

Summary of Workshop 1

Municipalism meets Municipal Finance: Rewiring the Local State under Austerity

Global Studies Resource Centre, University of Sussex, UK,

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Liza Cirolia joined us from Cape Town online, to present on 'Urban Statecraft: A View from Africa's Growing Cities'. Liza's presentation focused on Kisumu in Kenya, and included a broader survey of sub-national governance and fiscal decentralization across Africa. Differences between African fiscal geographies and Euro-American geographies of hyper-financialized local government were highlighted on the basis that most African cities are not legally eligible (and in a weak bargaining position) for accessing debt finance. There are also differences in the relationship between municipal austerity (taking in histories of Structural Adjustment) and urban infrastructural statecraft (which looks to draw in FDI rather than running off municipal debt). Discussions highlighted the tension between thinking about the state substantiating itself through the municipality, and through the 'urban' in a different way. Discussions also led towards a focus on the exhausting work underpinning the ~50% of infrastructure that is 'informal' and relational/civil society infrastructure. A focus on bureaucrats as a site/scale of study and intervention was also raised (and returned to in later sessions). This and the following discussion also highlighted a key challenge and possible focus of a future collective writing project for the network: **the extent to which the analytical language** of municipalisms, municipal austerity, municipal financialization etc. **has purchase across Global North/South divides?**



Gabriel Popham spoke about infrastructure, municipal austerity and sovereignty in Italy by highlighting sovereignty as a *capacity* that may or may not be nested in the state at different scales, and at different times in corporations (as in the case of the firm behind the TAV high speed railway in Val de Susa). Here, municipal authorities are faced with a choice between a fiscal 'tap' from the central government that has run dry, and another 'tap' that can be turned on to access compensation funding (which 'should' be part of non-austere municipal budgets) as part of a bargain of accepting destructive infrastructure development. Discussions turned to the question of the analytical work (or shortcuts) that referring to austerity as a the big cause does: do high level concepts like neoliberalism, authoritarianism, de-democratization obscure what

unfolds through fiscal geographies across scales? The question of affective differences in the experience of infrastructure & austerity was also highlighted, depending on whether places are 'left behind' or is experienced in the shadow of huge capital expenditure and the cruel optimism of unaffordable housing and social infrastructure. (And this discussion took us back to contradictory affective experiences of displacement and 'world class' infrastructure development in Liza's work).

Xabier Gainza Barracua interrogated what is meant by 'new' as opposed to 'radical' municipalism, and situated this debate in terms of the long history of municipalism in Gipuzkoa in the Basque Country. The focus was on efforts to overcome the limits of 'new municipalism' and be more ambitious than Spanish experiments so far. The Municipality of Hernani launched 'Sovereign Hernani' (Hernani Burujabe) – taking us back to Gabriel's work – seeking sovereignty over key sectors (energy, care, food) via Public-Economic-Community planning. Gainza Barracua highlighted experiments in communing and Public-Common Partnerships around economic reorganisation, democratisation, feminisation and ecological transformation. Hernani provided a context for these experiments with a long history of fiscal autonomy in the Basque country, and dense community fabric/the Basque independent left. Working in/beyond/against the state and limitations of procurement clauses around 'competition' that hampered social clauses were discussed, along with the question of how you grow, nurture such experiments in less promising environments without municipal traditions (and we might ask in relation to the above, in contexts shaped by different affective experiences of 'austerity' or municipal failure). This was identified as a key **challenge of the network**: finding **commonalities across geographies in place-based municipalisms**.



David McDonald spoke to us on his ongoing work on (de)financing remunicipalization, highlighting that while we don't like privatization, public ownership doesn't mean it is all good. There are questions to be asked about motivations (from authoritarian to progressive to radical)

for and successes of remunicipalization. There are forms of remunicipalization (including in Republican municipalities in the US) where bringing ‘in house’ is a way to save tax dollars against perceived excesses in outsourcing spending, but comes along with NPM management principles. This also highlights an extension of the challenge raised above: we not only need to ask about different traditions of municipalism but contemporary institutionalisations of municipalism under different ideological formations. Alternatively, coops, taxes and tariffs can be sources of financing, along with municipal bonds (see again the challenge raised by Liza’s presentation – the WB for instance has financed remunicipalization in Dar es Salaam). Discussion turned to questions of **tracing finance chains: if municipalization is funded by bonds/institutional investors, is it ‘public’?** Can public services be de-financialized by public institutions (including some public banks), and under what conditions? Discussion also returned to differences between contextual grounding for remunicipalization as in the Basque example vs. David’s work in Cochabamba. An extension of the above question, is **when does capital’s demand for low cost energy/water lead to support for remunicipalization?** And what effects does this have (as an ‘editorial aside’, I think some of these dynamics are starting to show in data centre boosterism given the energy/water demands involved!)

Zhenfa Li took expanded our focus further by examining ‘financialized statecraft’ in China, examining the processes through which fixed assets have been turned into revenue streams in response to successive crises (from 4 trillion Yuan stimulus after 2008 to grow through infrastructure which led to SPV creation to borrow through financial markets, to severe debt crisis in 2015 that led to central government replacing SPVs with Local Government Bonds). Much as we saw with the different scalar configurations of local access to finance in Africa in Liza’s work, here local government bonds are issued subject to Ministry of Finance quotas (matched to local income, debt and strategic sectors – including AI). Fabrication of data by local bureaucrats (as in Liza’s work, a crucial site of study) has shaped quota allocation, and officials’ career trajectories depending on alignment with central government has also shaped debt burdens. Discussion turned again to another challenge for the network, **what is local statecraft? How do UK-origin concepts travel/work/become expanded in the Chinese context?**

Joe Penny rounded off the day with a focus on historicizing finance, and questioning patient capital, looking at investment in housing vehicles through municipalities in London. (I was running the slideshow for Joe so my notes here are terrible, but I recall being utterly fascinated and very excited to see this paper when it comes out!). Joe spoke about municipal experiments in bringing assets ‘back’ into public ownership through huge value extraction by developers (e.g., dealing with homelessness crises by getting private equity to buy up ex-council housing that has to be repaid through council revenue streams - @Joe please expand/correct if I’ve butchered this!). The discussion looked at assetcraft, and the phenomenon of local authorities with limited legal capacities to deal with austerity urbanism experimenting wildly. There are clearly parallels for themes to be explored by the network in terms of the discussion around David’s work and **state/capital hybrids emerging as the local state experiments with private equity funded ‘remunicipalisation’ (?) of housing assets**, while continuing with mundane attempts to keep funding lawful (see S114s in the UK, vs. restrictions on spending in Africa / manipulated figures in China).

The **closing discussion** highlighted a consensus to bring work from scholars looking at race, municipal finance, and questions of (the politicisation of) local fiscal geographies and migrant/refugee solidarities (or lack thereof). The work of Destin Jenkins, Sage Ponder, and Melissa Gatter was mentioned as possible invitees for this session.

