ST. XAVIER’S COLLEGE – MUMBAI (AUTONOMOUS)

Gentrification

From Art to Corporatization

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Decleration

I hereby declare that all the material used in this paper is original and produced by the author. Credit, in the form of references and citations, has been given wherever required.

Abstract

Gentrification, as a tangible and intangible process, has an omnipresence and platitudinous sense to it. This paper seeks to trace how this process takes place with special regard to how artists are responsible for this spatial transformation.

Urban redevelopment in typically ethnic neighborhoods to pander to the deeper pockets of mobile professionals succinctly describes gentrification. This has been seen in a plethora of urban spaces, ranging from SoHo in New York City, the Tacheles squat in Berlin post-unification and even Dadar, the first planned suburb of Mumbai. This gentrification can be seen as a natural, almost Darwinian capitalist process, where the economically weak are weeded out by the mightier. In this case, the end product is a neighborhood bereft of its previous ethnic flavor, populated by "the gentrifiers", who tend to be young, educated and culturally inclined.

This paper aims to observe trends of Gentrification in New York City and Barcelona. It opens with defining gentrification and art, after which the cases of Bushwick and Poblenou are analyzed. It goes onto establishing the economic explanations for gentrification, followed by the economic consequences of the same.

Defining Gentrification and Art

The textbook definition of gentrification proposes movement into a formerly deteriorating neighborhood community by the affluent and the middle class (Davis, 2013). However, this definition remains agnostic toward the corollary of the previous statement, the massive social cost that falls upon the displaced poorer residents (Saunders, 2016).

A cruder, causal definition is one that reads:

Gentrification: "The process by which high income households displace lower income residents of a neighborhood, changing the essential character of the neighborhood Hillyer(2012).*"*

The latter half of this definition touches upon the controversy-generating feature of gentrification; it is the transformation in essential character of neighborhoods that causes much discontent.

While the above definitions may appear to be comprehensive, their authors disagree vehemently on the causes and effects of this process, leading to a great amount of in-determinability and ambivalence. Gentrification is "still a vague, imprecise and polit

ically loaded term" (Florida, 2014) in the general context; however it can be better defined for the specific context of this paper.

For the purposes of this paper, art will refer to music, street art, fine art, sculptures and installations. Artists will refer to the creators of the aforementioned art.

Gentrification, for this paper, is the process of higher-income residents being drawn to ethnically homogenous neighborhoods due to the artistic affinity of these neighborhoods, which results in the displacement of not just the dominant ethnic group but also the artists themselves.

It would be foolish to dismiss any other causes of gentrification such as the natural proclivity to better neighbourhoods and a higher standard of living, and the author seeks not to do the same – this paper simply aims at affirming art as one of the major reasons that gentrification takes place.

Explaining the Process

To substantiate the claims of art causing gentrification, the process will first be delineated, after which several cases will be analyzed.

Perpetually resigned to the lower-end of the income spectrum and in constant need for larger, more accommodating spaces for their installations, music and Bohemian lifestyle, artists looked toward neighborhoods that offered such spaces. These tended to be, in America especially; neighborhoods occupied by non-White migrant populations, which then gave way to gentrification. Artists themselves would be unable to gentrify these neighborhoods, however due to the recent 'hip' quotient of the neighborhood; wealthier tenants are drawn to these spaces. It is this inflow that raises rent prices and drives out the original inhabitants, creating gleaming buildings, well-paved roads and upscale restaurants. It is the allure of living amongst art, creating the façade of culturedness and non-conformity that attracts these individuals to artsy locales, oblivious to the vast social repercussions of their whims.

New Economy Inevitability, Opportunity Cost or Yuppification: Comparing Barcelona, Brooklyn, and Paris

Bushwick, a neighbourhood in Brooklyn, New York, is a textbook case of artist-induced gentrification. It also brings out the spatial, adjacency and almost-Ricardian elements of gentrification. As the movement of artists into SoHo is well-known and well-documented, around the same time, Bushwick was lowest on the pecking order of neighborhoods in the either of the two Burroughs. It was a destitute neighborhood with its residents living in constant fear of being jumped or having their house burnt. The overwhelmingly colored nature of the neighborhood still persists; however, it is under serious threat.

With an attraction to the Bohemian lifestyle in the late 1980s and early 1990s coupled with the dotcom boom that took place, the process of yuppification began. These 'young upwardly mobile professionals' were attracted to the massive art galleries and structures of SoHo, that formed the core of the artists work, as well as to the alternative ways of living of these artists – the yoga, electronic music and odd food. The free market then adjusted itself to higher rents, inevitability displacing the artists.

The artists followed a rather straightforward trajectory, moving to the East Village where the same process took place, then across the Hudson to Williamsburg in the early 2000s and now finally to Bushwick. These movements have been from adjacent neighborhoods to adjacent neighborhoods in a linear fashion.

For a neighborhood known for crack addiction, the sourdough pizzas and raves are a discernible shift. As the artists were displaced from Williamsburg to Bushwick, what came with them was the allure of alternative lifestyle and the increasing commoditization, romanticisation and fetishisation of this way of life. Street art that is meant to display social solidarity and remain a cathartic expression is now a capitalist tool used to create an atmosphere of hipsterness. This draws the overwhelmingly white, young and well-educated population to this 'cool' locale, which drive out the Hispanic and Black inhabitants, who tend to be far less well-off. The latest manifestation of this merciless form of the free market is "Ghetto Tours", resemblent of the "Slum Tourism" of Bombay, or Favela tours in Rio. This brings fancily clad, DSLR-wielding and 'woke (millennial term of political awareness)' tourists to Bushwick on a tour meant to showcase the street-art of Bushwick. The tourists are hapless in their aiding of gentrification, and appreciate the original street art as well as the corporate funded advertisements masquerading as street art (Glazma, 2017).

The yuppies are more than happy to pay higher rents as they are populating a visually aesthetic part of town that has been created by real-estate agents in order to attract the yuppies themselves, while the actual flavor of the area has been lost. An induced sense of adventure, uniqueness and culturedness – all essential components of the lifestyle of the New Economy – has been manufactured by real-estate developers, much to the dismay of artists and previous inhabitants.

Similar developments have taken place in Paris – neighborhoods become trendy and popular – with street art being a sign of vibrant avant-garde culture (Hauger, 2013). Paris' tipping point was when the Piscine Molitor was closed down in 2011.

The heart of Catalonia, Barcelona, has a thriving street art scene. The city is also considered the 'Mecca of Skateboarding' (Parmenter, 2016), an activity typically associated with street art and graffiti. A seaside neighborhood dubbed the Catalan Manchester due to its industrial character, Poblenou, is the site of obtrusive and marked gentrification.

When Barcelona was selected as the host of the 1992 Summer Olympics, a massive upheaval of transport, communication and general infrastructure began to take place. This was the result of combined public and private investment which led to rising rent across Barcelona, however, this rise was not uniform. Poblenou's rent, too, increased; however it was not as marked as in other, more central neighborhoods such as Born and Raval. This resulted in artists abandoning their traditional locations in the heart of the city for Poblenou's large spaces and low rents. For nearly two decades, the street art scene exploded with world-renowned institutions such as the Hangar Collective at the fore, who had assembled themselves in abandoned factories (Casellas, Dot-Jugla, Pallares-Barbera, 2012).

Toward the turn of the millennium, Barcelona's drive to establish itself as part of the New Economy led to great investment in training the service economy, specifically the ICT industry. In order to facilitate this transition, land and capital were required, and thus began the gentrification of Poblenou. This is obtrusively epitomized by the '22@Barcelona' programme, which seeks to "transform 200 hectares of industrial land in Poblenou into an innovative district offering modern spaces for the strategic concentration of intensive knowledge based activities" (taken from the 22@Barcelona website). This has led to these artist workshops, squats and quarters being taken over by real estate developers who have transformed these factories into offices that posses the industrial character that has become increasingly popular among yuppies, in New York City's Meat Packing District and even in Bombay's Lower Parel area. The artists, for no fault of their own, are forced to protest these developments. They have fallen prey to the realization of the massive rent-gap and the demands of the cut-throat New Economy.

The case of Barcelona has been taken up to establish that artists can be affected by gentrification without being complicit in the same. This is not the case for Paris or Brooklyn, where the inflow is primarily a result of art.

Adjacency: Modeling Gentrification through Ricardo

The most well-known of all rent theories in economics is the one proposed by David Ricardo, a British political economist.

The theory states that rent emerges from putting a piece of land into its most productive use, when compared to a piece of land that has minimal productivity (marginal land – land that is rent free). His model proposes a relation between productivity (output) and differential qualities of land. Rent for the first plot of land emerges as the difference between the productivity of that plot of land and the succeeding, less productive plot of land[1].

A crude extrapolation of this theory can be made to understand how gentrification spreads. This hypothesis will establish a relation between differentiated land and cultural capital, versus economic capital as suggested by Ricardo. In the aforementioned illustration, land is differentiated on the basis of fertility that implies productivity and thus drives up rent. In this case, cultural capital will be the basis of productivity.

Assume the following scenario:

City Wolfalice is a thriving metropolis with inner city A, ghetto B, financial district C and upscale resident area D. Second generation residents of D tend to be well-educated. The artist population previously living in D look for alternate residences due to space and cost constraints, and decide to move to Area A. Area A has a low institutionalized cultural capital and a low objectified cultural capital. With the inflow of artists who represent cultural capital but do not represent the corresponding economic capital, the market reorients itself to the change in composition of Area A. The increased cultural capital does not necessarily imply the existence of economic rent, as the question of displacement has not yet come up. It is when employees of Area C move into the culturally attractive Area A and bring with them economic capital that displacement becomes a possibility. The original residents of Area A have two options – to continue living in Area A at higher rents or move to Area B. The difference in colloquial rent will be a function of the cultural capital of Area B. Regardless of the choice that the residents of A make; there will be a situation where economic rent exists, which literally drives up the colloquial rent.

Adjacency is a feature of this movement as the spillover is typically into adjacent neighborhoods. This has been analyzed above, especially in the case of Brooklyn.

Gentrification is an allocatively efficient process. Allocative efficiency refers to the optimal distribution of goods and services, taking into account the preferences of consumers. This is usually the point on the free market where demand and supply are at equilibrium. A proxy that was typified by Marshall for price is Marginal Utility. Allocative efficiency is that point at which the marginal utility gained by a consumer is equal to the supply of that particular good.

When the neighborhood was being populated by artists, they represented a purchasing power akin to the original inhabitants; therefore there was no change in demand. However, once affluence began to seep in, there was an upward shift in the demand curve. Consumers were prepared to pay higher prices for a good that had a constant supply. This leads to an increase in price, in this case rent.

<u>Transformative Land Use: the Effect of the Starbucks</u>

A universally accepted marker of gentrification has been a Starbucks Coffee Shop. Homes in the USA within a quarter mile of a Starbucks saw their value shoot up by 96% from 1997 to 2013, versus 65% for all other homes (Rascoff and Humphries, 2015). While this may be a boon for homeowners, it is bound to apply upward pressure on rents – standard protocol for gentrification.

However, this section of the paper seeks to analyze the long term effects of these investment injections, regardless of the underlying motives of these investments.

There is an inflow of new businesses that are bound to cater to the niche wants of the new residents. These can be broadly divided into two categories based on the genre of employees they will require. Both are service based businesses, very much a feature of the New Economy. The first kind of business is one that hires relatively unskilled employees, something like a Starbucks or a restaurant or a book shop. The second kind is one that hires technically sound and proficient employees, something like a travel agency or a designing firm would require. The former genre of firms is likely to generate local employment for a multitude of reasons – the tendency of gentrifying neighborhoods to be relatively poorly educated, therefore the availability of semi-skilled labor in abundance. The nascence of these businesses is a visible process, as is the hiring process. Word regarding the same is likely to permeate the community, thus leading to employment generation. Some gentrifying cities, such as San Francisco, have compulsory local hiring policies, ensuring that new businesses hire a certain quota of local employees. In the short term, this employment may appear as a boon to the area, however as time goes on and the cost of living begins to increase, it becomes difficult to sustain oneself on the slightly-above minimum wage that chains pay.

The second kind of skilled business is unlikely to have major benefits to the local economy, as the probability of an original resident being employed is low, as is the probability of an original resident availing of the services being offered. If anything, these niche businesses will attract their employees to the neighborhood, speeding up gentrification.

Another discernible financial effect of transforming neighborhoods is an increased credit score for businesses in the area. This is, on the surface, a general benefit to the region. It provides all businesses with the opportunity to access credit more easily, often at a cheaper rate. Local mom and pop stores have the same access to investment as franchisees and other chain firms. What should be a harbinger of competition is in fact something that perpetuates inequality – locally owned firms have little use of additional investment. Their models are rarely based on expansion and they look to do nothing more than serve the neighborhood they live in. It is also likely that these firms lack the technical knowhow to scale. Chains and franchisees, on the other hand, can use this increased access to further expand operations within the neighborhood or across the general region- leading to the upward pressure on the economy.

Concluding Remarks

In every gentrifying area, there exists a narrow window of time during which changes stop being organic spillovers and begin to be methodical, profit-driven and deliberate. Movement, intra-urban migration and redevelopment are bound to take place, and must not be dubbed as gentrification. When these processes begin to pander only to the affluent and ignore the incumbent inhabitants of the area is when the situation becomes problematic. Artists require space and freedom to uninhibitedly engage in creative processes. As long as this art remains untouched by corporations and their malicious sales ventures, it will continue to remain productive to the neighborhood by adding unique tinge of flavor and identity. As the profit motive enters, productivity of this art increases manifold, however this is at the detriment of the artists and former residents. It is imperative that urban policy realizes the incredible social cost of gentrification, and enforces mechanisms that take these costs into account.

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Endnotes

Assume settlers on an island named Callinan. Callinan has four main regions, A, B, C, and D, all of which are adjacent to their successor. The first inhabitants populate A, which has the most fertile soil and therefore highest productivity. The inhabitants conclude that it takes 100 laborers and 5 cattle to grow 100 quintals of wheat. They grow wheat peacefully up until there come a new set of settlers, who inquire whether they can use region A. Region A, however, is at its maximum capacity with 100 laborers and 5 cattle. The new settlers decide to go to Region B, where they too use 100 laborers and 5 cattle. Their yield is only 90 quintals of wheat, purely due to the fact that Region B has soil with a lower fertility.

1. In this case, the rent for Region A is the economic equivalent of 10 quintals of wheat. It is what would be accepted by inhabitants of Region A from inhabitants of Region B to forego their land. In other words, it is the difference in productivity among plots of land that leads to rent being created. It is essential to remember that at no point will any inhabitants be making a loss. As more land is put under cultivation (A, B, C, D), the price of wheat will rise. Consider a situation where the cost of maintaining 100 laborers and 5 cattle is 1500 units. This implies a cost of (1500/100) = 15 per quintal of wheat when only Region A is under cultivation. Once Region B too comes under cultivation, the maintenance cost will not differ and remain static at 1500 units. However, the return is only 90 quintals. This leads to an increased cost of (1500/90) = 16.67 per quintal of wheat when both Region A and B are under cultivation. The current market price will be 16.67 per quintal. If Region A sells its 100 quintals at this price, it will generate revenue of 1,667 units. This is 167 units greater than its costs (1500 units) which is its rent. Accepting a payment of less than 167 units would make the inhabitants of Region A economically irrational players. 167 units is the market determined level of efficient that results in equilibrium.