



## **New York City’s Descent into Neoliberal Policy: A Review of Benjamin Holtzman’s *The Long Crisis***

**John Krinsky**

**Reviewed:** Benjamin Holtzman, *The Long Crisis*, New York, Oxford University Press, 2021.

*Benjamin Holtzman’s The Long Crisis tells the story of New York’s prolonged descent into neoliberal policy. For those trying to innovate community-based solutions to the shredding of welfare-state programs, it is a cautionary tale of cooptation and twisted intentions.*

Benjamin Holtzman’s *The Long Crisis* is a sharp account of New York City’s turn toward neoliberal governance over the last 50 years. In six substantive, jargon-free chapters covering low-income housing, middle-class rental housing, public parks, policing, land-use and development subsidies, and public homelessness, *The Long Crisis* details how responses to the difficulties of living in New York City during the dying days of the Keynesian welfare state (beginning in the 1960s) prompted everyday, often working-class city dwellers to come up with their own solutions—outside of state provision, but often with hopes of state support. In each case, private initiative is turned from stopgap into policy, from “neocommunitarian” into “neoliberal,” as the urban theorist Bob Jessop would describe it (Jessop 2002). Holtzman also details the role of the city’s financial and ascendent real-estate elites, whose connections to philanthropy and economic power in a financially strapped city push this process along. It’s an important argument, albeit already well documented. The evidence has led both academics (e.g. DeFilippis 2003; Krinsky 2011; Jessop 2002; Peck and Tickell 2002) and activists (DeRienzo 1994) to make similar arguments that the transition to neoliberalism was uneven, protracted, and contested. In New York City, community groups and labor unions became junior partners in a governing coalition that favored their adversaries and developed just enough skin in the game that they could no longer resist the rightward moves of Mayor Rudolph Giuliani.

But Holtzman makes another important point: the social democratic welfare state of the postwar period was *already* heavily supportive of private market actors, public–private partnerships, and institutionalized racism. This is clear to anyone with an understanding of urban renewal and the creation of middle-income postwar housing by heavily land- and tax-subsidized private companies, such as the Metropolitan Life Insurance Company, which developed thousands of units of middle-income—and segregated—housing in the 1940s. Holtzman argues, however, that in the post-fiscal-crisis period, power shifted toward these private actors and away from public ones, with the government responding to the demands of real-estate and financial elites, rather than vice versa. It was an internal power shift within the regime, not a wholesale remaking of it.

The chapters are full of rich detail. The first tells of residents of neighborhoods where landlords abandoned buildings and sometimes torched them for insurance money, who banded together to “homestead” in abandoned buildings or take over their own rental housing and form cooperatives. Holtzman describes both the city’s eventual grudging—and inadequate—financial support for low-income cooperatives and community-based nonprofit housing and claims that this private initiative

helped to provide justification for more market-based strategies of neighborhood revitalization. These strategies were partially realized in the large-scale, albeit halting, conversion of larger rental buildings into cooperatives, which reduced both the supply of middle-income rental housing and the clout of organized tenants by turning many middle-income tenants into owners.

Another chapter discusses a similar dynamic in the city's parks: as parks department budgets suffered successive waves of austerity, private philanthropy, commercial activity, and links to real-estate development built on the volunteer initiatives to "save" their parks from ruin. These initiatives included projects by rich neighbors of Central Park and businesses in Midtown, but also lower-income residents of outer-borough neighborhoods. Here, Holtzman's documentation of the history of parks volunteering is instructive and goes beyond earlier treatments of the subject (including ones by this author<sup>1</sup>). Another chapter documents the growth of private security and what has become the favored style of neoliberal policing—zero-tolerance—in New York. Here, too, Holtzman ties the development of neoliberal policy to antecedents in citizen initiatives.

The penultimate chapter examines the use of tax- and land-use incentives for development, working up to a devastating criticism of both their wastefulness and their propensity to worsen the starkest inequalities. Holtzman's discussion of the J-51 tax-abatement program crackles. Intended to help landlords upgrade cold-water flats, J-51 expanded significantly as the city sought to spur investment and prompted the conversion of more than a hundred thousand single-room occupancy units into luxury housing. It thus helped to create the city's homelessness crisis. Particularly crushing episodes in Holtzman's narrative include the repeated efforts of Laurence Klein, the director of the Office of Single-Room Occupancy (SRO) Housing for Mayor Ed Koch, to rein in J-51—only to be repeatedly rebuffed.

The last chapter, "The Governance of Homelessness and Public Space," brings together many of the problems we encounter in the other chapters, from the disappearance of affordable housing to racist neoliberal policing, and from "cleaning up" parks (Holtzman quotes Betsy Barlow Rogers, the widely admired founder of the Central Park Conservancy, saying, "Every morning the early maintenance crews do a 'sweep' of the Park in which homeless are moved on" (p. 228)) to the destruction of SROs. In this way, New York's homelessness crisis is emblematic of the last 40 years' governance of the city. Holtzman claims that this situation is as much due to liberal—and even sometimes progressive—experimentation in the face of crisis as it is to the financial and real-estate elites most often associated with the neoliberal project and its paragons in the Manhattan Institute.

Nevertheless, while the neoliberal project doesn't need to rely on its most committed ideologues, it remains important that key tenets of market thinking formed the basis of a broader "common sense." These did not come from some ether, but rather from particular *sources*. As Glyn Robbins (2022) has written about British public housing, "It's hard to resist privatisation or gentrification when the council housing being defended is falling apart." In the 1970s, both the crisis of the state and the languages propagated to "deal" with it issued from similar corners (Cohn 1997). The liberals and progressives who were improvising responses to cascading urban decay—to say nothing of not-very-liberal people doing the same—were at once dealing with the material consequences of the decisions of mobile capital (decamping manufacturing firms) and local real-estate and finance capital (banks and real-estate firms that had long tried to convert New York's economy away from the dirty ports), *and* increasingly casting these improvisations in terms that had at least something in common with the cynical justifications popular among committed neoliberals. These included people like William Simon, the former financier of municipal debt who became President Ford's Treasury Secretary during the fiscal crisis and was shocked at how profligate New York City was, and pushed the administration to refuse loan guarantees to prevent a municipal bankruptcy. Simon would later lead the conservative Olin Foundation, which was part of the funding and think-tank infrastructure for the frontal attack on the welfare state in the 1990s. Similarly, Richard Gilder, the New York philanthropist who helped set up the Central Park

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<sup>1</sup> See Krinsky and Simonet (2017).

Community Fund, a precursor to the Central Park Conservancy, and who has advocated for privatizing and de-unionizing parks, has been a major supporter of the Manhattan Institute.

Holtzman's book comes up short in its sensitivity to the ironies of the agency of liberal and progressive activists who sought to find a way to live decently in a city being walloped by public and private disinvestment. *The Long Crisis* does not adequately show the ways in which this walloping was part of a cohesive long-term project not just to remake the welfare state, but also to reset popular expectations and to popularize interpretations of social relations that supported this resetting. Thus, the Koch and Giuliani administrations' conviction that anything but the most punitive approach to homelessness would produce more homelessness—particularly when contrasted with their tax-exemption policies—at once illustrates the hegemonic hypocrisy of the “moral hazard for thee but not for me” orientation of neoliberal policy *and* the extent to which the people of New York had grown to accept this analysis. Holtzman's eagerness to show that grassroots response to the crisis bears at least partial responsibility for the transition to neoliberalism crowds out analysis of the ideological onslaught from above. To be sure, there was hardly ideological purity at the grassroots, but it's never clear whether the mechanism by which their experiments justified deepening neoliberal policies reflected an embrace of neoliberal tenets, or rather ineptitude and confusion.

*The Long Crisis* mentions instances of grassroots and other progressive efforts *against* neoliberal policy, but it does not highlight them for their success. Why? We miss significant moments even in homelessness policy, such as the creation of housing for people with HIV and AIDS owing to ACT UP and Housing Works' activism, or the New York–New York agreement between the city and the state (under Mayor Dinkins and Governor Mario Cuomo) that financed thousands of units of supportive housing and resulted—as much as policing did—in the periodic reduction of people living on the street; when the agreement lapsed under subsequent mayors and governors, and production lagged, numbers of people on the street increased.

Holtzman presents a big argument about the role of everyday people in experimenting their way to a popular “marketization” that adjusted to—and cemented in place—the decline of what historian Joshua Freeman has called New York City's postwar “social-democratic welfare state,” but he neither acknowledges the extent to which some of this private initiative also pushed for expansion of public programs and succeeded, nor the ways in which privatization was sometimes explicitly anti-market in bringing “livable spaces” under community—rather than market—control.

Perhaps aware that he has bent the stick a little too far, Holtzman concludes the book with reference to promising movements against gentrification and in favor of “new” approaches to housing and homelessness, and a hope that his work will be helpful in sensitizing those involved in these struggles to the dangers of settling for half-measures that leave them open to cooptation later on. A final footnote refers to groups like the homeless-led activist organization Picture the Homeless,<sup>2</sup> and the New York City Community Land Initiative (NYCCLI)<sup>3</sup> that Picture the Homeless helped to start. What is particularly important about these examples, however, is *precisely that they are not new*. Picture the Homeless formed more than 20 years ago, amid the Giuliani administration's most punitive period of policing homeless people. And NYCCLI started 10 years ago to advocate for community land trusts—community-based and -accountable nonprofit ownership structures to decommodify land, and to create and preserve deeply affordable housing—based on foundations laid in the 1970s by homesteaders, and on efforts on the Lower East Side of Manhattan to resist urban renewal in the 1960s and gentrification from the 1980s on. For activists in NYCCLI, the stories Holtzman tells about stingy funding for affordable co-ops in the 1970s and 1980s, and deference to, and financial favors for, big developers in the 1980s, may be useful in advocating for a change in approach, because they remain painfully familiar. Holtzman's deep and careful research and superb writing effectively pushes us to ask ourselves whether and how our own

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<sup>2</sup> Website: [www.picturethehomeless.org](http://www.picturethehomeless.org).

<sup>3</sup> Website: <https://nyccli.org>.

efforts to ensure a fairer and more livable New York could feed into or justify the next phase of capitalist depredation.

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