

WASTELAND SUBURBIA

The Sound of a Bubble Bursting A precarious wedding between politics and economy, played out on the very grounds of suburbia, contributed to the downfall of the entire global financial sector. Understood as nothing other than a catalyst to assert the virtues of a free-market economy as political dictum, suburbia was profitably deployed to reboot a slumping economy at the beginning of the millennium. The boom turned into a bubble, one bound to burst.



1 Open house for sale (Photo by Philippe Diederich, *The New York Times*, December 23, 2007)

*We are in the midst of a once in a century credit tsunami.*¹

Alan Greespan

Text: Marc Angéilil and Cary Siress

A recent photograph from *The New York Times* drives the point home: suburbia is for sale. Cast in a festive and cheerful ambiance, the image depicts a house in its Sunday best offered up on a platter to lure potential buyers.² 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 would need to fulfill the American 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. In the manner of a sales pitch for used cars, the lot is virtually given

away in a discount frenzy: the pool is for free, and if you buy the first floor, you get the second for nothing.

Suburbia on Wall Street

The scene is obviously 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 a fundamental right. As a matter of fact, this model has been a success story, for it has become a recipe replicated across the planet. It has incidentally given rise to a generic form of urbanism centered on homeownership, one written into zoning regulations. The dream of having a house of your own stabilizes entire communities, cities, if not nations, by tying people to places. Silver lining aside, this dream has another side: it is capital at work marrying urban planning to real estate. And we are talking business 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 macro-forces play out on the most minute scale of the home and owner.

But with no buyers in sight, the dream has turned into a nightmare. What was considered to be a pioneering move by credit institutions proved to be ill fated. The infamous adjustable-rate mortgages (ARMS) offering bargain loans that seemed too good to be true allowed buyers to purchase homes essentially without capital, without the down payment required to secure the deal. Two factors were pitted against each other. First, interest rates on loans were set by contract to increase annually. 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.³ 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. Suburbia is on Wall Street.

Utopia in the real sense of "no place"

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 urban landscape left behind is one scarred by the wreckage of speculative excess and the 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 municipalities, for example, to rely on outsourced landscape contractors to cut overgrown lawns and tend neglected gardens, all in the effort to uphold an image of normality. This measure, however, is nothing but a foil to fend off looting and vandalism which have become commonplace neighborhood activities. Here again public funds must be diverted to hire private security firms 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."⁴



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2—4 Halted construction in Chandler, Arizona (Photo by John Collins Rudolf, 2009)

¹ Alan Greenspan, former Chairman of the United States Federal Reserve Board; quote from introductory statement to the House Oversight and Government Committee; the hearing took place in Washington DC on the 23rd of October 2008.

² Peter S. Goodman, "This Is the Sound of a Bubble Bursting", *The New York Times*, December 23, 2007, p. 6. Photograph by Philippe Diederich showing a house in the suburb of Cape Coral, Florida.

³ 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, p. 62.

⁴ Op. cit., *The New York Times*, p. 6.