RESEARCH NOTE

STATE DEVOLUTION, URBAN REGIMES, AND THE PRODUCTION OF GEOGRAPHIC SCALE: THE CASE OF NEW BRUNSWICK, NEW JERSEY[1]

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Abstract: Regime theory attempts to understand the complexity of governance in an era of public-private cooperation. Yet because it is an explicit attempt to avoid the economism of past state theory, it struggles to understand how regimes become agents of capitalism. This study examines the process of regime formation in New Brunswick, New Jersey, by focusing on how its activities have become increasingly motivated by the expansion-exclusion dialectic of capitalism during the last 25 years. The regime's immersion into the contradictions of capitalism has transformed it into an active producer of geographic scale, and in so doing necessitated certain forms of social exclusion. Understanding urban regimes as such has become increasingly important in the context of federal-state devolution. [Key words: scale, regime theory, devolution, economic restructuring, state restructuring.]

Though devolution of the federal state in America has been afoot since the mid-1970s, Congress enthusiastically accelerated the process in 1994 (Staheli et al., 1997; Eisinger, 1998). The ostensible goal of devolving federal power has been to give states and localities more political autonomy (Staheli et al., 1997). However, because autonomy is an expression of a locality's ability to control its interaction with the larger capitalist economy (Defilippis, 1999), most local governments are relatively powerless at realizing (by themselves) the "autonomy" that sits before them. Capital is relatively well-situated to acquire the devolved power (Kodras, 1997), but it cannot work alone either, and often must depend on the local state to defray some of its self-imposed costs. Zoning enforcement, neighborhood policing, and infrastructure are typically beyond the capacity of individual fractions of capital to absorb, so the state is deployed to cover them. In essence then, it is neither the local state nor capital that stands ipso facto to gain from federal devolution; rather an organized relationship between the two entities is the likely recipient. Urban regimes—local governing alliances composed of public and private entities—have thus become increasingly important institutional mechanisms for acquiring power released from the federal state. Contemporary regime theory evolved from case studies that correctly assumed that the local state is embedded in a larger economic context (e.g., Stone, 1989; Jones and Bachelor, 1993), but that devoted enormous attention to *extra-economic* politics like race and local culture to demonstrate why local coalitions matter

Urban Geography, 2000, **21**, 5, pp. 450–458.

(Fainstein, 1995; Stoker, 1995; Brown, 1999). Because of this extra-economic bias, we know surprisingly little about how regimes behave as capitalist agents at the local level and, perhaps more important, about how they relate to the larger political economy (Jessop et al., 1999; MacLeod and Goodwin, 1999). Such issues, Mickey Lauria (1997, p. 5) and others argue, are assumed rather than explained in this literature. If we accept, however, that the federal state has devolved, and that capital is in a favorable position to acquire much of the subsequent dispersal, such a research method risks blinding us to how regimes currently operate.

While theories of urban regime formation within a devolving context have not yet been unpacked, our understanding of how capitalism, more generally, forms and reproduces geographical space is well developed. At the most basic level, we know that capitalism is wrought with internal contradictions that collide to form an unevenly developed economic landscape (Harvey, 1985; Smith, 1990, 1996). Of most importance here is the tension between capital's need to equalize the conditions of production (to expand), on the one hand, and its conflicting need to differentiate those conditions (to exclude), on the other (Plotkin, 1987; Smith, 1990). As a dialectic, exclusion and expansion are at once in opposition to one another but at the same time necessitate each other's continued presence. "In capitalism," as Sidney Plotkin (1987, p. 10) explained, "the logic is inescapable: expansion is the condition of exclusion just as exclusion is the condition of expansion." Furthermore, we know that the state intervenes at several scales to manage the spatial effects of this contradiction. Land-use zoning, for example, is an explicit attempt by the state to protect real estate capital's need to differentiate economic space. As Eisinger (1998) has pointed out, the recent devolution has required local states to ally with capital (in the form of regimes) even more directly than before. However, because the raison d'être of regime theory has thus far been to focus on extra-economic political behavior, there has been little explicit attempt to understand regimes as capitalist agents within this dialectic. Though a more materialist understanding of urban regimes in the United States has been needed since the mid-1970s, it has become increasingly important since the mid-1990s with the restructuring of the federal state.

This case study will describe the formation of an urban regime in New Brunswick, New Jersey, within the context of the capitalist expansion-exclusion dialectic. The regime was formed to redevelop the city's central business district (CBD) after years of disinvestment. One ancillary goal of the regime has been to demolish a nearby public housing complex as a way to protect local property values in the adjacent CBD. An exploration of this case highlights the way in which local regimes become locked into the maelstrom of expansion and exclusion, and how, as a result, geographic scale gets produced and dissolved. The history of redevelopment in New Brunswick is usefully broken into three phases (1975 to 1981; 1982 to 1989; 1990 to present).

1975 TO 1981

Like many cities in the northeastern United States, New Brunswick found itself, by the mid-1970s, embroiled in a fiscal crisis. Its main employers were fleeing to areas where labor and land were cheaper, and where regulations and taxes were more lax (Beauregard and Holcomb, 1984; Holcomb, 1997). A revival of manufacturing seemed improbable so city leaders pursued downtown commercial real estate development. The regional profitability landscape was, however, grossly uneven by the mid-1970s, so there were significant barriers to real estate investment in New Brunswick. The city had rent control, high taxes, and relatively expensive labor, not to mention the fact that its volatile race politics were chronicled in the infamous *Kerner Commission Report* several years earlier (1968). Investors were squeamish about planting their capital in New Brunswick, during the mid-1970s, because of barriers in the regionally differentiated profit landscape.

Just as things could apparently not get worse for city officials, the city's largest private sector employer, Johnson and Johnson, began serious deliberation on whether they should join the exodus from New Brunswick and move their headquarters to Texas, closer to their already-transplanted manufacturing facilities. In a vote that was eventually decided by the chairman of the corporation, Johnson and Johnson decided to stay in New Brunswick, but only on the condition that the city devote itself to removing the aforementioned obstacles to real estate reinvestment in the downtown area. Some of the obstacle removal would necessarily involve the local state, while other goals were dependent on capital, so a public-private coalition was formed to facilitate the redevelopment. The coalition was deemed "The New Brunswick Development Corporation" (DevCo), and along with a sister organization, "New Brunswick Tomorrow" (NBT), it was responsible for facilitating the redevelopment of downtown New Brunswick and devising more privatized methods of service provision. A regime was thus born to handle the increasingly complex task of governance in an economically devastated city. Though its primary focus was on a very specific geographic area—the CBD of New Brunswick—few leaders of the regime actually lived in New Brunswick (much less, near the downtown), but the membership structure remained intact largely because neither of the two organizations (DevCo & NBT) had democratically elected boards (Beauregard and Holcomb, 1984).

With the institutional apparatus for redevelopment in place, Johnson and Johnson affirmed its commitment to the city by constructing a $70 million corporate headquarters complex in 1978 (Fig. 1). This investment served as an important material foundation to the less concrete (but no less real) business-friendly atmosphere that was being cultivated by the public-private coalition. The new headquarters building directly encouraged the construction of the Hyatt Regency Hotel and indirectly encouraged the State (of New Jersey)-assisted beautification of George Street, as well as the construction of Ferren Mall and the Plaza II Building. Collectively, these projects improved investor confidence—an important condition for tapping into the wider property boom that would arrive in the 1980s.

1982 TO 1989

During the second phase of New Brunswick's redevelopment, the real estate investment planted in phase one began to migrate southward. The growth occurred because of the regime's—particularly DevCo—continued efforts at removing barriers to reinvestment vis-à-vis surrounding cities. This continued to be the primary governance motive throughout the second period and was met with continued success as investment poured into the CBD. Yet precisely because an expansion was occurring within its jurisdiction, the local regime was confronted with the need to exclude. After the implantation of real estate capital and some growth during the late 1970s, it became necessary to differentiate the CBD as a means of facilitating growth within—to exclude in order to expand.

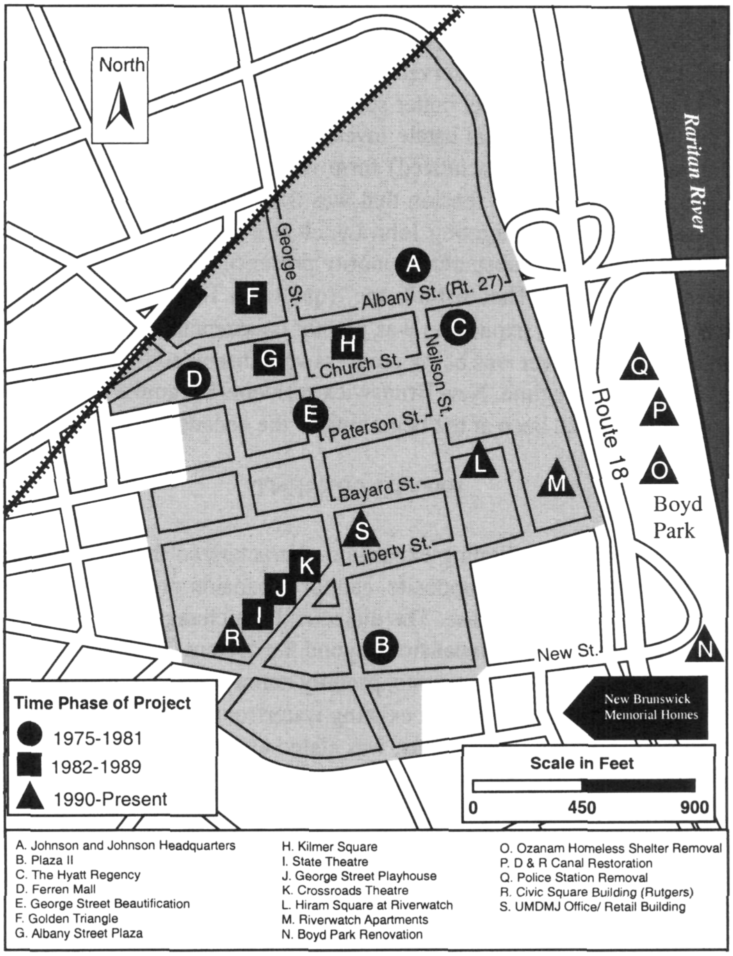

Fig. 1. Map of major redevelopment projects in New Brunswick, by period (City-Market area indicated in grey).

The year 1982 marks the onset of the second phase for precisely this reason. In that year, the city's mayor—a key figure in the extant regime—publicly announced, for the first time, the city's intent to demolish the nearby New Brunswick Memorial Homes Complex (Rubin, 1990; NBHA, 1996). The complex sat at the fringe of the CBD and was seen as an obstacle to urban redevelopment in the area, but because Department of Housing and Urban Development (HUD) prohibited local demolition plans that could not guarantee one-for-one unit replacement, the New Brunswick regime could not afford to implement its plan. Despite its growing power, the regime did not possess the resources necessary to overcome the regulatory constraints on its activities. Two hundred forty six housing units would have to be built elsewhere in New Brunswick for a demolition plan to take place, so the mayor and his supporters eventually withdrew the proposal. With obstacles to removing the Memorial Homes seemingly insurmountable, regime participants concentrated on other, more furtive, forms of exclusion to protect and expand real estate capital in the CBD, such as the establishment of the City Market Special Improvement District in 1987. The district served to maintain local real estate capital by assuring that the CBD was more attractive, better served, and safer than the rest of the city. The emphasis on protecting CBD real estate investment at the expense of nearby residents generated a more public (and racialized) form of social conflict in the city. One local activist angrily summarized the tension that was developing between city residents and regime participants; while castigating John Lynch at a meeting during the 1980s, David Harris, decried, "There is a substantial minority presence downtown. After each of your projects there is none at all. That disturbs me" (quoted in Todd, 1989, p. A1).

Exclusion as a means of expansion was plainly unacceptable to nearby residents, but because their electoral power was being progressively dissolved by the material power of real estate capital in the regime, New Brunswick residents became even more marginal in city politics than they had been at the beginning of the decade.

1990 TO PRESENT

If exclusive measures facilitating expansion characterized the second phase of New Brunswick's redevelopment, the opposite, capital expansion producing exclusion, is the identifying theme of the third phase. The dialectical sea change took place in 1990 with the formal announcement of an expansion beyond the current CBD. Lynch, still mayor of the city and key participant of the regime, proudly announced that the CBD was going to leapfrog Route 18 and expand into the existing waterfront park. The Riverwatch Luxury Housing Complex, built on several sites, was slated as the cornerstone of the expansion (Parisi and Holcomb, 1995; Patterson, 1997). Several months later, Lynch unveiled the requisite exclusionary piece of the expansionary puzzle: a formal, funded plan to demolish the Memorial Homes Complex (Wallace, 1990). The complex sits adjacent to the only bridge linking the existing CBD to the waterfront and it was (and still is) seen as an obstacle to expansion. Lynch summarized the regime's exclusionary sentiment in his characteristically unvarnished way during the announcement. "It is clear," he noted, "that from a marketing standpoint, you would not be able to market the waterfront with the presence of the Memorial Homes" (quoted in Rubin, 1990, p. A1).

The demolition proposal included public and private money to rebuild and scatter the existing Memorial Homes units throughout the city (Fazzi, 1990). The fact that local capital was willing to help finance such an expensive plan is a telling gauge of how threatening the Memorial Homes Complex was to the expansion of the CBD. Yet while construction on the Riverwatch portion of the plan began almost immediately after the 1990 announcement, the private financing for the demolition plan began to evaporate as the early 1990s recession took hold. The first phase of Riverwatch eventually opened in 1993, the nadir of the recession for regional housing markets, so support for this portion of the plan eventually began to dry up too. For Riverwatch and the CBD to expand, the recession would have to abate and the local regime would once again have to find a way to underwrite the replacement of the units in the Memorial Homes because the HUD still required one-for-one unit replacement.

Several years after the completion of Riverwatch's first phase, the recession finally subsided. The southward progression of real estate investment within the CBD resumed and the waterfront tracts were prepared for a possible expansion (Fig. 1). Yet the expensive project of replacing the 246 units in the Memorial Homes still remained an obstacle to the plan. But just as it was beginning to appear that Riverwatch's expansion was going to necessitate the enormously expensive project of moving several hundred very poor families, the devolution of the federal state gave the local regime the requisite power to expand without the extant requirement. As part of HUD's "reinvention"—itself part of the larger federal devolution—the one-for-one unit requirement for local demolition plans was removed (ABT Associates, 1996). In particular, the HOPE VI program began to encourage demolition nationwide by providing funding for such plans.[2] With this regulatory hurdle absent and a possible funding source in place, the New Brunswick Housing Authority, in regular consultation with local regime leaders (Clarke, 1997a), submitted a HOPE VI proposal to HUD in 1996. In line with the new, more-lax regulations, this plan sought to replace only 102 of the 246 existing units with newly built houses (NBHA, 1996). HUD eventually rejected the proposal, so the Housing Authority submitted a similar plan the following year (1997), which drew upon local capital for demolition costs (Clarke, 1997b). HUD approved this iteration of the plan but offered only housing vouchers (no new units) as a means of replacement. This virtually guaranteed that most residents would be forced to relocate elsewhere because the New Brunswick affordable housing market is already saturated by Rutgers University students. In effect then, the local regime had acquired the lever of exclusion to complement its power to expand, and in so doing, effectively eliminated a threatening land use from impeding local real estate growth.

CONCLUSION

The real estate capital that was expanding within New Brunswick's CBD during the 1980s began to expand beyond its boundaries during the 1990s. The local regime facilitated this expansion by attempting to finance the removal of the nearby Memorial Homes Complex. Yet only with federal devolution was the regime given the power to realize this particular goal. Expansion was deemed possible only through exclusion, yet the effective power to exclude, prior to 1995, was still nested in the federal state. After this power was devolved, the regime was empowered to manipulate the expansion-exclusion dialectic in and around the CBD more directly.

The New Brunswick case highlights capital's need to exclude in order to expand (and vice versa) and its ability to do so through the mechanism of an urban regime. The initial motivation of the regime was to dissolve the barriers to real estate investment that had built-up over time—to entice capital (Fig. 2). With the initial goal of constructing a zone of profitability successfully met, the regime's spatial strategy diversified and shifted (Table 1). A more localized—and thus more controllable—expansion-exclusion dialectic took hold as the regime and its participants acquired more power. The regime's sustenance became virtually dependent on facilitating the expansion of this scale—a goal that could be eventuated only through the exclusion of perceived threats in the landscape.

The regime's acquisition of power over time, and its subsequent immersion into the contradictions of capitalism, were accelerated by events occurring at higher political scales —especially the federal-state devolution in 1994 and 1995. It is thus reasonable to conclude that the New Brunswick case is not anomalous and that urban regimes else-

TABLE 1.—REDEVELOPMENT PHASE BY PREDOMINANT SPATIAL STRATEGY

Redevelopment phase	Spatial goals of the regime: Primary	Secondary	Tertiary
1975 to 1981	Capital enticement	–	–
1982 to 1989	Capital enticement	CBD exclusion	CBD expansion
1990 to present	CBD expansion	CBD exclusion	Capital enticement

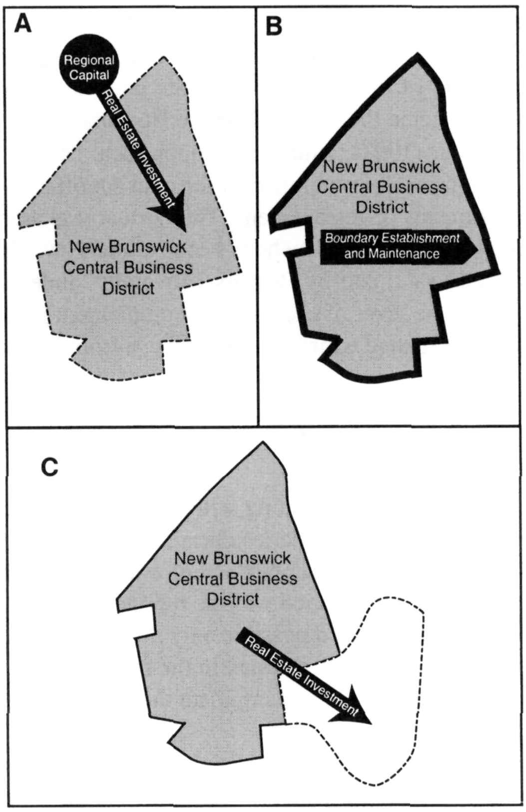

Fig. 2. Conceptual illustrations of: (A) Capital Enticement—the imperative to overcome barriers to real estate investment in downtown New Brunswick; (B) CBD Exclusion—the imperative to rigidify the boundary between downtown and the rest of New Brunswick in order to protect investment contained within the CBD; and (C) CBD Expansion—the imperative to expand the downtown by overcoming barriers to profitable investment beyond this space.

where are increasingly better understood according to the calculus of capitalism than according to the extra-economic behavior of their participants. If carefully done, this understanding can be achieved without returning to the economistic cul-de-sac of state theory's past, but it does involve a reversal of the classic emphasis in regime theory. Rather than assume that regimes operate in a vaguely understood economic context while describing their unique political attributes, it has become increasingly important to assume that such local details exist, while devoting more attention to the regime's role as an agent of capitalism.

NOTE

[1]The author would like to thank Briavel Holcomb, Susan Fainstein, Neil Smith, Elvin Wyly, Bob Lake, Laura Liu, James Defilippis, Melina Patterson, and the anonymous reviewers for their help with this manuscript, an earlier version of which won the Urban Geography Specialty Group's Best Student Paper Award at the Annual Meeting of the Association of American Geographers, Boston, Massachusetts, 1998.

[2]Wyly and Hammel (1999, 2000) have demonstrated how this program is encouraging gentrification in other American cities.

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