations. In terms of my field research in Jackson, practicing uncomfortable reflexivity required that I change the way I analytically related to the three primary social groups I was being exposed to, moving away from static conceptions of familiarity along the lines of either political, familial/cultural or vocational affinity. What I found when I stopped assuming some fundamental commonality, when I stopped analytically seeking familiarity with my research subjects, especially in the face of key (heretofore unintelligible) moments of difference, was a multi-voiced, multi-valent narrative of racial capitalism as it was unfolding through the contemporary moment of austerity urbanism.

For most of this dissertation, the dynamics of racial capitalism as a socio-spatially productive process are largely congealed within the contemporary issue of dilapidating urban infrastructure, particularly in Black majority urban centers, and most often specifically regarding water system infrastructure failures. So for example, while everyone agrees that Jackson’s economic and infrastructural frailty is a generalized condition that needs to be resolved, causal explanations and proffered solutions differ

drastically between the narratives of racial capitalism that I encountered. When I spoke to a city bureaucrat representing local governments in the white-majority suburbs surrounding the Black-majority city of Jackson about their shared water system issues, he was very emotive in his account of the situation, explaining how Jackson ‘refused’ to discuss regional cooperation, that at least one Jackson “city councilor thinks water and wastewater is a profit center”, and that Jackson isn’t interested in regional cooperation because “they don’t understand the issues”.⁸ This subtext of stubbornness, greed, and incompetency on the part of Jackson city officials is, as my dissertation will show, also often reflected in the narratives of the suburban Mayors and actions taken by the state legislature and Governor regarding the ability of Black-majority Jackson to govern itself.

When the topic of the socio-economic condition of Jackson came up with my white rural family, they spoke of it and related to it in terms of being a very dangerous space, especially for women. This is why I was ostensibly barred from visiting certain parts of town, why I was only shown certain roads to move in and through the city, and why my relative, the retired sheriff of a suburban county, recommended I wear a bullet-proof vest to City Hall. What’s more, my research in and on Jackson was legible to them as long as I talked about it in terms of municipal insolvency and financial misconduct — their assumption being that I was talking about graft and financial mismanagement by the Mayor, city council and other local leaders. However, if I specified that I thought of Jackson as a victim of financial market abuse and state and federal financial mismanagement, confusion and skepticism abounded.

⁸ Interview, environmental lawyer, June, 2015

In contrast, I found that when members of Cooperation Jackson and other Black or minority activists are tasked with analytically confronting racial capitalism, in any of its guises —whether in the form of crumbling urban infrastructure, police brutality, or anything else— they do so through a long, sweeping view of history, rather than the narrowly specified issue at hand. This is what Woods (1998) refers to as ‘the blues epistemology’. Their narratives invoke cultural and generational memories of survival against the odds, ceaseless resistance against violence and unjust conditions of life, hope for the future, resilience as a people. Nothing is disconnected, everything is linked to and understood through their historical experience of forced migration, enslavement, and the ongoing conditions of post-Reconstruction. Jackson’s water infrastructure issues are immediately understood as yet another product of the long history of violence they have been met with during their time on the North American continent.

These are the primary currents of the narratives I encountered and attempt to account for in this research. However, there are other, usually much more quiet voices adding both further complexity and hope to the story. After becoming somewhat interested in my research, my Aunt Eileen’s son Peter, a very successful small business owner and staunch supporter of the Mississippi Republican establishment, privately admitted that the state legislation’s gutting of a local sales tax that was intended to help with the costs of repairing Jackson’s infrastructure wasn’t the ethically correct thing to do. Meanwhile, Eileen, although publicly vocal in her support of Confederate insignia remaining on the state flag of Mississippi, privately admitted to me that if Black people can never see the symbol as anything but an indication of support for the institution of slavery and the torture of their ancestors, then it should be taken down.

The strong contrast between Eileen's private admittance and her public stance on the matter was the topic of conversation between me and James a few days later at Cooperation Jackson. James – the white, retired Navy personnel who took part in Jackson's Occupy movement, and who became a founding, and integral, member of Cooperation Jackson, has the accurately self-described appearance of a 'red-neck'. Indeed, out of all my interviewees, his upbringing most closely resembles that of my own Mississippi family. Because of this, and out of curiosity, one day I asked him about how he became who he is today in the context of the socio-cultural environment he grew up in. He said that the development of his political consciousness was a long process, but ultimately he just got "tired of hating so much." This struck a chord with me as I recalled the transformation in Eileen's expression as she worked herself up into a fit of anger every time she publicly voiced support for the Confederate flag, versus her pensive expression as she talked with me about the context in which it should be taken down. James continued after I shared this with him, reflecting on "how much hatred it takes to keep being conservative", and I agreed, admitting that I had a private name for the change in expression caused by my Aunt's publicly triggered anger, and that I take its arrival as a signal that any intimate, heartfelt conversation is now at an end. "Yes", James said, when the hate comes over people like that, "you can see it in their eyes".

Rather than seeking familiarity through eliding difference, it was, I learned, the relational condition of unease itself that makes these situations and conversations analytically productive. It was within these spaces of complex positionalities and moments of discomfort that I learned it is the act of listening to others – the art of how we do it, what we choose to hear and not to hear – that is the precondition for making those

points of convergence that I was looking for, and ultimately points of alliance between would-be adversaries, possible.

It is, in Elandria's words, not 1968, *yet*.

Comparison in Racial Capitalism

The role of comparison in this dissertation is the final methodological theme I want to cover. In some important ways the concept of racial capitalism was born out of the method of comparison, as Robinson and others working in the same vein (WEB DuBois and CLR James for example) were at pains to show precisely how received historical views and theories were themselves distorted by the presence of racialism and processes of racialization. In a similar spirit, this piece of research is also comparative 'all the way down'. My goal is to create both an intimate portrait of some of the most powerful contemporary processes shaping post-crisis economic and ecological urban landscapes, as well as to provide an understanding of the larger spatio-temporal economic geographies at work in their construction, and reproduction. To do this, I combine the act of dwelling, which Jones (2009, pp. 303) has described as a method that "stresses the physical, relational, sensual, performative orchestration of body/space environment", with a careful tracing of the institutional 'capture' of key regulatory processes by financial logics over time, and 'big picture', measurable data collected on the largest Black-majority cities in the US.

While Robinson masterfully explains the macro-process of racial capitalism through key conjunctural moments that happen at the local scale, the role of both finance capital and the urban itself nevertheless remain under-theorized and under-explained relative to other sociological, political, and labor organizational aspects of his analysis.

With the methods I have just listed, my aim is thus to interrogate both a key process —financialization— and a key moment —post-crisis austerity— in the reproduction of contemporary racial capitalism through the lens of the urban, and specifically through the lens of urban everyday life. Towards this end, along with interviews, participant-observation, and economic data collection, reflexive observations of the city’s socio-political and economic life found within locally-based periodicals are essential to understanding the making and remaking of the financialized urban in the post-crisis moment, much as trade union journals were to EP Thompson’s understanding of the making of the English working class in the eighteenth and nineteenth centuries.

Lastly, in an inspiring piece written by a colleague of Robinson’s, Kelvin Santiago-Valles (2005), the author reflects on a realization had during a conversation shared between the two thinkers:

“It was almost as if those of us coming to scholarly maturity in the late 1970s to early 1990s were obliged to choose between either doing world-historical studies that ignored local, lived experience and the corresponding details of how labour was structured, or doing locally nuanced social histories (akin to the traditional comparative approach...) which largely ignored world-historical contexts.”

This divide is also present within contemporary moves towards comparison seen in critical social sciences and urban studies today, with sides roughly being drawn between those who are accused of focusing on macro scale political-economic phenomena at the expense of omitting the importance of lived experience and vice versa. To bridge this divide, Santiago-Valles (2005, pp. 57) appeals to Philip McMichael’s (1990) method of ‘incorporated comparison’, where the analytical ‘whole’ can only be iteratively

constructed from its historically specific empirical parts, (rather than the parts being rendered legible from some given analytical whole). However, Gillian Hart (2016) draws on relational comparison, which, though compatible with incorporated comparison, sees space (or space-time) as actively socially produced. Places become conjunctural nodes both continuously shaped by global processes, and in which these same global processes are continuously shaped and reshaped. Under relational comparison then, the urban becomes known through continuous empirical and theoretical compilations of all the various ways in which these global processes are differently, or commonly, experienced on the ground. In dealing with a city still deeply caught in the trappings of its antebellum past, as Jackson is, I turn to relational comparison to defend against static and unproductive declarations of regional exceptionalism and ‘difference’. Positioning Jackson, or the US South more broadly, as inherently culturally, economically, or politically ‘other’ detrimentally obscures the national and transnational relationships and processes underpinning the continued production of this difference. Understanding what shared processes are at work behind the co-production of place-specific difference and commonality is a central analytical tension of this dissertation and one that I hope I have successfully navigated. The next section, Work, represents my first challenge in doing so, as I present a spatio-historical comparison of the different ways in which the process of financialization works and reworks racialized geographies of social reproduction over time and place. This understanding of the inherently racializing nature of the process of financialization is something I will continue to draw on and develop throughout the rest of the sections.

Work

*Work performed by a system is the energy transferred by the system to its surroundings...[it] is energy in transit. A system contains no work, work is a process done by or on a system.*⁹

*The rate at which work is performed is power.*¹⁰

The thermodynamic understanding of ‘work’ is so different and yet so very fundamental to contemporary social understandings of what it is people do when we work. In common parlance, work is something we do from 9 to 5, or part-time, or in ‘flexible’ shifts. Work is some activity we are paid to do in the interests of someone or something else. Work is something that nearly everyone does at some point in their life; its presence or absence is a central organizing element in each of our lifetimes. Yet the conditions under which we collectively perform it, or towards what ends we collectively produce it are rarely considered appropriate dinner table conversation. This is because, as a social system at ‘work’, we collectively transfer our energy into our surroundings in ways that are not immediately legible *as* work. As individuals, we work to survive. We work to increase our living standards - usually individually, but sometimes collectively. We work to pay our rent. We work to provide for ourselves and families. Unless we are self-proclaimed revolutionaries (or certain types of public sector workers – or both, as is increasingly the case for many educators, and National Forest Service or EPA employees under the Trump Administration), we don’t usually work with the purpose of effecting

⁹ “Work in Thermodynamics”. Nuclear Power. Web. <http://www.nuclear-power.net/nuclear-engineering/thermodynamics/laws-of-thermodynamics/first-law-of-thermodynamics/work-in-thermodynamics/>

¹⁰ “What is Power?”. Boundless. Web. <https://www.boundless.com/physics/textbooks/boundless-physics-textbook/work-and-energy-6/power-65/what-is-power-286-6024/>

some kind of cumulative change in the world. Nevertheless, our work is effective here at this level, too.

Climate change is one of the products of our social system at work that is slowly gaining recognition as such, as we collectively transfer amounts of carbon dioxide to our surroundings in amounts that surpass the planet's ability to absorb. The amount of power behind the production of these kinds of unintended work geographies can only be discerned by contextualizing the rates at which they continue to be produced with an awareness of the massive popular efforts aimed at reducing them. In a similar fashion, this section uses this lens of often invisible 'systems-work' to understand what cumulative effects the system of financialized racial capitalism has had on the lives of Black people within the American political-economy over the past three centuries. It is important to note that in this chapter, and the dissertation more broadly, I am almost exclusively concerned with spatio-temporal periods of financialization, rather than with racial capitalism in its entirety.

The proceeding grounding historically contextualizes the broader Mississippi landscape before touching down in Jackson for a Cooperation Jackson meeting and keynote address by Ed Whitefield of the Fund for Democratic Communities. The chapter following that takes up the question of the geographical power of financialization, which Ed describes in terms of its "ability to take the house".

Grounding - Keepers of Memories

Mississippi is a landscape mired in a past the rest of the country would rather forget. Its capital city, Jackson, is named after the nineteenth century slave-owning President famed for his massive, violent displacement of at least five Southeastern Native American tribes¹¹ through the Indian Removal Act of 1830 and their forced resettlement, a harrowing passage known as the Trail of Tears. A statue of the man, Andrew Jackson, stands in a fountain in the courtyard of city hall, a building which was itself built by slave labor ten years later in the 1840s. It now serves as the seat of government for an urban area that is about 80% African American. In the Gulf coast city of Biloxi, a town whose Black population experienced massive displacement in the aftermath of Hurricane Katrina and redevelopment pressures from the local growth coalition (Derrickson, 2014), the post-war retirement estate of Jefferson Davis, the President of the Confederate States of America, sits just across the street from the Gulf of Mexico and a little over five miles down the same road from the low-income African American community of East Biloxi. East Biloxi residents must drive past the Jefferson Davis house —now a national landmark— to get to the neighboring town of Gulfport; its upkeep presence an insult to those Black lives lost under chattel slavery and to the ongoing socio-cultural and socio-economic ramifications of their ancestors' enslavement.

In the summer of 2015, I stood in the hot July sun in the city square of Natchez, Mississippi, 150 years after the end of the Civil War, and one day after South Carolina decided to finally stop flying the Confederate battle flag from the steps of its government buildings. A once wealthy port town built on bluffs of the Mississippi River and the

¹¹ Cherokee, Chickasaw, Choctaw, Creek, and Seminole tribes.

economic heart and state capital of antebellum Mississippi, Natchez was the site of the second largest slave market in the United States. The now poor area uses its architecturally preserved past to eke out a small tourism-based economy on the back of restored mansions and plantation houses, whose construction was originally made possible by the massive amounts of value extracted from enslaved labor working the cotton fields in the flat lands below.

These are not nation building memories. These are things that modern, liberal democracies want to dis-identify with, landscapes that are best kept out of the spotlight. Yet these geographies made by the North American slave-trade played a foundational role in the wealth of the nation, and in the memories of the descendants of these enslaved people. When Black elders tell their grandchildren about who their ancestors are and what their lives were like, these are the legacies and geographical memories that figure large in their stories. Even if they are not explicitly described, they are implicitly present in passed down stories of resistance and survival against overwhelming odds.

“We need to remember where we are standing”, says Iya in a sonorous voice to a group of people gathered deep in the basement of a church in the heart of Jackson. It has been several weeks since the Lumumba administration was suddenly ousted from City Hall by Mayor Yarber’s incoming team —locks changed and security passes revoked the day after the election— and a week or so after the Jackson Rising conference had taken place at Jackson State University (JSU). Cooperation Jackson’s organizing team has found temporary respite and refuge in the southern Black church, as so many civil rights and other change-makers have before them. Layers of history surround our meeting place. The Methodist church is on Farish Street, the heart of the city’s Jim Crow era

Black business district. The street has a low skyline filled with now mostly empty, crumbling red brick buildings, the shape and small size of which indicate they are from an era long past. Narrow streets tinged the color of red clay have tufts of grass growing through cracks in the pavement. The few high-rise buildings that Jackson has glitter in the summer sun here and there through the tall trees and breezy foliage, closer to the state capitol building about a mile away. Just down the street is a dilapidated wooden building suffering from dry rot, with bars on the windows and yellow and black faded signage with the words “Malcolm X Center for Self Determination” just above the door – a reminder of a past the organizers of Cooperation Jackson draw strength from and are seeking to invoke again. It is the weekend that marks 51 years since the assassination of civil rights activist Medgar Evers about four miles from where we gather, killed by a white supremacist just outside Evers’ Jackson home, in front of his wife and children.

“We need to remember where we are standing”, Iya says to a group of about 15 or 20 people in the windowless church basement on Farish Street. “What we are doing has been repeated over generations – not the mindset of impoverishing, but the mindset of empowering the people who were sick and tired of being sick and tired!”, she says, calling upon local civil rights heroine Fannie Lou Hamer’s famous quote at the 1964 Democratic National Convention. Hamer and other members of the Mississippi Freedom Democratic Party appeared there uninvited the summer after Evers was murdered, to protest the lack of Black voting rights and the Democratic Party’s refusal to seat Black delegates. “That is the energy you find here in Mississippi that you will not find anywhere else in the country”, Iya says, reminding locals in the room that theirs is a history rich in Black socio-political resistance. “Who are we?”, Iya asks us. No one

responds. “Who ARE WE?”, she belts out this time, her voice more than filling the room. “We are transformers”, she tells us, “and we need to understand the power rests inside us – not our religions or leaders”. Bold words spoken from the basement of a Mississippi church.

A few weeks later I meet with Noel Didla over lunch. Noel is another founding member of Cooperation Jackson, an instructor at Jackson State University, a sitting board member of Jackson2000, a non-profit organization focused on race and reconciliation, and contributor to several other community organizations. She is well liked by the community and my social gatekeeper. “Noel knows everyone” is the way Ryan Nave, a local reporter on the city hall beat puts it. She is originally from India, but came to Jackson years ago for her doctoral studies. She is Dalit, but in Jackson she is often “read” as being Black - something she embraces but also struggles with. When the conversation reaches the topic of how we are each navigating Black spaces as non-Black people, she tells me that “It’s a challenge, to be in a space of learning your truth and the different truth of the place you are in everyday”.

I pick her up late one summer morning, air conditioning already vital by that time of day. While Jackson is 80% African American, the remaining 18% or so of its white people are not evenly distributed throughout the city. They mostly live in Ward 1, on the north side of town. “If we go to a white people coffee shop we will get more work done” Noel says when I pick her up, meaning that I should head northeast of the city center, because she knows that if we head to Koinonia, the Black-owned coffee shop close to her home and JSU, that our conversation will be frequently interrupted by people stopping to say hello to her. When we enter the café a little later, we see her photo in a corner of the

cover of a local quarterly magazine, BOOM Jackson. She's being featured as one of the best teachers at Jackson State.

Over lunch, Noel tells me about the lost historical connection between workers' cooperatives and the civil rights movement of the 1960s. "The focus shifted to voting rights from cooperative economic development by the men" in the movement against women leaders like Ella Baker, she says. Originally the movement was seeking both political rights and non-exploitative economic development via workers' cooperatives. Both Fannie Lou Hamer and Ella Baker were heavily involved in the movement for workers cooperatives, among other civil rights leaders (Nembhard, 2014). More prominently, Baker also worked closely with MLK, Jr. and other leaders, holding key, agenda-setting and strategy-making positions in three crucial civil rights organizations: the National Association for the Advancement of Colored People (NAACP), the Southern Christian Leadership Conference (SCLC), and the Student Non-violent Coordinating Committee (SNCC). Yet for all her working success in the movement, Baker had a tense relationship with King and was shut-out of his inner circle (Ransby, 2003). An SCLC board member, Richard Walker, described the situation as taking place in "...the days before women's liberation", and that "unless someone was 'male' and a member of the 'inner circle of the church', that it could be difficult to overcome 'the preacher ego'" (Walker as quoted in Scelfo, 2017). Noel is unreserved when she tells me that "we need to reexamine the movement's origins" and learn from the fatal influence played by internalized patriarchy. This time around, she implies, the movement is seeking to do things differently – it is seeking to re-center women's voices, to establish a leaderless

movement, and to foreground economic democracy through cooperative economic development.

A year later, I am sitting in the meeting room of Cooperation Jackson listening to a keynote address by Ed Whitfield of the Fund for Democratic Communities. Cooperation Jackson has managed to purchase a building and parcel of land for its operational base. The building is an old daycare center about two miles away from city center, complete with a kitchen for the new catering co-op, and plenty of small rooms that can be dedicated to child-minding during meetings, or small group break-out sessions. The building needs maintenance work, as most of Jackson's built environment does, but this does not overshadow the excitement and importance of having a place to gather and meet, and owning land to work with. On the way there I pass a large, almost windowless church that looks as if it used to be a giant industrial barn. Painted on the outside in clear, fresh paint is a large red cross and the following message for members of the south Jackson community: "come unto me, all ye that labor, and are heavy laden, and I will give you rest". Nothing typical is said about sinners, or of the power of prayer and congregation, nor are there any of the witticisms that one would normally expect to find on southern Christian church signage. As I drive past, the unusually simple message of comfort for the tired and weary strikes me as revealing more about the heart and soul of this city than any economic statistics ever possibly could.

At Cooperation Jackson, Ed's presentation is about how to address the need communities of color have for capital in a 'just transition' away from a carbon-based economy. He is a Black graduate of one of the earliest integrated cohorts of Central High School in Little Rock, Arkansas – where the Arkansas National Guard was infamously

deployed in 1957 to prevent the first nine Black children from attending. Ed was seven when he watched on T.V. as those children—who the nation remembers as the “Little Rock Nine”—courageously walked through an outpouring of white resentment and animosity as they tried to attend their first day of school at Central High. It was an event that shaped the rest of his life.

As the keynote speaker at Cooperation Jackson that night, he tells the largely non-white audience of about 100 people that there are three aspects of power: power can crush us – here resistance is necessary; power can help us – if we can direct it; and third, we can also organize to have power of our own. He mentions the Southern Reparations Loan Fund (SRLF) as an amalgam of all three aspects of power. Organized by members of the Southern Grassroots Economies Project and his group, the Fund for Democratic Communities, the SRLF is a form of non-extractive finance for community-based democratically managed enterprises that “meet the needs of African Americans, immigrants, and poor whites”. By non-extractive finance, Ed specifies that he means finance that is not based on asset-backed collateral. In other words, he says, it is finance that “doesn’t take the house”. During the Q&A portion, someone asks him what the difference is between having “skin in the game”, in terms of participating in financial processes, even if cooperative finance, and the mainstream finance that uses houses as collateral? “Think about the metaphor of slaves working and saving a little extra for years to buy the freedom of their family”, he replies. It is this sort of “infinitesimal finance”, as Ed describes it, that we can use to fund (and free) ourselves from the extractive economy of racial capitalism.

The following chapter explores a set of relations that members of Cooperation Jackson and their comrades, like Ed Whitfield, have realized long ago: that the thriving social reproduction of African America – of Black Americans and their urban, social, economic, emotional and other lived geographies – is and has always been, impossible to achieve under capitalism. Capitalism feeds off of African America, and always has: the very creation of African America was an act of forced migration carried out to meet the capitalist demand for inexpensive labor in a newly settled colony. The project of Cooperation Jackson, the Fund for Democratic Communities and others like them, is in part a project of direct resistance against this incredibly violent and exploitative power of racial capitalism; their larger vision, however, is a positive project whose aim does not hinge on confrontation per se, but on creating a set of different, non-exploitative relations of production and distribution. This larger project is considered in the concluding chapter to this dissertation, while the coming chapter focuses on understanding how eras of financialization impact African America. What is the geographical power of finance “that takes the house”? How does asset-backed collateralization rework the lived experience of racial capitalism?

Chapter 2 - Bonds, Bodies, and Securitized Urbanity: The Financialization of Social Reproduction

“We’ve been floating this country on credit for centuries...”
~Jesse Williams

African American actor and producer Jesse Williams spoke these words during one of the most memorable acceptance speeches in recent memory, as the 2016 recipient of Black Entertainment Television’s (BET) Humanitarian Award. In his speech the executive producer of the documentary, *Stay Woke: The Black Lives Matter Movement*, highlighted the historic and ongoing violence perpetrated against Black people in the US. He spoke from a political standpoint drawing power from hundreds of years of a people’s memories and experience. He spoke from a body of memories that retains the experience of enslavement, that remembers the experience of Reconstruction, of Jim Crow. He spoke from a collective memory of red-lined lives, and from the collective ongoing experience of mass incarceration, police brutality, bankrupt cities and poisoned water systems. He also spoke from a place and perspective that remembers the contributions Black people have provided American society since its inception. With this single sentence, he acknowledged the magnitude of value produced by the economic, political, social, and cultural capital created by the African American community that has yet to be adequately (or at all) recompensed. He invoked a debt that must be repaid.

This chapter takes Williams’ acceptance speech and this quote in particular, as an epistemological opening into the ongoing credit-debt relationship between African Americans and the institutional structures of American political-economy. While the

debt that Williams' speech invoked could –and should– be thought of in terms of paying reparations, it also speaks to another ongoing credit/debt relationship: that of using Black American life as collateral to secure and produce financial value.

In this chapter I seek to show how eras of exploitative finance –of 'financialization'– reproduce powerful racial differences by studying the historical connections between the collateralization of Black laboring bodies in America and their places of domicile under the financial process of securitization. In part one I make three conceptual moves: first, I recalibrate the analytical orientation of the concept of financialization, away from a description of sectoral outcomes and towards its historical sociospatial effect on the production of racialized social difference. I then provide a theoretical explanation for the cyclical reoccurrence of financialization by positioning my argument within the Marxist tradition of the long durée. Last, I suggest that we invert the conventionally production-oriented focus of long-cycle theories, and consider their implications for historical and ongoing geographies of social reproduction. Sections two, three and four examine how processes of financialization work *through* social reproduction, highlighting the ways by which exploitative finance strengthens the power of embedded racial hierarchies and institutionalized white supremacy.

In order to show the structural similarities between periods of financialization, I consider the transnational investment in, and securitization of enslaved labor in the late 19th century alongside the contemporary racialized moments of securitized subprime mortgages and deteriorating urban infrastructure of Black majority cities. Using the case of the collateralization and securitization of enslaved labor, I show that —contra analyses framing financialization as something very new— processes of financialization actually

have long and sordid histories. In order to draw out the similarities between eras of financialization in terms of the methods by which they work to reproduce racial difference, I immediately turn to the current era, skipping over the interim, to consider the racialized ramifications of the recent subprime mortgage crisis for geographies of social reproduction at the site of the home and scale of the neighborhood. I make this comparison not to equate the lived experience of exploitation in the subprime housing market with the experience of slavery, but to uncover the invisible work performed by eras of financialization: not only do they work to shore up flagging regimes of accumulation, but they re-spatialize racial orders as well. I move from considering the collateralization of Black bodies and housing to examining the effects of collateralizing the urban, offering a reframing of the ongoing, endemic urban infrastructural crisis in the US to suggest that the relationality of urban social reproduction changes depending on whether or not financialization is present within an economy. A discussion of the analytical and relational implications of long durée financialization as a racializing geography of social reproduction is offered in conclusion. Ultimately, I aim to show that these processes are emphatically *not* benign in terms of their effects on the laboring bodies they use as collateral, or on those lives structured by the collateralization and securitization of other geographies of social reproduction, including houses and public infrastructure.

How Financialization Works

As the rise in power of finance over industry has become an undeniable fact of economic life in recent years, ‘financialization’ has concomitantly become one of the most often invoked concepts for research in the social sciences (Christophers, 2015 p.

184). In a useful overview of this interdisciplinary research field, Natascha van der Zwan (2014) categorized contributions to financialization studies into three different approaches: those that track the sourcing of profits and investments of traditionally non-financial firms (like General Electric, for example) from increasingly financial rather than industrial processes; those studies concerned with understanding the impacts of the increasing power of ‘shareholder value’ in corporate governance; and those researchers considering the implications of increased debt burdens for ‘under-banked’ social groups, and other geographies involved in the ‘financialization of everyday life’. It is in part the very loose relations between these three different research agendas that has led to a sustained critique against the superfluity of the concept of financialization, and its less rigorous applications to research (see for example Christophers 2012, 2013, 2015, and, to a lesser extent, French et. al, 2011).

Can the concept of financialization do the job it’s been tasked with? Or has its analytical salience been stretched too thin? It is the premise of this chapter that the unique analytical purchase financialization provides us with still bears significant explanatory powers, but that the traditional definition we are given to understand it with is an insufficient starting point. Rather than taking financialization to mean the increasing size and importance of the financial sector within an economy, I suggest that a more productive understanding of the process is one that centers substantive questions of how financialization *works*; who it works *on* and who it works *for*, rather than what it looks like. Financialization is then, not so much the growing dominance of the finance sector within an economy (which is actually the description of an outcome), but rather the process of socio-spatial marginalization increasingly performed through financial means

and circuits rather than through other means. In this chapter, I specifically focus on how this spatialization of financial relations works through the collateralization of Black life as a part of the transnational financial process of securitization.

Collateralization is an example of a socio-spatially marginalizing process in that (surplus) value is accessed by identifying or creating assets to leverage in some sort of financial transaction centered on debt. The ability to access this leverageable value is tightly linked to the separation and conflict of interest between the owners of the exchange value and users of the use value of collateralized objects and spaces. Owners of collateralized exchange value financially leverage this value in securities (a.k.a. debt) markets, while the risk of doing so falls to the users of these collateralized objects and spaces. If the owner of the exchange value fails to fulfill the terms of their debt, then the users of that leveraged object or space have their access revoked, or at best, refashioned—typically to become more expensive to use—in the debt settlement process. The bifurcation of risk and reward between the users and the owners of collateralized objects is what incentivizes this specifically financial form of value extraction to take place. The emplacement of processes of value extraction within various financial circuitries of lending, borrowing, and owing, or more broadly – of debt, as I have shown here with the example of collateralization, is what constitutes financialization. The increasing power of finance over industry is the outcome of this emplacement.

To be clear, I'm using the phrase socio-spatial marginalization in an encompassing way, intending to indicate the conjoined processes of extracting surplus value from laboring bodies at increasingly depletionary (Rai, et.al, 2013) rates whilst simultaneously engendering their socio-economic, socio-political, and spatial

disempowerment in relation to other groups. This usage is closely related to Althusser's understanding of social reproduction, which he considered to be "those practices that reproduce relations of inequality and exploitation, those elements that enable and legitimate relations of domination and guarantee their continued existence" (Katsarova, 2015, Althusser, 2001[1972]). Viewing processes of financialization through this kind of operational lens foregrounds the exploitative dynamics predating and incentivizing the 'inadvertent' rise of finance that Krippner (2011) documents so well. Thus, for the duration of this investigation I query financialization not from the analytical purchase of the questions, "what is it?" or "how did it arise?", but rather by asking "how does it work?" From this perspective I aim to show that financialization –in all its disparate facets– is a primary vehicle by which dimensions of racial difference become (re)articulated into new regimes of accumulation.

Financialization in the Long Durée

Much like early rounds of research into globalization, contemporary research into financialization often endows the concept with a false sense of newness. However, eras of financialization have occurred at least three times previous to this according to Giovanni Arrighi (1994), following Fernand Braudel (1981, 1982, 1984). In his treatise on the interconnected dynamics of world hegemony and the capitalist system, Arrighi develops the concept of 'systemic cycles of accumulation'. These economic cycles are long, taking more than 100 years to come to full expression, and they are the driving forces of the world economy for a good portion of that time. Each systemic cycle of accumulation develops a signature method for amassing economic value and power. This signature method of accumulation is maintained by unique constellations of institutional,

cultural, and social formations. Though not usually framed as such, the regulation approach to studying the political-economy of capitalism (Aglietta, 2001; Jessop, 1990; Peck and Tickell, 1992; and Derickson, 2015) is one of the more successful ways social scientists have been able to map out the different modalities of regulation occurring within and across hegemonic cycles of accumulation.

While a single, hegemonic world power drives the development and expansion of the dominant cycle of accumulation, these long cycles and the power of their hegemons are thought to overlap each other as waves do: one hegemon and its unique cycle of accumulation begins to rise as the power of the previously dominant political-economy and its respective mode of accumulation begins to wane. Within each of these cycles of accumulation there are two distinct and alternating phases: a phase in which the production of material commodities is the driving force of the world economy, and a phase in which the financial industry provides most of the world's dynamism and economic momentum. While every hegemonic cycle of accumulation experiences both phases, the latter 'financialization' period is theorized by both Braudel and Arrighi to indicate the "autumn", or the onset of maturity and eventual decline, of a world power and its associated global pattern of accumulation, or mode of regulation. Both theorists have derived this pattern from Marx's (1992 [1863-1878]) understanding of the metamorphoses of capital and its circuitries, as implied in the classic formula $M \rightarrow C \rightarrow M'$: money capital (M) as transformed into labor and the means of production, which is then combined together via the production process into a commodity (C), which *then* must be sold in the market for more money (M') than was originally invested.

Marx breaks down the circulation and growth of capitalist value indicated by MCM' into two discrete phases: the $M \rightarrow C$ phase (money invested into commodity production) and the $C \rightarrow M'$ phase (returns on investment gained from the sale of said commodity). The defining moment of the entire process, yet the moment also most vulnerable and open to disruption of all sorts, is the transformation of value from C into M' -- the transformation (via sale) of value invested in commodity production, into a profitable return on that investment. When it becomes too risky to invest in commodity production for whatever reason -- falling profit rates, labor unrest, rising production costs, etc.... -- Marx, Braudel, and Arrighi theorize that investors often begin attempting to shortcut the commodity-driven value production circuit by simply investing their money into money: $M \rightarrow M'$, whether in loans, stocks, bonds, asset-backed securities, derivatives, or other sorts of financial instruments. If the regulatory means to do so aren't immediately available, then pressures begin to build for policy reform and market liberalization. Arrighi's historiography of capitalist hegemony shows that these two distinct phases of capital circulation also form a cyclical pattern within the world system as a whole: alternating phases where either 'material expansion' (commodity production), or 'financial expansion' (financialization) become the driving force behind the growth and dynamism of the entire world economy (Arrighi, 1994 p. 6).

Figure 1. Recurring Systemic Cycles of Accumulation
(adapted from Arrighi, 1994 p. 367)

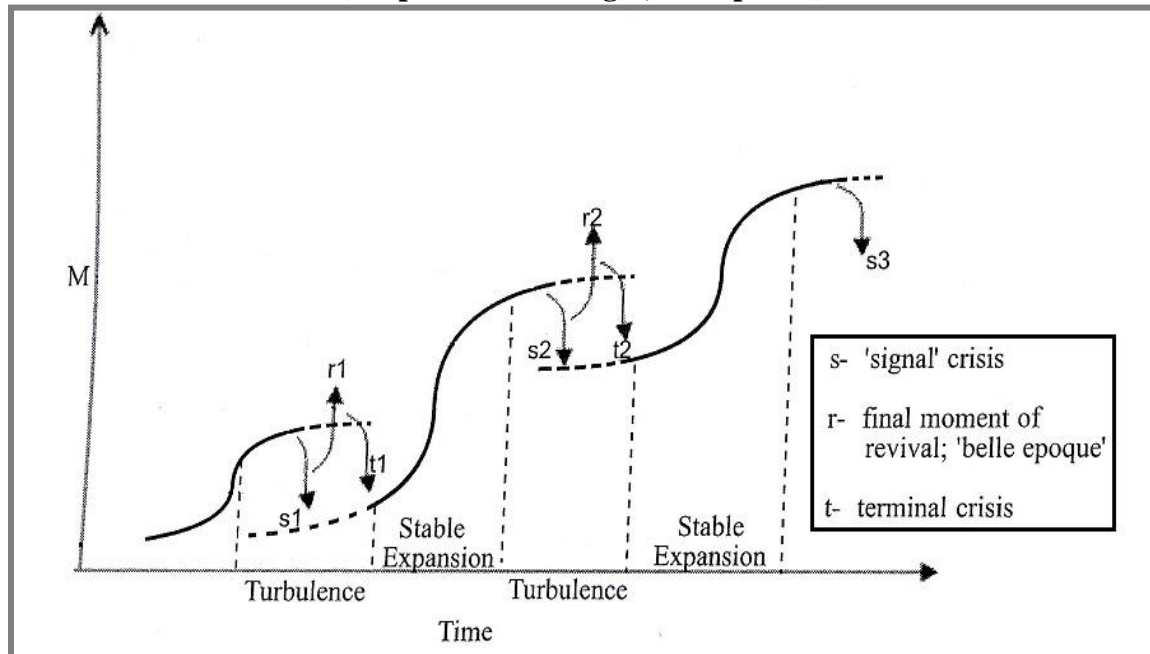


Figure 1 shows the development of three hegemonic systemic cycles of accumulation over time. Where the cycles overlap each other is marked by periods of political economic turbulence. Once the new hegemon's pattern of accumulation establishes dominance, we reach a period of stable expansion. The end of this stable expansion is marked by a 'signal crisis' (s) so-called because it signals the beginning of the end of that particular hegemonic cycle. This is also usually where financialization (M-M') makes its first appearance. This financialized revival (r) of the hegemonic economy is not stable however, and another crisis occurs sooner than later. The global economy is in this turbulent crisis-prone holding pattern until a terminal crisis (t) brings an end to one cycle and a beginning to another. Growth drops substantially until the new cycle of accumulation stabilizes.

Using Arrighi's understanding of financialization as a mode of accumulation that derives value largely through financial instruments rather than commodity production, Greta Krippner (2011) has used national accounts data to systematically uncover evidence of escalating financialization within the hegemonic American economy since the 1970s, reaffirming that the phenomenon is likely to be "a *recurrent* phase in the evolution of capitalist economies" (2005, p. 199 emphasis added). The combination of Krippner's evidence and Arrighi's thesis implies that the ongoing financialization of the

US economy is an indicator that American hegemony and its corresponding global cycle of accumulation is in decline, and has been so for the past few decades.

There are other indicators of this being the case as well, for instance the notion that policy reform and innovation under neoliberalism - a signature modality of accumulation under late American hegemony - is slowing down. When neoliberalism first appeared on the world stage as the primary mode of regulation in the late 1970s and early 1980s (Peck and Tickell, 2012, Derickson 2015), its drastically different approach to value production initiated one of the most transformative turnovers of governmental priorities and recalibration of policy instruments in memory. Keynesian policies geared towards providing governmental support and subsidy for a pattern of accumulation based on mass commodity production meant for mass consumption were ‘rolled back’ (Peck and Tickell, 2002). Classist policies promoting patterns of value accumulation based on both reducing the costs of commodity production as well as increasing revenue sources -- namely through leveraging collateralized debt in newly liberalized financial markets -- were relentlessly, if unevenly, ‘rolled out’.¹²

Yet the context in which these now tried and tested methods of neoliberal regulation and accumulation operate today is no longer one of Keynesian largesse, as

¹² Cost savings policies operating on the shop floor and through the wage-labor relation included (but were not limited to): labor savings derived from breaking labor unions rather than negotiating with them (i.e. US Air Traffic Controllers’ 1981 strike and UK Coal Miners’ Strike 1984-85); hiring revolving rounds of temporary staff to avoid paying mandated full-time benefits; and the fragmentation of the production process to various sites around the world where labor and other inputs are the most inexpensive. In turn, this intensification of ‘accumulation by dispossession’ as performed through the wage-labor relation sometimes presaged, and sometimes coincided with, the expansion of accumulative tactics to those performed through the debt relation. This occurred through a variety of financial channels, for example ‘liberalizing’ previously illegal or highly regulated practices, like the 1978 negation of anti-usury laws and the return of speculative investing. Donald MacKenzie (2006) has written a useful account of how elite financial and economic actors worked to make derivatives legal once again, using his theory of economic performativity, while Benjamin Lee and and Edward LiPuma (2004) provide an excellent analysis of the uneven socio-spatial relations both underpinning and produced by financial derivatives.

seen at the end of the 1970s. In 2017, neoliberalism faces an eviscerated post-financial crisis landscape in which trillions of dollars of private banking debt have been offloaded onto the public deficit (see for example Blyth, 2013, Davidson and Ward, 2014; Peck and Whiteside, 2016). The cost-savings logic of neoliberal regulation has escaped the shop-floor to advance policies of social austerity in response to the 2008 financial crisis, and so for the past ten years, the users of America's by now long-collateralized objects and spaces have been the ones paying for the failure of American investors and other financial elites to fulfill the terms of their collective debt. Extreme budget cuts and resulting deterioration of the social fabric in the name of bailing out big banks and their constituents is a matter of course. The only way forward imaginable, it seems, is a cost-savings, market liberalizing, neoliberal way forward -- no matter that the setting has become increasingly unsuitable for the tools at hand.

Taking this set of conditions as our coordinates, we can accordingly locate our current political-economic position within the long durée of historic world capitalism:

Figure 2. American Hegemony in Motion (adapted from Arrighi, 1996 p. 158)

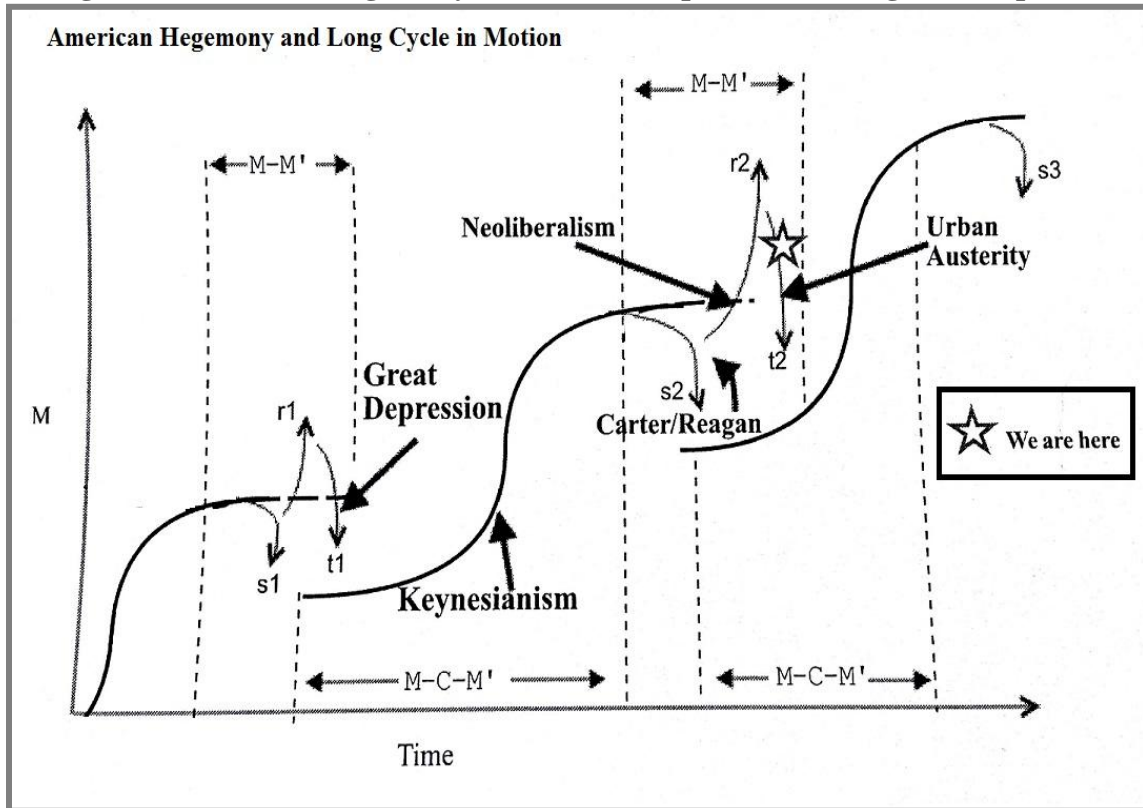


Figure 2 shows a periodization of various events and regimes of accumulation of the long cycle of American hegemony. The Great Depression, which was caused by a financial crash, is characterized as the terminal crisis of the previous systemic cycle of British hegemony. This is followed by the stabilization of the American cycle during the long growth period of Keynesianism. Note that the ban on financial derivatives is instituted at the end phase of British financialization in 1936, several years into the Great Depression, and lasts all the way through the stable Keynesian growth period. The transition between the Carter and Reagan Presidencies is taken to be the signal crisis (s) of the American cycle, while the onset of neoliberalism indicates the financialized revival (r), or the ‘belle époque’ (Silver & Arrighi, 2003) of US hegemony. Note that the ban on derivatives is lifted in 1983 during the first Reagan administration, on the cusp of the American era of financialization. The current moment of urban austerity is located somewhere on the downward curve of the last hurrah, so to speak, of American hegemony. I emphasize that this is a heuristic device and not predictive, so we may go through a series of turbulences and crises before we arrive at the terminal crisis that appears to be next on the horizon in this chart.

What are the implications of the chart above? Like Arrighi himself, most analyses that take this view of the cyclical long-term seriously focus almost exclusively on the production-related aspects of the model, usually derived from and for the purview of capital and the nation-state: “When and how will the rate of profit fall, or rise, or become stable? When and under what conditions will the new economic dynamo be

declared hegemonic?” These are important questions if we are primarily concerned with the waxing and waning of hegemons or identifying dominant modes of accumulation. Few people, however, have considered what this model can show us regarding the underbelly of production. That is to say, what can we learn about the implications for the lives of laboring people of recurrent - or cyclical - modes of social reproduction?

Modalities of Social Reproduction

Similar to the recent critiques against financialization, in 1981 Paul Willis (48) suggested that the conceptualization of social reproduction had been spread too thin, with so many competing meanings and uses that it was impossible for the theory to carry the burden of all the work cut out for it. The same critique might still be relevant today as scholars continue to take up the concept of social reproduction in myriad ways. Though this list is not exhaustive¹³, social reproduction has been put forth variously as a theory of the “unacknowledged, feminized forms of economic productivity” (Waldby and Cooper, 2010; Frederici, 1975); as the cultural process of the “generational replacement” of a working class qua working class (Willis, 1981); as the ideological “reproduction of the conditions of production” required to sustain a particular mode of accumulation (Althusser, 2001 [1972]); and as a theorization of the lived emotional and material landscapes of an exploited underclass *outside* of their working-day, as well as the continuous production and reproduction of their existence as ‘fungible’ surplus labor (Tadiar, 2013).

¹³ For a good overview on the historical trajectory of social reproduction as an analytical and political concept in the social sciences see Mitchell et. al (2003) and Strauss and Meehan (2015).

Each of these theoretical conceptions have resulted in productive, if profoundly different, analyses. However, at root in each of them is the notion that social reproduction in all its various uses and manifestations is always, as Mitchell, et al. (2003) put it – “about how we live” together. In this analysis, I generally use the concept in the broader sense of the institutional and power configurations that perpetually give rise to the reproduction of unequal landscapes and precarious lives. However -- in regard for Willis’ concern for the analytical work load of social reproduction, and his useful critique against Althusser’s conception of it as an uncontested, oppressing process -- I use the shorthand term 'Althusserian social reproduction', both to capture this unjust sensibility, and to open up imagined possibilities for different, emancipatory modes of social reproduction.

In her aim to give a more textured sensibility to the concept, Cindi Katz (2001, pp. 711-12) describes social reproduction as the “fleshy, messy, and indeterminate stuff of everyday life”. It is the culturally inflected negotiation processes around childrearing and housecleaning, or even courting. It is the intersectionally-influenced processes of household location, job placement, career advancement (Ferguson, 2008). Yet social reproduction isn’t just messy and indeterminate, it is also what gives *structure* to our everyday lives; it is what provides rhythm (school time, work time, meal time, bath time, etc), and it is what provides momentum in the long-term trajectories of our lives (elementary school, high school, college or vocational training, preparing for and taking opportunities in career advancement or other types of personal development, etc.). It is also what evacuates such opportunities in the absences of those rhythms and momentums.

Although empirically engaged in very different contexts, both Waldby and Cooper (2010) and Tadiar (2013) take great care in explaining that a fundamental shift in the modality of social reproduction has occurred in the world, one that affects the material rhythms, momentums, and opportunities present in our lives. Waldby and Cooper argue that previous conceptions and patterns of social reproduction were structurally dependent on and coterminous with the parameters of the Keynesian welfare state and fordist methods of economic production. Unremunerated ‘gifts’ of social reproduction -- feminized housework for example -- that the welfare state functionally depended on have now been transformed by the advent of post-fordism and neoliberalism into transactional exploitation -- poverty wages for precarious immigrant labor performing the housework, for example. Meanwhile, Tadiar frames a similar discussion in terms of the transformations in subjectivity and lived experience brought about by the shifting logics of personhood: away from liberal exchange-based conceptions and towards neoliberal, self-entrepreneurial, risk-calculating and responsabilizing conceptions of personhood. Importantly, these fundamental transformations in patterns of social reproduction – in ways that we live together -- correspond with the spatio-temporal reemergence of financialization as a driving force of value production.

The following three case studies consider how the recurring appearance of financialization as a racially ordering mode of value production works on and through social reproduction. I do this by tracing the impacts of key pieces of financial market liberalization – of key changes in “the rules of the game” brought on by rising pressures to increase the liquidity of value production – on the lives, homes, and cities of Black Americans, first during 19th century financialization and subsequently in our

contemporary moment of financialization, both pre- and post-crisis. Taken together, these geographies of financialized social reproduction are intended to provide a ‘first cut’ inquiry into the socio-spatial power of the kind of finance that, as Ed Whitfield of the Fund for Democratic Communities memorably put it, is designed to “take the house”. First, I take up the intensification of depletionary labor practices inflicted upon enslaved labor in the US South by the 19th century liberalization of British banking laws. After that, I turn to 20th century deregulation and financial market liberalization to discuss the socio-economic and socio-spatial repercussions for African American homeowners and neighborhoods caused by the intense securitization of subprime mortgages. I follow this with a causal investigation into the unfolding fiscal and infrastructural crises faced by many majority-Black urban centers in the US today, positioning urban infrastructure itself as a site of financialized social reproduction. The case studies are concluded with an analysis of their common conceptual characteristics as well as shared socio-spatial relationalities.

Collateralized Lives

Both Britain and the United States officially prohibited the transatlantic trafficking of enslaved persons in 1808, with the Parliamentary passage of the Slave Trade Act of 1807 and the Act to Prohibit the Importation of Slaves, respectively. Yet several decades later the US cotton crop—which was still overwhelmingly produced with enslaved labor—was able to double in output in just three years, from 1833-1836 (Baptist, 2014 p.256). On the surface, these two events may seem unconnected, or at best imply that the ban on trafficking was not effective. And it wasn’t. But this was because

financial incentives occurring under a financializing British hegemony indubitably bound investors to the American slave trade despite the ban.

In an ongoing archival study looking at the causes of the financial crisis dubbed the ‘Panic of 1837’, Geoffrey Williams (2016) has connected the British Joint Stock Banking Acts of 1826 and 1833 with this doubling of American cotton production, through the Acts’ removal of the Bank of England’s monopoly on joint-stock banking.¹⁴ The English region of Lancashire (including Liverpool, which was a key node in the transatlantic slave trade, and Manchester – the economic center of manufacturing and cotton processing during the Industrial Revolution) was particularly quick to take up joint-stock banking after the Acts were passed. By 1836, there were 27 joint-stock banks servicing the Lancashire region, and bank branches in the area had doubled, rising from 36 in 1821 to 73 in 1838 (Williams, 2016 p. 11). With the introduction of newly liberalized joint-stock banking law, Lancashire capital flooded its primary trading partner, the American South, with British credit and an intensified demand for cotton. The cotton growing states of Mississippi, Alabama, and Louisiana – especially New Orleans, the financial center of the South at the time, and site of the largest slave market in the United States- were subject to the majority of this investment (Williams 2016, p. 13-14). So while the US, British and other European national governments were in the process of dismantling the transatlantic slave trade, Southern owners of enslaved labor were trying to figure out how to expand their production of cotton –the most traded crop

¹⁴ The Acts define joint-stock banking as banking involving more than 6 investors, or financial actors. Previous to these two Acts, British banking was dominated by small firms made up of fewer than 6 investors.

of the 19th century- to meet the surge in demand from British manufacturers that had been unleashed by the liberalization of British banking laws.

In the mid-1820s, a Louisiana planter came up with the idea to mortgage the bodies of his enslaved labor capital so that he might be able to pay off the loans he had taken out to purchase them, as well as to be able to purchase more enslaved people to expand production. After the first lending institution to distribute these living-asset-backed loans was established and chartered by the state of Louisiana in 1827, the practice of mortgaging and securitizing (Baptist, 2014, p. 247-8; 256-9) enslaved labor surged in popularity, simultaneously expanding both cotton production and a reinvigorated demand for enslaved workers in the Mississippi River region at a breakneck pace.

Over the same three years that American cotton production (1833-1836) doubled in size, financialization worked to bring more than 150,000 enslaved laborers¹⁵ to the Mississippi Delta from the east coast. Historian Ira Berlin (2010) refers to this period of forced internal migration (roughly 40 years in total) as the ‘second middle passage’, its tragic violence mirroring the harrowing experience of the original Middle Passage, the transatlantic voyage from West Africa to North America. Permanently separated from their families back east, hundreds of thousands of enslaved people were b(r)ought into the area over the middle decades of the nineteenth century using joint-stock banking investment funds sourced from most of the world’s major financial centers —including those located in countries which had themselves already banned the slave trade — Amsterdam, Hamburg, Bremen, Paris, and London among them.

¹⁵ An estimated total of 388,000-450,000 people were trafficked from West Africa to North America between 1514 and 1866, not including natural rates of increase. Source: the transatlantic slave trade database, accessed 2/29/16 <http://www.slavevoyages.org/>

By 1839, banks chartered by the state of Mississippi had been capitalized to the tune of \$63 million. According to Baptist (254-255), already “By 1836, New Orleans had the densest concentration of banking capital in the country, outpacing Philadelphia and New York, suggesting that Louisiana might become the nation’s financial power center sometime in the near future.” At the same time, Williams (2016, p. 13) notes that the banks of Alabama and Mississippi were competing for dominance with northeastern banking centers like Rhode Island and Massachusetts, the heartland of ‘Atlantic shipping and commerce’.

The securitization of enslaved labor further reduced the quality of life for these trafficked people. The risky practice of leveraging debt worked the same then as it does now—save for in this instance the underlying asset is not an inanimate object whose value is leveraged, but a sentient human being: a human for whom the very materiality of life is inextricably bound to the mercurial price movements of a primary commodity, cotton. As the ‘appetite for yield’ (Ashton, 2009) from the ‘slave bonds’ grew in Europe and the US, planters became more indebted and even more desperate to increase cotton output in order to pay the loans off. Indebted planters used increasingly torturous labor management practices to ensure larger output, so that between 1800-1860 the per capita productivity of enslaved cotton pickers rose 400% (Baptist, 2014 p. 128-144). For these enslaved people, the Mississippi Delta area became notorious for longer and harder working days under more punitive conditions. Being ‘sold down river’ became tantamount to a death sentence (Woods,1998). The securitization of Black life thus grievously exacerbated the already egregious and untenable realities of enslaved labor in the American South.

The securitization of Black life in the antebellum U.S. South offers several crucial lessons for the development of urban-economic theories in the twentieth century. New historical work documents that the Southern plantation regions typically portrayed as less industrialized and less urbanized in comparison to the Northern urban centers were, in fact, intimately intertwined with urbanization through transnational debt and leverage circuits; financial networks of the sort that we would today associate with a global ‘world city’ hierarchy. Such insights merit a re-assessment of neoclassical urban perspectives on urban social structure (e.g. Berry and Kasarda, 1977) as well as Marxist perspectives on the urbanization of capital (Harvey, 1985) – both of which tended to examine large metropolitan regions as expressions of wider economic processes while obscuring the more direct connections between local- and household-level social reproduction and transnational processes. While more contemporary theory has sought to move beyond these now well-known limitations – e.g. Harvey’s “the body as accumulation strategy”, what I am concerned with showing here is the violence of the racialized social ordering inherent in these processes. The 19th century financialization of the hegemonic British economy was initiated, in part, by the liberalization of its banking system, which in turn kicked off new, transnational, mechanisms of urbanization and immeasurably intensified processes of racialization whose power seemed to otherwise be drawing to a close.

Collateralized Homes

In this next case study I consider how processes of financialization—including the practice of transnational investment by securitization—uses housing to shore up value production and the social order of racial capitalism in the late twentieth and twenty-first centuries. I do so by examining how financialization works at the neighborhood

level; first considering the impact of the subprime mortgage financial bubble and crisis before moving on to perform a relational analysis of the infrastructural condition of Black-majority cities in the next section. In these sections, the formal vessels of financialized value are no longer laboring Black bodies per se, but structures and places of African American domicile.

At its simplest description, the subprime market is a “high-cost lending” market (Chomsisengphet and Pennington-Cross, 2006). Subprime lending is differentiated from its more traditional counterpart, prime lending, in that subprime borrowers somehow fail to possess the characteristics necessary for a prime loan with a fixed, long-term low interest rate on major purchases like a house or a vehicle. Instead these ‘credit-constrained’ consumers are offered loans with increased fees, higher interest rates or variable interest rates, ‘balloon payments’ where interest-only payments are made throughout the life of the loan with the principal due in one final lump-sum, penalty fees for early repayment, or any combination thereof.

Subprime mortgages were popularized in the 1990s and early 2000s after financial deregulation and liberalization took place. Safeguards put in place in 1933 after the great stock-market crash of 1929 and the aftermath of the Great Depression were removed just over 60 years later in 1999 with the Financial Services Modernization Act, re-legalizing the merger of commercial and investment banking activities. In addition to the 1999 Act, one year later Congress passed the Commodity Futures Modernization Act of 2000, which stringently curtailed the ability to regulate popular forms of financial securities known as derivatives. What’s especially important to note here is the different relation to risk commercial banking and investment banking had previous to these pieces

of legislation. Commercial banking is highly regulated by the federal government, which insures deposits made by account holders through the Federal Deposit Insurance Corporation (FDIC), whereas investment banking activities are not insured and are more loosely regulated by the Securities and Exchange Commission (SEC), and therefore have a much higher tolerance for risk taking in the pursuit of higher margins of profitable return on investments. When mergers between commercial and investment banking activities became legal once again, the lines between these two very different cultures of risk became irrevocably blurred.

Subprime mortgages were hailed by the finance industry as a way to bring homeownership to those who would otherwise be denied a mortgage in the prime market. The issuance of subprime loans surged after financial liberalization took place, so that in 2006, 23.5% of all mortgages issued in the US were subprime (Financial Crisis Inquiry Commission, 2011 p. 70). While the financial industry acclaimed the ‘innovation’ of subprime mortgages as ushering in the “democratization of homeownership”, in reality the geographies produced by these high-priced loans served to retrench the racialization of finance. Investment banking’s high tolerance for risk infiltrated the mortgage industry (previously the domain of low-risk commercial banks), moving both the mortgage industry, and finance more broadly, away from exclusionary tactics of accumulation towards new forms of *inclusionary* discrimination. In other words, charging people more money to issue and service their loans based on perceptions of risk, rather than denying them access to funds outright. Ultimately, more than half of subprime refinancing loans were originated in majority Black census-tracts (Immergluck and Wiles, 1999), and “even at the highest income level” African Americans were “about three times more

likely to receive subprime mortgages than comparable whites” (Williams, et. al, 2005 p. 197). Between 2004 and 2005, the number of single Black women receiving subprime loans increased by more than 16%, which means that more than half of all single Black women seeking loans that year were shunted into the extractive subprime market (Wyly, et al 2012).

The securitization of subprime mortgages further contributed to the financialization of Black homes, as post-crisis ‘forensic’ evidence revealed that demand in the secondary (securities) market incentivized and expanded the downstream subprime mortgage market; meaning that investment banks particularly demanded “to purchase loans of poor credit quality in areas with high rates of house price appreciation” (Nadauld and Sherlund, 2009). Read: minority neighborhoods in gentrifying areas or high growth cities. Indeed, between 2002 and 2007, well over half of all subprime loans were securitized, and in 2007 more subprime loans were securitized than issued (Financial Crisis Inquiry Commission, 2011 p. 70).

Financialization is at work in the subprime securitization of Black homes in at least two ways: first, in the sense that predatory interest rates and other exploitative subprime fee and payment structures extract value from Black laborers at rates that deplete their collective economic power beyond the point of recovery (Burd-Sharps & Rasch, 2015). Second, the ongoing wave of foreclosures and forced home abandonment in Black neighborhoods occurring in the wake of the collapse of the subprime bubble not only reproduces pre-existing practices of racialized displacement in the urban fabric but creates new ‘red-lined’ geographies of socio-spatial marginalization as well. Both credit histories and a sense of place are destroyed. Black property values decline in the

widespread presence of foreclosure; urban services become more expensive to maintain and the rent gap begins to increase at an accelerated pace, tempting the moneyed class to initiate new rounds of accumulation by dispossession, new rounds of gentrification by eviction.

Collateralized Cities

Althusserian social reproduction differently targets not only gendered, raced, and classed bodies, households, and communities - it can also be used to understand the infrastructural condition of entire raced, classed, and gendered cities as well. Though the urban fabric of the US has never been evenly developed, a growing number of working-class cities have become caught up in two socially constructed, overlapping crises: first, a fiscal crisis brought on by neoliberalism's historic evisceration of an urban tax base, drastic reductions in state and federal funding, and culminating in restrictive austerity policies necessitated by offloading the privately amassed debt burden from the 2008 banking and foreclosure crises onto the public purse. Second, the related emergence of an urban infrastructural crisis, as the upkeep on infrastructures for essential services like water, electricity, roads, schools, etc. has become impossible for cities to maintain in the face of fiscal atrophy and, now, austerity.

The alternative funding source that has been pushed onto municipal governments is the purchase of funds from a private market in municipal debt; a market that charges poorer cities higher interest rates via the mechanism of municipal credit ratings (Hackworth, 2002). The consequent dilapidation over time of urban infrastructure within poor cities disrupts and often destroys previously established rhythms and structures of social reproduction in these places, intensifying and perpetuating the conditions of their

poverty and evacuating what opportunities previously existed for the social advancement (or maintenance) of most residents. The qualitative decline in urban living conditions further affects the credit rating of poor cities, increasing the cost of borrowing on the municipal debt market. A vicious cycle ensues.

Though working with different conceptualizations of what constitutes ‘the urban’, both urban political ecology (e.g. Kaika, 2005; Heynen, et. al, 2006) and planetary urbanism (e.g. Brenner and Shmid, 2015; Arboleda, 2016) approaches place analytical emphasis on urban infrastructures as systems of metabolic flows. At the same time, urban infrastructure provides an empirical point of entry for social reproduction theorists into the entanglement between political ecology and social reproduction, an acknowledged lacuna in the field (Meehan & Strauss 2015; Rioux, 2014). When viewed through the lens of social reproduction, then, urban infrastructure becomes more than a metabolic component; it also becomes legible as a testament to and the instantiation of collective ideas regarding standards and relations of living. The de facto revocation of essential metabolic flows into and out of particular urban areas due to fiscal crisis thus becomes a powerful conduit for the reproduction of racialized difference through geographies of social reproduction.

Functioning and well maintained urban infrastructures have long been perceived as necessary ingredients in the maintenance and reproduction of labor in high-performing economies. People need good quality housing, good quality water, good quality schools and roads, etc...to be good quality workers (see Katz, 2001). When major infrastructural projects are taken on during non-financialized periods, when the dynamics of the world economy are driven by commodity production rather than finance, infrastructure tends to

be produced by governments, and conceived of as public goods that are to be paid for (or heavily subsidized) internally, by the state. Examples of this sort of relationship occurring under the current cycle of American hegemony include deficit infrastructural spending under the New Deal (e.g. the projects undertaken by the Works Progress Administration), and the subsidization of suburbanization as a general process under Keynesianism. Examples of infrastructural projects under commodity dominant phases of previous hegemonic cycles are not the focus here, but include the urban infrastructure developed in British, French and other European colonies under early settler-colonialism during British hegemony, or even Haussmann's early upgrades to the Parisian sewer system (Gandy, 2014).

However, when infrastructural projects are taken on during periods of financialization, they are produced and conceived of as investments that need to be profitable. In Waldby and Cooper's terms, they are no longer 'gifts' of a welfare (or early-colonial, or dirigiste) state, but transactional ventures. The costs of construction and maintenance must be largely *external* to the state, and they are no longer primarily perceived as public goods that are necessary to the social reproduction of labor, but as collateralizable assets whose exchange value can be leveraged. Examples of American infrastructure produced during periods of financialization include, of course, the recent wave of subprime housing; but also housing before the Great Depression, which was largely tenement-based in large urban areas, as the state had yet to mandate long-term mortgages and banks were not forthcoming on their own (Schwartz 2015, pp. 69-70). Urban water systems constructed before the New Deal were also typically constructed as

private financial investments (see especially the early history of the LA River, Cumings, 2009, p. 244-264; Gandy, 2014 p. 151).

Take for example a 2015 comment made almost in passing by an environmental lawyer representing the metro-Jackson area's flood control district. We were discussing the merits of a controversial flood control plan popularly known as the "two-lakes" plan, which would dam the flood-prone Pearl River, creating lots of lakeside property ripe for residential and tourist development in the process. The plan was being spearheaded by local property magnate Leland Speed, who also happened to be the Governor-appointed board member of the flood control district. When I asked the lawyer about the economic development motives that lay behind the two-lakes project, he summarily replied, "Yes there are [economic development] aspects to this, but they are not the main point. To build a project this scale and size today you *must* have some sort of [economic] benefit. You will find that the best solutions for flood control are not economically viable, [but] you have to have economic growth." He went on to explain that the portion of money the federal government would expend on the project wasn't attached to such expectations, yet neither was it anywhere near enough to fund the entire project. "But to get the rest of the money, yes", he said, the economic development and value-added components of the project become major factors of consideration. "Say we ask the state for \$50 million. The Governor will want to know what he's getting out of it."¹⁶

This exchange between the environmental lawyer and myself illustrates the contemporary requirement major infrastructural projects have to be financially leverageable. It is not enough to provide users of the infrastructure with a valuable

¹⁶ Interview, environmental lawyer, June 2015.

service. The underlying facilities must somehow also create, or provide access to, revenue streams. The following figure displays this changing relationship between the state and infrastructure over time:

Figure 3. Infrastructure under Financialization in the Long Durée

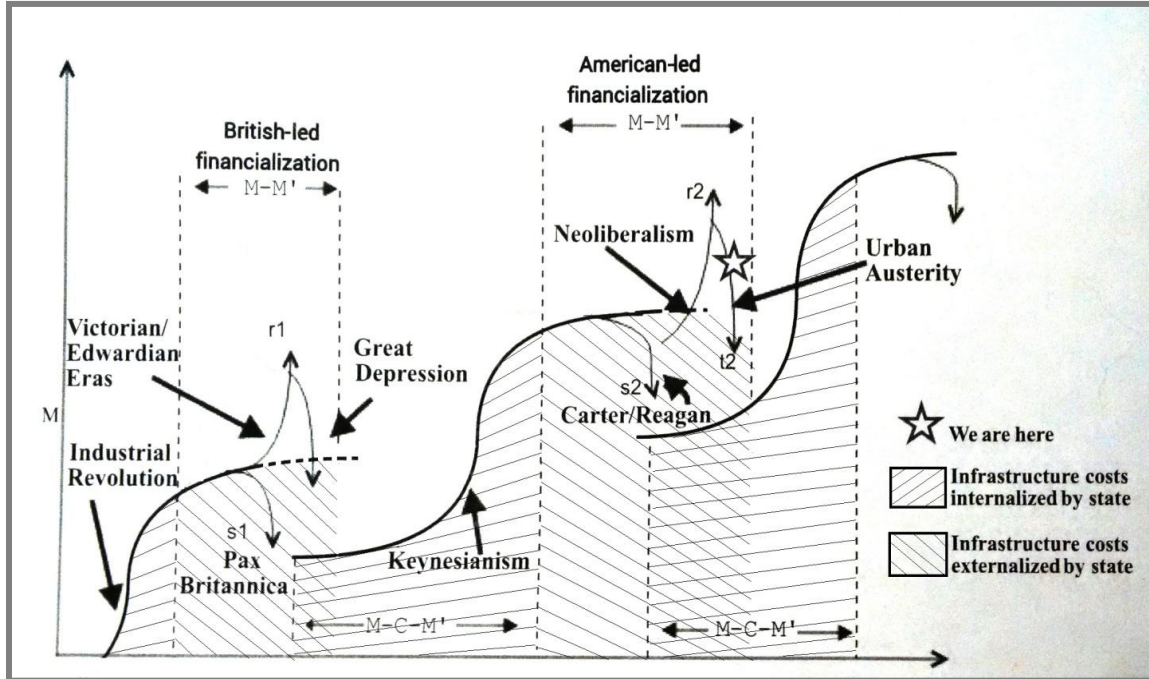


Figure 3 displays a periodization of the British and American hegemonies, along with their changing relationship to infrastructural costs, depending on the presence or absence of financialization. The beginning of Pax Britannica, around 1815, is taken to be the rough start date of the burgeoning financialization of British-led hegemony, while the late Victorian and Edwardian periods in England correspond to this hegemony's 'belle-epoch' and are roughly contemporaneous with the so-called 'Gilded Age' in the US. During this time in particular, infrastructure was often perceived to be completely within the province of private interests, which is well illustrated by the domination of one of the most important urban and inter-urban infrastructural systems of that time, railroads, by a few large, private corporations. Gandy (2014, p. 89) also documents the tightening of the British colonial purse for water infrastructure in Lagos beginning around the turn of that century as well, indicating a roughly simultaneous withdrawal of the state in the infrastructure sector. The state reemerges as a primary actor in the aftermath of the Great Depression, and remains heavily financially involved in building and sustaining urban and social infrastructures until financialization returns in the late twentieth century, around the time of the elections of Reagan in the US and Thatcher in the UK, at which point the state begins to withdraw again. It is, lastly, important to reiterate that this diagram is not a precise or predictive portrayal of events. It just shows the dynamics and relationalities of long cycles and financialization at work.

The contemporary moment of municipal sewerage and water system upgrading in the US, spanning from the privatization efforts of the early 2000s to the massive loans currently being taken out by cities via the municipal bond market, is another example of Althusserian social reproduction occurring via the financialization of urban water

infrastructure. At present, financialized racial capitalism is hard at work within the ongoing and escalating series of water-related crises in Black-majority American cities, including: the 2011 sewer system related bankruptcy in Birmingham, Alabama (Smith, 2010); a looming \$4.7 billion dollar unfunded sewerage mandate in St. Louis, Missouri (EPA, 2011); mass water shutoffs in Detroit, Michigan in misguided attempts to collect fees to pay city creditors (Bellant, et al, 2014); lead poisoning in Flint, Michigan due to relocating the source of city water to a toxic river in austerity-driven attempts to cut costs (Kennedy, 2016); and lead and other particulates in the water and multi-million dollar unfunded, yet mandated, sewerage upgrades in Jackson, Mississippi (Wolfe & Fowler, 2016). Each of these water-based crises of infrastructure are collective raced- and classed-expressions of financialized geographies of social reproduction.

Black-majority cities without the ability to leverage strong commercial and residential tax-bases as collateral in the ‘muni-market’ must finance their bond repayments with increases in user-fees, meaning that utility bills have increased exponentially for some of the nation’s poorest urban citizens. Over the 11 year period, 2001-2012, Jackson, Mississippi’s water bill rose by 110%; Cleveland’s by 130%, Baltimore’s by 140%, Atlanta’s increased by 233%; and since 1996, Birmingham, Alabama’s water bill has been raised by more than 329%, with annual increases scheduled through 2053 (Smith, 2010; McCoy, 2012; Braun, 2013; Wright, 2014). And in Detroit, the city’s municipal bankruptcy judge found that though “water is a necessary ingredient to sustaining life”, Detroit citizens “do not have an enforceable right to it” (Gottesdiener, 2014). Regarding the other water-based urban disaster currently unfolding an hour north of Detroit, in Flint, Michigan, a pediatrician remarked -in reference to the

risk of developmental brain damage associated with ongoing exposure to lead poisoning that the children of Flint face every day, that: “If you were going to put something in a population to keep them down for generations to come, it would be lead” (Goodnough, 2016).

Discussion: Interpellations of Financialization

When we bring these three case studies together, one of the clearest and most compelling implications of long durée financialization is that, as a geography of social reproduction, it is historically constructed upon the bodies of particular raced and classed people and their places. Financialized geographies of social reproduction located in the US in particular (whether created by British or American hegemonies) have always fed from the violently extracted value produced by Black lives and labor.¹⁷ What is specifically different about the production of value in eras of financialization is that geographies of social reproduction no longer appear as unremunerated ‘gifts’—whether from particular bodies, or from the state—but become actively celebrated geographies of value extraction and, consequently, subject formation. Under financialization, the commodity circuit of value production, MCM’, is not then, actually replaced with the money circuit of value production, MM’. Money after all, is no more or less than the fungible symbol of a credit-debt relationship between people. Rather, under financialization racial capitalism appears to invest directly¹⁸ into particular raced, placed, gendered, and classed forms, makings, and relations of life, MLM’.

¹⁷ Importantly, this is not to say that financialization is the originary source of racial capitalism.

¹⁸ Rather than indirectly, by way of commodity production.

During commodity-driven phases of economic growth, marginalized groups are likely to be spatially contained —‘red-lined’— by state regimes attempting to provide for the social reproduction of labor as a necessary good. These sorts of exclusionary tactics were often experienced by African Americans and other marginalized groups under Keynesian infrastructural regimes for example (Leitner, et al. 2007; Hackworth, 2016). But during phases of financialization, the plights of these same ‘outsiders’ are identified as sites of opportunity for new value extraction. Crucially, these newly active sites and processes of value extraction come attached to normative demands for behavioral modifications in the (human) objects of investment, and a corresponding evolution in, and expansion of, ideological narratives supporting the production methods of the dominant mode of accumulation. Socially-constructed axes of difference thus become re-embedded into these newly financialized regimes of accumulation.

Take the current vogue of social impact investing for instance. Here the moneyed classes can invest ‘ethically’ in social policy and urban infrastructure projects like low-income housing (Lake, 2015). A key aspect of programs like this is the double-helix like process of interpellation, or subject formation, that simultaneously affects both the (human) objects of investment and investors themselves. To take up Tadiar’s (2013) framing again, neoliberalized conceptions of personhood aimed at typically low-income and/or minority objects of investment are meant to produce desired changes in behavioral patterns. The process of ‘responsibilization’ for example, renders human investments more compatible with processes of capitalist value production and accumulation. In turn, the corresponding rhetoric of social impact investing - ‘feel good while doing good’ - is a motivating ideology meant to convince interpellated neoliberal investor-subjects of the

righteousness of their money-making activities (Kish and Leroy, 2015). Social impact investing in low-income housing, for example, thus attempts to regulate the behavior and identities of tenants in order to produce both investment objects who pay their rent on time, as well as human ‘success stories’ for the feel-good annual investment report to share-holders (Rosenman, 2016). Another, previously active, site of this sort of bifurcated interpellation process was the sub-prime mortgage market. With subprime loans, if ‘risky’ borrowers work harder to meet higher payments, they can purchase or keep their own home. Meanwhile, subprime investors can feel good about giving ‘low-and-no-credit people’ a home-loan *and* make a decent return on investments.

Baptist (2014, p. 126-140; 234-245) also extensively discusses the behavioral and body traits inscribed upon enslaved men and women by the structural parameters of chattel slavery. Women chosen to work in plantation houses were selected with preferred aesthetics in mind and faced the rampant sexualization of their person. Enslaved field workers, under threat of physical torture, faced the task of psychologically and kinetically retraining their hands to work independently of one another in order to meet daily cotton-picking quotas as they rose exponentially throughout the mid-nineteenth century, in tandem with planters’ debt. These and other traits that slave-traders and planters desired and encouraged in the people they bought were matched, as is well-known, by a corresponding rhetoric of Black dehumanization that served to rationalize the practice of chattel slavery.

Such examples, past and present, highlight the key role played by this twinned process of subject-formation in eras of MLM’: financialized geographies of social

reproduction are sustained - in the short- to medium-term at least - by simultaneously producing the objectification of invested-humans and the ablation of investor-subjects.

Attempts to thwart, resist, or escape such processes of interpellation on the part of invested-humans have historically produced an armed response by the state – whether through legislative events like the Fugitive Slave Law of 1850 that punitively enforced the return of escaped enslaved persons to their ‘owners’; or through the ongoing wave of police-enforced evictions of people like 90 year-old African American woman Addie Polk, who attempted suicide on her eviction day, having lost her home to predatory mortgage lenders in the aftermath of the subprime financial crisis (Wyly and Ponder, 2011). The ongoing phenomenon of over-policing ‘under-infrastuctured’ Black-majority cities and neighborhoods is another example of state-violence in reaction to the resistance of, or inability to adopt¹⁹, invested- and responsabilized- subjectivities. This happens via official policies like the NYPD’s stop-and-frisk, which overwhelmingly racializes pedestrians suspected of criminal intent; or St. Louis’ metro-wide de facto policy of ticketing for ‘poverty-infractions’, like an expired car registration (see e.g. Balko, 2014); or the militarized riot control measures many cities have imposed on public demonstrations carried out in the name of the Black Lives Matter movement.

There is, then, a dual sense with which I use the phrase ‘securitized urbanity’, in the title of this chapter. During eras of financialization human objects of investment are simultaneously securitized from both above (in the financial sense) and below, as racialized- and militarized- state securitization policies intensify. The word ‘urbanity’

¹⁹ Tadiar (2013) describes the inability to conform to designated neoliberal conceptions of personhood, like responsabilized poorness, as the ‘threshold of theoretical intelligibility’. Below this falls surplus population.

also holds a duality. Not only do the material sites of finance-based socio-spatial marginalization ongoing within late American hegemony appear to be coalescing in heavily racialized (or racialized and now gentrifying) cities —take for example the recent bankruptcies of majority-Black Detroit, MI and Birmingham, AL— but the celebratory narratives constructed around these financialized methods of value extraction both produce and perform the illusion of the ‘urbane’ investor. Mortgages and municipal bonds are ‘safe’ investments; social impact bonds ‘help good causes’. Investors are rendered innocently cosmopolitan while the spatialities of violence inherent to financialized circuits of production become detached from the social relations producing them.

Conclusion: First as Commodity, then as Collateral

Capitalism isn’t an aspatial, linear path of development from undeveloped to developed, nor is it a stage of development midway between feudalism and socialism: there are (already racialized) social, political, and economic relations undergirding the hierarchical capitalist world system that will always produce and demand subordination and dominance within it (Gunder-Frank, 1966; Wallerstein, 1974; Robinson, 1983). These relations shift every 100-150 years or so, when a new dominant power begins to rise (Braudel 1981, 1982, 1984; Arrighi, 1994), but these shifts are not intended to uproot the racial ordering of the world system – rather they reaffirm and reorganize it to match new conditions of value production. What I have shown here is how, under racial capitalism, phases of financialization re-invigorate these pre-existing racial hierarchies. New operationalizations of old forms of racial difference work to, temporarily at least,

shore up and strengthen the political-economic power of the ageing hegemon's ruling class through an increased invocation and exploitation of the debt relation. As such, financialization is not so much internal to the logic of capitalism as it is a class project - one that ruthlessly reshapes the lived experience of racialized people.

As the moneyed classes begin to use financial logics to rework regulatory processes, new mechanisms of urbanization are initiated and new socio-spatial relations are formed. The financial liberalization that took place under the British Joint Stock Banking Acts of 1826 and 1833, and the US Financial Services Modernization Act of 1999 and Commodity Futures Modernization Act of 2000, created new networks of debt-based relations of value production, connecting borrowers at both the household and municipal levels to transnational circuits of debt investment. Under these debt relations, specifically under the debt contracting practice of collateralization, the exploitation of enslaved labor drastically intensified through forced migration and ever more torturous labor practices at a time when the institution of enslavement was otherwise in the process of becoming internationally prohibited. Under the return of these debt-based relations a century and-a-half later, Black borrowers in the US began to pay egregiously higher interest rates to purchase homes than similarly situated white people, at a time when official policies against redlining and housing discrimination had been on the books for decades. And finally, under these debt-based relations the racialization of urban water infrastructure has begun (again) in earnest, at a time and place where most residents would assume questions of equitable access to potable water to be the problem of a so-called 'developing' country, or the problem of centuries past, rather than that of the current world hegemon.

Under financialization then, racialized dispossession and processes of urbanization and urbanism happen through the extraordinary reach of the debt relation and corresponding processes of collateralized accumulation that seek “to take the house”. What’s more, the urban forms and relations associated with these transnational circuits of debt are not so much connected through issues of waged labor or shop floor commodity production per se, but through the rubric of social reproduction. Households and cities are increasingly funding basic essentials like housing, water systems, and other necessary infrastructure by way of private debt markets with increasingly racialized outcomes. Financialization is thus not a new process, but a recurrent, (re)racializing geography of social reproduction.

In closing, I return to Jesse Williams and the quote that opened this piece. The books have been cooking for hundreds of years regarding the credit-debt relationship between African Americans and the institutional structures of the world system and American political-economy, distorting perceptions of our shared experience for too long. Black people have, in every possible sense, been floating this country on credit for centuries. In Williams’ poignant words:

“We’ve been floating this country on credit for centuries, yo. And we’re done watching and waiting while this invention called whiteness uses and abuses us, burying Black people out of sight and out of mind while extracting our culture, our dollars...like oil, Black gold. Ghettoizing and demeaning our creations, then stealing them, gentrifying our genius, and then trying us on like costumes before discarding our bodies like rinds of strange fruit. The thing is though, that just because we're magic doesn't mean we're not real.”

*

The following two sections, Heat and Bonds, delve further into questions of how financialization works under racial capitalism in the contemporary moment, specifically looking at how it is reworking, and re-racializing urban infrastructure in America today. By tracing the ways in which key Environmental Protection Agency policies regulating municipalities have been reconstituted by financial logics, Heat explores the regulatory impact of neoliberalization and urban austerity on the ways in which cities are made to reconcile economic and ecological exigencies. After that, Bonds takes an in-depth look at Jackson, Mississippi's experience attempting to finance its water system repairs under conditions of financialization, while also attempting to avoid raising the utility bills of its residents.

Heat

*Heat, just like work, is an energy transfer...those are the only two things that energy can do; it can either be work, applying force and moving things, or it can be exchanged as heat. Both processes result in an energy transfer between systems.*²⁰

In common parlance, we are used to thinking of heat as a characteristic of something - food, places, or even people. We almost never relate to heat as the energetic process it really is, and we never place it in social relation to our understanding of the process of work. This relationship has been laid out for us, though, (rather laconically) by the makers of a series of educational videos, “crash course chemistry”, using the example of a frozen banana stand positioned just at the bottom of a steep hill. If a car driving down the hill applies little to no brake, it will quickly crash into the frozen banana stand, doing a lot of work to both frozen banana stand and car. However, if the driver of the car applies the brake and slows down, heat will be produced by the friction of the brake pads against the tire instead, and little work will be done to the frozen banana stand, or car.

In a similar way, heat is also produced within and exchanged between different systems at work under racial capitalism. For example, heat can be produced within the system of African-America in the form of myriad practices, both individual and collective, of social resistance against the power of racial capitalism. Conversely, heat can also be produced by racial capitalism in response to these seekers of social and racial justice via a suite of individual and collective revanchist actions, from hate crimes, to

²⁰ Crash Course. “Energy & Chemistry: Crash Course Chemistry #17”. *YouTube*. YouTube, June 13, 2013. Web. 5/6/2017. <https://www.youtube.com/watch?v=GqtUWyDR1fg>

operating covert programs designed to infiltrate and discredit social movements and organizations (i.e. the Federal Bureau of Investigation's COINTELPRO division), to the election of an 'alt-right', or white supremacist, president.

Yet heat is also evanescent. It is produced not only in opposition to the work of other systems, but also internally, within systems as well. This self-generated heat invisibly and unevenly percolates through intersectional cracks and fissures of socio-economic and socio-cultural geographies. Both the initial grounding and chapter for this section explore this quality of internal evanescence, primarily through considering how the regular functioning of a specific mode of production within racial capitalism, neoliberalism and its variegated moment of urban austerity, produce unbearable socio-ecological living conditions within racialized urban areas. Heat is experienced here through the rising distress caused by living in environmentally toxic or unsafe areas, which in turn gives rise to the heat of systemic resistance within affected communities.

However, a second grounding appears at the end of this chapter, and is used to explore how heat permeates and is also internally generated *within* these movements dedicated to the social resistance of racial capitalism as well. Here I use an encounter between Mississippi- and California-based activists to momentarily refocus the discussion back to questions of methodology, and ultimately to the question of political strategy. My aim being to illustrate how heat is often unintentionally produced through assuming shared norms and context in the face of difference – a key tension that Cedric Robinson argues was also at play in the emergence of the Black radical tradition as a distinct intellectual and political inheritance apart from Marxism.

Grounding - Water, Water Everywhere

It's close to nine at night and I've just picked a friend up from Jackson's small regional airport. We're driving to a restaurant for dinner. I've only been here for about a month, so I'm still making a point to take local roads rather than the interstate highways that bisect the city. Although we're just a couple miles southeast of the city center, ours is the only car on the loud, deeply grooved road. As we stop for a red light at a quiet, unlit intersection, a broken fire hydrant on the sidewalk next to us gushes water out onto the dark street. Water is everywhere, flooding the road and surrounding sidewalk, making it very apparent the hydrant has been broken for quite a while already. My friend makes a noise of stunned disbelief. He's here for the Jackson Rising conference on workers' cooperatives and has heard a bit about the state of Jackson's urban infrastructure, but seeing it firsthand gives him a whole new kind of understanding.

Jackson residents are living in a built environment that is literally falling apart. The most visible marker of this dilapidation is of course the many structurally unsound and often vacant buildings dotting the landscape. Less visible are the roads that are too old and too rough with grooves and potholes to be driven safely, and the sewer and water systems that both need complete overhauls to be functional. Broken sewer lines are frequent issues, and it's common knowledge that the tap water within certain residential parts of the city is unsafe for drinking. When he became Mayor of Jackson, Chokwe Lumumba inherited an unfunded mandate from the Environmental Protection Agency (EPA) to resolve the issues with the sewer system or else be sued by the federal department. The EPA estimates that Jackson must come up with \$500 million to do this -

but in order to fix the sewer system city leaders also have to find a way to fund and refurbish the entire water system, a much more daunting, and much more expensive task.

Some members of Lumumba's administration wanted to fund the project via corporate tax so that the working-class residents of the city wouldn't be burdened with the costs of repair, but this proved to be a totally unsaleable idea to the larger political community (Akuno, 2015). So, City Hall embarked on cobbling together a patchwork approach to finding the necessary funding. One of the pieces of funding that Lumumba was initially opposed to, but which eventually became a part of his Mayoral legacy, is the one-percent sales-tax. A sales-tax is often considered a regressive form of raising municipal or state revenue, as the poorest residents are taxed at the same rate as wealthy residents. However, in cases of racialized and classed 'regionalism', like the Jackson metro-area, where wealthy white suburban commuters enter impoverished, racialized cities by day to conduct business or shop, but then leave at night, escaping any area income tax – a sales tax helps to capture this otherwise forgone source of revenue.

About two months before I arrived, Lumumba's one-percent sales tax was put to the voters to pass, and they did so by over a 90% margin of favorability (Barnes, 2014) – a clear sign city residents were serious about having their water system fixed as soon as possible. Yet, as Kali, a co-director of Cooperation Jackson and Mayor Lumumba's Director of Special Projects and External Funding, told me during an interview later that summer, the "rules of engagement are different for Jackson." "Normally", he said, "cities can pass a sales tax themselves, without permission from the state legislature." However, John Horhn, Jackson's Democratic Senator in the state legislature, told Kali and the rest of the Lumumba administration that Phil Bryant, Mississippi's Governor,

said only way the one-percent sales tax would be passed was if a commission was established to ensure “responsibility” in spending the proceeds of the tax; a commission on which the city itself would hold a minority position, and where the Governor would appoint at least two positions himself.

Most cities in the US operate under the potentially very restrictive nineteenth century law known as ‘Dillon’s Rule’, which stipulates that local governments only have the powers of governing granted them by their state governments. However, a tradition of “home rule” has been subsequently established, by which state legislatures often acknowledge the authority local governments have over “matters of purely local concern”.²¹ By noting that the rules of engagement are different for Jackson, Kali was inferring that the Black-majority city is often not granted local autonomy by the largely white and rural or suburban-based members of the Mississippi state legislature. Governor Bryant’s insistence on establishing a sales-tax commission to oversee the distribution of revenue in Jackson was just the latest in a series of legislative maneuvers designed to limit the self-determination and agency of the city. Before this, Kali noted that there had already been an anti-union contracts bill passed by the state legislature²², and the introduction of an emergency manager bill modeled from Michigan’s infamous financial emergency manager law, which was currently on the docket as House Bill 627, an “Act to create the Municipal Government Responsibility Act”, at the time of our interview in 2014. “These pieces”, Kali told me, “are all written to seem applicable to

²¹Richardson, Gough and Puentes (2003).

²² Senate Bill 2797 of the 2014 legislative session became “Mississippi employment fairness act”; to provide that the state shall retain exclusive authority to regulate certain labor agreements or provisions that are the subjects of collective bargaining agreements under federal labor laws; and for related purposes.” In practice, local authorities no longer have the power to stipulate use of unionized labor for city projects. (Mississippi Business Journal, 2014; Mississippi State Legislature, nd.)

any city in the state but they are substantively only applicable to Jackson – which is historically in a monitored role by the state”.

Over the course of the next several days at the Jackson Rising conference, it became clear to me that conference participants living in Jackson, Detroit, and other Black-majority cities were all living with and through a disintegration of their basic urban infrastructures and services. What I gathered from overheard lunch conversations, whispered asides during workshops, and in social spaces after the work of the day was done was that, in Black urban spaces throughout the US, city water is essentially no longer assumed safe to drink anywhere. Moreover, these same Black-majority cities are all largely confronted with reticent majority white, rural- or suburban-based state legislatures. It is, I began to realize, the absence of a consensual, working relationship between racialized city and (white) state that is, at least in part, responsible for the disintegration of urban infrastructure in these places.

The coming chapter expands on this initial thesis by following the regulatory transformations of environmentally sensitive urban infrastructure found in several different Black-majority cities through the current era of financialization. I do this by building on the previous section’s framework – that is, by taking neoliberalism as the conjunctural regulatory expression of the financialization of American hegemony (a time where the costs of urban infrastructure are externalized by the state), and tracing the effects processes of neoliberalization and post-crisis austerity have on the relationship between the United States Environmental Protection Agency, American cities, and their States. Here I continue following the path of financialized racial capitalism by way of tracking the institutional and regulatory ‘capture’ of the EPA and its policies by financial

logics, as well as continuing to apply a comparative approach to studying Black urban space in the US that I develop more fully in the next section, Bonds. The chapter begins at a toxic landfill on the outskirts of St. Louis, Missouri, just a few miles away from the city of Ferguson, and follows the neoliberalization of EPA regulatory policies through to the water infrastructure crisis happening in bankrupt Detroit, Michigan. After that, the story moves over to Atlanta, Georgia and bankrupt Birmingham, Alabama to consider the role of austerity-influenced politics in the ability of cities to finance urgently needed water system upgrades.

Chapter 3 - The Difference a Crisis Makes: Environmental Demands and Disciplinary Governance in the Age of Austerity

While the flames of racial tension and social outrage run through Ferguson, Missouri over the non-indictment of police officer Darren Wilson for the killing of Black teen Michael Brown, another fire burns underground at a landfill just ten miles west of there, and has been for the past five years. The long-lived fire at the Bridgeton Landfill in St. Louis County, caused by chemical reactions occurring within the buried refuse, is producing a noxious mixture of gasses containing known carcinogens and neurotoxins that are affecting the health of residents and their children. Locals describe the odor emitted from the gasses in terms ranging from “rotten eggs mixed with skunk and fertilizer”, to “dead bodies” (Rivas, 2014).

What’s worse, the perimeter of the fire sits just 1,200 feet away from an Environmental Protection Agency (EPA) Superfund site containing an estimated 8,700 tons of radioactive nuclear waste (Hseih, 2013). No one is actually sure how much is really down there though, as the site was used as nuclear dumping grounds multiple times -- waste from the Manhattan Project is buried there (by private federal subcontractors), along with nuclear waste dumped by other private entities (Barker, 2015a; Barker 2015b; Schuessler, 2015). Meanwhile, a report compiled for the Missouri Department of Natural Resources stated that temperature readings from the nuclear waste suggest the underground fire is moving closer (Emshwiller, 2014). Both landfills are located in a floodplain, just 1.5 miles away from the Missouri River, and eight miles upstream from a water reservoir that serves approximately 300,000 St. Louis residents.

Various EPA reports have noted that the Superfund site may release even more radioactive radon into the air, and possibly contaminate groundwater as well if heated by the underground fire. A landfill fire expert has explained that if the chemical reaction fueling the fire grows too fast it could “cause the landfill surface to cave in”, bringing flames above ground and giving it better (and quicker) access to the radioactive waste. And expert landfill consultant Peter Anderson has warned that the worst case scenario facing the city is the ignition of a “dirty bomb” that would result in the “non-detonated mass release of floating radioactive particles in metro St. Louis”, up to 10 miles away from the site of dispersal – bringing Ferguson into radiation fallout range. (Hsieh, 2013; Emshwiller, 2014, Lacapra, 2014a). Astonishingly, the solution the EPA has decided upon to resolve the imminent threat to public health this situation poses, is to pile “five feet of dirt and rocks” (Hseih, 2013) on top of 8,700+ tons of radioactive refuse sitting in a floodplain, and call it good – despite the potential presence of an oncoming chemical fire.

Meanwhile, in the same city, the EPA has served the St. Louis metropolitan sewer district with a \$4.7 *billion* dollar Clean Water Act (CWA) consent decree, mandating unfunded upgrades to the city’s sewage system (EPA, 2011). To put this figure into perspective, the entire national Community Development Block Grant program, one of the longest running national programs for local infrastructure development, was funded at \$3.06 billion for the nation as a whole in 2016. All of the local governments collectively throughout the entire nation received a billion dollars *less* funding than the projected needs of a single city for a single infrastructural issue. Similarly exorbitant unfunded infrastructural mandates have recently been handed down by the EPA to other cities as

well, including Kansas City, Missouri (est. \$2.5 billion), Chattanooga, Tennessee (est. +\$250 million), Jackson, Mississippi (est. \$500 million), and Baton Rouge, Louisiana (2002 est. \$618 million, 2013 actual cost, \$2.9 billion) (EPA, enforcement, n.d.; Anderson, 2013; Allen, 2013). And Birmingham, Alabama has been caught in the midst of an EPA consent decree-induced financial crisis since 2011, when its home county was forced into bankruptcy after borrowing \$3.2 billion through municipal bonds and complex interest-rate swaps in an attempt to finance a 1996 Clean Water Act consent decree.

How can we reconcile an EPA that selects a \$41 million dollar “in-situ cap” solution to a Superfund site with more than 8,700 tons of nuclear waste sitting less than 1,000 feet away from an underground fire and less than two miles away from the Missouri River – over the alternative of a \$400 million dollar excavation and complete removal of radioactive waste (Tomich, 2013a) - with an EPA that imposes multi-billion dollar Clean Water Act consent decrees on struggling cities across the nation? This chapter works through this question in four sections. The first two sections think through the EPA’s problematic calculus regarding the relationship between financial and environmental risk by placing the institution within the historic context of neoliberalization and now, post-crisis urban austerity. In section one, following Bakker (2010), I make the case that while the same overarching neoliberal logic is at work amongst all the various branches of the EPA, the different socio-natures over which the Superfund and CWA are responsible have caused them to undergo the *process* of neoliberalization along materially different lines.

However, contemporary urban governance landscapes have been ruptured by a nationally extensive financial-turned-fiscal crisis. In this new era of intensified social service asceticism, calculating the difference between pecuniary expenditure and environmental risk is now done using a much higher benchmark. In the second section I explore the idea that under the austerity-driven state, bodies exposed to socio-ecological vulnerabilities have become (further) devalued in relation to the task of paying off newly acquired financial debt from the banking system. By extension, the effects of such vulnerabilities are exacerbated within exposed populations, and the resulting austerity-induced inequities produce their own undesirable path dependencies, reproducing socio-spatial marginalization and re-embedding the racialization of urban space. I do this first by providing an initial overview of the market-driven funding context cities are currently faced with in the long-term absence of federal support. I then go on to present the ongoing water crisis happening in Detroit, Michigan as an example of the sorts of regulatory violence induced by the application of financial logics to environmental risk. Here I show that the violence endemic to general processes of neoliberalization has qualitatively intensified during this period of fiscal austerity.

The third section pushes this line of reasoning further, considering how austerity-influenced regulation produces and reproduces both new and historic socio-spatial inequalities. Here I use the lens of ‘infrastructural downloading’ -- shifting the financial burden of replacing aging infrastructure away from the federal and state-level governments and onto cities -- to present a comparative case-study of two locales: pre-crisis Atlanta and post-crisis Birmingham/Jefferson County, Alabama. The story of these two municipalities highlights the changing positionality of consent-decree cities within

the American political landscape: whereas pre-crisis Atlanta was able to broker financial assistance and even a working partnership with the state of Georgia, Jefferson County, Alabama is now considered anathema to its post-crisis state-level government - as are other American cities in the same position.

A fourth and final section puts a name to the face of those bodies and cities made most vulnerable in the crucible of austerity. While the era of austerity may be the new incarnation of neoliberal regulation and accumulation, the violence it inflicts remains bound to historic circuits of abuse and oppression. Simultaneously, however, this also provides those who fight against it access to a deep wellspring of cultural memories of civil resistance and determination to prevail against overwhelming odds.

The Neoliberalization of the EPA in Two Acts

The EPA was established in 1970 and marked the eleventh-hour launch of what has been described (Purcell, 2012) as ‘environmental Keynesianism’. This was perhaps the last significant wave of Keynesian ‘collectivist’ legislation to see daylight in the U.S., as the American state apparatus began transitioning to a neoliberal operational framework during those same years. In its broadest depiction (Peck and Tickell, 2002), neoliberalism is characterized by an ideological adherence to market-based solutions to governing, and a similarly strong disavowal regarding the legitimacy and effectiveness of state-based collectivist logics (Keynesian or otherwise). More recently, the analytical depiction of the process of neoliberalization has been further refined to include the idea that neoliberalism is ‘variegated’ (Brenner *et al.*, 2010; Bakker, 2010) – in other words that neoliberal processes unfold differently in different locales, according to specific institutional path dependencies, socio-cultural inheritances, or even according to the

different biophysical characteristics of the surrounding (or policy-relevant) environment. This section examines the variegated processes by which the neoliberal transition took place in the two legislative acts most relevant to our unfolding story: CERCLA, the act governing the Superfund program, and the Clean Water Act, which is responsible for regulating the pollution produced by municipal sewer systems.

CERCLA: Keynesianism's 'Parting Shot', and Roll-Back/Roll-Out Neoliberalism

The Keynesian creation of the EPA was followed in short order by the passage of several more collectivist-type laws of major environmental significance, including the Clean Air Act (1970), the Clean Water Act (1972; 1977), the Safe Drinking Water Act (1974), the Toxic Substances Control Act (1976), and the Resource Conservation and Recovery Act (1976). Then, in December of 1980, in the very last weeks before the inauguration of Ronald Reagan and the national metastasis of the neoliberal agenda, President Carter passed the Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA -- a move Mark Purcell (2012) describes as a 'parting shot from a dying Keynesian tradition'.

The EPA's Superfund program was established under CERCLA and operates under its auspices. Both the legislation and the Superfund²³ were created in response to public outrage over the discovery in the 1970s of illegal toxic waste dumps in multiple locations around the country; Love Canal, New York and 'Valley of the Drums' in Bullitt County, Kentucky are two of the most famous cases. Now there are 1,322 Superfund sites in total, while an additional 47 have been proposed (U.S. EPA, National Priorities

²³ Point of clarification: The EPA maintains that CERCLA legislation and the Superfund are one and the same and talk about them interchangeably. However, in much of the literature surrounding them, they are conceptualized separately.

List, n.d.) CERCLA is a ‘polluter-pays’ law, and the original intent of the Superfund program, as indicated by its name, was to create a type of endowment out of fees charged to polluting entities in order to finance the clean-up of these illegal dumping grounds. Yet by the end of the Reagan Administration’s two terms in office, while 799 sites had been given Superfund status, only 16 had been cleaned up. And the federal agency had only managed to collect \$40 million out of \$700 million in potential clean up fees from polluting companies (NYT, 2/7/1994).

The underperformance of the Reagan Administration in this context is best understood as an initial move in what Peck and Tickell (2002) describe as ‘roll-back’ neoliberalism. As mentioned previously in Chapter Two, the process of neoliberalization as it has so far unfolded in North America has had two broad-brush moves: first a ‘roll-back’ period of state dismantlement, involving deregulation and devolution of responsibilities to state and local governments and other organizations; and then a second phase of ‘roll-out’ neoliberalism, involving ‘active state [re-]building and regulatory reform’ (2002, p. 384).

The Reagan Administration’s deregulatory impulse, embodied by its deficient progress on Superfund cleanups and fee collection, was paired with additional ‘roll-back’ tactics, including downloading decision-making authority over the clean-ups from the federal-level U.S. EPA, to regional and state-level EPAs -- with other local agencies at the municipal, state, and county scales eventually shouldering day-to-day oversight of clean-ups (Purcell, 2012). The EPA itself is now largely left with the role of safeguarding only the letter of the law. This ‘strict constructionist’ outlook of the federal agency is clearly seen in a 2013 response by a regional administrator of the EPA to

concerned St. Louis County residents on the topic of why the Bridgeton Landfill fire's presence next to a radioactive, urban Superfund site is considered by the EPA to only warrant further groundwater testing rather than removal of the toxic waste: "We can't invent new procedures, we can't invent new rules. It [the process of finding an appropriate clean-up remedy] will be done with the evidence that we have with the law that we're obligated to follow" (Tomich, 2013b).

But new procedures and new rules *can*, in fact, be invented. The invention of a new stipulation in the budgetary process of procuring remedies for Superfund sites is precisely what happened in 1995, and is precisely why the EPA today considers further groundwater testing rather than removal of toxic waste the appropriate action to take in the St. Louis County situation. With the aim of reducing infrastructural and other clean-up costs, neoliberal regulatory reforms 'rolled-out' during the Clinton Administration established the National Remedy Review Board (NRRB), a panel of scientists and policy makers tasked with automatically reviewing any Superfund projects whose proposed remedy carries a price tag of \$25 million or higher (EPA, review criteria, n.d.). According to the EPA, the establishment of the NRRB is "designed to make the Superfund program faster, fairer, and more efficient" (ibid). In the context of the Bridgeton landfill fire, this has substantively translated into further groundwater testing and radiation scans -- while an underground fire grows hotter, and likely inches closer to the toxic waste.

The life-risking implications of this lengthy debate over price during an environmental emergency are further magnified by the EPA's continued acceptance of studies commissioned by Republic Services, Inc. in their official position as potentially

responsible party (PRP). Studies commissioned by Republic Services are in direct opposition to conclusions drawn from studies conducted by other vested parties, including the Missouri Department of Natural Resources, a separate EPA division of engineering risk management in Cincinnati, and a nuclear analyst who formerly served as a Department of Energy senior policy advisor under the Clinton administration (Lacapra and Skiöld-Hanlin, 2013, Lacapra, 2014a, Lacapra, 2014b). Unsurprisingly perhaps, the PRP insists that the report compiled for the state's Department of Natural Resources is simply wrong and that the 'subsurface smoldering event' is actually moving away from the Superfund site. Further, they claim that even if the heat from the so-called smoldering event does somehow manage to reach the radioactive waste, "scientific data 'strongly indicates' it wouldn't present a public health threat" (Emshwiller, 2014).

Meanwhile the underground chemical refuse grows hotter - temperatures of 300 degrees Fahrenheit have been recorded - and inches ever closer to the nuclear waste, at an estimated rate of 1-2 feet per day according to the disregarded Missouri Department of Natural Resources. With approximately 900 feet remaining between the underground fire and the radioactive nuclear waste as of early March 2014, many members of the community initiated requests for EPA sponsored relocation through the Superfund program (Lacapra, 2014a). In November 2014 the EPA denied all such requests, stating that their own (inferred as adequate) response to the issue -- which has been to "cover the site with an earthen cap", monitor toxicity levels and implement a no trespassing ordinance marked by what residents have dubbed the 'magical' chain-linked fence -- "makes temporary or permanent relocation inconsistent with EPA's authority and

practice as well as with the scientific evidence” (Tomich, 2013; EPA, 2014; Schuessler, 2015).

The Neoliberalization of the Clean Water Act: Bait and Switch Neoliberalism

I turn now to a consideration of how neoliberalization progressed through the EPA under the Clean Water Act. Prior to 1972, water pollution was considered by the U.S. government to be a state and local problem (Copeland, 2002). The Federal Water Pollution Control Act of 1948 was the first legislation to federally regulate water pollution, but it did so only in terms of granting technical assistance and funding to help states and localities solve their own issues and set their own standards; federal enforcement of water pollution control was limited to interstate waters only (Ibid.). The 1972 Amendments reversed that relationship, and designated the newly created EPA as the federal agency responsible for regulating water pollution nation-wide, with states thereafter responsible only for the execution and enforcement of policies created by the federal agency (Ibid.). Notably, with the introduction of this legislation the role of municipalities swung from that of (ostensible) regulator of local water standards, to being one of the principal entities subject to CWA regulation.

The 1972 Amendments were extremely ambitious, declaring as primary goals, a) that all water be “fishable” and “swimmable” by 1983, and b) to attain “zero discharge” of pollutants into waterways by 1985. These goals have not yet been reached, but remain in effect. One of the most important institutional and operational ramifications of the ongoing pursuit of these goals is related to their ‘technology-forcing’ nature. Those regulated by the Clean Water Act are required to meet ever higher and more technologically advanced levels of pollution control, thus compelling both regulated

cities and firms to incur greater and greater costs over time to remain in compliance (Copeland, 2014). In order to give municipalities the wherewithal to attain these goals, the 1972 Amendments established Title II: ‘Grants for Construction of Treatment Works’, a fund that provided 75% of the costs for the construction of municipal water treatment facilities across the country. This grant program remained in operation until 1989, when it was replaced by the Clean Water State Revolving Fund (Ibid., Anderson, 2007)

The 1987 Water Quality Act established the Clean Water State Revolving Fund (Title VI), replacing the Title II Grants for Construction of Treatment Works in the same move. More to the point, Title VI replaced a municipal grant program with a loan program. Municipalities thus retained the technology-forcing regulatory obligations of the CWA while becoming newly responsible for financing approximately 95% of the costs of such undertakings themselves (Anderson, 2007).

The implications of this ‘bait-and-switch’ legislation were made clear five years later in 1994, when the EPA released an updated pollution control policy regarding ‘combined sewer overflow’ (CSO) systems. CSOs transport both sewage and storm water in a single pipe system for delivery to a water treatment facility. While their valve system easily prevents sewage from coming back into buildings when pipes are backed up, their Achilles’ heel is that heavy storms can overwhelm CSO systems, causing both storm water and sewage to discharge into rivers and other waterways (Holeywell, 2012). After the updated policy was released, the EPA began applying an ‘aggressive legal framework’ against the 772 municipalities around the country that use CSOs, in order to force them into compliance (Ibid.). With the revocation of CWA grant funding, cities are

shouldering the enormous burden of paying for these new CWA-compliant systems themselves, now under both economic and legal duress.

So, on the one hand both CERCLA and the CWA have been subject to structurally similar roll-back and roll-out dynamics of neoliberalization: by turns CERCLA has been the victim of strategic underperformance, of devolution of responsibilities, and of newly invented accounting procedures designed to reduce the cost of clean-up, but which in reality serve to delay or reduce the effectiveness of actually implemented remedies. The CWA, meanwhile, has experienced a sped-up version of the roll-back/roll-out process, as the section of the Act establishing a federally funded grant program for cities to maintain their water systems was legislatively supplanted by a loan program. On top of these structural similarities, though, important differences between the respective socio-natures of illegal toxic waste dumps and municipal water systems have produced important variegated differences between neoliberalized CERCLA and CWA; regarding not only the actual processes of neoliberalization (Bakker, 2010) just described, but also the changed relational positionalities of key actors in each area. The original intent behind CERCLA, for example, was to create a Superfund financed by polluters, including the initial costs of paying for studies to identify the extent of pollution and implications for the surrounding population. These first-move duties are generally assigned to be carried out and paid for by the entity identified as the PRP (potentially responsible party). In the case of the Bridgeton Landfill fire in St. Louis County, Republic Services, Inc. has -- perhaps logically, definitely strategically -- used its position as PRP to indemnify itself via sublimation tactics. By bringing the battle over the Bridgeton Landfill fire and the West Lake Superfund site to the realm of science and

the question of doubt - whose science is correct, the PRP's or the Missouri Department of Natural Resources? Is the fire moving closer or further away? Is it dangerous if heated, or not? – Republic Services, Inc. has successfully delayed, and possibly avoided paying out hundreds of millions of dollars in clean-up fees. The position of PRP here is no longer punitive, but powerful. It has the power to cast unfavorable findings by state departments and federal agencies into doubt, and to stymie the progress of clean-up efforts for years, all while the affected population remains exposed to the life-threatening consequences of living next door to an irradiated, heated toxic waste dump.

Conversely, the positionality of municipalities within EPA governance structures has steadily worsened over the years. Once seen as a regulated partner in the quest to clean the nation's waterway system, cities are now essentially criminalized by the litigation process employed by the EPA to ensure CWA compliance. The next section considers both the financial and social impacts of these litigation tactics on municipal governments as they search for ways to fund projects the federal agency has punitively fined and threatened to sue them for if not carried-out -- either at all, or as is more typically the case -- at a fast enough pace.

EPA and Consent Decrees in the Age of Austerity

Since 1999 the EPA has finalized consent decrees for violations against the Clean Water Act with approximately 66 municipalities around the country, including their associated counties and sewer districts (EPA, civil cases and settlements by statute, n.d.).²⁴ Fully half of the nation's thirty largest metro areas have received CWA consent decrees since then; and in 2012 the EPA released estimates that the nation's cities will

²⁴ Figures from before 1999 unavailable.

need to spend somewhere between \$530-\$733 billion dollars in wastewater infrastructure improvements over the next 20 years alone.²⁵ However, and as mentioned in the Chapter Two discussion on financialization in the long durée, the current post-crisis milieu in which cities find themselves searching for funds to finance needed improvements is very different from the growth years of the 1980s and 1990s, when the bulk of the original North American neoliberal ‘roll-out’ reforms were disseminated. The political-economy they go up against today is neoliberalism in crisis management mode -- a fiscal environment produced by the successful grafting of the 2008 banking crisis onto the public sphere, where the costs have been absorbed and socialized.

This transfiguration of private debt into public debt is what Mark Blyth has termed *the* ‘greatest bait and switch in human history’ (Blyth, 2013, p. 13). It has gone on to produce extreme budgetary and service provision cutbacks in the state apparatus. The bulk of these have been subsequently passed down to smaller scales of government in a second historical wave of state devolution and dismantlement (Peck, 2012, 2014). The post-crisis fiscal landscape today is, as Jamie Peck notes, “roll-out neoliberalism’s very own roll-back moment”.

With federal financial support now substantively withdrawn, the technological imperative of the Clean Water Act is experienced by municipalities in much the same way they experience the capitalist drive for economic growth: both must be accomplished in the short-to-medium term, and both must be obtained by whatever (increasingly speculative) means necessary (Kirkpatrick and Smith, 2011; Davidson and Ward, 2014).

²⁵ The 15 largest metro areas in the country facing CWA consent decrees are: Atlanta, Baltimore, Boston, Chicago, Cincinnati, Cleveland, Dallas, Kansas City, Miami, Pittsburgh, San Antonio, San Diego, San Francisco, Seattle, and St. Louis. Source: Pew Charitable Trusts, 2013; US Conference of Mayors, 2012.

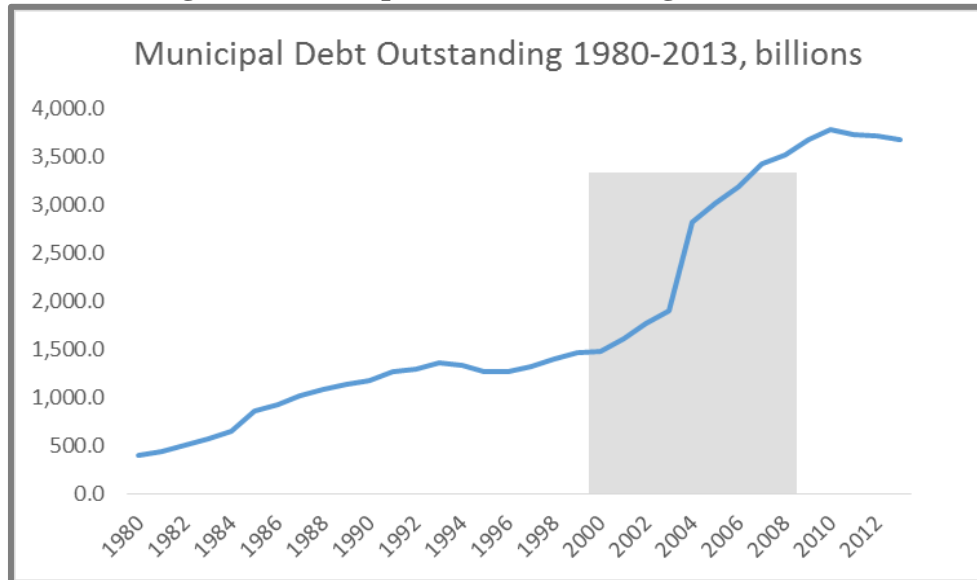
To that end, municipal service providers with unfunded mandates to meet are shunted towards the same false harbor that cities have been obliged to fund their economic growth strategies with for the past 35 years: the municipal bond market.

The spectacular growth of a private market for municipal debt coincides not only with the rise of neoliberalism and the ‘hollowing-out’ of the Keynesian state apparatus, but it also maps onto the rise of financialization (Krippner, 2011). A changing fiscal and financial regulatory environment at the state and federal scales of government from approximately 1981 onwards produced a 30-year period in which the size of the municipal bond market increased by about \$110 billion dollars each year, on average.²⁶ The conditions of possibility that gave rise to this kind of enormous growth in municipal debt were themselves produced by legislative changes regarding the deteriorating positionality of cities vis-à-vis other scales of government. These changes, which are still ongoing – and even deepening in many instances as we will shortly see - constrained federal sources of funding as well as the taxing powers of local governments (Hackworth, 2007; Davidson and Ward, 2014). In turn, cities have been forced to become increasingly entrepreneurial and speculative in their search for resources. The surge of leverage taken on by cities adopting these kinds of risk-taking positions in the years leading up to the financial collapse of 2008 is astounding: while the market grew by \$110 billion each year on average from 1981-2011, for the years 2000-2008 that figure more than doubled, so that the debt and compound interest owed by municipal entities to private investors grew by \$254.5 billion each year during that period alone.²⁷

²⁶ Author’s calculations. SEC figures amount to \$111.3 billion increase each year over the thirty year period, while figures from SIFMA for the same period amount to \$109.19 billion.

²⁷ SIFMA, author’s calculations. Although the size of the market continued to grow throughout 2009-2010, about 20-25% of that growth is attributed to Build America Bonds that were released by the federal

Figure 4. Municipal Debt Outstanding, 1980-2013



Source: SIFMA

The money garnered from the bond market to finance the large majority of EPA consent decrees and other waterworks improvements (as well as the familiar litany of risky types of urban growth ventures), is typically secured not through the taxing authority of the city, or loans from the state, but primarily via the promise to investors of future revenue streams earned from the project itself (Davidson and Ward, 2014, p. 82). These promised future revenue streams almost inevitably come in the form of increased user fees; in the case of CWA consent decrees and other water projects in particular, they are revenue streams that come by way of increased utility rates. Detroit provides an egregious, real-time example of what happens when an urban citizenry is unable to pay their water bills, as more than 27,000 city residents have had their water turned off in 2014 alone, and a further 300,000 face imminent water shutoff, at the time of writing (Gottesdiener, 2014; Detroit Water Project, 2015).

government as a part of the American Recovery and Reinvestment Act of 2009. The program expired on the last day of 2010.

Austerity Water Wars

The Detroit Water and Sewerage Department (DWSD) emerged from 37 years of federal oversight in March of 2013, just two days after the city of Detroit was itself placed under the emergency management of Kevyn Orr. Federal Judge John Feikens was the overseer of the DWSD from 1977-2013, after the EPA sued the city for dumping toxic waste into the Detroit River. During its time under federal oversight, the DWSD entered into multiple ‘predatory interest rate swap agreements’ and at least once used over \$500 million meant for system repairs to service debt instead (Bellant, *et al.*, 2014; Gottesdiener, 2014, *The Michigan Citizen*, 2015). At its untimely exit from federal oversight in 2013, the department was left approximately \$5.4 billion dollars in debt, and was immediately put under the control of Emergency Manager Orr. One month later, Orr entered the DWSD into a \$5.6 million dollar contract with the demolition firm Homrich, with directions for the demo enterprise to enforce 70,000 water shutoffs over a two-year period in an attempt to collect unpaid utility fees (Bellant, *et al.*, 2014; *The Michigan Citizen*, 2015). Interestingly, the firm was contracted for \$600,000 more than was promised in 2006 to fund a Water Affordability Program that would have linked utility bills to users’ income. Both the funding and structure of the affordability program were later revoked, however, and as of October 2014, up to 3,000 shutoffs per week have been reported (Ibid; Center for the Human Rights of Children, Loyola University, 2015).

The context in which this austerity-induced mass shutoff is taking place is that of a city where 40% of the population lives below the poverty line and water bills have already risen 120% over the past decade. It is a context where commercial and industrial sectors do not appear to experience shutoffs, yet nevertheless owe \$30 million in unpaid

water bills: as of October 2014 the Detroit hockey arena owed \$80,000 while the stadium owed \$55,000. And it comes in the context of a water and sewage department that has a 2014 budget paying out \$53 million more²⁸ in debt servicing payments than it expends to operate the actual water and sewage system (Gottesdiener, 2014; Bellant, *et al.*, 2014). A lawsuit was filed on behalf of affected residents, *Lyda vs. City of Detroit*, but the bankruptcy judge for the city determined that while “water is a necessary ingredient to sustaining life”, city residents do not have an enforceable right to it. He determined that it is the city, rather, that has the enforceable right to shutoff water in its attempt to recoup costs (Gottesdiener, 2014; Church and Raphael, 2014).

UN officials who investigated the situation in Detroit disagreed with the judge, calling the shutoffs a violation of human rights and a public health threat. At least one public high school began opening its doors at 5am so that students could have the opportunity to take showers and wash clothes (Gottesdiener, 2014). One elementary teacher admitted that she tells her students not to let her know if the water has been shut off at their homes, because otherwise she is compelled to alert child protective services and they might be taken away from their parents (*ibid.*). UN special rapporteur Catarina de Albuquerque had this to say about the situation: “I’ve been to rich countries like Japan and Slovenia where basically 99 % of population have access to water, and I’ve been to poor countries where half the population doesn’t have access to water...but this large-scale retrogression or backwards steps is new for me.” (*ibid.*)

²⁸ Author’s calculations based on information from cited sources.

Non-Consensual Regulation in Consent Decree Cities

The Detroit water experience is unprecedented in the United States, but the structural and circumstantial conditions that gave rise to it are not unique to that city. In the age of austerity, when social tensions and economic inequality seem to be at - or at least match - historic highs, a number of cities with large populations living below the poverty line have seen exponential increases in their utility rates. The financial stress under which these cities find themselves in terms of their pressing need for sewage upgrades (most major cities have several sewage lines that are over 100+ years old), along with heightened pressures caused by time-sensitive EPA consent decrees lodged against them, combined with austere intergovernmental fiscal relations and generalized economic stagnation that had 72% of people convinced the nation was still in a recession in 2014 (Blake, 2014) -- are coalescing to create the 'perfect storm' of mass shutoffs and other life-threatening yet completely avoidable events in urban areas across the nation.

Through decades of 'roll-back/roll-out' neoliberalization, Keynesian federal institutions like the EPA have become so hollowed-out and refashioned in character that they are now the instruments of a new type of 'doubled-down', financialized neoliberalism and roll-back austerity. In the case of the Clean Water Act, the EPA's overwhelming reliance on litigation tactics alone (rather than a combination of court order plus federal assistance, for example) has led it to become a conduit for the debt peonage (Hudson, 2012) and bankruptcy of cities. At the same time, the Superfund program has lost its ability to function in league with the spirit of the law that created it. Due to the substantive power of the PRP and neoliberal methods of accountancy, CERCLA remains severely underfunded and almost recalcitrantly slow to respond to

immediate and possibly life-threatening concerns of affected residents. A neoliberalized EPA now motivated by financialized logics has thus contributed to the decline in power of cities within the American political-economic landscape over time, and has added to the intensity of austerity's felt effects on the most economically and ecologically vulnerable Americans. And now under President Trump these same cost-cutting pressures and deregulatory forces that have shaped environmental regulation in the US for decades are only just coming to a crescendo. Rather than seeking to uphold the EPA's unquestionably beneficent wider mandate, the current head administrator of the EPA, Trump appointee Scott Pruitt, has implied that his goal is to dismantle the agency entirely, bringing national environmental regulation, as he puts it, "back to basics". A sentiment which echoes the 1948 statutes limiting federal involvement to issues of interstate bodies of water and air quality only, something which Pruitt has so far proven devastatingly effective in achieving, having launched the rollback of dozens of significant regulations in his short time in office, including Obama's recent expansion and clarification of parts of the Clean Water Act itself.²⁹

How affected cities and their residents are able to weather this ongoing socially constructed storm depends on a number of factors, not least of which are the structural features of the underlying debt incurred to pay for water works upgrades, as well as the quality and character of the relationship between the city and its state. The political-economic climate cities now face regarding both of these factors has changed substantially in the aftermath of the 2008 financial crisis and subsequent election of

²⁹ In the same interview, Pruitt revealed that by his own count the EPA has rolled-back over 22 regulations in four months since taking office (Murphey, 2017). Accessed July 23, 2017, available here: <https://audioboom.com/posts/6082021-director-scott-pruitt-senator-luther-strange>

President Trump. In order to evaluate the socioeconomic and socio-spatial ramifications of the current context of austerity and infrastructural downloading, the following section compares the pre-and post-crisis experiences of Birmingham, Alabama, and Atlanta, Georgia in their financial encounters with Clean Water Act consent decrees,.

The Difference a Financial Crisis Makes

Jefferson County, Alabama - the county Birmingham is situated in - received an EPA Clean Water Act consent decree in 1996; while Atlanta, Georgia received two shortly thereafter, in 1998 and 1999. The mandated upgrades in both cities were originally estimated to cost \$1.5 and \$2.2 billion respectively, however the costs for repairs in both cities wound up doubling: Jefferson County accumulated more than \$3 billion of debt, while Atlanta's costs shot up to \$4 billion (Hunter and Sukenik, 2007; Bond Buyer, Jefferson County Timeline, n.d; Atlanta Department of Watershed Management, n.d).

Despite these similarities, the paths they took to finance the consent decrees were fundamentally different. Jefferson County financed the sewer project largely through an ill-advised combination of complex variable-interest rate bonds and swaps, and subsequently wound up filing the second largest municipal bankruptcy in U.S. history when the global financial crisis hit the municipal bond market. Atlanta, on the other hand, suffered through a botched water-system privatization effort in the early 2000s, but later successfully financed its consent decree and other necessary upgrades through a patchwork of funding sources that are increasingly, and *intentionally*, being taken off the table for many metro areas by their state legislatures.

Both Jefferson County and the city of Atlanta faced corruption scandals for their political leaders' roles in mediating the swap agreements and privatization deal respectively. Yet the combination of a \$500 million loan from the state of Georgia, and a local sales tax that provides approximately 20% of the needed funds for the waterworks projects (Gurwitt, 2004) ultimately allowed Atlanta to repay the debt in a (relatively, given the 'classic', or 'pre-austerity' neoliberal context) more equitable and financially sustainable way than the debt package used by Jefferson County.

Both the loan and the local tax were not easy for the city to obtain. Shirley Franklin, mayor of Atlanta from 2002-2010, originally faced a hostile state legislature when she first sought financial assistance for the consent decrees. President of the Georgia state Senate, Eric Johnson, informed Atlantans via their city's major newspaper that he would "fight any effort to shift the costs of Atlanta's sewer repairs onto the taxpayers of our state" (ibid). As a consequence of the letter, Mayor Franklin decided to hire Johnson's friend (and board member of the Georgia Christian Coalition) as a state lobbyist for the city. Happily for Atlanta, the Senate President was subsequently brought around -- so much so in fact, he even helped the city reformat the local sales tax option to bypass vested interests on the Fulton County Commission (who had voted it down three times before) so that it could be voted on directly by Atlanta residents.

Mayor Franklin also received the help of Metro Atlanta Chamber of Commerce President, Lee Thomas. It was Thomas, then president of Georgia-Pacific, a Koch Industries Paper and Pulp company headquartered in Atlanta, and former head of the U.S. EPA during the second Reagan Administration, who convinced the state Governor that the financial and sewage issues facing the city of Atlanta were really "a Georgia

problem” (Gurwitt,2004). The Governor subsequently agreed to package the \$500 million dollar loan for the city. However, the deal was also conditional on the City Council agreeing to raise utility rates as well.

Meanwhile in Alabama, the 1999 state legislature repealed as unconstitutional a Jefferson County tax that was historically the source of approximately 20% of the county’s general funds. After a lengthy court battle, the state’s Supreme Court ruled in favor of the repeal in 2009. Then, when the sewer bonds the county took out in the 1990s were refinanced in 2002-2003 in an attempt to save money, municipal financial advisors to the county repackaged them into a series of complex swaps and variable interest rate deals, the specifics of which eluded even the lawyers tasked with ensuring the legality of the deals themselves:

Neither I nor anybody in the Jefferson County Commission – or for that matter, I’m not even sure that the JPMorgan people that we deal with – really understand how swaps are priced in the global financial market (Bill Slaughter, bond counsel for Jefferson County

(quoted in Smith, 2010 pp. 373)

With the loss of 20% of its revenues beginning in 2009, an already-beleaguered Jefferson County was forced into issuing mass layoffs and service cutbacks, ultimately filing for bankruptcy two years later. In the same year however (2009), the state legislature also passed the ‘Jefferson County Accountability Act’, requiring the County Commission to appoint a county manager, to be chosen out of ‘less than three’ candidates selected by a nationally recognized recruiting firm. Notably, the bill was sponsored by Paul DeMarco of District 46, representing some of the wealthiest, and whitest, suburbs surrounding the Black-majority city of Birmingham.³⁰ The Accountability Act transfers

³⁰ DeMarco, Paul. Nd. About. Web. <http://www.pauldemarco.org/about/> accessed 1/24/15

major portions of the County Commission's responsibilities to this newly appointed 'chief executive officer' with no term limit.³¹

The utility rate increases demanded by the county's bankruptcy settlement disproportionately affects the county's poorest residents, as those living in the wealthier suburbs generally use septic tanks that aren't connected to the county sewer system and therefore don't pay sewage bills. Yet suburban residents with septic tanks *do* use either city- or well-water that is clean due to the sewage upgrades. The resulting untenable situation wherein 70% of those who are actually footing the bill for a universally-beneficial system "reside in the commission districts with the poorest residents", is why County Commissioner George Bowman voted against the bankruptcy settlement. Sadly, he was the only Commissioner to do so (Walsh, 2011; Braun, 2013).

The examples provided by Atlanta and Jefferson County highlight not only the importance of the structure of the underlying debt to the on-going financial stability of consent decree cities, but they also emphasize the importance of the working relationship between a city and its state -- the changing nature of which is one of the major differences between the pre- and post- 2008 financial crisis urban-economic landscape. The ability to ply traditional, albeit elite-driven, political pressure to cut a deal is not an option for many cities in the current (fictitiously) fiscal crisis. And while Atlanta did take out municipal bonds to finance the majority of its sewer repairs, its eventual ability to pass a local area sales tax helped to reduce city residents' debt burden substantially. Moreover, it did so in a way that more evenly spreads the cost of the tax between

³¹ Some of the primary responsibilities of the new position include: the ability to hire and fire department heads; 'direct oversight' of all agencies and county operations, except those duties directly assigned by law to attorneys or elected officials; control over all budgets and expenditures; and supervision over all county contracts. Act 2011-69 amending Act 2009-812, accessed 2/21/15
<http://openstates.org/al/bills/2011rs/HB159/>

residents of majority-Black Atlanta proper and its visitors, as more than 500,000 tourists and suburbanites visit the city to work and shop every day.³² The tax was originally passed in 2004, was reauthorized by city voters in 2008 and again in 2012, and is a key feature working to limit future utility rate rises.

Neither the sales tax option nor the \$500 million state loan would have been possible for Atlanta without assistance from key players at the state level. Yet in the Jefferson County case, the state actively worked *against* the municipality -- first by repealing a tax comprising 20% of its general funds, and then by subsequently imposing an ersatz emergency-managerial type position after the county inevitably ran out of money.

Revenge of the Suburbs

Unfortunately, even the traditional neoliberal path that Atlanta took to finance its sewer system upgrades is no longer accessible for a growing number of cities and metro areas. More and more states are taking their lesson from Alabama's anti-urban, hyper-financialized austerity-driven playbook, and actively working to prevent their consent decree cities from raising a tax meant to offset utility rate increases or reduce their municipalities' exposure to the debt market. With its four largest cities³³ all in various stages of addressing their own Clean Water Act consent decrees, for example, Tennessee enacted Senate Bill 1742 (2014), revoking a municipality's right to subsidize a public works system with tax revenues, and authorizing 'financially distressed utility districts' to be placed under the supervision of the newly created 'utility management review

³² Municipal Option Sales Tax: What it Means to Atlanta, atlantaga.gov

³³ Nashville, Memphis, Knoxville, and Chattanooga, in that order.

board'.³⁴ Meanwhile, in Jackson, Mississippi, the city's voters recently passed a one-percent sales tax similar to Atlanta's, dedicated to funding their own CWA consent decree – and did so by a massive 90% approval rate (Barnes, 2014). However, the Mississippi state legislature worked steadily to hollow-out the tax: first by instituting a 'sales tax commission' responsible for determining how the tax proceeds will be distributed, and on which the city itself holds a minority position (the other seats being held by state representatives and members of the Greater Jackson Chamber of Commerce, i.e. the suburbs); and then by the passage of House Bill 787 (Cleveland, 2013; Minka, 2014). HB 787 was a bond bill originally intended to provide funds for construction on the University of Mississippi's medical center, but in the spring of 2014 it was amended to include unrelated exemptions for Jackson's one-percent sales tax for "the wholesale of beer, light wine and liquor, *as well as the delivery of goods into Jackson limits from outside businesses*" (Barnes, 2014, emphasis added). Thus, in one move state legislators simultaneously increased Jackson's exposure to the municipal debt market by reducing the amount of tax it was able to collect, while also privileging businesses located in the wealthier nearby suburbs who are doing business inside the capital city. The privileging of suburban businesses comes of course, by way of penalizing those firms located within the Black-majority city itself, by making their enterprises alone subject to the tax.

The threat of disincorporation, or revocation of all state funding to financially 'distressed', or 'non-compliant' municipalities are two other tactics that state legislators have introduced in recent years as well. In Scranton, Pennsylvania, city employees had

³⁴ S. 1742, 108th regular session, 2014.

their salaries reduced to the state minimum of \$7.25/hr in July of 2012 in an effort to pare down expenses, only to have a Clean Water Act consent decree with estimated costs of over \$140 million lodged against the city five months later in December (Larson, 2012; U.S. Department of Justice, 2012). Meanwhile, lawmakers in the Pennsylvania state legislature introduced Senate Bill 1157 (2014) and House Bill 1773 (2014), both of which propose to disincorporate and “leave as a ward of the state”, municipalities who “won’t, or can’t” exit financial distress within eight years (Frantz, 2014). In Ohio, where residents in at least seven municipalities³⁵ face CWA consent decrees (including Cincinnati, Cleveland, and Toledo), state legislators have introduced House Bill 337, which seeks to “impose sanctions” on municipalities that “fail to comply with budget, debt, or pension requirements under state law” by withholding all state funding until such compliance is met.³⁶ In Mississippi, the state representative from District 77, representing the second-wealthiest batch of suburbs bordering majority-Black Jackson, introduced House Bill 627, the ‘Municipal Government Responsibility Act’, seeking to establish a replica of Michigan’s financial emergency law in the Magnolia State.³⁷ And in Missouri, the representative of District 89, encompassing some of the wealthiest suburbs in the St. Louis metro area proposed House Bill 1891 (2012), specifically aimed at the Black-majority city of St. Louis.³⁸ More to the point, District 89 represents the

³⁵ Ohio cities facing CWA consent decrees include Cleveland, Toledo, Cincinnati, Akron, Youngstown, Ironton, and Lima. (EPA, Civil Cases and Settlements by Statute)

³⁶ Ohio H. 337, 130th General Assembly, regular session, 2014.

³⁷ Mississippi H. 627, regular session, 2014.

³⁸ District 89 was previously district 87, before redistricting took place. In 2010 the population of St. Louis was 51% African American. However 2014 estimates suggest the city’s Black population may be experiencing displacement, having fallen to a little more than 49% of the total population (a loss of over 5,500 people), while the “white-alone” demographic has increased by more than 4,000 people in the same time period (American FactFinder). The language of HB 1891 stipulates that the Act would only be relevant to any municipality located in a county with “more than nine hundred fifty thousand inhabitants”.

suburban area that houses what is by one measure the ‘richest community in America’, Huntleigh, Missouri (pop. 369) - whose median income for the top 5% of its residents exceeds \$2.7 million per year (Holleman, 2013). It is this suburban neighborhood’s representative that tabled legislation seeking to impose financial discipline on its work-worn urban center. The bill proposes, at the behest of “at least thirty % of the registered voters in the municipality who voted in the last gubernatorial election” -- thus taking advantage of the filtering effect provided by low-income and minority voter suppression tactics -- to give the city approximately 12 months of turn-around time under the leadership of an advisory board before the County Circuit Court rules on whether it is ‘operating below minimum standards’. A court decision confirming the failure of the St. Louis city government to meet minimum service provision standards would result in the following sequential events, the autocratic breadth of which deserves extended quotation:

- 1) Appointment by the court of an administrative authority for the municipality including but not limited to another political subdivision, the state, or a qualified private party to administer all revenues under the name of the municipality...Any salaries and benefits paid to the members of the governing body shall cease from the time of appointment of the administrative authority...*
- 2) Removal from office of any or all elected officials of the municipality by the court if it believes, at the end of 180 days from the date of the court declaration, that standards are still not met. The court shall appoint new officials to fill the remainder of the terms of those removed from office...*
- 3) If the court believes that standards still are not being met at the end of ninety days from the time of the appointment of the new officials, the court will order placement on the ballot of a proposal to merge the municipality...with an adjacent municipality...³⁹*

St. Louis County, which houses the metro area of St. Louis, is the only county in Missouri to match that description.

³⁹ Missouri (State). Legislature. House. Establishes minimum standards that a municipality in St. Louis County must meet in the provision of municipal and financial services and reports. (House Bill 1891) 2012 Regular Session (May 1, 2012) 96th General Assembly. Accessed April 28, 2017. Available here: <https://legiscan.com/MO/text/HB1891/2012>

If the proposed merger is not approved by voters, then the last option is disincorporation, to be voted on at the request of 40% of registered voters of the subject municipality – again taking advantage of filtering effects provided by voter suppression laws and tactics.

The sort of legislation highlighted here and in the previous examples gives new meaning to everyday understandings of ‘rule of law’. What these laws and proposed bills seek to establish is the divorce of deliberative democracy from urban governance. They seek to shunt dispossessed urban residents even farther from the realm of political decision-making and power than they already are, and deliver municipalities themselves into the rule of so-called experts for the smooth operationalization of post-crisis accumulation strategies. Not the least of which has become selling money to cities in fiscal crisis.

Discussion and Conclusion: Black Cities Matter

In the on-going and intensifying national context of urban austerity, the racial tension and social outrage epitomized by one word –Ferguson– continues to grow apace. Meanwhile, 10 miles away from the city of Ferguson itself, the Bridgeton landfill fire continues to burn next to a Superfund site. The EPA continues to mandate that St. Louis spend \$4.7 billion repairing a sewer system potentially exposed to heated and irradiated toxic waste the agency considers too expensive to move. And the representative of one of the wealthiest neighborhoods in America proposes legislation making the legal death of the Black-majority city of St. Louis itself a real possibility.

Down river in majority-Black Jackson, Mississippi, the city’s Chief Financial Officer, Lee Unger, diplomatically describes the process associated with meeting

Jackson's own unfunded EPA mandate as 'wild-ride' politics.⁴⁰ People attend city council meetings *en masse*, lining up to take turns at the podium describing the unholy state of their ongoing sewage problems, a Southern sense of propriety forcing most to speak in angry euphemisms. At the same time, white suburban officials attempt to cite the EPA's involvement as evidence of incompetent city management: "A recently enacted U.S. EPA Consent Decree with the City of Jackson calls for repairs...that may exceed \$400 million. This is a reflection on Jackson's ability to manage the plant", said a metro-area Mayor from one of the wealthier neighboring counties. A county that, in an effort to avoid paying the increased utility fees associated with financing the consent decree, has started plans to build itself a new water processing plant just outside of Jackson's jurisdiction (Nave, 2015), thus ensuring the capital city's impoverished inner-city population will bear disproportionate financial responsibility for the consent decree – just as happened in Birmingham.⁴¹

Yet while state representatives from wealthy white suburbs work at hollowing out municipal tax proposals and introducing emergency manager legislation in attempts to infantilize what regulatory agency Black-majority cities do have, and while suburban mayors and their lawyers levy accusations of incompetency against the material effects of generations of historical inequities, decades of neoliberalization, and years of austerity – about a mile down the road from city hall and the governor's mansion on Capitol Street

⁴⁰ Interview, June, 2014.

⁴¹ This 'incompetent management' narrative is also repeated by the lawyer for the new water processing plant. When I questioned him about the need for a new water utility in a 2015 interview, he replied "We've been concerned about Jackson's ability to run and maintain systems...Jackson built the [water] collection system back in the 70s. It was not maintained." He went on to describe Jackson's maintenance of the water system for the past 25 years as "horrific" and coinciding with "bad financial management"... "West Rankin [the part of metro-Jackson that is building the new water processing station] is tied to this mess, what are we going to do about our future growth?" was his culminating rationalization in response to the question.

in Jackson, Cooperation Jackson hosts its inaugural event at the Chokwe Lumumba Center for Economic Democracy and Development: *The Fire Next Time: Ferguson and the Myth of a Post-racial America* (Jackson Free Press, 2014).⁴²

Within the context of urban austerity in America, the onset and continued growth of community organizations like Cooperation Jackson and social movements like Black Lives Matter is not a coincidence. The bodies made most vulnerable through successive rounds of austerity driven budget-cuts, scalar-dumping of regulatory responsibilities, anti-urban legislation, and the crippled functionality of local government due to the absence of federal funding and mushrooming debt-burdens in the municipal bond market – are the very same bodies that have always moved through life in this country via circuits laden with the accumulated detritus of previous generations of institutional inequities. It thus comes as no surprise that rather than seeking to revitalize the original, ‘collectivist’ remit of the EPA, revanchist forces have used the disciplining and punitive logic of austerity to begin dismantling it.⁴³

American austerity has shown itself to pathogenically attack at racialized- and classed-intersections of political-economic and socio-ecological circuits of social reproduction; this chapter has emphasized those intersections embodied within the complex network of the nation’s urban water systems. While for elites, the context and logic of austerity presents a new set of opportunities for accumulation through continued neoliberal governance, the lived- and racialized- experience of urban austerity feels like

⁴² Posthumously named after the city’s socially activist mayor Chokwe Lumumba.

⁴³ Indeed, one Senator (Luther Strange, AL) has even described EPA head administrator Pruitt as “our leader in fighting back against EPA overreach.” (Murphey, 2017). Accessed July 23, 2017, available here: <https://audioboom.com/posts/6082021-director-scott-pruitt-senator-luther-strange>

the very worst sort of market-based transgression that Karl Polanyi put forth in his well-known theory of dialectical social regulation, the double movement. The undeniable pull of the second half of the double movement – to protect and defend our communities against these market-born, state-inflected and socially-encountered aggressions is lodged at these intersecting sites and circuitries as well. And it is here, at these social intersections, that organizations like Cooperation Jackson and movements like Black Lives Matter have arisen and situated themselves – thus also marking the second half Polanyi’s thesis an inescapably urban phenomenon in the current conjuncture.

Through an examination of Detroit’s socially constructed water crisis; Birmingham’s socially unjust bankruptcy settlement; the financial accounting-induced impotence of the EPA; and attempts by state legislators to render work-worn cities financially dependent on a private market in municipal debt, this chapter has aimed to show that what we are seeing on the streets—in terms of both the infrastructural dilapidation of the built environment and other socio-ecological vulnerabilities, as well as social resistance against the ongoing racialization of urban space—is a reflection of the violence and non-consensuality inherent in the austerity-ridden regulatory process under financialized racial capitalism.

*

The following “extra” grounding takes place in Jackson the summer after Chokwe Antar Lumumba ran an unsuccessful bid to complete his late father’s term in office. The city is now headed by Mayor Tony Yarber, and is teetering on the edge of financial crisis. It is in the midst of establishing furlough days for city employees due to its poor financial condition, and its credit rating has recently been lowered as well, due to the strain of the

debt it was pressured to take out to start repairs on the sewer system under the EPA consent decree. The city had also been rocked earlier in the year by reports of high levels of lead being found in some areas of the city's drinking water system. Cooperation Jackson has been operational for about a year, and has decided to make its inaugural project the "Jackson Just Transition Plan"⁴⁴, which seeks to address the city's water crisis, as well as having the even more aspirational goal of establishing the means to transition away from a hydro-carbon based urban economy. The organization has just successfully held its first national conference on the theme of a just transition, called Summer of Our Power, in the new building headquarters. While the regional focus of the conference was the Southern US, participants came from as far away as New York City, Seattle, and San Francisco. In this secondary grounding, rather than focusing on the heat produced by the machinations of neoliberal modes of regulation, I emphasize the heat produced by the inescapable racialism still present within even those groups and people compelled to resist against the continued racialization of urban space.

⁴⁴ Available here: <http://www.cooperationjackson.org/blog/2015/11/10/the-jackson-just-transition-plan>, accessed 7/18/2017

Grounding: Southern Stories and Missionary Mentalities

*There is a lot of misunderstanding about what heat is, so let's try and make it real clear: heat is not a thing, heat is a process.*⁴⁵

Noel and I are catching up over lunch at Koinonia a couple days after the 2015 Summer of Our Power conference has wrapped up at Cooperation Jackson. I want to ask her about the difference a year has made in Cooperation Jackson's growth and development. Things seemed to be going really well; Jill Stein had been at the conference, and Kali had made the surprise announcement that he would be the campaign manager for her 2016 presidential-bid with the Green Party, with their campaign headquarters to be located here at Cooperation Jackson. Noel immediately stiffened at my phrasing of the headquarters situation. She clarified that the Green Party would rent space from the building itself, the Lumumba Center for Economic Development and Democracy, not Cooperation Jackson - "let's be very clear about that", she said. Indeed, she cited the challenge of remaining community oriented, "of staying powerful in locating our truth...and not being uprooted by the national non-profit complex" as among the top challenges faced by Cooperation Jackson at the end their first year. As we talk a bit more about her experience chairing one of the four major thematic streams of the Summer of Our Power conference, 'Gender and System Change', she expands on this idea: "Cooperation Jackson is attracting a level of movement groupies from the coasts and people with missionary zeal, but also some really amazing allies." She explains that there were some people at the conference who were pushing for the use of a particular kind of language, which she describes as "non-profit language", within which they

⁴⁵ Chemteam. Thermochemistry: "Energy, Work, Heat, Temperature". Web. <http://www.chemteam.info/Thermochem/Energy-Work-Heat-Temp.html>

expected Cooperation Jackson and other groups to articulate problems and solutions. When she says this, I take a quick look back through my notes on the conference and see that I have a whole section on “theories being put to work in the Gender and System Change workshop”, which had been led by a white San Francisco-based facilitator, including the “heavy use” of intersectionality, multi-dimensionality, othering, and hetero-patriarchy.

“Feminism is exclusionary”, Noel tells me. “As a Dalit it does not describe my truth” and a lot of Black women feel the same, she says. We are “trying to dismantle a nationalist agenda”; Cooperation Jackson is not a “national cookie cutter project – we are a unique patch on the national quilt”. “This is the difference between Ed’s style of linking localities with national circuits”, she says in reference to Ed Whitfield, “and ‘movement missionaries’ trying to impose national social movements and language onto localities.” “Cooperation Jackson is a member of the *Southern People’s Movement Assembly*”, Noel says, emphasizing the regional specificity and saying with a fierce finality: “the Southern story will be told in Southern jargon”.

Noel’s description of bi-coastal “movement missionaries” imposing the agendas and language of national social movements onto localities without regard for differences in historical, geographical, or social context makes me recall a moment early on at the conference, when a white woman from out of town refused a bottle of water at breakfast and asked to use tap water instead. The breakfast volunteers repeated to her the same thing that had been announced the previous evening at the opening plenary - that they were pretty sure the tap water wasn’t safe to drink. The woman pushed back: “Are you *sure* the water is that bad? I’ve made a vow not to consume any water from disposable

plastic bottles and I really don't want to break that vow." She went on for another minute about wanting to fight climate change not contribute to it by adding more plastic to the landfills before Kali weighed in, saying in a slightly elevated voice for those participants in the breakfast line listening with interest to the outcome of the transaction: "Well it's up to you, but every time I've had the water in this part of Jackson, including at my own home, I've experienced diarrhea. I don't think it's safe to drink, and I advise you not to drink it."

It was so hard for many of the activists from wealthier, often coastal, cities to come to terms with the fact that the (non-linear) "entry points" for water activism and social justice differ drastically throughout America. Water activism in places like Detroit, Jackson, Birmingham, and other consent decree cities hinge first and foremost on affordable access to safe water infrastructure, and the failure of those coming from wealthier cities with safer infrastructure to become sensitive to these different contexts can lead to patronizing encounters and rising frictions between allies. These frictions easily migrate to other important conversations within groups seeking to work across racial boundaries. This lack of sensitivity also sits uncomfortably close to the failure, or refusal, of racialized regionalism to acknowledge the historical role played by white flight in the production of the urban infrastructural condition of contemporary Black majority cities. It appears that both 'coastal activists' and revanchist suburbs are seeking to enroll Jackson and other Black majority cities into their own conceptions of the world, to "fix" these places according to their own understandings and articulations of what's wrong. Whether it be in the form of "linguistic oppression" —compelling everyone to speak and think in the same non-profit language— rather than encouraging community

members to tell their story using their own words; or misrecognizing a human rights issue (contaminated tap water) for a moment of consumer activism (refusing bottled water); or accusations of incompetent city management in the face of structural racism, in each of these situations there is an absence of listening to the other - of acknowledging difference, of (in methodological terms) practicing uncomfortable reflexivity.

In Cedric Robinson's analysis, it was also this – Marxism's inability to practice uncomfortable reflexivity, the inability of its theorists and leaders to revise conceptual ideas and political strategies in accommodation for the Black experience of enslavement and colonization, that led so many Black intellectuals of the early twentieth century to break with the Communist Party and the precepts of Marxism, ultimately weakening the movement and initiating the conscious emergence of the non-aligned Black radical tradition. Robinson (2000, pp. 184) quotes from Aime Cesaire's Party resignation letter, as representative of the sentiments held by many Black Marxists of the day, including George Padmore, Richard Wright, and CLR James:

“What I demand of Marxism and Communism is that they serve the Black peoples, not that the Black peoples serve Marxism and Communism. Philosophies and movements must serve the people, not the people the doctrine and the movement...A doctrine is of value only if it is conceived by us for us and revised through us....Because of this please accept my resignation from the Party.”

This refusal to revise doctrine to reflect the experience of difference is a deeply embedded characteristic of racialism and hierarchical society, and as I have tried to illustrate here, it is a feature seen on both the 'left' and 'right' sides of political-economy. It is not the same thing as revising strategy in the face of changing circumstances, which

is done by both politically progressive and regressive forces, the latter of whose efforts (in part) I have characterized in this work as “Gattopardo financialization” and have so far sought to uncover through tracing the reworking of key banking and environmental policies via financial logics. Rather than responding to changing external factors, as Gattopardo does – epistemological revision for the sake of accommodating and understanding difference requires internal transformation, adapting worldviews, theories and strategies according to the insights and experiences of often less powerful allies. In many ways this is the harder task to accomplish. It requires a willingness to acknowledge lacunae, imperfections, or other frailties inherent in politicized worldviews and sensibilities that have often matured in a deeply adversarial context of Left versus right. “How will epistemological revision effect our position and momentum vis-à-vis the ‘larger’ challenges of achieving progressive social change?”, non-, or relatively less-marginalized, and therefore more powerful members of Leftist coalitions often worry.⁴⁶ To this, Robinson argued that insofar as Marx and Engels were unable, or unwilling, to take the Black experience of capitalism into account, their critique of capitalism remains only a partial one, just as the Left’s success in effecting change will continue to be only partial and ephemeral if epistemological revision does *not* take place.

The point I want to draw out here regarding the current condition of the Left, and what Noel was speaking to in our discussion on, simultaneously, the exclusionary aspects of feminism and the linguistic impositions of social movement missionaries is that, to the extent that the Left is strategically interested in ever achieving more than just palliative, partial, or temporary success, then viewing epistemological revision *as* a political

⁴⁶ Indeed, this was a drama played out within the Democratic Party during the Presidential election of 2016 between the Clinton, Sanders, and Stein camps.

strategy seems to be a necessary step. Spreading the good word, nonprofit, or otherwise, is only useful to coalitional politics insofar as the message (and theory) is continuously recast to reflect the experiences, insights, and patois, of those it seeks to account for.

*

The next section, Bonds, is the last substantive section of the dissertation, and it returns to a consideration of the urban implications for transformations in financial regulation, this time paying close attention to some of the key behind-the-scenes political geographies involved in municipal finance and the municipal bond market itself. The empirical context for both the grounding and chapter is the convoluted relational space within which Jackson must work to resolve its water crisis, and more broadly, within which cities are daily forced to confront material inequities and resolve crises of urban social reproduction.

Bonds

“The bound state implies a net attractive force”⁴⁷

Bondage: noun [U] UK /'bɒn.dɪdʒ/ US /'bɑːn.dɪdʒ/ bondage noun [U] (SLAVE)
Literary: the state of being another person's slave (= a person who is owned by them and has to work for them): The slaves were kept in bondage until their death.⁴⁸

So far in this discussion, bonds have been invoked a number of times – mostly in a financial sense, in relation to debt issued on the bond market. But what is a bond, really? Chemistry talks about bonds as the ‘net attractive force’ between atoms that share or exchange electrons - where different material elements (like hydrogen, salt, oxygen, and so on) result from different types of bonds. Meanwhile, the financial industry defines bonds as “a debt investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate.”⁴⁹ Both chemical and financial bonding processes depend, then, on the shared use of something particular, electrons in one case and money in the other, to make material things. Sentience and unequal positions within social hierarchies of power are what differentiate chemically bonded atoms and financially bonded people.

To put plainly what I have so far implied at several points throughout the text, the social relationship contained within the financial bonding process is that of debt-induced subjection and subjectification (or interpellation). Borrowing entities, whether a single person or the population of an entire city, are subject to the terms and conditions by

⁴⁷ Chemical Bonding, accessible at: <http://hyperphysics.phy-astr.gsu.edu/hbase/chemical/bond.html>

⁴⁸ Cambridge Dictionary, nd. Accessible at: <http://dictionary.cambridge.org/dictionary/english/bondage>

⁴⁹ Investopedia, nd. Accessible at: <http://www.investopedia.com/terms/b/bond.asp#ixzz4bzN3WFNX>

which various owners of capital agree to lend their money. Relationally speaking, the owners of financial capital emit an ‘attractive force’ (money) by which they can compel borrowing entities to perform certain functions or behave in certain ways, like making interest payments at regular intervals, or using a particular brand or technology during the construction or operation of the projects the borrowed funds are going toward. This attractive force can compel borrowers to self-monitor behavior, typically with an eye towards their future borrowing capabilities, in terms of assessing their own actions through the lens of whether or not the owners of financial capital will approve of the activity (Kear, 2103; Joseph 2014). (i.e. “Will this hurt my credit score?”, or “How will the credit ratings agencies evaluate this event for our city?”)

The following grounding and chapter provide an intensive look at the social, political, and economic ‘attractive forces’ at work in the social reproduction of Jackson, Mississippi’s urban water system, which I take to be a meaningful moment in the reproduction of racial capitalism more broadly. The grounding is centered on a depiction of a city council meeting where a discussion on the merits of two different restaurant chains competing for a city contract is the focus of attention. On the face of it, the discussion appears rather ridiculous at times, however, I recreate it here along with providing a bit of background information to show the political alliances enabling Tony Yarber’s rise to power and perhaps unofficially influencing his policy decisions. More profoundly, I want to show that in the scheme of the reproduction of racial capitalism, the role of Jackson’s Black petit bourgeoisie, of which both Tony Yarber and his primary financial backer —the successful contractor Socrates Garrett— are two of the most influential members, is simultaneously very powerful yet also fraught with deep

contradictions. As the grounding and follow-up *dramatis personae* will show, Socrates Garrett has established a lucrative role for himself as the middle man that white capital uses to access Jackson city contracts. But at what socioeconomic cost to Jackson residents does he, and other enablers, persevere?

Following the grounding and an introduction to the main characters involved in the complex geographies of water system upgrading in Jackson, the chapter continues exploring the local, national and transnational social relations underlying the production of a single municipal bond that Jackson issued in order to finance sewer system repairs under contract with the engineering firm Siemens. I seek here to defetishize the production of municipal bonds before moving on to investigate the racializing spatialities of the broader municipal bond market itself through a longitudinal consideration of municipal interest rates over the years 1970-2014.

Grounding - Of Scopes and Specs: Enablers of Racial Capitalism

I first encounter Tony Yarber at the first Jackson city council meeting I ever attended, on March 17, 2014. While city administration offices are housed in a plain fronted, modern office building down the street, council meetings take place in the 170-year-old City Hall, a beautiful cream-colored building constructed in the Greek Revival style that was hugely popular amongst the wealthy Southern plantation owners of the nineteenth century, for whose use the building was originally intended. You enter the building through a stair-lined portico with a temple-fronted façade that is supported by four large columns, while the building itself is fronted by three rows of six large windows each. Once inside, the council meeting room is in a wing off the left side of the wide black and white checkered hallway and double stair case leading to a second level, a large crystal chandelier separating the space between. The audience is seated in long, low rows of dark wooden pews that have been polished to a high sheen, their presence immediately signaling to meeting goers that, just as at one's own church, this is a room meant for lowered voices, well dressed bodies, and respectful behavior. I feel slightly too casual for the circumstances in my sandals, jeans, and cotton blouse, having been prepared to endure a hot summer day in Mississippi rather than a step back in time, and decorum.

At the time of that first meeting, Yarber was still the councilman for south Jackson's Ward Six, but he was also already a candidate for Mayor in the upcoming special election. He cuts a fine figure in a navy-blue blazer and fresh bow tie, and I soon learn that looking fashionably sharp all the time is a trademark of his. The President of the Council, Melvin Priester, councilman from north Jackson's wealthier Ward Two, brings the meeting to order and introduces the first item up on the docket. It's an order to

approve all claims payable, numbers 6582-6799, at once. The atmosphere is friendly amongst the Council, as the Director of Administration for the City, Mr. Lee Unger, is asked to go over the highlights of the claims, totaling \$9,981,643.35. He calmly starts down the itemized list, beginning with the largest claim first: “We’re making a progressive payment to Siemens’ billing technology —and this is on the energy performance contract for the water meter upgrades— that payment is \$4,680,715.00. We’re making several lease payments that are due in March to Regent Banks (sic) and those payments total \$2,434,055.47. We’re making a payment for our monthly garbage disposal contract...” The Council listens patiently as Mr. Unger continues to speak. They motion to pass the order, all in favor, no questions asked. I dutifully take notes, having no idea at the time that the \$4 million dollar Siemens billing technology payment would eventually become quite significant to my own research.

Yarber remains quiet throughout the meeting until item number six of nine comes up for discussion: “order accepting the bid of Piccadilly Restaurants, LLC for licensed catering food services for use by the City of Jackson Police Training Academy, (bid no. 93440- 101513)”. “Now there’s a place I haven’t been to since I was a kid”, I think, immediately remembering the buffet style restaurant famous for its plethora of jello desserts, gravy covered entrees, and immense popularity among senior citizens. The bid is described and as a Police Academy representative comes to stand at the microphone, the Council is asked if they have any questions. “Yes, I do”, Yarber replies. “How’re you doing Commander?” he asks the Police representative. “Umm, so, was, is this, uh, a situation of the lowest and the best? Or, cause, what’s the...[logic behind your decision]?”, he stumbles through the question. “Yes”, the Commander replies, “based on

our assessment of the menus —we looked at the menus of both companies— and even though the Chicken Den was slightly lower, we felt that Piccadilly offered a wider variety of nutritional foods compared to the other company.” Yarber responds: “Umm, I guess I would ask legal to just kind of help us here, because I know we asked lowest...is it lowest and best, or lowest or...how does...what’s the conjunction?”

A five minute conversation subsequently ensued between Yarber, the City’s Attorney, and the Police Training Academy representative, which I present here in the following dialogue⁵⁰:

City Attorney: “it’s lowest and best, unlike the publication....a couple weeks ago, this one is lowest and best, and so in a situation like this we’d not only be considering the money amount but you’d also....(undiscernable)

Yarber: “Yeah, so and I guess my question is, if its lowest *and* best, then that means that both are taken into consideration, and the council’s not privy to what the best menu was because we don’t see the menu. What we’re privy to is seeing the amount, and it’s uh, significantly lower in terms of the amount per day per recruit, where Piccadilly is \$22.47, and the Chicken Den is \$18.90 - and I’m assuming that that’s because of the kinds of foods that may have been offered. So in a situation where one is lowest and the other is assumed best by some kind of, umm, arbitrary system, how does that, how - how do we make a determination? And I’m bringing this up not just because of this, but I’m just trying to see how we’re dealing with this period.”

⁵⁰ Jackson City Council. 2014, March 17. “March 17, 2014 Special City Council”, JacksonMs.gov, <http://jacksonms.swagit.com/play/03172014-557>

City Attorney: [clearly taken off guard] “Umm, some of those determinations are going to be made by the department. Uhh, for example if we’re talking about, uh, chicken, pressed chicken might be different from a real breast of chicken. Things of that nature can play into, “well what’s best? What are you really getting your value for?” Uhh, in determining whether, although one is lower, it’s really not the best product, when you equate those two products, they’re not the same, they’re apples and oranges and you have to weigh apples and oranges based on the price.”

Yarber: “And I get that, I guess my hesitation is, is because we don’t know, I - I don’t know what that menu looked like and I would be nervous that going forward that there would be – and not just here but in anything – that there would be bids that we’re looking at where there is an acceptance of a bid that was best but wasn’t lowest, and typically we don’t see that unless there’s a scope. And so I don’t even know if there was a scope or something said in terms of – So for example I’m looking at this order, I’m looking at the order and the order gives options, and what it does is that it tells me that the scope that these two particular companies should be adhering to is breakfast, lunch, and dinner. Was there something that said there had to be a certain amount of calories per breakfast? Was there something that said there had to be, because in – if we’re looking at scopes of work for Public Works, then there would be a scope of work and then we can definitely say that one company was lowest and best versus another company, versus this – all I got to go on is the fact that they’re being asked to provide meals for breakfast lunch and dinner except for dinner on Friday. Does that make sense, what - what I’m saying?”

City Attorney: [pause] “..... I think that’s correct. You’d have to get down in the details of uh, what the specs were on the bid to be able to weigh them based on the common denominator of the specs.”

Yarber: “But were those specs spelled out? Were we saying that we want breakfast to look like this, lunch to look like this, and dinner to look like this?”

Commander: “Looking at the menu that was offered, the Chicken Den has several meals and they did offer some nutritional foods, but a lot of the foods were fried chicken – uh, chicken strips. When you’re a recruit training you need foods that are high in nutritional value – protein, but lean protein. We felt that what Piccadilly offered would be better for fourteen weeks of strenuous recruit training. We felt it would be better...”

Yarber: [interrupts] “I understand. I’m with you, and I’m not arguing that. I just want to be sure that the process that we’re using, that we’re not in a situation where....For Council, again, we’re only, the only thing that we have is something that says you’re asking them to provide um, amounts for breakfast, lunch, and dinner. I don’t see where, in here, where there’s a menu, that was being requested where you had the opportunity to make determinations about nutritional values of those menus and how that would be calculated, uh, into what makes this a “best” bid.”

Commander: “And I don’t know if this answers your question, uh, completely, but we have a physical fitness instructor at the Academy – we reviewed the menus based on what we felt would be best for our police recruits and he felt that that particular menu would be better minus the price, and he did not know what price was which...”

Yarber: “I got you. I’m with you and I trust your judgment because I know what you’re doing and I know the place you do it from, so. I just wanted to bring that up – I’m not going to support it because, it’s, in my opinion, those, if we had, If I’m bidding and I’m um, the chicken plant, and Mr. Stamps [the councilman from Ward Four] is the rooster plant and he submits a better menu, then what I would say was, “well you should of told me what you wanted as a part of the menu, then I could have known that in my bidding, and so then the bidding would have been more fair and more competitive. So – so, I’m not gonna support it for that reason and not because I don’t trust the judgment of what you guys do at the police department because y’all had me looking real good this summer, so thank you.”

Commander: “Sure.”

At this point everyone in the room is stuck between exasperation and amusement with the prolonged and unexpected discussion. I’ve since reflected quite a bit about what Yarber was trying to accomplish with this exchange. When I was sitting there as a member of the audience listening to his line of questioning, I was convinced it was a (slightly botched) showmanship move, designed to highlight his economic intelligence and leadership skills during the Mayoral election. I also immediately penned it down as a solid example of his thick neoliberal and austerity-driven subjectivity – he appeared to be pressuring the Police Academy to choose the Chicken Den to save less than \$4 per recruit (while simultaneously leaving the \$4 million payment to Siemens for billing technology seemingly unquestioned).

In hindsight, I now realize that while these initial observations may be true, he was primarily using the exchange as an opportunity to openly, albeit metaphorically,

address the issue of the city’s procurement process, particularly regarding the Public Works department– using the alleged problem of asymmetrical knowledge in the bidding process, especially within the ‘scope’ of the city’s call for bids, to do so. Just two weeks before this city council meeting took place, Yarber had received the first half of what was to be a \$30,000 campaign contribution from Socrates Garrett of Garrett Enterprises, an extremely successful, well respected and admired local minority contractor who regularly teams up with much larger national and transnational firms to receive big contracts from the city and state. The city of Jackson has several policies in place that give bidding preference to contractors willing to hire local minority firms, and Garrett Enterprises has become a reputable partner for the big, international engineering firms seeking to win city contracts.⁵¹ It’s unclear what the relationship was between the previous Lumumba administration and Garrett, but he bet against Chokwe Antar Lumumba’s bid to take over his father’s unfinished term in office by supporting Yarber so strongly. And it is Garrett’s large donation and allegiance that are widely credited with giving Yarber the push to win the election, even by Garrett himself, a typically understated man: “The only reason Tony Yarber won was because of my support and involvement in the community”, he said earlier this year.⁵²

So while Yarber’s extended commentary on the question of whether the Police Training Academy should contract with Piccadilly’s or the Chicken Den is easily painted as mildly absurd, he was actually signaling his intention to take a more offensive position within the contract bidding process of the Public Works Department – the Department

⁵¹ City of Jackson, MS. 2014 Mayoral Campaign Contributions, Report of Receipts and Disbursements, Tony Yarber. April 1; Ladd and Summers, 2017.

⁵² Wolfe, 2017.

responsible for carrying out the EPA consent decree and all of the repairs to the city's water system, including the multi-million dollar contract with Siemens, on which Garrett was a partner. Garrett also had ongoing bidding interests regarding other aspects of water system repairs as well, in partnership with various other national and international firms. Indeed, just five months into Yarber's term in office, city council voted against rewarding another \$15 million-dollar contract associated with the EPA consent decree to Garrett Enterprises and its national partner firm, Denali Water Solutions, on the grounds that they were concerned proper procurement procedures hadn't been followed (Nave, 2015e). As forewarned by his stance on the Piccadilly Restaurants versus Chicken Den controversy, Yarber continued pushing for granting the contract to the Denali-Garrett bid, using the justification that the 'specs' in the competitor's offer weren't clear enough (Wolfe, 2016c). The delay caused by the dispute between Yarber and city council in awarding the contract has even caused the city to miss a vital EPA deadline, thus incurring severe fines for violating the terms of the consent decree.

While the way in which Yarber framed his activist intentions at that early city council meeting (purposefully) overlooked the already large disparities in political connections between bidding contractors themselves, the issue he framed his narrative within, the problematic of power asymmetry, is nevertheless precisely the issue also at the heart of the bonding process between cities and their financial intermediaries in the municipal bond market - the current source of funding for most of Jackson's water repairs.

The proceeding list describes the key social, institutional, political and economic actors that inhabit the relational, and power-laden space of Jackson's urban water system;

these people and institutions embody the forces that will shape the outcome of the city's infrastructural repair process. The chapter following that puts these characters in motion with the aim of showing how infrastructural upgrading under the current era of financialization operates through asymmetrical power relations in the bonding process, re-inscribing the racialization of urban space through the tap.

The ties that bond: the political-economy of water infrastructure in Jackson, *Dramatis personæ*:

Institutional Actors:

MS Development Authority (MDA) –

State agency created to assist local governments with financing economic development projects, and to promote economic development within the state. MDA also “manages the state’s energy programs”.¹ Leland Speed, local area real estate magnate has served twice as its executive director in recent years.

MS Development Bank - Created in 1986 by Mississippi state legislature to issue bonds “to finance infrastructure improvements and other public purposes” at reduced rates and to encourage “investor interest in the purchase of such bonds”.² It has no taxing power. The Bank issued \$90 million in bonds to finance the Siemens Performance Contract, which it then transferred to the city of Jackson.

City of Jackson – State capital of Mississippi. Working class, majority Black city. Under a federal EPA Clean Water Act consent decree, requiring an estimated \$1 billion to properly address.

Levee Board – Officially designated as the Rankin-Hinds Pearl River Flood and Drainage Control District Levee Board. Members are composed of the Mayors of the cities of Jackson and surrounding suburbs of Flowood, Pearl, Richland, a representative each for Hinds County and Rankin County and a representative for the State Fair Commission, appointed by the Governor. Leland Speed is the Governor’s appointee. The Levee Board doesn’t have a phone number or website. It is the decision-making body that has, in a series of bitter debates, so far foiled Leland Speed’s development aspirations for a “2-Lakes Plan” that would see flood control double as new lake-front residential development. I

was inadvertently admitted to a meeting of the Levee Board after being mistaken for a Maintenance Department intern.

Jackson City Council – Represents the seven “balkanized” wards of the city.³ Responsible for implementing the EPA consent decree.

Public Works – responsible for water dept. and for fulfilling terms of consent decree; understaffed; “probably the most politicized department in the city of Jackson”.⁴

Water Dept. – accused of widespread billing corruption; understaffed according to subcontractors.

MS DEQ – Mississippi Department of Environmental Quality; fined the city for its sewer system, reported increased levels of lead in the water in January 2016

US Environmental Protection Agency – United States Environmental Protection Agency; lodged a consent decree against the city of Jackson for its sewer system that will cost an estimated \$400 million to address. However, in order to sustain the sewer repairs, the city’s potable water system will need an estimated \$500 million in additional upgrades, bringing Jackson to face \$1 billion in unfunded water infrastructure repairs.

Siemens – Transnational engineering firm, one of only four entities qualified to conduct energy savings performance contracts in the state of Mississippi.

Malachi Group – Financial advisor for the city of Jackson

Rice Financial – Underwriter for the Siemens performance contract bond; has previously worked with Malachi Group in other negotiated bond sales.

Morgan Stanley – Underwriter for the Siemens performance contract bond

Individual Actors:

Leland Speed – Patriarch of the major landowning family in the region, father was Mayor of Jackson 1945-1949, “real estate developer”, CEO and board member of several industrial and real estate corporations⁵; twice executive director for Mississippi Development Authority (2004-6; 2011-12), Governor-appointed member of Levee board, primary supporter of 2-lakes plan; rumored to be a major donor for Tony Yarber Mayoral campaign with money funneled via Socrates Garrett. Self-identified “good ole boy”.⁶

Socrates Garrett – “Prominent Jackson businessman and power broker”⁷; successful minority contractor; project manager for many of Leland Speed’s activities; his company (recently handed over to his daughters to manage) is the firm in charge of quality control for water meter installation on the Siemens \$91 million energy savings performance contract in Jackson (responsible to Siemens not the city); donated “at least \$30,000”⁸ to Tony Yarber’s successful 2014 Mayoral campaign against Antar Lumumba; Hinds County representative for Levee board.

Tony Yarber – Mayor of Jackson, defeated deceased Mayor Chokwe Lumumba’s son in run-off campaign to finish Lumumba’s tenure; appointed Kishia Powell as head of public works and highest paid employee in city; Jackson’s representative on Levee board, attempted to declare nation’s first ever ‘infrastructural state of emergency’; faces accusations of contract steering towards campaign donors; currently facing a sexual harassment lawsuit by former executive assistant; pastor of the Relevant Empowerment Church, author of the 2012 book “Man Tips: What She Wants You to Know”, a guide-book for moving past

“drama, distrust, and distance in your relationship”.⁹

Chokwe Lumumba – Deceased leftist Mayor of Jackson who died in office 7 months into four year tenure. Tony Yarber won campaign to finish out his term against his son Antar Lumumba. Lumumba sought to establish workers’ co-ops as economic backbone of city. His ‘state-engagement’ political project put on hold after Yarber won office. His son Antar Lumumba is running on worker’s co-op platform against Yarber again in the upcoming spring 2017 election.

Kishia Powell – former head of Jackson public works, appointed by Tony Yarber as highest paid city employee; previously head of Baltimore public works during its EPA CWA consent decree; announced she was leaving position in Jackson to become Commissioner of the Watershed for the city of Atlanta after facing unsubstantiated allegations of contract steering and public exposure of elevated rates of lead in the municipal water supply (currently still serving, as of November 2016). “Would not have signed the Siemens Contract”.¹⁰

Gary Rhoads – Mayor of adjacent suburb of Flowood, member of levee board, strongly opposes Leland Speed’s two lakes plan, father of Dusty Rhoads.

Dusty Rhoads – business partner of Chris McNeil and CFO at “McNeil Rhoads”, a company very recently founded “to provide technological advancements and economic planning to the many governmental entities facing crumbling infrastructure and reductions in capital availability.”(sic)¹¹

Chris McNeil – Former Mississippi State football star. Negotiated \$91 million energy savings performance contract with the city of Jackson as a Siemens employee. Shortly after negotiations finished, he left Siemens

to open up his own “metering and energy services” company, “McNeil Rhoads”, with Dusty Rhoads. A stipulated minority-hiring contract clause brokered in the Siemens deal by Mayor Chokwe Lumumba later resulted in McNeil winning an award for “his work in providing business opportunities for minority business enterprises in the state of Mississippi”.¹²

Harvey Johnson – elected first African American Mayor of Jackson in 1997; served three non-consecutive terms, just before losing the Mayoral election to Chokwe Lumumba, signed \$91 million energy savings performance contract with Siemens representative Chris McNeil for upgrades to city’s water meter system and initial repairs to the sewerage system under an EPA consent decree.

Porter Bingham – CEO of Malachi Group and financial advisor for the city of Jackson under Harvey Johnson. Served as municipal financial advisor for Siemens contract. Sued in Fulton County, Georgia in 2006 for not remunerating a \$48,500 contract: ““He did not pay a single dime,” ... “He just never showed up or anything. I think that he has since moved on to Mississippi to governmental entities out there after dealing with governmental entities here.”¹³ Fined \$10,000 and suspended for one year by FINRA in 2007 for failing to ‘maintain minimum net capital’ required of securities brokerages and misrepresenting that in his record keeping for the Malachi Group. Has not reregistered as a securities broker since then, but did register with the SEC as a financial advisor after Dodd-Frank legislation made it a legal requirement. Worked as financial advisor for Hinds County Board of Supervisors between 2006 and 2012 where he negotiated interest rate swaps deal with underwriter Rice Financial that earned the County net \$6.7 million.¹⁴ (Jackson is the primary city of Hinds County.) Negotiated a refinancing of Jackson sewer and water debt with

underwriter Rice Financial to save the city over \$5 million between fiscal years 2011-2013, but added over \$10 million¹⁵ more to the city’s long term debt load in doing so. In January 2016, the city of Rolling Fork, MS announced plans to sue Malachi Group for overbilling¹⁶

Betty Mallet - Co-bond council for underwriters Rice Financial and Morgan Stanley in \$91 million Siemens performance contract bond.

Sam Begley – Co-bond council for underwriters Rice Financial and Morgan Stanley in \$91 million Siemens performance contract bond. Very good friends with former Mayor Harvey Johnson.¹⁷

¹ Mississippi Development Authority. About MDA.

Accessed September 18, 2016. Accessible here: <https://www.mississippi.org/home-page/about-mda/>

² Mississippi Development Bank. Authorization and Purpose. Accessed September 18, 2016. Accessible here:

<http://www.msbusinessfinance.com/mississippi-development-bank/>

³ Noel Didla, interview 2014.

⁴ What We Know About Atlanta’s New Watershed Management Director, Accessed November, 2016. Accessible here: <http://www.11alive.com/news/local/what-we-know-about-atlantas-new-watershed-commissioner/226263635>

⁵ Bloomberg Executive Profile. Leland R. Speed. Accessible here:

<http://www.bloomberg.com/research/stocks/people/person.asp?personId=268474&privcapId=268472>

⁶ Ladd, Donna. 2006. Leland Speed Stepping Down from MDA, *Jackson Free Press*, November 21

⁷ Nave, Ryan. 2015. Troubled Water, Part I: Explaining Jackson’s \$91 Million Siemens Contract, *Jackson Free Press*, March 11.

⁸ Nave, Ryan. 2015. Mayor Yarber Denies Contract Steered to Socrates Garrett, *Jackson Free Press*, September 21

⁹ Wolfe, Anna. 2016. Ex-Assistant to Jackson Mayor Alleges Sexual Harassment, *Clarion-Ledger*, August 25

¹⁰ Ganucheau, Adam. 2014. Jackson Official: Wouldn’t have Signed Water Contract, *Clarion-Ledger*, December 25

¹¹ <http://mcneilrhoads.com/about/>

¹² Ibid.

¹³ Saldana, Matt. 2007. Supes Advisor Sued over Swap, *Jackson Free Press*, April 19.

¹⁴ Braun, Martin Z. 2015. How One Mississippi County Played Wall Street’s Fiddle, *Bloomberg Markets*, July 28

¹⁵ Jackson Jambalaya. 2010. Jackson Will Pay Extra \$8 Million to Refinance Bonds, June 18

¹⁶ Jackson Jambalaya. 2016. Malachi & Blackmon Gouging Rolling Fork?, January 5

¹⁷ Nave, Ryan. Personal communication, August 2016.

Chapter 4 - Spatializing the Municipal Bond Market: Urban Reproduction in the Time of Financialization

By now, everyone knows the Siemens contract is a raw deal. One city council member has even called it “the never-ending nightmare” (Summers, 2016). The \$91 million ‘energy savings performance contract’ with the German engineering conglomerate to upgrade and repair Jackson, Mississippi’s aging water system has been plagued by faulty water meter installations, issues with new billing software, work stoppages, and conflicts with sub-contractors (Nave, 2015a, 2015b). A major reason why so-called performance contracts are favored by governmental entities is because the upfront costs associated with the project are ostensibly financed by the private contractor, who later receives payment through the savings produced by the more efficient system (GAO, 2015). Yet Jackson’s contract with Siemens stipulated that the city issue a \$91 million bond before the firm would even break ground on the project. The official statement for this bond is also much longer than typical official statements, at nearly 300 labyrinthine pages - some of which even document the existence of a group of “Objectors” to the bond issue. But former Mayor Harvey Johnson claims the bond, and moreover the entire deal, was given the go ahead by the Mississippi Development Authority before he ever signed the contract with Siemens (Nave, 2015a). Yet there are passages in the contract pertaining to the amount of guaranteed savings resulting from the new system so misleading that - months down the road - city council had to turn to an outside firm specializing in municipal water system assessments to be able to interpret the details correctly.

The story officially began in 2010, when the Environmental Protection Agency (EPA) made its initial inquiry into the condition of the city's water and sewerage system, but the dilapidation of Jackson's infrastructure was already a well-known problem to residents long before then. Water mains often broke during freezes, aging treatment facilities have lacked the capacity to properly manage flood and storm water run-offs for years (which happen frequently this close to the Mississippi River), and the city's roads are pock-marked with dangerous potholes —mini sink-holes, really— that open up when the earth beneath pavement becomes soft with water. New deadly potholes are a constant danger to residents as parts of the antiquated underground piping system are now 100 years old and estimated to leak approximately 40% of the total water carried through them (Gates, 2015). From January to April 2015 - three years into the Siemens contract, and with over \$80 million already paid out to the firm - the city still experienced 75 water line leaks and 93 boil water notices in different parts of town (Gates, 2015).

The socio-economic and socio-ecological impacts of the Siemens performance contract with Jackson are profound. The city's water and sewer credit ratings have been downgraded three times since the contract has come into effect, while general obligation debt, which is backed by the taxing powers of the city, has been downgraded twice as of July 2016. The generated savings from the new system are so far below budgeted expectations and guarantees made by Siemens (but, as it turns out - not *legally tendered* by Siemens) that the city has had to implement austerity measures like monthly furlough days for full time municipal employees, and generously accessing Jackson's rainy-day funds, a move described by both the city's director of administration and financial advisor as “send[ing] a horrible message to the [bond] ratings agencies” (Nave, 2015c).

And in a move reminiscent of Detroit emergency management, as of July 2016 the city reports that it will soon begin turning off the water for accounts over 30 days past due (Wolfe, 2016d). “We can’t stay in limbo forever. At some point we have to start acting like a normal water department”, city council member Melvin Preister said in reference to the shutoffs (ibid.).

Preister’s given understanding of how a “normal” water department is supposed to operate is a key variable in determining the best path forward. Are water departments supposed to perform the public service of urban water provision, or behave like a profit-seeking business selling a commodity? Is access to potable urban water a human right, or a privilege of purchasing power? As it stands, the city faces a generally debilitated water and sewerage system, without the expected savings from the performance contract available to help finance repairs, as council members were given to understand would be the case by Siemens representatives. Making matters much worse, in February 2016 results were released indicating that 22% of a 58-home sample tested above the ‘federal action lead level’ of 15 parts per billion (ppb) (Galbraith and Teague, 2016). In comparison, in a 252-home sample in Flint, Michigan, another Black-majority city facing wide-spread lead exposure through its water pipes, the 90th percentile - the point at which the federal Lead and Copper Rule mandates must fall below 15 ppb - was 25 ppb. In Jackson, the 90th percentile in the 58-home sample was 28 parts per billion.⁵³

This chapter investigates the racializing consequences of municipal bond financing using the lens of the ongoing urban water crisis in Jackson. While aging water infrastructure preexisted the global financial crash of 2008, the water systems of Black-

⁵³ In a later test with a larger sample size of 101 homes, the 90th percentile was at 16 ppb, lower than Flint’s, but still above federal regulation (Wolfe, 2016b).

majority cities like Flint and Jackson have been given the racialized shape of "crisis" through the logics and dynamics of austerity urbanism – a contemporary variegation of neoliberalism, the current mode of social regulation under financialized racial capitalism. I explore this thesis from two different perspectives: first, I use a qualitative, on-the-ground method of investigation to consider the often invisible element of human connection in financialized processes of accumulation and social regulation. What is a performance contract and who sold it to the city? By whose authority was the contract recommended as a viable option for Jackson? The aim here is to take a ‘first cut’ at defetishizing the production of a municipal bond, to illustrate the sorts of social relationships and operational contexts that structure them. Next, I broaden the scope of analysis to examine the relationship of the 21 largest Black-majority urban areas in the country to the municipal bond market. Using data obtained from the Electronic Municipal Market Access (EMMA) database and the Lincoln Institute of Land Policy’s Fiscally Standardized Cities database, I show that Jackson’s experience isn’t the exception, but —since the beginning of the 21st century and the deregulation of the financial industry in the US— the general rule for the largest Black-majority cities going to the bond market. Lastly, I conclude that the relational status of “crisis” that has been inscribed upon the hydraulic condition of Black-majority cities like Flint and Jackson is best understood as a topological product of racial capitalism and its associated modes of regulation. In the next, and concluding chapter to this dissertation, I pose the contract, and evolutions in accountancy’s conception and praxis of risk, as two key ‘power-topologies’ (Allen, 2011) rendering unjust social relations constant throughout endemic political-economic change.

Follow-that-Bond

Ever since Ian Cooke (2004) traced the intricate and surprisingly fragile production process enabling him eat to a fresh tropical papaya at his kitchen table in England by following the hidden, unequal social relationships comprising circuits of globalized commodity chains — geographers have used his follow-the-thing method of investigation to defetishize the production and consumption of commodities of all sorts, from iphones to exotic animals (i.e. Collard, 2014). In 2011, two years after the beginning of the recent global financial crisis, Brett Christophers suggested that we use this approach to defetishize the “god of commodities”, money. In a brilliant follow-up commentary, however, Emily Gilbert (2011) reminded readers that money is not a ‘normal’ commodity - that credit and debt relationships between people and groups of people existed thousands of years before the advent of cash and gold coinage, the money-form Marx positioned as the one commodity to rule all others. In the final analysis, both Christophers and Gilbert acknowledge that while the project of defetishizing the social relationships standing behind and producing our lived experience of money is hugely important, problems delineating both the scope of the chain and object of analysis remain.

Importantly though, they both speculate that money in the commodity-form of securitized debt obligations could potentially make a suitable object for a follow-the-thing method of defetishization. This section attempts to do just that, using the municipal bond issued to finance the Siemens performance contract with the city of Jackson to highlight the social and economic geographies at work in the production of municipal bonds, as well as to draw out some of the ways in which the power dynamics present

within the production of securitized monies differ from those found in other commodity chains. I limit the scale and scope of the analysis largely to that part of the production process leading up to securitization. While following the production of a bond through securitization is an important step to take, it remains beyond the present scope of this project, which is focused on understanding the impact and consequences of municipal financialization from the perspective of cities, rather than the global securities market as a whole.

Financing Under Pressure

Back in 2010, when Jackson was negotiating the Clean Water Act consent decree with the EPA for its sewerage system, Siemens presented a proposal to audit the city's water system for potential savings to be gained implementing energy efficiency procedures. The city's antiquated billing system had been in place since 1972 (Lynch, 2010), and the consent decree negotiations made it obvious that Jackson would need to begin costly capital intensive repairs sooner rather than later. The city hoped that efficiency improvements in the system would help to pay for the repairs required under the EPA's unfunded mandate and avoid burdening residents with drastically increased utility bills. As part of their proposal, the engineering firm said they would charge Jackson for the audit only if city council decided to contract with another company for the water system upgrades the audit recommended; a compelling offer for a working class city like Jackson, where per capita income was \$17,434 in 2013 (and rent expenses are about half of that, averaging \$720/month).⁵⁴ Unsurprisingly, the city agreed to go with Siemens for the repairs the audit suggested, and the company placed its hometown

⁵⁴ Data obtained from city-data.com, accessed September 18, 2016. Accessible here: <http://www.city-data.com/city/Jackson-Mississippi.html>

hero, the former Mississippi State football star Chris McNeil (whose NFL draft stats can still be found on sports websites) in charge of handling the subsequent contract negotiations with city council.

The promotion of energy savings performance contracts as a legitimate instrument of municipal finance also came from another trusted corner, the Mississippi Development Authority (MDA), established to assist Mississippi municipalities locate funding for their infrastructural needs without exceeding their state imposed debt limits.⁵⁵ The MDA promoted energy performance contracting to its municipal constituents as "a method of making the energy upgrades you need now —with no up-front capital— and paying for them later through the energy savings that result from the retrofit of the facility... [and are] guaranteed by the Energy Service Company."⁵⁶ During the last month of local real estate mogul Leland Speed's second tenure as executive director of the MDA, Jackson city council agreed to the performance audit of its water system by Siemens. With subsequent assurances from hometown hero McNeil during the follow-up contract negotiations that savings from project would start coming in "immediately" (Cleveland, 2013b), and with former Mayor Johnson assuring readers of a local newspaper that the MDA "gave the deal a green light before I signed the contract" — Jackson city council

⁵⁵ Authorities are state entities originally created during the Great Depression to route low-cost Public Works Administration loans from the federal government to localities without triggering the municipalities' state-imposed debt limits. These limits were instituted in the late-nineteenth century after the Panic of 1873 sparked a wave of municipal bond defaults taken out for railroad construction. Today, Authorities are used for a number of economic development and service provision functions from housing to electricity or enticing major firms to relocate -- and for the same purpose of avoiding debt limits, as well as avoiding the burden of voter approval for bond issuances (Sbragia, 1996).

⁵⁶ I take this quote from Nave (2015a) as the Authority has since changed the wording on their website to: "Energy Performance Contracting is an innovative financing package that uses savings from reduced energy consumption to repay the cost of installing energy conservation measures. A qualified Energy Service Company, or ESCO, guarantees a level of energy savings for a specified contract term sufficient to cover all project costs." Available here: <https://www.mississippi.org/home-page/our-advantages/incentives/energy-incentives-programs/>, accessed March 28, 2017.

voted 5-2 to enter into the “largest and perhaps most complicated construction contract the city has ever signed” (Nave, 2015a).

However, the lawyer for the city at the time, Pieter Teeuwissen, says that the city council only gave the contract to the legal department after it “had been approved by the governing authorities... We looked at the deal, and while the deal was legal, it didn't seem like a good business deal.” (Nave, 2015b).⁵⁷ Teeuwissen and Steve Edds, another attorney specializing in government debt issuance, and the city’s financial advisor at the time, Porter Bingham of the Malachi Group, renegotiated the contract for the city. This renegotiation led to two amendments, one aiming to “better enable the (City of Jackson) to finance the price of the agreement”, and another altering the ‘scope of work’ (ibid.). However, the original valuation of the contract and the payment structure of the bond issuance remained intact. And it was the stipulated monthly dispersal of the proceeds from the bond issuance to Siemens that was the key reason why former director of Public Works Kishia Powell said that she would not have signed Siemens performance contract had she been director at the time. “There were no specific milestones in the contract” regarding project goals that must be met by Siemens before acquiring payment. “It’s clear that the contract seems to be more beneficial to (Siemens) in that regard”, she said (Ganuchau, 2014).

The monthly payments stipulated in the performance contract subsequently became embedded in the structure of the underlying bond. While the bond issuance and offering process could have served as a final backstop for instituting some sort of project

⁵⁷ Ryan Nave also reiterated the disconnect between the city attorney and the city council in an interview I conducted with him in June 2015, mentioning that the attorney said he was not involved in setting up the Siemens contract, whereas the Mayor and city council said that he was.

oversight mechanism for the city of Jackson, to ensure payments to Siemens happened in-line with adequate work performed by the company, this did not occur. And though the bond was issued to the city to finance an energy-savings performance contract, it was not repayable from the anticipated yield of the project, which would have been the savings derived from increased energy efficiency. Rather, the debt issued to pay the transnational engineering company for services rendered was repayable “solely from the gross revenues derived from the operation of the combined water and sewer system of the city” (Mississippi Development Bank, 2013, pp. 2). Meaning that the bond was to be repaid by user fees at large rather than savings specifically derived from the new energy-efficiency upgrades, as the MDA had advertised would be the case on their website. Because the source of repayment was different from the bond’s purpose and source of expected income, the issuance process —the half of the bond production process⁵⁸ I am concerned with here— did not identify the lack of oversight management as a project risk. A \$91 million bond was thus issued under the supervision of a number of local and national financial experts for a project with no built-in guarantees of work progress because the ultimate source of repayments was not attached to the risk of the undertaking.

It is at this juncture in the commodity chain of a municipal bond that we can perceive the aspect of money-commodities rendering them fundamentally different to

⁵⁸ The second half of the production process of a bond is the ‘offering’ process, whereby the underwriting firm or firms package the debt obligation into securities which are then sold to investors in a ‘primary market’ or ‘new issue’ transaction. Secondary market transactions refer to those taking place after the initial public offering. Depending on the type of venture the bond is funding, many underwriters will try to line up investors in advance of the initial public offering. As a point of clarification, I have conceptually separated the bond issuance process from the bond offering process here, but in reality the underwriter performs both procedures simultaneously. Both the issuance of the credit to the municipality and the offering of securitized debt obligations to investors are conceived of as a unified procedure, the ‘underwriting process’, in the municipal bond market industry. (MSRB, lifecycle of a bond, accessible here: <http://www.msrb.org/EducationCenter/Municipal-Market/Lifecycle.aspx>)

other commodities: the burden of risk. Normally, the value invested in producing a commodity for sale in the market faces the risk of being lost. Whatever sort of commodity-form the invested value is congealed in may not sell for the expected price or at the expected magnitude, etc... consumers may choose not to purchase it for any number of reasons. When this happens it is impossible to recover the costs invested in production, let alone make any profit, and so the investor faces a loss of value. However, during the production of money commodities, the principal capital invested is often guaranteed to be repaid as a matter of course. This is particularly true for those investing their money into loans or bonds to individual borrowers. For these money commodities, the bankruptcy of the borrower is the only option for escaping repayment. In the money-commodity form of municipal securitized debt obligations, the money invested by the underwriter into municipal bond production is always backed by a guarantee of repayment – either in the form of user fees generated from revenue bonds, or from the taxing powers of the city activated by the use of general obligation bonds. So, unless municipal bankruptcy occurs, the risk of losing any of the capital that lenders (underwriters) invest in the production of a municipal bond virtually disappears. And, as previously mentioned in the Chapter 2 discussion on the metamorphoses of capital and the emergence of financialization, this is of course considerably less risky than facing the possibility of capital lost through the production and sale of all other sorts of commodities.

Crucially though, this guaranteed source of capital repayment ruptures the connection between project risk-assessment and product design of the bond, creating new municipal geographies of moral hazard. Because underwriters of municipal debt are de

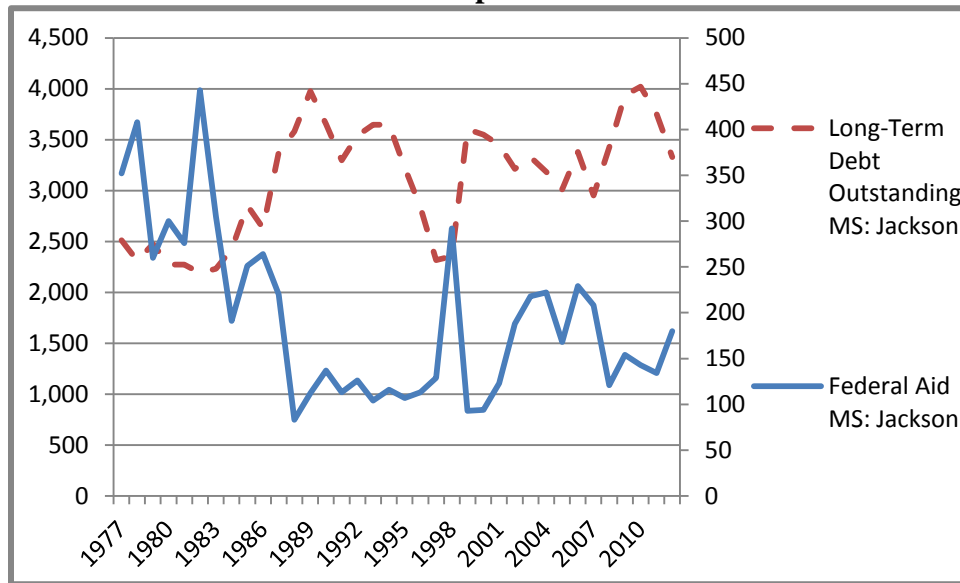
facto guaranteed to recoup capital investments, and also because municipal securities investors are known to seek out high yield (and therefore higher risk) bonds to invest in, the fiduciary integrity of bonded projects is not oriented to the municipality, but to the bond market. Take for example, the perspective presented by a co-manager of the very successful Delaware National High-Yield Municipal Bond Fund, in his description of the sorts of muni bonds the Fund seeks to invest in: “The fund’s universe is composed of revenue-based bonds that get dinged by credit-rating agencies for any number of reasons. ‘An example would be a hospital in a lower-income area,’ ... ‘It might get a lower rating because of its location, but that doesn’t mean it’s going to default.’” (Max, 2015). This sort of place-based discrimination is not only taken for granted in the municipal bond market, it is built in to the market’s very conceptualization and operationalization of risk. In the hypothetical instance of the hospital in a low-income area, risk is understood to be the risk of the low-income city defaulting on its loan. The market perversely protects itself from this risk by charging the low-income area *more* for building a hospital there than it would to build the same hospital in a wealthier area. Conversely, in the scenario of Jackson’s performance contract with Siemens, the risk the project posed financially to the city and its residents was not even legible *as* risk during the bond issuance process. The only risk considered in any detail during the construction and design of the Siemens performance contract bond was the risk of default taken on by lenders and investors.

Put simply, bonded projects (are at) work for the bond market industry, not for cities. In the next section I present longitudinal findings from four decades of municipal bond data history to provide a comparative, macro-scale picture of the effects this bond

market-oriented conception of risk has had on the spatiality of urban finance in the United States.

A Market in Urban Vulnerability

Figure 5. Jackson, Mississippi: Long-term Municipal Debt versus Federal Aid, per capita



Source: Lincoln Institute of Land Policy. Fiscally Standardized Cities database.

Before I get into the details of the bond data, I want to present a picture of the city-level relationship between federal aid and municipal debt. The chart above shows this relationship for the city of Jackson between the years 1977-2012. The amounts are in real 2012 dollars, with Long Term Debt Outstanding on the left axis and rates of federal aid on the right axis. The two time-series express nearly mirrored images of each other, so that a decline in the amount of federal aid the city receives is almost always matched by a rise in the city’s long-term municipal debt load immediately thereafter, and vice-versa. This chart illustrates, then, the powerful role played by the federal government in determining the level of financial vulnerability and exposure to investor-centered conceptions of risk that cities must face in the course of provisioning basic services to

residents. It also points to the powerful role played by the federal government in the historically expansive growth of the municipal bond market overall. Had federal aid to cities not been eviscerated over the course of the 1980s, it is safe to say that the municipal bond market would not amount to \$3.7 trillion in principal and compound interest owed by cities to private investors today.

In 2014 Jackson's population was an estimated 80% African American with a median household income \$20,000 less than the national median household income (US Census, American factfinder). The Siemens performance contract bond put these people on the hook for \$203 million, with more than 55% of that total collected as interest on the \$91 million principal loan amount (Mississippi Development Bank, 2013, pp. 19). While the median interest rate on all municipal bonds issued in 2013 was 3% (EMMA data), the Siemens series has interest rates increasing annually from 5%-6.75% throughout most of the maturity life of the series, ending in 2033. Then, after a seven-year reprieve, the bond picks back up again for a final \$41,260,000 balloon payment at 6.875% interest.

Just as with predatory subprime mortgage loans, these types of bonds are designed to be refinanced, to keep cities rolling their debt forward in perpetuity so that interest collection never stops. So the occasion of refinancing can recalibrate capital accumulation based on new interest rate environments and updated credit ratings. Municipalities hope that interest rates will be lowered and their good credit will remain, while most of the other actors in the bond market desire higher interest rate environments and have no vested interest in whether municipal credit ratings remain healthy (Hackworth, 2002). Despite these unsupportive conditions this is a dance that, for cities, they desperately hope never ends. Cities move in and through time by the

finance/refinance rhythm, working hard to retain a clean credit history and good credit ratings. If they fall out of time, if they misstep and lose that good credit rating for any reason, then the long slide toward fiscal crisis begins.

At first, local governments try to solve the problem by moving money around in the books, reshuffling rainy-day funds, or reallocating departmental costs until the accounts balance, as Yarber tried to do after the savings from the energy efficiency performance contract with Siemens fell far short of expectations. If that doesn't work, urban abnegation sets in – as Yarber was subsequently forced to do by way of furloughs for full time city employees. The deliberate erosion of urban reproduction and regulatory functions for the sake of maintaining credit ratings thus becomes normalized in the presence of financially-induced austerity. City managers (whether elected or imposed) begin actively seeking to divest publicly held assets, to remove or reduce services and safety measures in the name of balanced budgets and debt service ratios. Acts of this nature have so far included the destruction of public pensions, the de facto abandonment of safe drinking water protocols, the closure of programs for children, the elderly, and other at-risk or special needs populations, increased user fees for nearly every urban service or utility, and reductions in city personnel that debilitate the morale, effectiveness, and agency of local governments as they are forced to maintain operations in the face of furloughs and lay-offs. This last act of asceticism often occurs amidst further accusations of local bureaucratic corruption, a strategically distracting veneer on the mantle of the systemic meta-corruption enabling the massive rerouting of funds away from urban citizens to the owners of bonded capital.

Nevertheless, it could conceivably be argued that maybe Jackson's performance contract with Siemens was, in fact, correctly priced with a higher than average interest rate in the bond market precisely *because* it is a project with a higher than average risk. That the higher interest rates have nothing to do with Jackson's poverty, Blackness, or general economic vulnerability per se, but with the characteristics of the performance contract. Despite indications that the muni-market systematically - and without compunction - engages in place-based discriminatory lending practices, it could conceivably be argued that the interest rates on the Siemens performance contract bond in particular have been priced according to the characteristics of the bond, not the characteristics of the city. After all, Jackson paid for the bond to be insured by Assured Guaranty Municipal Corporation, a subsidiary of the Bermuda-based "credit-enhancer" holding company Assured Guaranty Ltd., thus bringing the credit rating of the city's Siemens issue up to triple A, the best score possible⁵⁹.

A report put out by the United States General Accountability Office (GAO) in 2015 on energy performance savings contracts also substantiates this argument to some extent. The report warned government entities (two years too late for Jackson) that "additional actions are needed to improve federal oversight" of these kinds of financial instruments, and that even as far back as 2005 the GAO was aware that the federal agencies making use of energy savings performance contracts, which have been around since 1986, "often did not have the expertise and related information needed to effectively develop and negotiate the terms of ESPCs and to monitor contract

⁵⁹Credit-enhancing insurance is purchased by issuers without perfect credit in order to reduce the amount of interest ('yield') paid out to investors, ostensibly reducing the overall cost of the project (Garruppo and Dalpiaz, 2016).

performance once energy conservation measures were installed” (GAO, 2015 p. 2). So, theoretically the higher than average interest rates on the Siemens performance contract bond may have been the product of market mechanisms accurately pricing an inherently risky contract. If this is the case, there is a clear argument here against actors in the municipal bond market withholding known information from cities on the dangers of a particular asset-class in favor of obtaining higher-yields associated with a harmful financial product. However, data obtained on the past 44 years of bond issuances for the largest Black-majority cities in the United States suggests that a much more systemic problem lies at the heart of the market.

Black-Majority Cities as a Unit of Analysis

The fact that the two largest municipal bankruptcies in US history were filed by majority-Black cities (Detroit, Michigan and Birmingham, Alabama) is not a coincidence but an effect of racialized circuits of value production. Out of the eight largest municipal bankruptcies in US history, cities with either African American- or Latino-majority populations are involved in at least six of them.⁶⁰ Establishing Black-majority cities as a category of analysis is thus an important step to take in developing understandings of how contemporary racialized capital moves through and operates at the urban scale. More specifically, this category provides a useful perspective and platform by which variegations can be identified in the ways that major political-economic processes involving racialized capital - like neoliberalization, austerity, and financialization - unevenly unfold throughout the urban fabric.

⁶⁰ The population of Vallejo, California is more accurately described as a plurality. According to the US Census (Quick Facts, 2017), Vallejo’s population is fairly evenly divided: 25% white alone, 23% Hispanic or Latino, 25% Asian, 22% Black. Accessible here: <https://www.census.gov/quickfacts/fact/table/vallejocitycalifornia#viewtop>, accessed July 23, 2017

The following list of the largest Black-majority cities in the US is derived from 2014 population estimates from the US Census for all cities with a population of over 100,000 in 2010, the year of the last official census. All cities with African American populations of 50.5% or more are included, resulting in a list of 21 contemporary majority-Black urban centers in the US:

Table 1. Largest Black-Majority Cities in the US by Population

	2014 estimated city pop., excluding metro area	2014 est. Black alone + in combination with other races (Biracial) pop.	estimated percent Black population
Detroit, Michigan	680,250	550,846	81%
Memphis, Tennessee	656,861	429,604	65%
Baltimore, Maryland	622,793	399,451	64%
Atlanta, Georgia	456,002	239,267	52%
Cleveland, Ohio	389,521	218,528	56%
New Orleans, Louisiana	384,320	230,748	60%
Newark, New Jersey	280,579	144,212	51%
Baton Rouge, Louisiana	228,895	130,647	57%
Richmond, Virginia	217,853	110,127	51%
Birmingham, Alabama	212,247	156,428	74%
Montgomery, Alabama	200,481	121,539	61%
Shreveport, Louisiana	198,242	116,430	59%
Augusta- Richmond Cnty, Georgia	196,741	114,060	58%
Mobile, Alabama	194,675	103,344	53%
Jackson, Mississippi	171,155	133,960	78%
Macon-Bibb County, Georgia	153,691	83,326	54%
Savannah, Georgia	144,352	81,512	56%
Hampton, Virginia	136,879	70,691	52%
Miami Gardens, Florida	112,265	83,894	75%
North Charleston, South Carolina	106,749	55,288	52%
Flint, Michigan	99,002	54,908	55%

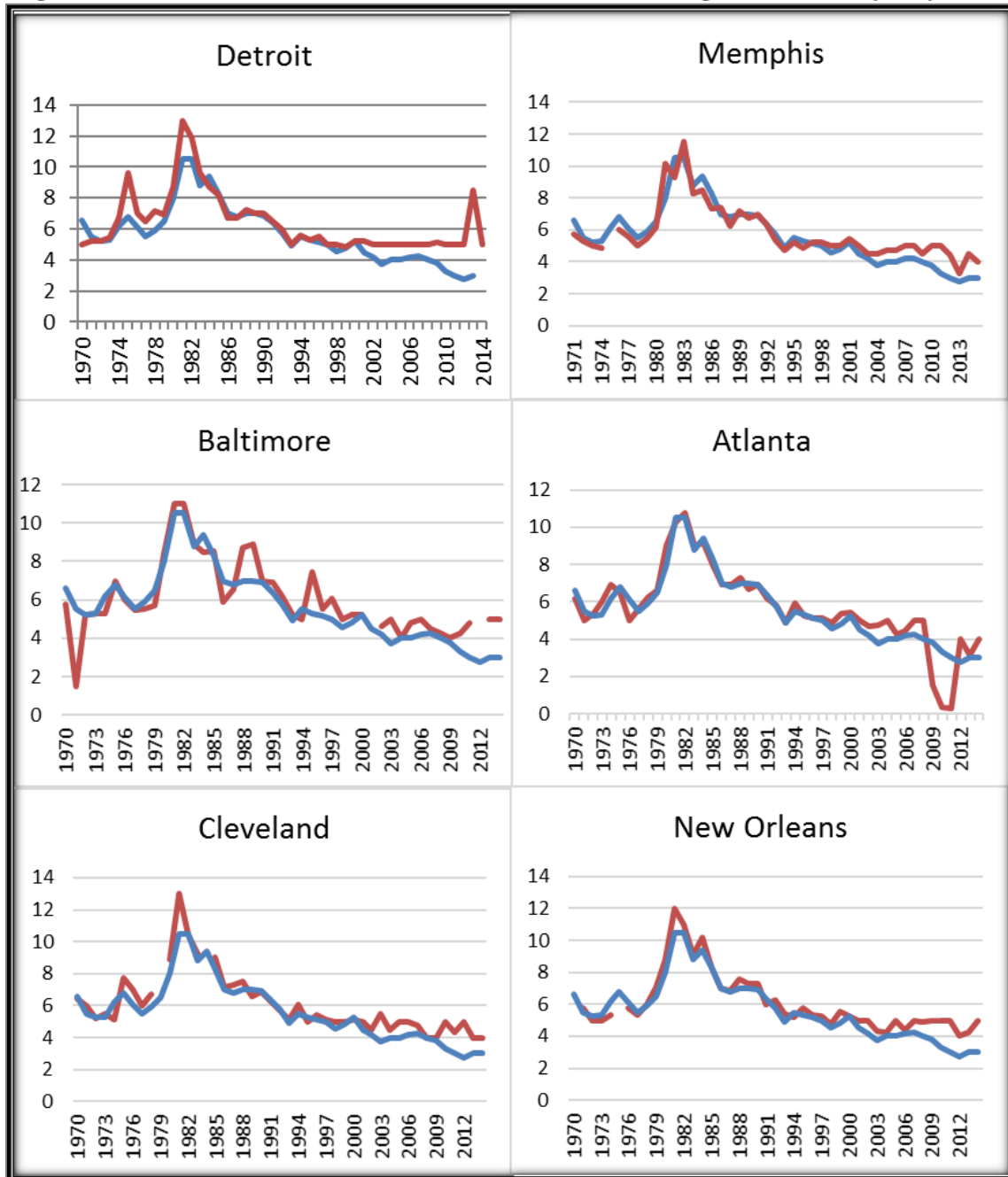
Source: US Census

Interestingly, some historically Black-majority cities did not make the 2014 list, most notably including Washington DC, who narrowly fell below the threshold, and St. Louis, whose African American population is estimated to have fallen from 51% in 2010

to 48% four years later, in 2014 (US Census). African American populations of other Black-majority cities, like Atlanta for example, are also facing displacement pressures as gentrification renders inner-city living desirable to the wealthy once again. I lay these demographic trends aside for the moment, however, to focus on the treatment in the municipal bond market of the 21 cities whose populations are currently estimated to be more than 50.5% Black. The following figures present data obtained from the Electronic Municipal Market Access website, or EMMA, a database of ‘virtually all municipal bonds’⁶¹ that have been issued in the United States. It is maintained by the self-regulatory body, the Municipal Securities Rulemaking Board (MSRB) on behalf of investors and state and local governments, and other interested parties. I analyzed the interest rates of approximately 4.9 million bonds over the 44 year period 1970-2014 to obtain these results. While filing official statements and continuing disclosure documents is a legal obligation, it has only recently been (lightly) regulated as such. This often results in missing documents and subsequently missing data points. So even though the full dataset consists of various pieces of information on 5.38 million bonds, just about 4.9 million bonds contain interest rate data. Nevertheless, this is the most consistently available variable for every bond in the dataset. As such it provides crucial information on the changing spatiality of the municipal bond market over time. The following set of graphs show the median interest rate histories for the six largest Black-majority cities in the US in 2014 (red line), in comparison with the median interest rate history for all municipal bond issues in the same year (blue line, which is the same in every graph).

⁶¹ <http://emma.msrb.org/>, “are you new to emma?” section.

Figure 6. Median Interest Rate 1970-2014 for the Six Largest Black-Majority Cities



Source: EMMA. Author's calculations. Red line indicates median interest rate for the city, while the blue line indicates the median interest rate for all bonds issued in the same year.

One of the first things to notice about the pattern in the graphs above is the interest rate peak occurring in the early 1980s, representing the effect of the 'Volcker Shock' on the municipal bond market. This interest rate 'shock' occurred in all financial

markets when then Chairman of the Federal Reserve, Paul Volcker, drastically raised interest rates in an attempt to curb inflation. Also noticeable is that the overall interest rate environment has steadily declined in the years since then, from a high median interest rate of 10.5% for all bonds issued in 1981 and 1982, to a low of 2.75% for all bonds issued in 2012.

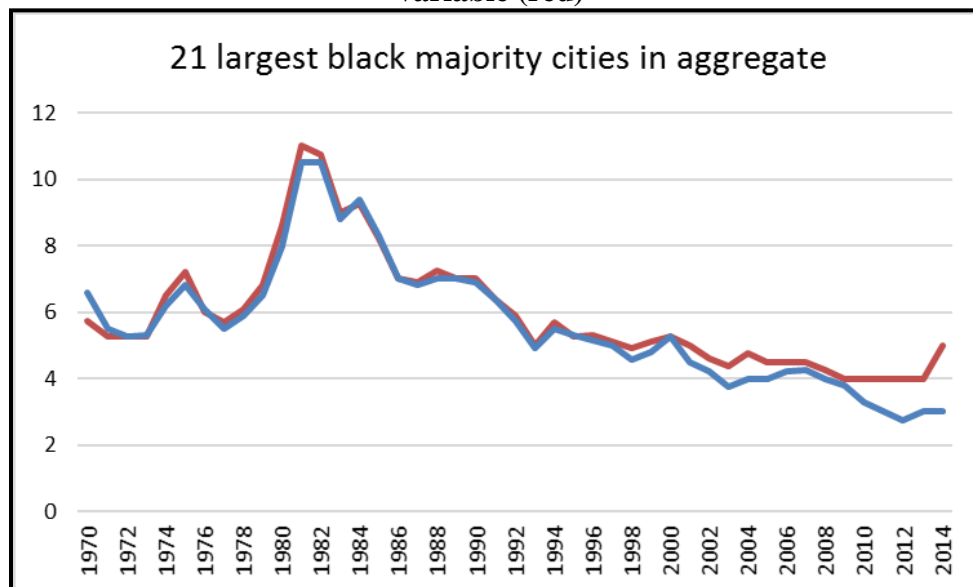
We can observe variations within each of the cities' interest rate charts as well. The interest rates for Detroit and Memphis are historically very steady, rising and falling in a rhythm that is generally very close to the median rate for all municipal bonds. The third largest Black-majority city, Baltimore, has a much more volatile - and spotty⁶² - interest rate trajectory over the same 44-year period. Atlanta, meanwhile, has for the most part stayed practically level with the median rate for all bond issues, with the exception of a very low-dip during the years of the Great Recession. The majority of these very low interest rate bonds appear to be where the city took advantage of the low-interest rate environment to refinance older bonds that came to maturity during these years, or that were originally issued with higher interest rates. Cleveland and New Orleans display similar interest rate histories of small variations here and there along the median trend line.

Significantly however, each of these cities share a major common element in their respective interest rate charts. Starting sometime between the mid- to late-nineties and the turn of the century, they each start to express interest rates that are, on the whole, systematically higher than the median interest rate for all bonds issued in the market in

⁶² The occasional missing value in these charts indicates that no bond information was available for the city for that year. This could mean either that the city issued no bonds that year, or that the information and associated documents have not been registered with EMMA or the MSRB as required.

the same year. The figures for Detroit and Memphis display this trend most clearly, but it is present in the figures for each city. In fact, the tendency for Black-majority cities to obtain higher than average interest rates in the municipal bond market starting around the year 2000 is a categorical trend, as seen in the figure below that displays the aggregate median interest rate history for all 21 Black-majority cities:

Figure 7. Median interest rate 1970-2014, all issuers (blue) vs. Black-majority city variable (red)



Source: EMMA. Author's calculations. Red line indicates median interest rate for the Black-majority city category, while the blue line indicates the median interest rate for all bonds issued in the same year.

As the image above shows, only once since 1998 have these 21 cities collectively received the average interest rate on their municipal bonds. And as a group, the price charged to them for borrowing funds has only been lower than average 7 times in the 44 year period under observation: four of them in the 1970s (1970, 1971, 1973, 1976), when the demographics of all the cities were likely not quite yet majority Black. It happened again two more times in the mid-80s (1984 and just barely in 1985), and then for the last time in 1995, at a difference of one-tenth of one percent. The gap between Black-

majority cities' interest rates in the municipal bond market and other issuers started to increase in the late 1990s, starting around 1996. The bursting of the dot-com bubble in 2000 is the only time since then that the median interest rates of the Black-majority city category matched those by all other issuers. Save for this one year, the aggregate Black-majority city interest rate has been systematically higher than average since the turn of the 21st century.

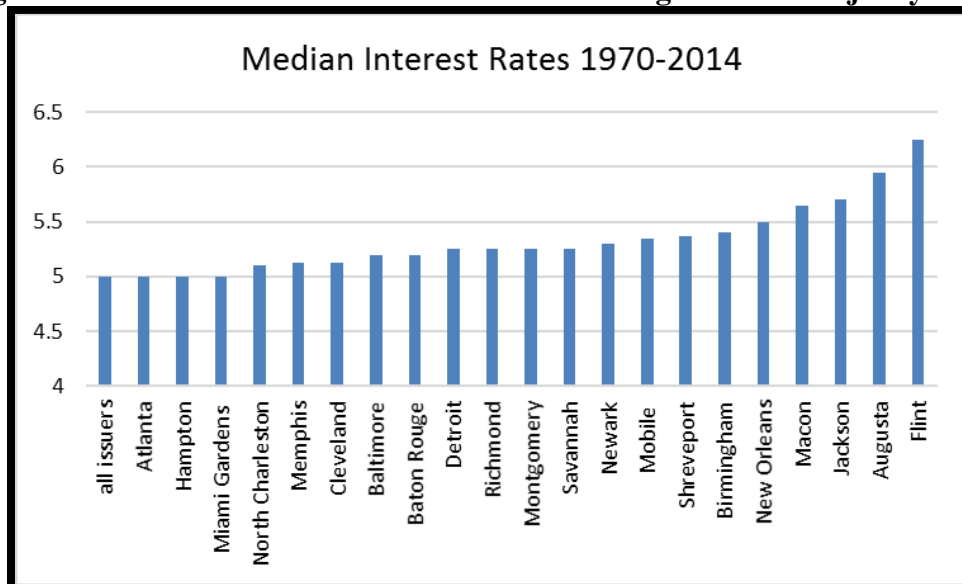
What happened around the year 2000 to effect such a clear change in the costs of production of urban space for this group of cities? Why did Black-majority cities systematically begin to receive higher than average interest rates for their municipal bonds at this time in particular? The dynamics of their respective economies were not homogenous. Yes, some of them—for instance Detroit and Cleveland—were facing post-industrial decline, but they had been doing so for years already. Meanwhile other Black-majority cities on the list, like Atlanta, were enjoying an economic boost from the housing bubble that would collapse eight years later. New Orleans was still five years away from Hurricane Katrina.

Aside from their common denominator of having majority Black populations, the other significant factor involved in the rising costs of borrowing money for these cities was the repeal of Depression era legislation preventing banks from underwriting municipal revenue bonds. Previously, the Federal Reserve restricted member banks to underwriting only general obligation bonds that were backed by the taxing powers of the city and had to be passed by the city's electorate. But under the Gramm-Leach-Bliley Financial Modernization Act of 1999 the ban was lifted and commercial banks became able to participate in the far larger market in revenue bonds, which bypass the voter

approval process yet are, in most cases, still backed by a guaranteed source of payments in the form of user fees for essential services. Meanwhile, the Commodity Futures Modernization Act of 2000 further enabled derivatives trading and instruments like credit default obligations and ‘swaptions’ to enter the municipal bond market, entrenching contradictory incentives to simultaneously invest and bet against financially exposed, economically vulnerable cities in the search for higher yield (Newman, 2009; Ashton, 2009). It is now, as public finance expert Tom Sgouros (2015, p. 101) has said, “crystal clear that in many ways, banks regard our state and local governments as marks to whom they can sell the newest, shiniest financial gimmick, no matter how risky or rigged.”

For a closer perspective on city-specific variations within this category, the following table shows the median interest rate acquired by each of the 21 largest Black-majority cities over the 1970-2014 period.

Figure 8. Individual Median Interest Rates for Largest Black-majority Cities



Source: EMMA. Author’s calculations.

Here we can see that three of the cities under analysis - Atlanta, Hampton, and Miami Gardens - achieved the same median interest rate of 5% as all issuers combined

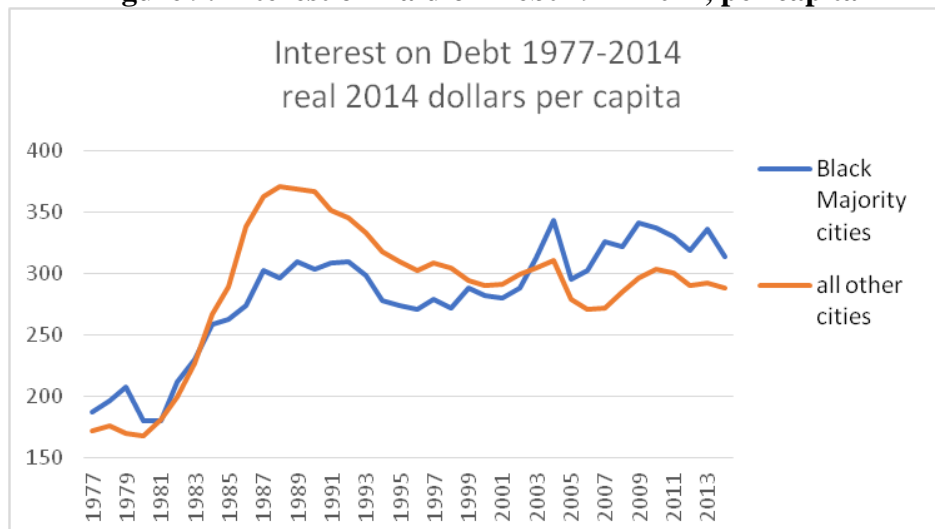
over this time period. Regarding Atlanta, in some ways this makes sense and is a reflection of its historically strong economy. In fact, between the years 1980-2013 the city was the country's fastest growing metropolitan region, with a population increase of 136% (Cox, 2015). Indeed, between these years Atlanta was "the fastest-growing city with a population of more than 5 million in the high-income world" (ibid.). Given Atlanta's unprecedented growth, it is surprising, then, that the city's ascribed interest rates only match the median rate for all other issuers. One would expect underwriters to assess a sustained 23 year period of urban economic prosperity in a more positive light, and assign lower than average interest rates for such a success story. For its part, Hampton, Virginia belongs to a seven-municipality metropolitan region, Hampton Roads, which often issues municipal bonds as a single unit. Langley Air Force Base is also located there, which lends a high degree of economic stability to the area. And Miami Gardens, a community just north of Miami, Florida, was only recently incorporated in 2003.⁶³ In fact, according to the bond records found on EMMA, the city has only issued municipal bonds in two years - 2010 and 2014, when the median interest rate for all issuers was 3.3% and 3%, respectively - thus making its median interest rate of 5% for those same two years far higher in comparison. Lastly, with this chart we see that Flint, Michigan is the city with the highest median interest rate for this 44 year period, at an average of 6.25%. Jackson, Mississippi follows with the third highest median interest rate of 5.7%⁶⁴.

⁶³ <http://www.miamigardens-fl.gov/demographics.html>

⁶⁴ The city with the second highest rates, Augusta, Georgia, is historically a small town that has very recently been merged with its larger (and whiter) surrounding county to form the Augusta-Richmond county consolidated government.

These findings showing the racialized spatialities produced by the workings of the municipal bond market are further corroborated by data from the Lincoln Institute of Land Policy’s Fiscally Standardized Cities database (FiSC). This database harmonizes the different governance and financial structures of 150 of the largest cities in the US across “120 different categories of revenues, expenditures, debt, and assets”, thus enabling a comparison of the financial status of cities with often strikingly different governance structures and institutional organizations.⁶⁵ The following figure compares the per capita amounts of money expended paying interest on debt between Black-majority cities, (of which 14 of the 21 under study in this chapter are available in the FiSC), and the 136 other cities in the database⁶⁶:

Figure 9. Interest on Paid on Debt 1977-2014, per capita



Source: Lincoln Institute of Land Policy. Fiscally Standardized Cities database.

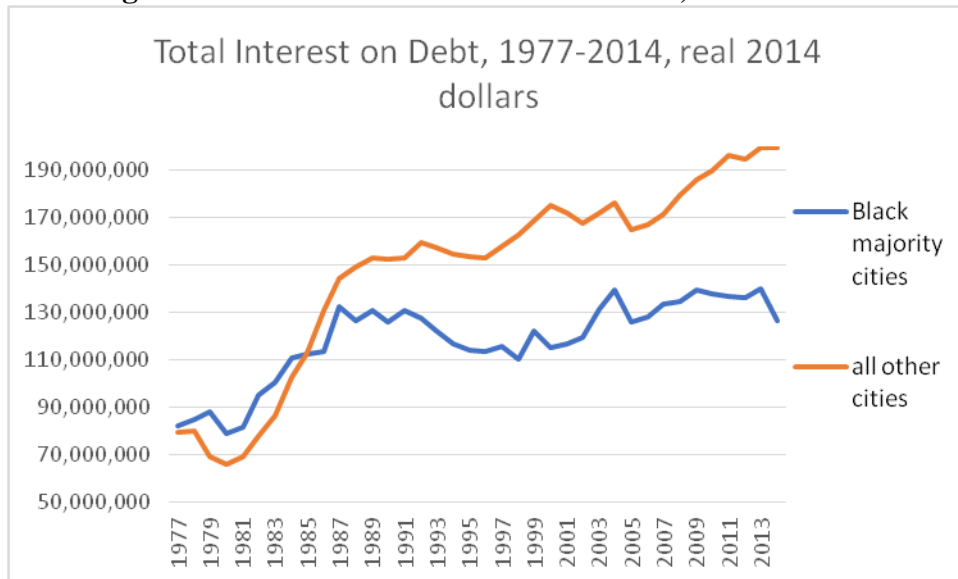
⁶⁵ Information on the construction of the FiSC database here:

<http://datatoolkits.lincolninst.edu/subcenters/fiscally-standardized-cities>, accessed July 22, 2017

⁶⁶ Those 14 Black-majority cities included here are: Birmingham, Mobile and Montgomery, Alabama; Atlanta, Georgia; Baton Rouge, New Orleans, and Shreveport, Louisiana; Baltimore, Maryland; Detroit and Flint, Michigan; Jackson, Mississippi; Cleveland, Ohio; Memphis, Tennessee; and Richmond, Virginia. It is also worth pointing out that according to the US Census definitions also used by the FiSC, interest on utility debt is not included in the category ‘interest on debt’, used in Figure nine. Rather, interest on utility debt is subsumed within the variable “utility expenditures”, and appears inseparable from all other monies spent on the construction and maintenance of water, electric, and other utility systems. To the extent that utility debt also expresses the racialized debt relation inherent to eras of financialization, the spatialities displayed in Figure nine should be considered underarticulated.

This figure expresses a relationship between Black-majority cities and the municipal bond market that is very similar to the one displayed by the EMMA interest rate data. Starting just after financial deregulation took place at the turn of the century, the per capita rates of interest paid on debt taken out by Black-majority cities start to become categorically higher than the per capita rates of other cities. The depth of this inequity becomes even more clear when we consider that the *total* amounts of interest paid on debt by these cities has remained relatively flat in comparison to other cities, fluctuating between \$110 million-\$140 million real 2014 dollars each year for the past thirty years:

Figure 10. Interest Paid on Debt 1977-2014, total amounts



Source: Lincoln Institute of Land Policy. Fiscally Standardized Cities database.

When considered in connection with the fact that, according to the EMMA data, interest rates for Black majority cities and all other cities were fairly closely correlated with each other from the 1970s through the mid- to late-1990s or so (see Figure 7), this chart as well as Figure 9 indicate that two primary processes are at work in the rising per capita debt burdens of Black-majority cities. First, population loss stemming from both

deindustrialization and white flight during the decades under analysis is a likely contributor to their rising per capita costs of interest on debt; costs which, as previously mentioned, are often redistributed in the form of increased user fees remaining residents must pay for urban services. However, this does not explain why per capita rates in Black-majority cities continued to be less than those of other cities throughout most of the 1980s and into the turn of the century—even declining to some extent during the 1990s—when those were some of the most intense years of depopulation and deindustrialization for several of the Black-majority cities on this list. Rather, what the combination of increasing interest rates, as shown through the EMMA data, and relatively stable levels of total interest on debt, as seen through the FiSC data, indicates is that Black-majority cities are also increasingly borrowing relatively smaller amounts of principal as their interest rates and credit risk assessments go up. Because they are paying higher interest rates on smaller loan packages, their totals of interest on debt would appear fairly stable year over year, even as the principal they are able to obtain in the bond market decreases.

Conclusion and Discussion: Topologies of Crisis

When I asked Terry Williamson, legal counsel for the city of Jackson’s department of Public Works and its EPA consent decree manager, if cities are equipped to ‘figure out’ how to finance major infrastructural projects with the sorts of complex instruments seen in the municipal bond market today, his answer was as instantaneous as it was unambiguous: “No, they’re not.”⁶⁷ This sentiment regarding the unpreparedness of cities facing financial markets was expressed by a number of policy professionals I

⁶⁷ Interview, May 2014.

interviewed. For example, when I asked the Chief Administration Officer for the city of Jackson about Birmingham, Alabama’s sewer debt-induced bankruptcy in the context of Jackson’s own sewer financing troubles, he plainly told me he wouldn’t discuss the matter in the interview. However, he ended that part of our conversation by describing unfunded mandates, such as EPA consent decrees, as ‘wild rides for cities’. And when I subsequently asked the environmental lawyer why he thought the EPA used consent decrees against cities —the same litigation tactic they use against private corporations— instead of another city-specific tool to help them improve their water systems, he initially asked me to clarify the question. I specified, “It seems like the EPA is treating cities like corporations and assuming criminal intent rather than lack of ability or capacity to deal with the CWA mandates.” “You may have hit on the crux of the issue”, he says. “This is the problem, with enforcement. How do you treat cities? You can’t treat them like corporations. Because they are not individuals, they are communities.” He mentions Birmingham’s EPA consent decree, and Baton Rouge’s, and the one in Hattiesburg, MS as well. Then, “Let’s look at Jackson. You have over a billion dollars in infrastructural needs, \$500 million of which is mandated by the consent decree. How will these cities pay for this?”⁶⁸

The tragedy of the Siemens performance contract is that city leaders entered into the deal because they thought it would protect the impoverished residents of Jackson from exposure to extreme water bill hikes — they did it because they thought it would help. “You know, Jackson needs so much, and I thought this was going to be a way to help...” said a former member of city council who voted in favor of the contract (Nave,

⁶⁸ Interview May, 2015

2015b). When Chokwe Lumumba was elected mayor in 2013 and realized the contract did not provide the means for a project manager, he looked into hiring one. The \$9 million quoted for overseeing a project of this size was far outside of the city's immediate fiscal reach, however (Cleveland,2013b). When Tony Yarber was elected Mayor in the spring of 2014, he appeared to choose another path, recruiting the Public Works director who had successfully guided Baltimore through its EPA water infrastructure consent decree, Kishia Powell. He made her the highest paid city employee — but her \$150,000 salary was still a price tag much lower than the estimated \$9 million needed for a Siemens contract project manager. After nearly two years spent managing city-wide infrastructural issues, overseeing the ongoing EPA consent decree requirements, and putting out fires caused by the lack of city oversight on the Siemens project on top of that⁶⁹, Powell resigned from the position in May 2016. The performance contract imbroglio, including managing a corruption scandal in the water department, had absorbed much of her attention, while her association with Mayor Yarber's tenure and ongoing accusations of contract-fixing for the benefit of his campaign benefactors may have reduced her political traction and good-will in the city.

The same neoliberal cost-savings logic that Yarber used in hiring Powell rather than a Siemens project manager was taken to an extreme in Flint, Michigan when the city's emergency manager switched the water source from the Detroit water system to the Flint River in an attempt to save money. Under this same logic, the river's water was also not adequately treated, and the improper combination of chemicals meant to make

⁶⁹ For example by issuing a work-stoppage order to the firm when it was discovered that new water meters had been installed measuring water by the gallon rather than by cubic feet, resulting in water bills up to six times higher than intended.

the river water potable rendered it corrosive to the city's aging pipes instead, leaching lead into the drinking water and producing a long-term public health crisis for the city's residents. A similar decision made by the city of Jackson, to continue using a less expensive—but also less reliable—form of chemicals to treat the water and prevent corrosion in the city's century-old system of water pipes, is a contributing factor in its own lead contamination crisis (Wolfe, 2016a).

It is easy to villainize the anti-democratic emergency manager of Flint, Michigan and lay all the blame for the public poisoning (Pulido, 2016) at the feet of authoritarian decision making. Yet in Jackson's case the decision—first to delay the more expensive switch in chemicals, and then apparently not to switch at all—was made by two democratically elected mayors (Lumumba and subsequently Yarber), both of whom describe their deep ties and allegiance to the people of Jackson as major components of their personal and political identities. The extent of the damage is, so far, much worse in the emergency managed case of Flint, but the logics of neoliberal austerity urbanism are at play in both events.

While post-crisis financial markets charge Black-majority cities increasingly disparate interest rates on their debt, cities face simultaneous pressures to act in accordance with austerity logics to scrimp and save money in whatever ways are possible. These conflicting drives worked, in the cases of Flint and Jackson, to transform the precarious functionality of their aging water systems into public health crises—exposing vulnerable populations to lead poisoning and other long term health effects and developmental limitations. As discussed in Chapter Three, in Birmingham the combination has produced municipal bankruptcy and decades of annual utility fee

increases for impoverished inner-city residents. And in Detroit, financialized urban austerity has produced massive human rights violations as residents across the city have had their access to potable water revoked in efforts to extract user fees. It is in this way that the water crises occurring in Black-majority cities are topological iterations of the logics of urban austerity.

While public health crises of the sort seen in Flint and Jackson are not intentional outcomes of austerity imposed budget cuts (unlike those in Birmingham and Detroit, which are intentional), in the context of dilapidating infrastructure there is no longer any margin for error. More than a decade of predatory interest rates in the bond market have combined with exploitative contracts between transnational firms (both engineering and financial) and cities lacking the capacity to adequately assess or manage such complex ventures. These forces and relations of austerity are reshaping the neoliberal city - producing new, more austere landscapes of accumulation using the same parameters that gave us our current racialized geographies of dearth and exclusion.

The materiality of water crisis in financially vulnerable majority-Black cities thus belongs to the kind of topographical order produced by the neoliberalization of neoliberalization. While Jackson's experience with Siemens may appear unique, the interest rate and interest-debt histories of the other largest majority Black cities in the bond market say otherwise. And while the Siemens energy performance savings contract may have been a particularly Gordian method of achieving energy efficiency, the production of a municipal bond is never a simple affair. It involves a swathe of vested interests - very few of whom actually have a fiduciary duty to the issuing city. Each bond issued by a municipality has its own back story, its own cabal of actors with competing

interests at play that are not necessarily in the interests of the city, yet nevertheless are granted the power to produce urban space in very profound ways.

Conclusion - Breaking Bonds

The city of Jackson intermittently considered attempting to break the energy savings performance contract with Siemens but in the end chose not to. The litigation itself would have been extremely costly, and as councilman Priester pointed out recently, the large amount of cooperation needed from Siemens to resolve the multiple issues affecting water service and billing would have almost certainly come to a halt had the city initiated litigation seeking to revoke the contract and asking for reimbursement (Summers, 2016a). The residents of Jackson urgently need a functioning water system, and this has come at the high cost of abiding by a dysfunctional contract. To make matters worse, the newly installed billing system is so complex that understaffed city workers will be hard pressed to manage it themselves once Siemens leaves, according to the interim head of Public Works, Jerriot Smash. “The reality is living with this system day-to-day is going to be a significant challenge, as it has been,” he said, referencing the widespread billing issues facing residents of the city – from faulty measurements taken in gallons instead of cubic feet, to outstanding bills that have been “stranded” in the billing system for various reasons yet have continued to accumulate fees while in accountancy limbo. The final price-tags of these ‘stranded-bills’ can balloon up to \$1,000-\$3,000, and are sent out to unsuspecting customers—who have often been paying bill estimates sent out by the city in the interim— only after the billing system problem has been resolved (Summers, 2016b). In this way, predatory relations between capital markets and majority-Black municipalities cascade down to the level of individuals and households,

with some of the nation's lowest-income families suddenly presented with egregiously high bills for access to a basic necessity of life.

The dysfunctional Siemens contract is, thus, a material expression of the dysfunctional relational space of racial capitalism. It is one of the 'fixed points' tying the city of Jackson to continued exploitation and unjust futures. Coming to terms with the myriad multivalent connections perpetuated and newly invoked by this contract requires us to conceptually think of the entirety of racial capitalism as a topological object: a system that spatially recomposes itself through time according to capitalist dynamics (like those discussed in the Work section of this dissertation), and contingent 'mediated exercises of power' (Allen, 2011 p. 16) – like those processes of neoliberalization and austerity urbanism discussed in the Heat section. Just as with the idea of Gattopardo, the focus of non-metric topology, which is the kind of typology I use in this analysis, is on understanding the content, quality, and direction of connections between things – on identifying coherencies and continuities regarding *what* pulls things together, holds them apart, and moves them from one point to the next – rather than on calculating and measuring how each specific relationship is mathematically or otherwise operationally expressed. At root, both Gattopardo and non-metric topology are concerned with “conceptualiz[ing] the dialectic between continual change and enduring relations” (Martin and Secor, 2014).

Non-metric power topologies, according to Allen (2011, p. 16), “come into play when the reach of actors enables them to make their presence felt in more or less powerful ways that transcend a landscape of fixed distances and well-defined proximities.” He lists several familiar examples as illustrative of power wielded

topologically: the stretched and distanced power of transnational corporations, NGOs, and scattered governmental organizations, including everything from local Authorities to all branches of the military (p.3). What distinguishes power topologies from other geographical conceptions of power is that control or influence is not extended over space or territory so much as they “compose the spaces of which they are a part” (p. 3). Power, then, doesn’t reach across space, it *produces* space – of both Euclidean and non-Euclidean (e.g. relational) varieties (see also Gregory, 2004, Belcher, 2008, and especially Martin and Secor, 2014).

Two of the primary topological forces at work in the city of Jackson, and within the contemporary moment of racial capitalism more broadly, are the socio-legal construct of the contract, and the differential praxis of risk used by the financial sector. As a fundamental construct of liberalism, the topological reach and magnitude of the contract is immense. Contracts have influence and power over countless aspects of our lives: from employment contracts to business and trade contracts, to social contracts governing our political institutions, they are one of the most elemental organizing, ordering, and sacrosanct principles of contemporary capitalism and the Westphalian system of nation-states. As a power topology of racial capitalism, the Siemens contract used the EPA’s consent decree with the city of Jackson as a catalyst, to press the austerity-stricken city into a binding obligation ultimately worth hundreds of millions of dollars that, while legal, was nefariously advantageous to Siemens. Within both Euclidean and non-Euclidean space, this contract represents a fixed point in the medium-term, a sort of stabilizing force, or a ‘nut and bolt’ if you will, of contemporary racial capitalism. The relational position of the city of Jackson within the world-system will be directly

influenced by the Siemens contract for its duration, and indirectly shaped by the personal connections and outcomes created by it for years to come. These connections will be advantageous for some, like Socrates Garrett, and inequitable for many others. The material life conditions of Jacksonians will be affected for the foreseeable future by the impact Siemens has had on their ability to afford individual and household water needs.

In addition to the geographically powerful ramifications of the Siemens performance contract, the city was also exposed to a differential calculus of risk by the municipal bonding process used to secure funding for it. Financial agents use techniques of ‘deprivation accountancy’ to account for the presence of socioeconomic marginalization within urban areas by categorizing such vulnerabilities in their appraisals of ‘creditworthiness’ as an increased likelihood of not paying back one’s debts. This classist and moralizing categorization of dispossession empowers and legitimates the perverse yet ubiquitous practice of charging impoverished areas more to borrow funds for the provision of municipal services in the name of protecting the market and its wealthy investors from the ‘risk’ of lending to poor people; thus perpetuating very old relations of social domination and exploitation through the creation of new geographies of urban reproduction, further entrenching the already deeply uneven spatialization of urban poverty. Meanwhile, the predatory risk financial markets and their agents pose to municipalities, especially cash-strapped, understaffed and generally socio-economically vulnerable post-crisis municipalities, remains unacknowledged.

Counter-Topologies of Resistance

During his time as city councilman and then as Mayor, Chokwe Lumumba and his administration began to stretch and bend these unjust power topologies with the goal of

changing the directionality of their influence: first by partially reworking the functionality of the Siemens contract, and second, by using a more appropriate, city-centered conception of risk when seeking funding for the rest of the repairs required by the EPA consent decree. While Mayor Harvey Johnson was negotiating the Siemens contract with football star and Siemens employee Chris McNeil, city councilman Lumumba convinced the Johnson administration “to include clauses in the contract mandating certain percentages of minority participation and jobs for Jacksonians” (Cleveland, 2013b). The intent behind those amendments to the contract was to try to claw back some of the economic benefits of the project for city residents, including jobs and increased regional human capital by way of obliging Siemens to provide mentoring and training to its local, minority subcontractors.

Similarly, after Lumumba became Mayor, he aggressively sought out financial alternatives to the municipal bond market in the search for funds for the rest of the required repairs to the water system. The most tangible result of this quest was the eventual passage of the 1% sales-tax discussed in the Heat section; but the Lumumba administration was also in talks — which were being brokered by Vice President Joe Biden’s brother, Frank Biden— with a major Brazilian engineering firm regarding their offer of a direct loan for one-hundred percent of the costs of the entire project in exchange for rights to the construction contract⁷⁰. Though this loan would have enabled the city of Jackson to wholly avoid the trappings of the municipal bond market, Lumumba’s Coordinator for Special Projects and External Funding, Kali Akuno, admitted that there was some internal conflict within the administration regarding the

⁷⁰ Kali Akuno, semi-structured expert interview May 2014.

engineering firm's role in the displacement of indigenous people during the construction of a dam in the Amazon, as well as their involvement in projects that led to the displacement of people in Rio de Janeiro during preparations for the World Cup. The firm was willing to take the steps to incorporate a subsidiary in the United States if Jackson would commit to the project, but once Lumumba passed away and Tony Yarber was elected Mayor, they withdrew the offer. According to Akuno, it was "very clear" that they did not want to have to "go through a tea party government", widely regarded as the base of Yarber's support.⁷¹

All of these moves – the minority subcontracting and training clause in the Siemens contract, the 1% sales tax, and the direct financial support tabled by the Brazilian engineering firm – stretch the power topologies of the contract and the financial calculus of risk in new directions, reducing the vulnerability of Jackson's residents to the 'slow violence' (Nixon, 2011) of racial capitalism, financialization, neoliberalism, and urban austerity. They are moves seeking to instantiate 'counter-topologies' of resistance to exploitation by using technologies of capitalist power and governance in attempts to provide protection against and redress from those very forces. Ultimately however, while these "Master's tools" (Lorde, 1983) can initially serve as topological thresholds between the inside and outsides of power for activist leaders like Lumumba, stretching the bonds

⁷¹ Akuno's suggestion that Yarber's campaign was supported by arch-conservative Republicans is a widely accepted theory, largely based on past experience. In Jackson, "Republicans have played in big D-Democratic- politics for years" says local organizer Stephanie Parker-Weaver (Nave, 2014). They want a Democrat they can do business with governing the city, but often offer their support in low-key ways. As Parker-Weaver puts it: "No Black candidate wants to be seen as being bought and paid for by white people who have the green. You don't want it showing up that Leland [Speed] and them still control everything," (ibid.)

of racial capitalism through counter-topological uses of accumulative logics is not enough to break them.

Indeed, in a post-mortem analysis of the Lumumba administration's time in office, Akuno noted that because their movement did not yet have the capacity to convince city residents and officials that the most reasonable means to pay for the upgrades to the water system was by "taxing corporations and the wealthy", the administration fell back on a "piecemeal solution" that included raising water rates, the one-percent sales tax, and considering the offer from the Brazilian engineering firm (Akuno, 2015). However, the increase in water rates proved to be a contributing factor in Antar Lumumba's unsuccessful bid to replace his father as Mayor in the run-off election against Tony Yarber, as fixed-income residents who had originally voted for Chokwe became disaffected by the harmful bill increases. And while the sales tax is helping to offset the costs of the repairs and preventing further increases in user fees to some extent, the revenues garnered are far from enough to cover the costs of the entire project. So while stretching and redirecting the accumulative powers of racial capitalism is a necessary first move, in the long run, 'seizing' these means of state and financial production is not enough to overcome their principal contradictions, or permanently counteract their geographies of oppression.

Lumumba was aware of this, as well as the spatio-temporal difference between notions of 'seizing', or wielding, state power and 'engaging' state power (Akuno, 2015). The focal point of his electoral legacy was thus not the sales tax or any other incremental ameliorative measures, but the embedding of economic democracy in the Jackson region. He used his time in office not only to cross the powerful threshold between activist-

outsider and political-insider, but he also used the position as a catalyst for initiating and institutionalizing a network of democratically managed workers' cooperatives in the area – starting with an international conference on workers' cooperatives, Jackson Rising, which also served as the launch of the city's own workers' cooperative 'anchor' organization, Cooperation Jackson. Furthermore, the Lumumba administration's actual target regarding the city's mandated water system upgrades was to use the approximately \$1 billion in repair work required by the EPA consent decree process to 'seed' local cooperatives with city contracts. As one member of a Cooperation Jackson construction co-op breakout session put it: "[they're] going to give the big pipe to big companies but the little pipes can go to little guys."⁷²

Unfortunately this part of the vision did not, or at least has not yet, come to pass. The international conference, Jackson Rising, was held just days after Tony Yarber took office, with members of the Lumumba Administration being promptly fired and locked out of their city hall offices the day following the election. And though Mayor Yarber had previously backed a city resolution in support of the conference, after he was elected he withdrew monetary support for security and insurance for the event at the last minute, and has not been forthcoming with support since then. Nevertheless, Cooperation Jackson has continued to move forward with their plans, albeit more slowly than anticipated.

Former members of the Lumumba administration and organizers of Cooperation Jackson have also continued to heavily emphasize community outreach and People's Assemblies – democratic decision making bodies within the community. And in the

⁷² Cooperation Jackson member meeting, June 2014

spring of this year Chokwe Antar Lumumba along with members of his father's administration, and the grassroots organizations that support their political platform, will make another electoral push for the catalytic position of Mayor in the hope that economic democracy, workers' co-ops, and a 'solidarity economy' will be able to unfold in Jackson: "We have a vision, but we've never seen it in practice", says Akuno. The idea is to "learn as we go".⁷³

"Free the Land": Conclusion and Discussion

As a whole, this thesis emphasizes that financialized, racial capitalism is the historical process at work in the emergence and resuscitation of neoliberalism — and now austerity urbanism. In *Work*, I provided an historical analysis of the ways by which cyclical eras of financialization work to refortify not only aging political-economic hegemonies, but their racial orders as well. I showed that under the two most recent cycles of financialization, elites institutionalized changes to banking regulations that extended and exacerbated the social, political, and economic subjection of Black people in America, specifically by way of the debt relation and corresponding processes of collateralization. I found that this 'regulatory capture' by racializing financial logics shapes processes of urbanization and urbanism through the household and local levels, and that this is largely being carried out through processes and sites of social reproduction. These findings are, moreover, largely consistent with the Keynesian theory of a 'financial accelerator' (e.g. Bernanke, et al. 1994, 1999), which posits that the value of collateral is pro-cyclical, so that when asset prices are high households and firms acquire loans more easily. It is through collateralization, then, that the dynamics of

⁷³ Cooperation Jackson members meeting, June 2014.

financial market bubbles are brought to bear on typically non-financial, social reproductive aspects of life (Chaiechi, 2014 pp. 62). In light of these findings, I suggest that the process of financialization is itself a macro-geography of uneven, racializing social reproduction that works through the micro- and meso- levels of urban reproduction and everyday life.

With *Heat*, I went on to highlight the conjunctural production of differentiated socio-ecological futures occurring within post-crisis Black majority cities under financialized racial capitalism. I showed how both the regulatory capture of the EPA by financial logics, and the onset of dependence upon the muni-market for infrastructural funding have been contributors to the production of economic and ecological vulnerabilities within Black-majority cities during our own time. I ended the chapter noting the urban nature of the Polanyian push-back against austerity-driven social and environmental injustices by community organizations like the Lumumba Center for Economic Democracy and Development (where Cooperation Jackson is headquartered) and Black Lives Matter. Lastly, in *Bonds*, I examined the production of a municipal revenue bond taken out by the city of Jackson to fund a \$91 million contract with the transnational corporation Siemens for water system repairs. I found that actors in the municipal bond market orient notions of project risk towards protecting the market rather than cities, and illustrated how methods of deprivation accountancy further racialized these market-oriented conceptions of risk through the process of tabulating urban interest rates. In part two of *Bonds*, I used quantitative data on the interest rates of all municipal bonds issued in the 44-year period 1970-2014, to show that since the late 1990s the largest Black-majority cities in the United States have categorically received higher

interest rates in the bond market than all other cities combined, thus illustrating for readers the urban reproduction of racial difference in our own time of financialization.

Regarding the question of how the financialization of racial capitalism has worked *specifically* through municipal finance and the municipal bond market, it is important to keep in mind that, in accordance with Cedric Robinson's notion of racial capitalism, municipal finance has never been 'un-raced'. It is, rather, that race as a sensibility has been reworked and revised over time. Thus, the (always, already racialized) materialities of municipal finance also become reshaped over time through the historical revision of the social construct of 'race'. It's true that the relationship between Black-majority cities and all other issuers in the bond market displayed by Figure 7 shows that interest rates were fairly equitable between the two groups under Keynesianism — thus appearing to indicate that the muni-market was somehow operating as a post-racial institution up until the onset of financialization and neoliberalism. There are two things propping up these seemingly equitable interest rates, however. The first is the well-understood and researched condition of the relatively impartial and generous disbursement of federal funds to cities under the regime of urban managerialism (Harvey, 1989). During these years cities were not in destructive competition with each other for federal aid and did not rely on the muni market for funding for essential services. The second factor, however, has to do with a reliance on exclusionary tactics of value production and preservation, as witnessed by the spatialized whiteness of urban property values under Jim Crow-Keynesianism.⁷⁴ Through the use of segregation, redlining, and other partitionary tactics, owning or accessing urban properties

⁷⁴ These two social regimes are often considered in isolation from each other, but I hyphenate them here to acknowledge that they substantively overlapped each other for most of the existence of Keynesianism.

outside of containerized ghettos became especially difficult for people of color during this time. The racialization of municipal finance was thus premised on the *exclusion* of raced people from urban accounts and, therefore, also from considerations of the credit-worthiness of cities. With the onset of neoliberalism and financialization, the exclusionary bent of the racing of municipal finance shifted towards inclusionary predation, producing such exploitative financial innovations as the payday lending schemes and subprime mortgage loans we are familiar with today, along with increasingly higher interest rates for Black-majority cities on the muni market.

It is hard to say whether this transition from exclusion-based value production under commodity-driven eras to inclusionary exploitation under financialization holds throughout every long cycle. It goes beyond the scope of this project to take this question on in any detail, but consider for example that the spatial containerization of raced bodies happened not only under Jim Crow-Keynesianism, but also previously - through the expulsion of Indigenous peoples from their lands to remote reservations under European colonization. At the same time, the lives, movements, and activities of enslaved people in North America were also strictly controlled and largely spatially relegated to the plantation. The 19th century financial innovation of 'slave-backed' bonds, however, roped the bodies of enslaved human beings into another process of value production, this time via their categorical designation as collateral. The conclusion I draw from this is that a seemingly regular feature of commodity-driven eras of value production is a reliance on the containment of racialized peoples and places, whereas under eras of financialization, these same racialized peoples and places also become instrumentalized as *collateral* factors of financial-value production.

The dialectical push-and-pull between exclusionary and inclusionary exploitation, and practices of either containment or collateralization, works differently under different long cycles not only because of the obvious reason that “times change”, but more specifically because of the relational influence of the resistances of racialized, containered people. The exclusion-based value production tactics of colonial displacement and enslavement were greatly resisted by Indigenous and enslaved peoples, just as Jim Crow-Keynesianism was equally challenged by the Civil Rights movement for example. These resistances dialectically created different conditions to which the owners of racial capital responded in turn. The Civil Rights resistance to redlining was, for example, part of the change in conditions leading to the enrollment of Black homes and neighborhoods as collateralizeable assets under the next era of financialization. The revision of race as a construct and sensibility is, thus, a three-way dialectical-relational process between forces of accumulation and already racialized societies, as well as those racialized groups struggling to resist and overcome such constructs and forces. The materialities of every era of financialization will accordingly hinge upon the social praxis of race that is present at the time.

Getting back to the specifics of the racialization of municipal finance, and the question of what, precisely, is being raced and spaced with regard to the muni market today, I have argued here that it is the concept of risk that is being racially spaced. Actors in the bond market use techniques of deprivation accountancy that allegedly capture the risk of lending to particular cities, but which substantively serve to measure the presence of historic and ongoing marginalization of people and places. This kind of economic measurement is, moreover, performative. It reinforces processes of social

difference and segmentation by measuring them under the rubric of ‘risk’, thus reproducing the financial conditions under which deprivation, and marginalization are made and remade. In our own times, as discussed, racialization is heavily tied to processes and notions of impoverishment, so that while the calculation of risk may claim to be accounting for the presence of poverty, which is problematic in its own right, this measurement can never really be extracted from historic and ongoing processes of racialization.

Moving away from conceptual issues, some of the most pressing policy implications of this research regard the position of so-called ‘consent decree cities’. EPA consent decrees currently act as catalysts for potential municipal financial ruin via complex urban financial investments and even human rights violations stemming from unaffordable rate rises for residents that can result in access to water being denied. Globally, only a few large, transnational engineering firms are even capable of overseeing such complex projects, and most cities lack both the resources necessary to ensure that the project fit is right for their needs and self-management capabilities, as well as the financial wherewithal to ensure the bonding process or other financing process is fair. And as the infrastructural state of American cities continues to decay, more and more cities will begin to fall prey to these hazards.

To be fair, the EPA has recently acknowledged the burden these consent decrees put on cities and is in the process of piloting an “integrated planning approach” that staggers the mandated water and sewerage upgrades, allowing cities a bit more time and

leeway to come up with financing for each one.⁷⁵ However, according to the National League of Cities program director for Infrastructure and Sustainability, Carolyn Berndt, the EPA still doesn't acknowledge the widespread problem of drastically increased water bills that many people simply can't afford to pay. In one case, she told me, a water district in Northern Kentucky presented the EPA with "tons of information" documenting the inability of their residential water users to pay the exorbitant new prices. While the Agency acknowledged that residents could not afford to pay the new rates, there was "no proffered solution" forthcoming. Nor has the EPA officially recognized unaffordable water bills as a widespread problem; they are "just a problem for this district".⁷⁶

This calls into question the actual degree of consensuality present within the EPA's consent decree process. Consent decrees are legal devices that have been in use for hundreds of years, and their names indicate that the parties involved have granted permission for some agreement or action to take place. However, the consent present within EPA and other federal consent decrees only indicates that consent has been given to the Court to issue a ruling rather than face prosecution by the federal government. In the wake of such rulings, city managers are obliged to enact the Court's decision and urban residents are forced to bear the costs. Taking the idea of consent and the process of consensuality seriously thus implies that the neoliberalized EPA is resolving socio-spatial and socio-ecological tensions within municipalities in the absence of any meaningful degree of consent (as opposed to consultation), and in the presence, therefore, of a great deal of socio-legal and socio-economic violence.

⁷⁵ Accessible here: <https://www.epa.gov/npdes/integrated-planning-municipal-stormwater-and-wastewater>

⁷⁶ Carolyn Berndt, interview August, 2015.

The second urgent policy implication of this research is the disparate treatment of Black majority cities in the municipal bond market. As Bhati and Manley (2015, pp. 73, 81) have so plainly explained, “Just like cash-strapped homeowners were targeted for predatory mortgages, cash-strapped state and local governments were similarly targeted for predatory municipal finance deals”, and that “not surprisingly the impact of predatory municipal finance is borne disproportionately by the same communities that were also targeted for predatory mortgages.” Lending discrimination, therefore, is not just limited to the housing market: the racialized impacts of financialization as a generalized process need to be acknowledged and regulated immediately. As a first, ameliorative step with regard to the municipal bond market, Black-majority cities need to be protected from the institutionalized racism embedded in the credit ratings process, while, as a whole, this private market in municipal debt desperately needs more and better regulation and oversight. Towards this end Bhati and Manley (2015) suggest that the fee structure for municipal financial services should be greatly reduced, that cities should consider creating a mechanism for collective bargaining with muni market actors, and public options should be created for a number of financial services that cities are currently forced to rely on Wall Street for, from underwriting, to bond insurance, and even to the creation of a public banking system.

However, the art of regulation is to reconcile tensions, not resolve them. So, while regulating the predatory tendencies of actors in the municipal bond market is incredibly important, it does not ipso facto remove the underlying incentive structures of racial capitalism that give rise to them in the first place. Though the case for remedial regulation would perhaps be well served by monetizing the differential interest rate

findings of the quantitative portion of this research, the larger task of confronting the perpetuation of deeply entrenched modes of racialized urban reproduction would not. In order to get at this larger problematic, we need to dig into the task of understanding the social construction of each observable interest rate gap in the 21 Black-majority cities under analysis. It is only through full comprehension of the politics and social relations giving rise to each of these moments of racialized value extraction that we can begin to move beyond calls for simple ameliorative regulation and towards restorative social justice.

Lastly, while Jackson Rising and Cooperation Jackson may have been Lumumba's parting gift to the city of Jackson, they have also given the US a glimpse of a possible future where the bonds of racial capitalism can perhaps be broken. In these days of endless austerity and political vitriol, even just a glimpse of the possibility of something better is powerful. Yet Lumumba's vision also extends beyond Jackson, to the Southern Black-belt region and African-America more broadly, as well as to other oppressed peoples throughout the world. In fact, he would habitually end every press conference or presentation with a fist raised in the air and the words, "Free the Land". The freedom he is invoking comes from a Malcolm X quote: "Revolutions are fought to get control of land, to remove the absentee landlord, and gain control of the land and institutions that flow from the land."

One of the most moving memories I have of conducting fieldwork is the day I attended a "take down the flag" rally with members of Cooperation Jackson in the wake of the Charleston church massacre in the summer of 2015. It was 5pm on a hot July day, humidity so oppressive you could cut it with a knife. Everyone was tired. Everyone was

sticky and sweaty. No one wanted to be outside. Yet, over one hundred members of this community — a place that knows down in its bones, what it feels like to be sick and tired of being sick and tired — still gathered around the flag pole outside the state capitol, which flies a Mississippi state flag bearing the Confederate “stars and bars” battle insignia, and chanted together: “Free the Land! Free the Land! Free the Land!”, fists raised in the air, bodies circled around one of the most visceral reminders of the — as yet — unbroken violence of racial capitalism.

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The lived experience of the cohort of contemporary majority-Black American cities is a unique and understudied comparative lens in economic and urban geography. It deserves much more analytical focus in the coming years, as these cities continue to remain at the forefront of austerity battles, ongoing processes of financialized racial capitalism, and intensive contestations by communities fighting to survive, resist, and ultimately transform them.

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