Towards a theory of gentrination: global capital flows and the reshaping of the global semi-periphery. The cases of Greece and Brazil

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In John Berger’s 1972 novel, \textit{G.}, the life of the story’s main protagonist is conveyed to the reader almost entirely by proxy, through the narrations and stories of those who would find themselves close to him at one time or other. In recent times – and in our non-fictitious but ever-so dreamlike world – the fiscal crisis that stemmed from the capitalist core (and which has hit particularly hard on the semi-periphery since) was narrated largely in the absence of its protagonists, their plight articulated through a narrative and narrators robustly fixed in capital’s pre-existing decision-making locations. A plight that by now concerns near-complete national territories and their populations, Greece in particular has acquired a kind of a negative cause célèbre status, \textit{be careful or you may end up like the Greeks} seems to be the mainstream mantra; a story drawn and then articulated through and out of the lens of the core, pointing at the troubled semi-periphery. The story of this principal protagonist of the fiscal crisis is conveyed almost entirely by proxy in the prolonged wave of the current capitalist crisis, \textit{G} is for Greece.

From the moment George Papandreou (Greek PM at the time) announced his government was to enter into a loan agreement with ‘troika’ (IMF/EU/ECB) in May
2010, the level and pace of change that has befallen virtually all life aspects in the
country (from the economic to the social, from the outright political to the cultural) has
only just fallen short of a society at war. From the rapid dismantling of whatever social
provisions existed earlier on to severe wage cuts, galloping unemployment, vast
privatisation schemes, the abandoning of state infrastructure and even a sharp increase
in suicide rates, the situation in Greece has rapidly come to resemble a battle-zone. To
be more precise a battle-zone exactly after the battle has succeeded; a state and a
territory in tatters,. This is the long moment of post-catastrophe and post-argument that
people seem to be living through now, now that the memoranda are long-integrated in
the daily reality of the country and now that ever-so ironically, the same force that was
decrying the carnage of the memoranda has stepped in as an unorthodox saviour, an
administrator of the wreckage left in their midst.

What caused this carnage in the first place? It was not a war (not in a battle sense, at
least) that hit the Greek territory. Now, six years into what commenced as a fiscal crisis,
it seems as if we are still grasping for words that will adequately describe this violent
readjustment of capital. And yet it has long become evident that we will have to look
beyond the fiscal sphere if we are to find a vocabulary allowing us to comprehend what
is truly going on. This crisis is no longer about an economy gone awry, if it ever was so.
What we stand witness to instead is little less than a seismic transformation of the entire
core-periphery relationship of the now rampant neoliberal model. Yes, this has been
argued before, most recently by Fraser (2013) who in her otherwise excellent analysis
claimed that Greece had by now been reduced to a ‘protectorate’. The need to develop a
theory of ‘gentrination’ comes precisely in response to a need to look beyond a simply
linear (even if transgressive) reading of human history: The colonial times are behind us and, just like with all its other aspects, history will never repeat itself.

Something else is going on and sure enough, there is a major change under way. It is now evident and transparent that power is shifting away from local elites, and offshore, it is heading towards an ever-centralised mode of governance. Yet we need take further complexity into account. For the first time in capitalism’s neoliberal era these ‘protectorates’, as per Fraser, are to be found inside what had previously comprised a part of the Global West’s core (the European Union and the Global West as a whole, in the cases of Greece and Brazil, respectively) yet a part of its semi-periphery in practice. This situation is then historically unprecedented, because it includes an unevenness of power that resembles that between the heartland and the colony, only this time, with a staggering geographical proximity between the two.

In addition, and not at all unrelated to their geographical position, the process of subordination and radical restructuring of the economic, social and political function of neoliberalism’s newly-found proximal protectorates for the largest part is bloodless. A restructuring without the level of conflict one would have possibly expected to see, one that would match the level of restructuring under way. Under the pretext of austerity, the semi-periphery is subjected to no less than a state- and nation-building exercise. Much akin to western neoliberalism’s quests for creative destruction in distant territories post-9/11 this dual exercise involves the doing away of the economic, social and political structures of national territory, and its near-simultaneous replacement with other structures, more favourable to the project of neoliberal expansion.
Carnage to rebuild it all: Nation to state, to continent

Even for the most well-informed and well-intentioned observer the process of the ostensibly intentional and self-destruction of much of the Greek state structure surely makes little sense. Take a single but telling example: For a government to order the closure of its own state-run media (ERT) is in all likelihood historically unprecedented and of course, entirely unexpected even until a few months ago. With Brazil, the story is even more jaw-dropping in many senses, as an extensive bribing scandal has swiftly turned into a case study for dismantling democratic institutions and installing an emergency government, much akin to those installed in the countries of the troubled Southern Europe during the most recent crisis. Why would authorities here be tearing apart the structures that supposedly bind them together?

Two notions may help us in solving this apparent mystery: state-building and nation-building. The two, often used intermittently, largely came back in favour following the US-led operations in Afghanistan and Iraq during the post-9/11 era. Here lies one of those cases where the absence of words (even the single prefix: ‘re-’) speaks louder than the words themselves. However critical it may have been to the nation-state building processes, bibliography on both has established the use of the verb ‘build’ instead of ‘rebuild’. The severe destruction and annihilation that will, by definition, precede the reconstruction process thus meticulously tucked under the historical shallowness of the verb of choice. To build something implies nothing was there before; such is the pernicious power of discourse, and then, there is the not-so-subtle difference lying between the two terms. Whilst state-building refers to the [re]construction of a state’s institutions (its infrastructure and functions), nation-building instead describes the process of trampling over the social, political and cultural diversity that may have been
previously existent within a national territory in favour of the devastatingly levelling homogeneous force of national unity: Think Syriza’s appeal to some kind of ‘common good’ as it was selling off crucial national infrastructure, or the ‘unity’ of Temer’s cabinet (un)reflected in its all white, all male, all privileged composition.

The operation playing out in the Greek territory in the years that have followed the first memorandum, in May 2010, comprises nothing less than a long-lasting prelude to such a dual nation and state-building process. It is, in this way, notable and also completely unprecedented. It is notable, as is the case with the majority of countries undergoing the IMF treatment, as the Greek experiment has been seen as the complete tearing apart and then the rebuilding of a state without it ever going through the physical destruction of war. Still, the level of levelling and reconstruction is such that these ‘restructuring’ and ‘readjustments’ exercises ought to be included in the nation-state building literature. In the case of Greece, it was unprecedented, this dual process plays out in a territory that was previously, until extremely recently, firmly inside the capitalist semi-periphery. One only has to look back a few years, when this type of pre-planned dismantling and rebuilding of an entire state apparatus would have appeared completely implausible for an EU member-state.

This change, however, is not exclusively tangible, far from it. First and foremost, austerity has been justified and defended at the level of discourse, as a supposed necessity and in the name of national ‘salvation’. Suddenly Temer’s reassuringly empty words more closely echo Tsipra’s ‘salvation by any cost’. The entire onslaught against social foundations, against those conceived to be society’s ‘weak’ or ‘marginal’ is built in its entirety upon this power and under the veil of discourse.
Austerity, disinvestment, devaluation

The fact that the long-term goal of the austerity program was to revitalise the Greek economy through devaluation and disinvestment is no secret. In the case of Brazil, the unprecedented collapse of the economy is seen by many as an equally lucrative opportunity to do the same. ‘Bring labour costs down to an adequate level’, goes the line of reasoning, ‘and capital will be lured to step in’. Reduce the flow of funding towards an already faltering public infrastructure (including anything from hospitals to motorways, railways to schools and electricity to water) and justification to privatise these becomes all that much easier. Even though there are promises to the ever-squeezed population of a positively linear path to investment lying ahead, the conceptual drawing underlying the austerity programme would actually resemble a more circular one. It needs to fall a great deal before rising again; even when this happens, the revitalised economy will most likely be finding itself in a rather transformed state. Austerity, in other words, creates a gap between the actual and potential value of assets in Greek and Brazilian territories alike. This idea, concerning the existence of a gap that explains and attracts the inflow of capital into a certain geographical territory, is of course far from novel; it was thirty-five years earlier that Neil Smith introduced it in his seminal rent-gap theory. Smith defined the rent gap as ‘the disparity between the potential ground rent level and the actual ground rent capitalized under the present land use’ (1979).

Now, why would one ever want to draw lines of comparison between a theory of gentrification on the one hand and plans of austerity, disinvestment and devaluation, on the other? Simply because the parallels are far more striking than what meets the eye.
Although the speed and scale of these disinvestment programmes are staggering, it is not conceptually novel; privatisation is, after all, at the core of the neoliberal model. What has been taking place intertwined with such disinvestment is a wide form of devaluation. The former commences and stays grounded in the world of finance, but the latter, even if also setting out from the financial world, has a far greater outreach. If disinvestment is the financial cause, devaluation is the effect. Financial yes, but also social, cultural, and political. It is in this way that the two match the state-building and nation-building pair. State-building concerns infrastructure, and it is disinvestment that lowers state infrastructure almost to the point of annihilation, creating the gap necessary for private capital to step in. Nation-building, as shown, concerns a wider set of social, cultural and political relationships. It is in these wider relationships that devaluation takes place. Here then lies a crucial difference between devaluation in the case of the gentrification of urban neighbourhoods on the one hand and when it plays out at a national-scale, austerity-led, on the other. Neil Smith’s purposefully tight definition of the rent gap concerned a single and exclusive value, rent level. At the national scale, devaluation caused by conscious disinvestment spans across a much wider range. It commences from faltering property values and depreciation of the labour force and strikes through the cultural and the political sphere. The overall shrinkage and abasement of political discourse is a prime example of devaluation, and one that presupposes and explains the rapid rise of the monstrosity that is the Far-Right in Greece and the white-led, neoliberal and right-wing agenda of ‘market reform’ in Brazil.

In essence – much akin to Smith’s rent gap – disinvestment and devaluation create a vast profit gap laying across an entire national territory, instead of a segment of the urban setting. If austerity causes a prime, first step of disinvestment, it is only logical to
expect this to then become part of process similar to gentrification, only this time at a national level.

**Enter gentrination**

Gentrification does not only presuppose a rent gap for capital to pour itself into. Much more crucially it presupposes a single urban entity, within a segment of which it will take place. Ever since Ruth Glass coined the term in 1964ii an entire school of thought has developed around both the causes as well as the effects of gentrification upon this urban segment (whether a street, housing block, neighbourhood, or wider area) as well as the urban entity (a city). Across an entire spectrum of otherwise conflicting viewsiii concerning what drives gentrification, then a consensus emerges in that it comprises the process seeing often low-income, derelict or even decaying parts of a city being taken over and rehabilitated by members of a class that is higher than those occupying them previously. There is an additional agreement in the understanding that gentrification occurs in urban areas where there is an adequate profit margin to allow for it. In an economy and society dictated and mediated by proximity and distance, the areas most likely to fall prey to gentrification are those close enough to the urban core, in other words those offering a lucrative potential turn-over. Yet in most cases these are not close enough to belong to the urban core itself, this, after all, would have been recuperated by capital earlier on. The ideal gentrification target, so to speak, is the urban semi-periphery: A segment of the urban that will allow either for the outright expansion of the core or for the outsourcing and facilitation of certain functions necessary for its unobstructed operation.
Let us shift our viewpoint and geographical scale for a moment. Would it not be possible, in face of the discourse about European unification, to think of the European and then even the global territory in a manner equivalent and similar to how we think about the urban territory? Would it not also be possible, in the discourse of globalisation, to think of a single state (even if a vast one, such as Brazil) as the equivalent of a neighbourhood in an urban territory? Would it not then finally be possible to conceive the restructuring of a sovereign state within the EU, and a vast sovereign state within the global system order, similar to the restructuring of an urban segment?

This conception involves a discursive leap both in terms of the role played by this segment within the whole – whether urban, European or global – and in terms of the rules governing the segment itself (whether a neighbourhood or a nation state). It is, yet, entirely feasible to draw the parallel that the role of a gentrified urban segment may be acted upon, at a continent-wide level, by a continental or global segment (i.e. one or more member-states within the EU, or Brazil within the global economy). I will term this process ‘gentrination’ and I will argue that it is exactly what has been playing out in post-austerity Greece, and in modern day Brazil, as it goes through its longest and most severe moment of crisis in over a century.

Gentrination is the scalar equivalent of urban gentrification at the national territory level. Similar to gentrification, it is a gradual process. Firstly, the physical infrastructure as well as the social, political and cultural foundations of the nation state experience devaluation through the disinvestment of austerity. Secondly, having produced an adequate profit-gap much akin to gentrification’s rent-gap, the host national territory
sees the influx of private capital and the simultaneous radical overhaul of its foundations, as well as key social and cultural foundations. Thirdly comes the final and most crucial step, undesirable voices are pushed out of public discourse, while undesirable populations are either forced out of public space into detention or expelled from the national territory altogether. Meanwhile, this national territory is restructured in such a way so as to facilitate the supra-national core. In the Brazilian case, the country’s enormous export sector (sugar, coffee, soy, ethanol) was never meant to benefit the local populations, but a weak economy would make for a steady and uninterrupted cheap supply of raw materials to the global capitalist core. In the Greek example, its national territory is designated to act as a deterrent of human movement and a facilitator for the flow of capital and goods. On the one hand, it is then set to facilitate the inflow of goods into the EEA and their forwarding onto Northern Europe, the Chinese state investment in both the port of Piraeus and the country’s rail infrastructure play witness to this. On the other hand, the national territory now acts as a gate, a deterrent and hindrance for human inflows: The building of a ‘security fence’ along its Turkish border, the mobilisation of the supra-national policing force FRONTEX and NATO along the Greek border as well as the erection of the now infamous hotspots across the country, all point at this newly found key function of the Greek territory following its gentrination.

Gentrination therefore has it both, the plight of displacement for large populations and the restructuring and functioning anew of the territory in which it takes place. So what would be the potential use for a national territory in the capitalist semi-periphery to go through the process? Surely, one would think, this entire process would not be under way simply in order to tighten the border, or to facilitate trade?
This is the moment to widen our scope, to look at a potential new role for Greece in Europe and Brazil in the Global West as a whole. To do so we need to bring in another term from the geographical tradition, albeit with a twist: the ‘spatial fix’. In its current form, David Harvey (1985) tells us that spatial fix is the theory that capitalism can tackle its crises of over-accumulation through investment in the urban environment. Urbanisation, in other words, has so far been capitalism’s one way out of its recurrent crises, but a second way out has been through territorial expansion (Harvey 2003). Here, Harvey sees capitalism’s expansionist political and military projects (specifically the post-9/11 US ‘War on Terror’) as a form of a spatial fix that is now taking place on an international scale.

This is not, therefore, the first time that such a direct line between capitalist and urban expansion is drawn. Sure enough the parallels in the evolution patterns of capitalism and cities is striking. In both cases the expansion comes first, in capitalism’s case, moving outward from the global western core to the colonised lands, has ensured its perpetuation through geographical spread; colonisation was the archetypal spatial fix. As for cities, the endless growth of the American suburbia in the 1950s and 1960s adhered to a very similar principle. Of course in the urban case, a wave in the opposite direction would emerge and gentrification was once again pioneered in US cities throughout the 1980s. Soon enough, the affluent middle classes would make their way back into the urban cores all across the Global West.

Our current global moment marks a crucial (re)turn: the return, through gentrination, of capitalism’s rampant, destructive force now edging close to the core. Capitalism’s quest
to create a large enough profit margin is now played out at the Global West’s semi-periphery. This is crucial because it evidently rebukes the claim that the periphery is subjected to a type of neo-colonisation process by the core. Even if the balance of power within the European Union structure does strike an alarmingly similar chord to that between a protector state and its protectorateiv relationship, to see Greece as a colony, or Brazil as merely the ‘crooked’, failed state and either as some form of ‘neo-colony’ only creates the illusion of distance. Gentrination to the contrary highlights precisely the element of proximity of these territories to the core. On the one hand this proximity is necessary for the gentrinated territories to perform their assigned functions as above. Conversely, the proximity shows a potential element of weakness for capital, having largely reached its capacity in pushing its crises away, it signals an attempt at creative destruction: a spatial fix that hits strikingly and alarmingly close to the core.

Caught in an array of personal dramas, hounded and haunted as he made his way across the European continent John Berger’s character, G, appeared oblivious to the rapid shifts that were taking place around him. Against his foresight, his will and his expectations, he was himself eventually caught up in the cataclysmic events of WWI. Living through our undoubtedly turbulent times, we must not lose sight, we need to grasp and to meticulously record the full extent of the violent social restructuring that is now taking place within the territories primarily hit by the global financial crisis, although at the same time, we must open our eyes to grasp the result of this restructuring upon the entire European and the global capitalist structure. This is not a storm that will be weathered, it is a change of paradigm as a concept gentrination may be able to make a modest contribution in helping us understand the spatial configuration of the new paradigm ahead of us.
References


With special thanks to Christos Filippidis for a highly illuminating discussion on nation- and state-building.

A concise overview of the otherwise abundant and diverse gentrification literature can also be found in Slater (2011).

One of the key conflicts among theorists of gentrification include production- versus consumption-driven models of gentrification. See Slater, *ibid*.

Which is, as shown earlier, how Nancy Fraser described the Greek state in an otherwise succinct analysis of the shifting-core relationship: ‘Greece is reduced to a protectorate, Spain, Portugal and Ireland are ruled from Brussels...’ (Fraser 2013: 126).