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# Gentrification Is a Feature, Not a Bug, of Capitalist Urban Planning

BY  
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A view of the Hudson Yards development zone is seen from the street on August 31, 2018 in New York City. Stephanie Keith / Getty

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The latest book in our Jacobin Books series with Verso, *Capital City: Gentrification and the Real Estate State*, is out today. In the following editorial, Samuel Stein lays out some of the key ideas in it.

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Capitalism and state planning have a complicated relationship. Capitalist ideology insists that markets are the best mechanism for economic, social, and environmental decision-making, and that consumer choice is the fairest and most efficient arbiter of public will. Deregulation has been the byword of the business class for decades, and diminished government has been the goal of conservative politicians at all levels.

Grover Norquist of the right-wing Americans for Tax Reform [famously claimed](#) he wanted to shrink government “to the size where I can drag it into the bathroom and drown it in the bathtub.”

That’s what capitalists say; it’s not really what they do. Capitalists and political conservatives are quick to call for an expansion of the state when it comes to its carceral capacities or its military might, and those expressions of state power have been ballooning budgets at the local, state, and federal levels. Big businesses love the kinds of complex regulations that keep smaller firms from competing with them; they can hire armies of lawyers to whack through the weeds, while their competitors get mired in the muck. They herald expansions of state power that increase inequalities and suppress insurgencies as government doing its job.

On the level of city planning and land use policy, the rhetoric and the reality are similarly mismatched. Capitalists have serious and specific demands of the state, without which they are unlikely to function in the long term, or even on a day-to-day basis. They want the state to make big, fixed-capital investments in infrastructures that enable their own profit-making. They also want government to ensure some degree of support for people's social reproduction, in order to assure they have a living, breathing workforce to exploit in the first place. Without these investments — planned, paid for and coordinated by the state — they have little basis on which to operate.

## The Contradictions of Capitalist Planning

Look a little closer, however, and some important cracks arise. In his classic 1986 book [Planning the Capitalist City](#), Richard Foglesong analyzes the relationship between capitalism and city planning as it evolved in the United States from the colonial period through the 1920s. He frames the book around two primary contradictions: one he calls “the property contradiction,” and the other “the capitalist-democracy contradiction.”

The property contradiction arises because capitalists demand certain planning interventions from the state to enable their mode of accumulation, but then deny the utility of planning as some sort of socialist sickness. Crucially, beyond certain fundamentals, urban capitalists do not want the same things from city planners. Their demands crudely break down along industry lines. Manufacturing capitalists might bristle at environmental regulations that curb their abilities to exploit land, water, and air without legal consequences. They could, however, be broadly supportive of planning interventions meant to cool rising land and housing prices, as they view land as a cost factor of production and housing prices as a cause around which their workers could rally and demand higher wages.

Real estate capitalists, on the other hand, might welcome environmental regulations that limit pollution if they see smog and grime as factors that might bring down the value of their buildings. They would not, however, cheer the state for imposing rent controls or building [high-quality public housing](#), as [those measures](#) might threaten their very business model. Planners, then, must manage a double bind: meeting the competing demands of various types of capitalists, without doing so much planning that the capitalists freak out.

In trying to thread that needle, urban planners face the capitalist-democracy contradiction. Actual capitalists — those who own the means of production, not just those who think like them — are always the numerical minority. In a republican government and a capitalist economy, planners must incorporate the working class into their process or risk a legitimacy crisis. At the same time, however, they are entrusted to appease the capitalists for whom the system is designed to work. To navigate this dilemma, cities have devised elaborate land use review systems (in which public comment is encouraged but non-binding) and public city planning commissions (which are generally staffed by real estate experts and business elites).

According to this model, urban planners' main job is to contain these two contradictions; neither can be resolved, but both can be managed. It's a complicated bind. They are supposed to make certain land use interventions, but are prevented from making more sweeping changes. Their process must be open to the public, while simultaneously guaranteeing that ultimate power resides in the hands of propertied elites. It can be a pretty shitty job.

## The Rise of the Real Estate State

Five years ago, I was teaching Foglesong's book in a geography seminar, and a student raised his hand to ask a question. "It seems like an important part of this model is competition between manufacturing and real estate capital," he rightly observed. "How does it work now that manufacturing and real estate capital aren't really concentrated in the same places anymore?" It was a damn good point.

The world is more industrial than ever — the United States is certainly an industrialized nation, and [manufacturing](#) is the biggest part of the country's economy in terms of annual output. But over the course of the second half of the twentieth century, US industrial production underwent an intensive geographic reorganization. First, following World War II, parts and assembly plants moved from older northern cities to newer southern cities, suburbs, and rural areas. Then in the 1970s through the 1990s, the speed and stretch of relocation expanded, with many plants leaving the country altogether.

In the 1990s and 2000s a new form of industrial expansion occurred, with logistics clusters growing to coordinate the complex flow of goods into and out of cities. This new industrial activity, however, tends to take place on the outskirts of metropolitan areas (in order to take advantage of lower land values, and to facilitate a smoother flow of goods). When it does take place in cities, it often does so on land owned by public agencies or authorities.

Meanwhile, a ["Niagara of capital"](#) has been flowing into urban land and buildings. Global real estate is currently valued at about [\\$217 trillion](#), making real estate holdings a majority of the world's assets. US homeownership is at a [fifty-year low](#), and average move-in rents have more than doubled over the last twenty years while wages have remained stagnant. In some cities, housing prices have shot up [over 50 percent](#) in the past five years. Housing crises of various varieties are nearly ubiquitous in cities across the country.

With real estate concentrating and manufacturing dispersing, the relationship between urban capital and urban planning has shifted in important ways. If manufacturers no longer make up a powerful capitalist constituency for lower central city land and housing costs, planners managing "the property contradiction" are really only hearing from real estate capitalists and those aligned with their growth agenda, who are calling for policies that push land and property values ever-upward. Even when attempting to solve urban quandaries that have little to do with real estate directly — education, transportation, parks, etc. — real estate capital demands planning interventions that enhance speculation.

Planners negotiating “the capitalist-democracy contradiction” are encouraged to find a larger and larger role for real estate in the institutions of planning themselves. The New York City planning commission, for example, is almost entirely comprised of people with experience in real estate: development, promotion, sales, law, or engineering. The most common dissenting voice among the commissioners, Michaëlle de la Uz, is a nonprofit housing developer — a different model, to be sure, but still a part of the urban real estate ecosystem.

This is the real estate state: a government aligned with the needs and demands of this specific strain of capital, and fine-tuned to ensure that government actions are calibrated toward rising profits for developers, landlords, speculators, and flippers. Like other state assemblages (the welfare state, the carceral state, the warfare state, etc.) the real estate state is never totalizing, but its influence is particularly strong at the local level, where most US land use decisions take place.

Whatever problems planners attack, the solutions they propose are likely to include luxury development as a [key component](#) — even when that problem is a lack of affordable housing. Planners in the real estate state are tasked with stoking property values: either because they are low and investors want them higher, or because they are already high and if their deflation could bring down an entire budgetary house of cards. Working to curb speculation and develop public and decommodified housing seem like absurd propositions to a planning regime whose first assumption is that future public gains come first through real estate growth.

In this system, gentrification is a feature not a bug. It is surely an economic and social force, but it is also the product of the state — a planned process of channeled reinvestment and targeted displacement. Urban planners, however, are not just corporate tools or government stooges. For the most part they join the profession to have a positive impact on cities. Many come from radical backgrounds and see planning as a means to impose control on capital’s chaos. But under the strictures of the real estate state, producing space for purposes other than profit is an enormous challenge.

It is, however, quite possible — it’s just not something planners will do themselves. If we want planners to behave differently, we have to exert political pressure to challenges their bosses directly: the politicians who appoint their agency heads, of course, but also the real estate industry.

By concentrating so intensively in particular areas, real estate capital has exposed itself to unique vulnerabilities. Militant anti-gentrification movements can threaten real estate capital’s capacity to realize profits, and thus transform the housing crisis from one borne by tenants to one felt by landlords, developers, and investors. This is no easy task, but it is the one we face if we seek to unmake the real estate state.

## About the Author

Samuel Stein is a geography PhD candidate at the CUNY Graduate Center, and author of the forthcoming book *Capital City: Gentrification and the Real Estate State*.

