

X

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PROPERTIES

English
edition



11

berliner hefte
und zu geschichte
gegenwart der stadt



... something significant has changed
in the way capitalism has been working
since about 1970. (David Harvey, 1989)

Joerg Franzbecker,
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WHAT IS FINANCIALIZATION TO US?

JOERG FRANZBECKER
NAOMI HENNIG

In the last days of December 2019, rumors began circulating about the commercial building at Oranienstraße 25 having a new owner. Within a few days, a letter from the property management office confirmed that Berggruen Holding, whose corporate practices had already strained tenants and local residents, sold the building to a so-called Victoria Immo Properties V S.à.r.l. based in Luxembourg. It came as little surprise that the company was registered in another country because the idea of a real-life, local landlord had long since become obsolete. However, the new owner of the building was no conventional real estate company. Instead, it was part of a centrally managed corporation in which each party owned real estate while the actual owners remained undisclosed. From the onset, the research pointed to a

so-called real estate Spezialfonds¹ limited to a term of ten years.

For a considerable time now, we have all been—permanently and without consent—confronted with various actors and products from the financial sector, as residents, tenants, persons saving for retirement, those with inheritances, the precarious, the destitute, workers, employees, freelancers, and media and other consumers living in the city. However, in many cases, we only have a vague understanding of their logic and dynamics, redistribution mechanisms, and the political framework that gives substance to so-called financialization.

Prompted by the sale of Oranienstraße 25, our nGbK project group *X Properties* began its quest to understand the distortions and contexts of this financialization—without, however, the pretense of providing concrete answers. Even now, we can only formulate questions better; we can only focus on the livable city for all as a goal and remain vague on the stages of its transformation. For now, we pursue the specific question of ownership in the urban landscape; we continue to deal with hegemonic and common infrastructures; we ask how the increasing financialization of life, work, and everyday existence affects our (understandings of) bodies, relationships, and movements.

1 Spezialfonds can be understood as a German construct and a type of investment fund not designed for a public capital market, but intended for special institutional investors or investment groups, with fixed investment terms. They are neither equity funds nor invested with specific financial objectives.

2 Literally: Rent madness. Common phrase used by the rent rights movement. Andrej Holm used the term as the title of his publication *Mietenwahnsinn - Warum Wohnen immer teurer wird und wer davon profitiert* (Munich, 2014). Later the term emerged as the name of a German action coalition in 2019 that has participated in the international Housing Action Day since 2021.

In doing so, we align ourselves with numerous other tenants' and neighborhood initiatives that have dealt with the concrete and structural upgrading of urban spaces and the displacement of lively local neighborhoods in recent years and decades. Ever since the tenants around Kottbusser Tor joined in 2011 to form Kotti & Co and became experts on housing issues, we realized the impact that both research into the so-called *Mietenwahnsinn*², conducted by civil society, and broad protest movements can have. Moreover, with the onset of the referendum on the public incorporation of large housing companies—Deutsche

Wohnen & Co enteignen³—a completely new, broad-based discursive, political, and juridical dimension was developed.

As residents, business owners, and users, the question arises why we are concerned with notions of rent-controlled housing, the financial market, and investment funds—rather than focusing our already finite resources on the survival, connection, and sharing within inclusive and diverse communities. In other words, why don't we directly nurture a communal, livable city for all without the detour of wanting to understand financialization?

Through various experiences, we realized that there is a dire lack of knowledge about financialization, especially among political decision makers—that is, among those who enable its free development structurally and promote it politically. As will subsequently become apparent, those of us who strive for a common city are not only affected by its financialization, but are also co-opted by it, maintaining it through our actions. That is why we must first understand it to overcome it.

WHAT HAS HAPPENED SO FAR

From many others, we learned that the financial sector primarily accumulates its profit through trade in financial products and speculative transactions in the financial market rather than through trade or the production of commodities. The term *financialization* refers to the increasing importance and interaction of financial motives, financial markets, financial actors, and financial institutions in national and international economies.⁴ It is all about—irrespective of the commodity invested in, and betting on the rise or fall of its value over time—the return on investment, i.e. the effective interest rate of the revenue measured in percentage points. In the psychotic world of competition, the percentage increase in revenue is perhaps even more important than the real increase in value.

³ darumentaignen.de/en/.

⁴ Cf. Greta R. Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (Cambridge, 2011), 27-57.

Furthermore, we learned that it was first through the liberalization and deregulation of the financial market that financial players could engage in a global

network. This state of affairs, which today is well-known as neoliberalism, began to emerge at the end of the 1930s, when the economist Louis Rougier invited a group of economists to Paris to discuss Walter Lippmann's theories on collectivism and a planned economy.⁵ As a departure from this, the state-supported mechanism of market value was to become the driving economic force. Later, Friedrich von Hayek and the Mont Pèlerin Society elaborated on these notions. It took forty years for this school of thought, which long wallowed in the drawers of wayward ideas, to fully gain momentum, and fixed exchange rates were abandoned in monetary policy with the collapse of the Bretton Woods Agreement in 1973. In the face of a broader accumulation crisis, the governments of the United States and United Kingdom, headed by Ronald Reagan and Margaret Thatcher, respectively, began privatizing state-owned assets, breaking the organizing power of wage workers, and deregulating the economy, especially the financial economy.

With network-based technological development, financial trading accelerated with virtually no limits to its uncontrolled expansion. Global infrastructures, trading centers, deregulation, and new legal frameworks facilitate international investments in countless jurisdictions—worldwide and at high speed. Moreover, sovereign wealth funds and central banks are pumping additional liquidity into the financial sector, decisively contributing to the transformation of the financial economy. Once serving the real economy of production by providing credit, finance became the driving force of a globally operating economy. We will continue to see that the so-called free market depends, and can count on political support from states. Painful at best, it demonstrates that the prevailing political order is obviously not interested in sustainable development and promoting a common welfare.

David Graeber and also Joseph Vogl emphasize the role of financial capital and credit systems, whose social and economic function was already established before the era of industrial capitalism based on manufacturing.⁶ Markets for exchange,

⁵ Cf. Walter Lippmann, *The Good Society* (New York, 1937).

⁶ Cf. David Graeber, *Debt: The First 5,000 Years*, updated and expanded edition (Brooklyn, NY, 2014); Joseph Vogl, *The Ascendancy of Finance* (Oxford, 2017).

securitization, and speculative bubbles already existed in the pre-capitalist Middle Ages. As early as the fifteenth century, powerful trading dynasties like the House of Fugger profited from what is now known as arbitrage trading, a practice that continues to be central to the business of financial institutions and securities traders. It takes advantage of local or temporal price differentials to create value—an income source that historically preceded that of exploiting wage and factory labor. The earliest joint-stock companies, the Dutch East India Company and the British East India Company, were seventeenth-century global colonial trading enterprises. Their massive equipment and facilities were only made possible by investments of wealthy merchant houses, who shared risks and profits proportionately.

As a form of credit and financial instruments, the functions of accumulated trading capital have historically been liquidity, temporal and spatial elasticity, and so-called *leverage*. Those who have greater financial resources at their disposal have the power to afford larger projects: equipping fleets, establishing colonies, building skyscrapers, or similar ventures. The burden of debt outweighs the promise of speculative returns. Those who do not have access to credit do not become (colonial) entrepreneurs—at least not on a grand scale. Little has changed in this respect since the fourteenth century when the Spanish crown raided the New World, funded by the financial conglomerates in Augsburg, Genoa, and Seville.

Therefore, a hierarchy between “true” productive capital and “fictitious” financial capital—the latter as a parasite of the productive sector—seems neither historically nor currently accurate. However, the transition between these two forms and the peculiar “liquefaction” that increasingly accompanies financialization would need to be investigated, a process whereby things and (exchange) activities are first commodified and, in the next step, made to resemble financial capital. A key to understanding this structural change lies in the analysis of urban development policies and public budgeting.

A historic moment, which may be considered the Big Bang of public sector financialization, was in 1975 when New

York City, threatened by impending bankruptcy, sold off its own debt.⁷ Because investors initially expressed little interest in the municipal bonds, local unions were coerced into repurposing their members' pension funds to buy up the municipal bonds. The feat was accomplished and the imminent threat of bankruptcy averted. The banks, to whom the city was already heavily indebted, rejoiced. No default and no burst credit bubble. However, the debts were merely secured by new debts. Only this time, the indebted party was different: the workers, employees, and citizens of New York City.⁸

Subsequently, this model was multiplied globally. Fiscal crises prompt the privatization of municipal property and further deregulation of the financial sector. This is how those states, local governments, and public treasuries that transferred their debt, public services, infrastructures, or citizens' savings to the global financial market became hostages of its volatility.

In Germany, the liberalization of the housing market was made possible by abolishing the *Wohnungsgemeinnützigkeitsgesetz*⁹ of 1990. Intense debate about reinstating non-profit public housing has again emerged, and it was endorsed by the coalition agreement between the newly elected parties of the German federal government in 2021. This shows that even those politicians explicitly hostile to the needs of tenants have become aware of the disaster of displacement. The study *Neue Wohnungsgemeinnützigkeit*, published in 2017 by Andrej Holm, Sabine Horlitz, and Inga Jensen, lays out a foundation for how this non-profit status of public housing may be revised.

The expansion and differentiation of the financial market were further made possible by the four-step revision of the Financial Market Promotion Act from 1990 to 2002, which would also include the financialization of the real estate market, especially since the financial crisis of 2007–08.

At the same time, the state of Berlin sold off municipal

7 Cf. Jeff Nussbaum, *The Night New York Saved Itself from Bankruptcy*, *The New Yorker*, October 16, 2015.

8 See also the text by Louis Moreno in this volume.

9 Literally: Non-Profit Housing Act.

real estate assets on a grand scale. The revenues (meager, from today's perspective) were primarily used to compensate for budget deficits in the wake of the so-called Berlin Bank Scandal in 2001. For

well-financed investment funds and emerging real estate groups, the tranches offered by the Berlin Senate in the form of thousands of apartments, in some cases entire residential areas, opened the floodgates of the city.

In the meantime, the great surge of privatization has come to a halt. Those bundled properties and real estate packages comprising of hundreds or thousands of housing units, and favored by large investment funds, have become rare. Financial actors are left to seek more complex strategies of value-adding, with the aim of generating profits along the entire chain of residential services. Increasingly, large real estate companies diversify “vertically,” by providing centralized management or janitorial services to residential units through affiliate subsidiary companies.

GENDERED EQUITY

Once again, I’m standing in the wrong line at the checkout in a branch of the Rossmann drugstore chain. As my gaze aimlessly wanders, it catches sight of the magazine shelf. Next to *My Style*, *Brigitte*, and *Meine Familie und Ich*, something new peeks out: *Finanzielle: von emotion*.¹⁰ On the cover, a bleached-blond model promises investment tips. Yes! I grab this new exotic hybrid of a women’s financial magazine, pay for my remaining, mostly unnecessary and plastic-waste-producing drugstore items, and hurry home for my investment studies. At first glance, it becomes clear that most articles aim to introduce the interested potential *investress* to so-called ETFs (exchange traded funds) and other investment instruments. These are primarily for people with relatively low stakes and an even lower affinity to risk. So, nothing for speculatresses. Right?

Saving 2.0 is presumably the motto. Smarter—and more fashionable—saving. Not like Grandma with her old stockings or Mom with the zero-interest savings account, where foul

10 Literally: Feminine finance: by emotion.

11 A German state-supported private pension fund, named after Walter Riester, who as German federal minister of labor and social affairs fostered the promotion of individual pension plans.

inflation slowly but steadily eats away the hard-earned savings. At the same time, it’s not about a “real” retirement pension, such as buying real estate or the so-called Riester¹¹ pension, but more about small savings, starting at 50 or 100 € per month.

This form of saving can easily be scaled up once a certain level of financial literacy is reached. When they have us hooked “because money is fun.” When our fingers start tingling as soon as we read about *impact investment*, Ethereum, NFTs, and guaranteed dividends.

Finanzielle introduces the next sphere of this world of opportunity: successful women who made a career in or through the financial sector. Motto: Invest in yourself—the universal paradigm for the construction of subjects in neo-liberalism.

MAKE SENSE, BE PROFITABLE!

But also, on the surfaces of urban space, on walls, displays, and billboards, we are constantly being seduced. Increasingly, fin-tech services use public façades and billboards in subway stations to suggest to us: this is a huge consumer thing! As big as lace underwear or astral bodies in sportswear. This is so great that it even suits the grimy façade behind Berlin’s S-Train ring.

Digital asset managers or financial service providers, such as Scalable, so-called robo-advisors, or *neo brokers*, are platforms for trading and managing assets of cryptocurrencies, derivatives, funds, ETFs, and stocks. Even at Berlin’s subway station Kottbusser Tor, “ethical investing” is prominently advertised. It’s not (just) whether you look like the bleached-blond model; it’s about how you manage your portfolio. The financial economy can even tap into your meager, precarious spare cash. You make it available to the financial market for someone else to borrow, in order to mine rare metals, build e-cars, and fight wars.

We could also consider these new accessible opportunities for capital investment as a form of democratization. The return of the financial capitalist as a departure from and upward mobility of low-paid wage labor. Accordingly, we would all be invited to participate in rentier capitalism. However, this invitation is, at the very least, double-edged. Sociologist Michel Feher argues that wherever

there are investments, there are always “investees.”¹² In other words, those in whom

¹² Cf. Michel Feher, *Rated Agency: Investee Politics in a Speculative Age* (New York, 2018).

investments are made. And they are not free to make their own decisions.

For example, I become an investee at the moment I sign a student loan agreement with a specialized financial company because I have no other means of enrolling in a university. The amount of my loan reimbursement is inextricably coupled with my future income. Those who invest in these funds do so with a speculative vision and a belief in the high-income careers of their student borrowers. Hard to imagine what the prospects for securing funding are for, say, a degree in art or philosophy.

In Germany, private creditworthiness—a substantial aspect of my economic identity—is certified by the credit rating institution Schufa, which, for example, is an essential requirement for renting an apartment. Schufa is not even a government agency but a joint-stock company whose shares are predominantly held by commercial and savings banks. Schufa, therefore, is a kind of rating agency on whose judgment we are continually dependent in our everyday activities. And anyone with a poor rating, i.e. no creditworthiness, is doomed. This is true for citizens and cities as well as states in crisis.

Financialization and the associated debt economy are governing instruments that enforce behavior and create dependencies that conform with economic and social systems. Both are based on the fragmentation and abstraction of property and ownership titles, breaching into widening spheres of the corporeal and the social. Financial capitalism is a system of domination that further divides our bodies by appropriating spaces of the social.

13 The term responsabilization refers to political strategies whereby subjects are rendered individually accountable for a task, which previously would have been the duty of a state agency.

14 Cf. Susanne Heeg, *Wohnungen als Finanzanlage. Auswirkungen von Responsibilisierung und Finanzialisierung im Bereich des Wohnens*, *subl urban. zeitschrift für kritische stadtforschung* 1, no. 1 (2013): 75-99.

(IR)RESPONSIBILIZATION

A frequently conjured example of that which is considered responsabilization¹³ is the financialized retirement pension.¹⁴ My (hypothetical) financial advisor recommends that I invest in a private pension plan; thus, I endow a financial company of my choice with my modest funds for investing in the financial market. Effectively

I become—(hypothetically) brokered through my pension plan—an investor. I take personal responsibility. And I am not alone: in the face of deteriorating state pension systems, this is happening to millions worldwide. Through constant injections of savings assets, these institutional providers, pension funds, and insurance companies have mushroomed to such proportions that there is talk of a “wall of money.”¹⁵ This fictitious monetary tsunami is also a product of suggestive power in neoliberalism: take responsibility for your own social security and retirement provision instead of relying on the shrinking welfare state, which will steer you into old-age poverty. Invest in yourself. And if you’re too fat or sick, you’ve missed out or done something wrong and will have to pay extra for medical expenses. Under this irresponsible doctrine, which goes hand in hand with dismantling collectively organized social welfare, it is no longer the community, but solely the individual that takes responsibility for his or her social security.

IT’S COMPLICATED

Powered by algorithms and flanked by seemingly out-of-control laws or their loopholes, financialization is too powerful, diverse, fluid, and for us, lacking transparency, to be left abstract. For Manuel Aalbers, financialization is a “vague and chaotic concept,”¹⁶ a multilayered transformation of the economy and of consumption, difficult to summarize. Louis Moreno talks about the siphoning off of value created by human capital. At the same time, the increasingly flexible labor required to do so perpetually spawns new urban infrastructures such as co-working spaces or *urban labs*.

The financialization of everyday life and the commodification of subjects are made possible by the proliferation of seductive digital portals. These offer new infrastructures for shaping personal lifestyles, self-images, and investment biographies. Beyond mere consumerism and with our manifold actions and needs, we ourselves are steadily co-opted to become co-producers of financialization.

¹⁵ Cf. Manuel B. Aalbers, *The Variegated Financialization of Housing*, in *International Journal of Urban and Regional Research* 41, no. 4 (2017): 542–554.

¹⁶ Cf. Manuel B. Aalbers, *Financialization*, in *International Encyclopedia of Geography: People, the Earth, Environment, and Technology*, eds. Douglas Richardson, Noel Castree, Michael F. Goodchild, Audrey Kobayashi, and Richard Marston (Oxford, 2019).

Indeed, it is presumptuous to assume “we” as a homogeneous form of subjectivation—there never was and never will be. Also, standing between you and me and financialized subsumption, there are still a few important things like community, resistance, and collectivity. Is that not so?

THEY ARE EVERYWHERE

The financial sphere and its accomplices not only determine the production of the city but also shape the production of the self and its future.

Sociologist and dancer Randy Martin describes how financialization became a significant and troubling factor in political and cultural life from a US perspective;¹⁷ Wendy Brown analyzes the soft power of post-neoliberal governmentality, its discourses, narratives, and self-images, as it gives value to human capital.¹⁸ Thus, in pursuing agency and responsibility in a financialized world, we should reactivate an expanded understanding of our urban bodies in their flesh and living form. According to Ross Exo Adams, this animates a future world brimming with love, intimacy, agency, and consequence, through which we may aspire to a new, somatic horizon of our coming political resistance. However, even for Ross Exo Adams this remains a mere glimmer. Referencing Ildefons Cerdà, the nineteenth-century Catalan urban planner, he considers *urbanización* and the associated platform urbanism as a perpetual grip on the body. It is an “expansive site of extraction” and “a vessel that directly transforms its physical, psychological, biological, and ecological relations to space and time into capital.”¹⁹ Thus, in 2017

Ross Exo Adams had already spoken out against a resilient urbanism in which “the blurring of bodies, natures, and infrastructures reveals a power-in-space built not on standards, norms, or the rule of law, but as a means to engage crisis as its ‘reality.’”²⁰ It is a crisis that feeds on the flexible, growing, and constantly reinventing social matrix of the urban. The financialization of the city, in the form of fictitious capital,

17 Cf. Randy Martin, *Financialization of Daily Life* (Philadelphia, 2002).

18 Cf. Wendy Brown, *Undoing the Demos: Neoliberalism’s Stealth Revolution* (New York, 2015).

19 Ross Exo Adams, *On Breath*, in *Platform Urbanism and Its Discontents*, eds. Peter Mörtenböck and Helge Mooshammer (Rotterdam, 2021), 187.

20 Ross Exo Adams, *Becoming-Infrastructural*, e-flux Architecture, October 2017.

appropriates the potential of this social growth and shapes it in the image of itself. Hardly optimistic, Ross Exo Adams concludes: “This [urban] body, made visible in its eco-cybernetic urbanization, is no longer a *site* of infrastructural control, but infrastructure itself—a shift which profoundly inscribes crisis into the experience of everyday life. In this space, the modern urgency to accelerate toward a universal, predestined future gives way to a static anxiety of an endless and totalizing present in which ‘stewardship’ substitutes for political agency.”²¹

IN DESPAIR

Financialization is the new absurd formula of capital, a spirit summoned by industrial capitalism and its political apparatus to battle sales crisis and resource depletion. It is the attempt of a system, inherently designed for growth, to transform and repair itself, to bring ever new material and immaterial goods of exchange to the market. It is the new growth phase of a service and extraction economy embarking on a mission: toward the new frontier of our cognitive, social, and global resources and their social manifestation in urban space.

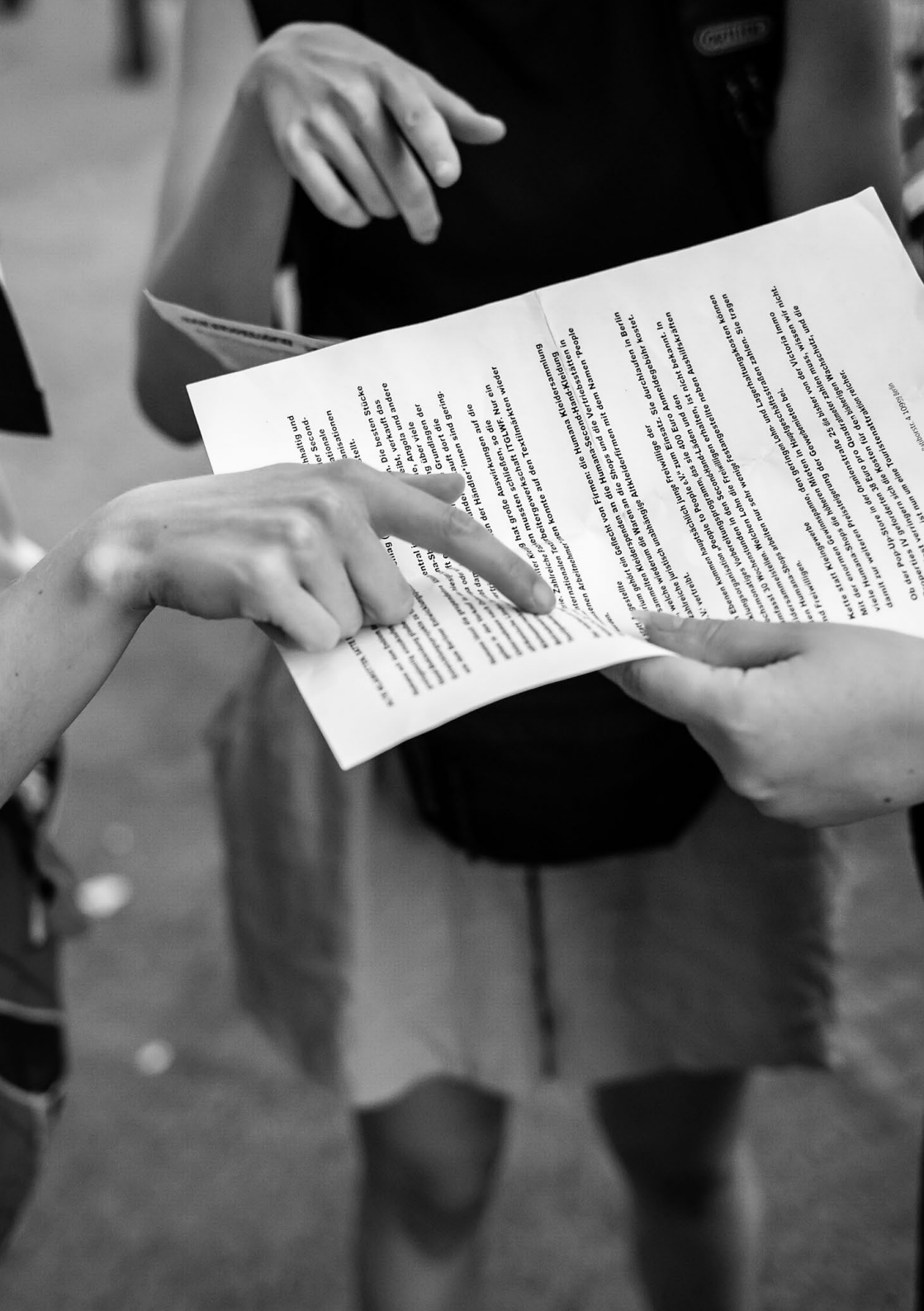
Financialization seems to be a freewheeling, restless, increasingly dehumanized machine. A system in which everyone competes with each other, maximizing oneself while setting back the other. An endless struggle, profoundly anti-social and destructive, in which at some point, we are forced to siphon off the last remaining scraps from others, spiraling downward in pursuit of our own survival.

With *X Properties* we engage with the effects of financialization on living and housing, and the urban transformations of daily life. We search for approaches to examine these changes in terms of their causes and for opportunities of self-determined social and economic alternatives.

21 Ibid.







On der 19. April 2014 wurde die Kommission für die Untersuchung der Ereignisse im Zusammenhang mit der Humanitarisierung des Konflikts in der Demokratischen Republik Kongo (DRC) im Rahmen der Mission der Vereinten Nationen in der Demokratischen Republik Kongo (MONUSCO) eingerichtet. Die Kommission wurde von der Generalversammlung der Vereinten Nationen am 19. April 2014 gebildet und hat ihren Sitz in New York. Die Kommission besteht aus fünf Mitgliedern, die von der Generalversammlung ernannt wurden. Die Kommission hat die Aufgabe, die Ursachen und Verantwortlichkeiten für die Ereignisse im Zusammenhang mit der Humanitarisierung des Konflikts in der Demokratischen Republik Kongo zu untersuchen und Empfehlungen zu erheben. Die Kommission hat ihre Arbeit am 19. April 2014 begonnen und hat bis zum 19. April 2014 mehrere Sitzungen abgehalten. Die Kommission hat in diesem Zusammenhang mehrere Berichte veröffentlicht, die die Ergebnisse ihrer Untersuchungen enthalten. Die Kommission hat auch eine Reihe von Empfehlungen erlassen, die darauf abzielen, die Ursachen und Verantwortlichkeiten für die Ereignisse im Zusammenhang mit der Humanitarisierung des Konflikts in der Demokratischen Republik Kongo zu beseitigen und die Wiederherstellung der Humanität zu fördern. Die Kommission hat ihre Arbeit am 19. April 2014 abgeschlossen und hat ihren Bericht an die Generalversammlung der Vereinten Nationen überreicht.

und die Ergebnisse der Untersuchungen zu veröffentlichen. Die Kommission hat auch eine Reihe von Empfehlungen erlassen, die darauf abzielen, die Ursachen und Verantwortlichkeiten für die Ereignisse im Zusammenhang mit der Humanitarisierung des Konflikts in der Demokratischen Republik Kongo zu beseitigen und die Wiederherstellung der Humanität zu fördern.



STEGLITZER KREISEL

FLORIAN WÜST

Ü as in über, B like the sky. In the logo of ÜBerlin, the B tilts to the left—the vertical stroke of the letter is missing. A bird silhouette emerges, marking the lofty height of ÜBerlin, a real estate project of supposed superlatives in a prominent location: the high-rise tower of the Steglitzer Kreisel.¹ The striking building once housed the Steglitz District Office. In the near future, it will be occupied by 329 luxury condominiums “above the city’s rooftops,” a CG Group flyer from 2018 promises. However, the construction site is at a standstill, with the advertising boards on the scaffolding fading. Where construction cranes once circled in the sky above, the Steglitzer Kreisel is again making its rounds through the press—most recently in connection with the economic plight

¹ Literally: Steglitz roundabout. In this case it refers to an entire building complex, including a skyscraper, transportation hub, and commercial buildings.

and dubious business practices of the listed real estate conglomerate Adler Group, whose subsidiary Consus Real Estate, which gradually took over CG Group in 2017, holds ÜBerlin in its portfolio. Perhaps it is just a matter of time before this scandal-ridden building, towering gutted into the sky above southwest Berlin, is sold.

But first things first: the building complex of the Steglitzer Kreisel is a relic of West Berlin's transportation planning after 1945. In moving toward the car-friendly city, a section of the so-called West Tangent was built in the 1960s between the southern end of Schloßstraße and Schöneberger Kreuz. This radical incision into Steglitz's former village structure, partly destroyed during the war, led to a redesign of public spaces in the district's center. The extension of subway line 9—between the end of the freeway, the Rathaus Steglitz S-Bahn station, and the corner of Schloßstraße and Albrechtstraße—prompted a large traffic junction. At the same time, the southern end of Schloßstraße, a popular shopping street, was to be modernized. Since the Steglitz District administration had been searching for additional city hall space since the 1950s, the Senate decided to completely demolish the historic buildings in the area to make way for these ambitious new construction plans.

In 1967, the architect and building contractor Sigrid Kressmann-Zschach intervened in what had, in comparison, initially been modest plans. She took up the idea of a high-rise building and transformed it into the vision of a new city center “with a subway crossing, bus station, shopping streets, and skyscraper.”² Kressmann-Zschach succeeded in acquiring all on-site properties with Avalon GmbH & Co., a limited partnership entity she founded, and thus forced the Senate to cooperate. The groundbreaking ceremony for building the Steglitzer Kreisel took place on May 14, 1969, and was attended by the federal minister of transport, Georg Leber. The financing of the mega-project was secured through public subsidies: the Senate contributed more than DM 33 million for the transportation infrastructure, procured an interest-

² Staat und Spekulator, *Der Spiegel*, January 20, 1974.

free loan of almost the same amount, and, on top of that, assumed the full guarantee

for a loan of DM 40 million—a highly unusual occurrence in itself. While the search for commercial tenants proved nearly impossible, the Steglitz District Office signed a lease for ten floors of the twenty-seven-story high-rise in the fall of 1971. The Kreisel essentially became the site of the new town hall, without involving the district in its planning. “This results in the interesting novelty,” commented architectural historian Goerd Peschken, “that a city does not build its city hall, its administrative buildings ... mostly itself, but has them built by private individuals; with public money in order to then rent the buildings from these companies, i.e. to still pay interest to the private individuals for the public money spent.”³

It became evident that the Steglitzer Kreisel had been planned beyond the city’s real needs. Faced with skyrocketing expenditures—initially estimated at D-Mark 80 million, the construction costs soared to D-Mark 323 million in 1973—and with the failure of a further financial commitment by the Senate, Avalon filed for bankruptcy in April 1974. The Senate had to vouch for the building and was thus left with the ruin of a gigantic construction site. It was not until 1977 that the real estate company Becker & Kries became the new developer, under the condition that the Steglitz District Office agree to a long-term rental commitment for the entire tower. For its time, it was the tallest (and most expensive) city hall in Europe and opened in February 1980.

The Steglitzer Kreisel went down in history as an investment scandal accompanied by parliamentary committee inquiry, the resignation of the senator of finance, and the “fall of a career woman,”⁴ as the newspaper *Bild* put it. But this so-called West Berlin “swamp blossom” of the first degree can equally be understood as the failure of a public planning

culture guided by private interests. In other words: the privatization of public tasks, since at that point the neoliberal turn of capitalism had just begun. In his poignant *Bauwelt* article, Peschken explained that the economic viability of the Kreisel had not been adequately examined by public authorities. The intention of the Senate

3 Goerd Peschken, Abschied von der Idylle, *Bauwelt* 23 (1974): 859.

4 *Bild*, December 13, 1973, quoted in Harald Martenstein, *Die Waffen einer Frau: Wie eine Unternehmerin zur Symbolgestalt für den West-Berliner Subventionssumpf wurde*, in *Über Steglitz. Der Kreisel: Eine Hochhausgeschichte*, ed. Sabine Weißler (Berlin, 2012), 56.

was to stimulate economic momentum in the face of the crisis in Western industrial societies, “precisely because and where it does not exist.” The Senate should stop “playing Potemkin” by having “at least one high-rise built at every major intersection.”⁵ On the private side, the focus was on another engine, “not speculations on changes in the market, or on demand, but speculation on Berlin subsidies.”⁶

In an effort to attract investors to the front-line city, the federal government created a broad-based system of subsidies. None of the concessions were used as excessively as the special provisions for depreciating means of production, commercial and residential buildings. “Largely as a result of subsidies, Berlin’s construction volume, still at 1.5 billion D-Mark in 1960, ballooned to more than four billion D-Marks by 1970,” wrote *Der Spiegel* in May 1973.⁷ In the case of a limited commercial partnership, i.e. a GmbH & Co. KG such as Avalon, the invested equity capital could directly be offset against the tax liabilities of investors. According to Article 14 of the Berlin Subsidy Act (BerlinFG), the special depreciation of commercial buildings was valued at 75 percent, which meant that three-quarters of the “production costs” could be credited as a loss and attributed to the owners. Thereby, the loss allocation, in most cases, significantly exceeded the equity investment and thus helped in reducing the total taxable income in each case. Thanks to this mechanism, the tax write-off industry unabashedly advertised with slogans such as “Tax-saving oasis Berlin” or “Property at Zero Cost” in the golden years of Berlin subsidy.⁸ Following bankruptcies and scandals in write-off deals involving monstrous commercial buildings, private investors increasingly turned to social housing because affordable apartments—unlike commercial space—were in hot demand in West Berlin.⁹

5 Peschken, *Abschied von der Idylle*.

6 Harald Bodenschatz, *Steglitzer Kreisel: Sumpfbliüte des modernen Städtebaus, in Über Steglitz. Der Kreisel*, ed. Weißler, 8.

7 So exzessiv und schamlos, *Der Spiegel*, May 27, 1973.

8 Cf. Micha Ulsen and Susanne Claassen, *Das Abschreibungs-Dschungelbuch* (Berlin, 1982). Johannes and Cordula Ludwig are concealed behind the pseudonyms.

The prerequisite for this kind of tax saving was and is a fundamental principle of German tax law: profits are generated by losses. Such deficits due to write-offs do not represent real losses, “but so-called accounting losses, which (only) exist on

paper (more precisely, in accounting books) and have beneficial consequences—for those saving taxes—vis-à-vis the tax office. The Europa-Center not only became the first example, but also a model for all subsequent write-off projects after the Berlin Wall was built in 1961.”¹⁰ This principle only applies to high incomes and assets, i.e. it represents a redistribution from the bottom to the top. The injustice of the German tax system, which has been criticized time and again, is evident in tax privileges for real estate. By international standards, German wages and incomes are heavily taxed, whereas specu-

9 The lavish Berlin subsidy brought with it another problem: the higher the construction costs, the greater the advantage. The subsidy amounts, which were entirely based on cost estimates, fixed the construction costs as high as possible, thus driving the cost level inexorably upward. By the end of the 1980s, social housing in West Berlin cost twice as much per square meter as in other cities in West Germany (cf. Andrej Holm, (Un)sozialer Wohnungsbau. Schwerpunkt der Berliner Verdrängungsdynamik, in *Die Legende vom Sozialen Wohnungsbau*, Berliner Hefte zu Geschichte und Gegenwart der Stadt, Vol. 2, 3rd edition, eds. Ulrike Hamann and Sandy Kaltenborn (Berlin, 2021), 93). The artificially produced financial strain in subsidized housing construction had a delayed impact on the city’s public budgets and ultimately led to the Berlin banking scandal in 2001.

10 Johannes Ludwig, *Sonderabschreibungen und Steglitzer Kreisel*, in *Über Steglitz. Der Kreisel*, ed. Weißler, 45.

11 Cf. Stefan Bach and Sebastian Eichfelder, *Steuervorteile begünstigen Reiche*, *Süddeutsche Zeitung*, September 13, 2021.

12 The initials of the real estate company are those of the founder Christoph Gröner. He became known for his dispute with Florian Schmidt (building councilor of the Friedrichshain-Kreuzberg district) regarding the future use of the former Postcheckamt on Hallesches Ufer, which was to be developed by CG Group.

lative gains from the sale of real estate become tax-exempt after a maximum of ten years of ownership.¹¹

This illustrious history did not end when the district office moved into the 120-meter-high administrative tower at Steglitzer Kreisel. As provided in the lease agreement with Becker & Kries, the Steglitz District bought the high-rise in 1988. Soon after, asbestos was discovered and the building had to be vacated in November 2007. The subsequent vacancy lasted ten years—until, after several unsuccessful auctions, it was bought by CG Group¹² with the promise of public funding for asbestos removal. Previously, CG Group had already purchased the base building from Becker & Kries. The new owner marketed it as a conversion to a luxury residential tower called ÜBerlin, scheduled to be completed by the end of 2021. But CG Group was acquired by Consue Real Estate. That same year, 2020, it merged with ADO Properties and Adler Real Estate to form the Adler Group, registered in Luxembourg but based in Berlin—now one of the largest players in the German real estate market. The Adler Group first maximized the plans and requested that ÜBerlin buyers accept the

changes or withdraw from the contract. Most recently, ever new reasons were given as to why the construction site was not (visibly) proceeding.¹³

Regardless of who the winners or losers are, without becoming poor, the current episode of the Kreisel saga seems symptomatic of how financialized real estate companies deal with urban space. It is in the very nature of stock corporations to act in the interests of shareholders and their expectations of returns. A common strategy of aggressive price gouging is to value real estate on corporate balance sheets higher than the actual market value. The British short seller Fraser Perring, who played a major role in uncovering the criminal schemes of the German financial services provider Wirecard, accused the Adler Group of serious manipulations in the appraisal of projects in the fall of 2021. Then news of the next major accounting scandal hit the public in April 2022: the auditing company KPMG refused to certify the highly indebted Adler Group.¹⁴ “Today short sellers often do the job that the German financial supervisory authority Bafin, the public prosecutors’ offices, and other authorities are obviously not doing: they take a close look at the balance sheets of corporations and publish discrepancies. The fact that a billion-dollar corporation can operate like this for years in Germany without being investigated, that a short seller has to come along first to draw attention to it, that is scandalous,” says urban activist and author Christoph Twickel about the lack of political will to curb such practices and their social impact, in light of ever-rising land prices.¹⁵

¹³ Cf. Simon Wenzel, *Wie der Steglitzer Kreisel zum Symbol für den Tiefflug der Adler Group wird*, rbb24, May 20, 2022.

¹⁴ Cf. Michael Rasch, *Neuer Bilanzskandal erschüttert Deutschland: KPMG verweigert dem Immobilienkonzern Adler Group das Testat*, Neue Zürcher Zeitung, April 30, 2022.

¹⁵ Nicolai Hagedorn, “Nicht unter 20 Euro netto kalt.” *Wäre beinahe nicht in der ARD gelaufen: ein Gespräch mit Hauke Wendler und Christoph Twickel über ihren Recherchefilm “Immobilienpoker,”* nd, July 4, 2022.

The nontransparent entanglement of political, administrative, and real estate interests has a long tradition in Berlin. An ode to this is the skeleton of the Steglitzer Kreisel. Also concerning is the Karstadt project of the Austrian construction company Signa at Hermannplatz in Neukölln, which is supported by the Senate. Despite strong civil society demands for participation, the rubber stamping of this large-scale project comes

at the expense of a diverse neighborhood.¹⁶ Meanwhile, the NDR documentary *Immobilienpoker – Die dubiosen Geschäfte eines Wohnungskonzerns* (2022),¹⁷ filmed by Twickel together with Michael Richter about the Adler Group, reveals a new twist. Capital plays with the city as a resource: it is believed that authorized construction projects are being faked to resell derelict properties, such as the former Holsten brewery in Hamburg or the Grand Central site behind Düsseldorf's main train station, at a greater profit. Construction and renovation were yesterday, when today the value of land increases all on its own. Just as is appropriate for a worthy financial product.

16 Cf. Initiative Hermannplatz, Still: 6,000 Voices Against Signa!, Press Release No. 10, March 14, 2022, initiativehermannplatz.noblogs.org.

17 The film is available until June 27, 2023, in the ARD-Mediathek: ardmediathek.de.

PANDION/DWS AT KREUZBERG'S PRINZENSTRASSE

NAOMI HENNIG

My feet are standing on ground still untouched by exploitation, a plot of land that is the property of the district of Friedrichshain-Kreuzberg and is therefore, at least here and now, intended for the common good. Now, in April, the crisp grass is gradually budding and the trees are beginning to blossom. This place used to be a popular hangout for the office workers of the Moritzplatz area, with a restaurant serving vegetarian lunch and coffee, lined by outdoor shaded tables and chairs. When the self-organization of the garden changed, all forms of monetary exchange and consumerism were banned. More than before, the garden is now a place for neighborhood and activist groups, used by all kinds of people actively gardening and composting. Even promotion in the form of social capital was curbed. No social media. No “events.”

The Garden Moritzplatz (an inclusive neighborhood garden formerly called Prinzessinnengarten) recently got a new neighbor: a shiny, brand-new commercial building with floor-to-ceiling windows and a façade with a grid look. The new building, marketed as the Grid, now casts a shadow over the far end of the collectively organized garden.

Before, when there was no “Grid” but the ramshackle workshops, garages, and parking lots of the car rental company Robben & Wientjes, the contrast between garden and business did not seem like quite such an insurmountable Mariana Trench. After the properties on both sides of Prinzenstraße were sold, the successive change of ownership left a gaping abyss of valorization, making the aesthetic and political-economic incompatibility of these neighbors strikingly tangible and visible. In this case, the real estate developer Pandion played a significant role, purchasing the land from Robben & Wientjes in 2018 for an undisclosed price. With the help of the marketing agency Glut, the prime properties¹ in the up-and-coming Ritterstraße/Moritzplatz commercial area were rebranded by this new owner. Initially conceived as an “off-location” for temporary cultural use, the plots were branded with the names the Shelf and the Grid. Then the bulldozers and construction cranes barged in to demolish the buildings of the popular car rental company, which had been located there for nearly forty years, to be replaced with two new commercial courtyards. Now also, Prinzenstraße can look forward to two new, bulky perimeter block buildings, containing offices and conforming to a standardized global-urban architectural language.²

¹ According to its former owner, the plots were categorized as “Sondervermögen,” a specific form of commercial real estate ownership that is subject to high land transfer tax. Cf. Ralf Schönball, *Transporter-Verleiher “Robben & Wientjes”*: Raus aus der Innenstadt, *Tagesspiegel*, February 7, 2018.

² Read more about Pandion’s funding and interim cultural use in the newspaper *Eigentum & Alltag*, published in the framework of the nGbK project *In Dissent?*, 2019.

Pandion is an owner-operated enterprise and one of Germany’s largest real estate developers. It presents itself as a fast-growing company with the goal of developing entire neighborhoods, such as Berlin’s so-called Ostkreuz Campus, where two six-story buildings are planned to accommodate nearly 40,000 square meters of office space by 2024. Not far from Moritzplatz on the triangular site at Beuthstraße,

the real estate developer built the residential properties Pandion Cosmopolitan, Pandion First, and Pandion Wall 18 in 2017—in this case with a more classic-modern design, furnished to appeal to individual solvent owners. Thus, without attracting any particular public attention, an entire neighborhood of upscale new condominiums sprung up just south of Spittelmarkt, right amidst the tenants' city of Berlin.

In her dissertation, Laura Calbet i Elias³ classifies all the real estate projects developed on the strip along the former Berlin Wall in the so-called Luisenpark project: she describes both Pandion and the four other companies as “financialized developers” who, among other things, implement large construction projects with the help of alternative financing—in other words, private investment capital—which primarily function as assets, i.e. as liabilities for tradable securities. “The more valuable the property and projects are, the more capital can be raised through shares or investment funds.” Unlike primarily use-oriented developers such as municipal property developers, cooperatives or building groups, a high land price is not a hurdle to realization here, since the projects are intended for resale to investors with ample capital or to wealthy owner-occupiers, and so high investment costs are simply passed on. Moreover, the ownership of expensive land and significant projects in the construction phase—in developer speak, a “well-filled project pipeline”—serves as collateral for increased capitalization of the companies. Pandion is a good example of this. With banks now less generous in granting loans for real estate projects due to stricter regulations under the Basel III framework, major real estate developers are faced with a financing problem. Their equity is insufficient to keep all of their large-scale projects running simultaneously. The disadvantage of borrowed capital is that it grants the lenders certain voting rights and entails higher costs. In the case of so-called mezzanine capital—containing elements of equity and borrowed capital—these voting rights no longer apply. Thus, it is classified as equity capital, effectively enabling the company to raise higher bank loans and bonds. Meanwhile,

3 Laura Calbet i Elias, *Spekulative Stadtproduktion: Finanzialisierung des Wohnungsneubaus im innerstädtischen Berlin* (PhD diss., Technische Universität Berlin, 2017).

Pandion established another financing instrument: the company issues debentures and corporate bonds, listed on the Frankfurt Stock Exchange at an interest of around 5.5 percent per year.⁴

In the Corona year 2020, the company's consolidated net income increased from €41,936,000 to €63,739,000 (15.9 percent), primarily due to the sale of the Berlin commercial projects the Shelf and the Grid.⁵ According to Pandion's own statement, it invested approximately €150 million⁶ in both projects, making the same profit margin by selling off the Shelf⁷ alone, as well as approximately €129.5 million on the Grid. Expansive business activities, strategic positioning, and the great demand for land by these financialized real estate developers in Germany's top-ranked cities are among the root causes for elevated property prices in Cologne, Munich, and Berlin. In its residential and commercial real estate projects, Pandion openly promotes a strategy of "upgrading urban spaces" in its annual report, against which local urban political actors such as the NaGe-Network have taken a stance.⁸

Both of these new commercial courtyards are branded by their interim cultural use, the architectural vernacular, the modern workplace design, superficial greening activities on the buildings, and the exact number of bicycle parking spaces. These are crucial marketing factors mentioned in virtually every online article about the construction projects. The obligatory art- and green-washing is paying off excellently. The tenant mix of the commercial courtyards reflects the prevailing zeitgeist: the company Hello Fresh, offering fully prepared

meals, is newly headquartered in the Shelf, a large IT consulting company called Adesso in the Grid, together with Tesvolt, a battery developer. This tenant ensemble is completed by the restaurant chain Beets & Roots, offering predominantly vegetarian "bowls." Meanwhile facts that would be of far greater public interest—such as the overall carbon footprint of giant construction projects, the impact of economic gentrification on neighborhoods, the

4 Informational leaflet on Pandion bonds, pandion.de.

5 Cf. Pandion, Annual Report for 2020, Press Release, May 25, 2021.

6 Cf. Pandion, The Grid: Gewerbehof 2.0, March 2019, pandion.de.

7 Cf. Berlin: Pandion also sells "The Shelf" to DWS, April 28, 2020, thomas-daily.de.

8 Cf. Die Stadt-Abwickler, July 14, 2020, nage-netz.de. NaGe is a network of neighbors and businesses around the Oranienstraßenkiez.

displacement of low-income tenants resulting from rising residential and commercial rents, or even the details of property transactions and taxes paid on profits—unfortunately remain hidden. The transaction details of property sales since 2018 would be useful information to better understand the value created by construction, speculation, and land rent in this area. However, this information is not publicly available.

To address our topic of financialization, the crucial message is that both the Shelf and the Grid were acquired in 2020 by the asset management company DWS—of which Deutsche Bank is the majority shareholder. The Shelf went to a closed-end institutional DWS fund, while the Grid is now part of the portfolio of a DWS open-ended real estate mutual fund with the inventive name Grundbesitz Europa.⁹ The Grid thus joins a lineup of ninety-nine illustrious commercial properties in twelve countries as an asset:

“How about a park-view building with a landmark façade in the heart of London? Or a designer outlet in Italy? Or what do you say to a spectacular office building on the banks of the Elbe River in Hamburg? Why not invest in them all!”¹⁰

Launched in 1970, the fund’s mixed real estate portfolio offers a seemingly safe investment and is currently valued at a whopping €9 billion.¹¹ The best thing about it: for a starting price of currently €41.71, you can already invest! In such an open public fund, both large institutional as well as minor investors are able to place their money in the real estate sector in the medium term—of course, without all the annoying disadvantages of an actual real estate purchase. DWS does this in three fund categories: the so-called Grundbesitz Global RC, Grundbesitz Europa RC, and Fokus Deutschland RC. The latter was only launched in 2014 but has already swelled to the size of the Europe fund.

The bulwiengesa Property Market Index 2022 also makes it clear: neither constrained by pandemic nor war, the real estate sector in Germany is growing. The real estate sector for residential properties grew by 5.7 percent last year, while the commercial sector grew by 2.1 percent. Over the past ten years, the citywide average

⁹ Literally: Landownership Europe. Cf. DWS Group website, [dws.de](https://www.dws.de).

¹⁰ Advertising brochure of the DWS fund “Grundbesitz Europa.”

¹¹ Cf. [dws.de](https://www.dws.de).

cost of housing in Berlin rose from €1,950/sqm to €5,330/sqm for existing apartments and from €3,490/sqm to €8,360/sqm for new developments.¹² This is due, on the one hand, to the strong demand for residential and commercial space and, on the other, to the increasing shortage of vacant land in Berlin. Due to demand and steadily rising prices, capital investments in the real estate market have been among the most robust investments over the past ten years or so. These funds are especially attractive to institutional investors, such as insurance companies and pension funds, looking for long-term and stable investments. Due to decades of the European Central Bank's low-interest rate policy and, more recently, the increased rate of inflation, investment capital seeks "safe havens" where it can be "parked" risk-free or without losing value, while yielding a favorable rate of return through appreciation and rent income. This works particularly well with the collection of well-rented large properties as those in the DWS Grundbesitz Europa fund, spread across twelve EU countries, with the majority of properties located in the United Kingdom and Germany.

So, when I visit the garden at Moritzplatz, what looms between me and the sun is more than the sum of what I see in front of me. It is part of, let's call it, a spatial relationship of fragmented and newly assembled wealth from all over the world. Mainly, this wealth is from Germany, since DWS is, after all, a traditional German asset manager. A kind of constructed physical base, piled high with a mass of fictitious capital. It was shaped with the flavor of a service-minded, partly finance-based enterprise of the construction industry, aimed at reshaping neighborhoods and their identities with borrowed money. By and large, a world that is not mine in so many ways is emerging from the Kreuzberg ground. Nor does it belong to those tinkering around in the garden, composting, and saving bees or the world. I am quite certain that the latter is not happening in the new building next door, despite its boasting of e-bikes and green roofs. The abyss of the Mariana

Trench, dividing this plot of ground and the financialized urban production over there, has become damn deep.

¹² Cf. Guthmann Immobilien Makler, Berlin Immobilien Report 2022, August 13, 2022, guthmann.estate.

SYNDIKAT BLEIBT!

INTERVIEW WITH CHRISTIAN
(SYNDIKAT COLLECTIVE)
BY JOERG FRANZBECKER
AND NAOMI HENNIG

The Syndikat was a collectively run neighborhood bar on Weisestraße in Neukölln's Schillerkiez, which existed from 1985 to 2020. After the building was sold to a Luxembourgian shell company, the lease was not renewed. Despite overwhelming support from the neighborhood, the bar was evicted by an enormous police operation in August 2020 after months of fighting under the slogan "Syndikat bleibt!"¹ How the Syndikat was treated is only one of many examples that illustrate the displacement of numerous left-wing free spaces and cultural venues as well as small businesses in recent years: while Potse,² Meuterei,³ and Liebig³⁴⁴ are

1 Literally: Syndicate stays!

2 A self-organized youth center that has existed since 1979 and was evicted from its former premises in Berlin's Potsdamer Straße (Potse) in 2021.

3 A neighborhood bar in Berlin-Kreuzberg that was evicted in 2021 as well.

4 An anarcho-queerfeminist house project in Berlin-Friedrichshain which was evicted in 2020.

among the better-known cases, many others have quietly disappeared.

Naomi: Can you briefly retell the recent history of the building that housed the Syndikat?

Christian: In the last fifteen to twenty years, the owner changed three times: a private owner in Berlin sold the building to an investment group based in Amsterdam. The investment group in turn sold it to another Dutch company, which again sold it, together with all of its other Berlin assets, as a huge real estate package to Pears Global, for, I think, €300 or 400 million. That was around 2014.

Joerg: You tried to find the actual new owner of your building and thus fought against the obscurity of ownership. That's why the events around the Syndikat are important for us. Why were you interested in who is behind this company?

Christian: When the house was sold, the property management informed us, like other tenants, about the change of ownership. That's, first of all, nothing unusual for tenants in this city. About three years later, we received another letter: this time with the termination of our tenancy and an offer to extend the contract. Of course, we wanted to extend our contract and informed the property management accordingly. After some time, we were told that the owners did not want an extension of the contract. We then wanted to know why the offer was withdrawn. We had been in this place for over thirty-three years and wanted the bar to continue. For that, we had to talk to the owners. We directly wrote the owning company but never received a reply. The owner, Firman Properties S.à.r.l., is based in Luxembourg. Through an internet search, we found that countless companies reside at the registered address. Friends of ours who live near Luxembourg went there and photographed the mailboxes and company signs. In our case, and only at this address, I think there were seventy-six companies. We discovered that seventy-five other companies are bundled into one "parent company:" Park Properties

S.à.r.l. Later it turned out that all these companies have a connection to Berlin.

Joerg: There were seventy-six Luxembourg shell companies all registered at this address?

Christian: There were many more. However, we were only interested in the seventy-six companies that belonged to the corporate construct of Pears Global via Park Properties S.à.r.l. We started scouring the internet for cross-connections. Through a site that does background research on companies, we discovered that in most of the companies the same three people alternated in executive managerial positions or the like. In some of the companies, the name Pears Global also appeared at times. Three or four of the companies we carefully examined were logged in the Danish trade register. This was possible insofar as in Denmark the beneficiaries of a company have to be named in the commercial register. This is where we read the names of the three Pears brothers for the first time. From there we quickly found out that their family has been a notorious real estate speculator in Great Britain for decades with billions in assets. They also have a branch in Berlin at Kurfürstendamm 177. We wrote to the Berlin office, called, drove by. All to talk about a contract extension. But we were not spoken to or written to. By phone, they just hung up on us. Throughout our struggle, our lawyers, journalists, and politicians have tried to contact them. They simply didn't talk to anyone. We then made an appointment, went there, and were kicked out again. And then we said to ourselves: if the company won't talk to us, then we have to talk to the owners. We took a plane to London, hoping to be able to talk to them.

Joerg: What happened then?

Christian: (*laughs*) It didn't quite work out. We went to the address of their private offices first thing in the morning. Their foundation, which is also based there, promotes social places. It wants to create community spaces, supports research on anti-fascism and all that great stuff. They reside

in a former brewery, and we came to save our neighborhood bar. We went in and asked if we could speak to someone in charge. Of course, no one was responsible for anything. But they were completely irritated. They didn't know what to do at all. Apparently, they had never seen tenants before. They told us that we were at the wrong address and that we had to go to Luxembourg. We replied: No, we've already been to Luxembourg, there's nobody there. We've come to the right place. And then they simply expelled us from the premises, because they also own the whole street. With that we already caused some commotion. In the afternoon we met with London tenants' initiatives and activists to demonstrate in front of the administrative headquarters. We brought flyers and talked to many employees from the office building and passers-by. Many of the people sympathized with us because we traveled all the way from Berlin to London to save our pub. We were supported by the London Renters' Union. Once again, this shows that not only speculative capital organizes itself globally. We, too, can, indeed must, defend ourselves against the madness that is happening in our cities. Later the Renters' Union also protested in front of Pears Global during our eviction and organized a small action in front of the German embassy in London. We were in London just before Christmas. Before heading back, we therefore sent each of the three Pears brothers a small gift to their private addresses: a small package with various Syndikat merchandise, including a Syndikat bag and a nice card saying that we wished them a Merry Christmas, but that they should only shop for things that fit into this bag, not whole districts. And that we would still be interested in talking to them about a new contract.

Naomi: And you never received an official reply from them?

Christian: No. They haven't even admitted to being the owners of anything. Up until today, they haven't. They refuse any form of communication. We researched further and started publishing parts of it. At that point they took their German website offline—another indication that we were on the right track. We published all seventy-six company names and called

on tenants from these companies to get in touch with us. At that time, the petition to expropriate Deutsche Wohnen & Co had just been launched. Within a short time, we were able to prove that they own at least three thousand flats—the figure set by the referendum initiative as a benchmark for expropriation. Our findings were subsequently taken up and verified in the research *Wem gehört die Stadt?*⁵ initiated by the German newspaper *Tagesspiegel* and Correctiv,⁶ which revealed the lack of transparency in the business practices of Pears Global. Through this research, we learned that at least three other houses in the Schillerkiez belonged to the empire.

Joerg: How did you reach the tenants of Pears Global?

Christian: We first published the call on our blog. Various editorial offices and the HAU⁷ picked up on it. As part of a series on urban politics, they created A1 posters with the names of the seventy-six shell companies and our email address, and put them up everywhere in the city. The feedback was immense. From the responses and further research, it became clear that each of these companies only own four or five houses which are spread across the city. We assumed they wanted to prevent tenants from getting to know each other and joining forces.

Joerg: Interesting strategy....

Christian: And the fun continued. We saw how the individual shell companies were connected with each other. For example, Firman Properties S.à.r.l. owns four houses in Berlin. Firman Properties, in turn, belongs to one of the other seventy-six shell companies. This shell company then also owns further Properties S.à.r.l.s., but no longer real houses. One shell belongs to the next and so on. Ultimately, they all share the

5 Literally: Who Owns the City?

6 A non-profit investigative journalism network in Germany.

7 Hebbel am Ufer: a theater and international performance center in Berlin.

same real little mailbox in Luxembourg. So not all of the companies are active as landlords or owners. Some are just intermediaries, apparently to give loans to the other companies in the network at interest rates

that are off the market. For example, rates of 30 or 40 percent are assessed for a loan in order to write a tax-free minus with the high interest burden. In the process, one simply borrows the money from oneself. The bottom line is that this is a huge money-laundering and tax-evasion scheme. Unfortunately, the whole madness is legal.

Naomi: How could you understand the information you gathered? Presumably, none of you is an economist by profession?

Christian: No, of course not. But we did have a bit of capitalist know-how (*laughs*). After all, we ran a bar business for a long time and did so economically. We know how earnings and expenditure are related and how that affects the tax rate. We further know how debts change the tax burden and so on. But I never imagined that this approach would be legal and that it would be sufficient to justify it to a tax office.

Naomi: Did you receive help from experts?

Christian: Christoph Trautvetter from Netzwerk Steuergerechtigkeit⁸ and the people from the investigative platform Correctiv, who have better research tools and expertise, explained the context to us and contributed additional material. It is difficult to get information from the land registry, even the information that concerns you as a tenant.

Joerg: Did you try that?

Christian: Yes. We had good experiences with the Neukölln land registry. Netzwerk Steuergerechtigkeit and Correctiv were able to inspect the land registers in all Berlin land registry offices. That's how they found out about the entanglements of Pears Global.

⁸ Literally: Network for Tax Justice. A German non-profit network which is part of the Global Alliance for Tax Justice.

(*A neighbor walks by.*)

Neighbor: Hey, good to see you.

Christian: Likewise.

Neighbor: I'll be right back. But everything all right?

Christian: Yes.

Neighbor: Isn't there a new bar?

Christian: No, still not.

Neighbor: You also heard about the Lange Nacht.⁹

Christian: Yes, three eight cold?

Neighbor: Well, tell me, they have a screw loose.

Christian: (*laughs*) Yeah, they're crazy.

Joerg: A rent increase?

Christian: Well, the Lange Nacht had its last night at Christmas. They moved out because the rent is now up to 3.8 cold.

Neighbor: Yes, and if you don't get it, that's fine too. Then you write it off from your taxes. It's unbelievable.

Christian: That's insane.

Neighbor: Rome is somewhere else, isn't it?!

Christian: Rome is somewhere else, that's right.

Neighbor: Bye.

Christian: Have a nice day.

9 A bar in the Schillerkiez.

Naomi: Rome is really somewhere else. That's really the key word. It's not about the

individual house or your relationship with your landlord. It's about the law.

Christian: I have a little hope that the CDU¹⁰ and FDP¹¹ will now realize how difficult it is to track down the assets of Russian oligarchs due to the lack of transparency. Even in Luxembourg, the real beneficiaries are now listed in the commercial register. Germany is, in this respect, one of the last countries to do so. This is not surprising. Here you can still buy houses with cash. How are you supposed to know who owns it? I think it is necessary to make visible that the city by and large no longer belongs to some private owners with one or two houses, but that there are shadow companies at work. I deliberately say shadow, because they try to hide. And it's unclear where the money comes from.

Naomi: I was also at that protest, when you had to hand over the keys of the bar. Even though there is always a sizable police presence in Weisestraße, I never experienced anything like your eviction. I was shocked that the power of the state can be mobilized this way to protect, quote-unquote, private property, and to enforce their tax-saving models.

Christian: First of all, we didn't hand over our keys. We didn't want to be part of that humiliation! The locks to the bar had to be broken open. But we were also completely surprised and shocked by the sheer size and mass that was brought in. All through the night it was light as day here. At times, there were two helicopters in the sky. All of this was not foreseeable at all. However, it did increase the anger and frustration among people here in the neighborhood, and that is still the case. Many people up to this day are shocked by that police action, in such a way that when they see police in Weisestraße, their pulse goes up immediately. The state spent millions to clear out a bar for a dubious investor. We know that Firman Properties S.à.r.l. paid a total of €535 in taxes in Luxembourg in 2018

¹⁰ Christian Democratic Union of Germany.

¹¹ Free Democratic Party.

on a revenue of €1.3 million, generated by the five houses in Berlin. We, as a small bar, paid considerably more per month. So we

kind of paid for our own eviction. While a company like Pears Global, which doesn't pay any taxes, doesn't have any social responsibilities, that completely exploits the system, gets the eviction as a gift from the Senate.

Naomi: Do you know how much the entire operation cost?

Christian: Unfortunately, it's not possible to find out exactly. An inquiry into the Berlin City Parliament revealed that 2,274 police officers with over 120,000 man hours were on duty. So it was probably around a six-digit figure. And in the end, for nothing, because the place was barricaded and has been empty for the past two years.

Naomi: It's about enforcing the principle of property ownership.

Christian: The most valuable asset in our democracy. If everyone could take an apartment at once and property would no longer be protected, there would be anarchy and chaos here (*laughs*).

Naomi: Did the interior senator and the police want to deter further protest by setting a kind of precedent? You were, and are, not the only ones fighting for your spaces.

Christian: I think so. We were the first of several evictions of leftist free spaces from the Interkiezionale.¹² After us came Liebig³⁴, Meuterei, Potse, and Köpi-Wagenplatz.¹³ They signaled: you can do what you want, we'll get you out of there, at any cost. But I also think they were a bit afraid. Because we had managed to appeal not only to the left-wing milieu or the classic rent activists, but also received support by bringing the whole thing to a broad middle-class audience. In addition, the resonance in all German newspapers and the many inter-

¹² interkiezionale.noblogs.org.

¹³ Köpi is an autonomous housing project and cultural center in Köpenicker Straße 137 in Berlin-Kreuzberg. The trailer camp adjacent to Köpi was evicted in 2021.

views with television stations, to whom we delivered our research results. The story that the German real estate market had gone completely off the rails was told on the basis of our experiences. And that was,

of course, a scenario from hell for Geisel as senator of interior affairs. Here, there are some left-wing autonomous nutcases who manage to get their ideas into a very broad political center. And that's not because we're somehow left-wing or anything, but because something is wrong with the system. So that motivated me to continue: now more than ever. The fight must go on and we can't give up. Of course, it was also due to the times that we got this support: the *drive* that had taken hold of the city, and that many cities were looking at what was going on in Berlin. The expropriation campaign was on everyone's mind. People were trying to think of other models. And it was precisely at that time that we uncovered a network of legal but very bizarre business practices.

Joerg: Your bar has been empty since the eviction in 2020. What is the current situation for the remaining tenants in the building?

Christian: Almost exactly one year after the eviction, the tenants received a notice from the district that Pears Global wants to convert the building into condominiums. At first, the district resisted but apparently can't do anything but approve it. Senate laws for conversion are not effective or too weak—and the Senate doesn't want to be sued. We also knew when we were fighting for our continued existence that if they got us out, the subdivision would come. We, as a noisy business, had to get out so that the apartments in the building could be sold at a higher price. At some point, we also made them an offer to buy the entire house. Of course there was no answer to that. If they convert the house into condominiums and sell it, they will generate between €9 and 10 million, based on the latest figures and price estimates here in the neighborhood. That is, for a building they bought for €3 or 4 million, from which they've had untaxed rental income over the past years, without having to invest or maintain anything.

Naomi: Do you have the impression that something remained in the neighborhood from the protest against the eviction of Syndikat?

Christian: Definitely. Our protest banners are still hanging in the neighborhood and new pieces of solidarity graffiti for us still appear. More importantly, our group of supporters has become a neighborhood group. They are now involved in neighborhood housing politics. They look at what is going wrong here, draw attention to it, and also actively support the neighborhood in case of a problem.

Naomi: And how do you continue—bar, or the fight, or both?

Christian: Both, preferably. We continue to look for new spaces. It's hard, though. The rents for commercial properties keep going up. I continue to hope that we can somehow make progress toward a better society. And for that, we would have to overcome this filthy capitalism. Part of that is making it clear how capitalism works.

Naomi: For the state it may be a zero-sum game in the intermediate steps of resale. But ultimately it's about driving poorer segments of the population out of the inner cities and upgrading the city, which also involves cultural transformation.

Christian: Yes. You can see how successful this policy is in cities like London or Paris, where the inner cities are dead, where there are no people living there. Except for some Airbnb apartments or hotels, there's nobody there anymore. Those who work in the city have to commute three hours by train from the suburbs in the mornings and evening because they can only afford to live outside. This notion of achievement-oriented society is also out of balance because most people work so hard. Yet it's not like you can afford a condo with what you've earned, quite the opposite.

Naomi: And in comparison, the landlord who hasn't invested anything in the house for years doesn't contribute anything. It's just a matter of siphoning off value.

Joerg: In your experience, how can a dispute with unknown landlords be conducted in practice?

Christian: It's important, especially for tenants, that they first join together as a house and see who has which skills, abilities, and networks. Then do research together, even if this does not always lead to the end goal right away. At the same time, it makes sense to contact the tenants' association or tenants' community or local tenants' neighborhood initiatives. They have helpful tips and tricks for exposing structures, researching people with whom you can directly talk to, if necessary. And also to see what weak points the opponent has. Particularly since they attack the tenant at their weakest point, namely the inhabited apartment. Especially in the case of shell companies, it is important to enter the address in search engines to see how many other companies are registered at this address. That is possible with sites like *Wem gehört die Stadt?* or *Wem gehört Berlin?* It is simply good to know who my neighbors are. What kind of problems do they have? And how can we support each other in everyday life? When COVID started, there were suddenly these notes in the hallway: "If someone needs help, just call." Why does that only ever happen in emergency situations? Why isn't that an everyday thing? This being together in a house, seeing oneself as part of a community, that's exactly the opposite of the isolation that takes place in capitalism. Only if we are active together we have a chance to defend ourselves against the system. And against the displacement and exploitation that takes place in the market.

Naomi: Thank you very much for the interview, good luck with finding new spaces. Hopefully we will soon be able to stand at your bar again.

Twitter: [@syndikat44](https://twitter.com/syndikat44)

Telegram: t.me/syndikat44

Blog: syndikatbleibt.noblogs.org (The results of the search for houses owned by shell companies can be found here.)

There's a video on [vice.com](https://www.vice.com) about the trip to London.

BENEFITS OF THE FREEDOM OF INFORMATION ACT

RESEARCH ON THE BERLIN REAL ESTATE PORTFOLIOS
OF ALBERT IMMO 1-6 S.À.R.L.
AND VICTORIA IMMO PROPERTIES I-VIII S.À.R.L.

CHRISTOPH CASPER

In November 2020 the Rosa Luxemburg Foundation published the study *Wem gehört die Stadt?*,¹ which provided the first systematic data about private ownership of Berlin's real estate market. It also informed the public about previously undisclosed owners of larger housing estates. At the same time, the initiative Deutsche Wohnen & Co. enteignen petitioned for a referendum to expropriate real estate companies owning more than three thousand apartments. Among the significant investors, were the Victoria Immo Properties I–VIII S.à.r.l.

¹ Christoph Trautvetter, *Wem gehört die Stadt? Analyse der Eigentümergruppen und ihrer Geschäftspraktiken auf dem Berliner Immobilienmarkt*, Rosa-Luxemburg-Stiftung, November 2020.

Companies (hereafter Victoria Immo), who were relatively unknown at that time. By the end of 2021, the real estate company had bought the building at Oranienstraße 25 in Kreuzberg for €35.2 million. The premises

had been home to the nGbK, five other tenants, and the bookstore Kisch & Co. for twenty-three years.

Supported by the Rosa Luxemburg study, urban political activists researched the alleged real investors. The traces led to three lawyers who were listed both as beneficiary owners in the Luxembourg commercial registry and in the same constellation also for the Danish Ingleby Farms & Forests ApS—the latter founded by Lisbet Rausing, heiress to the Tetra Pak founder Ruben Rausing.² Further research disclosed a connection to the Albert Immo 1–6 S.à.r.l. companies (hereafter Albert Immo),³ listing the same lawyers as beneficiary owners in the commercial registry. Both so-called Spezialfonds distinguish themselves insofar as Victoria Immo primarily invests in commercial real estate and Albert Immo in residential real estate. The number of apartments could “hardly be estimated,”⁴ because it was neither possible to access data from the property registry nor the German land registry offices, where land ownership is recorded. Whoever wishes to gain access to information from the two registers must show a “legitimate interest” for data protection reasons. Journalists, however, have the right to conduct an inquiry based on the respective state press laws,⁵ although this only applies to the land registry.⁶

Another option is the German Freedom of Information Act (IFG), introduced in 2006, which allows requests to public authorities and is accessible to anyone, regardless of age, origin, nationality, or profession. The handling of such requests is treated differently depending on the federal state. In the federal state of Berlin, for example, “the knowledge and actions of public authorities as recorded in files”⁷ are accessible without justification. However, authorities cannot simply be asked general questions; rather applicants must specify the desired information or refer to a particular file.

The right of first refusal for municipalities in so-called milieu protection

² See the brief description of Lisbet Rausing on the Lund Trust website: lundtrust.org.uk/about-us/.

³ At the time of publication, three Rausing family members were registered as “beneficiary owners” of Ingleby Farms & Forests ApS in the Danish Trade Register.

⁴ Trautvetter, *Wem gehört die Stadt?*, 19.

⁵ German Landespressegesetz (LPG).

⁶ Cf. Law on Land Survey in Berlin (VermGBln), § 17 Use.

⁷ Berlin Freedom of Information Act (Berliner Informationsfreiheitsgesetz – IFG), § 1 Purpose of the Act.

areas is regarded as such “knowing and acting of public bodies recorded in files.” As such, the right to acquire houses for the benefit of third parties is granted in Berlin on a district level, e.g. state-owned housing companies or cooperatives. Buyers must be issued a so-called negative certificate to verify that a preemptive right exists or does not exist—or is not exercised by the district at all. Without the negative certificate issued by the town planning office, one cannot register as a new owner in the land register. Through this process, the district records property transactions that are otherwise only recorded in property registers or land registers.

On this basis, twelve requests for information, as warranted by the Freedom of Information Act, were submitted to Albert Immo and Victoria Immo at every Berlin district office—in support of the Volle Breitseite⁸ alliance, which had joined forces against the displacement of the Kisch & Co. bookstore. In this instance, the requests became a litmus test of the IFG as a research tool, as it may be used by tenants and city activists to contribute to the transparency of ownership in the Berlin real estate market. The non-profit platform FragDenStaat⁹ supports such request procedures to facilitate access to official information and documents, to then publish them as online summaries.¹⁰

The requests were successful although time consuming. The administrative costs in four districts ranged from €75 to €175—ultimately reaching a total of €423.45. According to the law, the decision whether to provide information must be made by the districts “without delay.” However, in many cases,

8 Literally: Full Broadside. In this case, also with a double meaning regarding an attack of the full broadside and spread page in books.

9 Literally: Ask the State.

10 Cf. IFG request for information “Immobilienbestände von Albert Immo und Victoria Immo Properties S.a.r.l.,” fragenstaat.de.

11 District Office Spandau of Berlin, answer to the IFG request for information “Immobilienbestände von Albert Immo und Victoria Immo Properties S.a.r.l.,” March 18, 2021.

the district administrations did not reply or dragged out the processing for weeks or even months. Even the possibility that the authorities completely refused access to information existed—notwithstanding all the time and costs spent. One district refused to answer on the grounds that the requested information was not available, therefore claiming that there was “no right to inspect files.”¹¹ Another district objected to the disclosure of addresses in order to

protect business and trade secrets¹² since, among other things, the linking of address information to the company name “allows drawing conclusions about the economic circumstances of the real-estate fund and thus about the competitive position of Albert Immo.”¹³ An objection, which demanded that the public interest in information be given priority over Albert Immo’s right to secrecy, was filed—and rejected by the authorities. In the case of some district offices, additional telephone calls and e-mails were necessary until the right to information requested at FragDenStaat was recognized. In one case the entire process took ten months—including a hearing procedure. Ultimately, the hearing authority decided that the public interest in data takes precedence over the confidentiality interest of Albert Immo. Interestingly, their attorneys did not appeal, although they had rejected the disclosure of data in a detailed statement. There, they speculated “that the information requested is intended to promote the implementation of the petition for a referendum” [note: Deutsche Wohnen & Co enteignen].¹⁴ Accordingly, the company was threatened with “considerable economic damage” because “a successful petition for a referendum ... cannot be ruled out from the outset”—“although their clients have never been guilty of anything with regard to the creation of housing and its use.”

How would the residents of Braunschweiger Straße 51 in Berlin-Neukölln, whose house was bought by Albert Immo 6 S.à.r.l. in 2017, feel about this statement?

Inquiries about any further purchases by Albert Immo and Victoria Immo were, so far, made in three districts—this time, however, through an official press inquiry recognizable

as a journalist on the basis of the Berlin State Press Law. They were answered within two weeks. It was revealed that Albert Immo 6 S.à.r.l. had sold Braunschweiger Straße 51 to Bobbes Objekt VIII GmbH & Co. KG in November 2021. With the sale, a tenant-protection agreement that the district had made with Albert Immo 6 S.à.r.l. in 2018 expired. Although a clause on legal

¹² Berlin Freedom of Information Act, § 7.

¹³ District Office Pankow of Berlin, Appeal of January 14, 2021, against the notice of partial rejection from March 15, 2021; June 17 2021, 4.

¹⁴ Statement by Albert Immo 6 S.à.r.l. on the request under the Berlin Freedom of Information Act of January 13, 2021, Hearing in accordance with Section 14 (2) IFG Berlin, 2-4.

succession in the event of resale provides for the transfer of the averting agreement to the new owners, this only applies if the district has the right of first refusal. Such a right is currently de facto inapplicable, as the German Federal Administrative Court limited the exercise of the right of first refusal on November 9, 2021. No adjustment has yet been made at the federal level. By exploiting this loophole, tenants have lost protection from rent-raising measures and conversion to private condominiums.

In sixty out of ninety-eight known houses, Albert Immo has created the prerequisite for subdivisions into condominiums. Nine buildings were sold again, eight of them to the state-owned housing company DEGEWO.











Prioritäten setzen
Rendite für alle
(Investreue)
statt Wohnungen
für alle



KEIN EIGENTUM
* Schüss *
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MOBILIEN-
BOBBY!

DEMO
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16:30
BLÜCHER
PLATZ

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keine Deals
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Es ist
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LONDON WALK WITH LOUIS MORENO

A TOUR FROM EUSTON
TO KING'S CROSS/ST PANCRAS

TEXT EDITING BY NAOMI HENNIG

PROLOGUE

We are going to do a walk from Euston Station to St Pancras. So it's going to be about nine stops. Euston Station is in the early phase of a physical restructuring process. The ground beneath our feet is being hollowed out in order to make way for a new national transport infrastructure project: Highspeed Two. This large infrastructure project has a major impact on the environment around Euston Station, the Borough of Camden.

Starting here, we think about this so-called urban regeneration process, about what that means at the level of policy, the level of stated ambitions, the technological imperatives. We should also think about this in a more theoretical way: what does this kind of biological metaphor of regeneration

mean, when we think about the change, the economic restructuring, and the cultural transformation that comes with the implementation of these policy processes?

By starting here we can track a kind of before-and-after process. Looking at Euston station and comparing it with King's Cross and St Pancras, you can see that the latter has become a dominant model of what a regenerated place looks like. And we can look at what a place that's designed by the urban form of financial capital—real estate development companies—looks like, and we can see how they learned from the mistakes of urban renewal and transformation. And how they now produce an environment of the kind that we will look at in King's Cross, where we will end up, in a place called Coal Drops Yard.

Coal Drops Yard acts as a model not just of a regenerated location, but one that seems to embody a set of ambitions, but also a kind a realized utopia of what an inner urban creative city looks like, what the brand values, the commercial expectations are as they mix together to form a milieu, an environment based on what it is to be a creative, exciting, fashionable individual.

On the way, we're going to walk through a housing estate called Somers Town, a council estate in Camden, squeezed between the development of Euston and of King's Cross/St Pancras. We can see what their residual effects are on low-income communities, and a changing set of expectations around who has the right to live in the center of the city. I think what is happening in Somers Town is a gentrification process, but it's slightly different to the kind of standard analysis of gentrification we associate with the concrete social displacement of people.

What I really want to focus on, before we start walking, is the question about culture. What I mean by culture here is not just the architectural aesthetics that are being upgraded. This restructuring, or what is called urban regeneration, isn't just about upgrading the technological, infrastructural composition of a particular part of the city. It also brings with it a need to change the environment in which consumption takes place, or where the use of the city takes place. I want to suggest then

that culture isn't just an after-effect of this process. Particularly when we look at King's Cross, we see how culture is the way in which financial value is tested and experimented with. One of the arguments that I'm interested in, in relation to this question of culture and finance capital in urban settings, is that culture becomes the way in which something which is very abstract, like the speculative potential of rent that can be accrued through real estate investment, materializes itself through the way in which money, through its immediate use, through its incorporation into the environment, can begin to—in violent ways, and maybe sometimes in less violent ways—begin to experimentally test what people can take, or what people want.

The experimental test about what people can take is just by physical processes of dislocation, dismembering the urban landscape, moving people out—violent processes of gentrification. But overlaying that is then another process, which is experimenting with what they want. And I think this two-layer process, the violent physical extraction process, the deracination process, the uprooting, is overcoded then with this other process: we take away, ok, but what do we put back in? Culture then becomes a medium in which you can experiment [with] the potential value in rent that might be constructed by getting rid of housing, getting rid even of commercial offices. The interest then is: what is the new combination of elements that can generate a higher and better financial value?



Coal Drops Yard

COAL
DROPS
YARD



Former gasometer
Coal Drops Yard



Council housing
in Somers Town

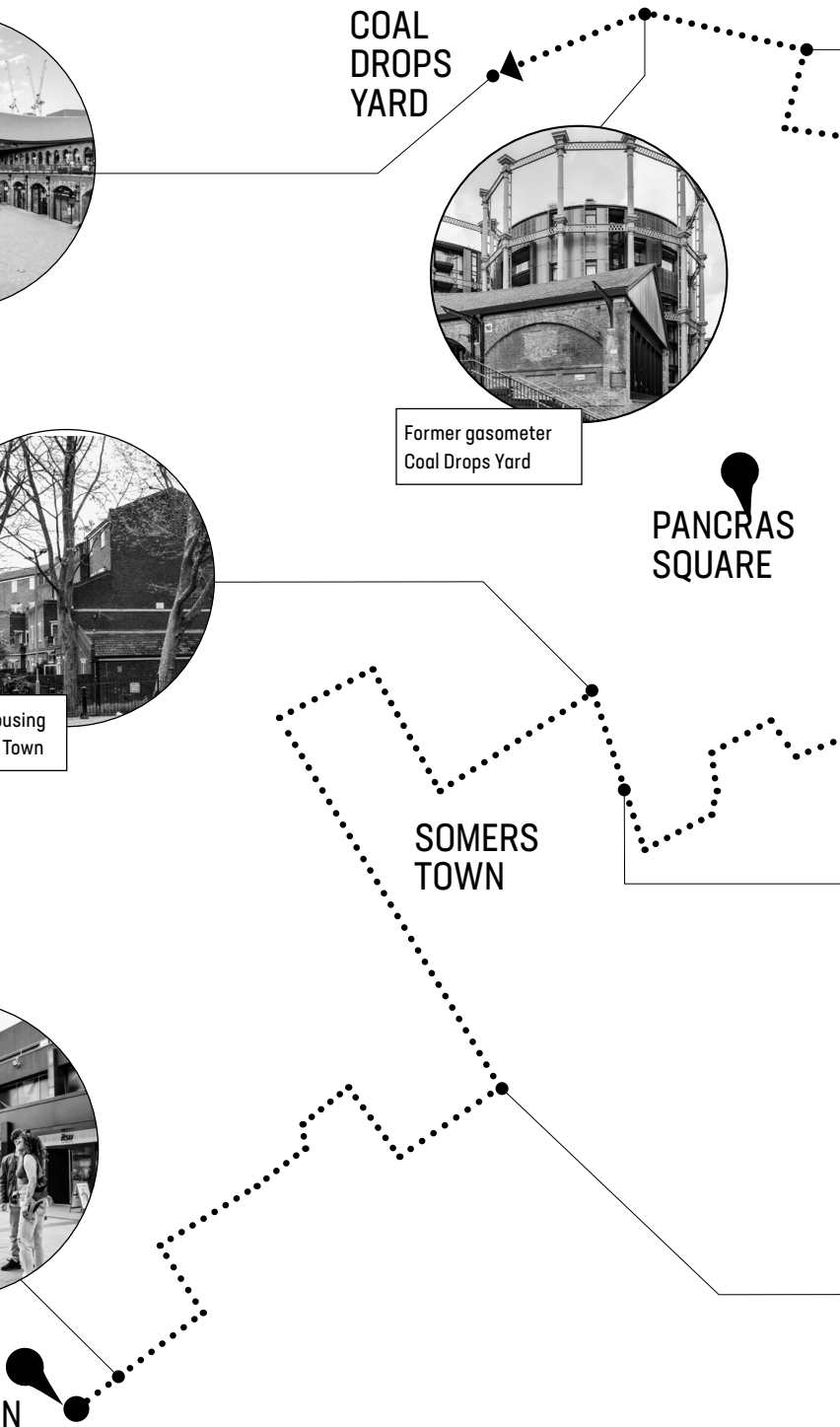
PANCRAS
SQUARE

SOMERS
TOWN



Euston Station

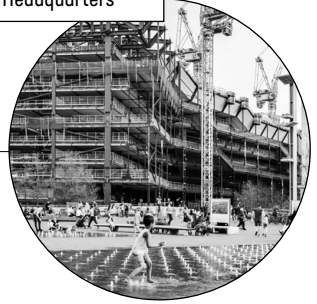
EUSTON
STATION



Entrance hall Central
Saint Martins College
of Art and Design



Construction site new
Google Headquarters



KING'S
CROSS
STATION

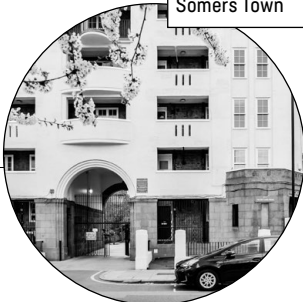


King's Cross/
St Pancras



Francis Crick Institute

Somers Town



You can access the full audio docu-
mentation of this walk as a podcast on
[soundcloud.de](https://www.soundcloud.de).



PREFACE TO THE TEXTS OF LOUIS MORENO AND RAQUEL ROLNIK, ISADORA GUERREIRO & PAULA FREIRE SANTORO

NAOMI HENNIG

In examining the financialization of Berlin's real estate market, the first thing that comes to mind are the well-known cases of tenement buildings being sold off several times, vacated of their tenants, and converted into private residential property, as well as the countless displacements of cultural venues and local businesses. The research presented in this issue examines the corporate practices of large real estate companies and so-called offshore companies. It is about our perceptions of the increasing dominance of financial capital in the real estate sector, its impact on urban society, and the policy leverage that would be needed to restrain these changes.

What has become evident in Berlin's urban transformation over the past years is merely one facet of the global phenomenon of overaccumulation, reflected in the presence

of liquid capital in search of investment opportunities. The locally specific social and political structures that this capital finds, co-opts, reshapes, or even displaces is unique in each place and in every country. For us, therefore, it seems problematic to speak of financialization as a homogenous phenomenon, as is common in literature on the subject. For this reason, we included two contributions by London-based urban researcher Louis Moreno (Goldsmiths, University of London) and by Raquel Rolnik and her coauthors Isadora Guerreiro and Paula Freire Santoro (all three teach at LabCidade, Faculty of Architecture and Urbanism, University of São Paulo). In doing so, we aim to complement our locally embedded research and focus on a transnational, historical, and diverse understanding of financialization.

In addition to the prologue from Moreno's city tour on the development of the London boroughs of Euston, Somers Town, and King's Cross/St Pancras, we are publishing his text *Always Crashing in the Same City: Real Estate, Psychic Capital, and Planetary Desire* from 2018 as a reprint. In depicting the recent history of New York, Moreno charts the interrelations of fiscal policy, financialized accumulation, cultural (and psychic) transformation, and urban renewal that subsequently swept across other cities and communities around the world. In light of examining how the phenomena of financialization described by Moreno are observed in regions of the Global South, we asked Raquel Rolnik for a contribution. As former UN Special Rapporteur on the right to adequate housing (2008–2014), she has extensive knowledge on the topic. In her book *Urban Warfare: Housing under the Empire of Finance* (2019), she presents a clear and critical analysis of the causes of the global housing crisis, including countries beyond the Euro-Atlantic region, Latin America, and particularly Brazil. The article titled *Housing Policies between Financial Extractivism, Needs and Rights* (originally: *A moradia entre o extrativismo financeiro, a necessidade e o direito*), first published here, provides a complex account of the political economy of housing in Brazil and the specific socioeconomic contexts of how finance accesses this. As much as these differ from the conditions in Germany, one thing becomes clear from reading these

contributions: with the creation of investment opportunities, financialization expands across the most diverse strata of the population and along ever-new value chains—an expansion that always follows a logic of redistribution, from the bottom to the top.

ALWAYS CRASHING IN THE SAME CITY: REAL ESTATE, PSYCHIC CAPITAL, AND PLANETARY DESIRE

LOUIS MORENO

This text is an abbreviated version of an article first published in *City: Analysis of Urban Change, Theory, Action* 22, no. 1 (2018): 152-168.

... this abstraction has the appearance of a visual datum, with all the brilliance and solidity of metal.
(Suzanne de Brunhoff)

I'll put a simple proposition to you, that today all politics is about real estate. (Fredric Jameson)

I searched for form and land. (David Bowie)

When confronted with urban questions that invoke the 'planetary,' one immediate obstacle is to know where to begin. If everything under the sun is now subject to a process of financial accumulation that is global in scale, digital in form, racist in essence, personal in range, biological in content, misogynist

in instinct, violent in expression, and immune to resistance, then the sheer complex horror of the situation makes it difficult to comprehend.

We could take inspiration from a song by David Bowie released in the spring of 1971, in which a face-to-face encounter is described between a traveler and a stranger, a *man* who claims to have *sold the world*. We are never told what they discussed, only that the traveler laughs and shakes the stranger's hand. Even if Bowie can no longer help us discover the man's secret, the track provides a starting point, as it suggests a couple of impertinent questions. Namely, "What was the world's price and who was the buyer?"

REAL ESTATE POLITIK

Google the first of these queries and a report emerges containing an extraordinary number. Produced by the international estate agent Savills, the document *What Price the World?* tots up the capital value of all the space the planet has to offer and explains by the midpoint of the second decade of the twenty-first century, the "value of all developed real estate in the world amounts approximately to the figure of \$217,000,000,000,000."¹ At US \$217 trillion, this "accounts for roughly 60 % of all mainstream global assets" and towers over all stocks, shares, and securitized debt combined (US \$170 trillion) and overshadows the "value of all gold ever mined (in the region of US \$6 trillion.)"

The comparison with gold is significant for Savills, as it implies that real estate has become more valuable than any precious metal, and, in the decade following the financial crises of 2007–08, it has become the commodity that underpins all wealth held in the known "universe of securities." More precisely, what the report argues is that in the aftermath of 2008,

because of a torrential concentration of capital in residential and commercial space, real estate has provided finance with an urban system to both control the growth process and initiate a new "search for income."²

Although this research is a product of the global financial services industry,

¹ What price the world? Real estate in the global asset universe, in *What price the world? Trends in international real estate trading*, Around the World in Dollars and Cents, Savills World Research (2016), 4.

² Cf. Paul Tostevin, *How much is the world worth?*, April 10, 2017, savills.co.uk.

the analysis complements the most crucial insight of the geographical critique of political economy. As David Harvey argues in *Limits to Capital*, the land market (whose commodity form is real estate) provides capitalism with a geographical system to configure the distribution and circulation of capital.³ And once the rent of land begins to circulate in the same channels occupied by flows of money capital, real estate begins to look equivalent to interest-bearing instruments (like stock, bonds, debentures, derivatives, etc.). In other words, the division of land into rentable units of capital provides the financial system with a mode of spatial cognition: a spatial medium to literally inhabit the earth. Moreover, in the form of real estate, financial capital is able to produce spaces that retain money-like functions, by acting as stores of wealth and the means to capitalize value. Hence, real estate is not simply one security among others but is a type of capital that provides a means of support, control, and protection for the market forces that saturate it. It is both a medium to store surplus value and a reconfigurable apparatus that enables commodification to take shape in space and time.

Which is why the concretization of real estate, in the form of speculative images and developed landscapes, manifests the ideology of capitalism in pure form. It is neither some mirage of fictitious capital nor some figment of false consciousness, but provides the habitat where people live, shop, work, and travel, and permeates the habits of daily life. And in the particles of dust thrown up by construction, or in the flakes of decayed matter, it is part of the air that is breathed as well as being a form of capital that many cannot help but serve and even strive to serve. After all, even if real estate was the trigger of the 2007 crash, the ownership of property—the cornerstone of capitalism’s liberal ideology—is still seen as the surest way to protect oneself from financial crisis.

SAFE SPACE

Accounting for the madness of it all, it’s hard not to pathologize the contradictions. Particularly when real estate’s most lurid figure became president of the United States. But the fusion of financial and

³ Cf. David Harvey, *The Limits to Capital* (London, 2006 [1982]).

landed capital is more than just a morbid symptom; real estate is (and this may be Harvey's most acute urban insight) capital's condition of possibility. The subordination of urbanism to real estate encases the hegemony of private property and develops the *will to accumulate*—a drive which liberalism and neoliberalism were designed to protect. Which means that as well as being a store of spatial economic power and an infrastructure of capital exchange, real estate is a system of self-defense.

This latter aspect was highlighted in a 2013 report in the *New York Times*, which described how Italian and Greek investors in the midst of the Eurozone crisis and “fearing the single currency would collapse, got their money out of euros and parked it someplace where government was relatively stable, and the tax regime was gentle—very, very gentle.”⁴

The attraction of real estate investment, then, was the refuge the city's institutional and architectural environment gave money in a state of “capital flight,” and what this manifested, Goldfarb concluded, was that London real estate constituted a new “global reserve currency.” It wasn't that the streets of the city were paved with gold, rather the space of the city had become a commodity that preserved the liquidity of capital. Reading the reports of Goldfarb and Savills we arrive at the following thought: that in the “global asset universe” the value of urban space is judged according to the ability to translate local economic content into a monetary form at home in any space whatever.

There is something like a thesis that springs from the pages of both reports. With a line of thought which at times reads like a version of Henri Lefebvre's *The Urban Revolution* (translated for the banking class), we are informed by the Savills World Research Team that now that cities provide the capital market with an urban framework (to preserve the stability of exchange in a time of volatility), real estate has assumed all of the key characteristics of money capital. Or as the Savills report put it, “World real estate is a global stage

on which a variety of economic and monetary acts are played out. Some actors have access to large amounts of equity, others to cheap debt.”⁵

⁴ Michael Goldfarb, London's Great Exodus, October 12, 2013, nytimes.com.

⁵ The new march of money, in What price the world?, 2.

Real estate represents then not only the architectonic expression of stored wealth, it provides the spatiotemporal framework that makes the monetary exchange of commodities possible. The Savills report, however, does not stop there. The “Global Real Estate Tips” section concludes with a “strategic hypothesis.” All the world’s wealth is flooding into real estate on speculation because urban space is becoming the “unit of currency in the digital age.”⁶ What the text withholds, though, is an explanation of how space becomes currency, and the relevance of digital technology. In the rest of this essay I will attempt to sketch out a framework to understand why this is the case. But to prepare the ground we need to return to the summer of 1971.

ONCE CURRENCIES COULD FLOAT ...

The breakdown of the international monetary system in the 1970s marks a pivotal decade in the history of capitalism. It is a moment when the entire system of capital accumulation was dramatically overhauled. In suddenly ending the convertibility of the US dollar with gold (which had since 1944 been pegged at \$35 to the ounce), the Nixon administration effectively imposed in August 1971 a new framework for exchange—one that made the US dollar the fundamental instrument necessary for the settling of international balances.

It was in this moment, the opening of an age of floating exchange rates, that new financial instruments like credit derivatives were developed to synthesize a “variety of disparate ‘forms, locations and temporalities’ of capital in the world market.”⁷ Or, as *The Economist* simply put it in its post-2008 autopsy of the 1971 legacy, “once currencies could float, the world changed.”⁸

⁶ Yolande Barnes, Summary, in *What price the world?*, 38.

⁷ Costas Lapavistas, *Marxist Monetary Theory*, Collected Papers (London, 2017), 259.

⁸ A Short History of Modern Finance: Link by Link, *The Economist*, October 16, 2008.

⁹ Cf. David Harvey, *A Brief History of Neoliberalism* (Oxford, 2005).

Of course, Harvey’s account of the fiscal crisis of New York City in 1975 goes a long way to ground the emergence of a new institutional regime of capitalism.⁹ My intention here is not to recapitulate Harvey’s geographical theory of capital accumulation, but to think about a set of questions the theory raises (but Harvey doesn’t quite

address) about the interaction between credit money and social space. For example, a question we might ask is, within the financial restructuring of the landscape, is there a transformation in urban subjectivity? Or, put differently, what kind of subject does capital need to regenerate its powers of monetary subjection? To clarify what is at stake here, the distinction Marx makes between money and credit provides a way to frame the urban dimensions of the question I want to explore.

PURCHASE POWER

Marx's theory of money is complex and contested,¹⁰ but for our purposes three things are crucial. The first is that money, by providing the universal equivalent for all kinds of commodities, is the fundamental infrastructure of exchange and encapsulates the very essence of economic power. It is precisely through this rare and unique ability to represent all possible expressions of value that money is able to overcome an impossible "tension between the *particular* and the *universal*."¹¹

Until the 1970s, as "world money," gold historically acted as the universal "symbol of physical wealth ... the compendium of social wealth."¹² As such, what this unique commodity was able to do was quantitatively abstract a world of qualitative differences, ensuring that the whole ensemble of social relationships, which imbue each individual unit of currency with value, is rendered opaque. Hence the notion of commodity fetishism whereby material relations between things represented by their market price stand in front, and determine the form, of social relationships between people. It is this monetary power of individuation that forms the nexus of capital's social authority. As individuals depend on money to buy the things they (and their dependents) need to live and work,

money becomes a formal framework to evaluate, assess, and determine the valuable content of life. The result is that each "individual carries his social power, as well as his bond with society, in his pocket."¹³ Which means, according to capitalism's monetary logic, poverty is not only a manifestation of individual and social weakness, but that

10 Cf. Suzanne de Brunhoff, *Marx on Money* (New York, 1976); Nigel Dodd, *The Social Life of Money* (Princeton, 2014); Lapavistas, *Marxist Monetary Theory*.

11 Dodd, *The Social Life of Money*, 51.

12 Karl Marx, *Grundrisse: Foundations of the Critique of Political Economy* (London, 1993 [1857/58]), 124.

13 Marx, *Grundrisse*, 157.

the reason for poverty is construed to be either the product of one's own making, or the misfortune of being born into unfavorable circumstances.

The second point is that Marx's conceptualization of money locates the source of this "impossible tension" in the push and pull of the commodity's use- and exchange-value. As a *measure of value*, money is able to identify the particular use-values that make life not only possible but worth living. And as a *medium of circulation*, it provides a means to ensure a dynamic exchange of these values in service of the metabolic process of production. But as a *store of value*, the absolutely instrumental significance of money for exchange can be sought for its own ends. By "petrifying money into a hoard," and separating the moment of sale and purchase, its universal power can be held in suspense, hence forming a fund of loanable capital that can influence the terms of exchange by affecting the interest rate (money's commodity price). And, in doing so, investments of credit can manipulate the material and social conditions of production that generate value. Thus, by withdrawing from circulation money, capitalists are able to manipulate the very thing that makes exchange possible. Which means that by advancing money on credit, financial capitalists are able to affect the market relations that underpin the ordinary business of life. The effect of which makes it seem as if the activity of crediting money (speculative lending) is the creative source of value itself. Herein lies the source of the money fetish.

Finally, what provides the credit system with an extraordinary "world shaping" power is the capacity to manipulate money's monopoly over the ability to buy. It is this ability to create "manipulated and manipulable" money¹⁴ that provides capital with its power source. As Costas Lapavistas notes, under capitalism any number of "commodities can act as partial representatives of wealth—cars, boats, planes, palatial

14 Fernand Braudel, *Civilization and Capitalism, 15th-18th Century, Vol. I: The Structure of Everyday Life* (Berkeley, 1982), 475.

15 Lapavistas, *Marxist Monetary Theory*, 254.

houses and the other fripperies of the rich—while only money is the general representative of social wealth.”¹⁵ And it is this absolutely specific and totally unique ability of money to buy that is “appropriated by

capital;” subsequently turning “money into both the signal and the means for transferring resources systematically across the capitalist economy ... allow[ing] both corporations and individuals to make, and to put into effect, plans about the future.” It is this capitalization of money’s essential power—the power to buy—that, because it touches so many different aspects of human experience, “lends a commodity aspect to things and activities that are inherently unrelated to markets.”

Real estate is the apparatus that enables finance capital to subject the whole urban ensemble of social relations to the monetary law of market forces. What is, therefore, crucial is to explain how in historical and geographical terms credit has become able to internalize money’s ability to buy (the essential channel of capitalism’s social power). Such a critique may help map strategic weaknesses in the urban base of monetary power. At the very least it begs the question what kind of *yield* is urban real estate looking to acquire?

THE MULTIPLICATION OF NEW YORK

In the language of banking, *yield* is the income return on a financial investment. Though the word has a more traditional sense, relating to the productivity of land and the ability to make one party surrender to another’s influence. What distinguishes a Marxian analysis is the ability to connect all three aspects of *yield* to understand the social power of money. And perhaps the best political critique of the monetary crisis of the 1970s, in terms of what the financial system yielded from a city and its people, was provided in 1976 by the Italian economist Christian Marazzi.

Providing an incisive account of the collapse of Bretton Woods and a prescient forecast of the rise of finance capitalism, Marazzi said that “at the root of the current international monetary crisis” was that “not only [could] the international currency—the dollar—no longer be converted to gold, but *money as capital itself [could] no longer be converted into effective command over labour.*”¹⁶

16 Christian Marazzi, *Money in the World Crisis: The New Basis of Capitalist Power*, in *Zerowork 2* (1977): 96.

In granting the US dollar the “exorbitant privilege” of becoming the independent representative of value, the United States

gave itself license to reshape the rules and conditions of commodity exchange. Simply through the act of printing paper or adjusting rates, the US Treasury could selectively “manipulate and make manipulable” the fabric of international markets. But if the devaluation of the dollar was intended to give productive capital a competitive boost, it opened a set of backdoor channels to increase profits by inhibiting the ability of workers to demand a pay rise. This aspect is perhaps the most well-documented feature of the “neoliberal assault” of the 1980s.¹⁷ But the geographical forces of deindustrialization and capital mobility, which gave ideas like the ‘natural rate of unemployment’ such a dismal air of realism, were actively facilitated by an earlier round of urban restructuring. As the Nixon shock of the early seventies increased the municipal costs of borrowing, and unemployment began to rise, pressure on budgets for welfare, housing, waste and transport, health, and other municipal services were intensified.

What was a financially driven process of “managed bankruptcy” was nothing less, Marazzi concluded, than an attempt to fiscally “undermine” the modern city as “the advanced form of working class power.”¹⁸ By cutting off the supply of liquidity to pay for social services, the example made of New York City manifested a new type of realpolitik, that of austerity. And the effect of this “managed crisis” induced a remarkable transformation, as “it forced the city unions to use their accumulated pension funds to buy the notes and bonds the banking system could no longer cover.”¹⁹

In this moment, New York City manifested a new “testing ground in the battle to cut the social wage in the ‘metropolis itself.’”²⁰ As cities were encouraged (advised by Wall Street banks) to look at the wealth built up in social infrastructure

17 Cf. Andrew Glyn, *Capitalism Unleashed: Finance, Globalization, and Welfare* (Oxford, 2006); Wolfgang Streeck, *Buying Time: The Delayed Crisis of Democratic Capitalism* (London, 2014).

18 Marazzi, *Money in the World Crisis*, 100.

19 *Ibid.*, 104

20 *Ibid.*

as a spatial portfolio, the protocols were laid for the financial transformation of the public sphere. Through the market flotation of public assets and deregulation of public controls (which were part of the terms of New York’s bailout), the era of private finance control over the management of public space began an experiment that

Marazzi thought might lead to a “multiplication of ‘New Yorks’ on an international scale.”²¹

THE SPATIALIZATION OF CAPITAL AND THE CAPITALIZATION OF SPACE

So much then for the yield of labor, what of land? As already mentioned, Harvey’s *Limits to Capital* showed that the land market is an apparatus that gives capital the freedom to commodify space and inhabit the earth. The most fascinating aspect of the analysis, however, is the temporal capture of wealth not yet created. Since the current price of land expresses both the present use-value of space and expectations of future demand, the rent paid to real estate is equivalent to an income stream paid to an investor at a given rate of interest. Thus, the market for real estate represents the nexus that, in monetizing what David Ricardo called the “original and indestructible powers of the earth,” converts some portion of the earth’s surface into a capital that can bear interest over some projected span of time.

Moreover, through urbanization, with large investments of capital in new use-values (in buildings, infrastructure, and technology), and the intensification of economic activity this brings, it becomes possible to improve the attractiveness of particular properties and thereby compete for higher rents. The capitalization of space in this way not only cements the dependency of society on the credit money advanced by finance capital, it also makes the growth of capital appear like the wellspring of future wealth. Hence, the development of urban infrastructures not only builds the credit system’s base of social power, it also manifests the reality of its ideology. Simply put, it is through the land market that money’s unconscious command is concretized and spatialized. As Harvey concludes, this process unfolds neither in a “passive or neutral manner.”²²

Given that rent extraction is one of the most primitive of all modes of accumulation, the fact that real estate can be wielded as a tool of exploitation is not so surprising. The more pressing question is a historical shift in the role of cities, a

21 Ibid., 107.

22 Cf. Harvey, *The Limits to Capital*.

shift in urbanization that alters the form of the planet so financial extraction can be

made a fact of life. Such a perspective enables us to reframe Marazzi's analysis as an urban question, as we begin to see that the command of capital could be revitalized through a system-wide and bottom-up shift in the way people relate to the world through money. But if Marazzi's analysis threw the social ramifications of the international monetary system into stark relief, the claim that New York City's restructuring could be 'planetarized' lacked something: namely, an apparatus that could mobilize this new urban condition.

This is where Harvey completes the picture by showing that the systemic forces of monetary power require a spatial fix to ramify their command. By stripping back and thinning out the urban conditions of industrial employment, the dematerialization of money reconfigured the spatiotechnical relation of capital to living labor. Instead of commanding value largely through the industrial formation of fixed capital, the world form of money capital began to renew itself by finding a point of anchorage in the collective consumption of urban infrastructure (of hospitals, schools, universities, public space, transport systems, etc.). So while the commodity form of money had dematerialized, the fiat money printed by the state and the credit money advanced by private banks began to collateralize the material fabric of the city; a financial meshwork of micro and macro spatial fixes was, thus, gradually inserted into the habits and habitats of urban dwellers.

Hence it was no accident that the practical effect of accumulation on cities—spectacular architecture, transport systems, and urban extensions, often presented by politicians as the manifestation of an exit from the dystopian end times of the 1970s—was described as events of *urban regeneration*: as the public-private partnerships, which underpinned new investment in physical and social infrastructure, concretized the new monetary basis of financial capital. In Marazzi's terms, it was through the financial integration of built environments into open markets that had, by 2016, multiplied the effect of New York's restructuring to the order of US \$217 trillion.

Much more needs to be said about the financialization of housing and public services. The new 'housing question'

is an important focus of contemporary critiques of the social power of finance.²³ But if we pursue the line of argument laid out thus far, what we learn is that the violence of financial capital, enforced through the housing system, is a by-product of an urban transformation of value relations that are planetary in scale and personal in scope. As what now seems to be unfolding is a massive intensification of real estate's ability to manipulate the conditions that, as Georg Simmel said, make society possible. Thus, as well as highlighting the grotesque capitalization of housing as a *store of value*, and the supplicant role of the state in making the real estate market a central *means of capital storage and circulation*, what is also crucial (but less well analyzed in critical theory) is to isolate what is it within the urban process that grounds this social transformation of money power at the level of inner experience.

THE MORALITY OF SELF-IMPROVEMENT

Again, Marx's writings provide a starting point to probe money's existential dimensions. In some extraordinary passages written at the formative stage of his theory of alienation, the young Marx described the way money as capital can embody a form of self-consciousness. The loan of money, advanced against the income a person can expect over a lifetime, gives capital the ability to not only extract life from the soul of the living being, it also gives capital the capacity to become intimate with its subject. Marx writes that in "the credit system *man* replaces metal or paper as the mediator of exchange. However, he does this not as a man but as the *incarnation of capital and interest*."²⁴

Marx's riffs on transmogrification were intended to show the absurdity of the utilitarian defense of credit. But today

they seem eerily prescient only because they trace the outline of an analytical framework that has, since the 1970s, become normative in an era of 'financial deepening:' that of human capital. Adam Smith considered the way that improvements in the productivity of laborers can be considered something akin to improvements in the productivity of

²³ Cf. Paul Watt, Anna Minton, London's Housing Crisis and Its Activisms, in *City: Analysis of Urban Change, Theory, Action* 20, no. 2 (2016): 204–221; David Madden, Peter Marcuse, In Defense of Housing: The Politics of Crisis (New York/London, 2016).

²⁴ Karl Marx, Excerpts on James Mill's Elements of Political Economy [1844], in *Early Writings* (London, 2005), 264.

land, animals, and machines. And as Raymond Williams said, by the eighteenth century a new morality emerged, described in the novels of Jane Austen, which made “bettering” oneself (through education and entry into the upper echelons) instrumental to social improvement. The equivalence though of human beings with fixed capital was difficult for “the formal core of economics” to accept, as Theodore Schultz, a pioneer of human capital theory wrote in 1961, because of the connotations of slavery.²⁵

The tenets of human capital theory were set forward earlier in the twentieth century by Irving Fisher.²⁶ When property ownership “in oneself” is categorized as capital, Fisher said, two things happen: the income received over the span of a life can be capitalized, and a large portion of personal consumption can be considered investment at the scale of the body. Hence, the choices the individual makes about what one chooses to consume become financial *options* that have a probable (which is to say, calculable) bearing on future income. Or put differently, consumption becomes the equivalent of an accumulation of financial capital in body and mind; making personal investment in one’s higher education, health care, even personal appearance, a means to leverage a personal bundle of qualities, skills, and attributes over and against one’s competitors.

The difference with Marx’s critique of alienation couldn’t be more stark. Credit is no longer a matter of capturing the objective conditions that prepare the body for wage slavery. Rather the personal consumption of credit becomes a means to tactically position one’s stock of human capital in a crowded urban labor market. And because the success of human investments—which give one a positional advantage in society—are paid in a higher income (than the average), the

marginal increase of “agreeable sensations and experiences”²⁷ enjoyed on credit become a kind of psychic proxy for personal *growth*.

25 Cf. Theodore W. Schultz, Investment in Human Capital, in *American Economic Review* 51, no. 1 (1961): 1–17.

26 Cf. Irving Fisher, *The Theory of Interest* (New York, 1930).

27 *Ibid.*

28 Marx, Excerpts on James Mill’s *Elements of Political Economy*, in *Early Writings*, 264.

PROXIMITY TO THE FUTURE

“Credit” becomes “the economic judgment on the morality of a man.”²⁸ Marx was being ironic when he made these remarks

in 1844, but in the age of human capital formation, since the cost of self-improvement is pegged to the price of money, the financial market has become a system of personal development. And because access to credit is absolutely critical to the ability to access the world of economic, social, and cultural opportunities that are located in cities, the judgment of credit-worthiness manifests a kind of sovereign spatial power. At the very least a simultaneous spatialization and personalization of credit forms of money (in the forms of real estate and human capital) have given finance the freedom to redefine the urban experience. The question is, to what end?

In the 1980s and 1990s, it appeared to be an urban revitalization of the liberal imperative of possessive individualism. And after the crash of 2007–08 Thomas Piketty’s monumental research suggests that the urban policies of neoliberalism, supporting aggressive tax avoidance, have been installed to support a patrimonial regime. But if we want to fathom the depths of “financial deepening,” and grasp the urban implications of human capital theory, it’s important to remember the nature of the systemic crisis financialization tried to solve.

If the financial transformation of the 1970s was precipitated by a crisis in money capital’s command over labor, the theory of human capital provided a theoretical overhaul of the way capital conceived and perceived its object. And by “recognizing” how value is socially produced and spatially configured, both Harvey and Marazzi some decades later suggested that financialized capital regenerated its command through a mutation in the form of fixed capital. By switching investment out of the capital circuit of fixed investment that employs workers, into a personal circuit of financial investment in education, health care, and pensions, human capital provided a flexible framework to reconceive the relationship of capital to society.

And just as Marazzi said, in the 1970s, that the restoration of money power would be launched off the back of a regional restructuring of production and collective consumption, in the 1990s Marazzi spoke of how the “dematerialization” of urban employment would be “accompanied by a sort of spatialisation of sociocultural resources”; a spatialization that

would consolidate and nurture human capitalization. This hypothesis is confirmed in the Savills report. The new source of urban accumulation, we are informed, lies in a transformation in the human infrastructure of capitalism.

The question we need to ask at this juncture is, how did the urban regeneration of money capital develop a new sensitivity to the cultural appetites and sensual feelings of urban dwellers? At the level of theory, neither Marazzi nor Harvey tell us much about how real estate acquired a knowledge of body as well as mind, culture as well as economy. Perhaps the best guide to a shift in the urban circuits of desire as well as capital is the writer and critic Samuel R. Delany.

HETEROTOPIA INCORPORATED

In *Times Square Red, Times Square Blue*, Delany describes the gentrification of Times Square as a subterranean “class war” waged at the level of desire.²⁹ Specifically, it was in the spatial reconfiguration of the environs of 42nd Street and 8th Avenue, that Delany concluded that capital was attempting to remediate the city’s collective sexual unconscious. Based on personal experience of the “public restrooms, peep shows ... bars with grope rooms and parks with enough greenery,” Delany argued that such space had for generations provided a kind of sensual contact zone. What the movie houses provided was a heterotopia, a differential space not only of transgressive self-discovery, but more importantly, for Delany, an inter-zone of contact between people of different classes and cultures. In a mode of capitalism defined by the profit motive that promoted social division and personal anxiety, Delany argued that urban contact provided what Raymond Williams once called “breathing space” from when the infrastructural pressures of the system become too intense. Such spaces provided a field

of interclass contact, which, in their most heightened forms of public sex, were what made “cosmopolitan life truly rich.”³⁰

The appropriation of the term ‘contact’ from Jane Jacobs is critical to Delany’s analysis, because while agreeing with Jacobs’s thesis that the need for contact is

29 Samuel R. Delany, *Times Square Red, Times Square Blue* (New York, 1999).

30 Samuel R. Delany, ... Three, Two, One, Contact: *Times Square Red*, in *Giving Ground: The Politics of Proximity*, eds. Joan Copjec, Michael Sorkin (London, 1999), 89.

“a fundamentally urban phenomenon,” he suggests that the emphasis on “community” can be used to promote a defensive, and fundamentally antiurban, set of interests. Delany’s point was that the restructuring of Times Square, in gentrifying the sexual infrastructure of the city, manifested a new assault by capital on the ability of human beings to both mutually support and collectively differentiate themselves. The appearance of a new liberal appetite for urban experience was, in the wake of the AIDS crisis, the manifestation of a neoconservative effort to determine the right class of diversity allowed to enjoy the life a city can offer. The really fascinating point about Delany’s analysis was the thesis that what restructuring was doing was subsuming the culture of contact to the logic of networking.

At the level of real estate development, Delany’s point was that the sexual cleansing of Times Square was not done to create a safer environment, neither was it intended to provide new buildings for arts and culture, nor was it driven by a means to reduce sexual exploitation, nor even an interest in growing the base of employment. New Times Square was about creating an image of urban regeneration that gained the confidence of financial investors. “Far more important than whether the buildings can be rented out,” Delany noted, “is whether *investors think the buildings can be rented out.*”³¹ The drive to create an image of the city that was “creditworthy” had therefore, in Delany’s analysis, become a repressive force. The need to attract a particular form of urban life, with a normative set of behaviors and consumption patterns that investors could imagine, was, for Delany, based on a revitalization of capital’s ability to command social separation. The ability to either hollow out or occupy the spaces that once made living under capitalism “tolerable,” was the most fundamental kind of assault. Real estate had become a kind of “defoliant” making the city more hospitable for finance capital.

The catch, however, and here Delany was in complete agreement with Jacobs, was the operationalization of social interaction, under the guise of networking, which would

31 Delany, *Times Square Red, Times Square Blue*, 152.

create an urban culture beholden to the logic of finance capital. And while finance

is able to manipulate money's powers of exchange, it is not the source of wealth. The space of encounters, contingency, dynamism, and freedom that urban life promotes, which enable the creation of social wealth, would be defoliated out of existence. This analysis remains increasingly relevant. I suggest what is unfolding in real estate capital as a global phenomenon is a reflexive awareness of finance's urban contradictions. Recognizing that, post-2008, financial capital needs access to as many sources of human capital as it can establish, what real estate provides is a medium to sense sociospatial changes in the pattern of life.

This is what I take to be the significance of the urban agenda of *proximity*. Where proximity to some object of production was once vital to the realization of capital, now it is proximity itself that has become the object. In other words, when estate agents say that what financial capital wants is "proximity" to the social sources of human capital, what this means is it wants to be close as possible to the urban conditions that make society possible. The urban experience that capital now wants to possess is not just the capitalization of the urban network (cognitive capitalism), but a much deeper, probing preoccupation with the manifold ways that individuals use their bodies and identities to differentiate themselves.

THE PSYCHIC FIX

A practical example of how finance capital is finding a way to get under the skin can be found in the ubiquity of touchscreen technology. Nowhere is this clearer than in the case of Apple, and its extraordinary ability to accumulate cash off the back of the success of the iPhone.

Although globalization manifests an extraordinary ability to exploit spatial inequalities in wage and production costs, the major factor explaining Apple's profitability is the design of an apparatus that has made knowledge both sensuous and addictive. Not only is the iPhone an attractive machine; what is different about this device is a singular ability to capitalize a new form of 'contact.' The superiority of Apple's touch-screen technology, combined with the sophistication of its software

applications, has produced something like a cultural revolution in the way individuals *relate* to technology. What the iPhone offered was not only a portable computer, but a means to encode one's personal relationship to the world at the touch of a screen.

This kind of 'hands-on' control, however, represents a different social relationship to capital than that put forward by critical theory. It is no longer just a matter of one's tastes and desires being represented by the brand values of a line of products. According to Stefano Harney, under the conditions of early twenty-first-century capitalism, the production line itself is liberated. Released from the confines of the factory, the line merges with "a process, a procession, a movement, a rhythm" of living bodies seeking social contact.³² The result appears something like the "social factory" anticipated by the Autonomistas, and the infinitely networked *no-stop-city* imagined by Archizoom in the 1970s.

But the urban prophecies of post-fordism fail to capture the power of Apple's design. For Harney the emergence of global logistics manifests a transformation in capital's powers of incorporation. One is no longer subjected to the demands of the mode of production, rather capital equips the individual with a mode of subjectivation, enabling the subject to feel, explore, describe, and differentiate themselves through the social connections they create. The iPhone's success, then, is not because it is the best platform to consume knowledge services; its success hinges on a proprietorial ability to augment the faculty through which a person relates to the world *through themselves*.

Since our interest is in a change in the spatial pattern of accumulation, the iPhone is paradigmatic. Aside from the fact that it has been an extraordinary instrument of accumulation—since its launch in 2007, it has helped make Apple one of the richest non-bank companies in the world (with a cash hoard of over US \$200 billion)—for our purpose

what is significant is how this accumulation has been made possible through *an apparatus that marries the human realization of financial capital and the self-consciousness*

³² Stefano Harney, Hapticality in the Undercommons, in *The Routledge Companion to Art and Politics*, ed. Randy Martin (London, 2015), 176.

of individuals in a single relationship. Although much of Apple's monopoly rests on profits banked through hardware sales (witness the increasingly expensive nature of its products like the iPhone X), the continuous use of the device locates its user in a universe of chargeable services that can, so long as these devices have social value, "scale indefinitely"³³ with the needs, drives, and desires of every individual.

This goes some way to explaining why the rise of the new economy of digital services, social networks, and smart systems feels so at home in the contemporary city. In spite of utopian hopes that networks would disrupt corporate power, and claims that we have entered an era of postcapitalism,³⁴ the years since the financial crisis have only seen an augmentation of the will to privatize. But the process of privatization has itself been altered, taking a more intense form than just the private enclosure of public space. For, if we take seriously the interest of corporations like Apple, who dream of locking users into relationships that never end, what we may be witnessing is a scramble to make the desire of individuals to differentiate themselves in the midst of society the new monetary basis of digital capitalism.

In time Apple's technological advantage will no doubt be superseded. My point, however, is not the hegemony of one company but the way one particular apparatus broke new ground for the accumulation of capital. As what the smartphone manifests is a distinctly psychic dimension to the way financial capital is spatially fixed. Once a subject invests in a piece of technology, capital digitally maps onto a personal profile (a persona) of consumption needs and desires—keyed into a set of credit cards, electronic modes of payment like PayPal, and cryptocurrencies like Bitcoin. The result of which provides the credit system with an apparatus to record the financial transactions that cognitively map a 'pattern of life.' A person's life story, their *Bildungsroman*, is laid out in terms of their credit history. Thus, while the contemporary growth of real estate may be read as the spatial index of financial domination, this is only the objective form of capital's drive for a much closer psychic fix. Where hoarders

33 Cf. Ben Thompson, *Everything as a Service*, May 3, 2016, stratechery.com.

34 Cf. Jeremy Rifkin, *The Zero Marginal Cost Society: The Internet of Things, the Collaborative Commons, and the Eclipse of Capitalism* (London, 2014).

of wealth once clung to gold's "metallic corporeality,"³⁵ today capital strip mines inner space; sifting molecules of liquidity from the psychic intentions that profile every human being's monetary future.

URBAN REVIVIFICATION

When considering what, in recent decades, made possible the planetary accumulation of capital, it is obvious that urbanization has been the vehicle. But beyond taking the financialization of space and the expulsion of people to be global capitalism's urban endgame, another hypothesis can be explored. What if the essential function of global real estate is to arrest sociospatial differentiation at the point when urban life begins to assert independence from capital? As we have seen, what launched financialization in 1971 was an attempt to suppress an emergent planetary resistance to the power of money capital. Similarly, the globalization of real estate since the 1990s, an event that gave financial capital the capacity to grasp urban culture, was based on a repression of inter-class contact.

Following the crisis of 2007–08, the growth of real estate has formed an urban apparatus that essentializes these two interlocking tendencies. The global city is, on the one hand, a liquidity trap, an apparatus designed to protect the liquidity of money capital and privilege its bearers. On the other, it is an agglomeration of social opportunity whose space cultures human forms of capital bespoke to the needs of the credit system. The result is a dual mode of spatial production and mode of subjectivation repeating the same city and pattern of life everywhere: an urban form whose universal function is to personalize the ramifications of financial crisis. In doing so, mass dependence on capital is urbanized, political resistance is minimized, and the future becomes a privilege only a creditor can enjoy.

The future, however, is not necessarily canceled. As land grabs degrade the earth's diversity, and social media incubates the dematerialization of currency and the rematerialization of despotism, the drive toward a combined psychospacial fix may be

35 Karl Marx, *A Contribution to the Critique of Political Economy* (New York, 1970 [1859]), 134.

a sign of capital hitting new limits. As what seems to animate the paranoia, resentment, and violence that belies real estate's true nature is the limited model of citizenship that the credit system has groomed and digital networks have cultured. In the aftermath of the crash of 2007–08, manifold waves of resistance around the planet emerged to confront the dispossessing powers of capital head-on. But the resentment that financial capital produces has also intensified the rejection of cosmopolitanism, an intolerance of difference, exacerbation of wealth inequality, and consolidated violence against the weakest.

Thus financial capitalism, unabated, driven to reduce all space (wherever social relations unfold) to real estate, may be tending toward complete abstraction, where “[v]alue asserts itself as pure value, without base of foundation.” It is futile, however, to celebrate this event's acceleration, when “value dissolves into pleonasm, tautology, a robotic halo.”³⁶ A more urgent theoretical task is to train the senses toward what Lefebvre called “the residues” of the urban that capital cannot absorb. This would be a project to revitalize a sense of what the urban body can do; to restore power to a radical space first described in Delany's astonishing 1975 fantasy *Dhalgren*. Mapping the residues of lives burned out by crisis in the 1970s, Delany described the emergence of a city hidden in plain sight. “Very few suspect the existence of the city. It is as if not only the media but the laws of perspective have redesigned knowledge and perception to pass it by.”³⁷

A decade later, the critic Fredric Jameson discussed the critical role the utopian imagination would have to play in feeling a way forward, under the weight of globalization, toward a social space “without hierarchy, a society of free people, a society that has at once repudiated the economic mechanisms of the market.”³⁸ And though abandoning the

anthropology of Marxist socialism, Stefano Harney and Fred Moten's writings have perhaps come closest to describing such a radical sensibility (an aesthetic that Jameson struggled to define). This is the ability to redress the pain of absolute dispossession, to neutralize ‘the hold’ that the

36 Henri Lefebvre, *Metaphilosophy* (London, 2016 [1965]), 203.

37 Samuel R. Delany, *Dhalgren* (New York, 2001 [1975]), 14.

38 Fredric Jameson, *Cognitive Mapping*, in *Marxism and the Interpretation of Culture*, eds. Cary Nelson, Lawrence Grossberg (Chicago, 1988), 255.

slave trade inflicted on Black lives, by recreating the sense of what is held in common. This is a different kind of touch, a new feeling of control; the soulful kick of underground resistance, a common sense that Harney and Moten call *hapticality*: “the touch of the undercommons ... the capacity to feel through others, for others to feel through you, for you to feel them feeling you ... there on skin, soul no longer inside but there for all to hear, for all to move.”³⁹

Whichever way we revivify the sense of radical urban possibility, what seems clear—and this may well be the contemporary “secret of primitive accumulation”—is that the global city was never the gift of capital to give. Rather it was a planetary desire for contact that capitalism dispossessed, privatized, policed, held in check. In the last analysis, then, the secret meaning of the 1970s was not that the world could be sold, but, as Bowie also sang, that *we never lost control*.

39 Stefano Harney, Fred Moten, *The Undercommons: Fugitive Planning & Black Study* (New York, 2013), 98.

HOUSING POLICIES BETWEEN FINANCIAL EXTRACTIVISM, NEEDS, AND RIGHTS

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HOUSING AND FINANCE IN THE 21ST CENTURY

Since the last decades of the 20th century, we have been living a process of deconstruction of housing as a social good and its transmutation into a financial asset.¹ The scope of this process

1 Cf. Raquel Rolnik, *A guerra dos lugares* (São Paulo, 2015); Rodrigo Fernandez, Manuel B. Aalbers, *Financialization and Housing: Between Globalization and Varieties of Capitalism*, in *Competition & Change* 20, no. 2 (2016): 71-88; David Madden, Peter Marcuse, *In Defense of Housing: The Politics of Crisis* (New York, 2016); Luciana de Oliveira Royer, *Financeirização da Política Habitacional: limites e perspectivas* (São Paulo, 2014).

goes far beyond the effects of the financial/mortgage crisis that, starting in the United States in 2007, has contaminated the international financial system. It deals with the conversion of the political economy of housing into an important element in a process of transformation of capitalism's very nature and form of action in its contemporary version—an era of hegemony of finance, fictitious capital, and the growing

dominance of income extraction over productive capital.² In the international literature on the political economy of housing, this process has been identified as “financialization,” that is, “the increasing dominance of financial actors, markets, practices, measurements and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states and households.”³

Supported by the political force of homeownership ideology,⁴ the socialization of credit—with the inclusion of middle- and low-income consumers in the financial circuits despite wage squeezes and limited job growth⁵—and the expansion of housing as a service through rent,⁶ the housing sector has been taken over by global finance, configuring a frontier for capital accumulation.

Between 1980 and 2010, the value of global financial assets—stocks, debentures, public and private debt securities, and bank investments—grew 16.2 times, while the world gross domestic product (GDP) increased a little less than five times in the same period.⁷ This overaccumulation resulted not only from the profits of large corporations, but also from the entry of new emerging economies on the scene, such as China. This *wall of money*⁸ began to increasingly seek new fields of application, transforming sectors (such as commodities, student finance, and health plans, for example) into assets to feed investors’ hunger for vectors of profitable application. The imbalance between the size of these savings and the domestic markets where they originated resulted, especially from the 1990s onward, in the search for the internationalization of investments. This environment was responsible for creating a structural lack of high-quality *collateral*,

2 Cf. David Harvey, *Seventeen Contradictions and the End of Capitalism* (London, 2014).

3 Manuel B. Aalbers, *The Variegated Financialization of Housing*, in *International Journal of Urban and Regional Research* 41, no. 4 (2017): 544.

4 Cf. Richard Ronald, *The Ideology of Home Ownership: Homeowner Societies and the Role of Housing* (New York, 2008).

5 Cf. Herman Schwartz, Leonard Seabrooke, *Conclusion: Residential Capitalism and the International Political Economy*, in: *The Politics of Housing Booms and Busts*, eds. Herman Schwartz, Leonard Seabrooke (London, 2009), 208–226.

6 Cf. Raquel Rolnik, Isadora de Andrade Guerreiro, and Adriana Marín-Toro, *El arriendo - formal e informal - como nueva frontera de la financiarización de la vivienda en América Latina*, in *Revista INVI* 36, no. 103 (2021): 19–53.

7 Cf. Leda Maria Paulani, *O Brasil na crise da acumulação financeirizada*, IV Encuentro Internacional de Economía Política y Derechos Humanos del 9 al 11 Septiembre 2010, Universidad Popular Madres de Plaza de Mayo, Buenos Aires.

8 Cf. Aalbers, *The Variegated Financialization of Housing*.

that is, a wall of money looking for a *spatial fix* to anchor itself to.⁹

The creation, reform, and strengthening of financial housing systems came to represent one of the new fields of application for this surplus, both in the scope of macroeconomics and domestic finance, as well as for the new flow of international capital. The creation of a secondary mortgage market was an important vehicle for connecting domestic housing finance systems to global markets. However, in addition, other non-bank financial instruments, such as interbank loans, have allowed local banks and other intermediaries to increase their leverage, thus increasing the availability of credit.¹⁰ The inflow of global capital surpluses enabled credit to grow beyond the size and capacity of domestic markets, creating and inflating so-called housing bubbles.

The takeover of the housing sector by the financial sector does not represent simply the opening of yet another capital field of investment. Instead, it is a peculiar form of store of value, as it directly relates the macroeconomy to individuals and families, and enables several central actors of the global financial system to interconnect, such as pension funds, investment banks, the shadow banking system, credit institutions, and public institutions.¹¹

The public or semi-public nature of housing financial policy institutions awards this sector high political relevance.¹² Thus, no assemblage of financial housing systems, more or less connected to global finance, dispenses with the action

9 Cf. Long-Term Investors and Their Asset Allocation: Where Are They Now?" in International Monetary Fund, *Global Financial Stability Report: Grappling with Crisis Legacies*, September 2011, 55–102.

10 Cf. Aalbers, *The Variegated Financialization of Housing*.

11 Cf. *ibid.*

12 Cf. Schwartz, Seabrooke, *Conclusion: Residential Capitalism and the International Political Economy*.

13 Fernandez, Aalbers, *Financialization and Housing: Between Globalization and Varieties of Capitalism*, 74.

of the state, not only in the regulation of finances, but also in the construction of the political hegemony of the conception of the house (*home*) as a financial asset. Thus, in different contexts observed, this movement has also had significant political effects in the constitution and consolidation of a conservative popular base, in which citizens are replaced by consumers and *players* in the capital market. For this reason, Fernandez and Aalbers consider that “this housing-finance elixir acts like a political drug.”¹³

The impact of changes in the form of housing provision on the structuring of cities is enormous. This is not simply a new housing policy, but an urbanistic, real estate, and financial complex with profound impacts on the redesign of cities and the lives of citizens. The intensity of this change can be described as a movement that transformed a “sleeping beauty”—the hitherto inert, immobile, and illiquid housing of the Bretton Woods period—into a “fantastic ballet” of the neoliberal period, where assets pass from hand to hand through fast and constant transactions.

SHIFT IN THE HOUSING POLICY PARADIGM

This movement implied a change in the housing policy paradigm in almost all countries. Formulated on Wall Street and the City of London, and first implemented by North American and British neoliberal politicians in the late 1970s and early 1980s, the change in the direction and economic role of housing gained momentum with the fall of the Berlin Wall and the subsequent hegemony of the free market in the 1990s. Adopted by governments or imposed as a condition for the granting of international loans by multilateral financial institutions, such as the World Bank and the International Monetary Fund, the new paradigm was mainly based on the implementation of policies to promote stronger and larger housing financial markets, including middle- and low-income consumers, who until then had been excluded from these markets.

At the end of the 1970s and throughout the 1980s, a series of policies to dismantle the basic arrangements of the social welfare states of the Global North began with the crisis of the Fordist Model of Development. The set of policies adopted by states after this crisis received the generic name of neoliberalism.¹⁴ Despite presenting itself as a generalized trend, neoliberalism, through neoliberal restructuring

¹⁴ Cf. Neil Brenner, Nik Theodore, *Cities and the Geographies of “Actually Existing Neoliberalism,”* in *Spaces of Neoliberalism: Urban Restructuring in North America and Western Europe*, eds. Neil Brenner, Nik Theodore (Oxford, 2002), 2–32.

strategies, focuses on different contexts, institutional configurations, constellations of sociopolitical power, and preexisting spatial configurations. As neoliberalism is an eminently unequal process, a perspective

that disregards the political and economic context of each country has little explanatory force.

The importance of context becomes evident when we examine the reforms of the housing systems of different countries during this period. In a general way, we can observe the dismantling of public and social housing policies, the destabilization of tenure security, the decrease in the stock of housing at affordable prices and rents, and the conversion of the house into a financial asset. The belief that markets could regulate housing allocation, combined with the development of experimental financial products, led to the abandonment of public policies in which housing is considered a social good, part of the common goods that a society agrees to share or provide for those with fewer resources—that is, a means of distributing wealth. However, the institutional forms inherited by each country are fundamental for the construction of emerging neoliberal strategies. These neoliberal policies are an amalgamation of two moments: the partial destruction of existing structures and the tendential creation of new structures.

In countries like England and the Netherlands, for example, which had strong welfare states, the keynote of housing system reforms was privatization—or even destruction—of the stock of public housing and the restructuring of public funds destined to policies for the direct provision of state housing. In its place, the creation of a financing system through mortgages was stimulated to encourage home ownership in the private market, and subsidies came to be increasingly aimed at supply and less at demand.

The same occurred in the United States, but with significant differences, in a context of a welfare state that had never been fully implemented and of support for home ownership based on mortgage credit as the keynote of housing policy since the 1930s, complemented by public policies of rental housing construction. In the 1980s, the production of public housing was replaced by a mass policy of encouraging home ownership through subprime loans. The presence of these credits and the deregulation of the rental market can also be considered as measures to destroy existing options for access

to housing, implemented to encourage the purchase of a home as the only way to access housing (as also occurred in Spain).

In the United States and in several European countries that adopted the regulation of rental prices in the postwar period, especially in postsocialist countries, there was also increasing pressure for its deregulation, reducing the supply of properties with regulated prices where the market is buoyant, making them less accessible, accompanied by a reduction in rent subsidies.¹⁵

Thirty years ago, an influential World Bank report, *Housing: Enabling Markets to Work*,¹⁶ synthesized this new thinking on housing policy, with arguments about how the housing sector would be important for the economy and guidelines for governments to formulate their policies.

Beginning in the 1990s, housing finance grew exponentially in developed economies¹⁷ until the global mortgage crisis, when residential mortgage markets accounted for between 50 and 100 percent of GDP.¹⁸ Another World Bank document states that the financialization of housing developed in this period, although at a slower pace, in countries¹⁹ that saw residential mortgage markets reach 20 to 35 percent of their GDPs. Such “progress” can also be observed in some less developed

countries,²⁰ “but not on a large enough scale to address some of the chronic housing issues they face.”²¹

These new trends had less impact in countries on the periphery of capitalism, where welfare housing systems never existed or were small and marginal in relation to housing needs. In Latin America, where the peripheral pattern of occupation, self-build, prevailed in the late 1990s, land titling programs took shape in irregular settlements. Peru, Mexico, El Salvador, among others, created institutes aimed at registering and formalizing properties. The debate about the role of titling in poverty reduction gained momentum with Hernando De Soto, who

15 Cf. Ronald van Kempen, Karien Dekker, Stephen Hall, Iván Tosics (eds.), *Restructuring Large Housing Estates in Europe* (Bristol, 2005).

16 *Housing: Enabling Markets to Work*, World Bank Policy Paper, April 1993.

17 United States, United Kingdom, Denmark, Australia, and Japan. Cf. Schwartz, Seabrooke, *Conclusion: Residential Capitalism and the International Political Economy*.

18 Cf. *ibid.*

19 South Korea, South Africa, Malaysia, and Chile, in addition to the Baltic countries. Cf. Loic Chiquier, Michael Lea (eds.), *Housing Finance Policy in Emerging Markets*, World Bank (Washington, DC, 2009), xxxi.

20 Indonesia, Egypt, Ghana, Pakistan, Senegal, Uganda, Mali, Mongolia, and Bangladesh. Cf. *ibid.*, xxxii.

21 *Ibid.*

argues that, with formal property titles, the informal assets of self-construction, “dead” to capital, could be used as collateral for loans destined to invest in business.²² However, research carried out in Peru, one of the first countries to experiment with mass titling, showed that there, and in other countries in the region, the presence of titles had little impact on access to formal credit by the working classes²³ and, furthermore, that titling without urbanization of the neighborhoods was not able to improve the living conditions of the poorest residents.

Thus, from the observation of housing trajectories of different countries, we detected four major models adopted by the housing financialization process, which differ from each other not only in their genesis, but also in the type of impact generated in the economies, cities, and life of the population: mortgage-based systems; association of financial credits with direct government subsidies, in the form of public lands, in fiscal and urban planning incentives for units produced by the market or through public-private partnerships (PPPs); micro-finance and land titling support schemes for self-construction; and, more recently, housing as a service in the rental markets.

While the mortgage system has developed more in the countries of the Global North, other forms of partnerships between the state and real estate-financial capital have grown in other countries, as well as institutions linked to micro-finance. Rental markets, increasingly organized around corpo-

rate owners, seem to be the new front of this process, currently spreading across the Global South through mass *bankarization*²⁴ and the *platformization* of urban services. We will focus on these processes in Latin America, seeking to understand how the financialization of housing has profoundly transformed working-class territories.

22 Cf. Hernando de Soto, *El misterio del capital* (Mexico, D.F., 2001).

23 Cf. Julio Calderón Cockburn, *Titulación de la propiedad y mercado de tierras*, in *EURE* 37, no. 111 (2011): 47-77; Gustavo Riofrio, *Why have families mortgaged so little?*, Lincoln Institute workshop on Comparative Policy Perspectives on Urban Land Market Reform in Latin America, Southern Africa and Eastern Europe (1998).

24 Note: A process in which the poorest segments of the population are incentivized to open bank accounts and acquire credit cards for private consumption, for example, by making government social benefits available only through credit institutions and cash cards.

NEOLIBERAL STATE IN THE PERIPHERY: RIGHT TO HOUSING OR TO DEBT?

To talk about housing in Latin America, it is necessary to look at the symbiotic relationship between state intervention

throughout history and the process of urban expansion largely carried out by self-built neighborhoods.²⁵ In countries such as Brazil and Colombia, the housing deficit was used as a justification for the mass production of home ownership accessed via real estate credit. With poor urban location, inadequate access to public facilities, and a lack of industrialization of civil construction or land policy, the result was an increase in spatial segregation and urban problems. With few subsidies, financing also ended up being accessed only by middle-income groups, and the solution for the poorest groups became self-construction in land occupations or peripheral working-class subdivisions.

Policies for the mass production of home ownership accessed via real estate credit were implemented in the 1960s and 1970s in countries such as Brazil,²⁶ Mexico, Colombia,²⁷ and Venezuela.²⁸ The *Alliance for Progress*²⁹ profoundly influenced

the technical and financial design of these national policies. International organizations conditioned the granting of credit to projects that met the general requirements of incentives to the private sector and national government counterparts. In this way, states were encouraged to structure instruments to expand mortgage credit and channel financial resources to housing, with the objective of leveraging the civil construction industry and, at the same time, “contribute to raising the standard of living of the people.”³⁰ In this way, a populist housing policy was designed to generate employment and demand, containing inflation without generating popular discontent.³¹

In Brazil, affordable housing was produced using resources from compulsory savings for workers, applied to formal employment contracts and managed by the federal government (the Government Severance Indemnity Fund for Employees – FGTS) through the National Housing Bank

25 Cf. Lucio Kowarick, *A espoliação urbana* (São Paulo, 1979).

26 Cf. de Oliveira Royer, *Financeirização da Política Habitacional*; Rolnik, *A guerra dos lugares*.

27 Cf. Paula Freire Santoro, *Inclusionary Housing Policies in Latin America: São Paulo, Brazil in Dialogue with Bogotá, Colombia*, in *International Journal of Housing Policy* 19, no. 3 (2019).

28 Cf. Beatriz Tamaso Mioto, *As políticas habitacionais no subdesenvolvimento: os casos do Brasil, Colômbia, México e Venezuela (1980/2013)*, doctoral thesis, State University of Campinas, 2015.

29 Note: Initiated by President John F. Kennedy in 1961, the Alliance for Progress sought to establish economic cooperation between the United States and Latin America.

30 Mioto, *As políticas habitacionais no subdesenvolvimento*, 52.

31 Cf. Gabriel Bolaffi, “Habitação e urbanismo. O problema e o falso problema, in *A produção capitalista da casa (e da cidade) no Brasil Industrial*, ed. Ermínia Maricato (São Paulo, 1982), 37-70.

(BNH) in 1964. In Mexico, the Institute of the National Housing Fund for Workers (Instituto del Fondo Nacional de la Vivienda para los Trabajadores) was formed in 1972, which collected five percent of workers' wages to allocate resources to housing. In Colombia, the National Savings Fund (Fundo Nacional de Ahorro) was created in 1968, which channeled and managed the redundancy payments of public servants in order to promote housing policies for workers. This would be the prelude to the creation of private savings and housing corporations (Corporaciones Privadas de Ahorro y Vivienda – CAVs) in 1972, which would greatly expand the role of the private sector in the country's housing provision, through long-term and short-term financing, for consumption and production, respectively.³²

The Chilean dictatorship, with Augusto Pinochet, beginning in 1978, turned this model of mass housing production in a more neoliberal direction—in tune with the political and economic transformations that occurred in the United States (Ronald Reagan) and England (Margaret Thatcher).³³ The so-called Chilean model of housing provision accelerated in 1984, spreading throughout several Latin American countries during the 1980s and 1990s, directly encouraged through loans from the Inter-American Development Bank (IDB) and the World Bank, including Colombia, Bolivia, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico, Panama, Peru, and Venezuela.³⁴ In this model, the responsibility for housing provision is totally private and receives a contribution of a single amount of resources per unit, offered on demand, through a composition of direct subsidy and mortgage, based on family income and savings capacity. In the Chilean case, financing was based on mortgage-backed securities, traded on the secondary market—the beginning of a more robust link between

housing production and international finance. Thus, a system of private supply of housing, supported by demand-based subsidies, was configured, linked to the financial system via the mortgage market. Politically, this model aimed to end Chilean irregular settlements—the focus of socialist popular mobilization—and to contribute

32 Cf. Mioto, *As políticas habitacionais no subdesenvolvimento*.

33 Cf. Alfredo Rodríguez, Ana Sugranyes, *El problema de vivienda de los con techo*, in *Los con techo. Un desafío para la política de vivienda social*, ed. Alfredo Rodríguez (Santiago de Chile, 2005), 77–94.

34 Cf. Rolnik, *A guerra dos lugares*.

to producing a citizenship based on consumption, indebtedness, and the affirmation of home ownership.

Considering the urban areas, in addition to removing approximately twenty-eight thousand families, this model produced more peripheralization, ghettoization, building problems, job loss due to the distance from the city, lack of access to education and health care, and the dismantling of irregular and community networks. In the 2000s, this generated the phenomenon of “those with roofs”³⁵—if, on the one hand, the policy practically ended the self-built irregular settlements, on the other hand it intensified the urban and social problems of the working classes.

In Mexico, where the World Bank made two large loans (1988 and 1992) to implement a similar model, five million homes were abandoned by the beneficiaries,³⁶ and a large portion of them were transformed into rental housing³⁷—given the urban and social problems generated by the program. The mass production carried out in Mexico was increased thanks to the stock market flotation of construction companies, a process that would also take place in Brazil, including the involvement of some well-known global investment funds.³⁸

35 Cf. Rodríguez, Sugranyes, *El problema de vivienda de los con techo*.

36 Cf. Javier Sánchez Corral, *La vivienda “social” en México: Pasado—Presente—Futuro?* (Mexico, D.F., 2012).

37 Cf. Edith Jimenez Huerta, *Renting and Sharing: Housing Options for The Poor, Unequal Cities and the Political Economy of Housing Part IV*, XIII ISA World Congress of Sociology, July 2014.

38 Cf. Rolnik, *A guerra dos lugares*.

39 Cf. Mariana de Azevedo Barreto Fix, *Financeirização e transformações recentes no circuito imobiliário no Brasil*, doctoral thesis, State University of Campinas, 2011.

40 Cf. Lúcia Zanin Shimbo, *Habitación Social de Mercado. A Confluência Entre Estado, Empresas Construtoras e Capital Financeiro* (Belo Horizonte, 2012).

41 Cf. Sérgio Ferro, *Arquitetura e Trabalho Livre* (São Paulo, 2006).

The initial public offerings of companies in the real estate market in Brazil in the 2000s³⁹ has the practical impact of a necessary productive restructuring of the sector⁴⁰ to adapt to the great acceleration of capital rotation required by the financial system. In the closed-enterprise model, the real estate capital cycle was long, linked to the specificities of accumulation of low wages: low productivity and little industrialization, with extensive use of the workforce—characteristics that are part of the scenario of value transfers in the industrial period.⁴¹ The need to remunerate investors according to financial market fluctuations caused major changes in this scenario, leading to the formation of land

banks that allowed the rapid expansion of the business,⁴² as well as productive alterations.⁴³

In addition, it was necessary to give fluidity to popular demand, a role that fell again to a large program of mass housing provision along the lines of the Chilean model, already modified by the Mexican phase, and with a high subsidy for the lowest income groups: the My House, My Life Program (Minha Casa Minha Vida – PMCMV), launched in 2009. In 2010, Colombia also launched a mass production program, followed in 2012 by its Programa de Vivienda Gratuita, inspired by the

PMCMV.⁴⁴ The Brazilian program was born in the midst of the global mortgage crisis, functioning in part as an anticyclical policy, but also as a mechanism to expand the link between real estate and finance, in an “international platform for financial valuation.”⁴⁵ The urban and social results of the financialization of housing are very similar: a process of exponential growth in the price of urban real estate, generating disposessions and an increase in the housing deficit due to the excessive burden of rent.⁴⁶

Private supply policies continue today, but with much less subsidy than in the previous phase. The final phase of this process of linking finance with real estate through the provision of popular housing in Latin America has been the concessions or PPPs. These are understood as mechanisms of state reform and incorporated from a rhetoric that “there is no other alternative.”⁴⁷ PPPs have migrated to poor countries to escort capital, mitigate risks (*de-risk*) for institutional investors, and create new asset classes in education, health, transport, energy,⁴⁸ and housing. But there is little evidence that they contribute to reducing poverty or addressing inequalities in access to public services⁴⁹ or housing solutions.⁵⁰

42 Cf. de Azevedo Barreta Fix, *Financeirização e transformações recentes no circuito imobiliário no Brasil*.

43 Cf. José Eduardo Baravelli, *Trabalho e Tecnologia no Programa MCMV*, doctoral thesis, University of São Paulo, 2014.

44 Cf. Santoro, *Inclusionary Housing Policies in Latin America*.

45 Paulani, *O Brasil na crise da acumulação financeirizada*, 9.

46 The excessive burden of rent is an aspect of the housing deficit that concerns the poorest families, who earn up to three minimum wages and spend more than 30 percent of their earnings on rent.

47 Tim Brown, Nicola Yates, *Public-Private Housing Partnerships*, in *International Encyclopedia of Housing and Home*, ed. Susan J. Smith (Oxford, 2012), 447.

48 Cf. Daniela Gabor, *The Wall Street Consensus*, SocArXiv Papers, 2020.

49 Cf. María José Romero, *What lies beneath? A critical assessment of PPPs and their impact on sustainable development*, European Network of Debt and Development, 2015; María José Romero, *Opinion: Public-private partnerships don't work. It's time for the World Bank to take action*, iDevex, April 19, 2018.

50 Cf. Amita Bhide, *Slum Redevelopment in Mumbai as a PPP*, in *Critical Reflections on Public Private Partnerships*, eds. Jasmine Gideon, Elaine Unterhalter (New York, 2020), 64–78.

Our studies on housing PPPs in São Paulo show that they seem to aim not at meeting the most urgent and priority housing demands, but at opening a front for real estate-financial capital. They seek to “unlock” land that is not available on the land market, sell it to obtain resources, and use it as a basis for urban transformation, or to provide guarantees for periodic dividend payments to concessionaires, composing the guarantee fund of PPPs.⁵¹ Thus, they mobilize land and public funds, remunerate for the management of housing units and services—condominium management, social management, renting of commercial areas, etc.—and allow investors to explore rental properties to ensure return on capital invested over time and their transformation into financial assets, such as receivables, to raise funds in advance on the financial market. It is about the implementation of a logic of remuneration of financial capital in which housing is transformed into service management.

Links between the state and capital markets already existed with mass production housing policies, which were

51 Cf. Paula Freire Santoro, Débora Ungaretti, Pedro Henrique Rezende Mendonça, ‘Destruir’ terra pública no processo de financeirização. O caso de São Paulo, in *Seminário Internacional Financeirização e Estudos Urbanos. Olhares Cruzados Europa e América Latina*, Lúcia Zanin Shimbo, Beatriz Rufino (São Paulo, 2018), 117–163; Paula Freire Santoro, Pedro Lima, Pedro Henrique Rezende Mendonça, *Parcerias Públicos-Privadas e Habitação Social: vínculos perversos, in Cidade Estado Capital: reestruturação urbana e resistência em Belo Horizonte, Fortaleza e São Paulo*, Raquel Rolnik et al. (São Paulo, 2018), 116–163.

52 Cf. Santoro, Lima, Mendonça, *Parcerias Públicos-Privadas e Habitação Social*; Alvaro Luis dos Santos Pereira, Gabriel Maldonado Paladini, *Parceria público-privada para construção de moradia popular. Fundamentos institucionais para a expansão do mercado de habitação em São Paulo*, in *Cadernos Metrópole* 20, no. 43 (2018): 879–903.

subsidized with land and public funds.

Now, the private sector is paid to build the units and manage them, as well as provide housing services, with a view to financial valuation, but with guaranteed remuneration through public fund compensations, which constitute a flow of remuneration for these investments over time, including the interest.⁵²

The units produced, therefore, are linked to the capture of real estate appreciation through the privatization of public assets and the transformation of housing into an anchor of services that justify the flow of compensations for long periods. The concessionaire may also issue certificates of rental real estate receivables or real estate debt securities from the sale of units and advance funds for the construction of units, which can be sold or rented. The securitized

assets are assured by the guarantee funds formed, as well as by public equity. Almeida et al.⁵³ show that the model threatens and removes families who occupy public areas in the base properties for the construction of housing, but also those who occupy areas that make up the PPP guarantee fund, which can be alienated if it is necessary to obtain resources for the payment of PPP compensations.

The last step in this process is for housing to be transformed—itsself—into a service, through the mechanism of rent. Not only is housing rental a trend in Latin America, but new housing agents and typologies are also emerging, connected with finance, and new models of public policies on social rental have begun to circulate in the region.

FINANCES AND PRECARIOUSNESS: THE PROFITABILITY OF RENTAL HOUSING INSECURITY

There is a structural transformation underway in global scenarios, which in Latin America intensified approximately two decades ago: the growth of residential rental markets in all income brackets.

This represents an important transformation within a relatively stable framework, since the 1950s and 1960s, of access to housing through private ownership or ownership and self-build, with a large presence of informality in various aspects of production, commercialization, and use of housing.

Across Latin America, this process has combined the phase of heavy industrialization with the predominance of access to housing through ownership, leading to the current situation where residential rentals represent an average of around 20 percent of dwellings, while in Europe the figure is 30 percent (ranging from 20 percent in Iceland to 55 percent in Switzerland), and in the United States and Canada, 33 percent.⁵⁴ This scenario has changed in several countries: according to the Economic Commission for Latin America and the Caribbean (ECLAC) since 2000 the percentage of

53 Cf. Isadora Marchi de Almeida, Débora Ungaretti, Paula Freire Santoro, Ulisses Alves de Castro, PPPs habitacionais em São Paulo. Política habitacional que ameaça, remove e não atende os removidos, in *Cartografias da produção, transitoriedade e despossessão dos territórios populares: observatório de remoções*, relatório bianual 2019–2020, eds. Fernanda Accioly Moreira, Raquel Rolnik, Paula Freire Santoro (São Paulo, 2020), 181–221.

54 Cf. Andrés G. Blanco, Vicente Fretes Cibils, Andrés F. Muñoz, *Se busca vivienda en alquiler: Opciones de política para América Latina y el Caribe* (Washington, DC, 2014).

rented households in Latin America has grown by 8.8 percent, especially in Brazil, Argentina, Colombia, Costa Rica, Chile, and Nicaragua, with variations above 20 percent.

This trend presents different dynamics, however combined, in the different extracts of the market. In formal markets it seeks to concentrate assets in the portfolios of institutional investors, with a large segmentation of demand profile, often supported by PPPs. This concentration and focus of demand occurred at a global level in an accelerated way after the global mortgage crisis, through the property modality in which a set of real estate units on the same lot does not form a condominium, remaining as a single property—identified by formats such as *multifamily* condominiums, an

55 Cf. Desiree Fields, *Constructing a New Asset Class: Property-led Financial Accumulation after the Crisis*, in *Economic Geography* 4, no. 2 (2018): 118–140.

56 Cf. Tom Slee, *Uberização: a nova onda do trabalho precário* (São Paulo: 2017); Fields, *Constructing a New Asset Class*.

57 Bianca Tavorali, Vitor Nisida, *Entre o hotel e a locação: análise jurídica e territorial das decisões do Tribunal de Justiça de São Paulo sobre o Airbnb*, in *Internet & Sociedade* 1, no. 2 (2020): 5–30.

58 Cf. Pedro Abramo, *Favela e mercado informal. A nova porta de entrada dos pobres nas cidades brasileiras* (Porto Alegre: 2009); Pedro Abramo, *La ciudad com-fusa: mercado y producción de la estructura urbana en las grandes metrópolis latinoamericanas*, in *EURE* 38, no. 114 (2012): 35–69; Isadora de Andrade Guerreiro, *O aluguel como gestão da insegurança habitacional: possibilidades de securitização do direito à moradia*, in *Cadernos Metròpole* 22, no. 49 (2020): 729–756.

59 Isadora Fernandes Borges de Oliveira, Beatriz Rufino, *As grandes incorporadoras, o segmento econômico e a desconstrução da promoção pública habitacional*, in *Cadernos Metròpole* 24, no. 53 (2022): 93–118.

appropriate manner for the concentration and management of property through real estate investment funds (REIFs) or real estate investment trusts (REITs). This can be a legal, institutional, or corporate figure, which manages assets in a transnational way articulated by finance—the so-called *corporate landlords*.⁵⁵ Digital platforms become, in this system, the priority means to manage and concentrate the flow of dispersed incomes,⁵⁶ acting with the lack of, or circumventing, legal frameworks for the protection of rights (labor or urban).⁵⁷

This process of “tenantization” in Latin America also takes place in working-class territories, through the increase in the percentage of rented housing in relation to owned housing, regardless of the legality of possession.⁵⁸ The mass housing production phase of the so-called economic segment, although it caused family cohabitation to fall, as well as precarious housing, contributed to an increase in the price of land and, consequently, an increase in rent.⁵⁹ In Brazil, the profile of the housing deficit changed in mid-2010: at the same time

that the financing for housing acquisition was implemented (PMCMV), the share of the indicator of excessive burden with rent expenses grew exponentially.⁶⁰ In Chile, in 2015, 28 percent of tenants paid more than a third of their family income in rent, also indicating a deficit due to excessive burden.⁶¹ In several countries, there were increasing situations

60 The excessive burden of rent in Brazil went from about 30 percent of the total housing deficit in 2010 to 50 percent in 2015. In 2019 in metropolitan regions, it represented an average of 59 percent (reaching more than 70 percent in some places). This burden, on families earning up to two minimum wages, represents, on average, 41.2 percent of their income in 2018, reaching more than 50 percent in some metropolitan regions. It is important to note that this deficit is mostly female: in 2019, 62.2 percent of the “excessive rent burden” component consisted of female-headed households. Cf. Larissa Lacerda, Isadora Guerreiro, Paula Freire Santoro, *Por que o déficit habitacional brasileiro é feminino*, *labcidade*, April 22, 2021.

61 Cf. Felipe Link, Adriana Marín-Toro, Felipe Valenzuela, *Geografías del arriendo en Santiago de Chile. De la vulnerabilidad residencial a la seguridad de tenencia*, in *Economía, Sociedad y Territorio* 19, no. 61 (2019): 507–542.

62 Cf. Elizabeth J. Mueller, J. Rosie Tighe (eds.), *The Affordable Housing Reader*, 2nd edition (New York, 2022).

63 Cf. Kristine Stiphany, Peter M. Ward, Leticia Palazzi Perez, *Informal Settlement Upgrading and the Rise of Rental Housing in São Paulo, Brazil*, in *Journal of Planning Education and Research*, January 11, 2022.

64 Raquel Rolnik, Nabil Bonduki, *Periferia da grande São Paulo: reprodução do espaço como expediente de reprodução da força de trabalho*, in *A produção capitalista da casa (e da cidade) no Brasil industrial*, ed. Maricato, 117–154.

65 Cf. Abramo, *Favela e mercado informal*.

of *unaffordability* or *cost burned* families, defined as those that spend more than 20 to 30 percent of their income, depending on the country under study, on housing.⁶²

The flexibility of the labor market also seems to be related to the precariousness of access to housing, particularly in the working classes, with a relevant role of entrepreneurship in the search for daily sustenance—in which the current commodification of the old self-build through rent is also a part.⁶³ In this way, although renting in self-build is not new,⁶⁴ there have been alterations in the relevance of its presence and, especially, in the form of its production, as it is undertaken, as a business, from the occupation or purchase of the lot or property, in processes that emulate the formal real estate incorporation.⁶⁵

This context, however, must be analyzed from the point of view of the link between the trend of flexibility in the formal market and the historical informality of the region, whether in housing production or in the world of work. Our hypothesis is that renting seems to be an important mechanism of this link, insofar as it separates property from use, *transforming housing into a service*—a movement in which the profitability extracted from *housing management* seems to be more relevant than the one appropriately related to *its production*. The commodification

of self-construction through rent on a more relevant scale than that observed in the 1970s—within the framework of entrepreneurship—means, therefore, a new layer of precariousness, which involves an important alteration in the territories: the concentration of rental properties in the hands of owners of many units, or in local real estate agencies which centralize the flow of previously dispersed and family-use incomes.

Residential rentals allow for the formalization of contracts that generate a continuous flow of income and give access to housing in properties without formal registered ownership or whose urban legality is not complete. This is because the rent operates in a specific private contractual relationship: such contracts do not necessarily require proof of ownership or regularity (building and urban) of the property or the rented part of it, these only serving in the event of intervention by the judiciary in the case of evictions. In this way, the rental agreement ends up contracting periodic rents that can be capitalized and sold in secondary markets and housing that, from a physical and legal-administrative point of view, can be informal and precarious. This is a different market from that of buying and selling real estate, as the lack of complete formalization of the property does not prevent legal rental contracts or even “drawer” contracts mediated by local management forces. Thus, there is a large market for revenue extraction, at the same time that the demand for cheaper rentals gains even more centrality as land is scarce in the large urban centers of Latin America.⁶⁶

Another important shift in residential rental markets is Social Impact Bonds (SIB). These bonds are popularly called “housing impact bonds,” as they are linked to housing solutions—such as the production of new rental units with funds from certificates of real estate receivables (articulated with PPPs that guarantee “affordable rent”), or to REIFs that also guarantee “affordable” rents, among others.⁶⁷ These securities perceive a possibility of obtaining financial resources from the market to achieve objectives of public interest, expanding

66 Cf. *ibid.*

67 Cf. Paula Freire Santoro, João de Araújo Chivavone, *Negócios de impacto social e habitação social: uma nova fronteira do capital financeirizado?* in *Cadernos Metr pole* 22, no. 49 (2020): 683-704.

the participation of nonstate actors in public affairs or from a restructuring of the actors involved in philanthropy, or investors of “conscious” or “patient” capitalism, willing to take risks and generate social impacts, with remunerations lower than those expected in a traditional financial market, or sharing the risk in models of *blended finance*.⁶⁸ These are bonds or other instruments that associate the capital market with the real estate market, creating real estate–financial

assets, backed by real estate, services, or housing rental, and no longer backed by mortgages.

68 The term *blended finance* consists of mixed financing, which uses amounts from donors, philanthropists, or public subsidies to mitigate investment risks and help rebalance risk reward profiles in pioneering and high-impact investments, so that they can become “commercially viable over time” (Santora, Chivone, *Negócios de impacto social e habitação social*, 695). In these operations, the role of the state would be to promote conditions for the operation of the market, through subsidies or incentives for the production of these housing solutions.

69 Cf. Ruy Braga, *A política do precariado: do populismo à hegemonia lulista* (São Paulo, 2012).

70 Cf. Daniel Veloso Hirata et al., *A expansão das milícias no Rio de Janeiro: uso da força estatal, mercado imobiliário e grupos armados* (Rio de Janeiro, 2021).

71 Cf. Allan de Abreu, *O banco imobiliário do PCC, Piauí*, October 27, 2020.

72 Daniel Manzione Giavarok, *Eles não usam macacão: Crise do trabalho e reprodução do colapso da modernização a partir da periferia da metrópole de São Paulo*, doctoral thesis, University of São Paulo, 2018; Gabriel Feltran, *Economias (i)lícitas no Brasil: uma perspectiva etnográfica*, in *Journal of Illicit Economies and Development* 1, no. 2 (2019): 145–154.

73 These vouchers are public subsidies to renters of rental housing in the private rental stock.

74 Cf. Guerreiro, *O aluguel como gestão da insegurança habitacional*.

The hypothesis, therefore, is that we are facing three ongoing processes that shape the nexus between the mainstream markets—from historical informality to the recent precariousness of the middle classes and the social reproduction of the new “precariat”⁶⁹—and finance. The first, and oldest, is linked to illegal markets for goods and drugs that operate transnationally. Recent research shows how residential rental markets in militia-controlled areas are fundamental to their economic maintenance and territorial expansion,⁷⁰ in addition to being important ways of laundering money from these transnational markets⁷¹ and also productive investment of income from very lucrative international businesses.⁷²

The second is a type of neoliberal public policy that outsources the legal responsibility and quality of rental housing to the beneficiary, through vouchers⁷³ or monthly monetary aids without any control or management over the rental system adopted.⁷⁴ In the United States, the voucher policy has shifted resources from public housing authorities to the private sector, funding the difference between

what tenants can pay and market prices, encouraging *corporate landlords* and the market itself. By becoming the main policy, it exposes its limits: an insufficient supply of units, vouchers with an expiration date that preserve insecurity, difficulties in continuous maintenance, maintenance of market prices pressuring resources, and the good location of the houses offered, perverse strategies of degradation of properties by landlords to evict tenants and upgrade to market rents. Although these policies are not yet directly linked to finance in Brazil, they took their first steps in this direction when they began to propose a constant flow of income through vouchers to managers of rental portfolios destined for displaced populations.

The third is in raising funds from families linked to housing through indebtedness, whether through renting or obtaining loans for construction or improvements to their homes. The services contracted by families may even be the same as those currently offered by the informal market—the families already pay for renovations, rent, or mortgages—made available with lower interest rates and with the promise of better quality in the offer of the service from businesses that impact housing, with a large presence of mediation via platforms, which centralize the management of these resources. With this, the payments made by the families represent an inflow of dispersed resources, which were previously outside this formal financial market, circulating in the informal market. It is inspired by microfinance strategies that, since the 1990s, have worked to incorporate low-income families into the formal market, as their combined resources result in extraordinary amounts that circulate outside the formal market.⁷⁵

If previously the international financing agencies understood the *un-banked* population as one that has the potential to develop profitable businesses, whose resources orbit the informal market, the urbanization of slums and land tenure regularization, for example, started to be seen as a profitable, “*bankable*” business, from the indebtedness of the families who bear these processes.⁷⁶ The bet on family indebtedness is one of the differences between these experiences in relation to those of previous decades,

75 Cf. Joanna Ledgerwood, Victoria White, *Transforming Microfinance Institutions: Providing Full Financial Services to the Poor* (Washington, DC, 2006).

76 Santora, Chiovone, *Negócios de impacto social e habitação social*, 685.

such as mass titling, but they represent the same “dead capital that must be moved,” increasing the volume of resources that circulate in the financial market.⁷⁷ The mechanisms of family indebtedness are seen by several authors as central elements for subjection, in gendered and racialized structural processes of oppression renewed by debts.⁷⁸

Although each of these three processes is currently being developed, they are also interrelated: they occur in the same territory, in the same market, while disputing and articulating different practices, agents, and repertoires, intertwining

corporate markets and irregular housing markets in new ways, shaping what could be called the “new informality.”

This “new informality”—which establishes links either with the government or with the market, including capital, without, however, being fully formalized—is a process that occurs concomitantly with other elements in peripheral territories. According to Abramo,⁷⁹ the scarcity of new peripheral lands transforms and intensifies the dispute for them—through the formal or informal market. This generates, among other dynamics, the densification, via the informal market, of already consolidated settlements,⁸⁰ in which a certain centralization of capital begins to appear.⁸¹ As they are outside public regulation, these increasingly robust markets are regulated locally, with private territorial management—often of a militarized nature, with a central hybrid character of economic, social, and political intermediation. Such private regimes of territorial control take different forms in the various Latin American countries, but they have similar characteristics: relationship between the land market and illicit commodity markets, and the use of discretionary private violence.

77 Cf. de Soto, *El misterio del capital*.

78 Cf. Santoro, Chivavone, *Negócios de impacto social e habitação social*; Verónica Gago, *La razón neoliberal. Economías barrocas y pragmática popular* (Buenos Aires, 2015).

79 Cf. Abramo, *Favela e mercado informal*.

80 According to Pedro Abramo's network of researchers in Rio de Janeiro, 45 percent of the households in the studied favelas have more than three floors, and according to Suzana Pasternak and Camila D'Ottaviano, after the 2010 census, 62.3 percent of the homes in the slums in the metropolitan region of São Paulo already had more than two floors and 85.2 percent had no spacing between buildings (cf. Suzana Pasternak, Camila D'Ottaviano, *Favelas no Brasil e em São Paulo: avanços nas análises a partir da Leitura Territorial do Censo de 2010*, in: *Cadernos Metrôpole* 18, no. 35 [2016]: 75–100).

81 According to the same network of researchers of Pedro Abramo, 44 percent of landlords in the studied favelas in Rio de Janeiro own more than one property (cf. Abramo, *Favela e mercado informal*), while in São Paulo, in Paraisópolis, this number reaches 75 percent (cf. João Fernando Meyer, Emilio Haddad, Rodrigo Minoru Hayakawa Tanaka, Adriane Paulo Silva, Ângelo Luppi Barbon, Gustavo Marques dos Santos, *Mercado imobiliário residencial em Paraisópolis: O que mudou nos últimos dez anos?* [São Paulo 2017]).

The centralization of these flows even generates the interest of other agents, such as business institutions, urban service providers,⁸² and irregular rental platforms,⁸³ which operate in a nebulous zone between contractual formality and urban and building informality. The forms of regulation of this gray area are always private, and in the case of rental platforms, they have faced legal disputes around the framework of their business.⁸⁴

From an economic point of view, there is a difficulty in concentrating capital in informal spheres of accumulation due to its “failed” legal contractualization. However, this does not mean less profitability; on the contrary, it is a sub-market with higher profitability than the formal areas of cities, reaching three to four times higher, according to data from Abramo⁸⁵ and Meyer et al.⁸⁶ This has led to a new form of commodification of irregular territories, largely based on the mechanism of renting, when a whole production of space linked to new typologies is activated, such as the formation of tenements within the favelas, construction of vertical spaces for rent, and informal incorporation practices that emulate formal practices.

82 Cf. Henrique Santiago, *Favela S/A. Conglomerado de 23 empresas que só atua em comunidades faz riqueza produzida na quebrada ficar por lá*, UOL, December 13, 2020.

83 Cf. alpop.com.br.

84 Cf. Tavolari, Nisida, *Entre o hotel e a locação*.

85 Cf. Abramo, *Favela e mercado informal*.

86 Cf. Meyer et al., *Mercado imobiliário residencial em Paraisópolis*.

87 Cf. Gago, *La razón neoliberal*.

88 Cf. Vera da Silva Telles, *Transitando na linha de sombra, tecendo as tramas da cidade* [anotações inconclusas de uma pesquisa], in *A Era da Indeterminação*, eds. Francisco de Oliveira, Cibele Saliba Rizek (São Paulo, 2007), 195–219.

89 Note: *Viração* refers to forms of precarious employment that are widespread in peripheral areas of Brazil.

The analysis of Gago⁸⁷ fits here, for whom the global financial circuits of accumulation cannot be understood only by their sphere of circulation “from above”—within the stock exchanges and corporations, through the financial investment funds inserted in real estate production—but also “from below” as such circuits are, above all, centralized extractors of value from many diffuse and “self-managed” properties. Such properties are mediated and constructed by popular practices of reproduction of life and subsistence,⁸⁸ by *viração*,⁸⁹ currently realized through an entrepreneurial matrix. In the combination of these circuits as well as in combined finance or other strategies that include the state, the risks of the financial circuits are mitigated.

CONCLUSION

Throughout this article we have seen that housing necessarily involves financial aspects in the financing, but also as long-term savings for families, materialized in the house and land—which can also become assets that generate future income, such as rent. The form, its agents, and its articulation occur differently in each context, but their financial character makes them part of a global dynamic. Housing articulates local processes with global processes, from the daily lives of families, through the world of social rights, to the highest spheres of international capital circulation.

Currently, under the hegemony of finance and the neoliberal political economy, housing—and especially irregular or social housing—is also converted into a financial asset. The particularity of this transformation is that it takes place in the name of the right to housing, through state action. Herein, we first saw a process of transforming the debt of states into the debt of families, in which the policy of home ownership dismantled the housing models of the welfare state in countries of the Global North and, in the others, created a kind of citizenship by indebtedness, with an important role of mass dispossession processes. In a second moment, in which housing as a service gains space, we observed a double indebtedness, from the state (in PPPs, for example) and from families (through rent), with centralization of global financial capital.

The new frontier seems to be the popularization of finance, with mass bankarization—and indebtedness—made possible through the new digital-financial mechanisms that began to centralize and manage a huge amount of dispersed income flows, be it through businesses with land, with construction and renovations, or with rent. This process not only takes place in the formal sphere of the economy, but also in popular submarkets, crossed by illegalities and circumvention of the legal framework of social rights, even carried out by market agents, particularly linked to entrepreneurship, and with support from the state.

The characteristics of peripheral economies—with high community self-management and the formation of local private regimes of control—are the social basis on which

financialization linked to platformization (or “sharing economy”)⁹⁰ is based. In the case of housing, renting has been a mechanism through which finance has appropriated, dispersed, and deregulated local markets. Thus, it is worth taking a close look at the recent transformations in irregular territories, whose greater presence of services by platform or startups—for rent, reforms, land regularization, or urban services—is in line with logics of privatization, forming a web of neoliberal relationships “from below.”⁹¹ Such privatized control of relationships gives rise, in some contexts, to a “logic of militia”⁹² that centralizes and manages urban services—among them informal rent, mobilizing the use of violence.⁹³

Thus, the question that arises today between housing and finance is, on the one hand, the change in the quality of violence involved in the historic rentier extractivism: when informality becomes a solution for the intensification of financialized income flows, precariousness is reproduced at the same speed as dividends. And, on the other hand, the process of construction of citizenship through social rights in a wage society unravels within a process of intensification of permanent transience, whether in the world of work or in housing, in which public policy itself has increasingly become an agent of expropriation.

90 Cf. Slee, *Uberização*.

91 Cf. Gago, *La razón neoliberal*.

92 Cf. Cibele Saliba Rizek, *Um mosaico macabro. Modulações contemporâneas sobre trabalho, moradia e violência de Estado*, in *Proposta - Revista de Debates da FASE* 42, no. 129 (2019): 10–19.

93 Cf. Hirata et al., *A expansão das milícias no Rio de Janeiro*.





LABOUR
PROTEST

2022 -> DEMO
 Singt weiter!

2022 -> KUNDGEBUNG
 ...



STANKE

WIRTSCHAFT

- No eviction, no demon...
 of Habersaathe...

...er Charlie nurses
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stast


Enough is ENOUGH

Genug verrät

verblödet

berli





Prioritäten setzen!

**Rendite für alle
(Investoren)
statt Wohnungen
für alle**



PRACTICES OF COMMONING

KIM BODE

Today, the persistent repression of tenants and other residents of the city is evident in our cityscape. Rental space is highly contested, and for many, the endless viper of expectant people winding up staircases symbolizes scarcity and rejection. For decades, tenants and city dwellers have fought for affordable housing and against the sell-out of the city—a discourse and protest that ever-reappearing actors propagate.

The countless images of protest marches during the Tag der Immobilienwirtschaft,¹ the *Lauratibor* Protest-Opera, the protest against a Humana pop-up shop that was rented by the bookstore Kisch & Co. until a year ago, and rallies for the preservation of Habersaathstraße in front of the community center Mehr Mitte at Torstraße, depict only a small

¹ Literally: Day of Real Estate Economy, which is the annual conference of the German Property Federation (ZIA).

cross-section of this resistance. However, they reveal that a change in the urban policy of the Berlin Senate is sorely needed. Familiar forms of protest, such as demonstrations and rallies, are just as important as performative spectacles like those of the *Lauratibor* Protest-Opera, which captivates with its wit and creativity, consistently attracts a wide audience and exposes the Berlin Senate's cringe-worthy treatment of citizens.

Although politics has always been susceptible to the abuse of power, in recent years the private interests of politicians and the machinations of industry and economy seem to have taken absolute precedence over the interests of the electorate. It seems that residents exist only to be exploited, manipulated and reduced to mere numbers within administrative rosters—leaving political campaigns to convey slogans of fear, rather than hope and vision. They are left with a numb feeling of despair, hopelessness and mistrust, or with sadness, anger and frustration. However, eventually, these emotions will build up to the courage that is required to protest and resist.

THINKING AND MAKING THE NON-FINANCIALIZED CITY?

A CONVERSATION ABOUT THE POSSIBILITIES
OF ESCAPING FINANCIALIZATION AND CREATING ALTERNATIVES

JANA GEBAUER, KATHRIN GERLOF,
NAOMI HENNIG, KATRIN LOMPSCHER,
PHELI SOMMER
CONCEPTION, MODERATION, AND TEXT
EDITORIAL BY JANA GEBAUER
IN COOPERATION WITH
OXI - WIRTSCHAFT ANDERS DENKEN¹

Once upon a time, there was a divided city. Here, a private-political mix of buildings with gardens or backyards abutted a wall construction and residential buildings known as the Plattenbau,² both uniform and publicly owned. Following the systemic dismantling of the Wall as well as several Platten, new spaces first became free and then became markets. The markets are now resurrecting the Platte, and why not? But they are also building new walls, and those with no money again find themselves outside. And again, the city is divided ... So, let us talk about overpriced housing in broken markets, about speculative, concentrated, and indiscernible ownership of the houses of our city. For this, we meet in a Platte in former

1 Literally: Thinking economy differently, oxiblog.de.

2 Literally: Prefab housing blocks.

East Berlin: When the building was sold along with other residential buildings in 1995, the tenants took action and formed a cooperative to buy the houses themselves. Today, on a very warm day in May 2022, while enjoying the view of the neighboring houses surrounded by cooling greenery, we greet each other amid coffee cups, microphone cables, and laptops. Among us is Pheli Sommer, an ethnologist and registry biographer. She explores normative concepts in administrative processes and data infrastructures, questioning what ownership means to us, what knowledge we collect about it, and whether—or not—we collect it. Naomi Hennig is a researcher, curator, and artist. She works on ecological and social issues in the city and rural areas, relying on public information about private property. Value chains are among her research objects. Kathrin Gerlof is an author, journalist, and volunteer chairwoman of the housing cooperative where we meet. She brings the non-/knowledge about property issues into the newspapers and translates it so that thinking and acting beyond property becomes possible. Katrin Lompscher is her co-chairwoman in the cooperative and a former construction worker, urban researcher, and urban developer. As a city politician, she has had to deal with non-/knowledge and create intermediary spaces for maneuvering municipal housing policy. She describes the current situation as follows:

Katrin L.: Since the 2000s, federal legislation has permitted investment funds in the housing sector. One of the first bleak political experiences with this was selling a municipal housing company, GSW, to two such hedge funds in 2004. Since 2008, capital that is by no means ‘shy’ is increasingly seeping into the real estate sector. In Berlin, this coincides with various surges, including the number of inhabitants. The rush of capital and the growing demand means that we have absurdly rising prices—for rents, land, and owner-occupied apartments. All of this affects the scope of political action. One extreme example is

3 Literally: Right of first refusal.

the attempt to exercise the municipal so-called *Vorkaufsrecht*³ in the areas of milieu protection. Before the Federal Administrative Court overturned this right at the end of last year, the city often entered into purchase agreements between private actors. At this point, we can almost be glad that the city can no longer do this because these sales contracts became increasingly expensive: the same amount of money would get less housing in return. I hope the federal government will reform the law soon. But there also needs to be a balance between political room for maneuver and the financial expenditure necessary to achieve it. This balance has gotten entirely out of hand. Admittedly, making money with real estate is nothing new; it already existed in Berlin's founding days: the companies that built the city as we know it today were also real estate speculators. However, today, this has a different dimension because it has become a global phenomenon with capital running out of investment opportunities.

To understand what we can politically and socially do to counter this financialization of the city, we ask the question: What does property mean to us?

Pheli: For many, home ownership, first of all, means security, privacy, and space for personal fulfillment. This has been the case ever since people in Europe broke free from feudal dependencies and saw property as the central means to their equality. This is also the case in current debates about the expropriation of real estate corporations: many people see property as that little bit of security that the government has no right to take away. But the nature and form of real estate ownership today actually do not guarantee privacy, security, and individual freedom—because most people do not have access to this property. Instead, residential property is increasingly concentrated in holding companies, which in turn belong to landlords whose interest is not to maintain the livability and preservation of the place. Property law then ensures that letterbox companies can put people on the street and deprive them of their very freedom, security, and privacy.

Kathrin G.: Initially, the idea was that owners and the property itself form an identifiable unit and that ownership is, in a sense, linked to responsibility. That is a good and important point. However, the current economic system is not based on this original idea. Instead it is about generating more profits through a growing focus on property and structures. These are unrelated to the potential that property has a benevolent purpose, which is the disconnect we are dealing with in the city. But when *we* address the question of ownership, we must first ensure that we are not talking about the owner who bought a little house to support her family and provide for retirement. That is why it is also about a positive reclaiming of the notion of ownership: what do coupling ownership and responsibility mean, and whom do we consider in this responsibility? Especially we have to discuss how it was even possible to declare a nonreproducible commodity like land as property and to give it up for the worst kind of speculation today. John Locke, the founder of liberalism, said: Take a piece of land, take a horse, and when the horse plows the field, not only will the field belong to you, but also everything that grows on it. And the people who work there, they also belong to you, at least their work. Why is it so incontestable, however, that this irreproducible—even depletable—commodity is still considered property and that it can be taken away from the common good, i.e. from public responsibility? Herein lies both the fascination for disaster and the possibility for action.

Naomi: In our project on the de-/financialization of the city, we are also interested in fundamentally understanding the role of property in capitalism. Marx's theory of ground-rent points to the essential components of capitalist value creation: the economy of production, the fictitious realm of finance, and land. Land ownership is thus one of three pillars of capitalism. Financialization has threatened the common good since the 1970s, when the neoliberal alliance of finance capital and landed property emerged, enabling extreme growth based on rent skimming and yields. It is happening on the backs of wage earners and other workers who are often tenants. I think it is important to look at these fundamental issues of value

creation in order to understand the role that this so-called rent madness plays within the changing economic system.

Katrin L.: Home ownership was not interesting in Berlin as long as the rents were cheap. Only those with too much money or who wanted to live in a specific area would buy. And everyone else thought: pretty stupid. That has changed: the cost of renting today makes it necessary to think about ownership. In this respect, the possibility of acquiring residential property is a gain in personal security—and ‘stupid’ for those who can only rent. In being pragmatic, I would not wholly question ownership—but I would attach criteria to it. Problematic here is the concentration of ownership by institutional holders, who make decisions based purely on economic interests and are disconnected from using real estate and land as it relates to the reality of people’s lives. Is there a chance to counteract this? Indeed, it is possible to register public service charges in the land register. This way, owners are bound to common public interests via planning laws. We have to use these possibilities and make them tangible for the various realities of people in order to make the owners responsible for what is written in the German Basic Law: “for the common use.” Then, perhaps, people would no longer be so afraid of the fact that there are different owners. Privately owned real estate is 50 percent rented-out and 50 percent owner-occupied. Of these owner-occupiers, almost 40 percent are retirees. In West Berlin, various single owners own one or two houses, which they then pass on as inheritance. So the question is also how to keep the highly prevalent single ownership from changing into concentrated ownership. We do not have the answers yet, but it’s important.

Pheli: The problem is that the state does not consider property when it is concentrated—let’s call it land and real estate—as assets. The promise of one’s own little house or plot of land is so deeply inscribed in state registers that it is virtually impossible to record the concentration of land. The classification system of the land registry is aimed at individual property, where each owner is recorded as an individual—even if it is

a group of companies that own thirty thousand apartments. Suppose you want to identify all the scattered plots of land to their owners. In that case, you will fail technically, legally, and administratively because of the structure of the land register and real estate cadastre. Then, when wanting to research the complex interconnections of investors and corporations, even the state, e.g. the Federal Statistical Office, has to use expensive private services. A link between the database land register and the transparency register will be established in the near future. This bodes the question for what kind of use such digitization measures will be optimized. To secure property rights in particular, or to better control and regulate misappropriation, concentration, and criminality?

Katrin L.: Yes, there is a need for action across Germany to expose and bring transparency about ownership and, in particular, income from ownership. What we know quite well is the rent-burden ratio concerning income. In other words: is the “fucking rent” too high or is it within a tolerable range? It brings us back to the notion of ownership and responsibility: in corporate law, there is the concept of non-profit status. In the real estate sector, this is to be reintroduced by the agreement of the *Ampel* coalition^{4,5}. Here, we need to gather more knowledge, because criteria for public welfare-oriented or non-profit real estate ownership need to be redefined. The degree of concentration is essential here—and we cannot get any further with local antitrust law. Vonovia swallowing

⁴ Literally: Traffic light coalition. Named after the parties' traditional colors, this refers to the current coalition government of the Social Democratic Party of Germany, the Free Democratic Party, and Alliance 90/The Greens.

⁵ The “Wohnungsgemeinnützigkeit” (Non-Profit Housing Act) as an instrument of a permanently oriented social housing supply was abolished in Germany in 1990.

⁶ In 2021, the real estate giants merged to form Europe's largest private housing company.

Deutsche Wohnen was entirely unproblematic in terms of antitrust law.⁶ There we have a problem of perception *and* of enforcement. When real estate generates income, what is appropriate, and where does excess begin? Extracting profits is one thing. Not leaving enough in the properties, not investing enough so that they are maintained or upgraded to meet climate requirements, is another. We clearly need investment obligations for property owners. I am not aware of any regulations on this.

And what uses are even okay? That is where the municipality comes in. It can make regulations through planning law. And if the owner doesn't comply, the municipality can intervene. It helps to move step by step.

Naomi: After all, municipalities have many instruments to do something through regulatory measures. At the same time, however, it is also clear that the form of financialization currently taking place is in the interest of the state and politicians. There is a close link between municipalities and financialized real estate developers. Laura Calbet i Elias, for example, describes this in her research on the area's development along the former Berlin Wall between Kreuzberg and Mitte. There were hardly planning specifications for developers. So they wholly designed it according to their own vision. Now the area has become a kind of upper-class paradise with photoshoped facades. This is a good example of what unfolds when policy makers don't intervene and, in a sense, endorse the real estate industry. On the one hand, I like to see the municipality as the actor that tackles this tsunami of capital with taxation and planning requirements. However, I also see the problem of co-optation. Of course, politics is always a negotiation between different ideologies and positions, but that should be of much greater interest to people as voters.

Kathrin G.: Yes, even Ludwig von Mises, Friedrich von Hayek, and other apologists for the free market—from which the state had better stay away—wanted something different. With the increasing concentration of capital in fewer and fewer hands, it is not only 'the market' that has been destroyed. We now also have an overpowering fifth estate that has an insanely considerable influence on politics and society: the corporations' lobbying organizations. Nevertheless, there would be a surprising amount of leeway. Even if all possible things are opened up to financialization, it is still feasible to draw a line and say that fundamental rights cannot be financialized. That would have to be addressed at the federal level. If we understand housing as a fundamental right whereby my individual freedoms are preserved, we could say politically: we will protect this

fundamental right from financialization at a certain point. This is not the case, although the Federal Constitutional Court already made some landmark rulings a long time ago. At any rate, making housing a fundamental constitutional right would greatly expand the scope for political action.

Katrin L.: It is also possible to experiment with fundamental rights at the local and municipal levels. After all, the Basic Law sees federal legislative culture as the standard procedure. And only in a few cases has the federal government explicitly appropriated powers to itself. On the subject of tenancy law, for example.⁷ However, that means that it can be done in other areas at the state level. Just as the referendum to expropriate Deutsche Wohnen & Co makes it possible to develop a state law.⁸ In terms of the corruption of politics: it was even more rampant in good old West Berlin. The economy was essentially based on the construction industry, which was closely interwoven with politics. After 1989/90, Treuhand sought out municipal agents for its privatization policy, and many bizarre decisions were made during this phase. So you can reform a lot, I want to continue to hold on to that. In this respect, I think Berlin is a good counterexample because here an alert civil society knows exactly what instruments the city has—or needs—to develop a policy that actually puts owners in their place.

Pheli: And we should use these tools as well as possible. However, they are often not enough. Like the rent control:

7 In 2021, the Federal Constitutional Court overturned Berlin's so-called rent cap because the federal government has already comprehensively and conclusively regulated the issue of rent levels, for example, with the Mietpreisbremse (rent price brake). Nevertheless, rents continue to rise.

8 On September 26, 2021, a majority of the Berlin population voted in favor of enacting a law for the democratic socialization of the housing stock of large real estate companies. Berlin's politicians have so far failed to implement it.

you can use it to challenge landlords if your rent is higher than the local average. But it is an overly complicated and scattered legal construction. In Munich, we are working with the artistic architects' collective PONR to strengthen tenants' knowledge and networking in this area. But of course, this should be done by rent registers and state authorities. Furthermore, there needs to be a nationwide rent cap.

Kathrin G.: Yes, we cannot push the problem onto individuals. This is also because many people do not dare to, or cannot afford to, take legal action against their (potential) landlord. In other words, even if individual legal recourse is available, it is often not exercised.

Pheli: Exactly. We can also learn something from the developments in agricultural property law: discussions are currently underway on how to curb share deals,⁹ that farmers' preemptive rights should also be based on an internal agricultural market value,¹⁰ and that public welfare organizations should be prioritized in the purchase process.

Katrin L.: Together with public and cooperative owners, community-oriented real estate owners already exist. For example, one product of the Swiss pension reform is a land foundation into which compulsory private contributions flow, which are then sustainably invested in real estate. In Berlin, there is an urban land foundation supported by civil society, which would also be an alternative. It would probably be helpful to flank this with legislation. And, of course, tenants can also join together to form cooperatives and make purchases. The buying of shares in a cooperative is even encouraged. However, you also have to accompany such transactions and empower people through public stakeholders or stakeholders commissioned by the public sector.

Kathrin G.: But when the government does something smart or promotes or objects to certain developments, it needs a well-equipped public sector. Any regulation we want dies if the public infrastructure isn't there to ensure it's followed. If we want laws or support for civil and urban society initiatives, we also need to empower the authorities to actually be able to implement them.

⁹ Share deals do not involve the direct acquisition of real estate but rather the acquisition of shares in a company to which the real estate is transferred. It circumvents the need to pay real estate transfer taxes.

¹⁰ An internal agricultural market value would be calculated according to what yields are achievable there with agricultural activity (see also the following footnote).

Pheli: Nowadays, "building, building, building" is supposed to solve the problem. However, if 80 percent of the money spent

on new construction goes into land, only luxury apartments will be built—as in Munich. That completely misses the point. What options do you see, Katrin, for building developments in line with demand?

Katrin L.: Vast field ... The first thing we have to do is bring down the share of land price. That isn't easy with land that you do not own. And the legally normed valuation leads to the continuation of this price increase. Buying, selling, extracting profits, and reselling in the financialized city completely decouples profit opportunities from necessary prices, and deprives the overpriced land of meaningful use.¹¹ Corrections must be made here. According to the Berlin coalition agreement, municipal land that is leased to others must be valued based on the income it yields, so that a correspondingly lower ground rent is calculated. This must also be achieved regarding the right of first refusal. Second, we need long-term developers on whom we can exert local political influence: public building societies, cooperatives, and perhaps associations of people who want to build, and who agree to something like city contracts. Those granted building rights are, therefore, held accountable and responsible. Third, there are gaps between real construction costs and affordable rents. These gaps must be closed using subsidies, loans, or grants linked to conditions. But contractual subsidies must be limited in time. In Berlin, we are at thirty years. In Munich forty years are being discussed. But all that is difficult. In fact, you get lasting or longer-lasting social ties primarily through your own developers and the allocation of your own properties according to appropriate allocation criteria.

Pheli: And as soon as more apartments are secured for tenants in the long term because this is legally regulated, there is a non-profit collective stakeholder, etc., the individual property reflex is also reduced. Moreover, that means that we do not have to become speculators ourselves. It is constantly suggested to us that we have to

¹¹ The valuation is usually based on the price that can be achieved 'on the market.' It would make sense to base it on the future income that can be generated, for example, through rental income that is sustainable for the existing broad tenant base, small businesses, social and cultural institutions, etc.

invest and provide and that we have to be financial players. That is part of the financialized city.

Naomi: Speaking of investing: Various resistance movements and political interventions, meanwhile, reduce investment attractiveness. During the campaign for the referendum to expropriate Deutsche Wohnen & Co, an agency, which rates real estate purchases in Berlin, advised potential investors to be cautious because problems could arise from the campaign. Rating agencies are very powerful. Civil society mobilization can be effective at this level in influencing the ‘investment climate.’

Kathrin G.: I agree with that. A resistant city is indeed a shock for ‘bad’ investors. However, Berlin’s severe fragmentation into neighborhoods and districts also stands in the way of the potential of resistance. We need to see ourselves more as a whole urban society again. It is political work that paid politicians should not and cannot do. But they can create the conditions for this by developing and promoting participation formats.

Pheli: It would be interesting to have an action map of the buildings or urban areas where there is a risk of conflict, including a risk of legal action. As a financial and reputational risk, this would enter into the ratings of financial players.

Kathrin G.: That is a good idea. It reminds me of the notices when privatization threatens housing communities, and they write: Dear investor, you can expect a well-organized tenant community, willingness to fight, and resilience. A kind of mapping that shows what investors can expect in case of doubt would be—for now—good.

Kathrin L.: It could be introduced as an additional level of analysis in urban planning studies if you want to award subsidies, develop a housing complex, or justify environmental protection. You don’t even need a legal amendment for that.

Up to this point, we talked a lot about what possibilities for action we could develop within the existing framework with some political will to push back the financialization of the city. Now we will finally jump a bit further and ask ourselves: What does the—non-financialized—city of the future actually look like for us?

Katrin L.: ‘My’ city of the future is definitely climate resilient. Public space and urban infrastructure are prioritized and accordingly designed, and private uses are limited to a tolerable level. The city of the future is a city for all, where buildings relate to the people who live, work, and reside within them, where the processes of alienation, reinforced by financialization, have been pushed back.

Kathrin G.: The city of the future is also a learning city. For decades, it has been out of most people’s hands to actually participate in shaping public space. So, in the city of the future, there are real participation processes—after a long phase of learning, conflicts of interest, and mediations. We have serious participatory budgeting, allowing us to decide how money is spent in the city. And for buildings, there are strict requirements for material use, greening, water use, as well as the production and consumption of energy...

Naomi: ... and whether it is necessary to build at all. The city of the future puts reuse before new construction. It is carefully cutting back on climate-damaging, large-scale projects—which, in Berlin, are often left incomplete anyways—in line with demand. Surface sealing and built infrastructure are now on the decline while living space is being reinforced.

Pheli: Yes, the city of the future is livable for all—we can help shape it without being displaced by profit interests. Municipal bidding and planning processes, legal forms, and registries are optimized for those types of owners and ownership structures that support it. There are services of general interest that make us feel safe and public infrastructures that are designed to be socially and environmentally just. They promote frugal

consumption patterns, but because we share our city and space wisely, we still have more available.

So perhaps Berlin will continue to be both a city that was 'divided' and a city that will be shared in the future. In that case, however, as a good living space for all who want to use and maintain it together. There is no way around the question of ownership. While there are some limited answers to it within the existing framework, it is yet our task to find fundamentally different ones.

The force of events creates blind spots, alternative perspectives and narratives go untold, texts and images remain hidden, and the disappearance of places undocumented.

The Berlin Journals—On the History and Present State of the City is an ongoing series of small publications that link artistic, essayistic and activist practices. The journals address the social, cultural, and economic changes in Berlin and other cities, and intervene in urban political debates through historical reflection as well as information on current affairs. The *Berlin Journals* consider themselves a context for production open to different authors and editors, combining print and digital publishing with organizing events and exhibitions.

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of the City #11
X Properties
Joerg Franzbecker, Naomi Hennig, Florian Wüst (eds.)

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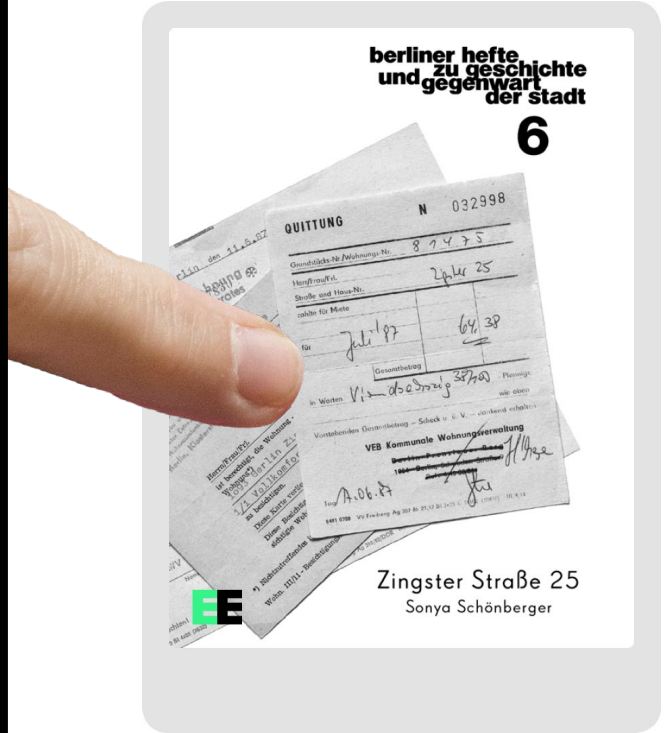


Berlin's real estate market is still booming, neighborhoods are "developed," people are forced out of their living environments. Residential, work and commercial spaces become investments for real estate corporations, trust funds, and anonymous owners, while a politicized tenants' movement demands the right to the city for all. But who are the real players behind the economic exploitation of urban space? What allows them to act the way they do—and how can their actions be politically and societally monitored, controlled, and thwarted?

X Properties examines the impact of financial capital on the social and cultural production of the city, its forms of relationality and subjectivity. The book is published on the occasion of the homonymous research and event project at neue Gesellschaft für bildende Kunst (nGbK). Texts by Christian (Syndikat collective), Christoph Casper, Jana Gebauer, Kathrin Gerlof, Katrin Lompscher, Louis Moreno, Raquel Rolnik & Isadora Guerreiro & Paula Freire Santoro, and Pheli Sommer, together with photographs by Kim Bode, combine case studies from Berlin with global perspectives on the de-/financialization of the city.



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All Berlin Journals – On the History and Present State of the City are available as e-books from [EELECTIC](http://EELECTIC.DE); the print version is available from berlinerhefte.de and bookshops.





#1 Die Mauerpark-Affäre

Heimo Lattner, Judith Laub

Immediately after the fall of the Berlin Wall, citizens began to green a part of the former border strip between the districts of Prenzlauer Berg in the east and Wedding in the west. What the detailed reconstruction of the history of Mauerpark illustrates has its counterpart in many places in Berlin as well as in other cities beyond the local context: it is about the limits of representative democracy.

Text: Heimo Lattner and Judith Laub

Design: form und sinn

96 pages (pdf), German

34 illustrations

With photographs by Stephanie Kloss and Ulrich Wüst et al.

March 2018

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3,99 Euro [Order](#)



#2 Die Legende vom Sozialen Wohnungsbau

Andrej Holm, Ulrike Hamann, Sandy Kaltenborn

This publication clears up misunderstandings and explains why social housing of the sort built in the German Federal Republic and West Berlin is a myth. Instead of meeting the long-term needs of low-income households it has so far primarily been about promoting economic development and private property ownership, instead of meeting the long-term needs of low-income households.

Hg.: Ulrike Hamann, Sandy Kaltenborn

Text: Andrej Holm, Ulrike Hamann, Sandy Kaltenborn

Design: Sandy Kaltenborn / image-shift.net

With photographs by Jürgen Henschel and Steffen Osterkamp et al.

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#3 Marx-Engels-Forum – JA!

Erik Göngrich

The Marx Engels Forum is a place of remembrance par excellence between the TV Tower and the Humboldt Forum. The history of the site and its repeated renegotiations, also in the context of the 2015 participation process, are put up for discussion in this issue in graphic form: How might an open space – since, YES, that's what is all about – be preserved at a prime downtown location and configured such as to accommodate continually changing uses?

Drawings, text and photographs:
Erik Göngrich

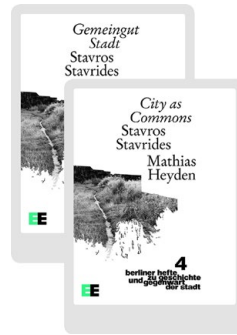
Design: Sandy Kaltenborn / image-shift.net

128 pages, German, 65 illustrations

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3,99 Euro [Order](#)



#4 Gemeingut Stadt

Stavros Stavrides, Mathias Heyden

Commons are not something that just exists out there, nor are they something that – objectively speaking – is inherent to certain resources or things. Using the example of squats, self-governing institutions and autonomous neighbourhoods, Stavrides illustrates his theory of an urban commons that points a possible way towards an emancipated society in the context of global debates on social and economic justice.

Ed.: Mathias Heyden

Text: Stavros Stavrides, Mathias Heyden

Design: Ana Halina Ringleb, Simon Schindele

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60 pages (pdf), German, 16 illustrations

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City as Commons (English Edition)

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#5 Zur Verfassung. Recherchen, Dokumente 1989 – 2017

Hg. Elske Rosenfeld, Kerstin Meyer,
Joerg Franzbecker

From the Central Round Table of the GDR to Tempelhofer Feld: In 1990, a constitution was in force in East Berlin for six months that contained far-reaching political civil rights. These had been formulated from the experiences of the 1989 revolution by the citizens' movements and the opposition at the Central Round Table of the GDR. In 2016, the referendum "Volksentscheid Retten" was launched to strengthen the popular legislation in the constitution. Both processes, 1989/90 and 2016, aimed to ensure that all Berliners could participate in shaping the constitution.

Text: Elske Rosenfeld, Kerstin Meyer

With an image series by Elske Rosenfeld

Design: Flo Gaertner

E-Book Design: Lena Appenzeller

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#6 Zingster Straße 25 Sonya Schönberger

In order to provide the population with urgently needed housing, the GDR government relied on industrial prefabricated housing from the mid-1950s onwards. One of the last large housing estates to be built in East Berlin is Neu-Hohenschönhausen. Based on interviews, the stories in this book offer a glimpse into different everyday realities, interconnected through the outer shell of the Platte. They tell, in a very personal way, of daily life in the GDR, of the change of the political systems, and about the present in reunified Germany.

Concept and interview transcripts:
Sonya Schönberger

Design: Ana Halina Ringleb, Simon Schindele

E-Book Design: Janine Sack

With photographs by Ulrich Dießner

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3,99 Euro [Order](#)



#7 Wiedersehen in TUNIX! Ein Handbuch zur Berliner Projektkultur

Hg Anina Falasca, Annette Maechtel,
Heimo Lattner

At the Tunix Congress in Berlin in 1978, the undogmatic left developed new forms of work and projects. Lively debates took place in an atmosphere of discussion, action and party. The concept of the project stood for networking, mobility and self-determination. Since then, the concept of the project has changed – the project itself has become a neoliberal model as a form of work and organisation.

Text: Ulrich Bröckling, Sabeth Buchmann, Birgit Eusterschulte, Anina Falasca, Christa Kamleithner, Felix Klopotek, Jana König, Stefan König, Heimo Lattner, Annette Maechtel, Sibylle Plogstedt, Sven Reichardt, Thomas Seibert, Michael Sontheimer, Julia Wigger

With a image series by Stephanie Kloss

Design: Anna Voswinckel

E-Book Design: Lena Appenzeller

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#8 Düne Wedding

Hg. Constanze Fischbeck, Sven Kalden

The Düne Wedding stands as a remaining relic of dune formations of the Rehberge hills in what is now Berlin-Mitte. Text and image collages describe and document this unusual place: the dune-like elevations of the Rehberge in today's Berlin-Mitte district. Together with an essay by the artist Akinbode Akinbiyi, they tell and expand the history of this place from the end of the 19th century to the present day. The fragile nature of a sand dune reflects the complex process of the urbanisation of an unusual landscape.

Text: Akinbode Akinbiyi, Constanze Fischbeck, Sven Kalden, Sascha Thiele

With a images series and an essay by the artist Akinbode Akinbiyi

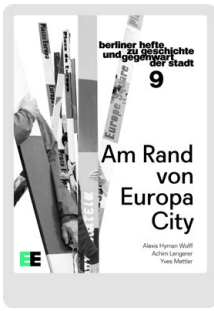
Design: Michael Rudolph, Milchhof

104 pages, German, ca. 80 illustrations

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#9 Am Rand von EuropaCity

Hg. Yves Mettler, Alexis Hyman Wolff,
Achim Lengerer

The urban development of the “Europa-city” north of Berlin’s main railway station is portrayed and reflected in many voices. The new district with several hundred thousand square metres of office space and 3,000 flats stands for the neoliberalisation of the city. The research and field reports were compiled as part of the artistic project “Am Rand von EuropaCity”.

Text: Alexis Hyman Wolff, Yves Mettler,
Teresa Pullano

Design: Yves Mettler

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#11 X Properties

Hg. Joerg Franzbecker, Naomi Hennig,
Florian Wüst

X Properties examines the impact of financial capital on the social and cultural production of the city, its forms of relationality and subjectivity. The texts by Christoph Casper, Kathrin Gerlof, Katrin Lompscher, Louis Moreno, Raquel Rolnik & Isadora Guerreiro & Paula Freire Santoro and Pheli Sommer, among others, combine Berlin case studies with global perspectives on the de/financialisation of the city.

Text: Kim Bode, Christian (Syndikat-Kollektiv),
Christoph Casper, Joerg Franzbecker,
Jana Gebauer, Kathrin Gerlof, Naomi Hennig,
Katrin Lompscher, Louis Moreno, Raquel
Rolnik & Isadora Guerreiro & Paula Freire
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