

THE DECLINE OF THE INDUSTRIAL CITY: THE LIMITS OF NEOLIBERAL URBAN REGENERATION

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Abstract: The current crisis of capitalist economy has raised significant doubts regarding the mechanisms of urban development of the last decades. In contrast to the regeneration of cities such as New York, Manchester, Amsterdam or London in recent decades, the decline of some Western cities has never been reversed by neoliberal policies: their trajectory of decline, beginning in the 1950s if not earlier, continues, unabated, to this day. These cities, and particularly Detroit, Newark, Buffalo and Baltimore, were mostly industrial powerhouses which began their decline with the dissipation of industry. They never succeeded in reinventing their role in society and, in effect, never benefited from the economic upturn of the 1990s, did not experience the practices of urban regeneration revolving around the creative industries, gentrification and city branding, and did not become playgrounds for a new class of white collar workers. This paper studies the condition of Newark, a city in continuous decline.

Keywords: The industrial city, gentrification, urban decline, urban renewal, neoliberalism.

The de-industrialisation and fast growth of suburbia in the West in the 1950s and 60s brought about the decline of inner-cities, a decline which was manifested in a fall in population, in the flight of the middle class, in the decline of real-estate values, in the growth of inner-city ghettos, in the rise in poverty and crime, and in the dilapidation of the physical environment. The malign of western cities, and particularly of the American cities, was expressed in social unrest and riots in the late 1960s and early 1970s. By the end of the 1970s most cities seemed doomed, populated primarily by the very poor and very rich, an amalgam of decay and poverty.

The malign of cities in this era was related to the dissipation of industrial production. Peter Marcuse has written that 'decentralization came about because efficient production, particularly of heavy capital goods – steel, automobile, machinery – could, by the first decades of the twentieth century, be undertaken in large, single-story, space-consuming buildings, in which assembly lines and automatic movements of pieces of work and machinery were easier'.¹ Cheap land necessary for erecting large industrial structures was found outside the cities, enabling the relocation of production to the suburban periphery. The malign was exacerbated by the later passage from an industrial to a post-industrial society and from a Keynesian planned economy to laissez faire capitalism. The collapse of the Keynesian order meant an erosion of the limitations to and controls of the forces of free market capitalism, which could increasingly pursue the accumulation of capital unhindered, eliminating unprofitable sectors of the economy. These transitions rendered the industrial city obsolete.

While the 1929 crisis was sparked by unregulated speculation, the crisis of the Keynesian plan was expressed by 'stagflation' – the combined effects of stagnation and inflation rather than a speculative 'bubble'. Jürgen Habermas identified the internal contradiction of the Keynesian system as the conflation of the often opposing interests of capitalist economy and of citizens.² The urban crisis reflected the loss of the city's role as industrial producer, but also enabled a restructuring of the city by bringing real estate values and city administrations down on their knees. The new role of cities in post-industrial society was directly defined by the new forms and organisation of production. The rise of information industries and of the service sector, accompanied by the relocation of industrial production to evermore distant places and the need for specific types of concentrated office work, including sales, distribution, contracts, marketing, and accounting, meant that the post-industrial city functioned as an international hub for these functions. The motivation for the white collar employees of this new order was found in 'lifestyle', which, in turn, was provided by gentrified urban districts. The post-industrial city needed to provide not only the high-end

headquarters for international corporations, but also the playing field for the white collar employees of these companies.

The restructuring of cities was a process which required a number of steps, beginning with crisis as a means of starving the city for funds and credit and making it susceptible to investment, followed by gentrification. Gentrification, meaning the replacement of a weak social group by a stronger social group within a defined territory, is usually understood as a negative phenomenon which includes a process of expulsion of working class, urban poor and immigrants from desirable neighbourhoods with a potential for high real estate value. Since the early 1990s, gentrification has become a staple of urban renewal programmes and widely implemented as part of urban policies of local councils in European and American cities.³ Gentrification was made possible by the crisis of cities and resulted in the new urban order demanded by post-industrial society. Unskilled labour and urban poor, less vital to the new economy, were banished to peripheral areas, whereas the city's real estate market, which not long beforehand suffered from the urban decline, could enjoy unprecedented growth.

Not all western cities which declined in the postwar years have been 'rescued' via gentrification. In the era of globalisation and neo-liberalism the idea of a centre inferred an international rather than local hub, meaning that fewer centres were needed than in the industrial age, and consequently that not all cities could be remodelled as post-Fordist global centres. Located a mere twenty two minutes train ride from the most spectacular of 'urban reversals', Manhattan, is Newark, a city which has suffered a constant decline since the Great Depression. The case of Newark demonstrates some of the ambiguities and difficulties of finding alternatives to the urban remedies prescribed by neo-liberalism such as gentrification. Newark is New Jersey's largest city, and while New Jersey has become in the last decades the epitome of urban sprawl – the densest state of the United States, but with no cities of more than 300000 inhabitants - Newark has suffered from a decline which has never been brought to a complete halt.

In the late nineteenth century, Newark, nicknamed 'Brick City', was a centre of industrial production which rivalled New York, with a huge leather industry and one of the largest ports of the United States [fig. 1]. However, the twentieth century brought about the gradual decline of industrial production in the city, and, in the postwar years, the transposition of the middle class to the new suburbs. Whereas New York expanded and incorporated some of the new suburbs in its administrative area – meaning that it could continue benefiting from the taxes of the middle class – Newark was unable to expand. Several attempts to annex neighbouring territories failed after they were met with a strong resistance of locals. This meant that Newark – not only its centre, but the entire territory controlled by the city council - lost much of its industries and middle-class tax revenues. The city became a locus of tension between black migrants escaping segregation and poverty in the south and unionised white – and predominantly Italian - harbour workers who were prepared to defend the decreasing number of jobs by whatever means necessary. The downturn and tension led to the 1967 riots which included looting and severe damage to property, and left twenty six people dead. The riots came to symbolise the city's decline, and while an amalgam of organisations and initiatives were created in response, the symbolic affect of the riots only made Newark even less attractive to the white middle class. The crisis of Newark is thus a familiar phenomenon which could be dated back, excluding the war years, to the Great Depression, an ongoing crisis of sorts which persists as long as Newark remains obsolete from the perspective of capitalism, as long as Newark fails to find itself a new role.⁴

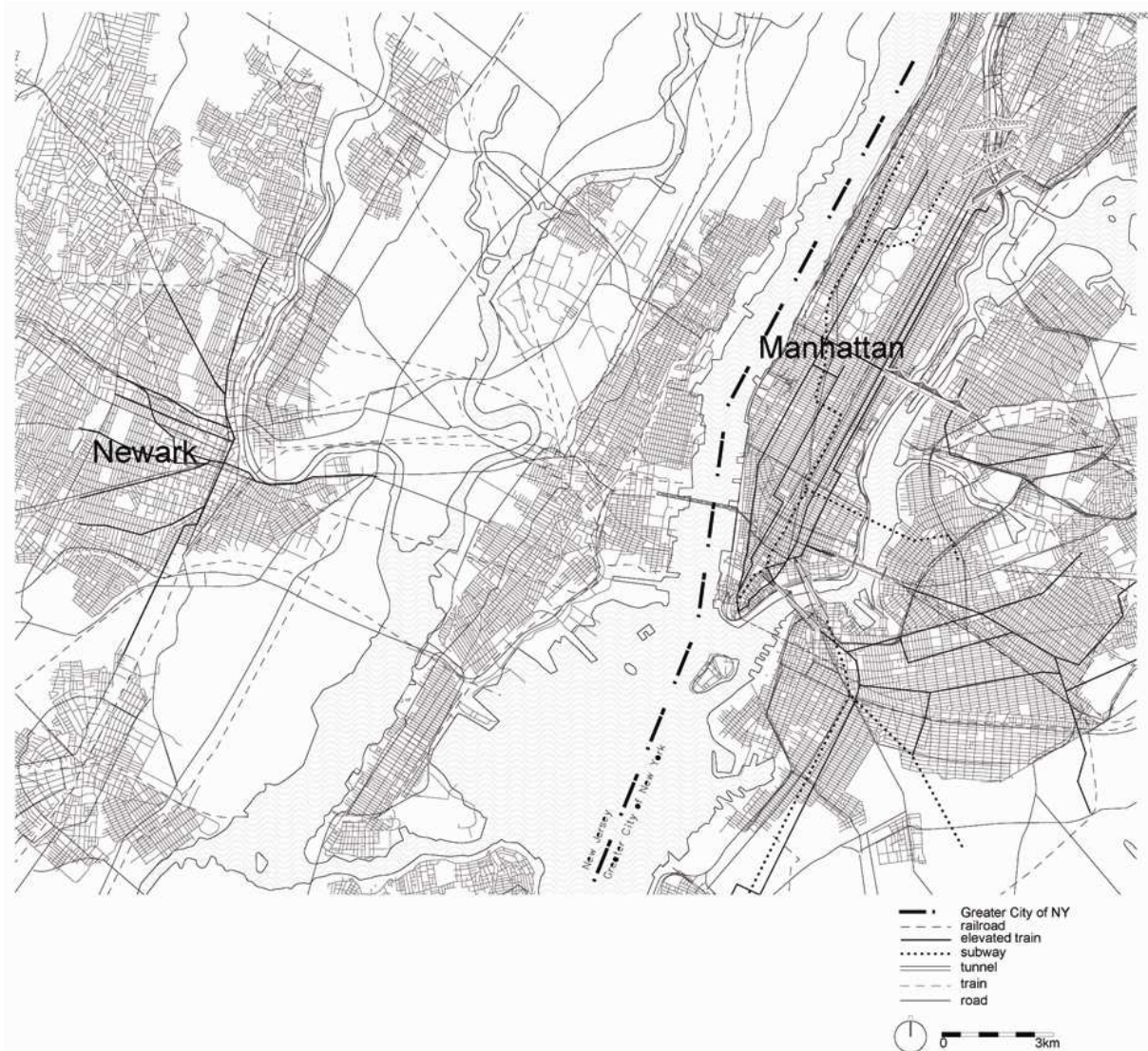


Figure 1 Newark and the New York region in the 1920s (map by NSG).

There has been no absence of development in the city, though much of it is highly questionable from the perspective of the interests of the local inhabitants and Newark. The development of infrastructure such as the 1932 Pulaski Skyway and especially the Interstate 78 and the Interstate 280 highways, constructed in the 1960s and 1970s, dissected the city, physically carving it into detached areas. The highway system offered suburbanites and arrivals at the Newark Airport easy access to New York, with the city of Newark serving, in effect, as the pedestal for the infrastructure. The passage from an industrial to a post-industrial society beginning in the 1960s only increased the city's difficulties, leaving its previously industrial waterfront derelict and highly polluted. The downtown area was designated in 1984 an enterprise zone of tax exemptions in order to lure investors, whereas educational institutions have been given land and benefits. The landmark projects of the last decades, however, perfectly express the shortcomings of the form of piecemeal development encouraged and supported by the city administration.

The Gateway commerce and office buildings developed in four stages by the local Prudential insurance company in the 1970s and 1980s represent perhaps the major attempt to 'rescue' Newark by investment. Envisioned as a statement of confidence in the city's future following the riots, a majority of the employees at the Gateway remained commuters, with few of the white collar workers relocating to Newark itself. The towers, meant to create a corporate-friendly image for the city by emulating the architecture of mid-Western

city centres, were brutally implanted in downtown according to the opportunities of real estate at the moment of their realisation. Their detachment from the city fabric and city life was enhanced by skywalks connecting the towers to each other and directly to Newark's Penn Station, allowing commuters to avoid the city's streets altogether [fig. 2]. Security and monitoring as a means of preventing unwarranted visitors completed the total detachment of the Gateway buildings from the city, rendering them a fortress rather than participant in Newark's life.⁵ More recently, the New Jersey Performing Arts Center (NJPAC) and the hockey arena have been major projects which required a large investment of public funds, projects which called attention to the disparity between their public cost and their limited benefit to Newark itself. All these projects also represent the fragmented and partial solutions sought by city government in recent decades which did little to help the city.



Figure 2 A skywalk connecting Penn Station and the Gateway project (image by NSG).

Newark, in the early twentieth century, resembled other East Coast cities, with strong urban fabric and vibrant downtown. In the decades which have elapsed since the Great Depression, this original urban fabric has eroded, destroyed by lack of care and piecemeal development which directed the city's transformation towards a typical mid-sized American town, with a downtown central business district of high-rise office towers surrounded by neighbourhoods mostly comprised of stand-alone villas (*pavillion*) and dotted with 1950s and 1960s public housing blocks. The physical erosion of the once strong urban fabric and the death of the once vibrant downtown, echoed in the many empty plots in both centre and periphery, are the physical embodiment of the city's decay.

The memory of the 1967 riots, marking an important moment in the development of black identity and power, has become, from the perspective of the city administration, a hurdle to Newark's revitalisation. Whereas their memory is central to black history in Newark and in the United States, and the riots quickened the ascent to power of a first black administration in the city in 1970, their strong presence in collective consciousness is mostly seen as a detriment to attracting investors and middle-class residents. The landmark developments such as the Gateway project, the NJPAC or the hockey arena can all be understood as attempts

to create a better image for the city by investing and encouraging investment in large-scale, attention-grabbing landmark projects which would demonstrate the city's vibrancy, relevance, and potential.

More recently, the 2000 census showed that the number of inhabitants had stopped its decrease, and city administrators, emulating other regenerated cities, rushed to name Newark 'Renaissance City'. However, the 'Renaissance City' label demonstrates the questionable belief that the city's difficulties are caused by the bad image of Newark rather than by real problems, and that the solution therefore is within the realm of the mind and could be addressed by city branding. In any case, the election in 2006 of the Obama-clone Cory Booker as Mayor further encouraged certain optimism. The rise of real estate prices in Manhattan, the spillage of Manhattan into Jersey City and Hoboken, raised hopes that Newark would finally benefit from the prowess of Manhattan's real estate market. These hopes were scuttled by the recent crisis, with Newark hard-hit by foreclosures [fig. 3].⁶



Figure 3 Newark is hard hit by foreclosures (images by NSG).

A constant in the last decades has been Newark's desire to attract middle-class residents and private investment to the city. Whereas such goals are shared by many city administrations, and are perfectly tuned to the demands of the post-industrial city, the need for both middle-class residents and private capital in Newark is very evident and acute. The decline of industry meant a lack of available jobs for the unqualified labour available within Newark. With unemployment well-surpassing national averages in many of the city's neighbourhoods, the city is evidently starved for employment opportunities. In addition, attracting white collar business to the city could bring with it the desired middle class and their taxes – though, as the Gateway project demonstrated, a large majority of white collar workers prefer to commute from suburbia rather than live in the city, a choice based not only on lifestyle desires but also on education opportunities for children and fear of crime.

Considering the lack of interest of business in Newark, the city administration finds itself, quite literally, on its knees, begging for investment. The mayor and his administration have little more than negotiating power at present, with limited incentives to offer investors, mostly in the form of tax breaks which are already taken for granted. It is little wonder therefore that local organisations, such as the New Community Corporation (NCC), have filled the void left by weak government. The NCC, a non-profit, is the most visible of the organisations which were created after and in reaction to the 1967 riots. The corporation builds public housing, runs old age homes and day care centres, provides counselling services, offers homes for homeless families and professional training, and runs businesses which provide some of the organisation's income. It has become a vast organisation, stepping in to provide for locals where city and state are absent. In effect, Newark has splintered into fiefdoms, each of which functions as a city within a city; not only the NCC, but also the Gateway project acts as an independent entity, as do some of the neighbourhoods, or the harbour and airport, ran by Port Authority. Therefore the physical erosion and the piecemeal development of Newark are

echoed also in the institutional and administrative fragmentation of the city. The once bustling 'Brick City' can now only be described as a dismembered, fragmented city. Within such harsh conditions, the pressure on the city government to find investment, to offer jobs and to attract middle-class residents is clear enough. There seem to be no alternative solutions in the current conditions, and gentrification appears, in Newark's case, a warranted rather than negative phenomenon. Presumably, the taxes of incoming middle-class residents could enable the city government to offer the needy more assistance, the presence of middle-class residents would provide a solid base for the regeneration of the city.

However, the crisis of cities in the 1970s, especially in the United States, created very similar conditions to those found in Newark today. Whereas some of the ex-industrial cities in crisis in those years – such as Baltimore or Detroit – have similarly continued their decline, others, most prominently Manhattan, have completely reversed their downward spiral, reaching unprecedented levels of affluence. Contemporary Manhattan, as a gentrified neo-liberal city, was 'made' in the years of crisis, being reduced to such a pitiful existence that it yearned for any investment under any conditions, badly craving for the return of the middle class. In other words, Newark's need for middle-class residents and for investment resembles the condition of Manhattan in the 1970s, a condition of crisis which later allowed the usurping of the city and its residents by forces of real estate and capitalist reorganisation and development.

The chances of Newark bringing about a similar reversal of fortunes seems slim; the geographical distance from Manhattan, on the one hand, and the relative proximity to Manhattan, on the other hand, position it in the unfortunate position of neither being able to be completely autonomous of New York – and hence also a rival in terms of production – nor being able to benefit from the proximity – it is too distant to enjoy the effects of Manhattan's real estate market. 'Stuck' between New York and Philadelphia, the arguments for Newark's rebirth as a global centre are nil, meaning that its position as a city is under direct threat; New Jersey and the entire region would simply prefer Newark to disappear, to integrate into the urban sprawl between the two big cities. And, of course, the example of Manhattan's reversal is a special case of a city with powerful and committed financiers, of a city which directly taps into people's imagination and desires. Manhattan was, in current political jargon, 'too big to fail'. In contrast, Newark's failure has had little consequences for New Jersey, let alone the rest of the United States.

Rather than attempt to apply in Newark the same remedies which reversed Manhattan's decline, it is necessary to question whether following Manhattan's footsteps is desirable, whether the crisis is not an opportunity to discover a different trajectory, whether there are alternatives to integrating Newark into the current political economy at the moment in which the status quo is crumbling. After all, it is the globalised, corporate neo-liberal status quo which has made Newark obsolete and offers little hope of finding a new role for the city.

The discussion of the current international economic crisis has raised the possibility that society is experiencing a restructuring, both economically and socially, a possibility raised not only by ever-optimist Marxists but also by politicians and economists who have previously embraced the neo-liberal order.⁷ Presuming that this assessment is correct, and in the context of a retreat into the safety of policies previously associated with Keynesian economics, a contemporary restructuring would mean a move in the opposite direction than the one taken in the 1980s. It is precisely this counter-trajectory which could mean that salvation to cities like Newark could avoid the prescriptions of the 1980s and 90s, could avoid the cleansing of cities from their underclass: accompanying the so-called 'death of neo-liberalism' is also, possibly, the end of its particular remedy for urban malign: gentrification.

The precise form the new prescription will take is no more lucid at the moment than the course economy and society are about to follow; it is merely reasonable to imagine that the involvement of the federal government, whether via superfunds, stimulus package capital or new mechanisms, may be the solution to Newark's ills in the forthcoming future. Whether via direct federal intervention or by empowering the city government, a comprehensive plan which will bring new unity and consistency to the city, both physically, administratively, and socially, will, possibly, express a new Keynesian approach rather than the discredited neo-liberal solutions sought in the last decades.

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¹ Marcuse, P., "Do Cities Have a Future?", in *The Imperiled Economy: Through the Safety Net*, New York: Union of Radical Political Economists, 1988, p. 190.

² Habermas, J., *Legitimation Crisis*, Boston: Beacon Press, 2005, pp. 222-35.

³ In the 1970s and 80s gentrification was hardly incorporated into planned city renewal projects in the calculated, intentional manner in which it appears in the 1990s urban regeneration projects. See Smith, N., "The Evolution of Gentrification", in Berg, J.J., Kaminer, T., Schoonderbeek, M., Zonneveld, J. [eds.], *Houses in Transformation: Interventions in European Gentrification*, Rotterdam: NAI Publishers, 2008, pp. 15-25.

⁴ Richard Cammarieri of the NCC cites figures from a Rutgers University report which demonstrate Newark's malign: one third of Newark households do not receive regular wage or hourly income; median income in Newark is 85% of the national median income; 40.7% of Newark households are just above poverty line - twice the national norm and three times that for New Jersey. See Cammarieri, R., "What Newark Needs", *The Bergen Record*, July 4th, 2004, and Cammarieri, R., "Martin Luther King Jr. - Where Do We Go From Here?", *Star Ledger*, January 15th 2006.

⁵ Dolan, T., "Newark and Its Gateway Complex", *The Newark Metro*, available at <http://www.newarkmetro.rutgers.edu/reports/display.php?id=17> [accessed 5.07.2009].

⁶ See a map of foreclosures in the New York region including Newark, at "Mapping Foreclosures in the New York Region", *New York Times*, 15 June 2009; available at <http://www.nytimes.com/interactive/2009/05/15/nyregion/0515-foreclose.html> [accessed 6.07.2009]

⁷ See, for example, Macdonald, J., "Lessons from the Jazz Age for Creditor Nations", *Financial Times*, June 24 2009; at http://www.ft.com/cms/s/0/8c1da3da-60f1-11d1-aa12-00144feabdc0.html?nlick_check=1 [accessed 2.7.09]; "Out of Keynes Shadow", *The Economist*, 12 February 2009; at http://www.economist.com/businessfinance/displayStory.cfm?story_id=13104022 [accessed 2.7.2009]; Krugman, P., "Hanging Tough with Keynes", *New York Times*, 18th June 2009; at <http://krugman.blogs.nytimes.com/2009/06/18/hanging-tough-with-keynes/?scp=1&sq=keynes&st=cse> [accessed 2.07.2009]; Mankiw, G., "What Would Keynes Have done?", *New York Times*, 28th November 2008; at <http://www.nytimes.com/2008/11/30/business/economy/30view.html?scp=2&sq=keynes&st=cse> [accessed 2.07.2009].

