

Foreword

Raquel Rolnik

My input¹ might seem rather provocative as it is very difficult to talk about the Right to the City and the Right to Adequate Housing these days. I think it is crucial for us, who are related to questions of housing and cities, urbanism and urban planning, to understand that a new colonial empire that is faceless and flag-less – is seizing territories and reshaping cities. The name of this new colonial empire is global finance. It is a global process, which means that it is a process that is de-territorialized, abstract, fictitious and speculative. This is the very nature of finance. In this process, built space has more and more a key role in the promotion and expansion of finance. It is a global process, it is general, it is everywhere, but it is also particular in each place (states, and even regions and cities), path-dependent on political economies of land, housing and built space.

We will talk more specifically about how central the role of built space is as a fundamental part of the circuits of appreciation and valorisation of finance and how much it affects and shapes cities and urban policies. We could then talk about those rent-seeking landscapes that are made of shopping malls, corporate towers, international chain hotels, cultural centres, all built by brand architects, which look exactly the same everywhere. They look spectacular in their uniqueness but nevertheless repeat themselves everywhere, as abstract and disconnected from real territories as is finance itself.

When I received my mandate as Special Rapporteur on the Right to Adequate Housing, I had to travel long hours and sometimes arrived in some city half dead, half sleepy. From my taxi or car, I then saw those towers and shopping malls, and I found myself asking: Am I in Chicago? Or am I in Dubai? Am I in Astana? ...the same rent-seeking landscapes were everywhere. This kind of

1 This Keynote was delivered at the 19thN-AERUS conference on “Housing and Human Settlements in a World of Change”, held in Stuttgart 8-10th of November 2018.

built space is precisely the type of architectural and urban products that are perfectly suitable for international investors.

However, let us talk about these rent-seeking landscapes through the lenses of housing and urban policies, which actively create the material, symbolic and normative conditions for the capture of lived territories by finance. I have not mentioned the word “neo-liberalism” so far, but now it is time to name it: Yes, I am talking about neo-liberalism, which among its discourses includes a big lie: “State get out of the business and let the market do what is needed!” Yet in truth states, through their public policies, have actively created and reproduced all of the conditions for financial capital to seize cities and the built space. So, we are not talking about having the state in or out but about the specific new role of the state, from a distributive role, where it captures part of surplus capital so as to deliver goods and services to citizens, to one where it is dedicated to open territories being captured by surplus capital. We are not even talking about having state money or not, because most of the state money is directed towards promoting development that is made for providing interest to the capital invested in real estate.

When I had arrived in Dubai during one of my trips as Rapporteur, I realised that some of the fantastic buildings that were created were empty. By that time I was so idiotic and thought: “Poor investor, they must have lost a lot of money with these investments”. But no! One of the crucial things about financial capital and its relation to the built space is that the built space is an asset, a sort of parking place in a wide financial circuit. As such, it can be “on the books” and by that alone it provides interest and rating for those investors and investment funds, even if it’s not used. We can see this around the world, a lot of empty spaces, which eventually become wonderful opportunities for future funds to take over. Yet, we are not only talking about the opening of the ground for these international fluxes of financial capital to come and take over the space but also a global process of dispossession.

Accumulation by dispossession – there is nothing new about that, but it is a new version with a new scale and a new speed. We need to ask ourselves and inquire: who is dispossessed, where are the displaced, and, even more importantly, what are the forms and tactics of the displaced, of the dispossessed, to emplace themselves and to create, what I call in opposition to the rent-seeking landscapes, generating their landscapes for life?

During my mandate as Special Rapporteur for the Right to Adequate Housing from 2008 to 2014, I could witness the effects of the financial crisis of 2008, which was the first crisis of this new form of financial capital in its relation to real estate and built space, especially with its new relation to housing. By that

time, in 2008, what I could witness was a housing crisis. A housing crisis in countries like the US, like the UK, countries that used to have residual problems of housing, I would say, compared with other countries in Latin America, Asia or Africa. Of course, we cannot say that everybody in the US, UK, Netherlands or Sweden was living in wonderful and adequate housing before 2008, but I would say that most of the people had access to adequate housing. Which was a result of years of promoting housing as an essential part of the welfare state, a result of a particular political pact which was generated in those countries, from the late 19th/ early 20th century (depending on the particular history of the country), between capital, labour and the state to direct some surplus of the wealth produced towards social housing and social housing products. But in 2008 we saw foreclosures and homelessness worldwide, in the US, in Spain, in Ireland. I could witness a hunger strike in Kazakhstan, where the government and the new president – the former head of the communist party – convinced everybody to take out loans, to take credit, to buy homes that were built by Turkish construction companies with basically German and other European investment capital. By the time the crisis of 2008 started, the invested capital just went away from the construction companies, which went bankrupt, leaving buildings unfinished and people, whose savings were in the buildings, homeless. In Spain or the US, thousands and millions of houses were foreclosed, forcing people who had bought apartments or houses built by private entrepreneurs to give them back to the banks as they could not pay their debt any more. Worse even, in the case of Spain, these people still have a debt as the value of their houses after the crisis was much lower and insufficient to cover all the value of their mortgages. I also witnessed demonstrations in Tel Aviv, demonstrations of young Israelis without homes and without any possibility of getting one, because Israel also embarked on a neo-liberal policy of taking housing out of the welfare state; instead, transforming it – and this is the common thread between all those countries – from being a part of the welfare state, from a social policy with different versions, into a commodity or financial asset through policies of promoting home ownership as the one and only solution for housing.

So, we are talking about the financialisation of housing, in many terms. One is the possibility of opening a new frontier for this mass of surplus capital which is floating around the planet. Built space is especially relevant for finance for three reasons. First, because one spends a lot of money with built space, this space can absorb much investment capital surplus at once. Just to give you some figure: the investment fund of Apple, the corporation, is bigger than that of the national bank of Germany. And we are talking about national banks, sovereign funds, workers' pension funds, because one part of the dismantling of the wel-

fare system was the dismantling of the public welfare system and pushing all the workers to pension funds. Including us trying to figure out how to maintain some savings to assure retirement and old age in countries where public pension funds do not exist anymore. Secondly, for its durability. It is common, probably in Europe as well, certainly in Latin America, that one's mother or father or aunt advises to put one's money in built space, because it will not disappear over time. The materiality of the house, the fact that the built space can stay for 30, 40, 50 years and more, makes it especially useful for the medium- and long-term investments that need to have returns over time, like pension funds. Finally, built space and (urban) land in general is very important collateral in the financial world. If one has land, if one has built space, then one has an asset that allows one to raise more, ask for more at the bank or on the financial circuit. And this is also something that everybody has experienced: we go to a bank and ask for a loan, and the first question the bank manager asks is whether one has a property or an apartment as a collateral. Built space is collateral. For these three reasons, the building of spaces is tightly integrated with the process and circuits of appreciation of financial capital. Finally, new innovative products that link built space with financial circuits – like real-estate investment funds – made the entry and exit of financial capital into built space much easier, without transaction costs, just with a digital bit.

I have another wonderful story to tell you about the housing crisis in the UK. At the end of the 1960s, 40% of the whole housing stock in the UK was social housing, built either by councils or other non-profits, like churches or unions. Under Margaret Thatcher (and also Reagan in the US) the whole stock was practically privatised, to the sitting tenants. Which, of course, was great for Margaret Thatcher and the way she could enter and destroy Labour-based constituencies, as all the workers practically gained a home: they could buy the home they lived in with a great discount and could become owners of these apartments and homes. We had different versions of this dismantling everywhere: in Eastern Europe, all the social housing stock was privatised, in Britain it was privatised to the sitting tenants. Even in places where there is still social housing, like Germany, some social housing companies were completely privatised, some privatised parts of their housing stock. So, we are talking about the dismantling of housing as a social policy, as part of the dismantling of the welfare state, as a human right, transformed into a commodity and financial asset, through strategies of privatisation (in the UK, Eastern Europe) and financialisation (in the Netherlands, Germany).

But then the question is: What about countries in Latin America and Africa that never had housing policies as a part of a welfare state? While the welfare

state was dismantled in Europe, that was not the reality in countries like Brazil or South Africa. Instead, we had a “Southern” version of the commodification and financialisation of housing: the massive production of housing in the peripheries in Chile, Mexico, Brazil, South Africa, adopting a version of the same model of promoting ownership of homes produced by private developers, with, in the case of Latin America, a heavy subsidy from the state. These homes are provided in the outskirts not because of planning problems but because land is cheaper there and thus provides for higher profits for developers. Cheap land, in Latin America for instance, means non-urbanized land, land without a city, which means living in jobless amenities-less environments.

Financial capital was invested directly in construction companies and the owners of these companies became shareholders through IPOs² or investment funds, hedge funds and equity funds, through the securitization of mortgages, which allows mortgages to circulate as one type of financial product, from one bank to the other bank, and then to an investment fund, and so on. I found one case in New York, right after the crisis, in which the mortgage of buildings passed through the hands of 80 different investment funds and groups within ten years. So, nobody really knew who the owner was. This is nothing new, this is surplus capital promoting geographical restructuring, the expansion of borders. This is also nothing new in the history of urban planning, the history of the rebuilding of Paris under Haussmann is part of this story. David Harvey talks about the spatial fix, a fix in terms of a situation that needs to be restored but a fix also in terms of fixing something, grounding something. Yet what is new about the process is its scale, its speed: Capital arrives and leaves in a bit. Moreover, now there is instrumental titularization, which is essential to understanding this process as transforming fixed objects into paper, into assets. The new financial instruments, such as real-estate investment trusts, are completely different, because one does not buy or sell a piece of a shopping mall, for instance, but holds a piece of paper, not even a piece of paper, a piece of an electronic gesture, which represents the right and expectation to receive interest payments over time. These new instruments promote a possibility that the space can circulate without changing hands or without being precisely tied to anyone. Yet when it comes to housing, at the end of the day someone took out a mortgage in the first place. This is the one that will be dispossessed at the end, and that is exactly what happened with the foreclosures. Whereas investment banks received their returns from passing these papers from one to the other, to the other, each time

receiving some per centage, it was the people that had mortgaged their lives who lost their homes and became homeless when the whole system collapsed.

All of this would have been impossible without the active role of the state, which since the late 1970s removed all barriers for the free circulation of capital, dismantled social housing policies, pushed everybody towards buying their homes, and created home ownership as the one and only model for everybody, everywhere, heavily subsidised by the state. We are not talking about the state not spending money, we are talking about redirecting state money towards home ownership. Another way was to make rental housing less protected, for instance, through the Ley de Arrendamientos Urbanos in Spain or the reform of rent control in New York and Berlin. ‘Affordable’ in inverted commas, because as a matter of fact, it is not meant for those who do not have any money, and it is seizing and taking out big tranches of land. Chile in the 1970s was the big laboratory for countries where social policies were residual. The housing policy of the Pinochet dictatorship was the destruction of all of the campamentos, the self-built informal settlements, and the displacement of their residents into home ownership on the peripheries. This ‘opened’ the valuable land in the cities for use that provides more earned interest for the capital that was invested in the place. And the dispossession machinery did not act only in the Global South by evicting informal settlers. In the US and Spain, for example, expanding suburbs were produced during the housing boom years, emptying the centres of the cities and making them more and more playgrounds for rent-seeking capital. That is exactly what happened when renters were pushed out of their well-located apartments, or social housing was demolished to open ground to “affordable” and “mixed” housing, which basically raised the rent of the places and pushed out former inhabitants.

One of the books that are fundamental to understand housing policies and urban policies under neo-liberalism is entitled “Housing: Enabling markets to work” (Mayo *et al.* 1993), which describes the recipe to reforming housing policies in order to promote home ownership through credit and unlocking land value. The latter is the idea that very well-located land cannot be occupied by poor people. This ‘unlock land value’ is the idea that one can build thousands of houses in the middle of nowhere with the money gained by reallocating very valued land.

In cities where most of the homes are self-built in squatter or non-developed land, there is a specificity. We don’t have proper names for these “informal”, “illegal”, “irregular”, “self-built” spaces because our rational utopia is the orderly market of home owners of modernist architecture on private property. But what happens with these other spaces that have no name? They exist in our cities

in multiple dimensions of this ‘other’, often being the majority of the built space, especially in the so-called Global South. What is the role of this space, what is the role of this ‘other’ and what is the role of housing and urban policies in relation to this ‘other’.

The essential condition for space to circulate freely in global markets is that space has one and only one permitted form of relationship between individuals with the territories they occupy: private property. Private property is the very base, the very condition, for titularization and financialisation. It is not necessarily the safer kind of tenure relationship, and we saw this with the housing crisis. But private property is the freest to circulate, is the freest to be part of a market of commodities and a market of finance. To that end it is very important to deny the existence of the hundreds of other types of tenure, especially during the colonial period. Colonialism was based on the denial of these ties, and this permitted massive land grabbing in America, in Africa, in Asia, and in Europe as well, with for instance the denial of the relationship the Roma have with territories. We are talking about 200 years, since the enlightenment, when property is now connected to freedom and citizenship and is becoming a very foundation of the modern state. Utopia is a democracy of freeholders, meaning property holders. And the rest is the rest.

In colonized territories, planning was essential to setting the borders between what is in and what is out: the orderly planned space based on the idea of private property was a way of affirming the cultural hegemony of the elites and also to draw the border between the ‘others’ and the racialized bodies and the racialized space, which are basically the landscapes for life, the self-built neighbourhoods that were produced under scarce resources without any material support of the state. Today, this precarity has nothing to do with tenure relations or with cultural characteristics. The precarity has to do only with the fact that the wealth of society is not directed towards there. There are no resources and no money directed toward the favelas, bastilles, slums. But if we take the word “slum”, we see that “slum” means criminal, scum in English. We are not only talking about a spatiality but also about a territorial stigma, we are talking about discriminatory gestalt. In Brazil, the official statistics institute, IBGE, nominates self-built urban settlements as “aglomerados subnormais”, subnormal agglomerates, clearly relating a certain form of spatial arrangement with outlawed criminality and irregularity.

However, it is very interesting to see that those spaces are not completely destroyed. They are maintained, they are tolerated, they are reproduced, including with the action of the state. Rarely are they displaced to the peripheries or destroyed. The most common situation is the ambiguity of everyday life, the per-

manent transitoriness, a state of exception that is over those settlements. Planning provides the language that sets the perimeter and the borders in order to see who has all of the rights and it is not ambiguous, and who has to live under the “perhaps” – “perhaps you can stay”, “perhaps you will be urbanized”, “perhaps displaced”, “perhaps regularised”. And even more perverse, being under the state of exception is the condition which permits, for instance, that the police can enter there, shooting in the streets and houses, killing randomly without any judicial mandate.

The expansion and reproduction of those settlements were, according to the classic analysis of Brazilian sociologist Francisco de Oliveira in the 1970s, an essential condition to maintain wages that were too low to bear the housing cost. And what about today? Today, the ambiguity is essential to maintaining certain parts of the cities as a “reserved” target for financial capital, spaces to be captured by financial capital. Because slum evictions are, first of all, politically justified; because slums are marginal, outcast, outlaw, irregular. And at the same time, slum evictions are very practical because no expropriation has to be paid, basically, so they are cheap, cheaper at least than expropriating land in middle-class neighbourhoods or private property. We have thousands of examples of this, such as evictions that take place during preparations for mega events, for which new urban developments are often located exactly where those settlements existed before.

All of that expresses the tight relationship between urban policies and housing policies, as the massive production of homes in the outskirts of cities are connected to the real state of complex financial expansions into central locations, with their shopping malls, corporate towers and cultural centres.

After the 2008 financial crisis ended, the financialisation of housing persisted and advanced. The new wave, the new version of financialisation of housing, was not home ownership any more, but rental housing, which is corporate landlordism. The same hedge funds and equity funds that were behind the construction companies during the massive production of home ownership have been cheaply buying foreclosed apartments and houses so they could rent them out. Blackstone alone presently owns 85,000 housing units in 17 different cities in the US, and this is only one international investment fund. Some of these funds have even bought public housing in Madrid or Berlin and put them up for rent, of course pushing out ‘bad’ renters, that is, the ones who have been either unable to pay the higher rents or are considered racialized bodies. Those evicted in New York or Atlanta have been mainly African-Americans, the ones evicted in some German cities are basically immigrants and the ones having difficulties paying

rent in Spain are mostly Latin American immigrants. This machinery of dispossession has now been reproduced through rental housing.

Let me finish my input on a brighter note, outlining some responses. What can we do with this powerful electronic cloud that made all states, even states under the rule of socialist parties or coalitions, adhere to adopting the same instruments, removing the same barriers, and developing and upholding the same policies? I think we have to reverse this story. Saying that the only constraint, the only barrier to financial capital taking over of all territory and all cities are the very places that are occupied by the poor, by the people with not-so-clear tenure relations. These people are the real constraint for this massive wave to go on. Here, we are not only talking about resistance to evictions. More than about resistance, I want to talk about existence. I want to talk about emplacements, which means the construction of the city by the people, and the fact that these people are there and that these cities are built under the logic of people's lives and prosperity.

We are talking about an urban warfare (Rolnik 2019), a contemporary rebellion in which space is more than the scenery where the battles take place, but are the object of the battles themselves, battles around appropriation. We are seeing battles around the occupation of public space, thus creating a symbolic geography, which means a political confrontation between territories that are either understood as landscapes for life or as playgrounds for financial capital. Long-time occupations can exercise forms of organisation, decision-making and self-government, and can rehearse possible futures. Today, they are, of course, confronted by a militarized control of space, which also corresponds to private control, or the so-called new forms of governance, which are embedded in public-private partnerships, public-private transformations and urban transformations, with their use of repressive technologies in the absence of the necessary political mediation of space.

I finish by interrogating the Right to the City in this context. The Right to the City is not a set of words written in a by-law, in a resolution, or in conference proceedings. The Right to the City is the recognition and valorisation of the material and cultural landscapes that emerge from urban struggles everywhere: in movements against evictions, in the platform for people affected by mortgages in Spain, in the rebuilding of tenant unions in Spain, the UK and the US, in the demonstrations against gentrification in the Global North and Global South. The Right to the City is alive and on the streets.

REFERENCES

- Mayo, S. K., S. Angel, and A. Imhoff. (1993) “Housing: Enabling Markets to Work (with Technical Supplements).” World Bank policy paper. World Bank.
- Rolnik, R. (2019) *Urban Warfare. Housing Under the Empire of Finance*. London:Verso.