Debt, Governmentality, and the Neoliberal City

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"We view Detroit's default and subsequent bankruptcy filing as idiosyncratic . . . we do not anticipate a contagion effect." – Standard & Poor's[1]

Recent financial and political crises, such as the 2008 financial crisis, the European sovereign debt crisis, and the emergency takeover and bankruptcy of the City of Detroit have urged scholars to readjust theoretical accounts of neoliberalism. For a variety of reasons, cities have been on the front line of neoliberal adjustments and experiments since the 1970s. The city arguably constitutes what Jamie Peck and Adam Tickell refer to as "the bleeding edge of processes of punitive-institution building, social surveillance, and authoritarian governance" associated with what they call "neoliberalization."[2] Detroit, once a paragon of industrial capitalism and stronghold of organized labor offers an extreme, but highly instructive case of a city that has undergone major transformations in past decades that are crucial to explore in attempting to understand both neoliberalism and its associated crises. In this paper I will examine a relatively unexplored aspect of what I will refer to as neoliberal "governmentality": debt considered as a force affecting the conduct and subjectivity of the city. Using Detroit as a primary example, I will argue that debt serves to discipline the conduct of cities in ways that exacerbate racialized political and economic inequality and leave cities systematically more vulnerable to increasingly authoritarian forms of control.

Neoliberalism as Governmentality

The literature on neoliberalism and cities tends to present neoliberalism as a set of ideas shaping policy or institutions,[3] or as an ideology associated with the developments of capitalism and class struggle.[4] I join these approaches to the extent that they seek to highlight how neoliberalism is not a monolithic or static phenomenon, how it has developed unevenly geographically, involves temporally discontinuous processes of destruction and creation, and how it incorporates and relies upon a variety of technologies and forms of knowledge. However, this literature tends to rely on postulates about the necessary logic or functioning of some exterior term such as capitalism, class struggle, markets, the state, institutions, ideas etc., while simultaneously insisting that *neoliberalism* is a continent and mutating process. Additionally, this literature tends to elide or downplay the extent to which the creation and reproduction of particular kinds of subjectivity are important aspects of the study of neoliberal political and economic phenomena.

While I draw on evidence and theoretical insights from critical geography and political economy, I will employ an alternative theoretical perspective developed by Michel Foucault that considers neoliberalism as a mode of "governmentality." I adopt this perspective for its ability, on the one hand, to destabilize assumptions about the explanatory power of ready-made structures, institutions, and objects like "the state," "capitalism," or even some versions of "neoliberalism," and, on the other hand, for the emphasis it puts on a genealogical understanding of the shifting technologies and alliances that continuously produce these phenomena as unstable but real forces in the world. While the concept of governmentality has been articulated in a number of different ways,[5] I will define it here as an "art of government" that brings together an ensemble of institutions, instruments, techniques and practices that constitute objects of knowledge, govern the conduct of subjects, and through which subjects are formed and reflexively form themselves.[6] My definition of governmentality differs somewhat from how others have used the term and so I will return to some of Foucault's key texts to explain the conceptual components that I see as crucial.

The broad arc of Foucault's work may be thought of as comprising three major axes: the axis of knowledge considered as "regimes of truth," the axis of power considered as a set of relations of force, "open strategies," and "rational techniques," and the axis of subjectivity considered both in terms of the disciplinary techniques that constitute subjects by means of punishment, training, and supervision and the ethical techniques through which subjects work on and form themselves.[7] Beginning with the first axis—the "regime of truth"—Foucault seeks to articulate that any truth claim—be it religious, scientific, cultural, etc.—involves a politics. In other words, the types of discourse that each society "accepts and makes function as true" are always the product of "struggles, confrontations, and battles" and, importantly, the "the tactics of power that are elements of this struggle."[8] Tactics of power coordinate with regimes of truth to produce objects of knowledge such as "madness," "delinquency," "sexuality," or "the economy," which, for Foucault, are not errors or illusions, but contingent, mobile, and unstable objects that did not exist prior to their being targeted by a real set of practices.[9] Hence, for Foucault, there is no pure domain of true knowledge outside power, and, conversely, power cannot operate without generating, harnessing, and circulating the objects generated by the truth effect of authoritative discourses.[10]

Shifting to the second axis, power also involves tactical and strategic actions that target the conduct of both individual and collective bodies. Although these power relations can and do result in effects of domination, violence, subjection, disciplining, individualization and normalization, inasmuch as power is a “network of relations, constantly in tension [and] activity,” it is not “possessed” by some and not by others, nor is it a substance or a commodity to be accumulated.[11] Rather, subjects of power are constantly “in the position of simultaneously undergoing and exercising this power . . . not only [as] its inert or consenting targets,” but also as the very agents of its articulation.[12] Foucault’s work on power gradually shifted from the institutions and practices that discipline and conduct individual bodies to the apparatuses of government that sought to administer the social body collectively through statistical techniques targeting a new object: the population.[13] Here, what Foucault came to call “biopolitics” describes how new technologies that could measure and calculate the risks associated with a population were deployed to “incite, reinforce, control, monitor, optimize and organize” the productive forces of life.[14] It is this biopolitical mode of power that Foucault associates with the discourse of political economy, and liberalism in particular, which attempt to allow for the free circulation of labor and commodities by limiting governmental intervention to those techniques calculated to secure the population and later “the economy” from perceived risks. It is in the context of biopolitics that Foucault defines “racism” as the introduction of “a break into the domain of life that is under power’s control: the break between what must live and what must die.”[15] Foucault argues that racism is a method of separating out groups that exist within a population, identifying those subpopulations judged to be a threat or risk to the health of the general population, and legitimating this group's expulsion, rejection, political death, or even extermination.[16]

Toward the end of his life, Foucault shifted his field of investigation to a third axis, that of of ethics and subjectivity, in order to analyze not just the ways in which the individual is constituted by techniques of subjection that operate through the disciplines of punishment, education, the family, medicine, and so on, but also those "games of truth" and "practices of the self" by which the subject works on and constitutes herself.[17] This turn to ethics was an attempt to problematize the methods and techniques by which one constitutes oneself as an "object to be known," but also is able to transform this "mode of being" over time through self directed ethical practice.[18]

Keeping these three axes in mind, how can we provisionally define a "neoliberal" mode of governmentality? To speak of its "regime of truth," neoliberalism has involved the question of "how the overall exercise of political power can be modeled on the principles of a market economy."[19] Rooted in the writings of Austrian political and economic thinkers such as Friedrich Hayek, Ludwig von Mises and the "Chicago School" of economics in the United States, most prominently represented by Milton Friedman, neoliberal political and economic theory repudiates the governmental logic of egalitarian or "embedded" liberalism—most associated with Keynesian economics and the institutions of the welfare state—that advocates state intervention in market processes to ensure "full employment, economic growth, and the welfare of its citizens."[20] Playing on fears that state intervention and planning directed toward social rights and economic redistribution will foreclose upon individual freedoms, distort market efficiency and hinder economic growth, neoliberal governmentality deploys discursive, technical, and political means of making “the market” and economic discourse the only legitimate sites of knowledge production about governmental conduct.

While neoliberal discourse employs antistatist rhetoric, neoliberal governmentality in its “actually existing” historically and geographically specific manifestations has transformed the state into an active partner in the promotion, protection, and expansion of market processes.[21] Hence, state intervention into economic and social affairs doesn’t go away with neoliberalism, but is transformed. In fact, while governmental regulation of markets is supposed to be light or non-existent, Foucault points out that neoliberalism calls for heavy governmental intervention in the set of “technical, scientific, legal, geographic . . . broadly, social factors” so that market regulation through “competitive mechanisms” can be installed in the very fabric and depth of society.[22] Finally, neoliberal governmentality doesn’t simply involve the state and society, but extends to the political and ethical constitution of subjectivity. Foucault argues that the neoliberal conception of the subject is no longer *homo oeconomicus* “the partner of exchange” theorized by classical liberals like Adam Smith, but instead has become “human capital,” the subject considered as an “entrepreneur of himself.”[23] Hence neoliberal governmentality involves political, institutional, and ethical transformations that install and maintain a market-driven regime of truth, which, in turn, induces individuals, populations, and in our case cities to adopt entrepreneurial principles of competition, risk management, efficiency, flexibility and personal responsibility as guides for conducting themselves.

Debt and the Neoliberal City

While this quick sketch gives us an abstract sense of the epistemic, economic, political and ethical transformations associated with neoliberal governmentality, its actual configurations and effects vary over time and based on a range of local and extra-local conditions. Here I will try to shed more light on neoliberal governmentality by taking a closer look at the relation between debt and the city, considered as both a space and subject. Foucault was correct to note a shift in the "practices of the self" associated with the construction of an entrepreneurial neoliberal subject. However, philosopher Maurizio Lazzarato points out that the other side of *homo oeconomicus* is *homo debitor*: the "indebted man."[24] He argues that in the shift to a predominantly debt-driven economy, there is a simultaneous ethical shift in the production of the subject such that not only is there an injunction to conceive of oneself as "human capital," but also to adhere to the "morality of the *promise* (to honor one's debt) and the *fault* (of having entered into it)."[25] The neoliberal subject is enjoined to become a competitive entrepreneur in all spheres of life, but to the extent that she must go into debt in order to compete, she must assume "the costs as well as the risks" of economic and financial disaster, and may be judged guilty and deserving of punishment if she fails to repay her creditors.[26] Therefore, I will examine how neoliberal governmentality works through debt by harnessing economic and moral pressures to shape the subjectivity and conduct of cities.

The importance and power of debt financing as a source of revenue and technology of government for American cities has grown tremendously since the 1960s as deindustrialization and suburbanization have eroded cities' tax bases.[27] While municipal lending in the postwar years had largely been a local affair involving mutually beneficial relationships between cities and commercial lending institutions, this changed dramatically after the fiscal crisis in New York City in 1975. Concerned with the way the city used budget deficits to finance high salary levels, public employment, and social service provision, the two major debt rating firms Standard & Poor's and Moody's downgraded New York City's bond rating to speculative-grade status, "effectively removing it from the debt market."[28] This pushed New York into technical bankruptcy and when the federal government refused to step in—resulting in the famous *New York Daily News* headline: "Ford to City: Drop Dead"—a consortium of bankers, city, and state officials restructured the city's finances.[29] The strategy employed to get New York City out of bankruptcy was to issue bonds sold to individual or institutional creditors, engage in austerity measures that slashed spending on social services and marginalized the authority of organized labor while promoting the city as a business-friendly space and creditworthy subject.[30]

I cite this example because the traumatic case of the New York City debt crisis served as a model for changes to the entire market for municipal debt. According to Jason Hackworth in his book *The Neoliberal City*, this event "spooked commercial providers of municipal credit everywhere" and shifted the market for debt to financial markets where individual or institutional investors would purchase bonds without the access to local knowledge or trust that had previously served as the basis for cities' credit relations with commercial lenders.[31] This process, called "disintermediation," resulted in a trust and knowledge vacuum that was increasingly filled by the expert ratings provided by the "big three" bond-rating agencies: Standard & Poor's, Moody's, and Fitch.[32] Two additional forces accelerated disintermediation. First, financial market deregulation in the 1980s and 1990s globalized capital markets, increasing market volatility and exposing investors to new risks.[33] Second, technologies of "securitization" allowed for municipal bonds and other forms of debt to be packaged together and sold to investors in new and increasingly opaque and complex ways.[34] These two dynamics greatly expanded the market for debt, especially among "unsophisticated investors," and boosted investor demand for quick and trustworthy ways to evaluate and compare all of the new debt "products" being offered. Filling this gap, the rating agencies "evolved into a highly consolidated, transnational handful of companies that now serve as the primary gatekeepers for corporate and municipal debt markets."[35]

In conjunction with the increasing role of the rating agencies through disintermediation, the neoliberal dismantling and transformation of the welfare state in the U.S. accelerated in the 1980s under the Reagan administration, resulting in a major decline in federal funding to cities.[36] Under the rhetorical guise of stimulating the economy by cutting taxes and returning power and responsibility to states and localities, federal funding was slashed forcing cities to compete with each other in the private municipal debt market to fund projects and services.[37] Moreover, cities continue to be burdened with costs associated with unfunded federal social control mandates to build and maintain prisons and increase police forces, further compelling them to incur debt.[38] In this respect, cities become, and indeed are positioned to appear, "responsible" for choosing their own fate. Either they continue to provide jobs and services and make up the funding shortfall using debt financing—under the supervision of the bond rating agencies—or they embrace austerity politics, reduce budgets, and abandon the rights and social provisions associated with "embedded liberal" governmentality. This process, called "glocalization" in the urban geography literature, propels responsibility for "social reproduction and economic risk" downward to the locality, while simultaneously putting global institutions like the rating agencies in a position to monitor and influence the ability of localities to successfully manage these new risks.[39] Thus, as Hackworth argues, the political shift to "entrepreneurial or neoliberal urban governance" can be considered the result of an "institutionally regulated (and policed) disciplining of localities," with the bond-rating agencies playing the role of police officers.[40]

One question that this raises is how the rating agencies produce the authoritative and "truthful" knowledge according to which they judge and discipline cities. The key judgment that rating agencies make is "whether a bond is rated as 'speculative-grade' (a 'junk bond') or 'investment-grade.'"[41] If any of the three major rating firms judge a city to be inept and rate its bonds "speculative grade," it can be "summarily redlined from credit."[42] On what basis is this important distinction determined? A city has to hire one of the rating agencies as soon as it decides to issue debt, and this agency gives the city's debt a credit rating based on an examination of a range of heterogeneous factors including the city's financial statements, its history, its economic outlook, its administrative structure, and its population dynamics.[43] The rating, ranging from investment quality (for S&P: AAA to BBB-, for Moody's: Aaa to Baa3) to speculative grade and likely to default (for S&P: BB+ to – D, for Moody's Ba1 to C),[44] is decided behind closed doors, and once issued, the agency continues to monitor the city's "overall pattern of fiscal decision-making and economic health" alerting investors if developments occur that might push a rating upward or downward.[45]

While the rating agencies purport to give expert and impartial judgments on a city's creditworthiness, Timothy Sinclair argues that the fact that they analyze quantitative and qualitative factors including "management structure, policy, and the wider context of the issuer . . . make the credit rating process inherently a nondeductive matter."[46] In other words, in their role as information gatherers, interpreters, and authoritative sources of judgment, rating agencies are a key element in the struggle to construct a neoliberal "regime of truth" upon which norms of conduct are based.[47] Sinclair argues that this gate-keeping judgment process is "manifestly political" because it promotes specific practices, forms of knowledge, and governance systems configured to provide a "vetting and surveillance system for capital mobility, allowing capital to move 'securely' across geographic and cultural space."[48] In addition, the strategic position of Standard & Poor's, Moody's, and Fitch gives them enormous monopoly power to determine the "global distribution of money, jobs, and economic opportunity" without any invitation for "public dialog, debate, or democratic deliberation.[49]

Investors' knowledge and beliefs about a city's creditworthiness have become a central component of city governance, normalizing the duty to repay one's debt both as a supposedly objective condition of good governance and as a moral obligation.[50] As the go-to source for objective and truthful knowledge about the creditworthiness or risk associated with a city, and as the primary agency policing access to credit, the rating agencies act as the key institutional agents maintaining a form of indirect control or "government at a distance" through which "social forces are self-regulated within the norms of the system."[51] According to Lazzarato, "Credit is reliant on the ability to predict behavior," and here we see how the rating agencies task is to ward off any potential 'deviation' in the behavior of debtor cities that would go against the expectations and desires of creditors.[52] Credit, as a technology of neoliberal governmentality, locks up governmental possibilities within an established market framework, and then projects these conditions into the future in the form of a promise to conduct oneself in a way that is predictable and commensurate with repayment.[53] In this sense, cities' reliance on debt and the approval of the rating agencies has eaten away, sometimes quite rapidly and sometimes gradually, the rights, priorities, and protections associated with the embedded liberalism of the postwar era.[54] The rating agencies, as what Sinclair calls a "nexus of neoliberal control," have exercised power less through direct coercion than using the rating process to indirectly generate compliance.[55]

Detroit: Debtor City

What does debt-driven governmentality look like in Detroit? While Michigan's governor Rick Snyder, echoing a chorus of voices in the media, has characterized the city's recent experience of emergency management and bankruptcy as the result of "60 years of decline for the city" in which "reality was often ignored," a closer look at the conduct of the city since the New York City bankruptcy and the ascendance of neoliberal governmentality tells a different story.[56]

Under mayor Coleman Young from 1973-1993, Detroit embraced the "virtues of fiscal conservatism" with less reluctance than Philadelphia or New York, adapting the conduct of the city in search of an investment grade credit rating and in order to attract business investment.[57] According to the Detroit Free Press, "Young was the most austere Detroit mayor since World War II, reducing the workforce, department budgets and debt during a particularly nasty national recession in the early 1980s."[58] He "attacked fiscal problems by shrinking government and forging new relationships with corporate America to build new Detroit auto factories during his tenure."[59] Despite his aggressive efforts to make city government more austere, for years these actions did not result in a favorable credit rating, and *The Economist* called Young "the creature of a discredited school of Democratic politics, over keen on entitlements and given to playing on class and racial antagonisms," criticism that has been trotted out again during the city's present crisis.[60] As the city's population collapsed from white flight to the suburbs, its median income dropped by 20%, and its poverty rate increased dramatically, Young performed "fiscal surgery"—assessing "controllable variables in terms of their positive or negative effects on the city's creditworthiness—which eventually paid off with improvement of the city's rating to investment grade.[61] But in July of 1992 Moody's downgraded Detroit's credit rating back to speculative grade (from Baa to Ba1) citing the city's continued population loss while acknowledging that the city "diligently maximized its immediate resources, attacking budget deficits, cutting wages and employee benefits, channeling money to repay bonds and swelling its debt service reserves."[62] Despite protests from city leaders who argued that they had done all that they could to make Detroit a business friendly zone, the city was in no position to contest the rating, and it became clear that "basic fiscal prudence" was not sufficient for securing a favorable rating.[63]

In 1994, Dennis Archer succeeded Young as mayor of Detroit and made regaining an investment grade credit rating a top city priority, traveling after the election with his new finance director Valerie Johnson, a former Merrill Lynch staffer, to meet in person with a managing director at S&P.[64] Three examples illustrate the kinds of programs Archer participated in and the ethos he projected to improve the city's credit. First, under the auspices of Bill Clinton's National Partnership for Reinventing Government (NPR), he brought in "auto executives to teach corporate management principles to government employees."[65] Second, he worked with the Clinton administration to designate Detroit an "Empowerment Zone": a designation that sought to open up "previously untapped urban and rural markets for economic development, elite consumption, and population control through a combination of tax abatements and public-private partnerships," that would be awarded to cities based on "how well they disciplined themselves according to neoliberal principles."[66] Third, Archer focused on the theme of responsibility to try to affect the conduct of Detroit's population.[67] As Lester Spence argues, "Just as Clinton used the images of black women to drive home the message of personal responsibility, Archer used the image of black cultural dysfunction to drive that message home at the local level," telling his constituents to "get a grip on your life and the lives of your children!"[68] In the fall of 1996, Archer's efforts paid off and Detroit received an investment grade rating, receiving praise from S&P and Moody's for its "economic recovery and fiscal discipline."[69]

Mayor Kwame Kilpatrick, known as the "hip-hop mayor" for his young age and personal style presided over Detroit in the 2000s. This decade saw Detroit's population decline by 25% further decimating its tax base, and the city's budget strained from increasing costs associated with retiree health care and pensions, drastic cuts in state revenue sharing, and the accumulated cost of corporate subsidies.[70] Kilpatrick inherited a $69M budget deficit from the Archer administration, which threatened to balloon to $300 million by his fourth year in office, endangering the city's credit rating.[71] Kilpatrick responded by slashing a quarter of the city's workforce, reducing city services or adding service for their use, privatizing city assets, and entering into a complex financial derivatives contract in order to cover the city's pension obligations.[72] On the flipside of these cuts, the Kilpatrick administration succeeded in increasing downtown building occupancy and construction, restaurant openings, housing prices and new housing starts.[73] To summarize the general effect of Kilpatrick's governing strategy, it consisted in passing the costs of the city's debt service and social reproduction down to residents, workers, and retirees—those least able to afford them—while savings and improvements to the quality of life in the city accrued to tourists, commuters, developers and those occupying the city's gentrifying districts.[74]

An analysis of the government of Detroit through the three successive mayoral regimes corresponding to the neoliberal turn identifies two key dynamics in the power relation between the city, its creditors, and the rating agencies. First, at the level of the formation of the city's subjectivity, there seems to be a progression from the city as entrepreneur—a process begun under Coleman Young, but perfected under Archer as the city truly adopted market principles and techniques to the greatest extent possible—to the city as debtor under Kilpatrick, slashing expenses and posting collateral in order to pay back its obligations and keep its credit flowing. To the extent that the city has fallen deeper and deeper into debt, the intensity of its neoliberal and austere "practices of the self" have increased.

For example, the pension obligation certificate deal (POC) deal that the city entered into in 2005 and 2006 under the Kilpatrick administration with the intention of getting around debt restrictions and reducing its pension liability ended up backfiring, proving to be one of the main contributors to a short term cash crisis which the state used to justify the emergency takeover of the city.[75] These deals included provisions that stated that if the city's credit rating was downgraded below investment grade, or if an emergency manager were appointed for the city, the banks that loaned it money would be entitled to “termination payments” of between $250-350 million.[76] On January 6, 2009, S&P downgraded the city’s general obligation bonds to junk status due to concerns with the city’s revenue, setting these termination payments into motion and placing the city into an extremely precarious financial position.[77] It is important to note here that all of the banks involved in selling this deal to Detroit “continually assured Council members that there would be no risk associated with the City adopting these financial instruments,” and that representatives of S&P and Fitch appeared before the City Council, at the behest of city CFO Sean Werdlow, ostensibly to add an expert voice in favor of the transaction.[78] When Dave Bing was elected mayor in 2009 after Kwame Kilpatrick resigned facing corruption charges, he inherited a $330 million budget deficit, plummeting revenue and increased debt service costs due to the collateral payments on the POC debt deal.[79] Despite his awareness that it would be an insufficient solution, Bing still sought to balance the city’s budget by drastically cutting operating expenses through layoffs and retirements in the face of strong union and city council resistance.[80]

The second dynamic, that of racism as a mode of what Foucault calls “biopolitics,” runs as a subterranean current through the entire discussion of Detroit and creditworthiness. Detroit, inasmuch as it is identified with its majority African American population and is considered a “black city,” is subject to anti-black stereotypes and discrimination. As I explained previously, Foucault argues that racism is a governmental technique to separate out groups that exist within a population deemed to be dangerous to the health of the general population in order to legitimate and facilitate their expulsion, rejection, political death, or extermination.[81] The brief history of Detroit’s interaction with the rating agencies makes clear how the agencies continually cite Detroit's declining population as a major factor contributing to the city's lack of credit. Hackworth and Sinclair both note how Detroit, despite its exceptional neoliberal conduct, is largely unable to garner the same credit rating as cities displaying similar conduct, but without the stigma of a black mayor or a primarily black population.[82]

In an interview, Brenton W. Harries, the president of Standard & Poor's from 1972 to 1981, denied that race was a factor in rating judgments, but he did mention, in reference to Detroit, "this particular mix of population requires more welfare payments, more housing. They're more of a drain as opposed to being more a contributor."[83] While rating agencies insist that they focus on the quantitative dimensions of a city's population, Sinclair stresses that they also take qualitative factors into account and keep this mix of factors leading to their judgments confidential.[84] He also notes that there is data showing a "relationship between the higher rungs of the rating scales and home ownership, and the lower rungs and predominance of black Americans in the local population."[85] Take Harries' comments about Detroit's "particular mix of population" being a drain and compare it to Lester Spence's argument that race is a major and under-explored element in neoliberal governmentality. Spence argues that to the extent that the "American city as we know it is not only a hub for the well-fitted entrepreneurial class but also for the poor and nonwhite," cities like Detroit have been represented as "dangerous, crime ridden, and inefficient" and their governing institutions have been depicted as corrupt.[86]

In October 2013, Kwame Kilpatrick was sentenced to 28 years in prison—an exceptionally harsh punishment—for his conviction on counts of racketeering and extortion. In a *New York Times* article describing the sentencing, Kilpatrick's punishment is presented as "the closest [Detroiters] will get to holding past leaders accountable for decades of disappointment and poor fiscal decisions."[87] Kilpatrick is described as accelerating Detroit's move toward bankruptcy and as a "poster child of what went wrong with the city and why it went bankrupt."[88] Kevyn Orr, the emergency manager of Detroit from July 2013 until December 2014 has remarked that Detroit's black politicians were happy to be complacent and "for a long time the city was dumb, lazy, happy and rich."[89] Even U.S. Bankruptcy judge Steven Rhodes, in an interview marking his retirement at the conclusion of the Detroit bankruptcy, commented, "Part of the decline of the city itself can be attributed to our unique racial circumstances . . . The city was desperate, and desperate people and desperate entities do desperate things."[90] In their hardly veiled attempts to blame Detroit's dysfunction on its black politicians or black population, the *New York Times*, Orr, Rhodes, or governor Rick Snyder obfuscate what I have been trying to show here: that it is precisely Detroit's conduct, which conformed so impeccably to the market-driven norms and expectations of rating agencies, banks, and the Republican-controlled state government, that drove the city into insolvency.

Conclusion

The structural effects of debt-driven neoliberal governmentality on majority black cities in Michigan seem clear enough. Michigan cities in financial distress have ended up under the control of technocratic emergency managers. Up until December 2014 when Detroit exited emergency management, over 50% of Michigan's black population had lost their right to democratic representation and self-government, while their cities' service provisions have been gutted, labor disciplined, health and pension benefits cut, public assets privatized, and water shut off. Just as cities were subjected to the "racial redlining" of real estate, which formally and informally enforced the segregation of their populations and reduced mobility and economic opportunity for people of color, credit redlining by rating agencies and the associated techniques of emergency management in Michigan continue to hyper-concentrate the negative effects of neoliberal governmentality on black cities and populations.[91]

Upon the passage in 2011 of PA 4, the most draconian version of Michigan's emergency manager law (eventually overturned by referendum and quickly replaced by PA 436 in 2012), State Senator Gleason from Flint expressed concern that this law would further endanger cities' credit ratings, arguing, "When you lose the substance of your core city and your county, everybody is held susceptible to that credit rating."[92] State Senator Coleman Young II of Detroit was less circumspect with his comments about emergency management:

> If you are looking for an example of the success of EMs, look no further than DPS[Detroit Public Schools]. We have an emergency dictator over there, and they still have books that don't show up, they still have Internet that doesn't work, and they have fifty kids to a class. The 1999 takeover had folks who were supposed to be fixing school districts, but instead they started to rape, rob, pillage, raid, and blame the school district. We must reject these municipal marauders as they come into our districts and take away our freedom and emancipation. . . . the definition of insanity is doing the same thing over and over again and expecting a different result.[93]

The people living in the cities most affected by the disciplining effects of the rating agencies and now the authoritarian control of emergency managers or a bankruptcy judge recognize that these governmental techniques and the neoliberal transformations they enact do nothing to improve general economic conditions or quality of life. As State

Senator Virgil Smith, Jr. put it, “All this is rearranging the chairs on the deck so somebody else can take this money and put it in their pocket.”[94]

While the emergency manager has now packed his bags and headlines proclaim a new day for Detroit, an unelected “Financial Review Commission” will retain control over the city budget for the next thirteen years.[95] The “Plan of Adjustment” for the city, agreed to in bankruptcy court, lays out “cost-saving initiatives” in addition to the cuts to retiree pensions and city employee healthcare, that will keep the city in a permanent state of austerity for years to come.[96] Not only has neoliberal governmentality failed to pull the city out of economic quagmire and catastrophe, it is precisely neoliberal techniques and solutions that perpetuate and exacerbate these conditions.

To end on a final Foucauldian note, perhaps recognizing this “failure” or contradiction inherent in neoliberal governmentality is insufficient. Indeed, many of Detroit’s liabilities have been shed, and the ground cleared for further privatizations and moneymaking opportunities. In *Discipline and Punish*, Foucault argues that the supposed “failure” of the prison to achieve its stated goals of punishment and rehabilitation in actuality serves as part of the *functioning* of a greater strategy that produces “delinquency” in order to regulate and normalize an entire “carceral” society.[97] Perhaps the “failure” of neoliberal governmentality in this case is part of a strategy that exerts continuous and authoritarian control over largely working class, poor, and black populations, facilitates new but limited opportunities for capital accumulation for a select few, and continues to make democracy seem like a luxury that we can no longer afford. I hope it is clear from the example of Detroit that neoliberal governmentality, specifically in its reliance on the technologies and ethical conduct associated with debt, has catalyzed an extraordinarily repressive and authoritarian turn in the government of a city and its people. While the focus here is on Detroit, this is not a unique or isolated phenomenon with—to use S&P’s terminology—no risk of “contagion effect,” but instead a widespread governmentality operating in many other cities and at different scales – from indebted individuals and families, to stigmatized populations, to sovereign states.

Endnotes

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[6] See Foucault, Michel, Michel Senellart, François Ewald, and Alessandro Fontana. *Security, Territory, Population: Lectures At the Collège De France, 1977-78.* Basingstoke: Palgrave Macmillan, 2007; Foucault, Michel, and Michel Senellart. *The Birth of Biopolitics: Lectures At the Collège De France, 1978-79.* Basingstoke [England]: Palgrave Macmillan, 2008; and Foucault, Michel, *The Use of Pleasure: Volume 2 of the History of Sexuality*. New York: Vintage Books, 1990.
[7] Foucault, Michel, *The Use of Pleasure: Volume 2 of the History of Sexuality*. New York: Vintage Books, 1990, 6 and Foucault, Michel, *Discipline and Punish: The Birth of the Prison.* 2nd Vintage Books ed. New York: Vintage Books, 1995, 29-30.
[8] Michel Foucault, "Truth and Power," *The Foucault Reader*, ed. Paul Rabinow. New York: Pantheon Books, 1984, 73; Foucault, Michel, Michel Senellart, François Ewald, and Alessandro Fontana. *Security, Territory, Population: Lectures At the Collège De France, 1977-78,* 3.
[9] Foucault, Michel, and Michel Senellart. *The Birth of Biopolitics: Lectures At the Collège De France, 1978-79.* Basingstoke [England]: Palgrave Macmillan, 2008, 19.

[10] Foucault, Michel, and Colin Gordon. *Power/knowledge: Selected Interviews and Other Writings, 1972-1977.* 1st American ed. New York: Pantheon Books, 1980, 93.
[11] Foucault, Michel, *Discipline and Punish: The Birth of the Prison.* 2nd Vintage Books ed. New York: Vintage Books, 1995, 26-7.
[12] Foucault, Michel, and Colin Gordon. *Power/knowledge: Selected Interviews and Other Writings, 1972-1977.* 1st American ed. New York: Pantheon Books, 1980, 98.
[13] Foucault, Michel, Michel Senellart, François Ewald, and Alessandro Fontana. *Security, Territory, Population: Lectures At the Collège De France, 1977-78,* 66. Foucault’s stated intention in introducing the concept of “governmentality” was to problematize or denaturalize hegemonic conceptions of “the state” and “the population” by shifting his analytical perspective outside of them in order to “place the modern state in a general technology of power that assures its mutation, development, and functioning.” Foucault continued this work in the next year’s lectures entitled *The Birth of Biopolitics* in which he specifically focused on the governmentality of liberalism and neo-liberalism.
[14] Foucault, Michel, *The History of Sexuality.* Vintage Books ed. New York: Vintage Books, 1990, 136.
[15] Foucault, Michel, Mauro Bertani, Alessandro Fontana, François Ewald, and David Macey. *"Society Must Be Defended": Lectures At the Collège De France, 1975-76.* New York: Picador, 2003, 254-5.
[16] Foucault, Michel, Mauro Bertani, Alessandro Fontana, François Ewald, and David Macey. *"Society Must Be Defended": Lectures At the Collège De France, 1975-76.* New York: Picador, 2003, 254-6. While Foucault clearly does not ignore the question of race, he has been rightly criticized by many scholars for focusing solely on the history of racism within the borders of Europe and almost completely disregarding the problem of racism in Europe’s colonies. As Ann Laura Stoler puts it, “Foucault's selective genealogical attention to the dynamics of internal colonialism within Europe by and large positioned the racial formations of Europe's imperial world outside his epistemic field and off his analytic map. Because Foucault's account of racial discourse is so endemically detached from the patterned shifts in world-wide imperial labor regimes of which those discourses were a part, we are diverted from the gritty historical specificities of what racial discourse did both to confirm the efficacy of slavery and to capture new populations in the transition to wage-labor." See Stoler, Ann Laura. *Race and the Education of Desire: Foucault’s History of Sexuality and the Colonial Order of Things.* Durham: Duke University Press, 1995, 91.
[17] Foucault, Michel, *The Use of Pleasure: Volume 2 of the History of Sexuality*. New York: Vintage Books, 1990, 6, 29.
[18] Ibid, 30.
[19] Foucault, Michel, and Michel Senellart. *The Birth of Biopolitics: Lectures At the Collège De France, 1978-79.* Basingstoke [England]: Palgrave Macmillan, 2008, 131.
[20] Hackworth, Jason R. *The Neoliberal City: Governance, Ideology, and Development in American Urbanism.* Ithaca: Cornell University Press, 2007, 10.
[21] See Brenner, Neil, and Nik Theodore. "Cities And The Geographies Of "Actually Existing Neoliberalism"" *Antipode* 33, no. 3 (2002): 349-79, and Connolly, William E. *The Fragility of Things: Self-organizing Processes, Neoliberal Fantasies, and Democratic Activism*. Durham and London: Duke University Press, 2013, 20-1.

[22] Foucault, Michel, and Michel Senellart. *The Birth of Biopolitics: Lectures At the Collège De France, 1978-79.* Basingstoke [England]: Palgrave Macmillan, 2008, 141; 145.
[23] Foucault, Michel, and Michel Senellart. *The Birth of Biopolitics: Lectures At the Collège De France, 1978-79.* Basingstoke [England]: Palgrave Macmillan, 2008, 226; 233.
[24] Lazzarato, M., and Joshua David Jordan. *The Making of the Indebted Man: An Essay On the Neoliberal Condition.* Los Angeles: Semiotext(e), 2012, 8.
[25] Ibid, 30.
[26] Ibid, 51.
[27] Harvey, David. *A Brief History of Neoliberalism.* Oxford: Oxford University Press, 2005, 45; Hackworth, Jason R. *The Neoliberal City: Governance, Ideology, and Development in American Urbanism.* Ithaca: Cornell University Press, 2007, 34.
[28] Harvey, David. *A Brief History of Neoliberalism.* Oxford: Oxford University Press, 2005, 45; Sinclair, Timothy J. *The New Masters of Capital: American Bond Rating Agencies and the Politics of* Creditworthiness. Ithaca: Cornell University Press, 2005, 113; Hackworth, Jason R. *The Neoliberal City: Governance, Ideology, and Development in American Urbanism.* Ithaca: Cornell University Press, 2007, 34.
[29] Hackworth, Jason R. *The Neoliberal City: Governance, Ideology, and Development in American Urbanism.* Ithaca: Cornell University Press, 2007, 34.
[30] Ibid, 2007, 30, 34; Harvey, David. *A Brief History of Neoliberalism.* Oxford: Oxford University Press, 2005, 47.
[31] Hackworth, Jason R. *The Neoliberal City: Governance, Ideology, and Development in American Urbanism.* Ithaca: Cornell University Press, 2007, 30.
[32] Sinclair, Timothy J. *The New Masters of Capital: American Bond Rating Agencies and the Politics of* Creditworthiness. Ithaca: Cornell University Press, 2005, 3-5.
[33] Ibid, 3.
[34] Ibid, 3.
[35] Ibid, 3; Hackworth, Jason R. *The Neoliberal City: Governance, Ideology, and Development in American Urbanism.* Ithaca: Cornell University Press, 2007, 23.
[36] Hackworth, Jason R. *The Neoliberal City: Governance, Ideology, and Development in American Urbanism.* Ithaca: Cornell University Press, 2007, 24.
[37] Ibid, 24.
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[41] Ibid, 21.
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[43] Ibid, 21.
[44] See *Table 2,* Sinclair, Timothy J. *The New Masters of Capital: American Bond Rating Agencies and the Politics of* Creditworthiness. Ithaca: Cornell University Press, 2005, 36-39.

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[47] Ibid, 17.
[48] Ibid, 62.
[49] Ibid, 66.
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[51] Ibid, 67.
[52] Lazzarato, M., and Joshua David Jordan. *The Making of the Indebted Man: An Essay On the Neoliberal Condition.* Los Angeles: Semiotext(e), 2012, 45.
[53] Ibid, 71.
[54] Sinclair, Timothy J. *The New Masters of Capital: American Bond Rating Agencies and the Politics of* Creditworthiness. Ithaca: Cornell University Press, 2005, 69.
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[62] Sinclair, Timothy J. *The New Masters of Capital: American Bond Rating Agencies and the Politics of* Creditworthiness. Ithaca: Cornell University Press, 2005, 106.
[63] Hackworth, Jason R. *The Neoliberal City: Governance, Ideology, and Development in American Urbanism.* Ithaca: Cornell University Press, 2007, 38.
[64] Sinclair, Timothy J. *The New Masters of Capital: American Bond Rating Agencies and the Politics of* Creditworthiness. Ithaca: Cornell University Press, 2005, 106-7.

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