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Squatting as a Response to Social Needs, the Housing Question and the Crisis of Capitalism

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Introduction

Is squatting a feasible alternative to housing problems in the capitalist system? Is squatting only a marginal activity undertaken by people in need who are motivated against the rule of capitalism? Is squatting no more than a temporary reaction to the unsolved 'housing question' in the current crisis caused by the malfunctioning of capitalist mechanisms?

These questions deserve a careful analysis. The capitalist system has experienced crucial shifts all over the world. Neoliberal policies and increasing global flows have been pervasive since the 1970s. The global elites and corporations have enjoyed new privileged and flexible ways to accumulate capital. In the meantime, the poor, the underpaid, occasional workers, undocumented migrants and the working classes have suffered new forms of dispossession. These have included cuts in public services and subsidies, looser regulation of working conditions, rising costs of living in urban settings, and police surveillance and repression in order to keep the wealthiest segregated from the deprived. Housing needs and other kinds of urban dwellers' social needs fall under that general umbrella. Therefore, the practice of squatting empty properties should not be dissociated from such an overall context.

In particular, we are now interested in understanding how different expressions of squatting are closely interconnected as a result of the constraints of the capitalist context in which they occur, although sometimes individual squatters or groups of squatters do not form an

organised movement. The squatters' class position, the political ties between squatters and the urban value of the occupied buildings may be highlighted as three substantial aspects in order to distinguish the relationship between capitalism and types of squatting. We argue that 'social' and 'political' squatting is an extremely simple way of classification which obscures how social needs in general, and housing needs specifically, are determined by contentious interactions between those who rule the principal capitalist mechanisms of accumulation and those who are excluded from them. Any form of squatting, thus, is both 'social' and 'political'. What makes the difference, in our view, is why squatting is undertaken, what its different goals are, and how can they be understood in relation to prevailing capitalist ways of managing and allocating urban goods. In particular, in this chapter we analyse how the different types of squats, squatters and owners, on the one hand, and the ways that squatters take in order to satisfy their own and other social groups' needs, on the other hand, can contribute to understanding the most relevant reasons behind squatting.

Given the housing shortage, the lack of affordable and decent housing compared with available income, the stock of vacant buildings and the practices of real estate speculation, it is evident that squatting is a direct response to the failures of both capitalism and the welfare state. The key question is whether squatting is a sufficient and efficient response. If we consider the imaginary situation in which all the empty buildings are occupied, then the question would be: are there still housing and social needs to be satisfied? If so, squatting would not be the answer since all the built places would already be in use. The whole set would be divided into those occupied in conventional ways (by state or private owners, private tenants, housing cooperatives and so on) and those occupied in unconventional ones such as squatting (that is, the occupation of a property without the owner's permission). However, the size of the unconventional sector might be so limited that squatters and the homeless do not represent a threat to the whole real-estate system. Furthermore, in spite of the fact that the homeless and squatters may be self-housed, unacceptable social inequalities may remain within the conventional housing system, so these are not necessarily challenged by the persistence of squatting. The mere fact of occupying empty properties does not entail a change in the rules of the game, but only represents a partial transgression of some of them.

Squatters may solve their own housing dilemmas by exploring alternative or illegal practices, and they can also spread their example to others with similar concerns. Notwithstanding that, the core of the real estate market, whether under the rule of private agents or state managers, might

not be touched by those who promote alternative ways of solving housing needs for a minority of the population. Squatting, lastly, could not be a useful alternative for the broader society unless all the housing stock was empty or all tenants stopped paying rent (assuming tenancy is the dominant mode of access to a home).

A different approach to our initial questions needs to take into account the specific historical periods and political-spatial opportunities. We observe that the numbers of squatters keep a narrow relationship with the most critical moments of the economic cycles in terms of unemployment rates, housing prices, privatisation, gentrification, urban renovation and industrial restructuring. There are also significant variations from one city and country to another. Squatters develop their own skills to explore these opportunities and to perform tactical means of action. Obviously, many of them are also encouraged by strategic views and anti-capitalist prospects coming from previous and contemporary social movements. Every local squatters' movement, then, covers a particular section of urban conflicts according to both the political coalitions in which it is embedded and the expressions of the capitalist crisis in everyday life.

Tradition states that where there is a need, there is a right. Each of these words – 'need' and 'right' – holds very controversial meanings, and to disentangle them would bring us too far from our present goals. In a rough manner we can conceive that housing needs are not restricted to having a roof over your head and having the money to pay for the acquisition of that roof, and for rent, maintenance, taxes and/or the regular costs of external supplies. A good life at home is connected with a good life in a social, urban and natural environment. It involves the spatial location of the house but also the available social resources at hand, beyond the domestic space. If squatting constitutes an essential claim to satisfy housing need as a right to housing, at the same time it is also a claim to satisfy social needs, which is linked to seeing housing need as a broad 'right to the city', in the Lefebvrian sense (Lefebvre, 1968).

Most squatters do not aspire to own the property they occupy. Neither do they define the practice of squatting as theft or usurpation, since they emphasise the right to use and occupy abandoned properties and keep them in a liveable condition. If anything, according to Proudhon, it is property which is based on a primal theft. Squatting, at its best, supposes a sort of symbolic and eventual expropriation of the property of owners who are perceived as illegitimate because of their excessive wealth compared with the dispossessed. It is not the right to private property that is reclaimed by most squatters, but the right to a more just and equal distribution of the resources that allow a decent life. Expropriation thus

involves an exercise of turning private goods into common goods. Housing needs, therefore, are accomplished alongside social needs. Squatting becomes, in the end, a form of class struggle where the housing question is a crucial one, but not an exclusive one. In fact squatting is more than just living under a roof, because it is a collective process of self-organisation to get access to an affordable space, a cooperative way of repairing and preserving the building, an alternative way of living in the margins of the capitalist patterns, and a political experience of protesting and mobilising through direct action.

Squatters Strive for Housing Needs and Social Justice

Every human need involves subjective aspirations and a lack of material resources according to conventional or underlying social agreements about the basic conditions for enjoying a decent life (Leal and Cortés, 1995: 4–12). Homeless people need a home, above all. Home seekers in contrast are those who need a new or a better home, such as young people, residents in substandard houses, families that grow in size, divorced couples, those who demand space for working at home, as well as migrant newcomers (Bouillon, 2009; Leal, 2010). People who aspire to live in communes or in co-housing initiatives, for instance, may also contribute to the expression of housing needs in the form of a demand.

Homes are not exactly the primary need, but they represent a way to satisfy many basic human needs such as protection, shelter, identity, affection and subsistence (Max-Neef, 1994: 58–9). There are other means to satisfy basic human needs, but without the satisfaction of at least the need for physical health and personal autonomy, it is quite difficult to participate in social life and to pursue your own goals (Doyal and Gough, 1991; Gough, 2004). Adequate shelter may be conceived, then, as an 'intermediate need' or a 'cultural satisfier' that helps other needs to be fulfilled. [This becomes evident in Chapter 2, which analyses how squatters' counter-cultural critique to capitalism is made possible in the special relationships that are developed within communes, like the Berlin house projects, or in the way well-being is achieved by the freedom to refurbish a home according to the different and evolving needs of its members, or even by the services that the existence of a house can offer to activists.]

As has been frequently noted, these processes addressing the satisfaction of needs involve an exercise of social power (capabilities) because there are observable and implicit conflicts between individuals and groups

trying to influence, shape and determine others' needs and desires (Lukes, 1974: 23). This opens the door to political action in the field of housing and social needs. Squatters exercise their *power*, their capabilities, in aiming at satisfying their own needs, and also support the struggles of those who are excluded from the dominant housing system. Solidarity with the homeless, the substandardly housed, the poor and young people who cannot afford a decent and well-serviced house, is also a political aim of all kinds of squatters, those who self-house themselves and those who run squatted social centres. This is another substantial reason for not separating housing and social needs, and pro-housing and pro-social-centres squatters.

The satisfaction of human needs depends on many factors. Squatters, for example, can only *represent* the interests of those excluded from the capitalist housing system (although they often deny the politics of representation and prefer the politics of autonomy, direct democracy and self-representation). However there are environmental limits to the size of the population to be housed and the materials and energy employed in the construction of houses (Riechmann, 1998: 310). Squatters can only operate within the already built stock, regardless of its inherent environmental sustainability. They leave aside the claim for housing all the excluded by demanding new constructions. In both cases, there are also social, political and normative principles to deal with. Who has a priority right to be housed? What are the criteria used in practice to produce an equal and just access to a squatted place? How do we overcome the barriers faced by particular social groups as a result of their gender, class, ethnicity or abilities (Nussbaum, 2003)?

These aspects have received some criticism from outside the squatters' movement since the very beginning (Lowe, 1986). Priemus (1983), for example, argued that only '*bona fide* squatters' could contribute to adding empty dwellings to the housing stock by improving their premises. They also 'place the housing shortage on the political agenda, expose abuse of ownership and increase the pressure on the authorities to tackle speculation in real estate effectively, to gear the programming of house-building better to the demand and to improve housing distribution policy' (Priemus, 1983: 418). These squatters practise self-help, help others to find accommodation and use squatting as a means of protest against housing shortages, vacancy, speculation and housing policies. However, there are many squatters who occupy social housing at the expense of the groups who have priority of access according to the official regulations. For instance, squatters typically house young people, single persons and (in the case Priemus is discussing) Dutch nationals, a clientele that is different

from the deprived social categories like families with children that are supposedly favoured by the state agencies (ibid.). Among the responses to this criticism, some argued that 'the largest part of the houses occupied were taken from private owners who preferred, for motives of profit, to speculate with empty dwellings, or to turn houses into offices' (Draaisma and Hoogstraten, 1983: 410). Also, 'squatters rarely prevented people in greater need from being housed because most squatted houses were not intended for immediate use' (Wates and Wolmar, 1980: 61).

There are many autonomous groups which deliberate, fix norms and take their own decisions about where to squat according to the location, the type of building and their knowledge about the owner. They also recruit members or back other potential squatters by relying on trust, political affinity, needs, opportunity, capacities, skills, information and so on (Adell and Martinez, 2004; Bailey, 1973; Corr, 1999; Sabaté, 2012; SQUASH, 2011; Thörn, Wasshede and Nilson, 2011). [The Netherlands, particularly Amsterdam, is a clear case where the articulation of the squatters' movement reached a high level of complexity and organisation, as Hans Pruijt presents in Chapter 4.] Therefore, the controversy about the squatters' awareness of the social, urban and environmental context leads to the internal diversity of the movement and the single initiatives that any group takes. The issue of social justice, then, needs to be debated according to each autonomous group of squatters, since there is no central organisation that can impose general normative criteria. Nonetheless, it cannot be skipped because it affects the core argument about the legitimation of squatting to satisfy housing and social needs.

Another source of the legitimation of squatting has to do with the type of owner and the features of the empty properties that are taken over. The final decision to occupy a specific building depends on a limited amount of information. Whether the owner is a large corporation, a small company or a private proprietor, the major issue at stake is the owner's class situation, which can be measured here in terms of their economic power and also according to the speculative operations they develop. The more distant the owner is from the squatters' class situation, income and ideological principles, the greater the legitimation of the conflict as a class struggle. However, this does not mean an immediate confrontation, because the owner's reaction after the occupation may follow different strategies. Sometimes, for example, the owner avoids a direct confrontation for a certain period of time while preparing documents for launching a judicial attack or while negotiating with interested buyers. If the legal owner belongs to the middle classes (or, in some exceptional cases, to the working class) and the property is crucial to their own economic survival

in terms of simple class reproduction, the conflict with the squatters tends to be more direct, and is usually quickly channelled through the courts. The class dimension of the conflict thus plays a secondary role compared with the rest of the dimensions concerning the value given to the eventual speculative actions and the specific condition of the building.

The same applies to state-owned properties, with the addition of the squatters' assessment of the policies carried on by political authorities and state officials. The squatted building is considered as a public resource and the justification of its occupation must address the particular sector of public policy in which that building is managed. Less clear is the case of private associations, foundations, religious and political organisations and the like. The legitimacy of these groups may vary greatly in the squatters' eyes, so a combination of the previous arguments and new ones related to the particular organisation can be used to justify the occupation.

The last classification we can introduce here relates to vacant stock. Following Leal and Cortés (1995: 16–17), we can distinguish three general cases:

- Empty properties subjected to an active exercise ('with an actual project') of rehabilitation, sale, rent, change of use or prompt occupation. The main problem with these 'active' purposes is that the action can be delayed for a very long time and in the meanwhile the property remains vacant. Dutch legislation, before the full criminalisation of squatting in 2010, required owners' 'active plans' for the building to be demonstrated in order to facilitate the eviction of squatters.
- Empty properties which are completely abandoned, closed and kept out of the market or from the public sector. There are many reasons to explain these cases 'without any actual plan' for the property, ranging from an intention to obtain a legal change in the planning classification of the building and the speculative goal of waiting for a situation when a profit can be made, to the absence of any decision about the management of the property, and the existence of conflicts between different owners and/or managers.
- Vacant properties that are considered as a 'long-run family project', and could belong to individuals of any social class. In this case, the acquisition of the house or building was made in order to transfer it to a son or daughter in the future, to use it later when the owner is retired, or to keep it as an investment which will provide an income which would be needed should the owner confront unemployment, a low level of pension or a financial crisis. These owners do not sell or rent these properties because they do not need the possible revenue urgently, or

because they expect a change in their personal situation which will oblige them to transform this asset into money or into their primary home.

Given all the above elements at play, we argue that squatting is more than just a simple challenge to private property.

Sometimes squatting consists simply of unconventional forms of getting accommodation, but more frequently squatting challenges capitalism as a whole: the uneven distribution of private property, the labour exploitation, the commodification of housing and urban life, the functional tendency of state powers to favour the elites' and capitalists' accumulation, and so on. The legal preservation, inheritance and reproduction of private property is only one of the foundations of capitalism and social injustice, but capitalism works thanks to many other mechanisms and social relations which change from time to time. Speculation in the housing market, for example, may develop through expensive, scarce and expanded forms of tenancy instead of access to home ownership. Socio-spatial displacement of the poor may also contribute to opening new business opportunities for the elites in the city centre. In spite of the limited impacts of the squatters in altering these capitalist mechanisms and the urban growth machine, the squatters' movements are able to shift them to the foreground and make them visible.

Housing Deprivation at the Core of the Financial Crisis

The phrase 'the housing question' recalls Engels' seminal contributions in 1872 and 1887 to the analysis of urban problems from the point of view of working-class interests (the 'social question') and by imagining a post-revolutionary society. Engels (1975[1872]: 587) disputed Proudhon's embracement of the right to home ownership in a more egalitarian society. On the contrary, Engels advocated state control over the whole built stock and a just distribution according to everyone's needs. The practice of squatting is situated in an intermediate territory. Although most squatters reject private property as it is now because it is considered an obstacle to the satisfaction of the housing needs of large numbers of people, they consider that once a building is occupied, only some people have the right to use and manage the space. This does not usually mean that squatters claim the right to a legal title as private owners (although this sometimes happens), but only that they claim the right to take care of the building and of the life inside according to their own collectively agreed rules

(Martínez, 2002: 189–92). This can be called a right to *partially private possession*, rather than to private property. The interesting lesson about these analyses is that they urge us to focus on the major shifts within the history of capitalism and the role played by the housing question. This endeavour exceeds our present purposes, although a few illustrations may help us to understand how squatting emerges as a reaction against this overall context, and is fuelled by more than the exclusion of access to a home.

More than just focusing on the issue of private property, the squatting of empty buildings provides a public critique of capitalist speculation. Profit rates have been falling since the 1970s, and the capitalist reconversion from industrial production to financial markets has been the way to keep profits alive. In particular, financial markets have been oriented increasingly towards the housing sector. Urban speculation is thus only one of the expressions of broad speculative operations within capitalism. These consist of credits, debts, mortgages, pension funds, patents and all sorts of financial deals with legal titles and money, which fuel the capacity for accumulation of capital regardless of the commodities, services, work, natural resources and background information (López and Rodríguez, 2010: 76–81).

After the expansive period of capital accumulation through the central role played by the heavy Fordist industries (1945–73), during the following years of crisis a combination of different means were used to recover the rates of profit for the global elites. Neoliberal policies, for example, involved the retrenchment of the state in most areas from national industries and the delivering of services and subsidies to all who needed them (Harvey, 2007). Monetary policies were dissociated from the amount of gold actually held, and direct foreign investments were allowed to move worldwide almost without national controls. The privatisation of common goods, lands, natural resources (minerals, oil, water, fisheries and so on), public services (health, education, transport, planning and so on), software and knowledge, created new forms of scarcity and appealing markets for investors. The new technologies of communication, computing and transport were able to provide tools for the quick movement of capital and goods, although the flows of people remained strongly restricted. Fordist and post-Fordist industries as well as the increasingly more industrialised and mechanised food production were displaced to new emerging regions of the world such as Asia and Latin America, while the wide sector of services occupied much of the workforce of the richest countries. Financial institutions like the banks, the International Monetary Fund (IMF), the World Bank and hedge funds were able to dictate the policies of indebted

countries, but also to control our present and future lives through student loans, housing mortgages, consumption credits, retirement funds and so on (Harvey, 2007). These forms of financial speculation are not completely new since they are based on old forms of tributes, enjoying rents and the primitive destruction of commons, but their novelty is in the accelerated rhythm of expansion and colonisation of all the spheres of life, including in particular, in recent times, the sphere of housing. This highly developed and sophisticated means of capital accumulation through financial instruments has provoked severe economic crises such the one in 1998 and the latest one which started in 2008.

Empty apartments and office buildings, abandoned factories or schools, destruction of public parks and arable lands, commodification of music and theatre spectacles, or renovation of old urban areas, are some of the material aspects resulting from the pressure of speculative forces in tight connection with the political institutions that favour them. Real-estate speculation, then, is part of a wider engine of a mobile capitalist speculation which can jump from the promotion of urban mega-events to the hoarding of cereal crops, and can intervene in the international exchanges of national currencies and debts.

No squatters' movement was strong enough to stop these ongoing financial processes, but the occupation of some empty spaces at least made them visible. In spite of the material and economic benefits which squatters can hold by keeping themselves apart from the pervasive flows of economic speculation in most dimensions of our personal and social life, their struggle is mostly symbolic and political, calling for others to join the cause against urban speculation. The real estate sector also suffers internal contradictions: while some agents want to accelerate the cycle of construction, others tend to decrease the pace at which they put their assets in the market (López and Rodríguez, 2010: 118). State policies may oscillate between favouring some real-estate developers in the housing sector, for example by building roads and other infrastructure, and freezing state support for private urban projects. These contradictions and variations open different opportunities for squatting from time to time, and from place to place. Urban speculation is quite variable, and may be affected by interest rates, the wages paid to employees, the duration and costs of education, and not least by strikes, fair-trade movements and campaigns to preserve social commons. Squatters therefore take advantage of the available cracks which those contradictory economic flows are producing.

Obviously, this implies that their struggle goes beyond opposition to the concentration of private property in a few hands. Rather, squatters question how private property is managed by either financial speculators

or the state authorities. Squatters also try to stop the artificial circulation of money by placing themselves as (temporary) obstacles to the tactic of making profit through the built environment. Finally, squatters open opportunities and offer practical examples to those who wish to extract themselves, at least partially, from growth and the speculative urban machine. There is no mechanical adaptation to the economic crisis because the squatters' movement follows its own social and political logics of self-reproduction, which have to do with their achievements, organisation, media representation and their interactions with state authorities. However, the empty holes left behind by urban speculation are a crucial source and motivation for squatting practices in particular places. The squatters' movements did not start to develop in Europe and the United States in the 1970s by chance: this was the time when the previous wave of capitalist expansion was reaching an end.

Urban Speculation and Financial Crisis: Lessons from Spain

The Spanish case is quite significant for understanding these processes. In the last four decades there have been phases of economic expansion and recession. The major economic indicators such as gross national product (GNP) changed sharply. The first economic crisis began during the period of transition from dictatorship to liberal democracy, from 1975 onwards. This heyday for social movements – involving citizens and workers above all – was not able to transform the power of the elites, the crisis persisted, and a profound industrial restructuring gave rise to a high percentage of unemployment (Castells, 1983; Pérez and Sánchez, 2008). After the decline of those movements, squatters who broadly followed the practices seen elsewhere in Europe appeared around 1984, although there were some individual cases from 1977 (Martínez, 2002). Spain was incorporated into the European Union in 1986. This inaugurated a new wave of urban speculation which lasted until 1992. In 1995, squatting became a criminal offence following a substantive change in the Penal Code. However, the squatters' movement was experiencing a strong expansion, wide media coverage and increasing public attention.

After a few critical years and alongside the emergence of many more protest movements, another phase of economic prosperity for the elites was initiated around 1996. Apart from the traditional tourist industry and the economic concentration of power in a few groups of large corporations which took advantage of the liberalisation of strategic sectors, the economic boom until 2008 was based on the construction of houses, major

infrastructure and often unnecessary large public buildings (López and Rodríguez, 2010; Naredo, 2011). Intensive flows of incoming migrants and several reforms of employment regulations contributed to keeping salaries very low, and work temporary and precarious. Housing prices, however, rose continuously. Anti-globalisation movements and squatters (Martínez, 2007) remained very active and critical about these massive mobilisations of workforce, land and oil (and also about the state's involvement of Spain in the Iraq war) but their voices were not loud enough to warn society at large about the greatest urban process of speculation and political corruption ever. Among the tentative uprisings of those years, it is worth noting the Movement for Decent Housing, active between 2006 and 2009, in which some squatters also participated (Blanco, 2011).

Figure 1.1 shows how six indicators related to finance and housing shifted sharply from before the bubble (up to the 1990s) to the time of the bubble (until 2007):

1 The availability of houses for rent decreased dramatically, from 40 per cent of all housing in 1960 to 10 per cent in 2005.
2 The proportion of construction that was social housing (VPO in Spanish, which covers privately owned houses enjoying different state subsidies) reduced from 34 per cent in 1973 to 4 per cent in 2005.
3 While in 1997 credit granted to industry was 3.3 times higher than loans for real estate, in 2005 loans to the real estate market became higher than the those to industry.
4 Homeowners became increasing indebted, with the proportion of the house cost they owed growing from an average 45 per cent in 1990 to 60 per cent in 2004.
5 Housing prices increased relative to wages, so the average time someone needed to work to earn the equivalent of the price of a house grew from 14 months in 1980 to 14 years in 2005.
6 There was increasing speculation over the value of housing plots, with the proportion of the cost of the average house that was attributable to cost of the land growing from 25 per cent in 1985 to 55 per cent in 2005.

The bursting of the financial bubble brought about the highest ever historical rates of unemployment (up to 27 per cent at the middle of 2013) and foreclosures on people who could not pay their mortgages (with an average of almost 100,000 foreclosures per year between 2008 and 2012, although this figure includes both houses and commercial properties, according to the CGPJ, 2012). The bursting of the bubble, this time, was the worst

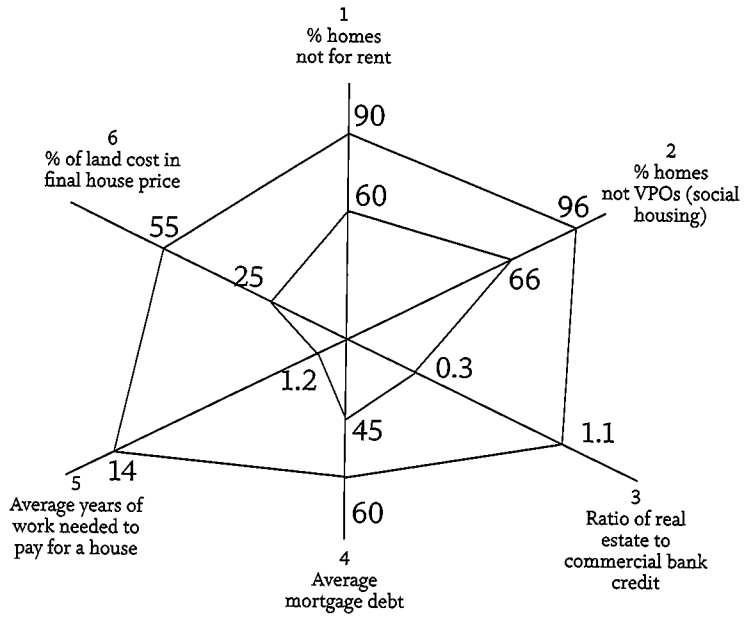

Figure 1.1 Evolution of major indicators about the 'housing bubble' in Spain, 1960–2007

Sources: Cattaneo (2008: 18) and VVAA (2007).

ever. On 15 May 2011 a popular autonomous movement occupied the squares of many cities. A few weeks later, local assemblies started to meet everywhere. A huge grassroots mobilisation aiming to stop the foreclosures followed next (PAH, an acronym for the Spanish for Platform of People Affected by Mortgages: Colau and Alemany, 2012, 2013). Squatters also took part in these movements, and new squats, unexpectedly, were launched by some of the activists who had recently been involved in these new types of autonomous politics (Martínez and García, 2013). In August 2011 the two principal political parties, the PP (conservatives and neoliberals) and PSOE (social democrats and liberals), agreed upon a change in the Constitution in order to concede supreme priority to the payment of state debt. All other public expenses needed to be reduced in order to meet the interest claimed by creditors. Cuts in salaries, subsidies, pensions and public services, the privatisation of state services and properties, the discovery of immense cases of corruption and fierce repression of social movements, became the regular agenda of the final years of this long

neoliberal turn, which had been well prepared over the previous decades (López and Rodríguez, 2011).

Concerning the housing question, some data may clarify the trends. First of all, the proportion of home ownership rose over the periods of both economic growth and decline. In 1950, 46 per cent of the housing stock was in the hands of private owner-occupiers and 54 per cent was occupied by tenants (although the proportion of tenants was 94 per cent in the city of Madrid and 95 per cent in Barcelona: Naredo, 2011: 30). By 1970 the proportions had been reversed, with 64 per cent of owner-occupiers and 32 per cent renting houses. This linear trend ended in 2001, when there was 82 per cent home-ownership and 11 per cent renting (Pareja, 2010: 112). The percentage of state-owned social housing for rent reduced from 3 per cent to 1 per cent between 1950 and 2001. These changes were not echoed in the rest of Europe, with the exception of some Eastern European countries such as Hungary (Naredo, 2011: 22).

Ownership meant stability, quality and also financial investment. In comparison with other European countries, the Spanish state barely offered state-owned housing or any other affordable alternatives. On the contrary, most of the housing policies during this period were aimed at removing obstacles to home ownership: direct aid to families who bought a house by subsidising the interest rates on mortgages, tax relief on mortgage interest payments, and subsidies on the purchase of standard houses for the middle and working classes with a very flexible control regime (Pareja, 2010: 119–20). There were almost no alternatives for those needing a home other than becoming a house owner. As a result, more and more social groups sought finance for house purchases. A whole society was obliged to take out mortgages from financial institutions if they did not want to become homeless.

Young people were among those who suffered the consequences of exclusion from the housing sector, because of their financial uncertainties, their high rates of precarious employment and unemployment, and the lack of public housing and other affordable alternatives to house ownership. This led to an extraordinary delay in the age at which they became independent from their parents. For example, in 1997 more than 80 per cent of the Spanish population aged between 18 and 29 years still lived with their parents, while in comparison, in Denmark the proportion was less than 30 per cent and in the Netherlands less than 40 per cent (Leal, 2010: 25). Of course, they were the first victims of the rising prices of housing, while the previous owners and the new investors made profits from their privileged situation. The first important housing bubble between 1986 and 1992 was mainly caused by incoming flows of foreign

speculative capital (Naredo, 2011: 49). Tourism, international exhibitions and the Olympics, the so-called modernisation of the national infrastructure (high-speed trains, for instance) and explicit public policies and urban plans fuelling the construction of housing, paved the way for all kinds of speculative activity.

The almost 5 million migrants who came to live in Spain after 1996 also participated in this already well-established and very expensive housing market. For these and for other new home buyers, interest rates had fallen considerably compared with a decade earlier. In 1990 the average rate of interest on new mortgages was over 16 per cent. In 2006 it was around 4 per cent (Rodríguez, 2010: 59). However, this source of profit was not sufficient for the financial companies, and they tried to incorporate immigrants and young people into the dream of home ownership by extending the payback period for mortgages and using other tools to ensure that house prices continued to rise. The mortgage period reached an average of more than 28 years in 2007, but recent foreclosures have led to cases when people will be paying back their financial providers for up to 40 years. At the same time house prices never stopped increasing: at a yearly rate of 11 per cent, the accumulated rise in housing prices was 183.8 per cent between 1997 and 2007 (Rodríguez, 2010: 67). The major consequence was an extreme transfer of rents from individuals and families to the financial sector. While home owners spent on average less than 30 per cent of their income on housing up till 2000, in 2008 the average home owner was spending 51 per cent (Rodríguez, 2010: 71).

This huge amount of financial debt generated a lot of vulnerability, instability and hidden poverty for those following the mainstream way for accessing a house, which means the majority of the population. Local authorities and the central state fed this machine, and presented it as a new source of wealth and revenue for the government, and for local government in particular. However, there were natural and social limits to the never-ending construction boom ,which the authorities did not even attempt to foresee. The number of empty houses, for example, grew to an unbelievable high: more than 3 million were officially registered in 2001 (around 15 per cent of the total housing stock). This figure increased to 3.5 million in 2011, although this only represented 14 per cent of the increased stock of housing, according to the National Institute of Statistics (INE: www.ine.es). Once banks, developers and constructors could not sell all the newly built houses, the vicious circle of recession, unemployment and unpaid debts contaminated the whole economic life of the country. The credit crunch started primarily in the real estate sector, but immediately global financial corporations put pressure on the

government to aid banks that had acquired debts to other international banks and financial agents. This game ended with the state underwriting the private load of debt, which drove the whole state financial system into a cul-de-sac. That the state could no longer afford to provide social services was the perfect scenario for the implementation of new neoliberal policies of privatisation.

Two salient aspects of this exemplary case of urban speculation are the overproduction of houses (and major infrastructure) and the discipline applied to the workforce. On the one hand, the 7 million housing units that were built in the decade from 1997 to 2007 did not respond at all to social needs. The demographic growth was much lower (with an absolute increase of 5.3 million inhabitants according to the INE). Wages and income did not grow substantially (they only increased from an average of €15,000 per year in 1997 to €18,700 per year in 2007: INE, see also a more detailed analysis in López and Rodríguez, 2010: 229–36). As López and Rodríguez (2011: 8) noted, 'after nearly 900,000 housing starts in 2006 – exceeding those of France, Germany and Italy put together – sales began to fall away. By the end of 2008 there were a million unsold homes on the market, while Spanish household indebtedness had risen to 84 per cent of GDP.' The highest rate in Europe of houses per inhabitant coexisted, paradoxically, with the worst rate of housing affordability. Simultaneously, the construction industry also created the highest European rates of empty, secondary-touristic and substandard houses (Naredo, 2011: 52). This had serious urban, environmental and political consequences. Urban sprawl, territorial polarisation (leaving abandoned immense rural areas) and the fast demolition of buildings which deserved rehabilitation, showed how urban planning was reduced to nothing more than a legal tool that backed new real estate developments. The local and regional banks, closely tied to the rich elites who started the first wave of vast urban development in the 1960s, contributed to the municipal corruption and reached unsustainable levels of risk after selling millions of subprime loans to indebted home owners (Naredo, 2011: 55–6).

On the other hand, it is worth recalling that home ownership was the solution to public order promoted by the dictatorship. The more people were indebted and attached to their property, the less they were prone to challenge the social order. The same disciplinary project continued over the democratic years, with the additional impulse of the destruction of social housing. The rising prices of houses in the period 1986–92 created an enormous social polarisation between those with access to a house and those excluded. The 1997–2007 boom turned that social cleavage into a new and overlapping one: indebted households versus financial investors.

Submission to debt was even a stronger discipline than that associated with the immobility created by house ownership. Moreover, the heyday of urban speculation came with many micro-instruments of 'housing and urban violence' (VVAA, 2007) such as forced displacements, frauds in financial or buying agreements, attacks against undesirable tenants and squatters who delayed the plans for prompt demolitions and reconstructions, the lack of public control on the rising rents, and the absence of public help to those who live in overcrowded households.

Once builders were not able to construct any more, and the banks were not able to get payment of the interest on their loans, and construction workers could not keep their jobs, and unemployment and debts were transmitted to other economic sectors, the collapse was unavoidable. First the social democratic government of Zapatero, then later the conservative one of Rajoy, decided that the middle and lower classes should pay the bill for the elites' losses. According to the European Commission (2012), between 2007 and 2011 the Spanish state aided the financial companies with a total of €90 billion, which represents 8.4 per cent of the Spanish GDP in 2010. It is already planned to increase the aid up to 32 per cent of GDP (equal to €337 billion). If this were not enough, the so called 'austerity measures' imposed by the Troika (the European Commission, the European Central Bank and the IMF) resulted in budget cuts, wage freezes and the dismantling of social programmes. External financial institutions and agents, then, obliged a whole population to pay the private debts of a few. The mirage of prosperity has disappeared. Social exclusion has become more visible once the veil of the financial mode of accumulation has been torn away. Personal freedom and national sovereignty, in the end, are just fictions under the domination of financial capital and the neoliberal policies that support their power.

As we mentioned above, the squatters' movement in many Spanish cities did not stop protesting against the vacancy levels and the speculative games behind the housing sector which caused great damage in all the public spheres. They just used one of the elements of that game, a few vacant properties, to call society's attention to urban speculation in particular, and financial speculation in general. Vacancy, rising prices and housing deprivation were just symptoms of the more intensive forms of job exploitation, rent extraction and capital accumulation. Squatting, therefore, represented an oblique way of challenging the final stages and complex mechanisms of the capitalist society. Only when the Movement for Decent Housing and the M15 movement tackled the political consciousness of broader parts of society – once it found itself deep inside the crisis – were squatters' claims considered more acceptable and useful

to counterbalance the underlying crisis which had existed before the crash, and was ongoing and explicit at the end of the decade.

Why Do Squatters Oppose Home Ownership?

Some years ago, there was a passionate debate about the relationship between home ownership, social class position and political action. Saunders (1984), for example, argued that the class position in the sphere of production imposes limits to the social position in the sphere of consumption, but not an absolute determination. Thus, some crucial aspects of consumption, such as housing, open relevant lines of social cleavage and stratification which can overlap class relationships while keeping a certain degree of independence. The specific forms of capital accumulation that home ownership provides, the shared social interests of home buyers and their preferences regarding some state policies on urban planning and fiscal subsidies, for instance, are suggested as the basis of this type of social division. For Saunders, then, private property entails 'exclusivity in rights of control, benefit and disposal' (1984: 208) plus the rights of sale and inheritance which grant great power to the holder, although there are always specific legal regulations which constrain those rights to some extent.

Furthermore, in a context of continuous privatisation, he argues that first those excluded from ownership, and later those excluded from state provision (or 'collective consumption'), will behave:

> from relatively coherent communal self-help strategies on the part of those who enjoy cohesive social networks to sporadic and relatively unorganised outbreaks of civil unrest and attacks on private property on the part of those who lack either the patience or the resources necessary for the development of such a compensatory strategy.
>
> (Saunders, 1984: 215)

In the end, Saunders claims that individual rights to property or private consumption should be preserved in a socialist society, but the state should avoid any possible market 'exploitation' (that is, rent extraction and speculation) exerted by the holders over the rest.

From this perspective, we could consider squatters as either those who develop self-help strategies in order to counterbalance both the dominant tendency to privatisation and the social exclusion which that engenders, or those who just attack private property as a desperate gesture against the

icon of their social exclusion. However, Saunders did not distinguish clearly between property (legal title) and possession (effective use). Individual and collective rights to use private property do not necessarily imply either a claim of the right of private property, or its extension to the whole society. In addition, the kind of collective possession that squatters practise can be considered a useful measure to exert social control over actual and potential real estate speculative deals, at least for a while. This would agree with both Saunders' proposals and Proudhon's endorsement of the right of workers to be small owners if there is equality and mutual cooperation, a sort of market under the workers' control. If this argument is true, squatters would not be exactly against private property but against social inequality caused by exclusive accumulation and the capitalist mechanisms of speculation. Squatters distrust both the unique alternative of a solid state provision of housing to hinder the trend of privatisation, and the rule of the wealthiest within a free market. Given the starting point of already vacant property and homes occupied in different forms, squatters add their specific claim of autonomous housing tenure to that diversity, while at the same time they criticise the bureaucratic modes of social housing, try to discourage workers' wish to buy, and spread the call for the abolition of private property as a radical approach to opposing urban speculation.

Hodkinson (2012: 4) has classified squatting as a type of 'alternative-oppositional' challenge to the mainstream market provision of 'individual home ownership or private renting backed up by some form of state-regulated or funded safety net for those unable to access the private market'. Squatting, then, is conceived as a 'rival praxis' to the mainstream, an 'overtly politicised act of defying private property and creating (temporary) autonomous living spaces outside of market and state control as part of a squatting movement' (ibid.). Housing cooperatives, for example, will fall under the type of 'alternative-additional' because they would not be able to contest the dominant housing system as squatters do. Instead, housing co-ops and collective ownership would tend to add a choice to the private property system by reducing the costs of purchasing. However, collective ownership may be seen by squatters as a more feasible alternative to capitalism than squatting itself once they have been evicted several times. As Pruijt (2003: 135) notes, squatting combines a political opposition and an economic demand, and these two dimensions may diverge. The satisfaction of housing need may prevail over the opposition to private property if squatting is the last resort for those trying to be adequately housed. Once this option disappears and resistance is broken, squatters may accept other less oppositional forms of housing such as co-ops, self-construction and rental.

Therefore, in political terms squatting may be defined as 'an act of refusal and autonomy, a counter-cultural prefigurative alternative to the everyday dictates of state and capital' (Hodkinson, 2012: 4), while in economic and social terms squatting puts in practice a 'sustainable way to repair, heat and maintain buildings, and deal with owners, authorities and the community. Effective squatting also entails contributing to the push for a lively, low-income people friendly city' (Pruijt, 2003: 134). Although most squatters reject capitalism, they also reject statist solutions for the housing shortage because 'state housing within capitalism has been a disempowering and alienating experience for tenants through the top-down and paternalistic welfare relationship it has created between provider and client' (Hodkinson, 2012: 13).

Obviously, state housing no less than squatting may be available as an option for the most deprived social groups. The key question is which one is most efficient in setting up an alternative to the capitalist exchange-value of housing as a commodity and a financial investment. The answer resides in several aspects, all mutually intertwined, including the size and volume of the public and squatted stocks compared with dominant home ownership, long-term sustainability in terms of financing the maintenance of the buildings and basic services, the autonomous ways of collective management, and regulations that impede a complete reversal of the form of tenure. Other collective housing alternatives may erect barriers to the tide of capitalism and neoliberal policies, but sometimes they are not affordable for the lowest-income groups, and these groups may be trapped in financial and speculative serfdom just as private home owners usually are.

The Pitfalls of Home Ownership in the United Kingdom, Japan and the United States

Recent analysis has emphasised the different context, timing and pace at play when neoliberal policies apply to the promotion of home ownership. The cases of the United Kingdom and Japan, for example, show how political authorities implement liberalism and push speculative dynamics according to those key aspects (Forrest and Hirayama, 2009). In the 1980s, Margaret Thatcher attacked a widespread welfare state, and in particular council housing, in order to get it dismantled and to favour owner-occupied dwellings. At that time the United Kingdom had around a third of households living in the state housing sector, while by 2000 this figure had shrunk to 12 per cent (Forrest and Hirayama, 2009:1002–3). A large proportion of state-owned housing was sold (that is, privatised) to

the tenants. Deregulation of the financial market also fuelled competition between mortgage providers.

In contrast, Japan followed a slower pace in the implementation of neoliberal policies. The previous situation consists of a relatively small public rental sector targeted on the poor and special needs groups (Forrest and Hirayama, 2009: 1003). Similar to the US case, these groups were not able to purchase their homes even if they asked to do so. Thus, the level of home ownership in Japan was rarely high after the 1960s (averaging 64 per cent) compared with other industrialised countries. The explanation was a financial policy of subsidising low-interest mortgages up to 49 per cent of the loan in the 1990s. Once home ownership was the dominant pattern, those subsidies disappeared around the late 1990s. The neoliberal dogma of avoiding state intervention in social and economic affairs was applied following state intervention which favoured market forces. Financial agents found a new group of clients for their loans, and low interest rates encouraged the mortgage business.

However, after periods of housing inflation, prices went downwards between 1989 and 1993 in the United Kingdom and between 1990 and around 2005 in Japan. 'This implied the end of the era when home ownership was reliable in terms of property asset accumulation and, instead, the beginning of the new era in which property ownership is higher risk and less sustainable' (Forrest and Hirayama, 2009: 1004). The policy responses, then, differed. In the United Kingdom some programmes attempted to incorporate low-income groups in those able to access home ownership, while in Japan subsidies to mortgage interest rates were implemented again and mass construction was also favoured. Therefore, when the market did not work, the neoliberal policies used the public budget to feed the pursuit of private profit. The promotion of home ownership was thus one of the key flagships of these policies, intertwined with other measures of privatisation and deregulation. In the periods of rising prices it was younger households who could not afford to enter the home ownership market. They had to opt for renting from private landlords, who also took advantage of the 'buy to let' market. First-home seekers, whether young or immigrants (as happened in Spain) are the first losers from this dominant housing system.

As a consequence, it is evident that the waves of inflation and decline (involving mortgage defaults), backed by neoliberal policies, created instability, uncertainty and severe social divisions. In illustration:

> The current situation in the British housing market is a potent and toxic mix of sharply increased borrowing costs, a shortage of loan finance, rising numbers of empty and unsaleable properties, a rising number of bad loans and waning confidence in the entire financial system. ... Growing job insecurity, rising debt and a generally less supportive social security system have also been key ingredients in delaying departure from the parental home and restricting access to home ownership. Here, however, there are differences. In the UK, education-related debt is an important new factor. The growing costs of higher education mean that more students choose to stay at home during university years and also that more young people leave university or college with a large debt. In Japan, however, the key factor is the growth of irregular employment among a younger generation.
>
> (Forrest and Hirayama, 2009: 1009–10)

In addition, housing deflation was also at the core of the periods of economic recession, which means that housing bubbles in the institutional context of neoliberalism form a greater threat to the rest of social and economic life.

In the United States, a recent report about the housing system in NYC pointed out that there is a housing shortage and a housing surplus at the same time (Butler, 2012). In this city, around 70 per cent of the population live in rental housing. However, rents rise to extremely high levels all over the boroughs, and above all at the core of Manhattan. The New York City Housing Authority (NYCHA) has not built public housing since the mid-1990s (Shwartz, 1999), and around 161,000 home seekers who cannot afford the market prices are still registered on its waiting lists. According to official data, the total estimated vacancy level in NYC in 2011 was around 8 per cent of the housing stock, although 165,500 vacant units (5 per cent of the total stock) were not available for rent or sale because they were dilapidated, under renovation or used for recreational purposes (HVS, 2011: 11). The median contract rent–income ratio was 31 per cent in 2011, but three in ten of renter households in the city (30 per cent) paid 50 per cent or more of their income for contract rent, excluding the costs of fuel and utilities (HVS, 2011: 7).

Butler (2012: 2) provides two arguments regarding this situation. First, the public housing stock was not affordable for the working classes, although it was built thanks to the state subsidies and thus using the contributions of taxpayers. Second, construction workers were among those who could not afford to pay for decent housing because in the residential projects the wages were below the current union scales. These sharp social cleavages occurred in a context of neoliberal policies. Since 1947, a Rent Control Law had controlled rental costs and made houses affordable for most residents. The NYCHA also provided affordable dwellings all over the city, Manhattan included. Many labour unions also developed their

own housing projects. In those decades, black people and latinos were the most excluded social groups regarding access to a home. Nevertheless, small landlords and real estate lobbies, such as the Realty Advisory Board, the Real Estate Board of New York and the New York Building Congress, fought for the abolition of the Rent Control Law in order to 'either force out poor, working class or lower middle class tenants and replace them with upper middle class or wealthy tenants that could pay higher rents, or outright destroy their units' (Butler, 2012: 5). The first battle was won by the elites' lobbies, and a new Rent Stabilization Law in 1971 replaced the Rent Control Law. This provided for rents to increase every one or two years. Afterwards, private landlords started a second battle:

> In Manhattan's Lower East Side, West Side and Upper West Side and in the downtown areas of Brooklyn, many landlords tried to force tenants out by denial of services like heat, hot water, repairs and locked exterior doors. Some even encouraged criminals to come into their buildings and prey on tenants or even hired them for that purpose. Those areas were predominantly White neighborhoods that were close to Manhattan's two main business districts, Midtown and Downtown. The goal was to 'gentrify' those areas – to drive out working class tenants and replace them with upper middle class and rich folks who could pay higher rents. In some cases, this meant driving tenants out of existing buildings, doing modest renovations, collecting a J51 Major Capital Improvement tax credit and then renting out the building at the new higher Rent Stabilization Law rents. In other cases, it meant driving out the tenants, tearing down the existing building and using that city low interest loan and tax credit program to build luxury high-rise apartment buildings in the place of the older buildings.
>
> (Butler, 2012: 7)

In other areas that were not so attractive to gentrifiers, landlords used the strategy of burning down their buildings to collect the insurance money (Marcuse, 1985).

Subsidies to private companies to renovate housing stock, the increasingly precarious nature of work and irregular low wages, plus the raising of rents every year, contributed to housing inflation. Home ownership was even promoted by landlords, who turned their properties into cooperatives and condominiums where the new owners had to pay high 'maintenance fees' in addition to mortgages. This was an easy way to avoid the constraints of the Rent Stabilization Law. After the early 1980s, the building boom caused rents to soar. The numbers of homeless or badly housed people also went up rapidly.

After the decline of 1989, authorities, developers, landlords and workers agreed upon new investments, subsidies and regulations to help

the construction sector recover. In 1994, for example, the landlords' and constructors' lobbies won a new battle. Rents over $2,000 per month were made exempt from the Rent Stabilization Law. This deregulation had a side effect:

> This so called 'luxury decontrol' encouraged landlords to raise up rents as much as possible to get them over the $2,000 a month limit. The new rules also encouraged 'churning' apartments – encouraging rapid tenant turnover because every time a landlord gets a new tenant, that's a new lease and a new chance to raise the rent.
>
> (Butler, 2012: 13)

In parallel, the NYC Department of Housing Preservation and Development (HPD), launched by the Koch administration, had implemented a policy of allowing not-for-profit housing associations (community-based organisations) to deal with the renovation of the most ruined stock (Gould et al., 2001: 188). In other words, a neoliberal policy was fully developed. Deregulation in favour of elites' interests, reduced state intervention, public subsidies to mega-developments (Fainstein, 2008), and privatisation of the few 'public housing' initiatives, paved the way for generating one of the biggest housing bubbles in the world throughout the 2000s. While employment conditions worsened for the working classes and ethnic discrimination overlapped with housing exclusion, the flow of public funds aimed at helping the construction industry built dwellings for the affluent upper and global classes.

The most significant squatters' movement in New York took place from the early 1980s in the Lower East Side (Manhattan). This neighbourhood was under pressure from gentrification, demolition and renovations. Initially, around 500 squatters lived in 20 buildings, some of the most dilapidated ones in the area (Pruijt, 2003: 139), but the figures grew to around 3,000 squatters or people involved in the movement, and 25–30 buildings occupied in the mid-1990s. The occupation of vacant lands in order to promote community gardens was also linked to squatters' activities from the very beginning. Solidarity with homeless organisations and campaigns was also a central claim of this movement. Most of the squatted properties belonged to the City, and 200 squatters living in 11 buildings were able to sign an agreement with the Giuliani administration (through the mediation of a federal agency: Pruijt, 2003 :142), between 1998 and 2002, in order to acquire legal status. Although most of the squatters opposed the housing policy of the HPD, finally they faced the dilemma of being immediately evicted or entering into the plans for privatising the

public housing with the help of community organisations. The legalisation process obliged squatters to borrow money from the banks, but some of them still are ineligible to take out mortgages.

After the bursting of the housing bubble in 2007, new organisations such as O4O (Organize4Occupation) and Picture the Homeless launched new squats and helped people to take over empty buildings (Martínez, 2012). [O4O activist Frank Morales presents a more detailed account of squatting in the Lower East Side in Chapter 4: the gentrification suffered by the poorest and the privatisation of the housing sector analysed here are complemented by his personal account of how wild repression can be contrasted by the strategic coalition of squatters in solidarity with their neighbours.]

Conclusions

Hodkinson suggests that anti-capitalist housing alternatives may adopt three strategic perspectives:

- prefigurative ones (or 'living-in-common') as people 'try to meet our housing needs and desires through the creation of non-hierarchical, small-scale, directly democratic, egalitarian and collective forms of housing in our everyday lives' (Hodkinson, 2012: 16) while they express 'life despite capitalism' and 'the pragmatic anarchist approach of solving our housing conditions in the here and now through the extension of dweller control and mutual aid' (ibid.)
- defensive ones (or 'housing-as-commons'), with the preservation of public housing from privatisation, and even the defence of home owners from repossessions, evictions, demolitions, commodification and displacement as a result of the speculative attacks against housing as a use-value, and crucial bonds with other social groups
- (counter-)hegemonic ones as a development of a 'common housing movement' where creation (prefigurative experiences) and resistance (defensive struggles) coexist, expand, proliferate and diversify.

Squatters work with the prefigurative forces of autonomous and self-help housing alternatives. However, squatters will not get rid of capitalism if they only oppose home ownership and private property. Instead, Hodkinson proposes alliances with residents in public housing and with weak home owners threatened by foreclosures and gentrification, for example. Since

home ownership and state housing in the present capitalist system are quite functional to the elites' interests, any anti-capitalist strategy should also focus on viable ways to transform these regimes into more collectively owned and self-managed ones. [The recent developments of squatting for housing rights show how a counter-hegemonic force is likely to emerge, with the case from Rome discussed in Chapter 5 being an excellent example. Similarly, the coalitions that are now occurring between parts of the Barcelona squatters' movement and the platform of People Affected by Mortgages – which has recently started squatting empty blocks owned by banks – show the beginning of a similar case.]

Squatting opposes private property as one of the bases of the social inequalities in the dominant capitalist system. In addition, as we have argued before, squatting also opposes other essential mechanisms of capitalism, mainly commodification, urban speculation, unbearable financial debts and the inflation of housing prices. Most squats combine a broad critique of the capitalist system as a whole and a practical solution to some of its major contradictions in the real estate sector. Squatters thus contribute with practical solutions to the housing needs of those involved in the squatters' movement, and those who self-house themselves taking advantage of the vacant stock of houses and buildings. Although these direct actions are often temporary and fragile, they offer an accessible, affordable and efficient alternative to the failures of both the housing market and public policies on housing matters. These failures become evident with the bursting of financial bubbles and the increasing poverty it entails.

Squatting cannot provide housing for all and it is not able to challenge the whole capitalist system, but it can serve to help some of those excluded by capitalism and those who wish to change the system by their involvement in an alternative way of living, political campaigns, other social movements and so on. This is the reason we do not see a big gap between so-called 'social' and 'political' squatting, or between squatting just for housing and squatted social centres. Different types of squatting, along with other urban struggles ('defensive' ones, for example), may be combined in order to increase their anti-capitalist (or 'counter-hegemonic') effects, if this is the case. The local political, economic and environmental context suggests that the crises of capitalism vary significantly, and so do the specific reactions against them, such as the squatters' movement. [The reach and effects of this antagonistic relationship between capitalist forces and squatters' movements will be more deeply analysed in the Conclusion, after the presentation of case studies and specific squatting issues in the following chapters.]

Box 1.1 *The environmental basis of the political economy of squatting*

The fate of financial capitalism, the regular and devastating housing bubbles and the continuous depletion of natural resources are all interlinked. In particular, the environmental dimension of squatting has rarely been pointed out. Above all, the occupation of vacant buildings implies a wise and efficient use of natural resources since it diminishes the pressure to construct new buildings. Therefore, already occupied land and all the energy and materials that were employed in the construction are effectively used by someone, regardless of the legal title they hold.

We should not analyse the housing bubble and the inherent dynamics of post-industrial capitalism in isolation from the decreasing availability of natural resources (oil in particular). As much as they have been considered as bubbles that later explode, the nature at the base of speculative processes is not only formed by thin air. As Martinez-Alier (2008) argues, the economy is made of three levels. At the top we find the speculators contributing to the financial dimension of the economy, who are only interested in the infinite growth of monetary (M) value, of accumulation for accumulation's sake, M–M' processes, Below, at the factory floor, lies the productive economy, made of material processes of commodity (C) production, distribution and consumption, which also contribute to the capitalist process of accumulation. This goes through a material process: M–C–M'. Most factories are now increasingly displaced to emerging economies, such as China, the Far East and Latin America, while European and North American economies are specialised in the service sector and dematerialised economies dependent on real production elsewhere. Finally, at the very bottom level and deep underground in the mines, there are the physical resources which are used as inputs to the processes of commodity production This is not by chance known as the primary sector, which includes extractive industries, fisheries, livestock and agriculture production. They are only finite resources on a limited planet, and the economic growth imperative has meant that key natural resources are now less available, such as the atmospheric carrying capacity of anthropogenic carbon dioxide emissions (one of the most salient outputs of the economic process) and the availability of cheap oil (one of the most basic inputs that fuels the current

production). 'Peak oil', for example, will soon determine, if it is not already doing so, economic turbulences and sharp changes in energy supplies. The construction and the housing sectors are obviously deeply affected by these natural constraints.

Not only does the building sector require materials and energy from the natural world in order to produce, but all capitalist dynamics, since although they tend towards pure speculation, depend on real processes made of real resources. As Nafeez Mosaddeq Ahmed remarks (2010), between 2005 and 2010 oil production first reached a peak and then stabilised on a plateau, while the price per barrel hit the record of $147. As a consequence, speculation over global food raised prices in 2008, leaving many in desperate hunger, and the real estate bubble exploded in many countries simultaneously.

If an economy is compelled to grow at an ever-increasing rate but scarcity of natural resources fails to provide adequate material input, the tendency will be to substitute material with immaterial growth, as has occurred through the processes of dematerialisation of post-industrial economies and through the consequent rise in the GDP relevance of the service and financial sector. This post-industrial transformation has contributed to maintaining certain levels of economic growth, but at the cost of rising levels of indebtedness. This is known as 'debt-fuelled growth'.

Evidence of reduced oil consumption leading to a long-term drop in profit rates and economic growth and in less capacity for debt repayment is explained by Tverberg (2012). Although it might appear as a chicken-and-egg problem, he shows the ties of the financial crisis to the oil crisis in 2008. As peak oil expert Richard Heinberg (2011) claims, by also connecting the present financial crisis with a crisis in energy resources, society will not be able to get back to growth. Since the abandonment of the Gold Standard, the supply of money is not any longer related to a physical resource. This implies that the amount of financial debt is not naturally limited, and in the last few decades it has experienced a J-shaped exponential growth curve, a debt growth not backed by a similar growth in the production capacity of the real economy which in turn was limited by the increasing scarcity of cheap fuels. Douthwaite (2012) finds an explanation of the financial-energy link by looking at the international flows of debt and fossil energy, particularly involving the rich post-industrial nations, and provides an account of how these advanced economies in the past ten years have

been increasingly borrowing capital from developing countries, such as the exporters of fossil energy. However, the money was borrowed rather than being invested in real production, and was spent in consumption (mostly consumer spending on mortgages). The debt/GDP ratio increased well beyond 100 per cent, meaning that for each euro or dollar borrowed, less than one was contributing to the national GDP (paying salaries and resources). As a corollary, any GDP increase of one euro or dollar has been fuelled by more than a euro or dollar borrowed from abroad.

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