

Gentrification - the Economy of the Land and the Role of Politics

1. The economy of the land

Who displaces whom and why?

The term “gentrification” is used to describe a process whereby higher earners displace low earners from inner cities or certain neighbourhoods. It is a very poor description of what is happening in terms of housing policy in Berlin, London or other cities.¹ But many activists even take it to explain the whole thing: the rich, who are moving into the area, drive up the rents. Some activists’ practical resistance takes its form according to this theory.

Among other people, Andrej Holm opposes this explanation of city development.² Firstly, he points to the fact that rising rents still have an important basis in the calculations of profitability by owners of land and houses. Secondly, he states that these calculations have changed considerably over the last two decades because of the emergence of new agents of real estate capital, which he presents as the economic reason for the change.

We will counter this with the following points.

First: the freedom of real estate owners is a matter of principle in a capitalist society, and this includes their interest in raising rents through the peculiar methodology of land valuation. The phenomenon is not something that only arises when real estate funds arrive.

Second: the success of the owners’ calculation is dependent not simply on rich people moving somewhere, but on the overall development of capitalism in an area.

What determines the rent?

Owners of land (and as the case may be of the buildings already existing on the land) can demand a lease or rent from prospective users of the land. An ancient term is used for this: ground rent. Generally, owners have no interest in using the land themselves to plough, produce or live on. Other members of society want to do this. But in order to be able to do this they require the agreement of the owner. As with everything owned exclusively by someone as private property and desired by others, this is the start of a friendly relationship known as give me money. If the land is not directly sold, permission is granted for its use in return for a regular tribute variously called lease or rent.

A landowner usually has an interest in obtaining the highest rent possible. But “as high as possible” finds its limit in competition between landowners.

On the other side, there is the user, i.e., a private or commercial tenant. Does she seek the lowest possible rent? As such this is not true, given that Burnley is clearly not the new hot spot for all

kinds of tenants.³ Lets go through it in terms of the potentially interested parties, starting with commercial tenants.

Every kind of capital needs land in order to do its business. But different kinds of land have different qualities and locations. Each capitalist has a different interest in that land. What matters for agricultural capital is fertility. For mining it is obviously the sub-surface content of the land. What matters for industrial capital in the narrow sense is transport links, proximity of suppliers, perhaps proximity to universities for skilled labour etc. What matters for trade is a good infrastructure and often proximity to customers.

Land is not just an important requirement for all kinds of capital, it is a requirement for competitive advantage. Paying a relatively high rent may influence profit favourably: to banks for instance it is important to represent their wealth by having their offices in ostentatious buildings in thriving areas in order to show their own creditworthiness.

Tenants are absolutely dependent on landowners, i.e., that they get *some* piece of land from some landowner. Because unlike many other products, land cannot be multiplied through production if needed. Yet, high rents do not simply follow from sheer scarcity of land, as not too few activists like to believe. Rather, rents develop in line with capitalist development at a given location – as this produces demand.

For the time being we may note that owners need not become active in any way in order to get a higher rental income. As long as the business world is interested in their land in particular, their title to the land is automatically a lasting source of money. For successful landowners, simply owning the land is a cash cow without the need for any intermediate steps of the kind required as, e.g., with the production of goods.

Formation of land prices

Before we talk of the non-commercial users, such as those looking for a flat, we will trace the creation of the price of land as it develops from the conditions set out above.

We described the particular interaction of supply and demand, but that is not the whole story to how the price of land develops. The rent or lease is capitalised, resulting in the valuation of the land according to what is broadly known as the Income Approach.⁴

A fictive example: someone holds 1,000,000 and could put it in a bank at 1% annual interest. Let us assume that 1% is the currently prevailing interest rate for money investments. So this person would receive 10,000 interest per year. She may as well buy a piece of land, say, which also earns 10,000 in income per year. This land would also cost about 1,000,000. How is that?

In a functioning capitalist society, where everything is subordinated to making money and everything needed to make a profit can and has to be bought for money, a banking system develops in which a sum of money is more than itself. The million just mentioned is capital and quasi a licence to receive 10,000. Inversely, a flow of regular money income is treated as the offspring of an underlying original capital. In this case the land itself is capital, so to speak. Not only the rent but also the prevailing interest rate determine the value of this capital. The land brings in 10,000 per year and this amount is treated as equivalent to 1% interest on an underlying sum, hence the value of the land is 1,000,000. The price at which the land is eventually sold fluctuates around this land value.

Clearly, the value of land rises according to the prevailing interest rate as the rent rises. If the owner can push through a rent of 20,000 per year and capitalises this amount at 1%, then a land value of 2,000,000 is the result. In order to make this clear we can compare again: if someone has 2,000,000 and puts this into the bank at 1% interest, she will receive 20,000 per year.

If the rent decreases by half, so will the value of the land.

But land value can also change purely through a change in the prevailing interest rate. If the interest rate falls to 0.5% then the land value will double. Again, the comparison: to get 20,000 per year you would have to take 4,000,000 to a bank at an interest rate of 0.5%. The freeholder makes 20,000 per year. This being treated as the offspring of an underlying capital at an interest rate of 0.5%, the underlying capital is 4,000,000.

If the prevailing interest rate increases, the land value decreases accordingly.

In summary, land value may fluctuate according to changing rental income and interest rates. Apart from the actual rent, this is how development in land value becomes an additional source of income or even the main source for land owners.

When it comes to this development of land value there is one vital difference between real estate funds and simple house owners: real estate funds have more money. Someone who is just the owner of a house cannot as easily afford to modernise it in order to raise the rent to a level that prospective tenants may refuse to pay when there are still cheaper flats to be had next door.

Real estate funds on the other hand have enough money to influence their own land value assessment positively. They can buy flats in massive numbers, modernise them and ask higher rents. Thus, there will be fewer cheap flats in certain areas, and the tenants will not be able to simply say “oh well, then well just go to another landlord”. Real estate funds can design their impact in such a way that they can make flats and their neighbourhoods more attractive to tenants of a new, more affluent milieu, who will be courted directly.⁵

Hence, both groups only differ in means and not necessarily ends.

Tenants and their calculations

If a capitalist business life develops in an area, landowners will be able to count on growing demand for living space as well. Everyone wants to have a place to live, from managers to unskilled workers. If the city in question also has a university, students will be looking for a place, too. In the case of a capital city, state employees will also be flat hunting.⁶

With their spending power, prospective tenants compete, firstly, against business interests in the narrower sense (demand for office space etc., as described above) and, secondly, against each other.

They are free to make the following calculation in relation to what is offered on the rental market: what percentage of my income am I willing to pay for what amount of space of what quality? For the highest earners this may not compromise fulfilment of other needs. Others, however, must consider their rent against restaurant visits, cinema, travel or simply the pub and ask themselves: what can I do without?

A cutback in the quality of a flat can be made with regard to such things as size, brightness, noise, quality of air, transport connections in general and proximity to the place of work, infrastructure in the area (from shopping to entertainment to kindergartens and schools), social environment, etc.

In this muddle of bad decisions that have to be made, many trends are possible. In one Berlin district named Kreuzberg, for instance, more tenants than in another called Prenzlauer Berg seem to have decided to stay albeit rising rents, even though it means rent will eat up on average 40% of their income.⁷

Some people will move from one hole to another before modernisation takes place, until the next hole is also modernised and so on until no holes are left. Thus, the availability of holes is gradually reduced.

Some families may want to move away from the suburbs and their “green spaces”, for example, because both parents want or must work; they may want to feel “young” for longer and enjoy a recently adjusted inner city atmosphere.

Some people are willing to endure commuting to work for an hour and a half because it saves rent. Others put up with the same journey time because they work in Nottingham but want to live in London. Some academics may decide to keep a flat in two or even three major cities in Europe and the US because they care about quality of life in relation to their job, in which it seems sensible to hold two or three different chairs.

To sum up: urban changes in terms of rent and surroundings usually have a number of visible or tangible effects, e.g., more tourists and hotels, a changing social composition in the neighbourhood, different shops, etc. But it is important to realise that these things are only the expression of a much broader principle. The whole process depends on the relation of business interests to land and on the development of capitalist business life.⁸

A particularity of the real estate market during the sovereign debt crisis

Before we turn to discussing the role of politics, some comments regarding the particular part played by the real estate market during a credit crisis. At the moment it might be tempting to get the impression that real estate market development has less to do with overall capitalist development in general than we claim. The Western world has been on the edge of or in crisis for years, yet, housing prices in some inner cities continue to rise sharply.

During the financial crisis, financial institutions have come to distrust their own standard practice of capitalising outstanding debt and treating it as actually existing assets. Under these circumstances the debt owed, like state bonds or company equity, is no longer actual wealth but only a precarious future promise. Inasmuch as the financial institutions treat it this way, this becomes a reality.

The consequence is flight to so-called material assets. Instead of investing in state bonds, investors favour gold and push its value up to new highs. And instead of investing in equity, investors and even bank funds tend to buy up real estate. The purpose of investing changes: during crisis it is no longer about multiplying private property by buying the rights to future payments. Instead, private property now seeks to retain its value in preference to disappearing

through the devaluation of debt instruments and the currencies tied to them. Investment in the narrow sense, i.e., buying in order to multiply value, is replaced by the attempt to buy things assumed to be of stable value.

This kind of investment, a consequence of the crisis, is currently being played out in Berlin, according to newspaper articles featuring interviews with real estate agents. This serves as a preliminary explanation of the currently strong demand for inner city housing among potential owners. But that this leads not only to rising housing prices but also to rising rents can only be found in the causes that also hold for ‘normal times’, as described above.

Of course, investors are also keeping an eye on places with the potential for economic development after the crisis. In their prognosis Berlin’s inner city seems to offer this potential, allowing in turn for speculation on the regular investment flow implied by the prognosis.⁹

2. The role of politics

Municipal zoning policy economic promotion, regulation and the legal recognition of property

In discussion of city development it is often said that, for instance, Berlin’s municipal government has abandoned housing policy altogether.

For example: “Any practical housing policy would constitute a turning point compared with the current situation where housing policy simply does not exist. Under the ‘red-red’ administration and previously with the CDU-SPD senate we have experienced massive cutbacks: the elimination of all subsidies for new social housing and urban-social renewal and the sell-off of more than 200,000 publicly owned flats. ‘Red-red’ has liberalised building legislation to such an extent that it has become possible to build more densely in the inner city than during the Wilhelminian period.”¹⁰

The urban sociologist Andrej Holm here expresses a prevailing activist idea: once upon a time, the state or the city authorities mitigated social suffering with policies such as building public housing, imposing rent control, etc. Today, on the contrary, poor people are let down and the doors are opened wide to capital. The state or the city used to have a neutral, balancing effect, but not any more.

However, some things do point to political plans and actions on the part of the city administration. For instance, in Berlin “Projekt Mediaspree” was initiated, subsidised and partly implemented by the city of Berlin: an attempt to establish a new commercial site in the inner city on formerly economically lesser used area. There is evidence that not only Berlin but also other cities and districts are setting their hopes on real estate capital, seeking to attract particular companies and high-spending tenants. This process entails the direct or indirect displacement of people with financially less useful attributes such as benefit claimant status, skateboarding prowess, homelessness etc.¹¹

Furthermore, this idea misconstrues housing policy and wider municipal policy in ways pertaining to three distinct levels of state activity. Lets look at those aspects one by one.

Economic promotion. The city's interest is quite evident in the case of "Mediaspree" in Berlin or the "Tech City" initiative in London. With the help of planning decisions, financial support from a consortium of companies and eventually the sale of land, a part of the city is prepared explicitly for maximum economic growth. Companies are supposed to move in and successfully multiply their money. The interest of the state body becomes clear when looking at its relation to the economy: while no part of the state is in itself an economic subject, state, city, etc. depend on money for their various projects. They do not earn it directly, but by deducting taxes from all economic undertakings (and by going into debt). The more the merrier: economic growth means a well-working economy with lots of opportunities for the state to help this economy grow even more.

The city wants to create good and appealing conditions for future businesses. It takes various measures for that, among them municipal zoning policies. Because these measures are made for a world of competitiveness, they are necessarily speculative: whether businesses will take up the offer depends on their own competitive development and on the possibility of more appealing proposals from other cities. Therefore, it is wrong to claim that "surely they should have known this was coming", when a project does not work out.

This economic development is measured as an aggregate of the business success of all citizens and is successful if that amount has increased. But it must be understood that what is added up namely wealth measured in money is obtained through competition. And competition necessarily includes losers. This affects dealings between companies but it mostly affects those who, as wage workers, are either forced to submit to the companies or are not needed in the first place, i.e., unemployed.

Why, then, when there are already so many empty offices, are business areas still being developed continuously? We have mentioned already that supporting the settlement of business in a certain area can be of great interest to the city. But no planning in a generally competitive economy can be sure to meet the needs of capital. Hence, there must always be enough free space available for a sudden expansion of capital. An expansion should not fail because space is scarce. In turn, individual real estate capitals compete against one another in the building of business towers as they try to entice companies away from rival developers. The companies, of course, are happy to take up the better offer, even if they were already making money at the old location.

Regulation. Critics of Berlin's economic policy accuse it of one-sided attention to capital (or put more crudely, the rich). But a different kind of attention is acknowledged in other policy areas. Here, it seems, the city does something for ordinary people, tenants or the poor. Examples include public housing construction projects, rent control applied in areas of urban renovation, or limits on rent rises in ongoing tenancies. While the critics examine these things sceptically, asking whether capital gets too good a deal nevertheless, still, here the city is said to have a balancing effect, acting for everyone somehow.

The error lies in a wrong assumption about the city's starting point, i.e., the reason why it sometimes limits pursuit of capitalist interests and helps the poor. The starting point was never that of a city confronted with two opposing interests, simply and only seeking to limit both somewhere in the middle. Rather, the city government always was and is pursuing its own ends. These often align with business interests, but also can stand in contrast to it.

One example: in Berlin, rent rises in existing tenancies are restricted to 20% every three years. A rent index is also compiled every two years, measuring the average rent for each class of flats

using all sorts of omissions and ruses. Landlords are not allowed to raise the rents for existing tenancies beyond this average amount except in cases of modernisation and special contracts that allow for rent rises in advance.

The interest of landlords in increasing rent is approved here and rent increases are duly permitted, but a limit is applied at the same time.

The interest of tenants in rent reduction, meanwhile, is not approved as such. All that is approved is the tenant's interest in the predictability of rising rents. With the help of this kind of regulation the tenant can ask herself in advance: should I expect a rent rise? If so, how much will it be? Furthermore: am I willing and able to pay this amount, leaving less for other consumption, or should I get ready to move? And if I move, it might make it harder or impossible to keep my job for which I now need to spend more money on my commute (which I might not be able to afford either).

Other countries, such as the UK, do not (or no longer) have rent control laws. In the UK a similar purpose was served for a long time by council housing; then gradually since the 1980s mortgaged home ownership expanded to include much of the waged working class, with a housing benefit system and outsourced 'social' housing more or less sheltering the rest of the population.

The economy needs a local workforce and the municipal government attempts to ensure its availability by means of appropriate regulations. Not only when it promotes economic growth but already when it is dealing with the mentioned collisions of interest of tenants and landlords, the city regards its territory as a cash machine.

Thus, it comes as no surprise that the city at some point tests the viability of doing without local public housing. The cynical part here is the way the decision-makers then wait to see whether the people affected will make a fuss. Any protest is an indication of whether the plans were overdone and whether some softening measures will be necessary. If some of the protests are accommodated and concessions are made, this does by no means prove that the city is a free space where a balance of power shifts back and forth. As mentioned above, the city administration has its own interests and it relates to other existing interests on this basis, sometimes conceding more to them and sometimes less.¹²

Legal recognition of property. But what do these "other existing interests" actually mean? Does the state or the city just 'discover' them and then react with regulations?

For landed property as a source of income it is obvious that it is something licensed exclusively by the state. The freedom to decide on the use of the land in question, to the exclusion of everyone else, begins with an entry in the land registry. The state records which parts of its territory fall under the authority of which private individual. In the same process the state creates the inverse figure of the tenant, who does not own land and must pay a tribute to the owners for its use: the rent.

Thus, in summary, the policies outlined above hint at the following: the city does not simply depend on money which it does not earn itself but which others must earn. The state and the city

make themselves dependent on a society in which everything revolves around the multiplication of money. That is the intended political programme.¹³

The role of the creative milieu in municipal zoning policy

Art itself is an advertisement for the city as a location. “Ich-AG” projects¹⁴, bars and shops are supported by “Quartiersmanagement”¹⁵ so that something at least gets underway and unused buildings do not decay, but also to attract tenants who can pay more, etc. The fact that these subsidies are granted only to kick-start an independent business life is explicitly stated.¹⁶ It is also no secret that these small entrepreneurs will have to give way later on.¹⁷

The creative milieu contributes a small piece to the municipal zoning policy puzzle, whatever the ‘creatives’ may intend. But to look for the reason for rising rents here is stretching it: those who embark on this kind of self-criticism overestimate their own importance.

The popular but wrong explanation is: the rich and the creative scene are driving rents up. The right explanation would be: successful municipal zoning policy boosts business, as a result of which landowners are able to raise rents.

Who owns the city? The city of course!

With this analysis of the reasons for the state’s or city’s housing and zoning policy in mind, one can criticise a main slogan of the German anti-gentrification movement: “Who owns the city?” Obviously, it is a municipal body within the state that regulates the city and watches over ownership of land. So in that sense the city – as the state’s project – is ‘owned’ by the state.

But this is not the question the activists mean to ask. Instead, the question is meant as an implicit demand, namely to re-think municipal ownership as commons. The movement opposes “our” property to private property. But this identification of that what belongs to the city and that what belongs to everyone is mistaken. “Our” property under the current conditions means state ownership and that has nothing to do with common ownership in the sense of land being available to everyone under the conditions collectively decided. Rather, this current “common” property is subject to the state’s calculation.

Hence, those who talk of “our hood” and “our Berlin” are harbouring an illusion about their own living conditions. The daily grind of competitive conflict is mentally transformed into a communal project. Secondly, they idealistically make themselves part of the rule they are subjected to just as in nationalism.¹⁸

One might want to counter that the notion of a city’s purpose presupposes a degree of local or municipal autonomy that does not exist in this way. Indeed, the city is part of the state. So it is possible to say that there are certain limits imposed on the city’s policies because of this embedding. Or inversely: the city, including every politician working for it, is an active executive body of the overall purpose of the state. And within this order the city is endowed with an autonomy of a lower order.

Another counter-argument might be that the city depends on local economic development, i.e., what it can make in business taxes, and is therefore not autonomous. However, this relation of

dependence was politically decided and is desired, whether at local or national level. Berlin and London are parts of political power structures, a structure that stands above business, wants something from business and accordingly does something for business. Political power is not the expression of an economic power relation: rather, it institutes and maintains it and makes itself dependent on the results of business.

A cynical consequence of the daily struggle against city development: glorification of poverty

In Berlin, apart from the 20% rent increase allowed every three years under the terms of rent control, modernisation is another way of raising the rents in existing contracts. The landlord can add to the annual rent 11% of whatever expenses go beyond simple maintenance of the flat. Thus, a new balcony in a flat of 100 square metres can easily push the rent up by 1 per square metre.

Faced with empty pockets, the tenants come up with the following seemingly absurd activity: they try to prevent the improvement of the flat they live in, for example, by trying to prevent the addition of balconies to their flats. Tenants associations support tenants in their legal fight against an improvement of the quality of housing to avoid the costs attached to it.¹⁹ Such irrationalism is not simply a mistake, but an imposed “mistake”, one that is necessary in this society. Acting against ones own immediate interests (e.g., a balcony) does not speak against these actions. But it does indeed militate against the conditions that make such actions necessary.

It is different with this next point: if a borough attempts to prettify the area for the solvent classes then, for example, homeless people will be expelled from a park. These people are only treated as a problem, the poor basis of their existence is not done away with once and for all. Instead, they are pushed out and have to move on to another place where the same thing will happen to them sooner or later. Initiatives that take exception to this, often organise their protests using slogans such as: “The park is for everyone!” Those who reduce their protest to this demand are acting cynically, because the poverty of the homeless is in no way attacked. This position might come across as sympathetic because it does not patronise or harass the poor in their poverty. However, the thought accompanying this position that poverty simply exists and that there should be room for everyone, rich and poor is not at all sympathetic. This is accepting poverty, not criticising it. Those initiatives demanding that the poor should not be expelled from their neighbourhoods fall into this trap. Their goal is the preservation of already existing poverty, like, for a family with five children to be able to continue living in a two-bedroom ground floor flat.

At this point some people will accuse us of cynicism, that it is easy to talk but that talk will not change things for the better either and that at least a protest might soften the deterioration of the situation. In fact, we are not at all proposing that there should be no self-defence against deteriorations within the system. That would be a ridiculous proposition simply because we are not left with a choice. One has to defend oneself so as not to be crushed. That is also what we are doing, on our own in our everyday lives, or organised in tenants’ associations, at work, etc. But we want to warn against mentally taking part in the cynical consequences of the system because then nothing fundamental will ever change and that means an everlasting fight for one’s own or others’ existence as poor people.

¹This text is a translation and sometimes adaptation of a German text with the same title, available at <http://bit.ly/sk10t2>, which in turn is based on a presentation given in Berlin. We tried to replace examples taken from the German context with examples from the UK where possible. While there are significant differences between Germany and the UK with respect to

gentrification (such as the rates of renting households vs. home ownership and the political power of councils in both countries), the more general arguments presented in this article hold in both countries.

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Andrej Holm is a relatively well-known social scientist in Germany who researches and critiques gentrification. He blogs about gentrification at: <https://gentrificationblog.wordpress.com/> (available in German only).

3For those not that familiar with the lay of the land in the UK: Burnley here simply serves as an example where house prices are very low compared to, say, London.

4

For those familiar with volume 1 of Marx' Capital: the term "capitalised" should not be confused with the same term in said book. There it means to reinvest profits, here it is meant to determine the value of something based on the revenue it provides. This latter meaning is also used in volume 3 of Capital.

5As free riders in this revaluation, simple house owners are increasingly willing to sell in order to cash in on the development of land value.

6In the UK many of these groups buy instead of rent whereas in Germany it is much more common to rent. Yet, the calculations listed in the following do also apply to home owners who live in their own flat. The only difference to tenants is that home owners also have to take into account if and how much their flat will appreciate in value. That is, they relate to their flat both as their means of living and an investment.

7Both Kreuzberg and Prenzlauer Berg are gentrified areas in Berlin. For comparison, Shelter reports: "The majority of London boroughs [22 out of 32, the authors] have median rents that cost more than 50% of median local full-time earnings" (<http://bit.ly/pcp9lh>, access 15.3.212).

8Andrej Holm argues that some things stated in political and academic articles on gentrification are correct, but that on their own these do not explain the matter. Theories of supply there is something to it, but Theories of demand there is something to it, but In this way he challenges every explanation but does not criticise any of them in principle. With Holm, then, gentrification appears as an interaction of many conditions. But when it comes to explaining rent development he names "central causes", implying that there are also other less decisive causes. "Critical housing market research thus sees the transformation of city-owned properties into purely financial assets and the weakening of traditional structures of land ownership as central causes of the process of gentrification in the cities." (Andrej Holm, *Wir Bleiben Alle!*, Mnster 2010, p.27, our translation) But there is a difference between, on one hand, examining the market-oriented use of land and the development of land value speculation from the underlying drive for rental income an examination which may entail looking more closely at one particular development and, on the other, ignoring these wider connections and concentrating only on one particular development. In the latter case the particular is turned into the cause. Therefore we strongly suspect that "critical housing market research" does not go beyond our explanation, but begins and ends somewhere completely different. The question of conditions, reasons and causes is not just a philosophical exercise in logic. Those who grasp the management of the housing market by financial capital as a particular instance of the general subordination of housing to capitalist criteria will not be content to cause some kind of nuisance to financial capital. Whereas those who do not understand this will

complain about financial capital, will protest against it with banners saying “Greedification” and will maybe launch some kind of action, but will continue to sign up to the general capitalist order.

9For more on the sovereign debt crisis see “[Sovereign Debt and the Crisis in the Eurozone](#)”.

10Andrej Holm in an interview with the daily, left-wing newspaper *Junge Welt*, 30. April 2011, our translation. “Red-red” refers to the coalition between the Social Democrats (SPD) and the Left Party (die Linke). The CDU is the conservative party.

11An example for such policies in the UK – although on a national level – is David Cameron’s “Tech City” initiative in London:
<http://www.wired.co.uk/magazine/archive/2011/02/start/silicon-roundabout> (accessed 15.3.2012)

12In the 1990s, when Berlin announced urban renewal areas and real estate owners signed up to rent controls in order to get the city’s generous financial support, it was also clear that expulsions would occur. The aim was a ‘soft’ transformation of the population structure. This was in the municipality’s own interest, not just a good deed for the wretched.

13We are aware that this is rather sketchy. We plan to expand on the relation of the democratic state to the capitalist economy in the future.

14Literally “I-PLC” or “I-Inc.”: self-employment through a scheme funded by the German government to encourage the unemployed to start businesses

15Federally funded, locally administered ‘regeneration’ bodies.

16

In response to the crisis similar policies sometimes referred to as “Berlinification” are discussed for several British cities, towns and areas. See <http://www.guardian.co.uk/business/2009/apr/14/government-high-street-shops-grants> (accessed 25.3.2012)

17Of course this also happens without direct municipal involvement. Landlords allow small projects to use ground floor spaces in order to earn some rent and to keep the building in use and maintained. Contracts are designed in such a way that increased rent or renegotiation in a few years’ time is already written into place. Thus, it is clear that in this case, too, the users are treated as temporary placeholders.

18See “[Why anti-national?](#)”.

19There may be people who simply prefer not to have a balcony or who simply dislike the idea of having “improvements” which may or may not represent actual improvements imposed upon them. Here, we focus on people who fight against these measures for financial reasons.