



Berlin Housing: Expropriation - yes of course! Compensation - no thanks!

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The Berlin initiative "Expropriate Deutsche Wohnen (German Homes) & Co." has hit the city like a bomb. Even before the first signature has been collected, all the forces of the political and economic establishment have had to take a position.

The demand for the expropriation or socialisation of all profit-oriented corporations that have more than 3,000 apartments in the city has rallied all the defenders of private property. Even the critics of the initiative do not deny that there is a housing shortage or that there has been a massive increase in rents in Berlin and other cities. But threatening actions against private property or even the expropriation of entire companies, both of which are legally permissible even according to the Basic Law and Berlin's state constitution, is opposed by the CDU, FDP and AfD with all kinds of "arguments".

Market instead of expropriation?

The FDP politician Sebastian Czaja, for example, sees one of the main causes of Berlin's problems in the "delay and prevention of inner-city densification". His wise advice was that more and higher buildings should be built. Then, when supply will one day exceed demand, rents will fall again. Useful for anyone who can manage to avoid having to relocate to the suburbs in the face of rapidly rising housing costs in the meantime.

For loyal supporters of the free market, the housing shortage is to be overcome with even more free market. For example, "the way to home ownership must be promoted by lowering the land transfer tax". The major investors will not doubt say, "Thank you very much, that will cut our overhead costs very nicely!"

Similarly, Burkard Dregger of the CDU argues that: "Only joint efforts, including those of building cooperatives and private housing associations, can help against housing shortages." For him it is not only expropriation that is work of the devil, but even the repurchase of privatised dwellings or housing associations, as favoured by the Berlin SPD. Finally, according to FDP and CDU, as well as the entire real estate industry, in the end even more, not less, should be privatised. High rents secure returns on investment.

Of course, the Alternative for Germany, AfD, must also have its say. Their delegate, Harald Laatsch, knows that, in the end: "For tenants it is to a large extent irrelevant, who is the owner of their dwelling." Therefore, "prosperity and retirement provision would be improved through extending home ownership." Which is true, but only for the shareholders of the housing companies, to whom he gives cordial support:

"Now we are witnessing the return of the socialist idea. Left parties and activists want a new experiment at the expense of the general public".

Privatisation ruins tenants

The bourgeois parties openly want one thing above all: the continuation of an "experiment" whose costs to the general public have long been known.

Privatisation in the housing sector has exposed hundreds of thousands of tenants to speculative housing construction, which is based on rapid returns. Deutsche Wohnen, DW, has become the market leader in this field in Berlin. It owns

more than 100,000 apartments. Rising rental income, up 3.4 percent nationwide in 2018 and in Berlin 3.6 percent, contributes significantly to the increase in profits. In 2018, the Group was able to increase its operating profit to 480 million euros, an increase of 11 percent over 2017. And that is by no means the end of the story.

Good returns for the few mean rent increases for the many. In Berlin, more than 200,000 municipal apartments were privatised between 1995 and 2006 (around half of them when the Senate was controlled by the SPD-Die Linke coalition). Between 2008 and 2015, rents rose by an average of 60 percent, in locations such as Neukölln and Kreuzberg, by 100 percent!

If the opposition in the Berlin House of Representatives has its way, more oil will be poured onto the fire and private housing speculation will continue to accelerate.

And the Senate?

The only real accusation these cutthroats make against the Senate and the governing parties is that they themselves have no answer to the housing shortage. No wonder, because the Senate is wavering between the legitimate demands of tenants on the one hand and the pressure of capital on the other. The former are promised an improvement in the rent cap, the repurchase of privatised flats and a housing construction programme, above all the construction of new social housing. But all this resembles a patchwork that constantly lags behind the actual requirements.

After all, the Senators, especially the SPD and the Greens, do not want to fall out with the construction industry, housing groups and financial capital. How easily, quickly and compliantly the Berlin coalition buckles under their pressure was made clear right at the beginning of its term of office by the slander campaign against the left-wing State Secretary, Andrej Holm, who was willingly sacrificed by "his" government within a few weeks.

At the right time

Against this background, the success of "Expropriate Deutsche Wohnen & Co" is understandable. The initiative came at the right time. Hundreds of thousands of tenants know that, unfortunately, it does make a difference whether their homes are owned by a profit-oriented housing company or a municipal housing association, for example, when they are looking for a caretaker whose job was cut long ago or urgently needed repairs are put off for days by a call centre.

In the meantime, numerous tenants' committees have been formed in private blocks or have declared their support for "Expropriate Deutsche Wohnen & Co" at plenary meetings. The initiative has already built up a real mass basis for a referendum before the actual collection of signatures has even begun, and there is every reason to think that base will continue to grow.

This is also the reason why the SPD is presenting a more left face, calling for the repurchase of privatised housing companies as an alternative to expropriation. The Greens are more positive in their approach to the petition, which should eventually lead to a referendum. At its last national party conference, Die Linke decided to support Expropriate Deutsche Wohnen Co. and presents the initiative as practically its own idea - not least, in order to distract from its own inglorious past with the privatisation of tens of thousands of dwellings.

Independently of this, the initiative should be supported by all leftists, anti-capitalists and revolutionaries, not just by collecting signatures, but by building tenants' committees and democratic grassroots structures for the campaign.

Weaknesses

However, that support should not blind us to the initiative's political weaknesses and drawbacks, which must be openly discussed and resolved. We are proposing a Berlin action conference not only to discuss the issues below, but to take binding decisions on them.

Why limit expropriation to firms with more than 3,000 dwellings?

As all those involved in the initiative admit, this level is ultimately arbitrary. Basically, it should be a matter of expropriating all corporations that use private dwellings as capital, that is, rent them out for profit. Their entire business model is based on generating quick returns and satisfying the interests of shareholders. Such a model is only feasible

through a steady increase in rents, and it is ultimately incompatible with any "social" housing policy.

Compensation?

The petition and referendum initiatives are themselves squeezed into a quite narrow legal framework - especially when it comes to financial issues affecting the budget or the highest of all rights in civil society, the right to property. That is why expropriations of large companies, even with compensation, are so rare. The situation is of course quite different when it comes to the compensation for small property in the interest of the "common good", as, for example, when the companies of the former GDR were handed over to German big capital via the Treuhand.

The initiative is now confronted with the problem that an expropriation without compensation is at least controversial legally and can easily provide an excuse to stop the referendum. Therefore, there is a discussion about the amount of possible compensation. The Senate and the real estate industry, for their part, have recognised that here is an opportunity to discredit the whole idea of expropriation in the eyes of the population.

An "official cost estimate" of the Berlin Senate assumes that the expropriation of DW & Co. would cost between 28.8 and 36 billion euros. This is based on the current market value. Alliance spokespersons argue that this would be far too high a price because speculation itself has increased the market value. This would allow DW to pocket its excessive rents again, so to speak, in the event of expropriation. But even other "fairer" models still assume 7.3 to 13.7 billion euros.

The figures of 28-36 billion were undoubtedly deliberate and launched as an opening bid for the Berlin real estate lobby, which has joyfully taken them up.

The Association of Berlin-Brandenburg Housing Companies (BBU) explains: "The costs would exceed an entire annual budget and would be more than six times the previous BER construction costs". Such a disaster, they argue can only be prevented by keeping the owners as owners.

In any case, it is clear that any compensation would have to be paid from the Berlin budget, which amounts to around 29 billion a year, that is, from taxes and, above all, from those of wage earners. In this way, a political wedge would be driven between the initiative and workers.

On the other hand, the amounts of compensation will in any case lead to a wave of lawsuits. The "debt cap" will be used to declare any successful referendum illegal.

Finally, the pressure will be used to dilute an expropriation law in the House of Representatives and to postpone it for a long time, because even with an overwhelming majority the referendum does not mean that it has to be implemented, since it only obliges the House of Representatives to formulate a law, but does not stipulate its concrete content.

Expropriation - yes, compensation no!

We believe that this problem can only be solved by categorically rejecting compensation. If need be, a purely symbolic compensation of one euro can be promised in order to meet the legal requirements for carrying out the petition and later the referendum.

The principle should, however, be clear: Capital, which has already enriched itself from the tenants, should not be bought out, the flats should be expropriated without compensation and administered communally under the control of tenants' committees.

This would strengthen the movement, it would be impossible to play the tenants off against wage-dependent taxpayers. It would also be impossible, as a side effect, so to speak, to call the expropriation into question with reference to its high cost to the household. Politically, therefore, the initiative could argue more clearly.

Plan B necessary

On the other hand, nobody can deny that the refusal to pay "adequate" compensation to the real estate sharks will lead to a dispute about the legality of a referendum. Such a dispute is likely anyway. It would be quite astonishing if DW,

Vonovia & Co. allowed an expropriation in Berlin without calling on the courts and, if necessary, pursuing an action against it for years.

In addition, all that is needed is a political collapse or the loss of a majority in the current Senate and any legal implementation at parliamentary level would probably be overturned or at least called into question.

In any case, we must expect that a "simple", legal expropriation of large companies will not take place simply because of the pressure of hundreds of thousands of signatures. The initiative cannot be so "legal" and "constitutional" because the question is ultimately not a legal one but one of the balance of power between the classes, and can only be solved by mobilising class forces.

Therefore, the initiative would do well to orient itself strategically and tactically as follows: The petition calling for the referendum, should above all be understood as a political mobilisation and a means of recruiting and organising supporters.

What is decisive, however, is that a movement is established which (a) understands the committees for collecting signatures, tenants' committees, plenary assemblies, etc. as instruments of struggle for further action (e.g. mass protests of tenants, occupations of offices of the DW ..., organised rent boycott) and (b) seeks to broaden itself by means of petition campaigns in companies, trade unions, offices, universities, schools. Ultimately, it is a matter of taking the rent issue into trade union and company disputes, for example, by demanding wage increases to compensate for every increase in rent and, finally, by strengthening the demand for expropriation without compensation by means of political strikes and forcing it to be implemented.

In this way, the initiative could develop its full potential in the struggle for a radical housing programme that combines the struggle against usury and housing shortages with that against the capitalist system.

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