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Rocking the austerity boat:

How millennials will have to rethink the economies of tomorrow's cities

Enquiring about a word's etymology is always a constructive way to get started on a thorny issue. 'Austerity' is no exception to that rule. It comes from the old French 'austérité', meaning 'harshness or cruelty', and the Latin 'austeritas', expressing 'severe self-discipline'. A British dictionary also tells us "it applied during World War II to national policies limiting non-essentials as a wartime economy". Are we at war then? On top of that, has a larger share of our public services become 'non-essentials'? Indeed across Europe 'austerity' is thriving: in France, the United Kingdom and Germany, Spain, Italy and the Netherlands, not even mentioning Greece. Austerity is here to make sure that public bodies do not 'overspend' in these times of 'crisis'. Yet economists and commentators have demonstrated again, and again, and again – both theoretically and empirically – that 'austerity' in response to 'crisis' is not the right option. "The boom, not the slump, is the right time for austerity," wrote economist John Maynard Keynes in 1937. Yet, as European economies keep slumping, we keep imposing ourselves 'severe self-discipline'.

Cities are at the forefront of austerity – as victims, actors and potential harbingers of change. From centralised countries such as the United Kingdom, where most local authority budgets are decided by central government, to decentralised or even federal countries like Germany where the Länder are in charge of their own finances, the dogma of austerity has percolated through every layer of governance. Here, the word 'dogma' is not used lightly, as Nobel Prize-winning and New York Times op-ed columnist Paul Krugman showed many times, economic austerity is more about conveying a neoliberal ideology – in a nutshell: less state, more market – than good economic policy.

Cities are the victims and actors of austerity. They are directly in contact with their population, therefore they have to deal with shrinking budgets and end up being the ones taking decisions, with mayors and council leaders forced to sell precious public assets in order to keep their local authorities running. They often do not have a choice, as they are simply not provided with sufficient funding to maintain the wide array of public services their citizens are expecting. But some city leaders also embrace austerity, logically reflecting the stand their party takes at the national level.

Beyond what results directly from the decisions they take or are being coerced into taking, city leaders and their administrations have to deal with the repercussions of austerity policies – such as high levels of unemployment, declining high streets and town centres , their constituents falling into poverty and threatened by housing evictions , the queues for food banks getting always longer , the rise of homelessness …

We, urbanists, have to deal with the impact of austerity on a day-to-day basis. It means working with understaffed city halls where human resources are focused on dealing with day-to-day issues and urgent challenges as they come up, instead of spending time carefully preparing the future. It also means that short-term thinking is now shared across the various bodies involved in designing and governing cities: “I know this design is much better for our community, but the city cannot afford it.” Or for a more down-to-earth example: “I know that pavement is of a lesser quality and will need to be replaced in five to 10 years, but I can’t afford the one that’s going to last for 40 or 50 years. I know that will cost more to the public in the long-term, but it’s either that or nothing.”

The worst is that we all — designers, urbanists, civil servants, politicians, researchers and citizens — are aware that this is not the right solution for cities. Yet it seems we are all stuck in the austerity dogma, knowing it does not help us build cities that are more sustainable, from a socioeconomic and environmental point of view. In opposition to what most ‘austerity’ political narratives try to convey to voters: no, a country or a city’s economy is not like a family that needs to tighten its belt in times of hardship. To quote Krugman again: “An economy is not like an indebted family. […] our income mostly comes from selling things to each other. Your spending is my income, and my spending is your income.” When a city decides to abide by austerity’s rules to choose the cheaper option, this simply is bad economic policy, in the short and long term.

But, in today’s depressing landscape, cities could also become bearers of change. If, and only if, a new generation of leaders and citizens decide to change the rules of the game.

The present volume compiled by EUROCITIES is entirely composed of contributions by millenials, also known as ‘generation Y’. This trendy term identifies all those who reached adulthood in the early 21st century, born from the early 1980s to the 2000s. As one of them, I am not quite sure millenials have any more in common than their years of birth, yet I am convinced it falls upon us, our generation, to design a brand new economic paradigm — and tomorrow, it will be our role to put it in action.

The millenial is a generation that is often presented as having fewer economic opportunities than their forefathers. Getting a job with a long-term reliable contract, buying a house or renting with a secured tenancy, having access to free education at all levels, accessing good quality free healthcare — all these social items that baby boomers (also named ‘generation X’) have accessed so easily, are now out of reach if not completely gone. We are the children of the ‘crisis’ and to a certain extent we are also those of ‘austerity’ — as we have not known any other situation but a restless state of ‘economic crisis’.

Yet, we have never been so rich. The 2008 crisis did hurt European economies, but between 1980 and 2015 for countries such as France, Germany or the United Kingdom, the Gross Domestic Product (GDP) based on purchasing-power-parity (PPP) per capita has been multiplied by a staggering 4.7 . We, as a society, are almost five times richer compared to 1980. Meanwhile debts are piling up to reach farcical and senseless levels — it represents 87% of the European Union’s GDP, 108% of the US’s and 243% of Japan’s.

This puts us millenials in a somehow painful, but also privileged position to understand the absurdity of the economic model that has dominated our national and urban governance for the last thirty years.

I described earlier how austerity has generalised short-term thinking across society, bringing the worst to our economic policy by building tomorrow’s cities with feet of clay (because clay is much cheaper). Such short-term thinking is an illustration of the pointless choice we, as a society, embrace — often against our will. Besotted with austerity’s self-punishment, we renounce intelligent and humane solutions to today’s challenges: instead of helping ourselves with good quality housing for everyone, accessible public health, excellent public education, well-designed public spaces bringing together cities’ diverse communities — we prefer pretending to care about a public debt that has no relationship to real life.

While our economies have never been wealthier, we keep tightening our belts to no avail. We keep destroying public services. We keep building societies that are always more unfair and unequal . And as we are challenged with one of our modern world’s most tragic and intense refugee crises, we close our borders and our doors, burying our heads in the sand, because we do not know how we can afford to have more people needing help in our cities.

This has to change. And I trust us, millenials, to act. This will require a profound and drastic shift in the way we think about governance, design and public finance. The way we understand economy has to evolve. Money is a means, not an aim. It is not a reality, it is a convention we have created to serve humanity’s purpose. When we, as a society, end up taking decisions that are wrong ethically (our refusal to welcome refugees, our inaction regarding climate change), wrong socially (cuts to public health and education), and wrong economically (making short-term decisions knowing it will cost more to the community in the long-term), so that we can limit the amount of money we spend — it is not only bad policy, but above all it tells us that the whole intellectual environment that has produced such policy needs to be changed.

Together, we — urbanists, architects, city leaders, civil servants, citizens, activists — need to take the matter firmly in our hands, and rock the boat of economic orthodoxy in order to build a more sustainable future. Because we are first in line when it comes to dealing with austerity issues, we are also in the best position to propose alternatives. More intelligent fiscal policy, de-commodification, economic indices taking into account welfare and happiness, social innovations, etc. There are many leads to explore, many paths we can take: some of them already exist, many more remain to be invented.

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