

*Debt Wish* 20 Years On: A review symposium on: Alberta Sbragia (1996) *Debt Wish: Entrepreneurial Cities, U.S. Federalism, and Economic Development* (Pittsburgh: University of Pittsburgh Press), *Urban Geography*

In *Debt Wish*, Sbragia documents the turbulent economic history and evolving legal geography of US federalism in the 19th and 20th centuries, from which she identifies the enduring structural tendencies and path dependencies. In work that speaks to growing scholarly interest in the legal geographies of finance on- and off-shore (e.g. Christophers 2016, Knuth and Potts 2016), Sbragia's analysis illuminates how the US's geographical division of powers and common law system opened up spaces for financial experimentation. Notably, Sbragia characterizes waves of austerity politics and fiscal financialization as entwined over time – through the neoliberal era, but also for a hundred years prior. In Sbragia's account, US urban governments fettered by taxation and debt limitations have repeatedly turned to the financial sector to circumvent these constraints. Because their work-arounds have typically exploited legal and structural loopholes their efforts have producing increasingly complex, opaque, and arguably undemocratic political structures. Circumvention politics have permitted cities to take on higher total debt burdens in concealed form – for example, via off-balance sheet accounting and the creation of new urban governmental entities (e.g., public authorities and special districts). Circumvention has also helped produce the US's massive, globally unusual municipal bond market. Scholars of fiscal financialization today might rightly question *Debt Wish's* relatively optimistic account of the “freedom” that indebtedness can offer embattled cities, as urban administrations reel from the effects of the Great Recession and subsequent austerity measures. However, consistent with Sbragia's arguments, US cities have simultaneously initiated fresh fiscal experimentation. Today, climate change and green economic development provide increasingly influential justifications for experimental finance. Powerful institutions reframe this challenge as a major untapped opportunity for financial innovation (e.g., World

Bank 2010). Emerging instruments range from new green municipal bonds and financing districts to infrastructure trusts, new applications of TIF products, and bids to tap into carbon markets. Circumvention strategies are often made explicit in these frontier financing schemes, as programs tout off-balance sheet status as a major selling point.

*Debt Wish* spoke to the US experience at a time when the country's system of sub-sovereign debt was unique. The less exceptional nature of US municipal finance makes *Debt Wish* increasingly relevant today. Green development arguments, government decentralization programs, and financial institutions' search for emerging markets are prompting new urban experiments with municipal debt globally, including in developing countries.

**Sarah Knuth**

Taubman College of Architecture and Urban Planning, University of Michigan

## **Bibliography**

Christophers, Brett. 2016. *The Great Leveler: Capitalism and Competition in the Court of Law*, Cambridge, MA: Harvard University Press

Knuth, Sarah. and Potts, Shaina.,Eds. 2016. Theme Issue: Legal Geographies of Finance, *Environment and Planning A* forthcoming.

World Bank, 2010. *A City-Wide Approach to Carbon Finance, Carbon Partnership Facility Innovation Series*, Carbon Finance Unit, The World Bank, Washington, DC