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► **To cite this version:**

Félix Adisson, Francesca Artioli. Four Types of Urban Austerity. Public Land Privatizations in French and Italian Cities. *Urban Studies*, 2020, 57 (1), pp.72-92. 10.1177/0042098019827517. halshs-02012028

HAL Id: halshs-02012028

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Submitted on 25 Jul 2019

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|--|--|
| Journal: | <i>Urban Studies</i> |
| Manuscript ID | CUS-740-18-07.R1 |
| Manuscript Type: | Article |
| Discipline: Please select a keyword from the following list that best describes the discipline used in your paper.: | Planning |
| World Region: Please select the region(s) that best reflect the focus of your paper. Names of individual countries, cities & economic groupings should appear in the title where appropriate.: | Europe, Western Europe |
| Major Topic: Please identify up to 5 topics that best identify the subject of your article.: | Land Use, Method, Planning, Policy, Local Government |
| You may add up to 2 further relevant keywords of your choosing below.: | Urban Austerity, Intergovernmental System |
| | |

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Four Types of Urban Austerity. Public Land Privatizations in French and Italian Cities

Félix Adisson and Francesca Artioli

Abstract

This paper contributes to current debates on urban austerity by comparing public land privatizations in French and Italian cities. These privatisations have emerged in several countries during the last two decades as a recurring austerity measure. However, current research does not explain how similar national public land austerity policies result in diverse urban outcomes. This paper tackles this limit by developing an analytical model of the different types of urban austerity. It uses the intergovernmental system and local policy capacity as the main variables to explain four local patterns of austerity, i.e. *gridlock austerity*, *nationally mitigated austerity*, *locally mitigated austerity*, or *opportunistic austerity*. Drawing on nine case studies covering two public landowners, the paper shows that public land austerity policies have become routine practice based on compromises in French cities, but conflictual and based on *ad hoc* solutions in Italian cities.

Keywords

Land use, Method, Planning, Policy, Local government, Urban austerity, Intergovernmental system

Introduction

It is now clear that austerity is no longer a temporary response to the 2008 financial crisis but a long-term urban policy framework in Western countries. Following Blyth (2013), austerity can be defined as a rhetorical and a practical attempt to make the state responsible for the economic crisis. It is based on the idea that economic recovery depends on state ability to restore the so-called ‘confidence’ of the financial markets, especially the sovereign debt market. Austerity’s main features are the reduction of public debt and deficits by cutting public expenditure, as well as reorganising and privatising public assets, companies, services and employment at all levels of government, including the local one (Pike et al. 2018, p.4). These austerity measures have concentrated effects on urban spaces and populations and their analysis has opened a particular research agenda on urban austerity (Peck 2012; Meegan et al. 2014).

This paper contributes to current debates on urban austerity by investigating its varieties through the study of public land¹ privatizations and their consequences for urban spaces in Europe. This focus on land privatizations is based on the following premises: (i) the centrality of land ownership in urban processes, especially urban development; (ii) the crucial role of state organisations in contemporary urban land dynamics both as regulators and land providers; and (iii) the sale of public real estate as a recurring measure of the austerity toolbox.

Public land austerity policies consist of reorganising and selling public lands and buildings, with the aim of cutting real estate management costs and boosting land disposal revenue. While these processes are at work in countries as different as France, Italy, the UK, Finland and Canada (Artioli 2016; Adisson 2018; Christophers 2017; Hyötyläinen

¹ The term ‘public land’ encompasses the land owned by municipalities which is not addressed in this paper. As for state property, the privatization of municipal lands in Europe is also driven by austerity, but can differ in terms of approach, actors, and regulations (on the distinction between state and municipal land, see Haila 2016: 20).

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2 and Haila 2017; Eidelman 2016), both the privatization processes and outcomes differ
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4 between these countries and their cities. In some cases, they only involve rent maximising
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6 strategies. In other cases, newly-developed privatized land projects include
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8 redistributorial goals. This paper explores how similar national public land policies
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10 framed by the same policy paradigm of austerity nonetheless result in diverse urban
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12 outcomes.

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14 Existing urban austerity research literature provides limited theoretical explanations for
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16 such differences which are seen as the result of different socio-economic conditions or
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18 simply overlooked by single case studies. This paper seeks to redress these limitations in
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20 two related ways. Firstly, it provides an analytical urban austerity model based on political
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22 and organisational variables that explain four local types, i.e. *gridlock austerity*,
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24 *nationally mitigated austerity*, *locally mitigated austerity*, or *opportunistic austerity*.
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26 These patterns depend on how the intergovernmental system and local policy capacities
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28 affect public land austerity policy. Secondly, at an empirical level, the paper provides a
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30 multi-level and international comparison based on research into the sale and
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32 redevelopment of public land in nine French and Italian cities. This medium-N and
33
34 qualitative comparative method highlights the different timeframes, processes and
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36 material outcomes that can characterize public land austerity locally. The paper
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38 demonstrates that public land austerity policies have become routine practice based on
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40 compromises in French cities, but conflictual and depending on *ad hoc* solutions in Italian
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42 cities. It shows that public land austerity constitutes a state-led process of ownership
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44 reform and privatisation that restructures the tenure and layout of the built environment
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46 in ways that are shaped by both redistributorial policies and local policy capacity.

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48 We first discuss the limitations of previous urban austerity literature in explaining
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50 different outcomes between countries and cities, and present the comparative analytical
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52 model developed to overcome these limits. Secondly, we explain the benefits of using the
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54 model in the case of public land reforms in France and Italy. Thirdly, we compare these
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56 public land austerity policies, stressing similarities in reforms but differences in
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58 development outcomes in the cities of these countries. Lastly, we analyse the roles that
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1
2 the intergovernmental system and local policy capacity play in this differentiation before
3 discussing how this results in different trajectories in terms of local adaptations to the
4 policy paradigm of austerity.
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8 **Gridlock, mitigated, opportunistic: different types of public land austerity in cities**

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10 Understanding austerity requires an awareness of its geographical diversity and specific
11 local and national factors that underpin differences. When analysing diversity, existing
12 literature displays the limitations typical of an emerging research field: a focus on single
13 case studies (based on a city, country, or policy sector) and a lack of comparison that
14 makes it difficult to explain the variety of austerity policy processes and outcomes.
15 Furthermore, when this process is analysed as a local government response to budget
16 difficulties, there is often a focus on extreme cases such as Detroit (Peck and Whiteside
17 2016) or Athens (Chorianopoulos and Tselepi 2017). Like a magnifying glass, these
18 extreme cases are good at highlighting the characteristics of a phenomenon (Gerring
19 2007: 101–2) but have limited representativeness if they are not compared to a larger
20 urban sample.
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31 When diversity is analysed, authors consider that localities are not impacted in the same
32 way because of their different socio-economic features (Meegan et al. 2014; Monastiriotis
33 2011) or fiscal basis (Gray and Barford 2018). However, moving away from simply
34 focusing on these features, we contend that institutional and political variables shape the
35 processes and outcomes of public land austerity policies. Davies and Blanco (2017) have
36 taken a first step in this direction: when comparing six cities in Spain and the UK, they
37 stressed that the ‘institutional forcefields’ constituted by cities and regions, as well as
38 ‘local traditions mediated the politics and temporalities of austerity’ (p.1530). However,
39 their comparison relies on an empirical analysis of local politics and does not define
40 which variables actually account for differentiation or how they do so. In response, this
41 paper draws upon traditional institutional factors highlighted in comparative political
42 research and considers that the intergovernmental system and local policy capacities
43 mediate austerity measures. From there, it develops a systematic comparative framework
44 of the types of urban austerity.
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4 The first factor is the intergovernmental system. In urban austerity literature, austerity is
5 'offloaded' to the local level which has limited or no room for manoeuvre (see Peck 2012
6 on the U.S. case). In a nutshell, 'Washington does to the states, the states do to cities and
7 cities do to low-income neighbourhoods' (p.632). This offloaded austerity is one way in
8 which the intergovernmental system structures the implementation of austerity policies.
9 However, we propose a more complete view of the intergovernmental system, meaning
10 the set of institutional and political ties between central and local government. First, the
11 literature on territorial politics and multilevel governance has underlined the complex
12 patterns of political negotiations between different levels of governments (i.e., Keating
13 2013). Central government rules are negotiated and adjusted at local level (Goldsmith and
14 Page 2010). It is then likely that these political and institutional ties also function as
15 bargaining arenas in the case of urban austerity measures. Second, in European states, the
16 intergovernmental system has a strong redistributive function in several ways. The
17 transfer of resources from central to local level is one way in which political support for
18 central government is maintained (Tarrow 1977) and inter-regional transfers of income
19 still represent a substantial portion of state budgets (Storper 2016). The welfare state
20 functions through national redistributive mechanisms (income redistribution, pensions,
21 benefits, etc.) that shape both European urban societies and built environment. Therefore,
22 while central authorities may adopt stringent austerity policies, the intergovernmental
23 system can 'soften' austerity at the local level because of these bargaining and
24 distributional features. It can provide local planning authorities with additional resources
25 that help to counteract the power of private market actors (Kantor, Savitch and Haddock
26 1997) and/or support redistribution programmes (e.g. social housing, green spaces,
27 cultural and health facilities, etc.).
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47 The second factor under consideration is local policy capacity defined as the power of
48 local governments to formulate and implement their own policy agendas. Following
49 decades of research, we consider that this capacity is determined by two main features:
50 *power over* and *power to* (Stoker 1995). The former is largely determined by the resources
51 (especially financial resources) at the disposal of local authorities. The latter refers to the
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1 forms of routinized cooperation between actors belonging to various institutions and
2 interests groups that drive local policies, notably urban development. Therefore, local
3 policy capacity can also reshape austerity policies at local level. Indeed, as certain authors
4 insist, uneven local administrative and financial capacity (Lobao and Adua 2011; Meegan
5 et al. 2014), as well as enduring forms of coordination and redistribution (Davies and
6 Blanco 2017) account for local and regional variation in austerity policies. While the
7 intergovernmental system can contribute to shaping local capacity, the latter has its own
8 autonomy and cannot be considered as simply dependent on supra-local conditions.
9 Indeed, a quick analysis of local capacity within a given country reveals considerable
10 variety, which is the result of long-term institutionalised arrangements, organisations and
11 expertise as well as localized resources and different fiscal bases.
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22 Based on these two factors, we have developed a typology that systemizes four types of
23 urban austerity (see Figure 1). The first axis refers to the degree of redistribution in the
24 intergovernmental system, and the second to local policy capacity in both financial and
25 organisational terms. The two axes are separated for analytical purposes in order to point
26 up their interplay through typology and at the empirical level. Firstly, *gridlock austerity*
27 is characterized by cuts in government expenditure that are exacerbated by scarce local
28 resources (bottom-left). Secondly, *locally mitigated austerity* arises from local policy
29 capacity that counterbalances national austerity measures (bottom-right). Thirdly,
30 *nationally mitigated austerity* results from the persistence of a redistributive
31 intergovernmental system in a context of national austerity reforms and low local policy
32 capacities (top-left). Lastly, situations of *opportunistic austerity* arise when
33 intergovernmental redistribution combines with high local policy capacity, i.e. where
34 local governments can curb national austerity policies in ways that are favourable to their
35 agendas (top-right).
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48 [Insert Figure 1 here]
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51 **Comparing public land austerity policies in French and Italian cities** 52 53 54 55 56 57 58 59 60

1 We use the comparative model to analyse public land disposals, a typical austerity
2 measure (Peck 2012; Lobao and Adua 2011). Public land austerity policies may be
3 defined as reforms designed to reduce public real estate management and maintenance
4 costs and generate financial gains from sales which have become an increasingly relevant
5 stream of revenues for both debt repayment and new investment. Like many other
6 austerity policies (Streeck 2014), public land austerity policies mainly pit creditors and
7 investors against citizens (Piganiol 2017) and tend to favour the formers. Public
8 administrations sell off their assets and justify doing so by the need to obtain revenues in
9 the face of reduced budget capacities. This relationship between austerity and the sale of
10 public property started long before the 2008 crisis (Kivell and McKay 1988: 174) but the
11 latter reinforced the phenomenon, turning public properties into ‘strategic resources’ for
12 governments (Besussi 2013).

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24 Public land austerity policies are part of deeper processes of neoliberal state reforms
25 (Christophers 2017; Whiteside 2017). Shaped by new public management principles
26 (Hood 1998) and justified in the name of public debt reduction, these policies
27 fundamentally change how public property is understood and managed – and sometimes
28 redeveloped – by public authorities. They overhaul the legislative framework and apply
29 a whole range of market-based instruments, organisations and calculus for managing
30 public sector land. Accordingly, the central, sectorial and local administrations in charge
31 of public property are either recast or reformed, and became key actors in disseminating
32 these new approaches across various government bodies (Artioli 2016; Adisson 2018).
33 Furthermore, public land austerity policies entail major social and political consequences
34 due to the organisational, redistributive, and welfare functions of public land ownership.
35 This is especially true in European cities where public ownership is historically strong,
36 widespread and politically legitimate (Haussermann and Haila 2004). Public land
37 together with spatial planning policies were used in urban development to channel and
38 regulate market forces and to attain redistributive goals. More generally, this is the
39 means through which public bodies performed their primary tasks and provided part of
40 the benefits of the welfare state (housing, hospitals, etc).

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2 To analyse how the intergovernmental system and local policy capacity shape different
3 public land austerity policies in cities, we developed a multi-level research design
4 comparing property redevelopment in two sectors (railways and defence), in nine cities
5 located in two different countries (France and Italy). Using a case-oriented comparative
6 approach, similarity and difference are the logical bases used to explain given cases,
7 considered as complex combinations (Della Porta and Keating 2008). Such an approach
8 facilitates generalisations concerning historical divergence, as well as different processes
9 and structures over time. Here, comparing different cities in the same country makes it
10 possible to analyse changes in local policy capacity while cross-country comparisons
11 factor in the effects of the intergovernmental system. The two selected countries – France
12 and Italy – are ‘most-similar cases’ which make it possible to focus on how the key factors
13 in public land austerity policies actually work. In fact, despite Italian regionalisation, they
14 are similar in terms of their ‘Napoleonic’ local political administrative systems
15 (Goldsmith and Page 2010) and their urban planning systems and professional cultures
16 (*urbanistica* and *urbanisme*) (Directorate General for Regional and Urban Policy 1997).
17 The nine areas are selected through non-random, criterion-based sampling for
18 comparative qualitative research. The main selection criterion is that all cities have a
19 significant military and railway infrastructure. Stemming from this common
20 denominator, we selected a ‘maximum variation sample’, where the central phenomenon,
21 i.e., state land privatisation and redevelopment, cuts across a variety of cases (Ritchie et
22 al. 2003). This controls for specific local features at country level. Indeed, the nine urban
23 areas (four in France and five in Italy) cover very different city profiles in terms of size,
24 administrative position and capacity, economic position, and real estate market (see Table
25 1).

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45 Two types of major public landowners are considered in the paper: railway companies
46 and the defence forces. They are among the most important landowners in both Italy and
47 France. In France, railways companies own 110,000 hectares of land and 12.5 million
48 square meters of buildings, while the Ministry of Defense owns 329,431 hectares (2010)².

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54 ² Aggregated data on railway and defense real estate is not available for Italy.
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2 Most importantly, they are major landowners in cities, with properties generally located
3 in peri-central areas. For instance, in the 1980s, before the wave of major urban
4 redevelopment projects on former railway sites, the publicly-owned railway company
5 SNCF possessed no less than 500 hectares in Paris, 4.7% of the city's total surface area.
6
7 Similarly, today in Milan, the military and railway areas considered for redevelopment
8 projects represent about 176 hectares (nearly 1% of the municipal surface area).
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10 Consequently, they can provide a significant understanding of state land austerity policies
11 and the consideration of these two sectors within each country controls for sector-specific
12 features and processes.
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19 [Insert Table 1 here]
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23 We studied public land austerity policies in cities by analysing the scope, procedures, and
24 material outcomes of the sale and redevelopment of military and railways zones since the
25 first initiatives of the late 1990s up to the present. Regarding our key factors for explaining
26 variation, we analysed the intergovernmental system by considering the formal and
27 informal institutions for central and local government bargaining (e.g. the Prefect,
28 political ties of the local elite) and other state policies that apply to land (e.g., housing
29 policy). In order to gauge local urban development policy capacity, we considered both
30 the financial situation of the municipal government and its organisational resources in the
31 field of spatial planning.
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40 Data for this paper comes from multi-location, extensive fieldwork conducted mainly
41 between 2012 and 2014 for the authors' PhD thesis. The main methodology was
42 qualitative and relied on semi-structured interviews in cities, rounded out by interviews
43 at the state level. In total, the paper draws on 273 interviews conducted with railway
44 company and army representatives in charge of real estate, elected local officials and civil
45 servants and officials in other local planning bodies, leaders of local civic groups and
46 activists, and senior officers in charge of national property. In addition, we drew upon
47 analyses of documents related to various redevelopment projects, planning documents,
48 real estate strategies and legal and budgetary regulations for public landowners.
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Similar public property ownership reforms but different development outcomes

State land austerity policies in the two countries present strong similarities in terms of the drivers of reforms, rationale and organisational choices. In both France and Italy, these policies date from the beginning of the 1990s – long before the 2008 crisis – as a mix of cross-cutting state reforms aimed at ‘rationalising’ and privatising public land, and sectoral reforms in both the defence and railways fields³. They were driven by pressure from central governments to clean up the financial situation of the key defence and railways sectors (and of the public sector in general) by extracting capital gains from privatisations. The underlying legitimising narrative was debt-reduction, in the name of which public real estate was increasingly being analysed in both countries in terms of its management costs and as a potential financial resource.

Ministries of Defence initiated policies to sell off their assets beginning in the early 1990s due to changes in defence strategy at the end of the Cold War and increasing pressure from central government. In France, the Treasury wanted real estate privatisations to balance the defence budget and compensate for the decline in the amounts being allocated from central government. As an extra incentive, revenues raised were reallocated to the defence budget. In Italy, it was the national debt that drove public real estate policy, which then targeted Defence as one of its major potential sources of income.

Driven by EU market integration, railway sector reforms that started in the 1990s increased pressure on debt-ridden publicly-owned firms with the aim of transforming them into financially sound companies. In both countries, this ultimately culminated in real estate disposal strategies. In France, between 1997 and 2014, a newly-created company in charge of managing the infrastructure was left with two thirds of the public rail debt by the historical operator. In order to balance the books, it was also left with the assets (infrastructure, land, etc.) and, because of this accounting link, reducing the debt

³ For a more detailed demonstration of the arguments presented in this section, see Adisson (2015) and Artioli (2014).

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2 was tied to the sale of assets. The same link between liabilities and assets has existed in
3 Italy since the 1990s – albeit through a different holding company-type arrangement –
4 leading to repeated ‘spin-off operations’ through ad-hoc companies.
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9 To achieve privatisation goals, the organisational and commercial management of state
10 land also evolved. New units in charge of real estate portfolio ‘rationalisation’ were
11 created within the Ministries of Defence and by the railway operators – the latter also
12 hired managers with backgrounds in planning and real estate. Furthermore, this state land
13 was subject to comprehensive inventories based on categories taken from the private real
14 estate sector to make it more conducive to privatisation.
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21 Despite this similarity in public landownership reforms, the analysis of public land sales
22 and redevelopment in the nine cities reveals sharply differing outcomes between the two
23 countries: privatisation with redistribution in French cities, and gridlock without
24 redistribution in Italian cities. Table 2 summarizes these differences in the effectiveness
25 of privatisation, the procedures used, and the development content.
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31 [Insert Table 2 here]
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35 First, privatisations were much more effective in France. Public lands were sold and
36 redeveloped almost systematically in the four cities and sales concerned both military and
37 railway brownfield sites. As with any kind of regeneration process, implementation is
38 quite long (15 years is a regular timeframe) but once these lands were declared as being
39 no longer useful for their landowners, reflections about redevelopment tended to begin
40 and complete (e.g. the Clichy Batignolles project in Paris, Boulevard de Trêves in Metz).
41 By contrast, in Italy the pace of sale and redevelopment of large publicly-owned
42 properties was much slower and more erratic (for a similar observation see Gastaldi and
43 Camerin 2017). Unlike in France, no material transformations whatsoever took place in
44 any of the five cases considered despite more than a decade of negotiations – and
45 sometimes land transfers – except for one small building in Udine.
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2 Secondly, while sale and redevelopment processes in France were relatively homogenous
3 and pacified, they tended to be variegated and conflictual in Italy. In France, sale and
4 redevelopment followed procedures and project management processes that were quite
5 'routinized' and homogeneous from one city to the next. Indeed redevelopment projects
6 in Paris, Nantes, Metz, and Toulon were: i) negotiated by a similar set of actors – the
7 municipality (or metropolitan government), the landowner (the Army or the railway
8 company), the Prefect and other decentralised state offices; ii) relied on a similar set of
9 planning and operational documents (State-Region planning contracts, memoranda of
10 understanding, mixed-development zones, etc.); iii) and managed during the
11 implementation phase by publicly-owned and locally controlled development companies.
12 In Italy, not only did the levels of governments involved as well as their role vary, but
13 their involvement also changed during the negotiation process. Actors' configurations
14 varied greatly over time and from city to city. For instance, in Milan, the role of the
15 Region has depended on the degree of political divergence or alignment with the
16 municipality: it was absent in the early meetings leading to the first agreement, but
17 subsequently played a significant role in the negotiation (albeit limited to the issue of the
18 regional rail transport) through the late 2000s, before being ultimately marginalized. In
19 Bolzano, the provincial government launched the negotiations and technical studies at the
20 end of the 1990s but was then supplanted by a proactive municipality, before eventually
21 taking back control.
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38 Ultimately, the features of urban redevelopments also differed between the two countries.
39 Interestingly, while public land privatisation was on a larger scale in France, the material
40 outcomes tended to be more redistributive and to incorporate more social benefits.
41 Indeed, the end-developments combined similar proportions of market uses (either
42 commercial, residential or office space), public facilities and social housing: several
43 projects include a substantial portion of social housing (ranging from 30% in Nantes to
44 50% in Paris/Clichy Batignolles) and other public amenities (e.g. the New Hôpital de
45 Mercy in Metz or the big public parks in Paris and Nantes). By contrast, the planned
46 material outcomes were more variegated in Italy and tended to be less redistributive.
47 Mixed-use plans were put forward but the shares of social housing, green areas or other
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2 public facilities differed more between cities and were not achieved. The paper now turns
3 to explaining these differences between France and Italy.
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7 **Intergovernmental systems and local capacity to shape public land austerity policy**

8 *The intergovernmental system*

9
10 The intergovernmental system – one of the two key explanatory factors considered –
11 shapes local implementation of public land austerity policies in two ways: by promoting
12 land uses that provide public facilities and redistributive initiatives such as social
13 housing or cultural and health facilities, and by providing bargaining arenas where
14 austerity can be negotiated. These bargaining and distributive features curb national
15 reforms at local level. Observed differences in intergovernmental systems place the
16 French cities in the upper quadrants of the typology (i.e., nationally mediated austerity
17 and opportunistic austerity), while Italian cities are in the lower quadrants (i.e., gridlock
18 and locally mitigated austerity) (see Figure 1).
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28 In France, two mechanisms provided intergovernmental support for redistributive
29 measures and had a significant impact on both the mitigation and routinization of public
30 land austerity policies. This resulted in the incorporation of redistributive goals into
31 public land redevelopment programmes that were at odds with the dominant revenue-
32 raising goal. First, national housing policy supported the sale of a number of public plots
33 at below-market prices and imposed a minimum share of social housing. Since 2005,
34 several laws and decrees have promoted the construction of new homes on public land
35 (laws n. 2005-32 and n. 2013-61). As major landowners, both railway companies and the
36 army were subject to this policy in all cities apart from Metz. More generally, the law on
37 solidarity and urban renewal (*Solidarité et Renouvellement urbain*) requires local
38 governments to build at least 20% of social housing within the municipal housing stock.
39 Consequently, public land redevelopment is used by local governments to build social
40 housing in order to achieve this rate. Second, while the Ministry of Defence oversees a
41 reduction in its real estate portfolio, it also supports reconversion programmes for local
42 communities affected by the closure of military bases (Artioli 2016). As stated in a
43 ministerial booklet about reconversion: *'The Ministry of Defence is willing to dispose of*
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2 *real estate through a partnership with local governments, by listening to their*
3 *reconversion projects and facilitating their efforts for reconversion'* (Ministère de la
4 Défense, 2006: 11). Since the beginning of the 1990s, this has played a mitigating role:
5 the Ministry has provided local governments with funds for property redevelopment
6 studies and in 2008 it also listed specific assets located in the areas most affected by base
7 closures to be sold for a symbolic amount of one euro (e.g. Metz). In addition to these
8 initiatives, the systematic involvement of others state organisations made the privatization
9 process in France both more homogenous and routinized. Within the Treasury, the
10 department managing state-owned real estate defended the interests of the state as a
11 'normal' (i.e. private) landowner through carefully overseeing land evaluation processes
12 and approving final sale values. Finally, the Prefects (i.e., the government's representative
13 at local level) both mediated between local governments and landowners and oversaw the
14 integration of national priorities into local redevelopment programmes. In Nantes for
15 instance, the Deputy Director of the Prefect's office in charge of territorial development
16 summed up its role as follows: *'We are needed because the role of central government is*
17 *to move things forward, mediate and regulate all of these operations'* (Interview,
18 September 2012).
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33 Conversely, this intergovernmental involvement is not to be found in Italy. First, available
34 public land was not used to support redistributive policies. Indeed in Italy the
35 production of affordable housing is completely 'decoupled' from public land
36 redevelopment. Apart from a short-lived initiative at the beginning of the 2000s, the sale
37 and redevelopment of public real estate was not used as a tool to support regional
38 development. The military property reconversion programme did not include any
39 brownfield management tools. Its focus was on defence industries and the professional
40 reconversion of workers. Second, the absence of cross-cutting government planning
41 departments explains the huge range of stakeholders' configurations and procedures at
42 local level. The railway companies and Defence Ministry were standalone actors in sale
43 and redevelopment negotiations with weak institutional ties to local governments,
44 resulting in very erratic communications. Apart from the property owner, the
45 redevelopment process did not involve any other central government department in a
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1 systematic way. In addition, unlike France, the Italian decentralised state does not have a
2 planning branch involved in negotiating the redevelopment of state land. Finally, despite
3 substantial planning and development legislative and executive powers (Brunazzo 2010),
4 regional governments were not involved in the mitigation or bargaining of public land
5 austerity policies. The uncertain role of the Lombardy Region has been already
6 mentioned. In Udine, the region explicitly avoided any involvement in the planning
7 process. As a regional senior civil servant explained, '*when we transferred [the barracks]
8 to the municipalities, we were very clear about our position, which was 'this is your
9 property now. The Region does not have any resources so everything is up to you.'*
10 (Interview, January 2013) In this context of offloaded austerity, only fitful
11 intergovernmental support was provided in Italy. On an *ad hoc* basis, specific government
12 programmes offered the opportunity to get extra resources to local level for public land
13 redevelopment. For instance, the municipalities of Bolzano and Udine secured a grant
14 from the Department of Infrastructure to set up public-private development companies
15 which never actually got off the ground but still reinforced municipal capacity and
16 legitimacy. This raises the issue of the local policy capacity analysed in the next section.

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***Local policy capacity: why land privatizations depend more on public resources than
on real estate markets***

35 Operationalization of local policy capacity for land redevelopment is contingent on
36 planning powers which shape public land austerity in two ways: first public land
37 redevelopment depends on planning permission and compliance with planning rules
38 which are the responsibility of local government; second, local planning authorities can
39 decide to buy public property and/or spend money on it with the goal of delivering public
40 amenities (e.g. green spaces). Therefore, both local government capacity to steer urban
41 development (through planning organisation and instruments) and its financial strength
42 affect how and for which purposes public lands are privatized and redeveloped. In our
43 sample, this local planning capacity varies within and between countries. When planning
44 capacity is low, cities experience either nationally mitigated (Toulon, Metz) or gridlock
45 austerity (Taranto, Rome). When it is high, cases range between opportunistically grasped
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2 by local governments (Nantes, Paris) and locally mitigated austerity (Milan, Bolzano,
3 Udine).
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7 In general, the planning capacity of French cities is high and relies on homogenous
8 organisational arrangements that allow them to play a much more interventionist role in
9 state property privatisation. Combined with the national policies described above, this
10 helps account for the more homogenous and redistributive focus of developments. First,
11 over the last two decades, local governments have invested significantly in public land
12 redevelopment. Transfers from central to local government (*dotation globale de*
13 *fonctionnement*) stopped increasing in 2009 and have been decreasing since 2014.
14 Similarly, local investments grew and then remained stable for thirty years until 2014
15 when they started to decline (-8% p.a.). In other words, public land austerity policies were
16 not coupled with local budget austerity until the mid-2010s. More specifically – and this
17 is a key difference with Italy – these public funds were used for spatial planning and
18 development: local governments bought, remediated and redeveloped land before
19 reselling it to real estate developers. A former manager of the municipal development
20 company in charge of the Clichy Batignolles redevelopment project in Paris explains:
21 ‘*anyway, it costs the municipality money. [...] But, if we adopt a purely economic mindset*
22 *and consider that ‘in any case, any spending must be balanced’, we would not carry out*
23 *this kind of redevelopment’* (Interview, April 2012). French municipalities have thus
24 taken charge of the redevelopment of state properties, considering it to be part of their
25 responsibility.
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41 Secondly, French local planning authorities have longstanding expertise in urban
42 development. In all cases, railway and military sites have been redeveloped by (semi)-
43 public French development companies that liaised between the public landowner and the
44 real estate developers. These companies are economically and politically controlled by
45 local governments (i.e., municipalities or metropolitan bodies) and almost all of them
46 receive local subsidies to help balance their budgets (development income must balance
47 development costs). However, this local intervention capacity also varies significantly
48 between cities. Annual investment from the City of Paris is 70 times greater than Metz,
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2 36 times Toulon and 28 times Nantes (disproportionally higher, even after considering
3 size differences). Organisational strength also varies. During the last three decades, the
4 city of Nantes (and its agglomeration) has been able to deliver quality projects
5 autonomously (Pinson 2009) earning it praise as a ‘successful model’ both nationally and
6 in international networks. By contrast, the city of Toulon, characterised historically by its
7 dependence on publicly-owned military infrastructure, has displayed limited urban
8 development capacity (Artioli 2013).
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16 Italian local governments have lower financial and organisational resources for
17 redeveloping public real estate than their French counterparts. Combined with
18 intergovernmental offloading, their limited investment capacity and greater reliance on
19 market actors in development helps account for the failures and uncertainties of public
20 property privatization and redevelopment in Italy as well as the preference for profit-
21 driven developments. First, in Italy the contraction of local investment started a decade
22 earlier than in France: local fiscal austerity did not allow local governments to mitigate
23 national public land austerity policies. Between 2004 and 2014, municipal investment fell
24 by 110%⁴. In a context of structurally limited local government fiscal autonomy, this
25 hampered their ability to invest in public property redevelopment. Furthermore, in the
26 context of a loose and non-redistributional national public property redevelopment
27 framework, there are sharp differences between local governments. The cities of Taranto
28 and Rome have had to contend with debt crises that led central government to appoint
29 special commissioners to take charge of the local finances during the 2000s. The
30 municipality of Taranto has produced public land redevelopment expertise only rarely
31 and intermittently (linked to the specific goals and connections of the deputy-mayors in
32 charge of planning). Conversely, without actually investing, the municipality of Milan
33 has been quite active since 2016 in developing expertise, strategic documents and in
34 organising public consultations to frame future developments.
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50 ⁴ Result based on the data of Istat, *Serie storiche, finanza degli enti locali*, URL:
51 http://seriestoriche.istat.it/fileadmin/documenti/Tavola_22.14.xls (accessed 9 October
52 2017).
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4 Second, the Italian planning system is organised around a much less interventionist role
5 for the public sector and a stronger dependence on market actors who are expected to
6 intervene in development at a very early stage and to handle financial and organisational
7 matters. French-style local intermediation between public land ownership and the open
8 market does not exist. In fact, Italian local governments have the opposite goal: to balance
9 their budgets, they need resources and must negotiate the construction of public facilities
10 with private developers based on development fees. Furthermore, this division of labour
11 where the private sector is expected to drive public real estate privatisations has made the
12 latter more dependent on the real estate market. Given the decade-long Italian real estate
13 crisis, the large scale and uncertainties of redevelopment projects, private actors have
14 been reluctant to engage with the process. As a politician in charge of Ministry of Defence
15 issues in Udine argues: *'If the crisis was not there... because it is not enough to change*
16 *the zoning, it is also necessary to have the money to deal with it and today neither the*
17 *public nor the private sector have the money'* (Interview, January 2012). This was the
18 case even with the most attractive Italian real estate investments in Rome and Milan.
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31 Real estate and land markets are indeed the main factors through which the socio-
32 economic context influences public land austerity policies. But empirically, our study
33 revealed that they are not a primary factor in explaining either the processes or the content
34 of public land sales and redevelopment. To control for this, our sample included, for each
35 country, cities with very different real estate markets. However, sales and redevelopments
36 were initiated more systematically and extensively in France than in Italy regardless of
37 subnational real estate market variations. Counterfactually, if tight real estate markets
38 directly influenced the launch of redevelopment projects, this would have happened in
39 the attractive cities of Milan or Rome which was not the case. However, these markets
40 constitute a secondary factor as they set the pace of land redevelopment projects. Indeed,
41 the Paris example of Clichy Batignolles is the only redevelopment project from our
42 sample that has been completed. Once the land was serviced by the municipality, real
43 estate developers for the purchase of plots of land were easily found. Conversely, despite
44 the local and intergovernmental resources mobilised in Metz, the depressed market
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2 conditions clearly slowed down the redevelopment project. In other words, the early
3 stages of land privatization depend more on public resources than on real estate markets.
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7 **Varieties of austerity policies: compromise and routine in France, conflict and self-**
8 **organization in Italy**
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11 The specific local policy capacity and intergovernmental system configuration
12 highlighted by the comparative model delineates two trajectories of local adaptation to
13 public land austerity policies in France and Italy. In France, public land austerity was
14 mitigated and land often seized in an opportunistic manner by local governments to
15 deliver their policy agendas. Intergovernmental support played a crucial role in framing
16 negotiations between the public landowner and the local planning authority. It also
17 included redistributive development programmes that reversed the dominant debt-
18 driven policy and produced affordable housing and/or other public facilities. In many
19 cases, the financial and planning resources of local authorities allowed them to intervene
20 directly in public land redevelopment. Despite differences in the level of resources
21 available to them, they were still operating in a relatively supportive intergovernmental
22 system.
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33 It can be argued that this negotiated and mitigated public land austerity functioned as a
34 compromise between the conflicting goals, tools and constituencies of public debt
35 policies that oppose investors and creditors and citizens' social rights (for a similar
36 argument, see Piganiol 2017). While this may seem paradoxical, one result is that several
37 local governments have taken advantage of privatisations to steer public land
38 redevelopment in politically rewarding directions (i.e. flagship projects with appealing
39 public spaces). This compromise and its political benefits also offer insights into why the
40 opposition to public land sales has been virtually non-existent in France. Particularly if
41 we compare it to the Italian case, privatisation and redevelopment appear to be politically
42 legitimate issues. Challenges were limited and targeted specific aspects of the
43 redevelopment project without snowballing into a general debate about the future of
44 public land.
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2 However, it is quite clear that the viability of this compromise also relies on local
3 government resources. Indeed, the costs of this privatisation have to a large extent been
4 transferred to local governments who have been key investors in these redevelopment
5 processes. This situation is unlikely to last. We have already described the decreasing
6 transfers from central government. This situation could get worse as the government
7 elected in 2017 plans to remove the council tax (*taxe d'habitation*), one of the main
8 resources of municipalities (with expected compensation from central government).
9 French bargained austerity is therefore likely to move closer to Italian gridlock austerity-
10 type situations.
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19 In the Italian case, local mitigation of public land austerity is limited. Here, the pressures
20 inherent in public land privatizations have been accentuated by those austerity measures
21 entailing a long-term reduction in financial transfers from central to local government.
22 The intergovernmental system offers neither 'hand-holding' nor resources other than on
23 an *ad hoc* basis. Public land transformation thus functions through a 'double' austerity
24 where lack of intergovernmental mitigation combines with severe financial constraints
25 imposed on local governments.
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33 It is in this context that local expectations about redeveloping land to provide public
34 facilities were highest and privatisation of public land was challenged the most. In Rome,
35 Milan, Bolzano and Taranto, the local debate about the future of public land was – and
36 still is – very heated, nurtured by groups that include academics, trade unions and
37 neighbourhood, housing and other social movements, each favouring different forms of
38 action (from public petitioning to squatting). They call for the redevelopment of public
39 land as a response to the lack of public goods (i.e., affordable housing, cultural facilities,
40 etc.). In Rome for instance, the citywide committee opposed to the private redevelopment
41 of military barracks took the evocative name of '*Committee for the public use of*
42 *barracks*'. Unlike France, where this kind of argument is absent, they contest the very
43 issue of public land privatisation and advocate common or public tenure and uses.
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2 This result raises questions concerning the politics of urban austerity. Indeed, routinized
3 land privatization in France predetermines ‘who gets what, when, and how’ in the words
4 of Laswell, and thus frames the political deal. In Italy however, decision-making
5 uncertainties require more bargaining between public organisations and citizens while the
6 lack of resources and redistributive measures in public land redevelopment make this
7 bargaining more contentious and produce conflicts that further paralyse local adaptation
8 to public land austerity policies. Interestingly, this situation has resulted in recent
9 developments that promote other uses of Italian public real estate. On the one hand, ‘self-
10 organised’ initiatives that promote generally temporary profit and non-profit activities
11 (additional welfare amenities, co-working spaces, markets, artists’ residences, labs, etc.)
12 are flourishing (Patti and Polyak 2016). Again, these vary greatly from city to city,
13 depending on both local social capital and support for local policies (Mangialardo and
14 Micelli 2017). On the other hand, central government has recognised that part of public
15 property can be used to support the production of local public goods. The agency in charge
16 of managing public real estate has recently been implementing national programs of this
17 type (e.g. ‘*Valore Paese Fari*’, ‘*Cammini e Percorsi*’) as well as specific projects, usually
18 in third-tier cities and rural areas, while maintaining rent maximising strategies in larger
19 cities.
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34 **Conclusion**

35
36 This article contributes to an understanding of urban austerity by comparing public land
37 disposal policies in France and Italy. For the past two decades, state reforms have recast
38 not only management approaches, but the very idea of the public sector as landowner.
39 However, empirically, there is a disparity between equivalent austere-reformist-neoliberal
40 reforms that cross national (French and Italian) and sectorial (army and rail) boundaries
41 and the urban consequences of these policies. To make sense of this variation, our study
42 focused on institutional and political variables as factors of differentiation, namely
43 intergovernmental relations and local government capacity. The paper highlights the
44 impact of institutional arrangements in the privatization of public land. Acknowledging
45 that austerity is an encompassing policy paradigm for urban policies in European
46 countries, but departing from the ‘offloaded’ conceptualization of intergovernmental
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2 relations employed in the literature on this topic, and not forgetting that local authorities
3 may maintain resources and agency, the paper has offered and used a new analytical and
4 comparative framework for making sense of urban austerity policies. Combining the
5 variables of the intergovernmental system and local policy capacity provides four types
6 that characterize local adaptations to austerity whether it is mitigated locally, nationally,
7 both (i.e. opportunistically grasped by local governments) or neither of the two (i.e.
8 gridlock austerity).

14
15 This model was developed to analyse public land austerity policies and therefore focuses
16 on the field of land policy and related urban development arrangements. Consequently, it
17 highlights the crucial role of both the resources provided by the intergovernmental system
18 and local policy capacity in mitigating the effects of a state land austerity policy. If not
19 supplemented by public investment, the policy of state land privatization is likely to
20 produce unequal cities or gridlock redevelopment in cases of real estate market slack as
21 observed in Italy.

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28 More generally, the proposed model helps to analyse two different trajectories in ‘most-
29 similar’ French and Italian cases, i.e. to demonstrate the role of the intergovernmental
30 system and local planning capacity to shape urban austerity processes. In this sense, the
31 comparative model is heuristic. For future research, we thus suggest that it could be used
32 to compare urban austerity in other policy fields such as welfare, public utilities or
33 sustainable development policies in cities.

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Table 1. The case-studies

| Country | City | Administrative position within the country | Local planning capacity | Economic position within the country | Real estate prices (compared to other urban areas in the country) | Real estate prices (€/sq.m for residential, June 2017) |
|---|---------|--|-------------------------|--------------------------------------|---|--|
| France (redistributional intergovernmental system) | Paris | National capital | High | Global city | High | 8796 |
| | Nantes | Regional capital | High | First-tier city | Medium | 2704 |
| | Toulon | Provincial capital | Medium | Second-tier city | Medium | 2379 |
| | Metz | Provincial capital | Medium | Second-tier city | Low | 1683 |
| Italy (offloading intergovernmental system) | Rome | National capital | Low | First-tier city | High | 3189 |
| | Milan | Regional capital | Medium | Global city | High | 3236 |
| | Bolzano | Provincial capital | High | Second-tier city | High | 3483 |
| | Udine | Provincial capital | Medium | Second-tier city | Low | 1388 |
| | Taranto | Provincial capital | Low | Second-tier city | Low | 1102 |

Table 2. Sale and redevelopment of public assets in French and Italian cities

| Sale and redevelopment outputs | French cities | Italian cities |
|---------------------------------------|---|---|
| Effectiveness of privatisation | Large More systematic sales and redevelopments | Limited Limited number of redeveloped assets, privatisation failures |
| Procedures | Homogeneous and pacified “Routinized” procedures, limited conflicts | Variegated and conflictual High variety of adopted procedures, frequent conflicts |
| Development types | More redistributinal Social housing and public facilities | Less redistributinal Rent maximization, socially exclusive redevelopment |

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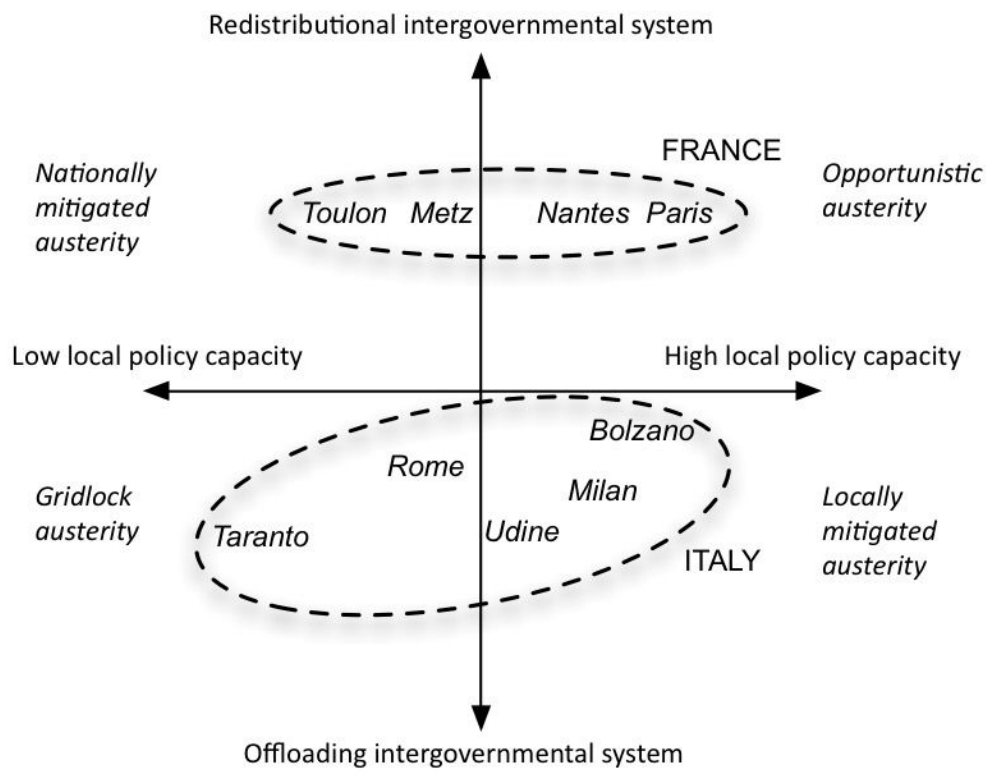


Figure 1