

Clarifying Neil Smith's Rent Gap Theory of Gentrification

Tom Slater

Abstract

Neil Smith's rent gap theory of gentrification is one of the most influential explanations in a huge literature on the process. Whilst the theory has enhanced academic and activist understandings of profit-seeking reinvestment in cities, there are major misunderstandings, errors of interpretation and sometimes downright lazy critiques that still circulate widely, which distort not only the debate over the theory, but the field of gentrification studies more generally. This article opens with a critique of Glasgow's resilience agenda to show the rent gap in action (how profits are extracted from the city), and then offers three clarifications of the rent gap theory in response to misunderstandings. First, it is not narrowly economic, but a theory of the state's role in creating the economic conditions for gentrification; second, it helps us understand the circulation of interest-bearing capital in urban land markets, and speculative landed developer interests; third, that rent gaps are produced via the activation of territorial stigma. The argument is that the rent gap theory is more relevant than ever, at a time when staggering fortunes that are made from speculative investment in cities at the expense of homes, communities and working class lives.

"Bounceback-ability"

In September 2016 Glasgow City Council launched its "Resilience Strategy". Supported by the Rockefeller Foundation's 100 Resilience Cities competition, which awards generous grants to the 100 cities across the globe that it feels have demonstrated "a dedicated commitment to building their own capacities to prepare for, withstand, and bounce back rapidly from shocks and stresses", it is a glossy document that sets out how Glasgow will "maintain essential functions in the face of acute shocks and chronic stresses, but also grow and thrive through them" (p.8). Apparently based on "face-to-face conversations", workshops and on-line surveys with thousands of Glasgow residents, including children, the strategy identifies four "pillars" around which resilience is to be built: "empowering Glaswegians", "unlocking place-based solutions", "fair economic growth", and "fostering civic participation". Announcing the launch of the document, Frank McAveety, Leader of Glasgow City Council, commented as follows:

"[T]he strategy document is a staging post in the conversation between Glasgow's citizens and its institutions about resilience. The strategy points to the route ahead and I've no doubt the journey will be accompanied by robust debate – Glasgow wouldn't have it any other way. This on-going dialogue will strengthen our resilience and allow us to face the future with confidence."¹

In the spirit of "robust debate", the first thing I would argue about this

1 http://www.100resilientcities.org/blog/entry/glasgow-unveils-uks-first-city-resilience-strategy#/-/_/

document is that it is presented in a manner that is truly excruciating. For example:

“During our conversations with Glaswegians on what makes Glasgow a resilient city we found that they like to talk of their ‘bounceback-ability’ factor – an ability to cope and even thrive through hard times.” (p.18)

I am certain that if you were to visit a working class part of Glasgow and utter the neologism “bounceback-ability”, you would be encouraged to leave. Similarly, I would venture that it is highly unlikely that schoolchildren anywhere in the city will embrace being “young resilience ambassadors to develop leadership skills, share learning and champion creative new resilience ideas” (p.75) and find an enthusiastic reaction from their classmates. This is partly because, as the document acknowledges, many areas of Glasgow are already extremely resilient places:

“The communities in the north of Glasgow are incredibly resilient in the face of a number of disproportionate stresses that are closely related to the post-industrial legacy of the area.” (p.52)

This excerpt begs the question as to why a grand resilience strategy is necessary, and how people in Glasgow would feel about one being imposed. But it is in the discussion of the second pillar, “unlocking place-based solutions”, where we can see more of the political-economic intent behind this resilience strategy, and its relevance to questions of gentrification. The authors of the document are convinced that “placemaking” is a wonderful design approach, as it “contributes towards the creation of successful and resilient places, based upon balancing the relationship between the physical, social and economic characteristics of the area” (p.50) - without taking a moment to reflect upon how people living where places are already made might feel about another vision of place being imposed on them. The placemaking approach is perhaps to be expected, however, as the Scottish Government has in recent years wholeheartedly bought into the ethos and methods of Andres Duany’s “New Urbanism” (see MacLeod, 2013), which has ‘placemaking’ and post-political ‘community engagement’ at its core (and literally bought into it, as it paid Duany £250,000 for a week’s consultancy work in 2010).

But a central goal issuing from the “unlocking place-based solutions” pillar is “to create an integrated resilience exemplar in the north of the city.” (Glasgow City Council, 2016, p.52) This is deemed necessary as “patterns of investment, lack of active travel and public transport networks to neighbouring areas, and low availability of local employment opportunities” have resulted in “stresses” of “poverty and deprivation with high proportions of young people not in education or employment and significant issues surrounding addictions and mental health.” (ibid.) It is claimed that,

“The high concentration of vacant and derelict land in the north of Glasgow

has also become a physical and social barrier to connectivity. It can often result in an environment that does not inspire pride in place and demotivates Glaswegians from taking advantage of active transport networks.” (p.52-3)

With problems pitched in such a way, the solution - written under the heading “Resilience Value” - is predictable:

“The community, environmental and economic potential of derelict and vacant sites in Glasgow will be unlocked. By using 3D modelling to map vacant and derelict land we will be able to de-risk development by identifying new opportunities above and below ground. This will promote development opportunities associated with sites in order to attract developers and promote economic regeneration, compact city development and appropriate services.” (p.53)

Disturbingly, the model for unlocking such “potential” in urban land is the 2014 Commonwealth Games Athletes’ Village, pitched in this document as “one of the biggest success stories” where “partnering agencies consulted intensively with local communities to build on community strengths and maximise social benefits” (p.56). This is wildly at odds with what actually happened in the build up to that 2014 mega-event: the amplification of territorial stigma already affecting the East End of the city (Paton, McCall and Mooney, 2017) which justified the forced eviction of residents whose homes were acquired through compulsory purchase before callous demolition to make way for the Athletes’ Village (Porter, 2009). The planner’s eye view of working class Glasgow can be read in the statement that “the Games were an opportunity to bring vitality into areas of the city” (p.55). As Ley (1996) has pointed out, the discourse of revitalization is “objectionable, implying a sense of moral superiority in the process of residential succession, and imparting a mantle of less vitality to previous land uses and users.” (p.33-4).

This opening summary of Glasgow’s resilience strategy points to the ongoing relevance of the rent gap theory in gentrification studies. In the Glasgow case the theory is helpful in pinpointing and challenging a strategy which, dressed up in the positive rubric of building resilience, makes acceptable and palatable the claims to “unlock economic potential” and “de-risk development” to create “opportunities associated with sites in order to attract developers”. As I aim to demonstrate, the theory helps explain how propitious political-economic conditions are created for the extraction of profit from urban land markets, and, far from being economic or deterministic (as it is frequently critiqued or dismissed), it is a crucial theory to understand as part of a critical and/or resistant response to gentrification, and as a critique of the logic undergirding the process. It currently seems very necessary to clarify the theory, as misunderstandings, errors of interpretation and sometimes downright lazy critiques still circulate widely and distort not only the debate over the theory, but the field of gentrification studies more generally.

Unsettling Consumer Sovereignty

“Wherever something new is being created, and thus in settlement and spatial planning also, the laws revealed through theory are the sole economic guide to what should take place.”

August Losch, 1954 (p.359)

The rent gap theory, stripped down to its bare essentials in its original formulation, is a Marxist critique of the highly influential neoclassical economic land use models of the Chicago School. Neoclassical economics continues to play a powerful ideological role in societies today, and in many instances is the undergirding logic driving urban policy, so it remains important to understand the battle for ideas in which Smith immersed himself throughout his career. That career started early; remarkably, the empirical study that led to the generation of the theory was an undergraduate dissertation in geography completed by Smith at the University of St. Andrews in 1977. Smith had spent a year as an exchange student in Philadelphia, where he had become captivated by the profound changes visited upon the neighbourhood of Society Hill. Having first noticed gentrification earlier in 1972, on Rose Street in Edinburgh, when a trendy new bar called *The Galloping Major* distinguished itself from neighbouring pubs by serving “quite appetizing lunches adorned with salad” (Smith, 1996, p.xviii), he felt that existing urban land use models and predictions regarding the miserable fate of central cities were inadequate in terms of explaining gentrification he had seen in Edinburgh and Philadelphia.

Smith was very skeptical of neoclassical models and predictions because of the *consumer sovereignty* paradigm undergirding them, which held that the rational choices of individual consumers of land and housing determined the morphology of cities. Middle-class consumer demand for space, the neoclassical argument went, explained suburbanization - a process seen by many inside and outside academia to be the only future for all urban places. But the empirical reality of Society Hill - gentrification - seemed to call that paradigm into question. Smith could not accept that consumers were suddenly demanding en masse the opposite to what had been predicted, and ‘choosing’ to gentrify central city areas instead. In Society Hill he unearthed data showing that a majority of middle class people had never left for Philadelphia’s suburbs because *space was being produced for them* via state-sponsored private sector development. This created handsome profits for developers at the expense of working-class people who were displaced from central city space. His undergraduate dissertation was distilled and published in *Antipode* in 1979 (Smith, 1979a), and that same year it was refined further in the *Journal of the American Planning Association* (Smith, 1979b), where the pivotal theory of the rent gap was first articulated.

A starting point for Smith was that, in capitalist property markets,

the decisive 'consumer preference' (with characteristic mischief he adopted the neoclassical language) is "the preference for profit, or, more accurately, a sound financial investment" (1979, p.540). As disinvestment in a particular district intensifies, as had happened in Society Hill, it creates lucrative profit opportunities for developers, investors, homebuyers and local government. If we wanted to understand the much-lauded American "urban renaissance" of the 1970s, the argument and title of the rent gap essay went, it was much more important to track the movement of capital rather than the movement of people (the latter movement was the exclusive focus of the 'back to the city' rhetoric of the time, and the scholarship on it). Crucial to Smith's argument was the ever-fluctuating phenomenon of *ground rent*: simply the charge that landlords are able to demand (via private property rights) for the right to use land and its appurtenances (the buildings placed on it and the resources embedded within it), usually received as a stream of payments from tenants but also via any asset appreciation captured at resale. Landlords in poorer central city neighbourhoods are often holding investments in buildings that represented what economists and urban planners call the 'highest and best use' over a century ago; spending money to maintain these assets as low-cost rental units becomes ever more difficult to justify with each passing year, since the investments will be difficult to recover from low-income tenants. It becomes rational and logical for landlords to 'milk' the property, extracting rent from the tenants yet spending the absolute minimum to maintain the structure. With the passage of time, the deferred maintenance becomes apparent: people with the money to do so will leave a neighbourhood, and financial institutions 'redline' the neighbourhood as too risky to make loans. Physical decline accelerates, and moderate-income residents and businesses moving away are replaced by successively poorer tenants who move in – they simply cannot access housing anywhere else.

In late 1920s Chicago, Hoyt had identified a "valley in the land-value curve between the Loop and outer residential areas....[which] indicates the location of these sections where the buildings are mostly forty years old and where the residents rank lowest in rent-paying ability" (Hoyt 1933, p.356-8). For Smith (1979b), this "capital depreciation in the inner city" (p.543), meant that there is likely to be an increasing divergence between *capitalized ground rent* (the actual quantity of ground rent that is appropriated by the landowner, given the present land use) and *potential ground rent* (the maximum that could be appropriated under the land's 'highest and best use'). So, Hoyt's land value valley, radically analysed and reconceptualised, "can now be understood in large part as the rent gap":

"Gentrification occurs when the gap is wide enough that developers can purchase shells cheaply, can pay the builders' costs and profit for rehabilitation,

can pay interest on mortgage and construction loans, and can then sell the end product for a sale price that leaves a satisfactory return to the developer. The entire ground rent, or a large portion of it, is now capitalized: the neighbourhood has been 'recycled' and begins a new cycle of use." (p.545)

The elegance of the rent gap theory lies not just in what Ley (1996), one of Smith's more astute interlocutors, has referred to as its "ingenious simplicity" (p.42), but in its critical edge, its normative thrust. The flight of capital away from certain areas of the city – depreciation and disinvestment – has devastating implications for people living at the bottom of the urban class structure. The "shells" referred to above do not simply 'appear' as part of some naturally-occurring neighbourhood 'decay' – they are actively produced by clearing out existing residents via all manner of tactics and legal instruments, such as landlord harassment, massive rent increases, redlining, arson, the withdrawal of public services, and eminent domain/compulsory purchase orders. Closing the rent gap requires, crucially, *separating people currently obtaining use values from the present land use providing those use values* -- in order to capitalise the land to the perceived 'highest and best' use. The rent gap thus highlights specific class interests, where the quest for profit takes precedence over the human need of shelter.

Three Clarifications

In an excellent discussion of the rent gap in the book *Gentrification*, Elvin Wyly noted the etymology of the word 'gap' – from the Old Norse for 'chasm', denoting a breach or wall or fence, a breach in defences, a break in continuity, or wide difference in ideas or views. He continued: "The rent gap is part of an assault to breach the defensive wall of mainstream urban studies, by challenging the assumption that urban landscapes can be explained in large part as the result of consumer preferences, and the notion that neighbourhood change can be understood in terms of who moves in and who moves out. Scholars, therefore, take its implications very seriously" (Lees, Slater and Wyly, 2008, p.55).

It's hardly surprising that the rent gap theory has been the subject of intense debate for nearly forty years. But those debates, often shot through with intractable ideological confrontations and petty bickering, became rather frustrating for many, leading to many cursory, dismissive summaries. It would be tedious to recite and summarise in any great detail the rent gap debates, and this task has been undertaken elsewhere (e.g. Lees, Slater and Wyly, 2008, p.39-86). Far more helpful at this juncture is to consider what can be learned from considering, as a body of scholarship, the most valuable lessons from studies that have grasped the importance of the political thrust of the rent gap from the outset, and understood its theoretical premises in order to conduct detailed empirical tests (e.g. Clark, 1987; Kary, 1988; Engels, 1994; Yung and King, 1998; Hammel, 1999; O'Sullivan, 2002; Darling, 2005). Given the intense empirical grafting involved – there

are no readily available variables to measure capitalised and potential ground rent, so scholars have to dig into planning archives and land records going back several decades in order to construct their own proxy indicators – few thorough empirical studies exist. Those that do, however, considered as a collective, are all valuable as part of a wider scholarly effort to understand the class transformation of space, wherever and under whatever conditions that transformation might be happening. From all those studies, and from Neil Smith's original writings, three things above all become clear about the rent gap theory.

1) *The rent gap theory is not narrowly economic, but a theory of the state's role in creating the economic conditions for gentrification*

Perhaps the most frequent charges levelled at the rent gap theory is that it is pure economic determinism (Hamnett, 1991), that it "overlooks regulatory contexts which may well discipline capital's freedom of expression" (Ley, 1996, p.42), that it has no place for a consideration of the role of "extra-economic force", to use the language of recent arguments made by Ghertner (2014, 2015). I have never understood such criticisms. To be sure, rent gaps are produced by economic agents and actors (landlords, bankers, developers, realtors), and the theory was formulated as part of a broader critique of uneven development under capitalism, but the role of the state in the theory is far from laissez-faire or absent, but rather one of *active facilitator*, as Smith had found in Society Hill: "The state had both a *political* role in realizing Society Hill, and an *economic* role in helping to produce this new urban space." (1979a, p.28). It has been demonstrated multiple times in contexts where gentrification is occurring (particularly in recent years as gentrification - though never used in name by policy officials - has become a strategic urban development vision in many contexts) that the role of the state in producing rent gaps is *direct* and pivotal, to the point where rent gaps simply would not exist without the state (e.g. Uitermark, Duyvendak and Kleinhans, 2007; Glynn, 2008; Hodkinson, 2012; Kallin and Slater, 2014; Paton, 2010). As Kallin (2017) has pointed out in a study of a failed state-driven gentrification strategy in the Edinburgh district of Granton, "if claims to difference are grounded in the notion that extra-economic force is alien to gentrification in 'the West', then these are weak claims to difference" (p.1). It is also worth noting that Neil Smith's undergraduate dissertation even carried the subtitle, "State Involvement in Society Hill, Philadelphia". Bernt (2016) complains about the "essentially universalizing undercurrent which is at the core of the rent-gap theory" and argues that "downplaying non-economic instances is deeply embedded within the reductionist conceptual architecture of the rent gap theory and integrating different institutional, social, cultural and political constellations has remained an enduring problem" (p.641-2). In my view, such charges are simply

diversions in an epoch of vicious state-led accumulation strategies, and the ever-sophisticated mutation of neoliberal urbanism (Brenner, Peck and Theodore, 2010; Harvey 2010). Perhaps the charges keep appearing because the original rent gap paper was rather muted on the role of the state, as its author's main mission was to critique the consumer sovereignty assumptions undergirding neoclassical land use models, even as the piece of empirical research that informed the theory had the state as core to the explanation of how gentrification was unfolding. But the point remains: conclusions should not be drawn about the rent gap theory unless one takes the trouble to read all the original studies closely.

2) *The rent gap theory helps us understand the circulation of interest-bearing capital in urban land markets, and speculative landed developer interests*

Writing in the immediate aftermath of the 2008 financial crisis, David Harvey (2010) remarked that speculative landed developer interests are "a singular principle power that has yet to be accorded its proper place in our understanding of not only the historical geography of capitalism but also the general evolution of capitalist class power" (p.180). He continued:

"Investments in rents on land, property, mines and raw materials thereby becomes an attractive proposition for all capitalists. Speculation in these values becomes rife. The production of capitalism's geography is propelled onwards by the need to realise speculative gains on these assets." (p.181)

In many capitalist economies, due to the decades-long shrinkage of the manufacturing sector, capital has switched from its primary circuit of industrial production to its secondary circuit of accumulation, urban land and real estate markets, which runs parallel to the primary circuit. But the secondary has supplanted the primary in terms of its overall importance, often accounting for over 40% of all economic activity. One illustration: 76% of all bank loans in Britain go into property (and 64% of that into residential mortgages), and 87% of all household debt is tied up in mortgages. To address the crisis of continuous compound growth under long cycles of accumulation, capital has to devalue the existing capital fixed to the land, among other things, to reinvent investment opportunities for the absorption of a surplus (Harvey, 2014). At times of crisis, speculation in land that is being devalued becomes rife. In Britain, the institutional arrangements behind the distribution of housing incentivise rampant land speculation: the urban housing market in the UK (London especially) has now become a place for very rich people – especially investors from overseas – to park their money at an annual rate of return of around 10%. Speculation means that more and more capital is being invested in search of rents and interest and future gains, rather than in invested in productive activity

– a trend towards a rentier form of capitalism: a parasitic economy characterised by the marked escalation of *extracted unearned income*. Rentiers make staggering fortunes simply from ownership of assets or resources that all of us need. They have everything to gain from the global circulation of interest-bearing capital in urban land markets, and from the municipal absorption of surplus capital via all kinds of debt-financed urbanisation projects. Sayer (2015) has written a remarkable expose of the serious problem of extracted unearned income, and convincingly argues that one of the most dangerous myths of advanced capitalist societies is that the unearned income of the super rich is only fair given their ‘hard work’ (fictitious) and supposed talents as ‘wealth creators’ (yet they only create wealth for themselves).

The relevance of the rent gap theory to campaigns and struggles against speculative landed developer interests is that, as originally intended, it helps to

“redirect our theoretical focus toward the sphere of circulation....[where] we can trace the power of finance capital over the urbanization process, and the patterning of urban space according to patterns of profitable investment” (Smith, 1979b, p.24).

The function of rent under a capitalist mode of production is to underpin investment and reinvestment opportunity. A recent example of the speculative rentier class attempting to exploit the rent gap in London was the struggle over the New Era housing estate, built by a charitable trust in the 1930s to offer working class Londoners affordable rental housing but for many years subject to disinvestment. Westbrook Partners is an investment firm based in New York City, which makes its billions by investing American pension savings in London land deals. Westbrook bought the New Era estate in March 2014 (initially a partnership deal with Benyon Estates, owned by the Conservative MP Richard Benyon, until he had to pull out due to public shaming), and immediately notified tenants that rents would rise to market values: from £600 a month for a two-bed flat to £2400 a month (Chakraborty, 2014). Land value is not created from owning land – it is created from collective social investments in land, which landowners then extract as unearned income via private property rights. Exploiting the rent gap requires the *expropriation of socially created use values*: a form of structural violence visited upon working class people in contexts that are usually described as ‘regenerating’ or ‘revitalizing’. Instead of building shelter for people in need, the system encourages rentier capitalists to see who can best use their land-banking skills to anticipate the next housing bubble and survive the last one. In December 2014, however, there was a significant victory for residents of the New Era estate when Westbrook, under huge public pressure because of a campaign against its profiteering motives (led by young mothers on the estate), sold the land estate to the Dolphin Square Charitable Foundation, an affordable

housing charity committed to delivering low cost rents to Londoners on low to middle incomes. The closure of rent gaps is not inevitable.

3) *Rent gaps are produced via the activation of territorial stigma*
 A signal contribution of the rent gap was to show that, first, the individual, personal, rational preferences in the housing market much cherished by neoclassical economists, and, second, the 'new middle class' dispositions towards a vibrant central-city (and associated rejections of bland, patriarchal suburbia) that intrigued liberal-humanist and feminist geographers, are all tightly bound up with larger, collective social relations and investments (core to the rent gap concept is that ground rent is produced by the *labour power invested in land*, and that consumer preferences are not 'exogenous' to the structures of land, property, credit, and housing). Contrary to the absurd recent intervention of a distinguished science writer drawing upon one dubious source (Ball, 2014), consumer preferences and tastes visible in gentrifying neighbourhoods are not "naturally occurring" phenomena – they are deliberately made by agents seeking to extract profit from urban land, and usually in relation to a set of negative images about what places could become, or how they might remain, if they did not experience an upward economic trajectory. A tiresome charge against the rent gap theory is that it fails to predict which neighbourhoods will gentrify and which will not (missing completely the fact that it was never designed as a predictive model). But there is an unresolved analytic puzzle: why does it appear to be the case that gentrification rarely seems to occur first in the most severely disinvested and parts of a city or a region – where the potential for substantial profit is at its greatest – but proceeds instead in devalored, working class tracts that are certainly disinvested but by no means the poorest or offering the maximum profit to developers? Hammel (1999) helpfully offered a clue:

"Inner city areas have many sites with a potential for development that could return high levels of rent. That development never occurs, however, because the perception of an impoverished neighbourhood prevents large amounts of capital being applied to the land." (p.1290)

The challenge remains enticing – to consider the disparity between potential and capitalised ground rent in the context of how urban dwellers at the bottom of the class structure are discredited and devalued *because of the places with which they are associated*. The negative manner in which certain parts of cities are portrayed (by journalists, politicians and think tanks especially) has become critically important to policies geared towards their future. A mushrooming body of work points to a direct relationship between territorial stigmatization and the process of gentrification (Wacquant, 2007; Gray and Mooney, 2011; Slater and Anderson, 2012; Kallin and Slater, 2014; August 2014;

Lees, 2014; Thorn and Helgersson, 2016), where neighbourhood 'taint' becomes a target and rationale for 'fixing' an area via its reincorporation into secondary circuit of accumulation – yet sometimes the 'perception' Hammel outlines is so negative and entrenched that it acts as a symbolic barrier or diversion to the circulation of capital. In sum, as territorial stigmatisation intensifies, there are major consequences for urban land markets, and therefore implications for rent gap theory. Such stigma serves economic ends, but also vice versa: examples abound under authoritarian urban regimes whereby the economics of inter-urban competition – with gentrification strategies at the core – are serving the brutal and punitive policies directed at working class minorities, and particularly, at the places where they live (e.g. Kuymulu, 2013; Sakizlioglu, 2014).

Planetary Rent Gaps?

Up to the mid-2000s, there were hardly any studies of gentrification beyond the 'usual suspects' (cf. Lees, Shin and Lopez-Morales, 2015). Almost everything scholars knew about the process, and the rich body of theory developed to understand it, came from (predominantly large) cities of the Global North. But the scale and pace of urban development in the Global South (and the extent of displacement), and the rise of postcolonial urban theory, has led to fascinating recent empirical and theoretical interventions, and changed the landscape of gentrification research in ways that are exciting and highly instructive for urbanists, regardless of where they are located. Three specific deployments of rent gap theory in the Global South are particularly striking, for they extend the theory in imaginative and creative ways. Whitehead and More (2007) examined the massive changes visited upon the central mills districts of Mumbai in the context of the 1980s informalisation and decentralisation (to the suburbs) of the textile industry in that city. Aided by an NGO organisation actively supporting the 'relocation' of slum dwellers from those districts to the outskirts of Mumbai, mill owners and multinational developers seeking opportunities for commercial real estate realised that the (actively disinvested) land upon which the mills once worked was not at its "highest and best use", and to gain maximum profit from the land they pushed successfully for changes to development regulations (which had stipulated that only one third of the mill lands could be used for real estate development). The result was an exclusive apartment and shopping mall development in a city where over 70% of residents officially live in 'slum' conditions. True to the original formulation of the rent gap thesis, the role of the state was far from *laissez-faire*:

"The state government has changed to become an organisation attracting off-shore and domestic investment to the island city, while service provision becomes secondary. It has been reshaped to enable, facilitate and promote

international flows of financial, real estate and productive capital, and the logic of its policies can be read off almost directly through calculations of rent gaps emerging at various spots in the city.” (p.2434).

The propitious role of the state in creating the disparity between capitalised and potential ground rent has also been illustrated by Lopez-Morales (2010, 2011), in two striking papers on “gentrification by ground rent dispossession” in Santiago, Chile. After the 1990 return to democracy in Chile (following 17 years of military dictatorship), various state policies were designed with a view to attracting professional middle classes into deeply disinvested parts of central Santiago, with varying degrees of success. From the 2000s onwards, however, a second phase of much larger scale state-sponsored entrepreneurial redevelopment has been taking place on formerly industrial sites, and on small owner-occupied plots in traditionally working class peri-central areas known locally as poblaciones, all of which exhibit wide rent gaps in the context of a city that has positioned itself as one of the economic powerhouses of Latin America. Lopez-Morales traced and mapped the policy-driven production and accumulation of potential ground rent in Santiago alongside the land devaluation produced by strict national building codes and the under-implementation of previous state upgrading programs. Just as in the Mumbai case above, the state was critically important in the opening and closing of rent gaps, and also in creating the conditions for national and foreign speculation in urban land markets, for

“the way developers can acquire and accumulate large portions of inhabited land is by buying, at relatively low prices, from inner city owner-occupiers, and they often hold it vacant while passively waiting (or actively lobbying) to get building regulations loosened.” (Lopez Morales, 2010, p.147).

A third recent deployment of the rent gap thesis has been in a remarkable analysis by Wright (2014) of the gentrification of the centro historico of Ciudad Juarez on the Mexico-USA border in the wake of the carnage and devastation caused there by a transcontinental drugs war (2006-2012) instigated by both country’s governments. Wright found rent gap theory to be highly applicable to explain a situation whereby “in order to rescue the centro and augment its economic value, the city first needed to be economically and socially destroyed. The formerly vibrant downtown, in short, needed to be killed before it could be rescued.” (p.2)

Wright weds feminist and Marxist approaches to accumulation by dispossession to explain a class struggle between, on the one hand, ruling elites intent on a strategy of denigrating the lives and spaces of working class women and their children living in the centro in order to expand the rent gap and ultimately ‘clean up’ the area and ‘reestablish’ it as a place for upstanding families, and on the other, activists drawing public attention to the exploitation (in maquiladora factories and in sex work) of working poor women and especially to feminicidio (the killing

of women with impunity):

“activists used the language of feminicidio to launch a counter-offensive against the political and business elites who minimized the violence by declaring that the victims were not worth remembering. In so doing, they challenged the story that equated women’s disappearance from public space, either through their deaths or through municipal social cleansing projects, with value. And, as such, they disabled a key technology for widening the rent gap between the places known for poor women and the places known for their disappearance.” (p.9)

While gentrification plans were disrupted by activists for some time, this did not last, for those same policy and business elites then targeted young men caught up in the violence of the drugs war:

“Rather than refer to the male youth population that dominates the body count as the resident population of the city’s poor working-class families, the mayor referred to them as ‘venomous vermin’ who had descended upon the city.... Such depictions...sought to whitewash the public memory of these young people who were being gunned down on the very streets that had raised them.” (p.11)

This official “politics of forgetting” is now working to close the rent gap and extract profits from massively devalored spaces: “the business leaders who are gobbling up the shuttered businesses and overseeing the massive physical reconstruction of the city that has its streets and buildings in rubble declare that everything is officially better as long as we forget about the past.” (p.11)

So, in these three contexts at least, the rent gap theory was helpful in explaining gentrification. This really seems to bother some urbanists working with postcolonial theory, not least Ghertner (2015) who published a piece entitled “Why gentrification theory fails in much of the world”. He argues that the term ‘gentrification’ has been imposed by scholars on places where it doesn’t fit, or where it makes little sense to struggles occurring at ground level; that it doesn’t recognize the diversity of activities taking place where “public land ownership, common property, mixed tenure, or informality” (p.552) endure; that it is “agnostic on the question of extra-economic force” (p.553) (a highly questionable claim, see above); that “Western” gentrification scholars “see like capitalists” (ibid.) in their assumption that private land tenure/capitalist urbanization is everywhere; and that those scholars are not alert to forms of displacement which are driven by processes other than gentrification (such as the violent evictions taking place over privatization of non-private land tenures²). There is no space here for a full engagement with these interesting arguments – nor do I wish to get involved in what is becoming a tedious divide in urban studies

² An immediate reaction I had to this argument was that the privatization of non-private land tenures could be analysed as a gentrification strategy, when gentrification is defined appropriately as the class transformation of space, and not defined as Ghertner’s “nothing more than a rising rent environment and associated forms of market-induced displacement” (p.552).

between postcolonial/provincial and Marxist/political-economic urban theorists (counterproductive, given that, politically, these theorists usually share the same concerns about social injustices in cities). However, a brief observation vis-à-vis the logic of concept formation and theory building seems necessary. It almost goes without saying that it is very important to ask theoretical questions about the pertinence of certain concepts and whether they are helpful or not in dissecting urban processes beyond where they were formed. I know that a recent piece I wrote, “Planetary Rent Gaps” (2017), has annoyed some postcolonial urbanists because I made the argument – drawing on available scholarship, such as that outlined above – that the fact the rent gap theory was developed in the US in the 1970s is not a valid reason to ignore it, nor indeed to ‘unlearn’ and then ‘relearn’ it, in very different contexts four decades later. The challenge is surely just to take it seriously, and if it turns out not to be useful in a certain context or struggle: then don’t use it! Theories and concepts are perhaps best understood as our servants – we employ them, they are there to be useful to us if needed, to bring things to us that we did not have or see before, and to help explain phenomena that require careful scrutiny. It strikes me as anti-intellectual to write off a whole theory or concept for a whole region (or ‘much of the world’) simply because it isn’t useful to one particular analyst working in one particular context. The postcolonial theorists would argue that, if there is anti-intellectualism, it is from those urban scholars who fire off essentialist generalizations without due regard for particular contexts and historical geographies. But Vivek Chibber (2016) offers a poignant reminder:

“Social theory is essentially about generalizing from one case to another. If you cannot generalize from one case to another, you don’t have a theory. What you have is a very thick description of particular events. Unless you can say, what’s happening in this event has a resemblance with and is driven by the same forces as events in other contexts, you don’t have a social theory. So you cannot have a social theory whose central concept is difference because then it ceases to be a theory. It just ends up being endless descriptions or particular events.”³ Furthermore, as Jamie Peck (2015) has recently highlighted, very few people are actually *doing* the systematic comparative work that the new comparative urbanists are calling for.

But at least from the research that is available, and still emerging, it seems to be the case that rent gap theory has a lot to teach us about gentrification in the Global South, and is far from “less than adequate in much of the world” (Ghertner, 2015, p.554). In their new book *Planetary Gentrification*, Lees, Shin and Lopez-Morales (2016) argue that the term ‘gentrification’ has not been stretched too far (contra Maloutas, 2011) – it is unfolding at a planetary scale, even if changing conditions and local circumstances matter enormously. Even where

³ <https://thecriticaltheoryworkshop.wordpress.com/2016/02/06/3/>

the processes are not called 'gentrification' locally, or where there is no equivalent term, class-driven urban redevelopment is an embedded process in multiple Southern contexts. Finally, their synthesis of available research evidence points to the growing importance of secondary circuits of accumulation and the planetary shift to rentier extraction and what might be termed the *robbery* of value, rather than the production of value. Asset pursuit and asset stripping, via land grabbing and evictions, is a hallmark of contemporary urbanization and shows little sign of retreating on a planetary scale. It is not "seeing like a capitalist" to consider rent gap theory in radically different contexts, nor is it an act of intellectual imperialism to do so, as long as one theory does not shut out the possibility of developing new theories which may teach us even more (Wyly, 2015).

Class Struggles Need Rent Gap Theory

It is fascinating to note the delightful rascality in where the rent gap paper appeared – in a mainstream planning journal as part of a special issue of on neighbourhood "revitalization", a term that made Neil Smith wince: "it is often also true that very vital working class communities are culturally devitalized through gentrification as the new middle class scorns the streets in favour of the dining room and bedroom" (1996, p.32-3). The rent gap, taken seriously, forces analysts to confront class struggle, and the structural violence visited upon so many working class people in contexts these days that are usually described as 'regenerating' or 'revitalizing'. Contrary to contemporary journalistic portraits of latte-drinking white 'hipsters' versus working class people of colour, the class struggle in gentrification is between those at risk of displacement and the agents of capital (the financiers, the real estate brokers, policy elites, developers) who produce and exploit rent gaps. Housing itself is a class struggle over the rights to social reproduction – the right to make a life. This is a class struggle playing out within the realm of circulation largely between, on the one hand, those living in housing precarity, and on the other, finance capital and all its many tentacles.

The Rockefeller *100 Resilient Cities* programme mentioned at the start of this essay is effectively a neoliberal urbanist competition, where cash prizes are offered to the cities that get back to the desired status quo of capital accumulation and elite wealth capture as quickly as possible after "shocks and stresses." That there is a strong desire among urban managers to compete is evident in the fact that more than 1000 cities registered to take part in the programme, and almost 400 formally applied for inclusion. "Resilience", to the Glasgow planners and policy elites, means bracing yourself for economic and environmental catastrophes as everything will be fine in the end. It is not a strategy that leads us to question the structural and institutional conditions that

are forcing people to be “resilient” in the first place. Diprose (2015) has offered a particularly strong critique of the resilience logic and discourse:

“It is time to rid ourselves of resilience: to renounce responsibility for the economic crisis; to stop scapegoating people who are struggling; to refuse to submit to stress; to recognise healthy limits and do everything possible to sustain them.... Political reform and grassroots resistance can only work towards recovery if we work for the weak as well as the strong; if we promote a culture in which people do not just survive, but thrive. ...Imagine if the time and effort invested in future-proofing ourselves was instead given to fully occupying the present, and to more determinedly realising the change we want to see.” (p.54-5)

Imagine, also, if those behind Glasgow’s resilience strategy had asked participants, “Would you rather “bounce back” from hard times, or resist and eliminate hard times?” The rent gap theory helps open up questions of resistance, and nudges the conversation in the direction of what cities might look like if the structural and institutional forces producing gentrification were systematically dismantled.

References

- August M. (2014). Challenging the rhetoric of stigmatization: the benefits of concentrated poverty in Toronto’s Regent Park. *Environment and Planning A*, 46 (6): 1317 – 1333.
- Ball P. (2014). Gentrification is a natural evolution. *The Guardian*, 19th November, retrieved from: <http://www.theguardian.com/commentisfree/2014/nov/19/gentrification-evolution-cities-brixton-battersea>.
- Bernt M. (2016). Very particular, or rather universal? Gentrification through the lenses of Ghertner and López-Morales. *City*, 20 (4): 637-644.
- Brenner N., Peck J., Theodore N. (2010). Variegated neoliberalization: geographies, modalities, pathways. *Global Networks* 10 (2): 1-41.
- Chakraborty A. (2014). New Era estate scandal: families at the mercy of international speculators. *The Guardian*, 19th November, retrieved from: <http://www.theguardian.com/society/2014/nov/19/new-era-estate-scandal-london-families-international-speculators>.
- Clark E. (1987). *The Rent Gap and Urban Change: Case Studies in Malmö 1860-1985*. Lund: Lund University Press.
- Darling E. (2005). The city in the country: wilderness gentrification and the rent-gap. *Environment and Planning A*, 37 (6): 1015-1032.
- Diprose K. (2015). Resilience is futile. *Soundings*, 58 (5): 44-56.
- Engels B. (1994). Capital flows, redlining and gentrification: the pattern of mortgage lending and social change in Glebe, Sydney, 1960–1984. *International Journal of Urban and Regional Research*, 18(4): 628–657.
- Ghertner D. A. (2014). India’s urban revolution: geographies of

- displacement beyond Gentrification. *Environment and Planning A*, 46 (7): 1554-1571.
- Ghertner D. A. (2015). Why gentrification theory fails in 'much of the world'. *City*, 19 (4): 552 – 563.
- Glasgow City Council (2016). *Our Resilient Glasgow*, online document, available from: <http://100resilientcities.org/strategies/city/glasgow#/>.
- Glynn S. (2008). Soft-selling gentrification?. *Urban Research & Practice*, 1: 164-180.
- Gray N., Mooney G. (2011). Glasgow's new urban frontier: 'Civilising' the population of 'Glasgow East'. *City*, 15: 1-24.
- Hammel D. (1999). Re-establishing the rent gap: an alternative view of capitalised land rent. *Urban Studies*, 36: 1283-1293.
- Hamnett C. (1991). The blind men and the elephant: the explanation of gentrification. *Transactions of the Institute of British Geographers*, 17: 173-189.
- Harvey D. (2010). *The Enigma of Capital and the Crises of Capitalism*. London: Profile Books.
- Harvey D. (2014). *Seventeen Contradictions and the End of Capitalism*. Verso:London.
- Hodkinson S. (2012). The new urban enclosures. *City*, 16 (5): 500-518.
- Hoyt H. (1933). *One Hundred Years of Land Values in Chicago*. Chicago: University of Chicago Press.
- Kallin H. (2017). The state of gentrification has always been extra-economic. In: N. Benach, A. Albet, eds., *Gentrification as a Global Strategy: Neil Smith and Beyond*. London: Routledge (forthcoming).
- Kallin H., Slater, T. (2014). Activating territorial stigma: gentrifying marginality on Edinburgh's periphery. *Environment and Planning A*, 46 (6): 1351-1368.
- Kary K. (1988). The gentrification of Toronto and the rent gap theory. In: T. Bunting, P. Filion, eds., *The Changing Canadian Inner City*, Department of Geography, University of Waterloo.
- Kuymulu M.B. (2013). Reclaiming the right to the city: Reflections on the urban uprisings in Turkey. *City*, 17 (3): 274-278.
- Lees L. (2014). The urban injustices of New Labour's "New Urban Renewal": the case of the Aylesbury Estate in London. *Antipode*, 46 (4): 921-947.
- Lees L., Slater T., Wylie E. (2008). *Gentrification*. Routledge: New York.
- Lees L., Shin H., Lopez-Morales E. (eds.) (2015). *Global Gentrifications*. Bristol: Policy Press.
- Lees L., Shin H., Lopez-Morales E. (2016). *Planetary Gentrification*. Cambridge: Polity Press.
- Ley D. (1996). *The New Middle Class and the Remaking of the Central City*. Oxford: Oxford University Press.
- López-Morales E. (2010). Real estate market, state entrepreneurialism and urban policy in the gentrification by ground rent dispossession of

- Santiago de Chile. *Journal of Latin American Geography*, 9 (1): 145-173.
- López-Morales E. (2011). Gentrification by ground rent dispossession: the shadows cast by large scale urban renewal in Santiago de Chile. *International Journal of Urban and Regional Research*, 35 (2): 330-357.
- Losch A. (1954). *The Economics of Location*. New Haven: Yale University Press.
- MacLeod G. (2013). New Urbanism/Smart Growth in the Scottish Highlands: Mobile Policies and Post-politics in Local Development Planning. *Urban Studies*, 50: 2196-2221.
- Maloutas T. (2011). Contextual Diversity in Gentrification Research. *Critical Sociology*, 38: 33-48.
- O'Sullivan D. (2002). Toward micro-scale spatial modelling of gentrification. *Journal of Geographical Systems*, 4 (3): 251-274.
- Paton K., McCall V., Mooney G. (2017). Place revisited: class, stigma and urban restructuring in the case of Glasgow's Commonwealth Games. *The Sociological Review*, forthcoming.
- Paton K. (2010). Creating the neoliberal city and citizen: the use of gentrification as urban policy in Glasgow. In: Davidson N., McCafferty P., Miller, D., eds., *Neoliberal Scotland: Class and Society in a Stateless Nation*. Newcastle: Cambridge Scholars Publishing.
- Peck J. (2015). Cities beyond Compare?. *Regional Studies*, 49 (1): 160-182.
- Porter L. (2009). Planning displacement: the real legacy of major sporting events. *Planning Theory & Practice*, 10 (3): 395-418.
- Sakizlioglu B. (2014). Inserting temporality into the analysis of displacement: Living under the threat of displacement. *Tijdschrift voor Economische en Sociale Geografie*, 105 (2): 206-220.
- Sayer A. (2015). *Why We Can't Afford The Rich*. Bristol: Policy Press.
- Slater T., Anderson N. (2012). The reputational ghetto: territorial stigmatisation in St. Paul's, Bristol. *Transactions of the Institute of British Geographers*, 37 (4): 530-546.
- Slater T. (2017). Planetary rent gaps. *Antipode*, 49 (1): 114-137.
- Smith N. (1977). *The Return from the Suburbs and the Structuring of Urban Space: State Involvement on Society Hill, Philadelphia*. BSc Dissertation, Department of Geography, University of St. Andrews. Available from: <http://www.geos.ed.ac.uk/homes/tslater/NeilSmithugraddiss.pdf>.
- Smith N. (1979a). Gentrification and capital: practice and ideology in Society Hill. *Antipode*, 11: 24-35.
- Smith N. (1979b). Toward a theory of gentrification: a back to the city movement by capital, not people. *Journal of the American Planning Association*, 45(4): 538-548.
- Smith N. (1996). *The New Urban Frontier: Gentrification and the Revanchist City*. Routledge: New York.

- Thörn C., Holgersson H. (2016). Revisiting the urban frontier through the case of New Kvillebäcken, Gothenburg. *City*, 20 (5): 663-684.
- Uitermark J., Duyvendak J., Kleinhans R. (2007). Gentrification as a governmental strategy: social control and social cohesion in Hoogvliet, Rotterdam. *Environment and Planning A*, 39: 125-141.
- Wacquant L. (2007). Territorial stigmatization in the age of advanced marginality. *Thesis Eleven*, 91 (1): 66-77.
- Whitehead J., More, N. (2007). Revanchism in Mumbai? Political economy of rent gaps and urban restructuring in a global city. *Economic and Political Weekly*, June 23rd: 2428-2434.
- Wright M. (2014). Gentrification, assassination and forgetting in Mexico: a feminist Marxist tale. *Gender, Place & Culture*, 21 (1): 1-16.
- Wyly E. (2015). Gentrification on the planetary urban frontier: the evolution of Turner's noosphere. *Urban Studies*, 52(14): 2515-2550.
- Yung C-F., King, R. (1998). Some tests for the rent gap theory. *Environment and Planning A*, 30: 523-542.

Tom Slater

Professore associato di Geografia urbana presso la School of Geosciences, Università di Edimburgo. Si occupa di gentrification, displacement, edilizia pubblica e stigma territoriale.