

# House of Cards Suburbia at All Costs

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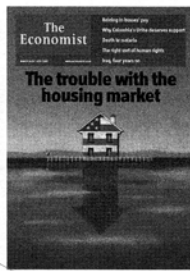
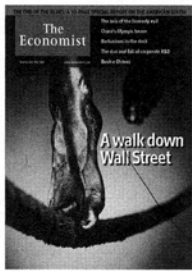
“God made the country, and man made the town. But now we also know: the devil made suburbia.” (Ole Bouman) (1)



As strange as it may seem, suburbia, in its promise of being open to all and thus answering to the collective desire for liberation from the trappings of the city, has in reality become a trap itself. Despite its worldwide appeal, the suburban model has proven fragile

in the wake of the current financial crisis. By now, we know the story. Suburbia was produced by capitalism as a screenplay for a certain way of life, one marked by mass individualization of private universes on the scale of the nuclear family, one played out in the form of neighborhood enclaves on the scale of local communities, and one inscribed in zoning laws on the territorial scale of metropolitan regions. Meanwhile, suburbia has evolved from protagonist to antagonist, from hero to villain in the recent unfolding of the plot. Notwithstanding its outward appearance of sprawling openness, the contemporary urban territory manifests a pervasive state of closed-ness.

(1)  
Ole Bouman, “Truth or Suburbia,” the quote plays on the eighteenth-century English poet and philosopher William Cowper’s observation on the relationship between God, man, and territory. Published in Volume: Crisis! What Crisis? Suburbia After the Crash 9 (3) (New York: Archis, AMO, and C-LAB, 2006), 12–14.



This is the story of a specific political economy and its effects on a particular form of urban territory, a story that not even The Economist with all its biases in favor of a free market economy could have anticipated, knowing well that “A Walk Down Wall Street” was nothing other than a precarious tightrope act. Indeed, the world had changed in the course of just a few months. The cover spreads of The Economist make more than clear that business, as usual, has taken us into troubled waters, with a warning first given in March 2007 under the heading “The Trouble with the Housing



marked from the outset or to the suspicion that the real estate bubble was engineered to burst? Crises have repeatedly served to justify extraordinary measures, whether good or bad. And the current one is no different.



Yet another cover of The Economist serves as a warning to business as usual. Playing on the painting by Eugène Delacroix of 1830—depicting Lady Liberty with the French flag in hand and leading the people over corpses in her victory march—the cover image likewise suggests immi-

nent revolution. Fast forward to our time, the flag has been replaced by a demonstration placard with the urgent demand “Get the Rich!” Even though the people are promised groundbreaking actions to ease their anxieties, another anxiety looms, one fearful of mass rebellion—a storming of the banks so as to turn the tables on those being served not only by their current power, but also by the present crisis.

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hand and the architecture of economy on the other, a marriage played out on the very grounds of urban production in which suburbia was consciously deployed, as Alan Greenspan openly admitted, to reboot a slumping economy at the beginning of the twenty-first century. Suburbia, in other words, was conceived as nothing other than a catalyst to assert the virtues of a neoliberal economy as political dictum—thereby lending the inscription on US currency “In God We Trust” to the popular tune “ In God and Alan Greenspan We Trust.” (4)

The suburban card was played in a bid to keep capitalism afloat, and for a while the bid paid off. But tremors, followed by aftershocks from an over-heated property market that was built upon complicated pyramid schemes of endlessly repackaged credit obligations, brought the entire financial sector’s house of cards down. This led Greenspan to testify, when grilled by the House Oversight and Government Reform Committee in October 2008, that “we are in the midst of a once in a century credit *tsunami*.” (5) As a matter of fact, the *tsunami* contributed to a turn of events, culminating with a flood of capital, pouring in from governments all over the world, to rescue sinking financial institutions. A sea of liquidity washed over the global asset market, and it dried up as quickly as it arrived. Yet, this might not only be the fate of a story that once seemed destined for a happy ending. Was the deck of cards marked from the outset? Is it fair to ask whether a scheme was concocted to implement an eleventh hour transfer of wealth from the public hand to the private sector, a Mephistophelian-like coup in which capitalism undergoes redefinition through top-down, self-induced crises? Was the bubble made to burst?

### Wasteland Suburbia



A recent photograph from The New York Times drives the point home: suburbia is for sale. Cast in a festive ambiance, the image depicts a house in its Sunday best being offered up on a platter to lure potential buyers. (6) Sun and blue sky frame the setting.

There is the manicured lawn, a group

of immaculately groomed palm trees, the three-car garage, pitched tile roof, bay window, brick base, stucco facade, and arched entry—in short, all the accessories one needs to fulfill the dream. And then there are the signs. Waving gently in the wind, a red, white, and blue flag announces that the property is open for viewing. A poster with visiting hours is tacked to the door. Advertising a pending real estate transaction, a series of banners are plastered across the front of the residence to sweeten the deal. The lot is virtually given away in discount frenzy in the manner of an used cars sales pitch: the pool is complimentary, buy the first floor and get the second for free.

(4)

Tim Wilson, “In God and Alan Greenspan We Trust,” song from the LP: I Should've Married My Father-In-Law by Tim Wilson (Nashville: Capitol Records 2003).

(5)

Alan Greenspan, House Oversight and Government Reform Committee Hearing, October 23, 2008.

(6)

Peter S. Goodman, “This Is the Sound of a Bubble Bursting,” The New York Times, December 23, 2007, 6. Photograph by Phillippe Diederich showing a house in the suburb of Cape Coral, Florida.

The scene is grounded in well established values. Front stage is bucolic suburbia, Eden on earth, cohort of the good city, where my home is my castle, and property is a fundamental right. This model has in fact been a success story, for it has become a recipe replicated across the planet. It has even given rise to a generic form of urbanism centered on homeownership. The dream of having a house of your own stabilizes entire communities, cities, if not nations, by tying people to place. (7) Silver lining aside, this dream has another side: it is capital at work to create marriage between urban planning and real estate. And this is pure business talking here. The property market is an industry, a veritable moneymaking machine where home is a commodity to be bought and sold. Multiplied perpetually, an economic landscape is spawned where macroforces play out on the minutest scale of the home and owner.

(7)

See Robert Shiller, "The Ownership Myth," Newsweek, October 20, 2008, 34.



Yet, with no buyers in sight, the dream has turned into nightmare. What was considered to be a pioneering move by credit institutions proved to be ill fated. With the zero-down payment initiative, as ratified by the Bush administration prior to his re-election, bargain loans that seemed too good to be true yielded easy money, allowing buyers to purchase homes essentially without capital to secure the deal. Everyone and their mother became an investor. Two factors were pitted against each other. First, interest rates on loans were set by contract to increase over time. Second, equity on the house was likewise expected to

increase thereby offsetting the rise in mortgage interest. However, the real estate market slumped and housing prices sagged. Living beyond one's means and in a constant state of debt was soon followed by foreclosure and repossession. (8) Far from being an isolated glitch in the system, a crisis of unprecedented proportions arose sparking global panic throughout the banking industry, forcing lending institutions to file for bankruptcy, and sending hordes of homeowners packing. At this stage of the game, it is no longer clear who is the owner of your home. From an economic point of view, properties are nothing more than another holding in a portfolio of acquisitions traded on the international market as securities for other assets. What was once a personal address now circulates as one more anonymous currency of trade.

(8)

In the final quarter of 2007, 15 million homeowners in the US owed more on their mortgages than their homes were worth. James Surowiecki, "Home Economics," The New Yorker, March 10, 2008, 62.

Notwithstanding the geopolitical ramifications of so-called creative financing, what amounts to a mortgage meltdown goes to the very heart of the suburban ideal by leaving entire neighborhoods deserted in its

wake. The suburban landscape left behind is one scarred by the wreckage of speculative excess and scattered pieces of broken dreams. To make things worse, community resources are equally strained by the economic fiasco. Public coffers that were once overflowing with property taxes are now drying up. Houses stand abandoned forcing, for example municipalities to rely on outsourced contractors to cut overgrown lawns and tend neglected gardens, all in the effort to uphold an image of normality. This measure nonetheless is nothing but a foil to fend off looting and vandalism that have become commonplace neighborhood activities. Here again, public funds must be diverted to hire private security for maintaining law and order in suburbia—a war zone on home turf.

Suburbia, once an idyllic scene and home to the American way of life, has bottomed out. Its image, as so poignantly captured by The New York Times, is tarnished by desperation and may soon depict nothing more than a ruin. It would seem that the doctrine of “manifest destiny” has not delivered us to the Promised Land but rather has paved the way for a wasteland. And with this destiny manifested before our very eyes, utopia may have been, funny enough, finally realized, only this time in the real sense of the word as “no place.” From utopia as ideal to utopia as wasteland, “this is the sound of a bubble bursting.” (9)

### Wall Street Suburbia



The plot thickens as we move from boom to bust. Suburbia is no longer where it used to be. A political cartoon from The Washington Post makes the point clear: suburbia is on Wall Street. As a diagram of the financial terrain, what you see in the image is another split, this time between the parties involved—a showdown between borrower and lender. On the left are

the remaining members of the nuclear family reduced to “prisoners of their own home,” indeed still believing they are homeowners while paying dearly for something they don’t own. (10) Storming in from the right are the infamous giants, Freddie Mac and Fannie May, toting their luggage while appearing as friendly guests, but implying that the occupants will soon face eviction. Here, no one plays with open cards.

What you do not see in the caricature is the machinery that drives this stand-off. The quaint little house of Mr. and Mrs. Taxpayer, *cum* small-time speculators, is actually a product of construction industry monopolies that have successfully driven out local contractors during the housing boom of the late twentieth and early twenty-first century—offering one-stop shopping that includes everything from product

(9)

Goodman, “This Is the Sound of a Bubble Bursting,” The New York Times, 6.

(10)

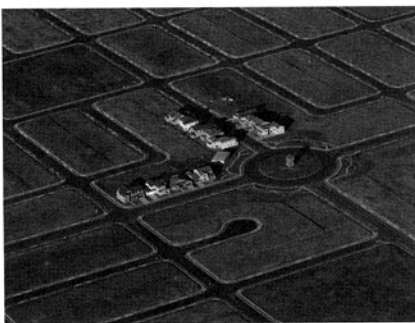
Peter S. Goodman, “Scenario of Doom,” New Monumentality Studio, MIT School of Architecture, Volume: Crisis! What Crisis?, 17.

selection to mortgage financing. With stocks openly traded on Wall Street, these national building conglomerates—such as Beazer Homes, Pulte, Toll Brothers, Centex, Lennar, and KB Homes—couldn't churn out tracts of homes fast enough to meet demand. (11) And, it didn't take long for speculation to taint urban development. Surplus building proved to be the most efficient means to speed up revenues, backed up by market experts inventing more and more elaborate financial instruments to further expedite returns—collateralized debt obligations (CDO's), adjustable-rate mortgages (ARM's), structured investment vehicles (SIV's), mortgage-backed securities (MBS's), and asset-backed conduits (ABC's), to mention just a few. (12) As the profit appetite grew, so did the complexity of the fiscal alphabet soup, as did the number of new homes added to the market. Conurbation exploded, with the quantity of customary single-family homes on cul-de-sac streets, condominium and apartment units, as well as pre-fab manufactured houses jumping to over two million a year and peaking in 2006.



Freddie and Fannie were never far from the scene, for their *raison d'être* was always tied to the property market. Their story told is one that repeatedly reshuffles the cards held by the public and private hand. Fannie Mae, the Federal National Mortgage Association, was conceived in the grip of the Great Depression and part of Franklin Delano Roosevelt's New

Deal. It was established as a public program to facilitate mortgage liquidity, encourage homeownership, and provide affordable housing. The seed of suburbia was planted. However, with subsequent reshufflings, Fannie Mae was converted in 1968 into a private shareholder-owned corporation in an act of deregulation, aimed at reducing the government's hand in the market. To introduce checks and balances into the game, Freddie Mac, the Federal Home Loan Mortgage Corporation, was created soon thereafter. Although private companies, and considering the high stakes involved, both institutions were backed and financially protected by the State. Profits were guaranteed to the private sector as risks were relegated to the public.



Not incidentally, Fannie and Freddie are most often depicted in caricatures as obese, for they currently secure almost half of the nation's 12 trillion dollars worth of property loans. This capital is spellbinding and understandably enticed the two—as so many other lending bodies—to buy, pool, rebundle, and then resell pack-

(11)

Mark Zandi, Financial Shock: A 360° Look at the Subprime Mortgage Implosion, and How to Avoid the Next Financial Crisis (Upper Saddle River: Pearson Education, Inc. 2009), 129–135. These incorporated homebuilders resulted from a consolidation of a fragmented collection of small, privately held local builders, who before the takeover had put up at most a few dozen homes a year.

(12)

Kevin Phillips, Bad Money: Reckless Finance, Failed Politics, and the Global Crisis of American Capitalism (New York: Penguin Group, Inc. 2008), 97.

aged mortgages as securities to international investors. Excitement ran high. The central banks of China and Japan, the sovereign wealth funds of Singapore and Saudi Arabia, and credit institutions from South Korea to Switzerland are now all on the hook for billions of dollars of Fannie and Freddie bonds. (13) When the giants tumbled, the American government had no other choice than to come to the rescue—a surprising turn of events in the context of a free market ideology adverse to public sector intervention, for the simple reason that bailout business is not part of the State's job description. Quasi-nationalization ensured that privately produced debt was placed directly into the hands of taxpayers. Yet the rescue effort had little effect and the entire house collapsed. Excitement yielded to hysteria. Consequently, it would be a mistake to infer from the political cartoon that Fannie and Freddie may soon move in because even their assets are now branded deficient. The perversity of the story is that, while security driven revenues remained the private business of those in the high towers of Wall Street, financial insecurity became a *bona fide* public affair.

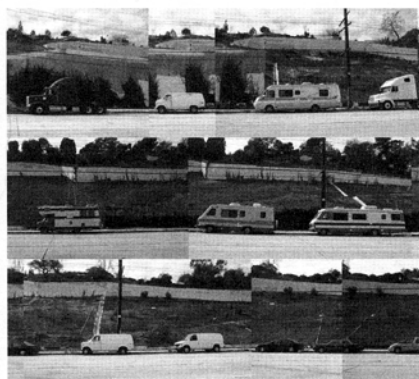
(13)

Peter Goodman, "Too Big to Fail," The New York Times, July 20, 2008.

The mobility of capital has always kept everything and everyone on the move. In our time, however, we are forced to ask who is moving in and who is moving out? Referring to the future prospects of the city, Ebenezer Howard once inquired "The People—Where Will They Go?" His answer, of course, was that they would all relocate to garden cities, suburbia's protomodel. (14)

(14)

Ebenezer Howard, Garden Cities of To-morrow (Cambridge: MIT Press, 1965). The book was originally published in 1898 as To-morrow, and reissued in 1902 as Garden Cities of To-morrow.



But today, the burning question is where will they go after foreclosure? Reports in the daily press cover the fact that mass migrations within and between cities are increasingly becoming reality and resulting in a sort of survival mobility—call it an exodus from the suburbs or rather an evacuation that gives credence to the bleak forecast of "the end of suburbia."

(15) People down on their luck are literally discarded, one day at home, the next day out. Entire caravans of recreational vehicles line the streets across America producing impromptu neighborhoods. Tent cities pop up overnight under freeways. Makeshift encampments take root wherever they

(15)

The End of Suburbia: Oil Depletion and the Collapse of The American Dream, film directed by Gregory Greene, 2004.

(16)

See Jesse McKinley, "Cities Deal With a Surge in Shantytowns," The New York Times, March 25, 2009.



can. A modern day Hooverville moves in, recalling Depression-era shantytowns of the 1930's and giving rise to a swell in the informal sector. (16) A new type of slum has spawned and is home to those who have recently lost both job and house. With suburbia traded on Wall Street, countless people are on the streets.

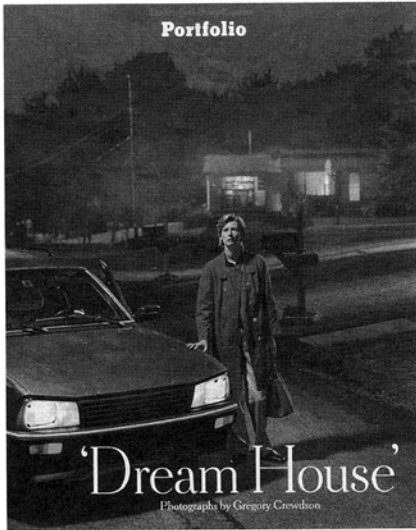


## Delirious Suburbia

What is the fate of those left behind who face the scenarios of doom that now overshadow the picturesque myth of the suburbs? A photo-essay by Gregory Crewdson in the New York Times Magazine reframes a once happy, familiar setting as a place of alienation and desperation.

(17) The portfolio of photographs entitled "Dream House" plays on the image of the suburban condition, where each moment hints at a narrative whose meaning we think we understand though essentially remains an enigma. Suburbia lingers unresolved. The portrait on the cover depicts a mother standing alone at night next to her car with an empty stare. Behind her, a series of green lawns are illuminated from windows

as a strange fog fills the air. The scene is a product of elaborate staging, with lighting, cranes, props, and actress Tilda Swinton playing the lead role. (18) Just as suburbia is constructed, so too is the image, but this time rendered in an apocalyptic tone. Crewdson anticipates what were to become the mere remains of everyday life in America. Although we can still recognize traces of middle-class domestic utopia, we are at the same time confronted with a dystopic world where what had always existed—yet remained hidden—is coming to light.



(17)

Gregory Crewdson, "Dream House," The New York Times Magazine, November 10, 2002.

(18)

See Gregory Crewdson, "Dream House," in Gregory Crewdson 1985–2005 (Ostfildern: Hatje Cantz Verlag 2007).

The lives of loveless wives and frustrated husbands were always part of bedroom communities. But now in the midst of crisis, homegrown relational tensions are exacerbated by job losses, repossessions, and bankruptcies. A state of delirious anxiety fills suburbia as the foreclosure capital of America. Responses to this state of affairs have come in many shapes and sizes. Some have always been against the burbs and may now feel vindicated in their opposition. Others have sought a nostalgic corrective. The New Urbanist's answer, for instance, comes in the form of an open embrace of community life, whereby Main Street as sanitized image is transposed to outlying residential belts. Notwithstanding well intended objectives, this played into the hands of capitalism as it branded community as a sought-after commodity. In turn, this branding fueled the housing boom and gave revived meaning to real estate ventures, one appropriated by developers *en masse*. But the bid of New Urbanism to restore the ideal of neighborly coexistence behind a veil of civic normality was just as elaborate a construction as that of Crewdson's tableaux.

Irrespective of the lure of veneer, the market implosion has sounded a collective wake up call from the American Dream. Is there hope on the horizon? Obviously, America would not be America if she did not have cards up her sleeve. A series of recent initiatives *might* alleviate the downfall, if not turn the situation around. Take for example the recently launched Neighborhood Stabilization Program of the U.S. Department of Housing and Urban Development (HUD), a plan backed by Congress with a four billion dollar package to help low- and middle-income suburban neighborhoods to rebuild their communities at the local level. Or take the recent Anti-Sprawl Bill in California, a landmark piece of legislation ratified by Governor Arnold Schwarzenegger to lower greenhouse emissions through land use and regional planning, while promoting a densification of urban development along public transportation arteries. Or better yet, take President Barack Obama's Economic Stimulus Package aimed at countering deindustrialization and deregulation with state-sponsored programs to strengthen both local industries as well as communities—an initiative disclosing similarities to Franklin Delano Roosevelt's New Deal and coined by Time Magazine as "the new New Deal." (19) But such attempts to save suburbia at all costs come with a price tag. What is needed is a mind-boggling sum of capital, funds that will contribute to a further growth of national debt as indicated by the continuously rising numbers of the US debt clock, currently displaying an amount over 10 trillion dollars and still growing. The question is, who is ultimately going to bailout the government? Desperate to resolve the crisis and thus stave off panic, one frenzied attempt after another is consumed by even more frantic efforts to save a runaway system. What is interesting is that such measures amount to various forms of territorial fixes that work to discipline sprawl and thereby stabilize the prevailing political economy. Capitalism is naturalized in a financial ecology. Capital got us into this and the presumption is that only capital will get us out.

(19)

See cover of the November 24, 2008 issue of Time Magazine.

But would it not be wise to first ask where do we go in a post-crash world? If one could read the cards on the table, several possible trajectories would surface, but not all would be favorable. A more hopeful scenario would entail a radical overhaul of the financial architecture of the world predicated on a widespread redistribution of wealth that in turn would bolster social solidarity. Yet, this may be naive optimism at best. From the ashes of economic disaster most often emerge ever-clearer divides between the haves and have-nots. New underclasses are formed and coerced into obedience through dependency, elites consolidate power through brokered breakdowns and remedies, and the autocratic rule of money prevails—whether in the guise of fascism or that of neoconservative capitalism. Although suburbia was supposedly conceived as the caretaker of democracy for all, has it not rather become an instrument in the wheeling and dealings of a privatized democracy for the chosen few? Does this latter scenario not give weight to speculation concerning the deck of cards being