The Housing Crisis is Global!

Background reading package framing anti-imperialist perspectives on “foreign” investment and our homes

The “Housing Crisis is Global” forum, co-organized by the Chinatown Action Group and Alliance Against Displacement in the fall of 2016 seeks to present anti-imperialist perspectives to the foreign investment myth by building a critique that acknowledges Canada’s role as an imperialist country in a global market. This critique weaves together three main themes: 1) British Columbia as a settler province constructed through the dispossession of Indigenous peoples from their lands, an ongoing act of dispossession that constitutes the first “foreign invasion;” 2) the history of anti-Asian racism in BC, and the role anti-Asian racism plays in the current foreign investment myth; and 3) the role of private property and global capital in the current crisis, as well as alternatives for both understanding and building solutions to the housing crisis in BC.

This reading package is a backgrounder. These are the readings that our two groups read and discussed to prepare for this forum. They are not required readings for those who are going to come and participate in our panel discussion, but we decided we would make them available for other participants in order to help advance this discussion.

We consider this panel discussion a continuation of a discussion that will advance through this panel, and will continue afterwards. As we head into the panel our discussion is confidently opposing and refusing the frameworks of “foreign” investment as a threat to our people. We hope that on the other side of the panel we will begin to develop our refusal into articulating an alternative, including terms of struggle against real estate as a field of Canadian imperialism and globalization.

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Indigeneity, Nature, and Neoliberalism

The previous chapter shows that the articulation of indigeneity is shaped by colonial structures, by sites of articulation, by economic, social, and political interests, and by gendered senses of place, all of which operate on different scales and make certain political visions (im)possible. The chapter argues that the articulation of indigeneity is neither homogeneous nor the only Indigenous response. Global discourses on rights and development are locally engaged, contested, and transformed through articulatory practices that produce diverse understandings of indigeneity that both challenge hegemonic views and are modified by them.

This chapter explores how neoliberal understandings of the self, difference, and the market are grounded in the colonial legacy and have shaped state practices and articulations of indigeneity. Specifically, this chapter asks what kinds of configurations result from the intersection of Indigenous identity, rights, and the environment under neoliberalism? How do indigeneity articulations shape Indigenous political (im)possibilities and gender inequalities? Do the structural differences between settler and extractive colonialism have an impact on how neoliberalism, identity, and the environment are articulated in Canada and Mexico?

Building on the work of scholars from different disciplines, including anthropology, critical geography, and political science, I analyze the connection between indigeneity, nature, gender, and neoliberalism. I argue that by
articulating essentialized understandings of indigeneity and by defining the economic opportunities open to Indigenous communities, the state and multiple sites of articulation naturalize colonial spaces. Unlike in the past, current economic strategies shaping the spatial and social reconfiguration of place and indigeneity rest not only on the liberalization of the natural environment per se but also on schemes aimed at commodifying “saved” environments. The neoliberalization of the environment incorporates Indigenous peoples into the market and intensifies commodity production as a way to encourage Indigenous peoples to abandon their land-dependent livelihoods and practices. Moreover, although the emphasis is on preservation, the extraction of resources such as oil, gas, and minerals is concomitant with conservation. Exploring the types of economic initiatives being promoted for Indigenous peoples requires paying attention to power relations between the global economy, the state, and place as well as the specific outcomes. Thus the contingent expressions of neoliberalism are shaped by the state, local histories, and the livelihoods of Indigenous communities. Moreover, the dynamic nature of indigeneity articulation and the socioeconomic changes shaping and being shaped by Indigenous peoples are relevant to comprehending these peoples’ place-based struggles.

One theoretical theme that runs throughout the arguments made in this chapter is that a critical approach to neoliberalism must start by considering how its processes unfold in specific locations in which neocolonial power is exercised. A second theme is that although examining neoliberalism in practice is helpful in revealing the contradictions and unevenness of this project, substantial commonalities of process and outcomes occur throughout difference. A third theme is that neoliberalism is a qualitatively distinct phenomenon organized around difference, rights, the environment, the self, and the market. I see these intersections as being useful in analyzing the specific discursive, social, and material effects of how indigeneity is defined, policies are framed, economic possibilities are envisioned, and gender hierarchies are reproduced.

In the following sections, I first discuss neoliberalism as a governance project connected to difference, the market, the global discourse of rights, the self, and the environment. Second, I explore the relationship between rights and the ways that Indigenous places are reconfigured through “intelligible” articulations of indigeneity, which have important implications for women. Third, I analyze how neoliberalism has shaped responses to Indigenous claims.
Theorizing Neoliberalism

In recent decades, there has been a considerable expansion of the literature on neoliberalism. From a political-economy perspective, debates have focused on either conceptual discussions or contrasting research agendas along the global North-South divide. In the global North, particularly North America, research on neoliberalism has focused on economic development, urban settings, and the transformation of citizenship regimes. In contrast, in regions of the global South, particularly Latin America, debates about neoliberalism have centred on rural contexts, Indigenous peoples, the environment, and the well-known Washington Consensus.

Some studies have noted that neoliberalism produces both constraints and opportunities for Indigenous peoples. This understanding of neoliberalism assumes that this project is progressive because it focuses mainly on institutional change and ignores “spatial and territorial implications” (Keil and Mahon 2010, 3). Similarly, Massey (1994, 279) argues that it is important to pay attention to how spatial constructions are embedded in “power geometries.” Stories of progress, development, and modernization reorganize difference into a time sequence in which place is detached from space. However, neither space nor place is separate from time, context, and power.

In the literature, neoliberalism has also been represented as a monolithic force that has the capacity to transform all spaces, reconfigure freedom and choice, and redistribute wealth (Martin 2005; Bargh and Otter 2009). From this perspective, resistance is not only futile but also backward. For many, however, this meta-narrative is inaccurate (Lewis 2009, 113). Do these divergent accounts of neoliberalism mean that scholars ask some questions and use some concepts in some parts of the world but not in others (Young and Matthews 2007, 176)? Do these accounts mean that we use the term “neoliberalism” to explain different processes? How can we interrogate neoliberalism?

Larner (2003) points out that the diversity of accounts suggests that there is no single or unitary neoliberalism. Rather, we can understand neoliberalism as a process that involves a multiplicity of often contradictory effects and practices. However, if neoliberalism is so diverse and diffuse, how do we know we are studying the same phenomenon? Other scholars (Peck 2004; Howitt 2009) have noted that although local contexts determine outcomes, it is important to identify the commonalities within the apparent differences. Although the general forces and discourses through
which neoliberalism has been implemented have deserved much theoriza-
tion, more research is needed to explain how spaces, places, and economies
are neoliberalized (Peck 2004; Young and Matthews 2007). Neoliberal poli-
cies emerge from and are rooted in specific colonial, social, political, cultural,
and economic contexts. Accordingly, it is important to take this spatial
element into account when explaining neoliberalism’s locally contingent
form (Perreault and Martin 2005; Magnusson 2009).

Neoliberalism is not driven by an external, invisible hand but by specific
actors, sites, institutions, networks, the state, and discourses, all of which
have material effects in different places. Although neoliberalism has usually
been treated exclusively as an economic project involving deregulation,
privatization, individualization, and transformation of the state-citizen re-
lationship, neoliberalism also shapes the constitution of identity and the
commodification of nature (Laurie, Andolina, and Radcliffe 2002; Bakker
2010). Brown (2001, 39-40) argues that despite “foregrounding the market,
neo-liberalism is not only or even primarily focused on the economy”; rather,
it has “cultural, social and political effects that exceed its surface.” From this
perspective, neoliberalism involves not only deregulation but also the re-
regulation of nature. Thus neoliberalism involves practices, knowledge, and
ways of inhabiting the world that emphasize the market, individual rational-
ity, and the responsibility of entrepreneurial subjects (Hale 2002).

In his analysis of Indigenous peoples in Central America, Hale (2005)
notes that neoliberalism involves the reorganization of society along the
lines of decentralization, the reduction of the state, the affirmation of basic
human rights, the redirection of social policy, and the development of civil
society. According to Hale, the recognition of cultural difference and the
granting of compensatory collective rights to “disadvantaged” social groups
are integral to neoliberalism. These cultural rights, along with their socio-
conomic components, distinguish neoliberalism as a specific form of gov-
ernance that shapes, delimits, and produces difference. Hale (2005, 12-13)
has rightly noted that when difference is carefully produced as cultural
rights, it poses little challenge to the neoliberal project.

In Hale’s (2005) account, governance refers to the project of governing
society and entails a fundamental organizational and institutional reconfig-
uration. The concept of governance seeks to capture how economic and so-
cietal issues are governed by networked interactions between states and
nongovernmental organizations (Jessop 2002, 199). Scholars from other
disciplines, including critical geography and political ecology, have ex-
tended the use of the concept of governance to explore how neoliberalism
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involves complex relations between nature and society, which affect access to and control over resources and property regimes (Watts and Peet 2004). Scholars have detailed how the complex connection between ecological systems and property rights over resources is reworked through colonialism, capitalist development, and neoliberalism (Robbins 2004).

Although management of the environment has often been considered an apolitical exercise, it is implicated in relations of power and in economic systems, and it is informed by hegemonic knowledge that authorizes who has the “truth” about how nature is to be understood and the environment managed. This approach suggests that it is possible to examine claims about the environment in terms of its status not as a true object but as historically produced. This approach is useful in analyzing how gender and the inequalities between men and women are closely connected to how nature is produced. Claims about the environment, the economy, conservation, wilderness, and cultural rights are crucial to interrogating how power is exercised, social groups are enrolled, and networks are forged and maintained.

The Neoliberalization of Nature and Indigeneity

As a project that reorganizes relations between society and nature, neoliberalism draws on liberalism. Heynen and Robbins (2005, 6) characterize the neoliberalization of nature as comprising governance, privatization, enclosure, and valuation. Governance refers to the institutional and political compromises through which capitalism is negotiated; privatization, a technology of governance, involves the commodification of natural resources; enclosure implies the appropriation of common resources and the exclusion of the communities to which they are connected; and valuation refers to the process by which complex ecosystems are transformed into resources/commodities through pricing. McCarthy and Prudham (2004) argue that this is not new. Classical liberalism and the dissemination of free market capitalism rested upon the liberalization of the natural environment. The liberal dispossession of nonhuman nature occurred through the transformation of human nature, the denigration of “unimproved” nature, and the construction of an economy based on the exclusive control of land and its unlimited accumulation by those who could transform it (McCarthy and Prudham 2004, 278). As discussed in the previous chapter, in Canada the myth of emptiness and “unimproved” land, for example, not only validated Indigenous dispossession but also shaped the political and legal corollaries that constructed this country as a settler space.
Neoliberalism is distinct because it brings together global discourses of rights and the environment, thereby opening up space for the recognition of Indigenous rights as well as for management practices that have uneven implications for Indigenous places and senses of place (Swyngedouw 2009, 122-23). As a mode of governance, neoliberalism expands the scope of nature to include relationships between the human and nonhuman worlds, moving from nature as a resource to socio-natures. Swyngedouw (2009) and Bakker (2010) point out that the concept of socio-natures is central to accounting for how human genomes, genetically modified organisms, pet love, knowledge, and environmental services are transformed into commodities. From their point of view, moving beyond an anthropocentric understanding of nature helps us to address the full range of strategies and socio-natural entities being subsumed within processes of neoliberalization. In agreement with Bakker (2010, 717), it is possible to argue that neoliberalization strategies vary depending on the target, whether property rights, governance practices, or different types of socio-natures.

Because Indigenous people’s lives unfold in specific locations and environments that are socially constructed, we need to consider what meanings people attribute to place and what relationships they build with place (Benwell and Stokoe 2006). The neoliberalization of socio-natures socially and ecologically decontextualizes these relationships and meanings. Through this process, people’s relationships with place are emptied of meaning and transformed into isolated cultural practices or quasi hobbies, and the nonhuman world is broken down into units of value within the economic realm. Although dynamic relationships are crucial to Indigenous ontologies, stereotypical constructions transform indigeneity into a “primordial artifact” whose expressions are reflected through a “primitivist relation to nature” (Sylvain 2005, 357-58).

The promotion of a peculiar understanding of indigeneity mediates development by emphasizing a “primordial identity” and “fixed attachments to land,” which are not inclusive of Indigenous social complexities. Moreover, the representation of Indigenous peoples as part of pristine nature and the alignment of their activities with the conservation of nature effectively deny the territorial claims of these peoples (Rossiter 2004). When environmental discourses of scarcity and conservation are based on a construction of the “noble indigene,” they have a disciplinary effect that disregards issues of equity and the historical dispossession of Indigenous peoples. Performances outside of these oppositional constructs render Indigenous subjectivities unintelligible (Braun 2002, 71). Because territorial and resource conflicts
are one of the most pressing issues for Indigenous peoples, it is crucial that we analyze how nature is produced and gender reinscribed.

Indigenous peoples’ responses to neoliberal policies have been diverse and apparently contradictory. In their demands for recognition, equality, territory, and self-determination, Indigenous peoples have articulated meanings of indigeneity and cultural difference that are intelligible to the state and other transnational sites. In doing so, they have also reproduced problematic processes of differentiating between “intelligible” and “inauthentic” forms of indigeneity that perpetuate structural inequalities (Hale 2002; Povinelli 2002). At the same time, Indigenous movements opposed to the neoliberal project have stood against the grid of intelligibility that neoliberalism has imposed on indigeneity. As Valdivia (2005, 285) notes, meanings of indigeneity – whether used to resist or to justify integration into the neoliberal project – are important to understanding the complexity of Indigenous peoples’ struggles and to questioning fixed notions of indigeneity articulation.

**Neoliberalization Strategies and Environmentalism**

In the current neoliberal context, nature is valued not only for its resources but also for the services it provides, which we have taken for granted, such as clean air, water sources, carbon storage, biodiversity, and other socio-natural entities that both people and the global economy now depend upon. These ecological services, or gifts, are regarded as “natural capital” and create economic opportunities for conservation around the world. Natural capital is more valuable preserved than dead. Environmental knowledge has been crucial to shaping the disciplinary mechanisms of a globalized environmentalism (Goldman 2001, 193) that is often underpinned by a “one-world” discourse that claims we are all globally connected through our intertwined ecological fate (King 1997). What emerges is a hegemonic story of the “fragile earth,” which is under stress from human action and in need of care and protection from an “imagined, homogeneous global community” (Macnaghten 2003, 65). This way of producing nature and its resources as bounded has elicited a discourse about the limits of the earth, a central tenet of environmental politics (Dobson 1990).

Because the context for conservation has changed, new approaches have been envisioned to secure capitalist expansion. This has required unprecedented global co-operation in which the state, environmentalists, financial institutions, corporations, citizens, and Indigenous peoples alike have different roles to play. For example, consumers have sought to ensure the products
they buy come from healthy and sustainable practices. To remain competitive in the global market, corporations have embarked on “new practices” and now act as environmental funding agencies that “support” communities’ efforts to take care of their ecosystems. Environmental nongovernmental organizations have provided society with tips on how, as individuals, we can all protect the environment and reduce our footprint on the earth (Rutherford 2007, 295). Rural communities, particularly Indigenous communities, on the other hand, have been made accountable for their places’ ecological degradation. Unlike colonial administrators, who did not value resource-dependent communities, neoliberalism values Indigenous territories both for the services locked up in their ecosystems and for the natural resources they contain.

Internationally, Indigenous peoples have raised concerns that these conservation market initiatives could result in large-scale forest plantation to create forest sinks and in further loss of Indigenous traditional livelihoods; that they are based on hegemonic worldviews regarding territory that reduce forest, lands, seascapes, and sacred sites to their ability to absorb carbon; and that they disregard Indigenous collective rights (Gerrard 2008, 943).

If colonial constructions of Indigenous peoples in terms of race, the “Other,” the “savage” living in the wilderness, and the unreasoning pagan structured the processes by which Indigenous peoples were dispossessed and exploited in the past, we can ask what material effects the intersection of indigeneity, rights, and nature produces in the present under neoliberalism? I argue that the processes and mechanisms through which the economy is organized, indigeneity is recognized, and the environment is regulated reinscribe patterns of colonial racial and gender inequalities.

In the context of economic development, Indigenous peoples are constructed as having a “special interest” in issues related to climate change. In many parts of the world, Indigenous peoples have felt compelled to embrace the opportunities provided by conservation in order to articulate a version of indigeneity that highlights the guardianship of environmental patrimony and biodiversity. However, Indigenous peoples are vulnerable not only to the impacts of climate change but also to government responses to this important issue. Moreover, although conservation and terms such as “efficient” and “green” may be driving economic development, the neoliberalization of socio-natures is implemented unevenly, with the exploitation of primary commodities such as oil, gas, and minerals remaining unchanged.
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Why are some types of socio-natures neoliberalized in some places but not in others? As mentioned earlier, Bakker (2010, 722-24) offers a useful typology for exploring how different processes of neoliberalization are applied to different kinds of socio-natures depending on their biophysical characteristics, their articulation of labour and consumption practices, and the effectiveness of existing property regimes. For instance, in some cases, privatizing and commercializing primary commodities such as minerals, gas, and oil are more effective and profitable approaches than providing environmental services. In forested communities, in contrast, reducing emissions is central to the provision of environmental services. The identification of neoliberalization strategies is useful in understanding how variation is mediated through the uneven production of nature and conservation. Specific processes and strategies have different trajectories and different impacts on people.

The valuation of socio-natures requires at least three elements: first, the institutionalization of deliberate land-management practices to ensure services; second, the alienation of affective relationships to place; and third, the granting of rights to forests, biodiversity, and primary natural resources (Wunder 2005). In this approach, economic opportunities open for Indigenous peoples may involve receiving payment for providing ecosystem services such as carbon sequestration, knowledge on biodiversity, ecotourism, and watershed protection. In many circumstances, land-use changes and the elimination of Indigenous livelihoods are a precondition for nature to be labelled for export. Ecosystem services can be bought by corporations, donors, governments, and tourists. The premise is that nature is better protected by managing the nonhuman world as a commodity. Promoters of this approach contend that by transforming into commodities some aspects of nature that were previously regarded as separate from the economy, the conservation economy serves the dual purpose of improving the welfare of the poor and fostering greener economic growth (McAfee and Shapiro 2010, 2).

Whereas the liberalization of nature resulted in the dispossession of Indigenous lands, under neoliberalism a double dispossession occurs through the recognition of a reified version of indigeneity and through a bundle of rights based on the alienation of Indigenous peoples’ relations and responsibilities to place. The rescripting of indigeneity is embedded in notions of entrepreneurialism, the self, and the economy. I argue that Indigenous peoples’ articulations of indigeneity both as environmentalists and as
entrepreneurs, although apparently contradictory, facilitate capital circulation. The articulation of indigeneity and territorial struggles are deeply connected to Indigenous peoples’ livelihoods, ownership of natural resources, and wider development policies threatening their sense of place (Nightingale 2002; Escobar 2005).

Comparing Neoliberalization Strategies
Although there is a sizable body of literature that deals with gender and resources, relatively little of it explicitly interrogates how gender and the inequalities between men and women are closely connected to how nature is produced under neoliberalism. This section examines how gender becomes salient and reproduced. I ask what kinds of imperatives and political (im)possibilities are created when fixed articulations of indigeneity, the neoliberalization of socio-natures, and the rights discourse are brought together? How does the production of nature reinscribe gender? Does the structural difference between settler and extractive colonialism have an impact on how neoliberalism, indigeneity, and the environment are articulated in Canada and Mexico? I argue that indigeneity, the framework of rights, and the neoliberalization of nature have coercive gendered effects. Specifically, I suggest that as a social construct, gender is reproduced through struggles to control place, through indigeneity articulation, and through the neoliberalization of the environment, all of which have uneven outcomes in different locations. As Larner (2003) states, the analysis of neoliberalism can benefit from thinking about this governance project as involving processes that produce spaces, states, and subjects in complex ways.

Feminist ecologists have focused on the material practices that bring women closer to the environment (Agrawal 1994). Scholars have shown how access to and control over resources, gendered knowledge production, and local environmental struggles are embedded in the global political economy (Schroeder 1997). These contributions consider gender to be a category of analysis that is relevant beyond the household and is salient within policies, legislation, and practices related to the production of nature. This approach is significant because it shifts the direction and emphasis of analysis. Rather than seeing gender as structuring people’s interactions with the environment, this approach emphasizes how the production of nature brings into existence categories of social difference, including gender (Nightingale 2009, 166). From this point of view, gender itself is reinscribed in and through practices, policies, and responses associated with specific
knowledge. By examining the implementation of neoliberal policies in relation to the production of nature in Canada and Mexico, I illustrate how the production of knowledge and the relationships between people, markets, and nature are fundamentally gendered.

In Canada land claims have been used to resolve, once and for all, Indigenous territorial disputes. By burying the colonial past, this approach perpetuates the imperative of settler colonialism to eliminate and subsume Indigenous peoples. Land claims are based on the liberal discourse of rights and on colonial narratives of land title, “improvement,” and “traditional” economic activities in which financial compensation is provided in exchange for land. In Canada Indigenous peoples wishing to secure land rights and resources must prove the authenticity of their claims by demonstrating historical continuity with a precolonial past anchored in land-use patterns. In this framework, Indigenous peoples’ economies are reduced to subsistence activities. As “hunter-gatherers,” they only appropriated the fruits of the land for the purpose of feeding their families and eventually trading with Europeans.

In Mexico, in contrast, although decolonization in theory terminated colonial rule, in practice structural inequalities and neocolonial arrangements have been reinserted by the postcolonial state. This continuity is driven in such a way that Indigenous peoples remain dominated. In these neocolonial arrangements, the state maintains the colonial notion that it has rights to the subsoil, or subsurface, ensuring that Indigenous peoples never benefit from subsurface resource exploitation. Because in many regions Indigenous peoples effectively continue to communally own and control their lands, neoliberal policies and environmental governance have aimed at liberalizing some Indigenous peoples’ control over their lands and at re-regulating other peoples’ land uses. As I show in the last two chapters of this book, this spatial reorganization shapes who is recognized as Indigenous.

Let us start with Canada. In this country the concept of terra nullius has given way to a policy that recognizes Indigenous rights and that has adapted to neoliberalism. Changes to Canadian social citizenship experienced in the 1980s were dramatic because they altered the state-society relationship. Like many other Western countries, Canada underwent a period of neoliberal government budget cuts, which were detrimental to the welfare state and the social fabric. Social policy was reoriented toward the goals of economic integration and privatization, which were seen as the keys to
domestic well-being (Banting 1996; Brodie 2010). The neoliberal transformation undermined universality in favour of major reductions in social programs and the transfer of social welfare responsibilities from the federal government to the provinces. Moreover, a shift occurred from viewing social support as an entitlement of citizenship to developing policies that emphasize individual responsibility and economic independence, regardless of peoples’ status in society (Bashevkin 2002).

Under neoliberalism, a new Indigenous citizenship was also configured. Historically excluded Indigenous peoples were encouraged to integrate into the global market in order to realize their collective rights to self-government and cultural difference (Altamirano-Jiménez 2004). In this context, Indigenous self-government was framed in terms of producing wealth and enabling “Indians, Inuit, and Métis to play their full roles as active and important contributors to the national economy” (Mulroney 1985, 163). Self-government was envisioned as promoting Indigenous “entrepreneurship” and “productive,” “happy lives” (Mulroney 1985, 161). In this vision, self-government was translated into the transfer of some administrative responsibility from the state to Indigenous governments. Neoliberal discourses emphasized self-governance and control over locally delivered services and one’s personal well-being. Although Indigenous self-government has produced a degree of autonomy and the devolution of some services, state and provincial control over the terms of Indigenous development has been maintained (Alfred 1999). Tripartite action – or the active participation of the federal and provincial governments and Indigenous leaders – has become the major tenet of this policy.

Although land claims have been considered a process to redress the dispossession of Indigenous lands, the Government of Canada continues to define the rules and subject Indigenous claimants to Canadian sovereignty (Alfred 2005, 29-30). For example, Indigenous peoples seeking to secure land rights and self-government have to prove the authenticity of their land claims by demonstrating the historical continuity of their land-use patterns. Interest in the power of maps as tools to secure territorial rights, manage resources, and strengthen cultures started in northern Canada and Alaska in the late 1960s and resulted in intellectual productions that included multivolume studies, atlases, guidebooks, and historical-analytical studies. Nietschmann (1995) and others made the case for Indigenous peoples mapping their own lands to assert title based on patterns of historical use and occupancy. In the Canadian Arctic, Freeman (1979) examined the advantages
of involving Indigenous peoples as environmental researchers in social and ecological impact analysis. Similarly, Rundstrom (1991) underscored the importance of process over product and emphasized Indigenous mapping as a long-term negotiation process.

The codification of rights into human rights law, first in Canada and later internationally, informed efforts to use participatory methods in mapping Indigenous lands and produced legal victories. Yet mapping has opened up new forms of co-optation by constructing indigeneity as territorially bounded. Like the validity of Indigenous knowledge, the validity of cartographic representations is based on their ability to fit Western knowledge and modern forms of governance. Because of the political interests shaping the negotiations of land claims, emphasis is on the types of knowledge that actually enhance the state’s capacity to govern, not on Indigenous knowledge that could potentially counteract hierarchical and colonial power relations (Bryan 2009, 25). Bryan (2009) explains, for example, that indigeneity is triangulated like points plotted on a map according to Indigenous peoples’ close relation to nature and according to the continuation of their “traditional practices.” Indigenous peoples’ specific livelihoods and the knowledge they have of their habitats are valued in relation to how far removed they are from “civilized” modern societies. From this perspective, Bryan continues, Indigenous mapping and the mobilization of Indigenous identity are measured in terms of their ability to confine Indigenous peoples to the position of “savage,” which configures them as living outside of modernity (Bryan 2009, 25, 27). As Peluso (1995) has noted, land-use mapping has created new ideas of territoriality, tradition, and customary law that affect Indigenous peoples’ access to and control over resources. Moreover, Natcher (2001, 118) warns that this incomplete picture of land use can produce use patterns that “appear historic, static and unrefined,” contributing to the belief that “traditional” land use is being abandoned in favour of participation in the neoliberal economy.

In these processes, place-based spatiality and knowledge are translated into a “universal” framework of modern space in which alternative views are not possible. For example, Indigenous peoples continuously negotiated landscape. Interests and ownership were recognized, and responsibilities were constantly adapted to dynamic social and political contexts, including population growth and decentralization of authority. Indigenous territories were imprinted by human actions, and their inhabitants were governed by complex legal systems that regulated land ownership, social organization,
and resource allocation. However, under neoliberalism, the unequal power relations embedded in land-use studies and land claims negotiations not only reduce these ontological differences but also indigenize settler society.

The construction of Indigenous peoples as “hunter-gatherers” and their lands as “wilderness” corresponds to a conveniently constructed dichotomy between “Indigenous savages” and the settlers who actually transformed the land. Even though society’s understandings of nature and wilderness have evolved over time in response to trends and ideas, this colonial construction continues to serve the needs of the hegemonic group at the expense of Indigenous peoples. By representing them as “hunter-gatherers” who lived in nature, the settler ontology prevents these peoples from fulfilling their aspirations in relation to their ancestral territories (Palmer 2007, 37). In this colonial narrative, Indigenous peoples used to perform economic activities that did not involve profiting from the land. Rather, they were “hunter-gatherers” who eventually traded with Europeans. By requiring diverse Indigenous peoples, regardless of their social organization, to prove they were exclusively involved in subsistence activities and by equating hunting with notions of land title, the state undermines difference and ownership of other landscapes, further erasing the diversity of Indigenous peoples and places.

Furthermore, most land-use studies in Canada have focused on the activities often associated with men and with subsistence production, namely hunting, fishing, and trapping. Natcher (2001) explains that if only men’s activities are considered, areas on the land that are used sporadically by men may in fact be used more consistently by women. Thus decisions about land management and planning might be based on maps that present an incomplete picture of Indigenous economies. This practice of focusing on male activity disenfranchises Indigenous women and erases their roles in and contributions to their economies and societies. From this perspective, women’s “traditional” activities – or work within the production cycle – are often deemed to be of secondary importance and limited to the household if they are included at all.

However, a comprehensive understanding of land ownership is incomplete without making reference to gendered experiences of place. As argued in Chapter 1, men’s and women’s understandings of place are defined by their habitats, by their being in place, and by the practices that shape their livelihoods, being, and identity. Not only do women contribute to their communities’ economies and social organization, but their practices and
livelihoods also require an elaborate knowledge of their communities’ environments. Women were, and many continue to be, skilful harvesters. They harvested a rich variety of country food, displaying knowledge of the seasons, harvest sites, preparation, consumption, and storage. Although hunting and, to a lesser extent, fishing have been masculinized, scholars have shown that Indigenous women are extremely involved in these activities through specific tasks that ensure the productive acquisition of game and fish (Bodenhorn 1990; Frink 2002; Parlee et al. 2005).

Although gendered, demarcated participation in and control over the production cycle in Indigenous societies began in the household, it did not end here. To gain prestige or status as well as to survive, men and women had to have access to those ecological spaces and resources that enabled them to fulfil their duties. In this regard, Desbiens (2007) highlights how the division of labour is a function of the constructed division of space on the land. Spatial frameworks create divisions between the public and private spheres and between different forms of labour. However, these spheres are not rigidly separated. In practice, men and women cross the gender barriers to overcome unforeseen obstacles, including resource scarcity, illness, injury, and death, thereby ensuring that their families are properly sustained.

Not only did the colonial depiction of women as “landless” and confined to the household serve to legitimize gender inequalities, but such inequalities also continue to be embedded in the bundle of rights associated with male subsistence activities. As Desbiens (2007, 366) notes, land-use studies not only impose a Western understanding of land and nature on Indigenous communities but also continue the process of excluding women from the land, a process that started with colonization. The production of nature and the use of natural resources shape identity and territory (Desbiens 2004).

Furthermore, by translating Indigenous relationships and obligations to the land into a bundle of rights and Western notions of property, the Canadian state is able to control Indigenous peoples and their land and resources more completely and to secure development. Rights to continue engaging in Indigenous land-based practices, such as hunting, are protected only to the extent that development and environmental concerns allow. Thus property and rights are fundamental to free market policies and models of development (Bryan 2009, 30). By connecting “traditional economic activities” to the free market and by reducing self-government to the devolution of responsibilities, the neoliberal agenda gives Indigenous peoples specific roles to play and rights to enjoy in the process of neoliberalizing nature.
For instance, the National Round Table on the Environment and the Economy has released a report entitled *Securing Canada’s Natural Capital: A Vision for Nature Conservation in the 21st Century*, which states that “the case for nature conservation in Canada is more than simply environmental, aesthetic or spiritual: it is increasingly economic. The growing case for conservation goes beyond the direct contribution of our natural resources to the economy to take into account the economic value of the services our ecosystems provide” (National Round Table on the Environment and the Economy 2003, 9, original emphasis). The report notes that Indigenous peoples play an important role in harnessing the economic power of conservation because of the specific knowledge they have of their ecosystems, which can be used to protect areas through co-management agreements negotiated as part of land claims. Moreover, the report states that conservation needs to be envisioned in ways that bring incentives and benefits to the stewards of land in the form of outdoor recreation, ecotourism, non-wood forest products, and the provision of forest services, including carbon storage.

Although some Indigenous peoples are encouraged to participate in the conservation economy and to maintain a “pristine” environment for the future, industrial development and resource extraction continue to exist on Indigenous peoples’ lands. To emphasize the irony of this contradiction, we might argue that although environmental considerations have created an opportunity for Indigenous peoples to govern themselves, neoliberal policies determining the framework and the terms of self-government actually constrain this opportunity.

In colonial contexts, property regimes and improvement of the land dispossessed Indigenous peoples and undermined their legal systems. In contemporary contexts, colonial structures, environmental concerns, and the rights discourse restrict Indigenous peoples’ access to their territories. The extent to which articulations of indigeneity construct the Indigenous subject in relation to the colonial experience influences not only how indigeneity and place are reinterpreted but also how Indigenous futures are envisioned.

In nonsettler societies with an extractive colonial legacy such as Mexico, the state has maintained the colonial notion that it has rights to the subsoil, or subsurface, thus limiting the ways that Indigenous peoples can use the land. Because in many regions Indigenous peoples’ ownership is recognized, neoliberal policies have deliberately targeted Indigenous peoples’
control over their territories and their livelihoods so that subsoil resources can be integrated into the global market. In the early 1990s, as the North American Free Trade Agreement was being negotiated, the Mexican government, following the World Bank’s recommendation, initiated a series of policies aimed at stabilizing the property regime and creating a land market.

Neoliberal agrarian reforms involved changes to Article 27 of the Mexican Constitution of 1917 in order to liberalize ejidos (land plots) and to re-regulate communal, forested lands. The approval of the Agrarian Law gave ejidatarios (ejido shareholders) legal rights to sell, rent, use, or purchase as collateral individual ejidos when entering new forms of association with private investors (Foley 1995). Under this law, private companies were allowed to purchase land up to twenty-five times the size permitted to individual shareholders and could potentially have access to over half of the Mexican territory. Whereas ejido lands were liberalized, forested lands were carefully maintained as communal lands as long as forest dwellers continued to be ruled by Indigenous laws. In a context where ownership of most forests is claimed by the state, forest dwellers must maintain their indigeneity in order to maintain their lands. Furthermore, even though the agrarian counter-reforms in Mexico were aimed at promoting private ownership, the government neither provided the joint titling of land for married or conjugal partners nor prioritized the claims of single female households, as other Latin American countries did. Rather, the modifications to Article 27 eliminated the inheritance rights enjoyed by Indigenous women in Mexico before the reform (Deere and León 2000; Hamilton 2002). Women’s responsibilities and lack of access to capital are reasons why they are less likely to secure land rights in a privatized scheme, even when this ability may be legally and theoretically sanctioned (Ahlers 2005). In many Indigenous communities, land determines a person’s citizenship rights; people with access either to communal land or to ejidos are considered full members of the community.

Although Indigenous men and women have been central to the maintenance of Indigenous lands and livelihoods, they engage differently with the land and Indigenous economy. Through centuries of interactions with their environments, women have created a rich reservoir and an elaborate knowledge of medicinal plants whose value is intrinsically linked to their societies. Even though many Indigenous women do not own land, they do have access to it and harvest and produce plants for family consumption. These
activities occur in spaces located between or on land controlled by men or along bush-lines separating homesteads. In many Indigenous societies in Mexico, besides harvesting plants and raising animals, women’s responsibilities and knowledge also include farming. Often, however, Indigenous women’s contributions to their local economies are minimized. I argue that women are constructed as mere consumers rather than as knowers and producers who take part in complex governance systems. Indigenous women’s central role within this framework is essential to maintaining Indigenous economies, to promoting spiritual understandings of the environment, and to protecting the resources that are crucial to their people’s collective, emotional, and physical well-being. Thus the gendered difference in landholding rights does not necessarily mean that women do not have direct access to land. However, this difference conceals women’s contribution to their local economies and hinders women’s ability to negotiate horizontal gender relations within their households and communities.

Almost at the same time as the modification of Article 27, the International Labour Organization’s Convention 169 (ILO 2003) was ratified by Mexico. To show its commitment and follow the World Bank’s revised Operational Policy on Indigenous Peoples, the federal government reformed Article 4 of the Constitution to recognize the “pluricultural” nature of the Mexican society as well as Indigenous peoples’ right to self-determination. It did not, however, go beyond this nominal recognition to specify the nature of such a right. Instead, self-determination was reduced to self-government. As it was, this recognition fell into the neoliberal multicultural trap (Stahler-Sholk 2007) of atomizing communities and weakening Indigenous economies and kin systems, which determine access to land and the moral economy of reciprocity.

Hale’s (2005) concept of neoliberal multiculturalism is useful in explaining this nominal recognition. The separation of territorial rights from self-determination allowed Indigenous peoples some degree of self-government based on their normative systems as long as land tenure did not contradict the tenets of long-term economic development. Even though the Mexican government actively pursued the titling of *ejidos* through the Programa de Certificación de Derechos Ejidales y Titulación de Solares (PROCEDE) (Program for the Certification of Ejido Rights and Titling of House Plots), the program failed to create the expected land market. Many Indigenous communities, particularly in the southern states, did certify their lands. However, contrary to government expectations, they did not certify their
lands as private property but as communal lands. In a context of neoliberal policies, cuts in expenditures, the elimination of credit, and reduced support for agriculture-related activities, Indigenous communities struggle to reproduce their ways of life.

Around the same time as the National Round Table on the Environment and the Economy released its report *Securing Canada’s Natural Capital: A Vision for Nature Conservation in the 21st Century* (2003), the World Bank issued a report entitled *Mexico: Southern States Development Strategy* (2003). This report outlines a development plan that unevenly targets Indigenous communities. Whereas forest communities are encouraged to reduce emissions and participate in the conservation economy, peasant communities are blamed for their unproductive, unsustainable livelihoods. In this report, Indigenous peasants’ livelihoods are constructed as a problem whose solution requires change and innovation, which are the pillars of this approach to development. In Mexico the economic opportunities envisioned for forested communities fall into categories similar to those in the Canadian case: ecotourism and cuisine sites, exploitation of nonwood forest resources (including biodiversity, resins, and mineral waters), and sustainable resource management in the form of carbon credits that polluters from the north can buy. Like in Canada, narratives of change and innovation in Mexico represent Indigenous livelihoods as “unrefined” and “static,” contributing to the belief that some “traditional” land use must be abandoned in favour of participation in the neoliberal economy. Unlike in Canada, neoliberal strategies in Mexico have changed from exclusively targeting Indigenous peoples’ land ownership to unevenly targeting their governance practices.

Government policies based on the World Bank strategies could potentially drive approximately 22 million people, 40 percent of whom are Indigenous, out of land-related activities. For Indigenous peoples whose very existence and sense of place are connected to their livelihood, reducing agriculture to an old, inefficient practice that is no longer sustainable suggests that to benefit from the economy, they must adapt or perish.

Ironically, corporations and northern countries actively pursue improved breeding materials derived from Indigenous varieties of corn and other agricultural produce as well as Indigenous peoples’ – specifically women’s – knowledge of medicinal and food plants. Moreover, although Indigenous peoples are “encouraged” to preserve some of their resources and commodify their cultural artifacts, these are not for local use. The overall goal in the
southern regions of Mexico is to create nodes of networked production, development clusters, and communication infrastructure. Whether economic interests pursue bioprospecting, carbon trade, mining, or wind power, Indigenous livelihoods are reorganized to assist these endeavours or at least not to interfere with them (Finley-Brook 2007, 104). As part of this process, some Indigenous municipalities and communities are being reorganized in ways that contain them in small areas by claiming to reduce environmental impacts. Simultaneously, this process is encouraging unimpeded access to the natural resources in the rest of the region. Opponents have been vocal about the implications for national sovereignty, local autonomy, and food sovereignty.

So what kinds of dilemmas arise when Indigenous peoples’ identities, cultures, and habitats are legally and economically defined by transnational agendas? Because neoliberalism threatens to alienate Indigenous peoples’ places and senses of place, they have responded in different ways. Resistance, negotiation, and adaptation are features of indigeneity articulation. Reclaiming certain rights and engaging with specific political actions in the present are opportunities that come not only from a globally articulated discourse of rights but also from the economic, social, political, and cultural structures that are embedded in the colonial past.

**Conclusion**

The extent to which articulations of indigeneity construct the Indigenous subject in relation to the colonial experience influences not only how place is reinterpreted but also how Indigenous futures are envisioned. Although places are configured differently in diverse parts of the world, the politics of indigeneity, the framework of Indigenous rights, and environmentalism as organizing principles have had similar coercive effects. The incorporation of “hinterlands,” “marginalized places,” and “frontiers” into the global economy has become part of an “optimistic,” “viable” world in which Indigenous economic dependency and inefficiency can be reversed. This choice between adapting or perishing forecloses the possibility of asking how we might envision the viability and autonomy of Indigenous societies and economies while allowing space for self-determined change.

Contrary to the claim that increasing Indigenous people’s cultural rights affords them an opportunity to address past injustices, this chapter shows how these rights are framed in ways that reproduce injustices. Unlike in the past, current geo-economic strategies rest not only on the liberalization of
the natural environment per se but also on schemes aimed at commodifying Indigenous peoples’ relations to nature. Under neoliberal governance, there is no issue of a dichotomy between individual and collective rights or between cultural and material local needs. Rather, the issue is how Indigenous laws, relationships, place, and gender are reframed to serve capitalist growth.
In her exemplary study of racial attitudes among white college students, Karyn McKinney documents the tactics that whites use to deny that privileges accrue to them through the possessive investment in whiteness. She reports that when her students read Peggy McIntosh’s generative work on the taken-for-granted privileges that white people enjoy daily because of their race, the students zero in only on the micro-level privileges McIntosh identifies. They agree that it would be annoying to be unable to find “flesh colored” bandages that match their skin tones and that they would not like being followed by suspicious security personnel when they enter a department store. Yet they do not address the structural side of McIntosh’s examples, evading their privileged access to employment, education, housing, and health care. Instead, they complain that “reverse discrimination” against whites makes their race a liability, and that the society in which they live delivers unfair gains and unjust rewards to communities of color.¹

McKinney’s students should not be blamed for their unwillingness to face facts. As James Baldwin noted in another context, the entire history of the Republic has conspired to keep the truth from them. Ignorance has its costs, however. By failing to reckon with the rewards that come to them as a result of racial privilege, whites prevent themselves from seeing how privilege actually works in this
society, how increasingly undemocratic and unequal their country has become. White workers and professionals eager to police the boundaries of whiteness against challenges from aggrieved communities of color do not see the systematic nature of inequality in their own lives. Whites who feel compelled by self-interest and ideology to defend racial inequality are poorly positioned to understand or critique class, gender, and regional inequalities that disadvantage them.

As long as they focus on what they perceive to be special preferences given to communities of color, McKinney’s students do not see that the wealthiest 1 percent of the U.S. population owns nearly half of all the stocks, bonds, cash, and other financial assets in the nation, that the richest 15 percent controls almost all of the country’s financial assets, that the twenty-eight thousand wealthiest people in the U.S. receive more income than the ninety-six million poorest Americans. They do not recognize that the share of the national income garnered by the overwhelming majority of the population—the “bottom” 90 percent—has declined precipitously from two-thirds of the national income in 1917 to about 50 percent in 2000, that working families now perform twenty additional hours per week of paid labor than families did thirty years ago. Since 1980, the wealthiest fifth of the U.S. population has seen its income increase by 21 percent, while wages, working conditions, and living standards among the poorest three fifths have fallen. Nearly 85 percent of the three trillion dollar increase in stock market valuation between 1989 and 1997 went to the richest 10 percent of U.S. families. Nearly one-half of the nation’s income now goes to the wealthiest fifth of households. The students do not see how preferences are allocated in their society; they do not see how we are actually governed.

Whiteness does its work in the United States as a structured advantage, as a built-in bias that prevents hard-working people from securing just rewards for their labor and ingenuity. It produces unfair gains and unjust rewards for all whites, although not uniformly and equally. As a matter of justice, whites should be interested in abolishing it, in relinquishing the unfair gains and unearned enrichments that flow from it. Yet the possessive investment in whiteness is not an aberration in an otherwise just society. It works in concert with—and flows from—many other forms of inequality and injustice. It is one of the key practices that make unfairness seem necessary, natural, and inevitable. To understand how whiteness works offers us information about more than whiteness. It gives us essential information about the nature of inequality in our society, about how privilege is created and sustained but protected from political critique.

Most African Americans know all too well something that the students do not know—that past and present structural forces shape their lives. Blacks are
not likely to number themselves among the forty-six million Americans today who can trace the origins of their family wealth to the Homestead Act of 1863, because almost all of that land was allocated to whites through restrictions expressly designed to deny access to blacks. They cannot include themselves among the major beneficiaries of the trillions of dollars of wealth accumulated through the appreciation of housing assets secured by federally insured loans between 1932 and 1962 because 98 percent of FHA loans made during that era went to whites via the openly racist categories utilized in the agency’s official manuals for appraisers. Most blacks know that past discrimination continues to influence contemporary struggles to accumulate assets because wealth is inherited and passed down across generations. In recent years, moreover, changes in the tax code have further skewed opportunities and life chances along racial lines by giving favored treatment to those forms of income most likely to represent the fruits of past and present discrimination like inheritance income and capital gains, while lessening the value of income gained through work. The living legacy of past discrimination combines with the impact of contemporary discriminatory practices in mortgage lending, real estate sales, automobile credit financing, and employment to impose artificial impediments against asset accumulation among African Americans.

The persistence of residential segregation, educational inequality, environmental racism, and employment discrimination makes a mockery of the promises of fairness and equality inscribed within civil rights laws. It means that members of aggrieved racial groups experience their racial identities through impediments to the accumulation of assets that appreciate in value. People of color confront disproportionate obstacles to acquiring education, marketable skills, and job training. They face unparalleled exposure to health risks. Their racial identities confine them to the segments of the labor market where it is most difficult to bargain over their wages and working conditions. They face scrutiny and discipline from law enforcement officials, educators, and cultural brokers intent on restricting their cultural and political expressions. They are not so much disadvantaged as taken advantage of. Their unearned disadvantages structure unearned advantages for whites. Yet they find themselves portrayed as privileged beneficiaries of special preferences by the very people who profit from their exploitation and oppression.

Young whites like those in McKinney’s class can often rely on gifts and bequests from family members for transformative assets that help build wealth, for money that enables them to pay for an education, start a business, or buy a first home. Parents in white families control four times as much wealth as
parents in black families. One in four white families receives a bequest on the
death of a relative compared with only one in twenty black families. Whites
inherit seven times more money than blacks. More than half of whites who
inherit money receive more than $10,000, while half of blacks who inherit get
less than $1,000. Nearly one third of the whites born between 1945 and 1965 will
inherit more than $25,000 but less than one in ten blacks born in that period
will receive that much.7 As successful whites get older, they routinely receive
gifts and bequests from relatives, but successful blacks have to send money out
to elderly relatives who were not able to accumulate the assets that their white
counterparts could in the era of overt segregation and discrimination.

Even when blacks and whites earn the same income, they have very different
relationships to wealth. The average black family earning $60,000 per year in
income will have $76,000 less wealth than white families earning the same
amount. The disparity in net financial assets is even greater. A typical white
family owns $33,500 in net financial assets, while a typical black family possesses
only $3,000.8 Inherited wealth and differential appreciation of property values
in black and white neighborhoods makes it impossible for most blacks to make
up through wages the disparities they encounter from the racialized distribution
of wealth. A typical black family earns fifty-nine cents for every dollar earned by
a typical white family, but the net worth of the typical white family is $81,000
compared to $8,000 for the typical black family. Whites who out-earn blacks by
a 5:3 ratio out-own blacks by a 10:1 ratio.9

It is much easier for white parents at every level to pass on their class status
to their children than it is for parents from aggrieved racial groups. More than
50 percent of whites from lower white-collar families move into professional
jobs, but only slightly more than 30 percent of blacks from those families become
professionals. Almost 60 percent of whites from blue-collar backgrounds rise
in class status, but little more than one third of black children from those
backgrounds move up. Fully one half of blacks from upper blue-collar families
wind up at the bottom of the occupational hierarchy.10

The reasons for these disparities stem almost entirely from the ways in
which home ownership gives whites in every class more wealth than their black
counterparts with the same incomes, family structures, and work histories. The
rate of home ownership among blacks is 25 percent lower than the rate among
whites, but even those blacks who own homes find that their property appre-
ciates in value less than property owned by whites. Homeownership produces
about $60,000 more wealth for whites than it does for blacks. Overall, it is worth
$94,426 in net financial assets and $136,173 in net worth to be white.11
African American homeowners doled out close to $10.5 billion in racially inflated interest payments between 1965 and 1995. Residential segregation cost them $58 million in lost equity in that period alone. Because they face an artificially restricted housing market, the current generation of blacks has lost $82 billion collectively; the next generation is likely to lose $93 billion. Blacks in San Diego County receive only 1.5 percent of the region’s conventional home loans, even though they account for 5 percent of the population. Even worse, high-income blacks (20.6% of the time) and Latinos (15.8% of the time) in San Diego are denied conventional home loans more often than middle-income whites (13.6 % of the time).

Racial discrimination in housing imposes undeserved burdens on minorities while channeling unjust enrichment to whites. While white, young, and upper-income borrowers can secure prime loans at low costs; people of color, the elderly, and low income households routinely confront higher interest rates and more onerous loan terms from subprime lenders. As white families increasingly turn the appreciated equity in homes they secured in a discriminatory market into diversified stock portfolios, the traditional financial institutions that helped them get into the housing market in the first place abandon mortgage markets to provide them with elite services and opportunities. This relegates people who do not yet own homes to service from subprime and predatory lenders, making their costs of entry into the housing market higher than for those who preceded them. Throughout California, for example, twice as many Latinos and African Americans as whites report that their loans include prepayment penalty provisions designed to strip equity from homeowners and lock borrowers into predatory loans.

In Sacramento, the subprime lender New Century Mortgage makes ten times as many loans to black applicants as does the prime lending company that owns New Century Mortgage, U.S. Bank. In Los Angeles, prime lenders including Bank of America, Citibank, U.S. Bank, and Washington Mutual originate fewer refinancing loans in minority neighborhoods than their subprime affiliates—Nations Credit Financial Services, CitiFinancial, New Century Mortgage, and Long Beach Mortgage. Home seekers in black neighborhoods in San Diego are five times more likely to be burdened with predatory subprime loans than buyers in white neighborhoods. The Washington Mutual company originates only 3 percent of its refinance and home improvement loans in minority neighborhoods in San Diego, but the subprime company that Washington Mutual owns, Long Beach Mortgage, makes 16 percent of its loans in minority neighborhoods.
Discrimination pervades the rental market as well. An audit conducted in twenty-four major cities found that landlords discriminated against black applicants for rental housing 53 percent of the time, and that real estate sales personnel discriminated against African American home seekers 59 percent of the time. A study of the practices of three major insurance companies in nine cities disclosed that black and Latino insurance seekers experienced discrimination frequently, from a “low” of 32 percent of the time in Memphis to a high of 83 percent of the time in Chicago. Overall, minorities received discriminatory treatment to their detriment 53 percent of the time, while whites routinely secured options that left them with greater protection at lower rates. John Yinger estimates that direct discrimination in housing imposes a racial tax on African Americans of $3 billion per year and on Latinos of $2 billion per year in lost assets, wealth, and income.

Unequal access to home ownership has important health consequences. Access to a limited housing market makes members of aggrieved racial groups more likely than whites to live in communities with toxic hazards and less likely to have access to medical treatment. Whether insured or not, people of color receive fewer preventive medical services than whites. They do not get flu shots, cancer screening, heart bypass surgery, angioplasty, or eye care to the degree that they would if they were white. One out of every four African American mothers in 1999 received no prenatal care during the first trimester. Only 26 percent of elderly blacks were vaccinated against pneumonia in 1998, while 52 percent of elderly whites received the pneumonia vaccine. One out of every four African American children between the ages of nineteen and thirty-five months did not receive their recommended vaccinations in 1999. African Americans suffer onerous consequences—like limb amputation or radical cancer surgery—from this pattern of delayed medical attention to a much greater degree than is true of members of more privileged groups. The Office of Minority Health in the U.S. Department of Health and Human Services reports that the death rate among blacks due to diabetes is more than double the rate for whites, that African Americans face a 30 percent greater likelihood of dying from heart disease compared to whites, that whites are 40 percent less likely to die from strokes as are blacks, and that blacks have a 30 percent greater chance of dying from cancer than do whites. Black men have the highest age-adjusted incidence of cancer and mortality of all groups of men, and life expectancy overall is six years less for blacks than life expectancy for whites.

Moreover, being on the receiving end of racism creates intense and constant stress and increases the risks of depression, anxiety, and anger, thereby pro-
ducing or aggravating heart disease. A British study found people who suffered from discrimination were twice as likely to develop psychotic episodes. Harvard researchers calculate a 1 percent increase in racist incidents translates to an increase of 350 deaths per 100,000 African Americans. Investigators at the Rush University Medical Center in Chicago contend that repeated exposure to discrimination can increase the risk of cardiovascular disease for African American women. Camara Jones of the Centers for Disease Control and Prevention notes that during childhood blood pressure rates of blacks and whites show no differences. But as adults, black blood pressure increases. It drops at night for whites but not for blacks. Jones attributes this pattern to the stress caused by racism. Her research shows that nearly 50 percent of blacks report that they think about race at least once a day, but whites rarely, if ever, think about race. “It’s the little things that count,” Jones observes, “like being treated differently by a store clerk. Each event may be insignificant, but the repetition builds up.”

Race also affects the quality of medical care. Members of “minority” groups get sicker and die younger than whites, regardless of social class. Black men in the U.S. can expect to die 7.1 years earlier than white men, to be 2.5 times more likely to die of heart disease than white women, and to be twice as likely to die of cerebrovascular disease as white men or white women. Increases in income do not necessarily produce increases in health; middle class African American men and women are more likely to suffer from hypertension and stress that those with lower incomes.

Impoverished African American children in cities across the country live in dwellings with lead-based paint on interior and exterior walls, exposing them to the dangers of developing toxic levels of lead in their bloodstreams. National studies reveal that poor black children have a far greater degree of contracting lead poisoning than poor white children. Among the working poor, black youths are three times as likely to develop lead poisoning compared to their white counterparts. Medical authorities in St. Louis in 1998 discovered 1,833 new cases of childhood lead poisoning, and estimated that somewhere between 20 and 25 percent of local youths had toxic levels of lead in their bloodstreams—nearly six times the national average. In some black neighborhoods the figure was closer to 40 percent. Yet the city of St. Louis has only enough money to screen fewer than half of the children who need to be tested every year.

At every level, African Americans face systematic obstacles to asset accumulation, wealth, and health. Inheritance helps whites secure unearned advantages in the form of transformative assets that increase the wealth gap between the races. These workings of whiteness reveal the systemic and structural contours
of inequality in the United States. Yet Karyn McKinney’s white college students discern no particular advantage to them for being white, and instead present a torrent of complaints about reverse racism and the penalties they imagine they confront for being white.

Chuck D, the hip-hop artist who used to front the group Public Enemy used to say that when people are untaught, you cannot blame them but should blame their teachers. McKinney’s students have been taught by an elaborate social pedagogy outside and inside the classroom. They have learned from their society that inequality is natural, necessary, and inevitable; that attempts to rectify inequality and injustice do more harm than good. Where did they learn this?

The most visible, vital, and influential social movement in the lives of McKinney’s students has not been the civil rights movement of the 1960s, but rather the well-organized and successful movement mobilized against it in the 1970s, 1980s, and 1990s through fights against school desegregation, against affirmative action programs in employment and education, and against enforcement of fair housing laws.

McKinney’s students have had distinguished tutors. When the Supreme Court announced its decision in *Brown v. Board* nineteen southern Senators and forty members of the House of Representatives signed a manifesto that declared the court’s ruling illegitimate and urged “massive resistance” to it by citizens. Dwight Eisenhower and John Kennedy supervised the timid approaches to desegregation taken by their appointees in the Department of Justice, a timidity that raised the percentage of black students going to school with whites from 0 percent to 2 percent in ten years—a pace that would have postponed full integration by five centuries. Richard Nixon won the 1968 presidential election by courting segregationist ex-Democrat and ex-Dixiecrat Strom Thurmond with promises to reduce federal action on behalf of school integration. Nixon ignored the school desegregation guidelines mandated by the 1964 Civil Rights Act, nominated determined opponents of integration to the Supreme Court, and urged Congress to pass laws overturning court-ordered busing for desegregation as a central part of his 1972 re-election campaign. California’s conservative governor Ronald Reagan contributed to the shared social pedagogy about whiteness in 1970 when he condemned as “utterly ridiculous” state Judge Alfred Gitelson’s 1970 ruling that the Los Angeles School Board segregated its schools “knowingly, affirmatively, and in bad faith.” Reagan ridiculed the decision as “beyond sound reasoning and common sense.” Edith Green of Oregon and James O’Hara of Michigan, two liberal Democratic
members of the U.S. House of Representatives made their own contribution to the possessive investment in whiteness in 1971 when they successfully urged Congress to pass a resolution banning the implementation of any court-ordered desegregation plans that entailed busing until all appeals had been exhausted.36

Presidents Jimmy Carter and George W. Bush contributed to the education of the nation about whiteness when they rewarded determined opponents of school desegregation with their attorney general appointments. Carter named Griffin Bell to the post even though Bell acted improperly as a sitting judge on the federal Fifth Circuit Court in representing a group of white civic and business leaders in secret negotiations with middle-class African American leaders to reach a settlement before the Fifth Circuit could order busing as a means of school desegregation in Atlanta.37 Bush made John Ashcroft attorney general even though as attorney general of Missouri Ashcroft relentlessly resisted legitimate court orders and lied about them repeatedly to the citizens of the state. At his confirmation hearings Ashcroft lied four different times under oath, claiming that he had not been Missouri attorney general when the state became a party to the St. Louis and Kansas City school desegregation suits, stating that the state of Missouri had not been found guilty of wrongdoing by the federal courts, testifying that he had carried out all the orders of federal courts, and denying that he had opposed voluntary desegregation plans. Yet despite his plainly perjured testimony, no senator from either party attempted a filibuster to prevent Ashcroft’s nomination.38

In each of these instances, elite whites with standing, authority, prestige, and power chose to portray judicial orders to obey the law as cataclysmic occurrences, as events more threatening to the nation than the very discrimination and segregation that caused the courts to act in the first place. These evasions of moral and legal responsibility helped protect the unfair gains and unjust enrichments that accrue to whites from systematic and illegal housing discrimination and widespread and intentional educational inequality. The failure of McKinney’s students to face facts pale in significance compared with the coordinated, collective, and organized social mobilization on behalf of white privilege over the past five decades.

Yet justice is indivisible, and in denying justice to aggrieved racial groups, whites deny it to themselves. These social movements produced a broader social warrant for a concept of consumer citizenship that fights not only against the desegregation of U.S. society, but against the broader egalitarian and democratic impulses that emerged at mid-century from those desegregation struggles. The
social warrant of consumer citizenship encourages individuals and groups to view every action of the state in consumer terms, to seek profit and reward for themselves at the expense of others. It encourages wealthy individuals and communities to hoard their resources and preserve their advantages, to seek to have their tax base used only to fund themselves and their interests, to profit directly and personally from the provision of public services as well as to monopolize desirable amenities and activities while displacing the costs of complex social problems onto the populations least able to pay for them.

The premises and principles of consumer citizenship emerged from collective social mobilization by white activists and elites, especially in campaigns against busing and for limitations on taxes. It has succeeded because it developed a counter-social warrant, one based on elevating the settled expectations and group position of whites over the demands for justice by members of aggrieved racial groups. The main mechanisms that make it possible turn anti-subjugation laws into anti-discrimination laws: require injured nonwhite plaintiffs to prove explicit racial intent not just racial injury; position harm done to white interests and expectations by enforcement of civil rights laws as a “reverse racism”; and take that “reverse racism” much more seriously than the millions of directly racist actions by public and private actors in society every day.

In his superb study of the origins and evolution of the mobilizations for tax limitation that emerged visibly during the 1970s, Clarence Lo notes how antitax and antibusing activists developed a common notion of consumer citizenship. “Whites joined antibusing movements,” Lo observes, “because they sought to maintain advantages for their racial or ethnic group in the consumption of government services.”39 The use of the term forced busing by white activists as the way to describe desegregation plans copied the example of opponents of fair housing laws, who in the 1964 campaign to repeal California’s Rumford Act declared themselves opponents of forced housing.40 The defenders of segregated housing became the defenders of segregated schools. The segregated neighborhoods and social networks that resulted served as the main sources of mobilization for tax-limitation initiatives, cutting social services for immigrants and the poor, but they insisted on having their own needs met by state-supported agencies. Philip J. Ethington’s sophisticated studies of race and space in Los Angeles show that the white neighborhoods most physically isolated from black communities provided the most enthusiastic support for California’s unconstitutional 1964 repeal of fair housing legislation, for 1978’s Proposition 13 tax limitation initiative, and for 1994’s unconstitutional Proposition 187 denying state-supported education and health care to undocumented immigrants.41
By emphasizing the insulation and isolation of local taxing units from the broader needs of the city, county, state, or national entities, antitax activists can be fiscal liberals at home, enjoying high spending on services they consume directly, while acting as fiscal conservatives elsewhere, demanding cuts in services that go to others. These practices serve their self-interests twice over: increasing public spending in well-off districts increases their property values; reducing spending in poorer communities makes residences in them worth even less to their inhabitants. The effect of this social warrant is to add to white competitive and comparative advantage.

When the social warrant of the civil rights movement secured widespread credibility, support for education increased. If one thinks as a citizen or as a community member, then the more better-educated people there are, the better it is for everyone. But if one thinks as an accumulator and a consumer, educating other people’s children might place your own in a competitive disadvantage. This creates massive inefficiency and misallocation of resources at the societal level. Direct discrimination costs the gross national product from 2 to 4 percent a year in lost productivity and waste. Yet what is disastrous at the societal level can be advantageous at the level of the household, at least in the short run.

The economic and political practices of consumer citizenship require a cultural corollary. Defining the public good as the preservation of private privilege and elevating private desires over public needs is not a winning argument, at least not yet. But portraying elites as oppressed victims, as producers oppressed by parasites such as government bureaucrats on the one hand, and aggrieved minorities on the other, legitimates aggressive and predatory social policies by presenting them as simple self-defense and a return to “common sense.”

This social warrant asks people to place their identities as accumulators and consumers above their responsibilities as workers and citizens. It builds a counter-subversive consensus around the idea that economic stagnation and social disintegration stem from the excessive concessions made to subordinated groups as a result of the civil rights movement. It claims drops in real wages, declines in public services, and increased user fees and taxes on sales and payroll are the result of expensive experiments in social engineering like school busing for the purpose of desegregation, rather than the result of the power and greed of corporations and the regressive nature of the U.S. tax code. For special emotional effect, it portrays efforts to stop discrimination against communities of color as reverse discrimination against whites.

Promising wealth, stability, and security to “taxpayers,” the social warrant of “getting around Brown,” actually creates a speculative economy, severs the
relationship between work and reward, plunders public resources for private gain, and promotes economic insecurity and social antagonisms. “Tax limitation” campaigns and cuts in capital gains, income, property, and inheritance taxes for the wealthy actually end up raising payroll taxes, sales taxes, and user fees. Cuts in social welfare spending undermine real wages and allow businesses to increase profits by raising the costs of medicine, food, and other staples.

Yet even failure has its uses. Budget cuts, deregulation, and racial polarization make everyday life worse for most people. The worse things get, however, the more receptive some parts of the populace are to demagogic moral panics that blame inner-city dwellers, immigrants, or sexual minorities for society’s problems. The more public debate swirls around “tax relief,” the less likely public attention will be focused on decisions about production, investment, outsourcing, and profiteering in the private sector.

The social warrant of consumer citizenship contains internal contradictions that cannot be resolved. It produces the opposite of what it promises. Elevating the avarice and calculation of the consumer over the conscience and responsibility of the citizen leads to a war of all against all, leaving society fractured, spiteful, and angry. Competition for scarce services and amenities promote anxiety, envy, and disrespect. The privileging of property rights over human rights leaves capital free to fly to the sites of greatest return, but when social security pensions turn into private investment accounts and schools become sites for returning profits to investors, the quality of life for young and old diminishes.

In a peculiar way, under this system, racism becomes its own reward. Whites who have to pay higher payroll taxes and user fees to subsidize tax breaks for owners, investors, and speculators, who suffer from the sorry state of public transportation systems, who send their children to schools that abandon student-centered education, critical thinking, and creating life-long learners in order to turn schools into sites of profitable investment for companies that design and sell standardized tests and standardized curricula experience serious declines in opportunities and life chances. They feel helpless in the face of concentrated corporate and plutocratic power, but find that they have permission and encouragement from elites to relieve the pressures of their lives by scapegoating people with non-normative sexual identities, different religious beliefs, immigrants, and communities of color.

Yet to quote Chuck D again, not everyone will “believe the hype.” Social movements with principles very different from consumer citizenship are winning victories in our society every day. Fair housing groups pressure cities to enforce laws on the books, to prosecute predatory lending, mortgage and
insurance redlining, and real estate steering. They call for increased compensatory and punitive damages for fair housing violations, increased funding and training for fair housing testers, and augmented efforts to bring cities in compliance with federal regulations requiring expenditures on fair housing. Advocates of educational equity call for more equal school funding, for student-centered interactive learning, and for curricula and pedagogies as diverse as the students themselves. Grass roots groups fight against transit racism and urban development plans that subsidize the possessive investment in whiteness. Labor activists organize low wage service workers through worker centers that build civic coalitions designed to help workers on and off the job. Advocates of asset building campaign for affordable and inclusionary housing, children’s savings accounts, individual development accounts, down payment accounts, and lower payroll and sales taxes coupled with higher taxes on capital gains and inheritance.

These efforts at progressive reform speak to the possessive investment in whiteness, but to broader issues of social justice as well. To succeed, they will need well-intentioned whites capable of looking beyond the prevailing social warrant, to come to grips with the ways in which the relative advantages offered by the wages of whiteness strengthen and reinforce a system that offers justice, equality, and opportunity for only a very small percentage of the population.
In 1858 British Columbia became a Crown colony. That same year, three Chinese merchants arrived from San Francisco, marking the first permanent settlement of Chinese in the new British Columbia. That these two moments are coincident, and indeed connected, should not come as a surprise. From the earliest days of European migration to the north Pacific coast, Chinese migrants arrived alongside Scots, English, Québécois, and other transatlantic migrants, as well as native Hawaiians and other migrants from the Pacific region, and all engaged with First Nations peoples.¹ For most Canadians today, the fact that Chinese settlement is as long-standing as British settlement in British Columbia might be a curiosity at best. However, there are historical consequences to this coincidence that we have yet to fully work out.

Canada is as much a Pacific-oriented as an Atlantic-oriented nation. Not just British Columbia and western Canada, but Canada on the whole was a nation built out of a colonial past. I have used the phrase “Pacific Canada” to name this oceanic orientation and history.² Pacific Canada is not a geographic designation to replace “western Canada,” but a perspective on our past, a way to refract our history not solely through the prism of transatlantic migration and settlement. Confederation brought together many colonies into a new nation, yet thus far, our national history has given primacy to a colonial past that centres on Atlantic Canada, in particular the colonies that became Ontario and Quebec. This particular approach to the past favours certain genealogies, displacing Indigenous peoples and also erasing our particular Pacific past.³
Placing British Columbia in the context of a transpacific world illustrates how the privileging of European migration and colonialism and

an exclusive focus on the legacies of anti-Asian politics have left out so much of the history of British Columbia and of Canada. Transpacific migrants were more than just victims of racism. As much as white supremacy might have constrained their activities, they lived rich lives that cannot be understood if all we know is what was done to them. We know that Japanese Canadians were interned in 1942. And that Chinese Canadians paid the head tax between 1885 and 1923. And Punjabi Sikhs and other South Asian migrants on the Komagata Maru were not allowed to land in British Columbia in 1914. But what were all the transpacific migrants who followed those first three Chinese merchants in 1858 doing the rest of the time?

The rhythms of Asian migrants journeying across the Pacific are inseparable from the drumbeats of a migrating set of ideas about white supremacy that systematically cut off these newly established networks one after another in ways mapped by Penelope Edmonds in this collection. However, the story of Pacific Canada is to be found by hearing the voices of migrants and by listening for the enforced silences of journeys eclipsed and ended. This complex composition of voices and silences can only be heard if we take the Pacific as a whole into account across the last 150 years. Only then can the starts and stops of migratory networks be understood as interlocked beats, with the cutting off of migrations along one route leading to the rise of migrants along another route to another place. This chapter will sketch how Pacific crossings were marked by intermittent rhythms, using the example of Cantonese-speaking migrants to illustrate how one set of Pacific migrations after the 1850s grew out of the interaction between the aspirations of migrants and the timing of laws designed to curtail transpacific migrants from Asia.
I trace a growing Pacific world of which the settler colonial nation of Canada became an outgrowth, providing an alternative history that provides a corrective to an Atlantic-centred narrative of Canadian history, and highlighting a world in transformation that was eclipsed by white supremacy, but also a world that returned in force at the end of the twentieth century to reshape global history. The basic point of this chapter is that by considering the larger patterns and networks of transpacific migrants, we can escape conceptions of history that only consider them meaningful when they are being excluded from the developing Canadian nation. In thinking about these transpacific migrants within the framework of transnational migrations, for example, we could

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analyse them with a comparative eye to the imperial migrants who travelled from places like Scotland out into the larger British Empire.

At the level of individuals whose desires for mobility can be understood within a life cycle of aspirations, as well as at the level of family networks within which these individuals moved, we can see how both transatlantic and transpacific migrants often travelled the same imperial routes. Rather than beginning with the assumption that the migrations of “white settlers” were fundamentally different in character than those of “non-white” Asian labourers, we can begin to see both interesting parallels and contrasts between migration networks. Cantonese migrants around the Pacific between the 1850s and 1920s, for instance, shared many of the peripatetic practices of the Scottish imperial migrants with whom they constantly crossed paths in multiple sites around the empire. Beginning with mostly young males with aspirations for social mobility through geographic mobility, and tied into dispersed family networks that often split both males and females across geographic space, both networks were internally animated by similar mechanisms.
However, national narratives of inclusion in postcolonial settler nations such as Canada, Australia, and New Zealand have seamlessly incorporated British imperial migrants into narratives of national settlement and belonging. In contrast, the Cantonese who migrated to British Columbia in large numbers in the 1850–1920s were used as the exemplar for national exclusion and the political foil against which European migrants could organize and cohere around white supremacy. Coming from coastal regions of Guangdong province that were roughly the same area in size as Scotland, Cantonese migrants were demonized for being “sojourners” and incapable of belonging, with newspaper editors and anti-Chinese agitators pointing negatively to social practices of migration that in fact often paralleled those of the networks of young male imperial migrants from Scotland.

**Transpacific Migration in the Nineteenth Century**

We must pay close attention to the various levels at which migrations register as historical processes – from the aspirations of individuals that aggregate into migration patterns, to the changes in state policies that abruptly shift the lives of thousands – but also to how our scholarly understandings of the past have been shaped and reshaped by the changing analytical perspectives of academic research. Approaches in Asian American studies in the United States and the burgeoning field of migration studies, for instance, allow us to see in concrete ways the complexity of the transpacific migrations that flowed in large numbers for the first time during the nineteenth century. Both fields allow us to see historical actors as having intentions and effects that have not been captured by national historiographies. Asian American studies in particular arose as a challenge to existing scholarship that either ignored or marginalized transpacific migrants. As a scholarly intervention, it emphasized listening to the historical voices of Asian migrants not only
excluded from the body politic of white-settler nations, but also retroactively excised from the national imaginaries propagated by these new nation states. Careful attention to the world of interactions created by early transpacific Chinese migrants and First Nations peoples also highlights the interwoven histories of racial exclusion and the displacement of Indigenous people from their lands. The nineteenth century saw the first great period of mass migrations across the Pacific, but these new migration patterns were virtually eliminated by 1930. The century before 1930 might be characterized as marking both the beginning of mass migrations of labourers across and within the Pacific and the creation and spread around the Pacific region of states who enacted policies designed to curtail or end such migrations. Rather than a steady increase in numbers of migrants over time, the century is marked by the intermittent rhythm of migrants following routes that were suddenly cut off, leading to the creation of other routes to new destinations that re-charted the pathways of migration networks.

In syncopated rhythms, the enforced silences and the sounds of human travel across the Pacific start and stop. If it is difficult to hear within historical records the stories of migrants who crossed the Pacific in the late nineteenth and early twentieth centuries, it is partially because they are often the narratives of the excluded, the utterances of migrants who ultimately were not included within the state-sanctioned myths of belonging created by settler nations such as Australia, Canada, Mexico, and the United States. Listening to the stories of those who crossed the Pacific Ocean involves following them across multiple journeys from one place to another, and then on to yet another. We strain to hear the sounds created by migrants in motion: arguments over the terms of a labour contract, tips and intelligence gathered and passed along gossip chains by family relatives and village mates, the footsteps of peripatetic
wanderings in search of a higher wage or a better opportunity. Hearing their stories requires listening to them in the languages they used, often village or regional dialects that were tied to the regions from whence they came and to which they often returned.

Some restarts were forced - exile by violence or decree as incipient political states adopted legislation designed to ethnically cleanse regions of non-whites. Indigenous inhabitants in Australasia, in the Pacific Islands, and on the Pacific coast of the Americas were systematically cleared from their lands, and transpacific migrants originating from Asia became the targets of new forms of governmental surveillance and control, marking the rise of legal regimes whose purpose was to re-engineer populations by controlling the movement of migrants. Elsewhere in this book, Curthoys's analysis of the connections between self-government and dispossession and Wanhalla's discussion of surveillance and control show how these histories played out in different locations in the Pacific. Scholarly studies of transpacific migration that move beyond the constraints of nationalist history need to pay particular attention to how white supremacy operated in its manifest political forms across the Pacific region and to how discourses of anti-Chinese agitation and anti-Asian legislation migrated along with labourers and political organizers of European origin. There are two dichotomous and yet interlocked migrations that marked the pulse of transpacific flows - that of migrants originating from specific regions of Asia (in particular southern China and Japan, along with smaller numbers from South Asia, Korea, and the Philippines), and that of migrants coming into the Pacific region from the Atlantic world. Any periodization of migration patterns must take into account the pattern of their interacting networks, and how each played out on the lands of indigenous peoples and Pacific Islanders whom they encountered in their migrations.
The Sounds of the Cantonese Pacific

Between 1850 and 1930, migrants speaking various dialects of Chinese and originating in a small number of regions in Guangdong province dominated transpacific labour migrations. Before 1850, the majority of seafaring migrants crossing the vast expanse of the Pacific were Pacific Islanders, who had explored the open ocean in large enough numbers to settle islands all the way across to the Hawaiian islands (and very likely had reached other sites close to and along the Pacific coast of the Americas), and the various sailors, traders, craftsmen, and labourers who had travelled the Spanish galleon route between Acapulco and Manila since the sixteenth century. When significant numbers of migrants began to cross the Pacific in the 1850s, however, it was initially on routes that extended the existing trade and migration networks that linked ports on the southern Chinese coast with the “Nanyang” (the “South Seas” or South-East Asia). The ports of Hong Kong and Singapore became the major nodes of migration from Guangdong and Fujian provinces into the Nanyang, following the routes of the junk trade across the South China Sea.

How did the Pacific become so dominated by migrants speaking various dialects of Cantonese? The simple answer is that the nineteenth-century transpacific began as a British project, centred on their newly acquired port of Hong Kong (granted to the British in 1842 as part of the settlement of conflicts with the Qing Empire over the opium trade). By anchoring transpacific routes on Hong Kong and linking it with Canton (Guangzhou) and Macao, the main ports for Cantonese out-migration, the British effectively cut the transpacific off for coastal ports such as Amoy (Xiamen) that were the main out-migration ports for Hokkien- and Teochiu-speaking migrants from Fujian province. The Guangzhou-based British consul observed this incipient Cantonese Pacific in 1852:
Emigration has within the last few years taken place from the port to a considerable extent; but although the emigrants are shipped at Whampoa, Cumsing, Macao and Hong Kong, I shall consider them as belonging to Canton and the surrounding districts. In 1848 about 10 Chinese emigrated to California; in 1849 about 900; in 1850 about 3,118; in 1851 about 3,508; and during the first six months of 1852, 15,000 left Whampoa, Cumsing, Macao and Hong Kong for California. In addition to these, about 2,025 coolies have emigrated to South America, where, on arrival, they are generally hired out to the Peruvian government, and employed on various government works.\(^7\)

By the 1880s, the Cantonese Pacific was firmly established, and Hong Kong was its main port of origination.\(^8\) Japanese, Canadian, and American shipping lines crossed the Pacific along with those established by British ships earlier, connecting ports such as Yokohama, Hong Kong, Sydney, Honolulu, Victoria, Vancouver, and San Francisco.

But if the trade routes were navigated by sail, and then steam in the 1860s, on ships built with British, Japanese, Canadian, and American capital, the transpacific migrants were motivated by ambitions for monetary returns of a different order. The aspirations of individual migrants were inspired by the intelligence that passed back along the familial networks that were built along the shipping and mail routes. As Madeline Hsu so poignantly illustrated in her study of migrants who circulated back and forth between Hoisan (Taishan) county in Guangdong and the United States, these migration networks relied on good intelligence about wages, available jobs, local economies, and the value of goods that could be moved.\(^9\)
The networks were based upon kinship and shared origins in the clusters of villages from which the migrants came, and they stretched all around the Pacific and into the Caribbean and along the Atlantic coast of the Americas. One illustrative story shows how global the networks could be: John Lee Lum was born in 1842 in Sun Wei (Xinhui in Mandarin) County in Guangdong province and travelled to California in the 1870s to work in the gold mines. He then accompanied the 15,000 or so Chinese men hired to build the Canadian Pacific railway in British Columbia, Canada, before moving on to Brazil, then British Guiana, and then Trinidad in the 1880s, where he worked in a trading firm run by fellow Sun Wei migrants. In 1885, with savings from his years of work and with loans from relatives and the extended network of fellow villagers and others who spoke the same dialect, he established his own general store, which sold liquor, hardware, food, and imported items that passed along the global networks set up by the Chinese to move goods. In the 1890s he returned to China to marry and fathered a boy and a girl, leaving them with his village wife before travelling back to marry a Trinidad-born Chinese woman, with whom he had three sons and two daughters. After extending his chain of Trinidad general stores to twenty branches, he retired in 1908 to Hong Kong with his youngest son, living out his days in comfort before passing away in 1921. A story such as Lum’s would have passed along gossip chains as a heroic success, fuelling the aspirations of others, just as Lum himself must have heard similar stories about those who had gone before him to California and Canada. Lum started out with nothing as a labourer, but he watched and learned as he worked his way up within a network of compatriots, finally striking out on his own with the financial support of those from whom he could gain trust.

Relentlessly upwardly mobile, individual migrants might have their aspirations dashed by circumstance and by their own failings, but hard work and ambition fuelled long-distance travels. Lum’s story might not have been typical for its success, but it was the kind of example that
travelled the same pathways as the migrants, emboldening others to follow. A British observer of the Chinese overseas remarked in 1852 on this incredible ambition when comparing them to others:

The absorbing aim of the Chinese emigrant is to better his condition. Of this object he never loses sight; and ... it frequently follows that he finally adopts as his permanent home the locality in which he reaped his profits ... The labour of the Chinese knows no cessation, and his savings are formed into a stock, which he is always endeavouring to increase, but never to exhaust ... It is curious, that whilst in their own land they seldom quit the particular calling they adopt in early life ... the Chinese evince, when abroad, a remarkable talent ... of adapting themselves to any circumstances, readily quitting one trade or occupation, if they find it does not yield the remuneration they had expected, for another of a wholly different nature. A strong commercial spirit rules all their proceedings ... From husbandmen they become planters, and often change this vocation for that of the merchant, or perhaps combine the two.¹²

A British official who was similarly familiar with Chinese labour saw the same burning ambitions in 1844, stating, “My notion of the Chinese is, that they are industrious and diligent only when they are working for themselves, and see profit in the face at every hour of their labour.”¹³

One of the most common strategies for upward mobility for the overwhelmingly male migrants was to establish multiple households, one in the home village with a wife selected from a nearby village, and another somewhere else along his journeys where he saw an opportunity to establish a small business. Bringing to Australia and the Hawaiian Islands a set of practices developed earlier in South-East Asia, ambitious Cantonese migrants aspired to enter local “native” community networks by marrying into local families. The British consul in Canton in 1852 observed of the skewed gender ratios of Cantonese migration practices that “Chinese women never emigrate ... There is not a China woman in the Straits Settlements, nor an honest one in Hong Kong.” Predicting what the Cantonese would do if they were brought to British colonies in the Americas and followed the patterns in South-East Asia, he wrote, “The emigrants, would, I presume, cohabit with or marry the native females ... as they do in the Straits, and educate their children according to Chinese usages.”¹⁴ Another British official observed, “The
Chinese settlers form matrimonial connexions wherever they go, and whenever they can, and in those countries to which they have been long accustomed to resort. In Java, Siam, and Cochin China, a very considerable mixed population has been the result. In Hawai‘i, the Chinese-Hawaiian mixed family running a grocery store became a staple by the 1880s, and Chinese-Aboriginal marriages were commonplace in Darwin on the north-west coast of Australia and in rural areas of New South Wales and other colonies on the south coast, in practice an extension of Chinese migrations into the Malay Peninsula and the East Indies. Marrying into a local Indigenous family offered the ambitious male migrant an entry point into local society and made it possible for him to acquire the status and privileges of the wife’s family. In the late nineteenth and early twentieth centuries, such unions were also common up and down the Fraser River in British Columbia, and, as in other parts of the Cantonese Pacific, they signalled a transition for the migrant from being a peripatetic labourer to a man with some savings and an ambition to run a small business.

It is harder for us to recover in their own voices what motivated the Indigenous women to marry Chinese men, but certainly the global network of goods for which such men served as the contact point must have been part of the reason. These Cantonese men also brought with them healing techniques and technological practices, and thus marriage alliances with Cantonese men expanded local horizons into a larger world of possibilities. It should not be discounted, as well, that migrant males offered a widened set of potential mates beyond the limited set of local families already well known. On Canada’s north-west coast, the practice of marriage alliances with neighbouring or even distant clans was common among the Coast Salish peoples, who encountered the Chinese in the late nineteenth century; strategically considering the value of a Cantonese husband with connections to a very different set of resources would not likely have been too novel a consideration for a daughter’s future.
If the Cantonese-speaking migrants who crossed the Pacific in the 1850s used a single name for North America and Australia – Gum San (Gold Mountain, jinshan in Mandarin) – they were referring ultimately not to the gold they could wash out of the gravel in stream beds, but to a life cycle of upward mobility built out of labour and mutual investments in each other’s aspirations of wealth. Successful migrants at the end of their lives loaned money to the young seekers of fortune in whom they saw their own ambitions echoed. “Gold Mountain” named a geographic imaginary, a field of aspirations over time and space that named the New World for their own purposes, different from those of Europeans. They might have cared less for the political disputes and boundary maintenance of European migrants and settlers, except when they impeded their own mobility, both geographically and economically.

“Gum San” collapsed the geography of North America and Australasia into a single term defined by the migrants’ own aspirations. That these regions were amazingly profitable for them reinforced the continuing power of that name. According to Madeline Hsu’s estimates, based on the account books of companies that specialized in remittances from overseas Chinese through Hong Kong, in the late 1920s, over 50 per cent of the nearly 272 million (HK$) coming from overseas remittances were from Canada and the United States, even though the Chinese population in Canada and the United States accounted for only 1.7 per cent of the overseas Chinese who had left southern China.\(^{18}\)

Some recent research on Cantonese migrants who entered Canada between 1885 and 1923 is illustrative.\(^{19}\) The nearly 100,000 Chinese who entered Canada during this period were almost all from just a handful of counties in Guangdong (table 8.1), and although the dominant image of Chinese in North America is of “Chinatown” enclaves, in fact they spread quickly into almost every small town across the continent (figure 8.1). This geographical pattern of urban commercial node com-
bined with wide rural dispersion (often with just one or two Chinese migrants running a restaurant or general store in a small town) replicated earlier practices all around the Pacific. In aggregate, the life cycles of these tens of thousands of individual male migrants created a vast rhythm of transpacific movement. Indeed, the transpacific shipping that travelled back and forth between Hong Kong and Vancouver and San Francisco relied upon their fees for a profitable bottom line in the late nineteenth century.20 Created out of the migrants’ aspirations for wealth, a network of circular movements tied small villages to port cities and urban enclaves on both sides of the ocean. By the end of the nineteenth century, however, a new set of migrants to the Pacific coast of North America began to interrupt the steady rhythm of these migrants’ ambitions.

The dominance of a limited number of county origins for the overwhelming majority of the Chinese migrating to Canada and the United States in this period is remarkable. In particular, migrants from one single county Hoisan, a.k.a. Toisan (originally named “Sunning” county – Xinning), accounted for 45.5 per cent of all migrants to Canada.
Table 8.1 County origins of Chinese registrants, 1885–1949.

<table>
<thead>
<tr>
<th>County origins, 1858–1949 (Total registrants = 97,124)</th>
<th>Number of migrants</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chungshan (Zhongshan) a.k.a. Heungsan (Xiangshan)</td>
<td>5,922</td>
<td>6.1</td>
</tr>
<tr>
<td>“Four Counties” Sze Yup (Si Yi)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hoisan (Taishan) a.k.a. Sunning (Xinning)</td>
<td>44,217</td>
<td>45.5</td>
</tr>
<tr>
<td>Sunwei (Xinhui)</td>
<td>13,857</td>
<td>14.3</td>
</tr>
<tr>
<td>Hoiping (Kaiping)</td>
<td>13,352</td>
<td>13.7</td>
</tr>
<tr>
<td>Onping (Enping)</td>
<td>3,753</td>
<td>3.9</td>
</tr>
<tr>
<td>Hoksan (town) Heshan</td>
<td>2,579</td>
<td>2.7</td>
</tr>
<tr>
<td>“Three Counties” Sam Yup (San Yi)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poon Yue (Panyu)</td>
<td>6,413</td>
<td>6.6</td>
</tr>
<tr>
<td>Nam Hoi (Nanhai)</td>
<td>479</td>
<td>0.5</td>
</tr>
<tr>
<td>Shun Tuck (Shunde)</td>
<td>419</td>
<td>0.4</td>
</tr>
<tr>
<td>Other origin places in Guangdong</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chang Sing (Zengcheng)</td>
<td>623</td>
<td>0.6</td>
</tr>
<tr>
<td>Tong Kwan (Dongguan)</td>
<td>202</td>
<td>0.2</td>
</tr>
<tr>
<td>Samsui (Sansui)</td>
<td>54</td>
<td>&gt; 0.01</td>
</tr>
</tbody>
</table>

Notes: Place names have English transliterations of Cantonese dialect pronunciations as well as pinyin. Data compiled from the Chinese Head Tax Database created at UBC from the Canadian General Register of Chinese Immigration, 1885–1949, by Jason Chan, Mary Chan, Judy Maxwell, Alyssa Pultz, Denise Wong, and head researcher Feng Zhang, under the supervision of Professors Peter Ward and Henry Yu, with funding from the Social Science Humanities Research Council of Canada.

The Rising Discord of the White Pacific

It is a great historical irony of the nineteenth-century Pacific that on the west coast of North America the Cantonese built the very means of transportation that produced the demise of the world they had created. Beginning in California in the 1860s, and following like a drumbeat up the coast through Oregon, Washington, and British Columbia through the 1880s, the Cantonese built the western ends of the transcontinental
rail network that allowed mass migration of labourers from the Atlantic

8.1 Destinations in Canada of Chinese head tax registrants, 1910–1923

Notes: Geographic Information Systems map created by Edith Tam for Prof. Sally Hermansen, Dept. of Geography, UBC, and Prof. Henry Yu, using data from the Chinese Head Tax database produced at UBC from the General Register of Chinese Immigration. See also http://chinese.canadian.ubc.ca.
world. They were able to build these railways because they were already there in large numbers, having travelled transpacific shipping routes that could bring them to the west coast of the Americas much more efficiently and cheaply than overland travel across the continent — at least until there were transcontinental railways.

Capital investments from the same people who had built transpacific shipping lines fuelled the railroad boom. British capital, for instance, built both the Canadian Pacific Railway steamships and the transcontinental railway that took goods straight off the ships in Vancouver and raced them on “Silk Express” trains to Halifax, where they would be taken to Liverpool, Glasgow, and other ports across the Atlantic. Goods could be moved more efficiently across the Pacific and Atlantic using

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this new means of bypassing the Americas. Before railways bisected North America, the two main paths for goods from the “Orient” to Europe involved long journeys by ship, either around the Cape of Good Hope at the southern tip of Africa or around Cape Horn at the southern tip of South America. Railways provided a revolutionary means of eliminating the barriers of land, shifting the dynamic of global traffic from almost purely seaborne to one now supplemented by overland rail networks. But if the railways could move goods, they also moved human bodies. As the map in figure 8.1 shows, the Cantonese used the new railways to spread across the continent; passing them on trains going the other way, however, were large numbers of labourers eager to take the jobs of Chinese in the mines, forests, and factories of the Pacific coast.

The newly arrived Atlantic migrants stepping off the railways that the Cantonese built saw Chinese working everywhere. In California in the 1870s, Chinese were a tenth of the population but made up a quarter of the total available workforce. Similar proportions marked all of the societies of the Cantonese Pacific on the west coast before the railways changed the demography. Even as late as 1901 in British Columbia, Chinese were one-tenth of the non-Aboriginal population, and as in California, the mostly young male Cantonese population was
the backbone of the labour force. However, as increasing numbers of new migrants from the Atlantic entered into the territories on the west coast of North America claimed by the United States and Canada, a transformation occurred. Areas that had virtually no presence of state officials turned into colonies and then provinces and states of faraway governments.\textsuperscript{33} These new migrants organized to control the incipient new political states, inventing new forms of white supremacy built around anti-Chinese and then broader anti-Asian agitation. This was part of a wider shift that included the strengthening of a range of different racial hierarchies including those discussed by Curthoys, Edmonds, and Eyford elsewhere in this book.

In disparate locations that were being incorporated into the new dominions of Australia and Canada, colonial regimes that were part of a broader British Empire shifted from doing the business of empire, with appointed governors protecting the interests of merchants and colonial officials, to new modes of democratic politics that answered to the growing numbers of new Atlantic migrants. Three essential political strategies developed: (1) distributing white supremacist rhetoric and imagery to demonize Chinese and “Asiatics” and to organize new migrants under the banner of being “white,” (2) expanding the right to vote to “white working men” and disenfranchising Chinese workers, and (3) using vigilante violence to achieve political ends.

If the geographic imaginaries of Cantonese migrants encompassed a transpacific world beyond any individual nation state, so too did the imaginaries of many of the transplants from the transatlantic world who came to displace them from the west coasts of North America. At the level of individuals and families, the aspirations of these migrants were not so different from those of their Cantonese counterparts, but if the Cantonese learned to imagine the field of possibilities around the Pacific as Gum San, the transatlantic migrants learned that they were part of a greater movement of white civilization ordained to displace the “coloured” peoples of the world.
In British imperial colonies such as British Columbia, New South Wales, and Queensland, the Chinese had been welcome as essential labourers, farmers, and merchants. But as colonies turned into states or provinces of new white-settler nations at the end of the nineteenth century, a new imaginary arose that narrated Chinese as outsiders to the new nations. “White Australia” and “White Canada” became banners for the exclusion of Asians as well as Indigenous peoples from the new body politic. Although the timing varied, depending on when transportation routes created enough new migrants who could be organized into an exclusionary polity, the pattern was repeated throughout the new settler nations of Australia, Canada, and New Zealand. In the territories of Oregon and California, political organizers used the same tactics to create newly formed states that could be incorporated into the existing United States.

White supremacy as a set of political tools and rhetorical strategies travelled along the same routes as the migrants did, accompanying them as they wandered from one site to the next. If the Cantonese moved from one location to another in search of wealth, so too did the new migrants from Great Britain, Europe, and the Atlantic coasts of the Americas; however, the rhetoric of white-settler supremacy differed in one distinctive regard – the migrants from the Atlantic world, like those analysed by Elbourne, Bradbury, or Ishiguro in this book, claimed ownership and belonging to the land in ways that the Cantonese almost never did. Even if a migrant from a small village outside Aberdeen, Scotland, might go through Glasgow to Halifax or New York, and perhaps on to Vancouver or Sydney or San Francisco or Auckland, he or she carried with them and participated in a settlement scheme that claimed belonging and ownership wherever he or she happened to be at that moment.
The justifications and political strategies for achieving white dominance travelled far and wide, and the effects on the existing world of the Cantonese Pacific were corrosive and widespread. As Indigenous peoples were cleared from their lands onto reserves to make room for white settlement, the social status and community privileges into which young male Cantonese migrants sought to marry were steadily eroded. In Australia and Canada, Indigenous children were removed from families and sent to residential schools, where a systematic cultural genocide was enacted in the name of civilization. The rhythms of life and migration that made the Cantonese Pacific an extension of the Chinese in South-East Asia were broken. Facing an onslaught of anti-Chinese legislation that curbed their ability to enter and leave the new settler nations, eliminated their right to own land, and drove them from the best-paying jobs, Cantonese migrants adapted to a pattern of mobility that featured either the ultimate return to home villages or futile attempts to be included as equals in the new white supremacist states.

The world in which Cantonese men saw opportunities in marrying into Aboriginal families was eliminated by the rise of white-settler state policies. As the status of Indigenous peoples dropped, so too did the opportunities for upward mobility through marriage and for creating local communities where Cantonese men could incorporate into Aboriginal societies. This extinction of economic mobility through marriage alliances with Indigenous women had profound effects. Existing families were broken; children learned neither Chinese language and practices nor those of their native societies; and the possibilities for complex mixed Chinese/Indigenous societies such as the Peranakan of the Malay peninsula never developed, even though many local Indigenous communities in Australia, New Zealand, Hawai‘i, and Canada contained significant numbers who claimed partial Chinese ancestry.24

The rhythms of white supremacy tracked the movement of European workers from the Atlantic world. Where only soldiers, clerks, missionaries, and colonial officials migrated, an imperial order that gave a prominent place to Cantonese workers and merchants remained. But the politics of settler nationalism relied on an expanding democracy of white workers. To this day, the national historiographies of all four of the white-settler nations in the Pacific have difficulty reconciling their
triumphant national narratives of the spread of democracy and freedom with the reliance of nation building on exclusionary policies that denied, and deprived others of, the same political privileges. Exclusion

and demonization of the Chinese, and eventually other Asian migrants, were essential strategies of nation building. A quick survey of two waves of anti-Chinese and then broader anti-Asian legislation in the four white-settler nations bordering the Pacific Ocean reveals the rhythms of white supremacy:

Anti-Chinese legislation, 1880–1900

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1881</td>
<td>Chinese Immigrants Act (restriction of numbers and poll tax), New Zealand</td>
</tr>
<tr>
<td>1882</td>
<td>Chinese Exclusion Act (no new labourers), United States</td>
</tr>
<tr>
<td>1885</td>
<td>Chinese head tax (on new migrants), Canada</td>
</tr>
<tr>
<td>1880–1900</td>
<td>Various Australian colonies enact anti-Chinese legislation</td>
</tr>
</tbody>
</table>

Broad extension of Anti-Chinese to Anti-Asian legislation, 1900–1930

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1899</td>
<td>Immigration Act (requiring immigrant application in English), New Zealand</td>
</tr>
<tr>
<td>1901</td>
<td>Immigration Restriction Act (requiring dictation test), Australia</td>
</tr>
<tr>
<td>1907</td>
<td>Chinese Immigrants Amendment (English language reading test and poll tax), New Zealand</td>
</tr>
<tr>
<td>1908</td>
<td>Gentlemen’s Agreement curbs Japanese migration, United States</td>
</tr>
<tr>
<td>1908</td>
<td>Hayashi-Lemieux Gentlemen’s Agreement curbs Japanese migration, Canada</td>
</tr>
<tr>
<td>1908</td>
<td>Continuous Passage regulation curbs South Asian migration, Canada</td>
</tr>
<tr>
<td>1924</td>
<td>National Origins Act blocks all new Asian migration except from the Philippines, United States</td>
</tr>
</tbody>
</table>
The first downbeat of anti-Chinese legislation coincided with the arrivals of large numbers of European migrants to each of the four colonies in the 1870s and 1880s. Chinese migration to the United States, for instance, virtually stalled after the 1882 Chinese Exclusion Act. However, because the Canadian head tax of 1885 merely put a price on entry ($50 – equivalent to a year’s salary), Cantonese migration to Canada continued, and with it the rise of smuggling into the United States through its northern borders. The head tax slowed down Cantonese migration to Canada, and perhaps without it many more than 100,000 Chinese would have entered between 1885 and 1923. But even after the head tax was raised to $500 in 1904, more than a third of those

100,000 Cantonese migrants entered Canada after 1910. The rhythms of Cantonese migration could be dulled by anti-Chinese legislation, but the beat went on – at least until 1923, when the euphemistically named Chinese Immigration Act legally ended Chinese migration to Canada except for a small handful of merchants.

The clearest example of how anti-Chinese legislation altered the pulse of migration can only be seen when we look at different Asian transpacific migrations in relation to each other. As Cantonese migration to the United States was curtailed in 1882, for instance, other Asian migrants crossed the Pacific to fulfil the continuing demands for labour. Japanese, Koreans, South Asians, and Filipinos began taking some of the same jobs in agriculture, mining, logging, and fishing that the Chinese had performed before them, although sometimes with very different aspirations than the Cantonese. From the 1890s through to the first decades of the twentieth century, Japanese migration to North America in particular grew in numbers, although with different characteristics from that of the Chinese before them. Although initially young males dominated, the Gentleman’s Agreements signed between Japan and Canada and the United States voluntarily restricted the passage of male labourers from Japan to North America, but not of women, allow-
ing Japanese migrants to bring over brides to join them and create families. By the 1920s, rising anti-Japanese agitation on the Pacific coast of Canada and the United States helped undergird the spread of white supremacy among the ever-growing numbers of migrants from the eastern coast of North America, leading to exclusionary policies and discriminatory legislation that virtually ended transpacific migration to the continent.

A pair of riots on the Pacific coast of North America during the fall of 1907, which directly precipitated the creation of the 1908 Gentlemen’s Agreements between Japan and the United States and Canada, illustrate the ways in which transpacific Asian migrations intersected with those of Atlantic migrants arriving at the same time. An anti-Punjabi Sikh riot in Bellingham, Washington, preceded violence that targeted Chinese and Japanese businesses in Vancouver, British Columbia, several days later. The proximity of these two incidents reveals how far and wide tactics and strategies for organizing politically around anti-Asian white supremacy travelled. Just as with the Cantonese, global migration networks passed intelligence across vast distances and created far-flung journeys with multiple stops. The leader of the Asiatic Exclusion League in Seattle, Arthur E. Fowler, had thorough knowledge

of how anti-Chinese organizing had worked in California before he arrived in Washington state, and he had advised the Bellingham rioters before speaking in Vancouver at a rally that preceded the riot there. Another speaker at the rally, J.E. Wilson, had travelled from New Zealand and spoke about the effectiveness of anti-Chinese agitation there. Other speakers were local labour leaders who had themselves migrated from other parts of the British Empire.

Vancouver in 1907 was just two decades old, and like most of the new transportation nodes on the Pacific, almost everyone in the city was a migrant from somewhere else. However, the rhetoric of the anti-Asian organizers was one of belonging – ascribing outsider status to the
Chinese, Japanese, and South Asians in the city. The “Oriental Invasion” threatened the “Anglo-Saxon blood” that had built the expanding British and American empires, and if white labour leaders and workers were themselves recent migrants along imperial routes, their rhetorical device of accusing Asian workers of coming to take away white jobs worked perfectly well with the ideal of a “White Canada Forever” that belonged to white workers, no matter when they had arrived. As a number of the chapters in this volume show, nationalism and imperial belonging could coexist in harmony – local racial practices and global imaginaries striking different notes in the same melody.28

A posting in Chinese on the day after the riot by the Chinese benevolent Association revealed a very different perspective on the violence. It asked Cantonese workers to report any incidents of harassment or violence in their workplaces and to let the association know if they were forced from their jobs by white workers: “If any of you go back to your original work places and your employers are not willing to hire you and hire others instead, please report to the CBA and we will negotiate for you.”29

The voices of those speaking and writing in Asian languages is still largely missing from many accounts of anti-Asian political organizing, oddly reiterating the erasure of their voices that the initial anti-Asian movements accomplished.

The Silencing of the Transpacific Voice

One of the most subtle and effective distortions effected by anti-Asian rhetoric was the change in the status of Asian workers. They were no longer akin to those they worked alongside in canneries, mines, and logging camps. Moon-ho Jung describes how anti-Asian activists in the United States borrowed much of the rhetoric used in the Caribbean and
Latin America to demonize Chinese as “coolie” labour, describing them as a form of indentured labour that was a new form of slavery. This categorization of both Chinese and South Asian labour as essentially “unfree” was shaped by debates in the aftermath of the end of the transatlantic slave trade and the emancipation of enslaved Africans in the Caribbean and Latin America. In the United States and Canada, however, this depiction of the “coolie” as a threat to the “free” white workers they supposedly displaced did more than just the rhetorical work of white supremacy.

National histories in Canada and the United States generally continued to portray Asian migrants using the rhetorical lens through which anti-Asian agitation represented them as “cheap,” “coolie” labour that undercut “whites” and threatened through their late arrival to take away “white” jobs. A misleading distinction between “free” and “unfree” labour continued to distort understandings of how and why Cantonese migrants crossed the Pacific. The exclusion of Chinese and other Asians from mythic national histories created a common response in the latter half of the twentieth century: a retroactive inclusion of them into the national imaginaries that had originally been built out of their exclusion. But this reincorporation of the missing voices of Chinese and other Asian migrants ironically accepted one of the fundamental tenets of the white-settler nationalisms that excluded them in the half-century before 1930: that the Chinese were the “late arrivals.”

In fact, the Chinese had arrived on transpacific ships to the west coast of North America long before the vast majority of white labourers arrived on the railways that the Chinese built. In the reincorporation of the long excluded voices of Chinese and other Asian migrants into existing national historiographies, a common mistake has been to unreflectively accept “Americans” or “Canadians” or “Australians” as belonging to every part of the abstract space claimed to be part of these recently founded nations, and for all time. In 1907, recent European migrants proclaimed, in a popular bar song, “White Canada Forever,” but they meant it not only in reference to an unbounded future ahead without Chinese, Japanese, and South Asians. When they sang “forever,” they also meant historical time, as if they had always belonged; the Aboriginal peoples they were displacing and the Chinese who were already there when they arrived could simply be erased from historical memory and forgotten. National mythologies of white-settler colonialism remain rooted in the convenient forgetting that the “Canadians”
and “Australians” who could count themselves as “white” were themselves recent migrants to the Pacific.

It is an irony of colonial archives that even as the stories of Chinese and other Asians were largely omitted from the national archives of the United States, Canada, and Australia, the state surveillance of those who were systematically discriminated against created detailed records. The table and map in this chapter detailing the origins and destinations of Chinese head-tax payers would not have been possible without the careful attention of clerks whose purpose was to record the details of a racially discriminatory policy. Migrants who were welcome in Canada left much less of a trace in national archives – a young man taking a ship from Glasgow or Liverpool stepped on shore leaving none of the same detail in government records. 31

If there is a final point to be made in this chapter, it is the necessity of reimagining the migration history of the Pacific as a unitary process. In the 1970s, Chinese-American histories that invoked the silenced stories of early Cantonese pioneers pointed out that the United States was known by the old-timers as “Gum San.” Chinese-Canadian histories that invoked the early Cantonese pioneers to Canada pointed out that Canada was known as “Gum San.” The same point was made in Chinese-Australian histories. Each of these national historiographies was partially correct, but the fact that both Canada and the United States had the same name in Cantonese was a curious contradiction at best. The larger point missed was that in the imaginaries of the migrants, the crossing of the Pacific was a unitary process, and if we recover the lost voices of the nineteenth-century Cantonese Pacific, we will understand the rhythms of their lives as a result not merely of inclusion and exclusion, but also of their marching to the beat of their own drums.

The beat of those drums has also become the new rhythm of Pacific Canada. In the 2006 census, there were more than half a million ethnic Chinese Canadians in Vancouver, and an even larger number in Toronto. Ethnic Chinese make up a third of metropolitan Vancouver, with other migrants from Asia another 15 per cent, and the “visible minority” in Vancouver are not Asians, but whites. The vast majority of new migrants to Canada now come from the Pacific world, with the most coming from the People’s Republic of China in 2006. At the university where I teach, ethnic Chinese students form 37 per cent of the
undergraduate population – self-identified white students make up only 34 per cent. The origins of these ethnic Chinese are varied and no single community exists, and yet they are the result of a Pacific world of migrations that has a specific set of rhythms. The present and the future, ironically, is a return to a past that was curtailed. One major research project, “Chinese Canadian Stories” (chinesecanadian.ubc.ca), aims to recover the stories of Chinese Canadians as a crucial element within a broader common past, including the complex global and trans-national connections present both historically and in the present. How much sooner might the world of Pacific Canada have developed if we had not gone the way of white supremacy? The half-century of apartheid and racial exclusion in Canada was the aberration, and so we must re-examine our national myths and make them relevant not to that world from which they grew, but to the old and the new world in which we live.

NOTES

1 BC’s colonial past of admixture has been well documented by scholars such as Jean Barman, Sylvia Van Kirk, and Robin Fisher. For more on native Hawaiians in fur trade forts on the Pacific coast, see Jean Barman and Bruce Watson, Leaving Paradise: Indigenous Hawaiians in the Pacific Northwest, 1787–1898 (Honolulu: University of Hawai‘i Press, 2006).


4 See, for instance, Tony Ballantyne, Orientalism and Race: Aryanism in the British Empire (New York: Palgrave, 2002).
Variations of some of the arguments made here were presented to the “Inside and Outside the Nation” workshop at the University of Manitoba in April 2009; to the “Pacific Worlds in Motion II” conference at the National University of Singapore in March 2009; at the Center for the Study of the Pacific Northwest at the University of Washington in February 2009; to the “Deconstructing Empire II” conference at the University of Victoria in June 2007; to the “Visualizing the Ethnic Chinese in Indonesia and North America” conference at the University of British Columbia in March 2007; and to the Institute for Pacific Northwest Studies at the University of Idaho in November 2006. My thanks to the attendees of these presentations for their helpful questions and comments, in particular for the useful suggestions from Eiichiro Azuma, Greg Blue, Gordon Chang, Ann Curthoys, Moon-Ho Jung, Abidin Kusno, Renisa Mawani, Adele Perry, John Price, Vicente Rafael, Adam Sowards, Anand Yang, and my late mentor, Edgar Wickberg, to whom this essay is dedicated. See also Elizabeth Jameson and Jeremy Mouat, “Telling Differences: The 49th Parallel and Historiographies of the West and Nation,” *Pacific Historical Review* 75, no. 2 (May 2006): 183–230.


For examples of studies of family lineage organization in outmigration villages, see Yuen-fong Woon, Social Organization in South China, 1911–1949: The Case of the Kuan Lineage in K’ai-p’ing County (Ann Arbor: University of Michigan Press, 1984); James L. Watson, Emigration and the Chinese Lineage: The Muns in Hong Kong and London (Berkeley and Los Angeles: University of California Press, 1975). For a study of how such regional migration networks could be reflected in a Hong Kong institution, see Elizabeth Sinn, Power and Charity: The Early History of the Tung Wah Hospital (Hong Kong: Oxford University Press, 1989).

Story of John Lee Lum from Lai, The Chinese in the West Indies, 299.


Lai, The Chinese in the West Indies, 72, excerpted from Dr Bowring to Earl of Malmesbury, Despatch no. 8, 25 September 1852, enclosures no. 1, 3, in British Parliamentary Papers 1852–53, vol. 68 (1686).
15 Lai, The Chinese in the West Indies, 52, excerpted from Colonial Land and Emigration Commissioners to G.W. Hope, 8 September 1843, enclosure no. 2, “Papers re Emigration of Chinese Labourers to the West Indies,” in British Parliamentary Papers 1844, vol. 35 (530).


17 See the stories of Musqueam elder Larry Grant and Senator Lillian Dyck from Saskatchewan, for examples of Chinese-Aboriginal marriages and families. <chinesecanadian.ubc.ca>.

18 Hsu, Dreaming of Gold, 195.

19 See the maps at “Chinese Canadian Stories” <http://chinesecanadian.ubc.ca>.

20 Elizabeth Sinn, Pacific Crossing: California Gold, Chinese Migration, and the Making of Hong Kong (Hong Kong: Hong Kong University Press, 2012); also Dirk Hoerder and Donna Gabaccia, eds., Connecting Seas and Connected Ocean Rims: Indian, Atlantic, and Pacific Oceans and China Seas Migrations from the 1830s to the 1930s (Leiden: Brill, 2011).

21 It is interesting to note that when British officials first began contemplating importing Chinese labourers into its Caribbean colonies in the early nineteenth century, they assumed that they would be shipped across the Pacific
and around Cape Horn. But it proved to be more efficient to ship them through the Indian Ocean, around the Cape of Good Hope, and across the Atlantic. The journey took around the same amount of time, but larger ships and therefore more cargo capacity existed on the transatlantic shipping routes. See Lai, *The Chinese in the West Indies*, 77.


26 As Eiichiro Azuma explains, the second round of anti-Asian legislation that culminated in the Gentlemen’s Agreements of 1908 also helped push new Japanese migrants to Latin America – another example of how the rhythms of transpacific migration were altered by the white supremacy of workers coming to the Pacific coast from the Atlantic seaboard. Eiichiro Azuma, *Between Two Empires: Race, History, and Transnationalism in Japanese America* (New York: Oxford University Press, 2005).
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28 See Perry, *On the Edge of Empire*.


32 Henry Yu, “Then and Now.”
On the origins of anti-Asian racism and how we have fought back

By the Editors of JALAN Journal of Asian Liberation (2007)

**Introduction**

In the United States, racist views of Asian-Americans are promiscuous and self-contradictory. On the one hand, we are told that we are model minorities, hard working citizens living out the classic American story of immigration and upward mobility. On the other hand, we are painted as perpetual foreigners, never quite American even after multiple generations of citizenship. On the one hand, we are supposed to be passive, docile, and submissive, while on the other hand, they fear we are the yellow peril, a rising, ruthless, and aggressive empire that will someday destroy the white race.

The fact that these stereotypes are so contradictory show their ludicrousness. Racists project their own fears, anxieties, desires, and aspirations onto us in order to suppress our self-government and make us into who they want us to be, even if what they want us to be makes no sense. But racist fears, anxieties, desires and aspirations are not simply the product of individual ill will; they are shaped by powerful institutions. For example the U.S. military reproduces stereotypes of Asians as an aggressive, brainwashed Mongolian horde in order to raise support for their base expansion projects aimed at containing Chinese military power. Without U.S. military interests in Asia, this stereotype could have died out but instead it is growing.

That’s why liberal strategies of “anti-racism” will not liberate us. Liberals encourage white people to question their stereotypes as part of confronting their “privilege.” They do not attempt to abolish the institutions like military bases that produce and reproduce these stereotypes to keep us subordinated. This editorial will examine the historic political, economic, and social origins of anti-Asian racism. Our goal is not to enlighten anyone’s consciousness but rather to expose the institutions that oppress us so we know who our enemies are and what we need to smash.

**The big picture: Facing the double-barreled shotgun of colonialism and empire**

In general, we can say that our enemies are the forces of white supremacy; any institutions and practices that have the effect of elevating white people over people of color (including Asians) by subordinating and suppressing our attempts to be self-governing.

In particular, there are two interlocking systems of white supremacy that shape the terrain of Asian American life and struggle. The first consists of the social relations formed by the colonial settlement of North America and the founding of the United States out of colonial settler states. It is the result of land stolen from American Indians and Chicano/as, the enslavement of Blacks, and the extreme exploitation of “free” Black, Indigenous, European, and Asian migrant labor. As a shorthand, we will call all of this “settlerism”.[1]

Settlerism has created a legacy of terror, violence, and racial hierarchy which Asian Americans have had to navigate. From the moment we arrived as workers in the Wild Wild West we found ourselves facing down the barrels of guns originally pointed at Blacks and American Indians. Later, we found ourselves victims of a Jim-Crow-style legal system. It is only more recently that we have been championed as the “model minority”, a supposed solution to the “problem” of militant Black resistance to 500 years of settler terror. The racist rationale that created such an identification for Asian Americans is further explored below, as well as in other articles.

The second system of white supremacy is related to settlerism but is more global. It consists of the social relations formed through the expansion of U.S. imperialism in Asia through military conquest (the colonization of the Philippines, the partition of Korea, the Vietnam War, etc.) and the domination of American multinational corporations, the International Monetary Fund, and the World Bank over Asian economies. U.S. Empire built off of earlier forms of European imperialism in Asia even as it modified them. Like them, it enforced the fiction of a white Western civilization reforming Asian barbarism.

The experience of Asian Americans has been shaped by the fact that those who rule over us here in the U.S. also subjugated the countries we or our families came from. The architects of U.S. Empire in Asia created a whole string of lies about Asians being backwards, ignorant, weak, and undemocratic in order to justify this subjugation. These lies have been applied to us as well, preventing us from assimilating and becoming white like the formerly non-white immigrant groups from Europe did.

In response many Asian Americans have chosen to be consistent and principled internationalists – we have known that our situation here will not improve unless people of color abroad defeat U.S. Empire. Others have bought into U.S. empire, claiming they are the “good” Asians, unlike those “bad” Asians over there who are prone to terrorism, fanaticism, Communism, or Islam. And of course US Empire has exported aspects of North American settlerist ideology to Asia, which is why so many of our aunts and uncles over there are scared of Black Americans even though they have never met any.
In order to understand Asian American struggles we need to keep both of these systems of white supremacy in our headlights. We can’t adopt the all-too-common view that race in America is a simple binary of white over Black. Social relations in the U.S. are deeply shaped by U.S. imperialism in Asia, our peoples’ resistance to it, and our own struggles here in North America. But at the same time, we can’t pretend we’re in a national liberation struggle somewhere in Asia where we are the “majority,” we are in the Western Hemisphere where our lives are forged in the Black-indigenous-white crucible and we need to seek our allies and define our enemies within this context.

To do so, we will consider the origins and contemporary manifestations of four forms of anti-Asian racism: the backwards worker myth, the perpetual foreigner myth, the model minority myth, and the myth of the yellow peril.

**The Docile Worker Myth: Frustrated American Dreams turned deadly**

The fundamental forms of anti-Asian racism emerged because of labor competition between Asian workers and white workers who viewed Asians as backwards and submissive.

To understand why this happened we need to look at a key moment in the formation of both settlerism and imperialism: the late 1800s and early 1900s, when Asian Americans first began to arrive in large numbers as miners, farmers, workers, and rebels. At this time the U.S. was going through the industrial revolution, unleashing forces of capitalist accumulation with a voracious appetite for land, resources, and labor. To fulfill this appetite, soldiers and settlers were moving westward looting and plundering American Indian and Chicano lands at a breakneck pace. The wealth they wrested from their genocidal drive to the Pacific was delivered, dripping in blood, as the down-payment for the new factories, plants, and shipyards that formed the bedrock of emerging U.S. imperial power in Latin America and Asia.

All of this involved mobilizing and exploiting human labor at an unprecedented scale. American settlerist mythology describes the conquest of the West as a something led by individualistic small property owners, “farmers, cowboys, merchants, prospectors, etc.,” who supposedly represent the soul of American democracy. But digging goldmines, boring through mountains to build transcontinental railroads, and similar enterprises required a level of organization that rugged individualists alone could not accomplish and capital that only large corporations and the federal government could provide. Soon enough big companies shunted aside the pioneers and hired mass gangs of workers at the lowest wages they could possibly impose. This was the birth day of the America we know today, where our dreams are of cowboy glory and our day jobs are full of monotonous toil under the watch of bureaucrats.

The corporations were looking for workers who could be compelled to accept slave-like wages and conditions without revolt. They turned to two sources. The first consisted of European immigrant workers from the east coast who had found themselves thrown into unemployment and poverty through economic crisis. The second consisted of former Asian farmers dislocated by the European and U.S. imperialism that was ravaging their homes (e.g. the Opium War and the genocidal Philippine-American war). But neither of these groups proved to be a well-disciplined or docile workforce, and it turned out that the only way to neutralize them was to pit the former against the latter.

The European immigrants were lured west with dreams of becoming self-made men- owning property and eventually becoming capitalists. Their dream was a mirage; they were sorely disappointed and were seething with anger. Those who had established small businesses were getting out-competed by the big corporations. And new unskilled workers who arrived from east coast slums found dangerous, low paying jobs their only option.

White supremacist politicians, craft union bureaucrats, businessmen, and many white skilled workers joined together to make Asian workers scapegoats for these frustrations; the Chinese community, which was the largest Asian ethnic group at the time, became their primary victim. They deflected the anger of small proprietors away from the big corporations and against their Chinese workers, arguing that the corporations’ reliance on cheap Chinese labor gave them an unfair advantage over smaller businesses. They also claimed that “civilized” white Americans should not have to compete in a labor market with “backwards” and “weak” “Orientals.” This allowed the skilled white workers and their craft unions to deflect the demands of unskilled European laborers for training and entry into the trades. The unskilled workers were told Chinese immigrants, not the corrupt and elitist craft unions and bosses were to blame for their plight. All of this allowed expanding US capitalism to solidify control over the workforce, neutralizing potential trouble from the unskilled white workers by co-opting them into white supremacy and neutralizing the Chinese workers by subjecting them to vigilante terror.

These anti-Chinese campaigns were a key moment in the construction of that bloody line between white and nonwhite in America. Part of the logic of settlerism was the deputation of rank and file white workers into a vigilante force that could aid the state in dispossessing and murdering American Indians and Chicanos. This logic was extended against Asians as bands of armed
vigilantes attacked Chinese folks and drove them out of gold mines, orchards, and small towns across the West. Between 1850 and 1906, Chinatowns burned to the ground and thousands of Chinese were killed, forced into prostitution, or marched to railroad cars and driven out, sometimes along the very tracks they and built. It was a campaign of wholesale ethnic cleansing.

Eventually, this vigilante force was legalized in the form of a whole complex of Jim-crow-style legislation that forbade Asians from owning land, testifying against white men in court and attending public schools, etc. It all culminated in the passing of the Chinese Exclusion Act which attempted to prevent any further Chinese immigration.

Early Filipino-Americans faced similar conditions. For example, there were anti-Filipino riots against Filipinos in Yakima and Wenatchee valleys in Washington, and Filipinos were driven out of Yakima in 1928. Japanese Americans also faced segregation from public schools and were attacked by racist mobs in San Francisco in 1907.

The ideologues leading these campaigns justified them by describing Asian workers as docile, dirty, backwards, and undemocratic. They were painted as conformist, traditional people unfit for a world of hearty American pioneer individualism. Many of these stereotypes remain today. (Of course, in cases where they had managed to set up their own businesses or farms, the script was flipped and Asians were portrayed as uppity, cunning devils who must have some trick up their sleeve).

In reality, the white workers were just as dirty, poor and miserable as Asian American workers, but they were bamboozled into hugging the chains of their own wretchedness rather than fighting back against their real enemies. They were the ones who succumbed to the manipulations of anti-democratic ideologues and if anyone was swept mindlessly into mob conformity it was them. They were tricked into siding with their bosses and decadent, conservative craft unions rather than joining with Asian workers who could have been their natural allies in building a more democratic America.

Of course, this is not to say that all classes of Asian Americans were automatically democratic. Emerging elites in Asian American communities also exploited our peoples ruthlessly. For example, Chinese workers were oppressed by powerful businessmen and labor brokers such as the Chinese Six Companies on the West Coast. These cartels collaborated with white supremacists to deliver coolie workers under slave-like conditions to American corporations. They worked with other Chinese elites that controlled political dissent in Chinese communities and maintained highly patriarchal and semi-feudal patronage networks backed up by thugs.

But despite these restraints, Asian American workers proved themselves to be anything but backwards and naturally slavish. They lived the classic American experience of being thrown into a rootless, violent new context and improvising strategies of survival and resistance. During the anti-Chinese pogroms, Chinese Americans organized boycotts, lawsuits, popular militias for armed self-defense, appeals to China for arms, and mass civil disobedience against attempts to get them to wear photo ID cards.

At times, Asian American workers found solidarity with Euro-American, Chicano, Black, and Native American workers in the IWW, a radical union that fought the bosses and the racist and corrupt American Federation of Labor. Japanese workers organized alongside Mexican workers in Oxnard CA, and Japanese-led labor organizing and strikes on Hawaiian sugar plantations attempted to break down the divide-and-conquer management system that allocated wages based on ethnicity to create resentment between different Asian groups. Pioneering Filippino activists such as Philip Vera Cruz and Carlos Bulosan also organized alongside Arab and Latino farm workers to create the strong United Farmworkers Union in the 1960s. Enduring much physical and economic duress, the farmworkers managed to go on strike and organized a four-year long grape boycott to push for higher wages and better working conditions.

These moments of resistance are often overlooked chapters in the struggle for democracy and anti-racism in the U.S. They offer important lessons for us today where the American dream is once again dissolving into unemployment, economic crisis, dislocation, and faceless bureaucracy. Once again, right-wing populist/white supremacist politicians and militias are emerging to blame all of this on immigrant workers. Latinos are the primary targets for now, and for reasons we explain below Asian Americans could also be targeted in the future. We can look to this early Asian American resistance for insight into how we can fight back today.

**The Perpetual Foreigner Myth**

Despite these heroic struggles, Asian American workers and principled multiracial labor organizations were numerically outnumbered. Eventually, Asian Americans were barred from many industries and forced to live in ghettos (Chinatowns, Manillatowns, little Tokoyos etc). Although Asian Americans used these communities to build networks of mutual aid and protection from white supremacy, this ghettoization limited their ability to impact broader American politics through multiracial labor struggles and cultural production.

This is partly the material basis for the myth that Asian Americans are perpetual foreigners. Having ethnically cleansed and concentrated Asian American populations,
white supremacists turned around and argued that Asians liked to keep to themselves, that we are just visitors or squatters here who are loyal to our homelands and not to America. They see our cultures as strange and exotic, fundamentally incompatible with American democracy.

This perpetual foreigner myth was reinforced by the machinery of U.S. Empire, which was expanding into Asia. To justify its conquests, the imperialists argued that Asians had an exotic, decadent, and outdated civilization that needed to be supplanted by Western modernity. Rudyard Kipling’s notorious poem the “White Man’s Burden” was about this conquest, and it described Filipinos as ungrateful heathens, “half devil, half child.” He is only one of many examples. These views of Asians as an exotic and backwards civilization were applied to Asian Americans as well, and our ongoing segregation has been justified over and over again with the excuse that we will never be able to participate fully in American civic life.

The perpetual foreigner myth reached a crescendo during World War II when the U.S. government portrayed the entire Japanese-American community as a ticking suicide bomb ready to go off in support of Japan. They rounded up thousands of Japanese families and put them in concentration camps. The perpetual foreigner myth is still alive today as neoconservative pundits portray South and Southeast Asian-American Muslims as a fifth column ready to pollute America with Jihadi terror, vampirish patriarchy, and religious fanaticism. Of course, some Asian Americans buy into this malicious propaganda by arguing that those other Asians, not us good suck ups, are the real, perpetual enemy aliens. The notorious Michelle Malkin who wrote the book, “In Defense of Internment: The case for ‘Racial Profiling’ in World War II and the War on Terror” is one such example.

This perpetual foreigner myth is gendered: white supremacist efforts to define Asians as strange and exotic are often fought over the bodies of Asian women. Before the Western colonists arrived, Asian societies had a wide diversity of gendered institutions from the rigid patriarchy of imperial Chinese Confucianism to the relatively matriarchal norms of Southeast Asia and southern India. Yet everywhere they went, these colonists set out to create reflections of their own patriarchal societies. In Burma, British colonialists found themselves interacting with powerful women leaders. They argued that the equality or even dominance women enjoyed there was a mark of Burmese society’s barbarism. They eagerly tried to “civilize” these “exotic” women by training Burmese men to dominate them.

Ironically, in the 20th century the imperialists flipped their script. Now they like to portray Asian societies as strange and backwards because of their supposedly more “traditional” patriarchy. We are constantly exposed to images of veiled Pakistani or Afghani women and the neoconservatives would have us believe that the war on terror is being fought to liberate these women from the grips of Islamic repression. What they never mention is that the U.S. has often supported the most patriarchal despots in Asia from Park Chung Hee in Korea to the Northern Alliance in Afghanistan.

While the US military is busy “liberating” Asian women, its soldiers and sailors stationed at the military bases in Asia sometimes rape local women and get away with it under Status of Forces agreements reminiscent of colonial concessions. Prostitution, sex tourism, and human trafficking rings from Thailand to the Philippines have sprung up to provide “rest and relaxation” to US soldiers and tropical getaways for US businessmen. Associated advertising and pornography outfits turn this material reality into the myth of the hyper-sexual exotic Asian woman.

While some white supremacists claim they are coming to Asia to liberate its women, others appeal to the patriarchy of American capitalism and attempt to pimp out Asian women as supposedly traditional, docile, unliberated peasants who will make good sweatshop workers, mail order brides, and prostitutes. This logic has helped build an Asian underclass inside the U.S. When these women resist and sabotage their bosses’ efforts they are subjected to assault or are detained and deported.

The model minority myth

Today this underclass is rendered invisible and this history of Asian American working class resistance is suppressed. Both inside and outside our communities, Asian Americans are now portrayed as middle class, upwardly mobile, hard working techies. Our classmates assume we are naturally smart and politicians assume we are naturally conservative.

These new stereotypes also have a dark history behind them. In 1965, the US was facing pressures from the civil rights movement at home and the cold war abroad. In an attempt to improve its poor image as the world’s greatest racist, the U.S. government relaxed some of its explicitly race-based immigration laws and began to allow more Asian immigrants to come over.

Unlike at the turn of the century when they needed cheap workers, in the 60s the U.S. capitalists faced a crisis of overproduction and unemployment due to massive automation of U.S. factories. However they did have a large demand for trained technicians, scientists, and engineers who could help run and update this automated machinery, and they were competing with the USSR for scientific talent to promote military supremacy. Given this context, the 1965 immigration act only allowed in the educated, skilled Asians and continued to bar unskilled Asian workers. This also contributed to a brain
drain in Asian countries that now lost the skilled doctors and scientists who had received state subsidized training for their capabilities.

This arrangement proved useful to the ideologues of white supremacy. They began to argue that Asians were a “model minority” because they had supposedly pulled themselves up by their bootstraps through education and hard work. The disproportionate number of Asian technicians and professionals who had arrived at the US through the state’s capitalist immigration policies, was ahistorically attributed to Asian values of hard work and family. The implication here is that other minorities are problem minorities; that Latinos and especially Blacks remain poor because of their supposedly inferior culture, laziness, or lack of intelligence, and not 500 years of settlerism, slavery, Jim Crow, and discrimination. At a time when the Black Power movement was shaking up American society and galvanizing young working class Asian Americans to side with Blacks in the struggle against white supremacy, this emerging model minority myth was deployed to divide Asians from Blacks and delegitimize the Black revolt.

The model minority myth is destructive not only because it sets us against other people of color but also because it erases our own legacies of working class struggle. By presenting Asian Americans as inherently middle class it obscures the key histories outlined above, denying us democratic and anti-racist sheroes and organizational precedents from our own communities. It also renders invisible the significant and growing Asian American working class today. From undocumented Chinese and Filipino workers to Cambodian, Vietnamese, and Laotian refugees from the terror of the US war in their homelands, this myth leaves out some of the most important and dynamic Asian American communities-the very folks who are a waging key struggles today against police brutality, homeland security raids, and deportation orders.

The model minority myth could not have lasted if it were simply a white racist fantasy propagated by media portrayals of Asians. It was solidified because upwardly mobile middle class leaders in some of our own communities have bought into it. As soon as possible they moved out of the ghetto and into the suburbs and they tried to train their kids to fear and pity other people of color. Many of our parents continue to buy into this myth because in their eyes it jives with some of their own chauvinistic thinking about essential “Asian” values of hard work and family discipline (expressed through very American and very capitalist reinterpretation of Confucianism, Hinduism, etc.). For them being the model minority also means maintaining patriarchy, regulating their kids’ sexuality, and keeping them away from the more dynamic (and less white!) aspects of American culture such as hip hop. It is the task of our generation to break this middle-class stronghold that has dominated Asian Americans today.

In this sense, our struggles against the model minority myth today are not just struggles against the white supremacist media and immigration systems; they are also struggles for women’s liberation, workers’ self-management, sexual and gender freedom, and antiracism in our own communities. As more Asian workers begin to immigrate and as our generation of young Asian Americans begin to identify more with other people of color, the model minority myth could be shaken up.

The international dimensions of the model minority myth follow the same pattern, and exacerbates its harm. U.S. Empire has propped up the Asian Tigers (South Korea, Singapore, Hong Kong and Taiwan) as models for other people of color nations to follow. And yet these supposed capitalist success stories have faced restless working classes and democratic challenges to their authoritarian governments. South Korean workers and farmers militantly confronting the cops at anti-globalization demonstrations should be enough to shatter the myth of Asian docility and conservativism.

The Myth of the Yellow Peril

All of the myths discussed so far are built on the assumption that Asian countries will remain subordinated to U.S. Empire. Even the Asian tigers are junior partners. But the prospect of a growing Chinese empire emerging as a direct rival to U.S. imperialism could significantly shake up the relationship between Asian Americans and other Americans.

The rise of the Japanese Empire in the early 20th century gives us a precedent for understanding what might happen. At first the American ruling class saw the Japanese Empire as a benign, progressive force that could help modernize the rest of Asia and Japanese Americans were thus seen in a positive light. But eventually, Japan began to approach parity with the U.S. and the two empires began to compete for territory and resources. At that point, the script was flipped and the Japanese were portrayed as ruthless, cunning, diabolical aliens threatening to swarm across the world and exterminate the white race. The propaganda of both the Japanese and the U.S. armies turned the Pacific front into a race war. In the U.S., this gave rise to the stereotypes of the “yellow peril” literature and films.

Today, while most American elites are content to cash in on cooperation with China’s dynamic capitalists, some factions of the U.S. ruling class are beginning to promote a vision of China as the new yellow peril. They recognize that China holds trillions of U.S. dollars in its state bank and are startled by Chinese government efforts to weaken its economy off of production for the U.S. consumer market. They describe the Beijing Olympics opening ceremony as a strange pageant of
Asian conformism, as an unleashing of the collective power of docile Asian workers who will bow to a rising new Emperor, a new Oriental Despot. There is renewed talk about the threat that Chinese people supposedly pose to Western values.

What effect all of this will have on Asian Americans is yet to be seen. Many of us, regardless of ethnicity, are mistaken for Chinese by white folks who can’t tell the difference between us. If the U.S. and China begin a protracted inter-imperialist rivalry over energy, military, or financial supremacy, this could re-awaken some of the old anti-Asian elements of U.S. nationalism. The model minority myth could dissolve and more direct and vicious forms of white supremacy could re-emerge. Faced with angry American workers who have lost their jobs due to corporate looting, politicians may try to divert this anger against Chinese workers abroad and Asian American workers here, claiming we are “stealing” American jobs. This could lead to new attacks against Asian Americans reminiscent of the killing of Vincent Chin who was beaten to death in 1982 by Detroit auto workers angry at Japanese competition. Although unlikely in the near future, outright war with China could lead to social chaos in both countries and the possibility of new internment camps. We shouldn’t be alarmist but it is crucial that Asian Americans begin organizing now to prevent these potential catastrophes. We are in a good position to make links between American workers and Asian workers abroad, articulating our common interests and challenging the claims of both Chinese and American elites to speak for our peoples.

Conclusion

As we have seen, anti-Asian racism is not simply the product of individual ill will. The docile worker myth, the perpetual foreigner myth, the model minority myth, and the myth of the yellow peril all have to do with deep-rooted contradictions in American society. If we want to break free of these oppressive myths then we need to confront these contradictions head on, in solidarity with other people in America and with folks struggling against U.S. empire abroad.

[1] The Asian American activist, J. Sakai, has used the concept of “settlerism” to explain the structure of white supremacy and capitalism in the U.S. Sakai argues that most white “workers” have been bought off by the privileges they received from white supremacy and therefore are not part of the working class. While we agree that the U.S. is a product of a colonial settlement process, we recognize that in history some white workers have rejected these privileges and sided with workers of color against white supremacy and capitalism. We believe that such breakthroughs are happening in lower frequencies today and can take form in larger scales.
The Persistence of Anti-Asian Racism in Vancouver | Part I

Nathan Crompton  April 2, 2012

EDITORIAL INTRODUCTION | From the start, Vancouver has been marked by a history of racism against Chinese and Asian immigrants. This is an uncomfortable fact which few commentators can overlook — albeit not few enough, as this article demonstrates in its sharp critique of Vancouver Courier columnist Mark Hasiuk. Part I of this three-part essay reaches into contemporary Vancouver to find that, despite the passage of time, original assumptions and archetypes of race and class have proven indispensable for an ongoing history of scapegoating. This history has, according to Crompton, reached a peak in today’s discussion of housing and real-estate in Vancouver.

Far from signaling the simple break away from the city’s colonial past, the mystified real-estate economy proves fertile grounds for the re-capitulation of the time-tested logic of political scapegoating. This three-part essay is sure to have an impact not only for its use of historical and empirical research to undermine assumptions that Vancouver’s housing crisis can be explained by Asian capital, but for its direct critique of household politicians and commentators. From Sandy Garossino to Gregor Robertson, few are spared in this militant clarion-call to move beyond the present by clearing out the skeletons of a racist history.

Introduction

At different points throughout the 125 years of its history, colonial Vancouver has blamed its problems on others. The relation between “citizens” and “foreigners” underlying the identity of Vancouver has been at times explosive – as when anti-Asian riots attacked Chinatown and Japantown in 1907. Flashpoints occurred again in the 1880s, the 1900s, the 1930s, the 1970s and 1990s, always with the same result: to draw up new lines of exclusion and discrimination while deepening the political disorientation of the times. At other moments the relationship has been segregated but passive, embedded in the habits and rituals of the city. Today, when it is assumed that xenophobic movements could not gain the same momentum as 100 years ago, the penchant to blame “foreigners” for local problems continues. In an assessment of contemporary Vancouver, Henry Yu once asked presciently, “is Vancouver the future or the past?” [1] If the question reads like a riddle, it is because the answer is equally uncertain. As extreme-right movements today pick up momentum in Europe and elsewhere in the context of financial crisis and long-term economic stagnation, it is now more than ever that we should examine global and local histories of racism and xenophobia.

Fin de siècle Vancouver

Recently, in a telling interchange of past and present, Vancouver Courier columnist Mark Hasiuk used his column to target Vancouver school board trustee, Allan Wong. Hasiuk attacked Wong for a motion put forward at the school board calling on the province to incorporate the history of British Columbians of Chinese descent into the regular provincial curriculum. Curriculum changes were not needed, according to Hasiuk, since there is already too much Chinese Canadian history taught in the secondary curriculum. To add insult to injury, Hasiuk mocks the remembrance of the Head Tax, the Chinese Exclusion Act and the Canadian Pacific Railway as a “holy trinity” in both the curriculum and cultural memory of Vancouver.

Hasiuk’s aim seems to be to convince his readers that by introducing the motion, Wong has ‘stepped out of line’ and should now be put on trial by the public. In a time-tested polemic, Hasiuk suggests that if Vancouverites of Chinese descent are going to do cultural work, they should move outside the political sphere. If Chinese people insist on being public figures, according to Hasiuk, they should use their customary “hard work and determination” in order to “give gratitude to the country they call home.” In transparent language, Hasiuk uses long-standing stereotypes to entrench a clearly demarcated set of imagined hierarchies. The irony is that this blatant ignorance is exactly what the educational curriculum Hasiuk attacks is supposed to prevent.

In the middle of the article, Hasiuk quotes an interview with Kathy Xie, a middle-aged mother from Richmond who thinks that it is important for people in British Columbia to learn from the history of the Canadian railroad, built by Chinese workers at the end of 19th century in conditions of indentured labour and deep racial segregation. Hasiuk casts doubt on Xie’s history of the railroad, questioning her in a condescending and badgering tone: “Really bad? Really?” In spite of a previous lament about the rise of what he calls “un-Canadian” immigrants in Vancouver, the goal here is clear: to downplay the importance of learning the history of Canada.

Given his shameful outburst (is it possible to imagine that Mark Hasiuk is still employed by the Courier?) there is no surprise that Hasiuk’s version of history is nearly unintelligible. For Hasiuk, “most Chinese workers eventually quit the railway, opting for the higher pay and greater opportunity of B.C.’s goldfields where they prospered.” In reality, of course, those few who made enough money to return to China left Canada, not least as a means to evade harsh laws preventing any women from arriving in Canada under the Chinese Exclusion Act of 1923, cutting hundreds of families in half. Chinese Canadians who stayed were forced to endure continuing levels of poverty in the Chinatowns of the
larger cities and towns, abandoned by the false promises of prosperity. As Wayson Choy writes in *The Jade Peony*, the call to ‘Go to Gold Mountain’ brought thousands of Chinese into lasting poverty:

Poverty-stricken bachelor-men were left alone in the Gold Mountain, with only a few dollars left to send back to China every month, and never enough dollars to buy passage home. Dozens went mad; many killed themselves. The Chinatown Chinese call July 1st, the day celebrating the birth of Canada, the Day of Shame.[2]

Once in the city, Vancouver’s Chinatown (and Japantown) experienced virulent opponents from all parts of Vancouver for the first seventy-five years of its existence. As Kathy Shimizu recently said of Japantown in a public hearing at city hall, “most of the city didn’t want us here.” White lobbyist groups attempted to push the Chinatown neighborhood away from Hastings Street, and by the turn of the century, anti-Asian racism was embedded in all sections and classes of society. In predictable alliances, anti-Asian racism extended from protectionist business interests to colonial planners and discriminatory city councilors. But it also moved into the culture of labour leaders and white trade unionists, reaching beyond elites into the realm of white populism.

**White populism in Vancouver**

The historic figure of populist politics in Vancouver is L.D. Taylor, the newspaper owner and real-estate developer who in 1910 became Vancouver’s longest-standing mayor. Taylor aligned himself with trade union and working-class politics at a time of rising land values in Vancouver. By the first decade of the 1900s, land prices were widely out of proportion to stagnant incomes, and well on their way towards the continent-wide housing bubble and crash of 1929. In all of its basic characteristics, the land economy of Vancouver was a mirror image of today’s: monopoly ownership of land, speculative global capital, daily evictions, and the ongoing spatial stratification of central neighborhoods. To cite one revealing passage from 1911:

Land prices are high, it is said, higher than anything would warrant. ‘Why, the workingmen cannot afford to pay at the rate demanded for these tiny outside lots,’ asserted one man recently. The same thing was said here twenty years ago, answer the pioneers; others of us know that it was repeated ten years ago and five years ago, and our children and our children’s children will hear the same tale of woe decades hence.

Despite being a real-estate magnate himself, Taylor did not hesitate to pontificate in the name of white workers. In the midst of a housing crisis, Taylor used his editorials in the *Vancouver Daily World*, the newspaper he owned, to rally for the “average man.” Taylor “defended” working Vancouverites against the “invasion” of Asian immigrants. Taylor spoke passionately to a crowd of white racists only a few hours before the eruption of the race riots of 1907.[3] Like Amor de Cosmos and other populist figures of 19th century Vancouver, Mayor Taylor argued to “preserve British Columbia for white people.”

By aligning with white workers, Taylor crafted a sense of collective progress while cementing hierarchies of race and class. He drew on a populist model of politics: exploit local workers – both as a source of rent extraction and a source of electoral support – while providing them with the compensation of progressive culture and white privilege. While Taylor’s workers remained poor, they were remunerated with payments of cultural capital, or what has been called “the wages of whiteness.”[4] These non-financial wages (W.E.B. Du Bois had already called them “public and psychological wages”) were at the root of a long-term cultural project to construct a new world city on the North American frontier.

What exactly are the “wages of whiteness” today? Ceaselessly invited to participate in the privileged construction of a World-Class city, we have to ask this question openly and honestly. Does the fine print of this special invitation not also stipulate that we agree in advance to set differences aside and blame our collective problems on others?

**Lost Harmony: “It began in the 1980s”**

Is it possible that between now and the time of Mayor Taylor, the gaps of history are narrower than a full century would suggest? It is enough to know that today in Vancouver a person can open a page of the Vancouver press and read easily-recognized scapegoating, like that of the *Courier*. But if the *Courier* frames its racism plainly and unapologetically, we should read it not only in order to foster a political disgust of figures like Hasiuk (which goes without saying) but to get a more profound view of the underlying logic at work in the act of scapegoating. If political scapegoating is defined as “any search for the intruder who infected the original harmony and set in motion its degeneration” – to quote philosopher Slavoj Zizek[5] – what is the imaginary “paradise lost”?

In a recent article, Mark Hasiuk lamented the loss of idyllic white neighborhoods once inhabited by ‘Jones’ families. In the most xenophobic register free to a mainstream newspaper, Hasiuk invokes time-tested fears of change in the demographics of South Vancouver’s Kerrisdale neighborhood: “Who takes their place? What happens when the Jones move away?” In the 1990s, upper-class white neighborhoods like Shaughnessy and Kerrisdale became centers of anti-Asian racism in a chapter of history marked by a resurgence of historic xenophobia — a period captured in the single moniker,
“Monster Home.” From a buoyant view, those days of blatant racism are set in the past, and in many ways that is true. A confident editorial from the Vancouver Sun states, “It’s not even a debate anymore. The days of ‘Hongcouver’ are history. People are embracing Asia now.”

Why, then, do we continue to hear the same logic of scapegoating, with the same tried narrative that Vancouver’s natural harmony is being disrupted by foreigners from Asia? It might be easy to digest, and soberly expected, if these were only the ideas of people like Hasiuk, marginal on the far-right of the political spectrum. Yet candidates and commentators of Vancouver’s 2011 municipal elections were alarmingly at ease echoing the opinion that Chinese people have upset Vancouver’s harmony – or even, more disturbingly, “our” harmony.

Figures in the 2011 election ranged from not-in-my-backyard candidates and organizers with Neighborhoods for a Sustainable Vancouver (NSV) to independent council candidates like Sandy Garossino, whose primary campaign platform was the ominous talking-point that foreign capital is “corroding the entire local economy.” What should raise our eye-brows is that, appearing everywhere from the Rick Mercer Reporto to the media appearances of Mayor Gregor Robertson, this version of history is increasingly re-cast as common sense. This common sense is so deeply entrenched that, in order to invoke its effects, one needs only to make vague allusions to it. But when made explicit it takes the form of a historical narrative, one that states that the harmony of the city has been disrupted by the arrival of capital from Asia in the 1980s onwards. As Hasiuk writes, “It began in the 1980s…”

History Lesson I: Hong Kong and the purchase of the Expo lands

In narratives of a lost harmony, there always arrives the moment of a proverbial “fall” — the date when it all went wrong. Like Hasiuk, Bob Ransford can be found reiterating the point that the pivotal moment in the history of Vancouver’s housing market is the sale of the Expo lands of False Creek:

If we’re looking for one lesson around the impact of foreign real estate investment worth studying, perhaps the best one is the first wave of Asian investment that was sparked by the sale of the former Expo 86 site to Hong Kong billionaire Li Ka-shing in 1988. The redevelopment of the vacant site on the north shore of False Creek by Li’s Concord Pacific not only created a new template for the rebirth of Vancouver’s downtown, it also put Vancouver on the radar screen of foreign investors.

To shatter the quaint notion that Vancouver was “off the radar” of foreign investors prior to 1988, one should read a text such as Robert M. Galois’ The Social Structure in Space The Making of Vancouver, 1886-1901, and in particular “The Integration of Vancouver into the Global Economy of the Late Nineteenth Century.” The latter chapter’s epilogue quotes from a speech delivered by D. Oppenheimer exactly one hundred years prior to the mythic sale to Li Ka-shing. Oppenheimer said in 1889, “Here now is the chance for Foreign Capital to step in and by the formation of prospecting and locating companies in the mining centre of Vancouver to reap a bountiful harvest.”[6]

If critics will respond that globalization in the late 20th century was not on the same scale as globalization in the 19th century, they should put down Galois and read perhaps Linda Weiss, who gives a sobering account of what in any case Marx already said in 1848: capital chases every corner of the globe in a century (the nineteenth) when there is no turning back. Without the gusto of a manifesto, Weiss nonetheless demonstrates that by nearly every scale and measurement (eg. global capital flows as a percentage of GDP, etc), contemporary globalization is not new. In the trials of globalization, its newest features are dwarfed by what is oldest.[7]

History further questions mythology by showing that, in the conspiratorial “death” of industrial False Creek, there was a second gunman. Two buyers — not one lone buyer — put their names in for the auction of False Creek. In addition to Li Ka Shing, there was Jack Poole. Both buyers had an identical economic model prepared for the lands: a formula of monopoly ownership called the “land bank.” The formula is simple and can be set to work by any capitalist jock who happens to find himself with enough money (probably by inheritance) and the right connections (likewise, inheritance). The formula is: 1) divide land held within a larger stock (i.e. a land bank under monopoly control) into separate smaller parcels, 2) sell or develop those parcels over time as a means to control macro-economic supply (“slow release”). Contrary to the notion that Li Ka-shing brought a new vital capitalism to False Creek, this latter method of “slow-release” had already been perfected by Jack Poole in the construction of suburban tract homes in Calgary and elsewhere.[8]

For anyone familiar with the history of British Columbia, the transfer of a Crown land-bank to a private monopoly was also nothing new. That this purchase was by a Hong Kong monopolist tells us nothing when we recognize that Vancouver and Hong Kong are twin land economies which, as erstwhile British colonies, inherited identical land ownership regimes. In Vancouver the regime began with the CPR, having been given the title to the vast majority of the city.[9] To the same extent, the political economy of Hong Kong is marked by the “oligarchical political structure left behind by the British.”[10]
If it were not already clear, this political oligarchy is above all one in which elites are given privileged access to “land, markets, and information – turning them into monopoly-holders in a range of key sectors.”[11] In short, Li Ka-shing and the CPR stem from one and the same historic trajectory of capital accumulation. Vancouver and Hong Kong, both products of British colonization and its specific land-monopoly policies, in turn produced real-estates magnates who traded one another’s capital. Nothing J.S. Mill or Marx would not have understood already in the 19th century. In fact the only thing as predictable as the maneuvers of British colonial real-estate is popular resistance and political organization against that system of monopoly capital, to which we turn in Part II.


[9] To get a picture of the scale of the original enclosures of ownership by monopoly capital in 19th century Vancouver, see maps reproduced in Donald Gutstein, Vancouver Ltd. (Toronto: James Lorimer & Company, 1975) p. 12; also see N. Macdonald, “The Canadian Pacific Railway and Vancouver’s Development to 1900,” B.C. Studies, No. 35 (1977), pp. 3-35


The Persistence of Anti-Asian Racism, Part II | ‘Political Economy of the Empty Signifier’

Nathan Crompton  April 10, 2012

EDITOR’S INTRODUCTION | Since publishing Part I of this three-part series, other publications have followed suit, with similar columns appearing in the Vancouver Sun and the Vancouver Courier. The articles signal a recognition that the phenomenon of affordability-scapegoating is losing credibility in Vancouver. At the same time, the articles fit into familiar gene of commentary in Vancouver: oblique, evasive, ready to ask questions rather than try to provide answers. Such writing cannot help but come up short of its target. Here in Part II, Crompton argues that while racialized scapegoating relies on unsubstantiated anecdotes, the economic facts clearly show that Asian buyers are not responsible for Vancouver’s housing crisis. Crompton argues that the responsibility lies squarely at the feet of Vancouver’s local ruling-class and its neoliberal policies. Part I is available here. Part III is available here.

Facts and Anecdotes

A recent BMO report blames Canada’s unsustainable household debt and world-record housing prices on an “enormous inflow of capital from non-resident Chinese nationals.” When a journalist wrote to the author of the report in search of a source for these enormous inflows, he received the following response: “It’s based on anecdotal reports; there are no reliable data on foreign-resident purchases…If you find a good source of data, please pass it on to us.”

Despite the entrenched belief that, since the 1980s, Chinese investors have succeeded in throwing off the equilibrium of the local housing market, the reality is that the vast majority of foreign residential real-estate in Vancouver is American-owned. According to 2010 property statistics collected by BC Assessment Authority (the provincial Crown corporation that assesses all properties in B.C. for tax purposes), about 58% of foreign-owned real-estate is American. Europe and the United States together account for 70% of all foreign-owned real-estate in the city, with the whole of Asia accounting for only 22%.

In response to these numbers, commentators who hope to peg the housing crisis on Asian capital maintain that while the volume of purchases from Asia is lower, it is the nature of those purchases that matters, since Asian buyers are bidding for luxury housing at the top and dragging the rest of the market upwards with them.

Again, reality disrupts the myth. In 2010, the highest recorded purchases were from the United States ($7.17m) and Europe ($7.55m), while the highest Asian purchase was a Hong Kong owner, reaching $6.84m.

Despite the facts, numbers are often not enough to compete with anecdotes. Regardless of the data, the notion of Asian capital as a dominant category for understanding the housing crisis persists, with constant statements to the effect that “despite the lack of statistical proof,” “despite the dearth of empirical data,” “despite reports that point to the contrary,” the threat is nonetheless real. These types of analysis invoke a set of signifiers – “Asian,” “foreign,” “offshore” – that in reality serve as empty signifiers: they mean nothing but can absorb whatever prejudice is found lying around. The empty signifier is a floating entity meant to place (and displace) blame wherever necessary.

Local Conditions: The extraction of rent from living labour

Racism, as the ultimate “floating” signifier, has followed a complicated path in the history of Vancouver. From the beginning it has alternated between different forms of metaphor and imagery, always capitalizing on the uncertainty that follows in the wake of its maneuvers. It is this uncertainty that has for 150 years helped make Asians into such “indispensable enemies” of the West Coast.[1] Vancouver historian Henry Yu has stressed the fact that, in the face of this uncertainty, the analysis of local conditions becomes all the more important: “There is contingency involved in anti-Asian politics – local conditions matter.”[2]

For its part, the hallmark of anti-Asian politics is its ability to capitalize on conspiratorial uncertainty as a means to erase the analysis of local conditions. A marker of the success of scapegoating is precisely its ability to capitalize on its own ‘emptiness’ by eliminating actual factors, local or otherwise, from the analysis of the situation. With reference to anti-Semitic scapegoating, Slavoj Zizek captures this phenomenon perfectly:

In anti-Semitism, all fears (of economic crisis, etc.) are exchanged for the fear of the Jew – je crains le Juif, cher citoyen, et je n’ai point d’autre crainte…”(‘I fear the Jew, my friend, and have no other fears… ’).[3]

It is no exaggeration to say that today, for a person who attempts to understand Vancouver’s housing crisis through the existing lens of excess foreign capital, local conditions become almost entirely irrelevant. As the housing crisis worsens in Vancouver, the oblivious slogan becomes: “I worry about the Asians, my friend, and have no other worries.” This persistent logic takes the form of anecdotes and empty signifiers: I know a woman who knows a guy who knows a real-estate agent

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who works with mostly foreign buyers. “All of his work is now with (international) buyers…very few spoke English, translators were used in virtually all the transactions,” as one anecdote reads in an article by city commentator Sandy Garossino.

In such narratives, the realities of the local situation literally drop from out the bottom, disappearing into the depths. The key to the empty signifier is that its lack of tangible proof makes the threat appear all the more dire. It plays the role of a hidden cause that can never be pointed to concretely, but whose evasiveness makes it hold all the more sway in the imagination of those who believe it.[4] As with the anti-Semitic category of the Jewish banker, global capital takes on the role of a mystified power, like a puppet pulling the imaginary strings of the economy.

By pointing to nothing, anti-Semitism appears to be pointing at everything, providing an explanation for the whole order of the world. The empty signifier becomes the Master signifier. It is in this eclipse that local conditions disappear behind the moon of racism, overtaken by the empty (Master) signifier. Thus in Vancouver, the housing economy becomes viewed as something “completely independent of local economic conditions,” to quote Sandy Garossino. Finance, real-estate and the ongoing commodification of housing are re-framed as processes of pure circulation floating in a global “stratosphere,” rather than an actual process of rent accumulation and financial power.

In this image, Vancouver becomes an undivided victim of “excessive global capital speculation that is unrelated to the local economy” – to again quote Garossino – rather than a site of struggle between property elites and the dispossessed of the city. Instead of zeroing in on the quasi-feudal relationship between landlords and renters, against which Vancouver has a long tradition of popular struggle, Garossino retreats from history in order to lament the floating housing market, upheld by the paralleled loftiness of the empty signifier of race. Instead of attacking the reality in front of one’s face, we set out to attack the elusive abstractions that cannot be demonstrated. Why? To better secure the promise that nothing is allowed to happen that may change the actual situation.

Elephant in the Room: Monopoly Capital

A current version of the paradoxical attempt to address the crisis (in a way that is calculated to rule out the possibility of change) is the Mayor’s Affordability Task Force. The goal of the Task Force, as recently stated by the Mayor, is to lower the cost of housing without lowering overall property values. Given the impossible nature of this goal, the members of the task force accept that they will not be able to bring affordability to Vancouver. One businessman, Peter Simpson, ruled out affordability and mocked the very idea of another Task Force – before finding himself appointed to it.

Another member of the task force, developer Michael Geller, voices skepticism about what members of the development industry can contribute in their role as directors of the Task Force. In an affordability task force “progress report” posted at City Caucus, Geller states:

Two key questions that need to be addressed are whether reduced costs will necessarily translate into reduced prices; and whether it is indeed possible to build truly affordable housing given the other factors such as land costs and foreign investment.

Geller delivers two telltale signs of monopoly capitalism. First, the recognition that in markets dominated by monopoly capital, costs bear little relation to price. Geller soberly casts doubt on the assumption that reduced costs – including tax breaks and fee exemptions – will necessarily translate into reduced prices. Geller is familiar with the dynamics of an industry whose prices already dwarf costs and where 20% profit rates are assumed as given, underwritten by Vancouver’s oligopolistic political and market structures – a structure whose bottom line is to actively limit supply, especially affordable supply. The result, as has been written in a previous Mainlander essay, is that market rents bear no reflection of the actual costs of tenancy but rather of the opportunity cost of capital.”

So Geller’s diagnosis recognizes that lower costs do not produce lower prices. On the other side of the equation, however, Geller defensively insists that factors of supply are ultimately irrelevant because foreign demand is overwhelming the market anyways. A recent Business in Vancouver article effectively recapitulates these two sides of the coin:

[F]oreign investment has augmented sales in several Canadian markets, [but] its influence was significant only in Greater Vancouver…Limited inventory levels in [Vancouver] have slowed sales somewhat in 2011, given that demand exceeds available supply.

Here a free market journalist must be at pains to square the contradiction of how inventory could be limited in the context of red-hot demand. Despite vast tracts of empty land, skyrocketing prices, and growing post-Olympic demand, the supply of new condos indeed declined between 2010 and 2011, from 2,849 to 1,628! [5]
It should be acknowledged that this decline is partly due to the fact that condo starts slowed significantly during the global market downturn of 2008, at the beginning of the three-year start-to-finish construction cycle of a building. What should also be noted, however, is that inventory will most certainly not over-correct or compensate for those months of lost construction, despite the fact that prices have risen to well above pre-2008 levels. It is under-supply that truly guarantees the record profits we are currently seeing in Vancouver’s condo development and marketing industry.

The BIV journalist quoted above is absolutely correct in her statement that limited inventory has caused reduced sales in 2011. The assertion of a second cause, however (in the form of “excessive demand”), is a simple reversal of cause and effect: sales have not slowed as a result of excessive demand. Under conditions of monopoly expansion, demand is made into the servant of profit, and not the other way around.

Year-over-year market data and migration statistics, readily available to industry planners and marketers, give nearly perfect information for use in calculating new supply. Far from being blindly driven by the forces of global demand, new supply adjusts itself to variations in global conditions. The development industry, with its razor-sharp grip on new supply, adds the precise amount of marginal housing each year to keep prices high and steadily rising.

Incidentally, Michael Geller speaks to the active role of urban elites in deflecting the social conflict produced by monopoly capital onto the level of foreign capital – in other words, from the level of supply to the question of demand. Like Garossino, Geller suggests that supply ultimately does not matter in a context of hot global demand, despite his half-hearted claims that the crisis can be solved by the creative use of new building types such as townhouses and laneway homes.

On her campaign trail for city council, Garossino insisted that the housing problem is so great that it cannot be cured through increased supply. This refusal to address issues of the supply of affordable housing – including an offhand dismissal of the urgent need for social housing, and a more sustained attack on the principle of density – hinges on a vague but staunchly defended notion of unlimited global demand.

Our housing prices are so extreme relative to everywhere else in Canada that we have to look at why is that happening, and the big thing that is really noticeable is that it does appear that we have a major influx of global capital.

In a populist context, the results of this line of argumentation are not hard to guess: with a few illustrations about the candidate’s “extensive knowledge of Asia” and concerns about empty condos “never to be occupied or even visited,” voters are smoothly guided towards the assumption that demand is bursting at the seams in the midst of a veritable Asian “invasion” of investment capital.

Vancouver’s residential real estate has become a speculative commodity for global investors living outside Canada…purchased wholly as investment instruments for speculators with no ties to Canada.

During the elections, Garossino’s call for a specific restrictions on foreign ownership was further bolstered by her assertion that, in any case, foreign investors have a special “tolerance for lower rate of return on income, lower return on investment, than the local developers.” Foreign investors can afford to be taxed extra, since “return on investment is not their primary objective.” This is also why they keep their condos empty, according to Garossino, despite proof to the contrary. In 2009, Andy Yan with BTAworks conducted a massive survey of 2,400 condos in Downtown Vancouver, finding that the majority of “empty” condos in Vancouver, defined as condos not occupied by their owner, are in fact occupied by renters.

It is clear that Garossino – and so many others – would rather talk about empty condos than the renters who live in them. And for those who can’t even afford to rent a condo, non-market housing is out of the question, since Vancouver is apparently without a “tax base,” although there are many Mining, Forestry, and IT headquarters in Vancouver. The staunch neoliberalism of our Mayor, who asserts that taxation is an outdated “old formula” for generating public funds for public projects, has spread to candidates who – in the absence of an independent COPE – were strangely positioned as the election’s official opposition.

From all sides, the 2011 municipal elections in Vancouver gave voice to a homeowner’s desire that things stay just as they are. Despite her bold assertion that “tinkering won’t solve this,” Sandy Garossino was clear that her team did not want to see a radical drop in prices, arguing instead for more surgical responses.” The difference between tinkering and precision surgery was never made clear, except to say that surgery will be carried out as a means to prevent the market from undergoing a correction, which would be disastrous for Vancouver’s property elite.

Obviously we don’t want to shock the market, because that would take a bad situation and make it infinitely worse. So my approach is to ask what are the surgical tools you could start to use.
In other words, Garossino does not want to address the many factors of the housing bubble, because such a multi-pronged approach might cause the bubble to deflate too quickly. And so we are restricted to selecting only one factor. This single factor – the offshore buyers – must be dealt with by using “surgical tools.” If the overarching question for politicians who wants to address affordability is, ‘how to bring down housing prices without bringing down housing prices,’ Garossino reveals that the resolution to such an intractable contradiction can only be found in empty signifiers.

**Nothing Foreign about Global Capital**

To begin, there is no question about the fact that today China is a source of massive surpluses distributed throughout the globe, including Vancouver. “China’s economy has been,” as the *Asian Pacific Post* writes, “minting millionaires”[6]. The *Post* does not, however, report on the Anglo-investors among these millionaires who work from Canada and who always have worked from here. Picking up where the *Post* leaves off, a *Vancouver Sun* editorial, written from the perspective of Vancouver’s business elite, remarks that while Vancouverites were once racist towards the arrival of new Asians in the 1980s and 90s, they have now realized that the Pacific Rim connection is not only a source of investment into Vancouver, but a new line of entry for Canadians into the Chinese economy.

It used to be that the so-called “astronauts” – the Hong Kong breadwinners who spent much of their time aloft commuting back and forth between Vancouver and Hong Kong – were seen as oddities. Today its seen as a way of life for any Canadian who wants to tap into Asia’s boom.

In short, it is impossible to overlook that China’s new wealth emerges within a complex network of the Canada-China nexus, always blurring the lines of what is considered “global” and “local.”

These connections mean that, quoting Tristan Markle, “surplus capital extracted from China is made possible by the conditions of oppressed labour sustained by Canadian-based capital networks.” This exploitation cannot be downplayed. The transformations of the Chinese economy are today on a scale that has to be reconciled with one-sided depictions of an economy that mints millionaires.

As Perry Anderson writes, “never have peasants, the backbone of the revolution, been robbed in such numbers of land and livelihood by developers and officials.”[7] This process of dispossession accelerates even while the commodification of land fails to move as fast as other sectors of the Chinese economy.[8] Indeed it is for the latter reason that the domestic land market is becoming over-saturated by capital,[9] so that China’s “soaring domestic housing market has sent rich mainland investors flooding overseas to get more for their money.”[10] Sitting among such “rich mainland investors” are Anglo-Canadians who must of course bring surplus capital back into Vancouver from Chinese labour networks (perhaps it is the case that they have left China for more long-term reasons, such as too many strikes and uprisings in their mainland factories).

On the other side of the coin, the North American economy itself has been freeing up enormous amount of unregulated, surplus capital extracted from global and local labourers and renters. As the Occupy movement has foregrounded, if there is any economy that has been minting millionaires in the period since the 1980s it is the North American economy. The ratio of the average American workers’ income to that of their CEOs changed from 30 to 1 in 1970 to 500 to 1 by 2000, helping the top 0.1 percent of the population to triple its share of the national wealth.[11] During that same period, individuals’ real wages in America and elsewhere stagnated or even declined.[12] Real wages were frozen while the top layers of society dramatically increased their share of the economy. David Harvey, *Duménil & Lévy*, and others are precise in identifying neoliberalism as a “project for the restoration of ruling class power.”

**“Local high net worth individuals”**

“Downtown,” writes Bob Rennie, “is being driven by local high net worth individuals and children spending their parent’s money.”[13] These local high-net worth individuals are well positioned within international networks of labour and capital and are no less global than anyone else trading in the property market. *Global* in this sense does not mean “over there,” somewhere else in the world. On the contrary it means *here*, in front of us, and as Zizek has said presciently, the global rich and global poor often live directly above and below one another, stacked in the highrises of our modern cities. “A new global class is emerging” composed of “ultrahigh-net-worth individuals.”

These global citizens are the true counter-pole to those living in slums…They are, indeed, two sides of the same coin, the two extremes of the class division…with ordinary people swarming through the dangerous streets down below, whilst the rich float around on a higher level, up in the air.[14]

Any effort to analyze housing costs in Vancouver should begin with the conspicuous role of ‘local high net worth individuals.’ These investors are today more important than ever for the reason that there are far more of them
than ten years ago, while each one holds dramatically more money than ten years ago. The last ten years have seen an exhaustive restoration of ruling class power in British Columbia, and it serves to review the empirical data to understand the roots of the surplus capital now being re-absorbed into Vancouver’s booming real-estate market.

After ten years of neoliberal reforms, an unprecedented amount of wealth has been freed into circulation, transferred to the rich from working-class people of the province of British Columbia. Since the election of the BC Liberal government in 2001, profit rates have soared while the corporate income tax rate descended from 16.5 percent to 10 percent. Today the upper 20% of BC pay a lower total provincial tax rate than the remaining 80%,[15] and the provincial government now collects more revenues from sales taxes than from income tax. Already by 2010 the people of BC were paying more in medical premiums than businesses paid in corporate income taxes, and the trends are only worsening.[16] All of these changes, which only scratch the surface of a massive roll-out of neoliberal restructuring and privatization of the British Columbia economy in the past decade, represent a massive handout to the rich, amounting to billions of transferred dollars between 2000 and 2010.[17] In each of the next four years, corporate profits are projected to continue climbing and reach $31.3 billion in the year 2015 alone. Profits have soared, but instead of being re-invested in labour, wages have stagnated and declined.[18]

All of these numbers matter for housing in at least two major respects. Firstly, the neoliberal theft of working class wages means that we have less available to spend on housing. Stagnant and declining wages are being gouged with higher rents and mortgages. Secondly, these new rounds of finance are freed up for injection into the further-inflated housing market. There is a “spatial fix” taking place in which over-accumulated capital “switches”, to use David Harvey’s terms, into fixed capital investments — an absorption process in which surplus capital is placed in non-productive sectors.[19] This non-productive sector is, above all, real-estate, articulated by Bob Rennie when referring to real-estate investment in Vancouver as question of “parking money.”[20] Simply, surplus profits leave the global industrial cycle when financial investment in housing permits a “smooth switch of over-accumulated circulating capital into fixed capital formation.”[21] In other words, the neoliberal restructuring of the economy frees up an increasing mass of finance to be injected into housing.

Local Bourgeoisie

To match the floating capital freed up by federal and provincial tax cuts, the City of Vancouver now has the lowest corporate taxes in the world. A report published by the global financial auditor KPMG places Vancouver first out a list of 41 global cities. The main finding of the report is that Vancouver has a tax system more favorable to corporations and the wealthy than anywhere else in the world.[22] In addition to a low overall rate for wealthy corporations, the municipal government has implemented a policy of property tax breaks and exemptions for real-estate developers and billionaires, adding up to tens of millions of dollars. Not long ago the two wealthiest billionaires in British Columbia – Brandt Louie and Jim Pattison (London Drugs and Nesters) – received ten-year tax exemptions for their corporations’ participation in the new Woodward’s development.

When a local neoliberal bourgeoisie has taken outright control of city council, we should ask: Is it “foreigners” who have chosen to sell off Vancouver’s social housing as market condos? Is it “foreigners” who have set the lowest corporate tax rates in world? Is it “foreigners” who have chosen to destroy social housing at Heather Place, Little Mountain and the Olympic Village? Is it “foreigners” who have exempted developers from inclusionary zoning in the Oppenheimer district? Is it “foreigners” who have written up long policies to “revitalize” areas containing our city’s largest concentration of affordable housing?

The answer to each is an obvious no. We can therefore begin to see how the Mayor and Vision benefit from the same old anti-Asian tropes that have plagued Vancouver for a century. Policies of tax cuts for the one percent, the sell-off of social housing, incentives and fee exemptions for billionaire developers, and the ongoing de-regulation of the housing market have come in tandem with the Mayor’s racist scapegoating of “wealthy immigrants,” supposedly responsible for Vancouver’s housing crisis. The sooner the better for calling out this ruling class double standard.


“It is the intervention of the pure empty signifier which engenders the mysterious X, the je ne sais quoi which makes Jews into Jews for a true anti-Semite.” Zizek, *In Defense of Lost Causes*, (New York/London: Verso, 2008) p. 318

CMHC data provided on request


Perry Anderson, “Two Revolutions,” *New Left Review* 61, Jan/Feb 2010, p. 95-96

Lance Carter, “A Chinese Alternative? Interpreting the Chinese New Left Politically,” *Insurgent Notes: Journal of Communist Theory and Practice*, June 2010. “The Chinese Communist Party uses the powers of the state (both local and central) to keep wages low, working conditions horrendous, and squash dissent. Yet at the same time it is the state that has thus far prevented the complete privatization of the economy (perhaps most importantly the privatization of land).”

Bruce McCoubrey, “Bob Rennie Selling the Olympic Village in China,” *Vancouver Real Estate Market Insight*, January 18, 2010. “Mr. Rennie probably knows that domestic demand for the [Olympic Village] units is almost done and the pressure is on find to find an external supply to absorb the remaining units. China is the best bet. The Chinese Government is now fighting a homegrown asset bubble and is planning restrictions on speculative real estate investing at home. Chinese investors will be looking to invest elsewhere.”


David Harvey, *A Brief History of Neoliberalism* (Oxford University Press, 2005) pp.16-17


Bob Rennie, *Keynote to the Urban Development Institute* (2008), p. 16


Ibid. p. 2

Ibid. p. 9
In an article in the *New York Times* on February 5, 2011, entitled “Housing Bubbles Are Few and Far Between,” Robert Shiller, the economist who many consider the great housing expert in the US, given his role in the construction of the Case-Shiller index of housing prices, reassured everyone that the recent housing bubble was a “rare event, not to be repeated for many decades.” The “enormous housing bubble” of the early 2000s “isn’t comparable to any national or international housing cycle in history. Previous bubbles have been smaller and more regional.” The only reasonable parallels, he asserted, were the land bubbles that occurred in the US back in the late 1830s and in the 1850s.¹

This is, as I shall show, an astonishingly inaccurate and dangerous reading of capitalist history. The fact that it passed so unremarked testifies to a serious blind spot in contemporary economic thinking. Unfortunately, it also turns out to be an equally blind spot in Marxist political economy. The housing crash of 2007–10 in the US was certainly deeper and longer than most—indeed, it may well mark the end of an era in US economic history—but it was by no means unprecedented in its relation to macroeconomic disturbances in the world market, and there are several signs that it is about to be repeated.

Conventional economics routinely treats investment in the built
environment in general, and in housing in particular, along with urbanization, as some side-bar to the more important affairs that go on in some fictional entity called "the national economy." The sub-field of "urban economics" is thus the arena where inferior economists go while the big guns ply their macroeconomic trading skills elsewhere. Even when the latter notice urban processes, they make it seem as if spatial reorganizations, regional development, and the building of cities are merely some on-the-ground outcome of larger-scale processes that remain unaffected by that which they produce.\(^2\) Thus, in the 2009 World Bank Development Report, which, for the first time ever, took economic geography and urban development seriously, the authors did so without a hint that anything could possibly go so catastrophically wrong as to spark a crisis in the economy as a whole. Written by economists (without consulting geographers, historians, or urban sociologists), its aim was supposedly to explore the "influence of geography on economic opportunity" and to elevate "space and place from mere undercurrents in policy to a major focus."

The authors were actually out to show how the application of the usual nostrums of neoliberal economics to urban affairs (like getting the state out of the business of any serious regulation of land and property markets and minimizing the interventions of urban, regional and spatial planning in the name of social justice and regional equality) was the best way to augment economic growth (in other words, capital accumulation). Though they did have the decency to "regret" that they did not have the time or space to explore in detail the social and environmental consequences of their proposals, they did plainly believe that cities that provide

fluid land and property markets and other supportive institutions—such as protecting property rights, enforcing contracts, and financing housing—will more likely flourish over time as the needs of the market change. Successful cities have relaxed zoning laws to allow higher-value users to bid for the valuable land—and have adopted land use regulations to adapt to their changing roles over time.\(^3\)

But land is not a commodity in the ordinary sense. It is a fictitious form of capital that derives from expectations of future rents. Maximizing
its yield has driven low- or even moderate-income households out of Manhattan and central London over the last few years, with catastrophic effects on class disparities and the well-being of underprivileged populations. This is what is putting such intense pressure on the high-value land of Dharavi in Mumbai (a so-called slum that the report correctly depicts as a productive human ecosystem). In short, the report advocates the kind of free-market fundamentalism that has spawned a macroeconomic earthquake of the sort we have just passed through (together with its continuing aftershocks) alongside urban social movements of opposition to gentrification, neighborhood destruction, and the use of eminent domain (or more brutal methods) to evict residents to make way for higher-value land uses.

Since the mid 1980s, neoliberal urban policy (applied, for example, across the European Union) concluded that redistributing wealth to less advantaged neighborhoods, cities, and regions was futile, and that resources should instead be channeled to dynamic “entrepreneurial” growth poles. A spatial version of “trickle-down” would then, in the proverbial long run (which never comes), take care of all those pesky regional, spatial, and urban inequalities. Turning the city over to the developers and speculative financiers redounds to the benefit of all! If only the Chinese had liberated land uses in their cities to free market forces, the World Bank Report argued, their economy would have grown even faster than it had!

The World Bank plainly favors speculative capital over people. The idea that a city can do well (in terms of capital accumulation) while its people (apart from a privileged class) and the environment do badly, is never examined. Even worse, the report is deeply complicit with the policies that lay at the root of the crisis of 2007–09. This is particularly odd, given that the report was published six months after the Lehman bankruptcy and nearly two years after the US housing market turned sour and the foreclosure tsunami was clearly identifiable. We are told, for example, without a hint of critical commentary, that

since the deregulation of financial systems in the second half of the 1980s, market-based housing financing has expanded rapidly. Residential mortgage markets are now equivalent to more than 40 percent of gross domestic product (GDP) in developed countries, but those in developing...
countries are much smaller, averaging less than 10 percent of GDP. The public role should be to stimulate well-regulated private involvement ... Establishing the legal foundations for simple, enforceable, and prudent mortgage contracts is a good start. When a country’s system is more developed and mature, the public sector can encourage a secondary mortgage market, develop financial innovations, and expand the securitization of mortgages. Occupant-owned housing, usually a household’s largest single asset by far, is important in wealth creation, social security and politics. People who own their house or who have secure tenure have a larger stake in their community and thus are more likely to lobby for less crime, stronger governance, and better local environmental conditions.

These statements are nothing short of astonishing given recent events. Roll on the sub-prime mortgage business, fueled by pabulum myths about the benefits of homeownership for all and the filing away of toxic mortgages in highly rated CDOs to be sold to unsuspecting investors. Roll on endless suburbanization that is both land- and energy-consuming way beyond what is reasonable for the sustained use of planet earth for human habitation! The authors might plausibly maintain that they had no remit to connect their thinking about urbanization with issues of global warming. Along with Alan Greenspan, they could also argue that they were blind-sided by the events of 2007–09, and that they could not be expected to have anticipated anything troubling about the rosy scenario they painted. By inserting the words “prudent” and “well-regulated” into the argument they had, as it were, “hedged” against potential criticism.

But since they cite innumerable “prudentially chosen” historical examples to bolster their neoliberal nostrums, how come they missed that the crisis of 1973 originated in a global property market crash that brought down several banks? Did they not notice that the commercial property-led Savings and Loan crisis of the late 1980s in the United States saw several hundred financial institutions go belly-up at the cost of some US$200 billion to US taxpayers (a situation that so exercised William Isaacs, then chairman of the Federal Deposit Insurance Corporation, that in 1987 he threatened the American Bankers Association with nationalization unless they mended their ways)? That the end of the Japanese boom in 1990 corresponded to a collapse of land prices (still ongoing)? That the Swedish banking system had to be nationalized in 1992 because
of excesses in property markets? That one of the triggers for the collapse in East and Southeast Asia in 1997–98 was excessive urban development in Thailand?5

Where were the World Bank economists when all this was going on? There have been hundreds of financial crises since 1973 (compared to very few prior to that), and quite a few of them have been property- or urban development-led. And it was pretty clear to almost anyone who thought about it—including, it turns out, Robert Shiller—that something was going badly wrong in US housing markets after 2001 or so. But he saw it as exceptional rather than systemic.6

Shiller could well claim, of course, that all of the above other examples were merely regional events. But then so, from the standpoint of the people of Brazil or China, was the housing crisis of 2007–09. The epicenter was the US southwest and Florida (with some spillover in Georgia), along with a few other hot-spots (the grumbling foreclosure crises that began in the late 1990s in poor areas in older cities like Baltimore and Cleveland were too local and “unimportant” because those affected were African-Americans and minorities). Internationally, Spain and Ireland were badly caught out, as was Britain, though to a lesser extent. But there were no serious problems in the property markets in France, Germany, the Netherlands, or Poland, or at that time throughout Asia.

A regional crisis centered in the United States went global, to be sure, in ways that did not happen in the cases of, say, Japan or Sweden in the early 1990s. But the S&L crisis centered on 1987 (the year of a serious stock crash that is typically and erroneously viewed as a totally separate incident) had global ramifications. The same was true of the much-neglected global property market crash of early 1973. Conventional wisdom has it that only the oil price hike in the fall of 1973 mattered. But it turned out that the property crash preceded the oil price hike by six months or more, and the recession was well under way by the fall (see Figure 1). The property market crash spilled over (for obvious revenue reasons) into the fiscal crisis of local states (which would not have happened had the recession been only about oil prices). The subsequent New York City fiscal crisis of 1975 was hugely important because at that time it controlled one of the largest public budgets in the world (prompting pleas from the French president and the West German chancellor to bail
New York City out to avoid a global implosion in financial markets). New York then became the center for the invention of neoliberal practices of gifting moral hazard to the investment banks and making the people pay up through the restructuring of municipal contracts and services. The impact of the most recent property market crash has also carried over into the virtual bankruptcy of states like California, visiting huge stresses in state and municipal government finance and government employment on almost everywhere in the US. The story of the New York City fiscal crisis of the 1970s eerily resembles that of the state of California, which today has the eighth-largest public budget in the world.7

The National Bureau of Economic Research has recently unearthed yet another example of the role of property booms in sparking deep crises of capitalism. From a study of real estate data in the 1920s, Goetzmann and Newman “conclude that publicly issued real estate securities affected real estate construction activity in the 1920s and the breakdown in their valuation, through the mechanism of the collateral cycle, may have led to the subsequent stock market crash of 1929–30.” With respect to housing, Florida, then as now, was an intense center of speculative development, with the nominal value of a building permit increasing by 8,000 percent between 1919 and 1925. Nationally, the estimates of increases in housing values were around 400 percent over roughly the same period. But this was a sideshow compared to commercial development which was almost entirely centered on New York and Chicago, where all manner of financial supports and securitization procedures were concocted to fuel a boom “matched only in the mid-2000s.” Even more telling is the graph Goetzmann and Newman compile on tall-building construction in New York City (see Figure 2). The property booms that preceded the crashes of 1929, 1973, 1987, and 2000 stand out like a pikestaff. The buildings we see around us in New York City, they poignantly note, represent “more than an architectural movement; they were largely the manifestation of a widespread financial phenomenon.” Noting that real estate securities in the 1920s were every bit as “toxic as they are now,” they went on to conclude:

The New York skyline is a stark reminder of securitization’s ability to connect capital from a speculative public to building ventures. An increased understanding of the early real estate securities market has the
Annual rate of change in mortgage debt in the United States, 1955–76

Share prices of real estate investment trusts in the US, 1966–75

Property share price index in the UK, 1961–75

Source: US Department of Commerce

Figure 1 The Property Market Crash of 1973
potential to provide a valuable input when modeling for worst-case scenarios in the future. Optimism in financial markets has the power to raise steel, but it does not make a building pay.*

Clearly, property market booms and busts are inextricably intertwined with speculative financial flows, and these booms and busts have serious consequences for the macroeconomy in general, as well as all manner of externality effects upon resource depletion and environmental degradation. Furthermore, the greater the share of property markets in GDP, the more significant the connection between financing and investment in the built environment becomes as a potential source of macro crises. In the case of developing countries such as Thailand—where housing mortgages, if the World Bank Report is right, are equivalent to only 10 percent of GDP—a property crash could certainly contribute to, but not likely totally power, a macroeconomic collapse (of the sort that occurred in 1997–98), whereas in the United States, where housing mortgage debt is equivalent to 40 percent of GDP, it most certainly could and did generate a crisis in 2007–09.

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![Bar chart showing the number of tall buildings constructed in New York City from 1890 to 2010. The chart has a y-axis labeled "Number of buildings" and a x-axis labeled "Year." It shows a peak in construction in the 1920s, followed by a decline and then a rise in the 1970s.]


Figure 2 Tall Buildings Constructed in New York City, 1890–2010
THE MARXIST PERSPECTIVE

Since bourgeois theory, if not totally blind, at best lacks insights in relating urban developments to macroeconomic disruptions, one would have thought that Marxist critics, with their vaunted historical-materialist methods, would have had a field day with fierce denunciations of soaring rents and the savage dispossessions characteristic of what Marx and Engels referred to as the secondary forms of exploitation visited upon the working classes in their living places by merchant capitalists and landlords. They would have set the appropriation of space within the city through gentrification, high-end condo construction, and “Disneyfication” against the barbaric homelessness, lack of affordable housing, and degrading urban environments (both physical, as in air quality, and social, as in crumbling schools and the so-called “benign neglect” of education) for the mass of the population. There has been some of that in a restricted circle of Marxist urbanists and critical theorists (I count myself one). But in fact the structure of thinking within Marxism generally is distressingly similar to that within bourgeois economics. The urbanists are viewed as specialists, while the truly significant core of macroeconomic Marxist theorizing lies elsewhere. Again, the fiction of a national economy takes precedence because that is where the data can most easily be found and, to be fair, where some of the major policy decisions are taken. The role of the property market in creating the crisis conditions of 2007–09, and its aftermath of unemployment and austerity (much of it administered at the local and municipal level), is not well understood, because there has been no serious attempt to integrate an understanding of processes of urbanization and built-environment formation into the general theory of the laws of motion of capital. As a consequence, many Marxist theorists, who love crises to death, tend to treat the recent crash as an obvious manifestation of their favored version of Marxist crisis theory (be it falling rates of profit, underconsumption, or whatever).

Marx is to some degree himself to blame, though unwittingly so, for this state of affairs. In the introduction to the Grundrisse, he states that his objective in writing Capital is to explicate the general laws of motion of capital. This meant concentrating exclusively on the production and
realization of surplus value while abstracting from and excluding what he called the "particularities" of distribution (interest, rents, taxes, and even actual wage and profit rates), since these are accidental, conjunctural and of-the-moment in space and time. He also abstracted from the specificities of exchange relations, such as supply and demand and the state of competition. When demand and supply are in equilibrium, he argued, they cease to explain anything, while the coercive laws of competition function as the enforcer rather than the determinant of the general laws of motion of capital. This immediately provokes the thought of what happens when the enforcement mechanism is lacking, as happens under conditions of monopolization, and what happens when we include spatial competition in our thinking, which is, as has long been known, always a form of monopolistic competition (as in the case of inter-urban competition). Finally, Marx depicts consumption as a "singularity"—those unique instances that together make up a common mode of life—which in being chaotic, unpredictable and uncontrollable, is therefore, in Marx's view, generally outside of the field of political economy (the study of use values, he declares on the first page of Capital, is the business of history and not of political economy), and therefore potentially dangerous for capital. Hardt and Negri have therefore recently been at pains to revive this concept, for they see singularities, which both arise from the proliferation of the common and always point back to the common, as a key part of resistance.

Marx also identified another level—that of the metabolic relation to nature, which is a universal condition of all forms of human society and therefore broadly irrelevant to an understanding of the general laws of motion of capital understood as a specific social and historical construct. Environmental issues have a shadowy presence throughout Capital for this reason (which does not imply that Marx thought them unimportant or insignificant, any more than he dismissed consumption as irrelevant in the grander scheme of things)\(^1\)

Throughout most of Capital, Marx sticks broadly to the framework outlined in the Grundrisse. He focuses sharply on the generality of production of surplus value and excludes everything else. He recognizes from time to time that there are problems in so doing. There is, he notes, some "double positing" going on—land, labor, money,
and commodities are crucial facts of production, while interest, rents, wages, and profits are excluded from the analysis as particularities of distribution.

The virtue of Marx's approach is that it allows a very clear account of the general laws of motion of capital to be constructed in a way that abstracts from the specific and particular conditions of his time (such as the crises of 1847-48 and 1857-58). This is why we can still read him today in ways that are relevant to our own times. But this approach imposes costs. To begin with, Marx makes clear that the analysis of an actually existing capitalist society/situation requires a dialectical integration of the universal, the general, the particular, and the singular aspects of a society construed as a working, organic totality. We cannot hope, therefore, to explain actual events (such as the crisis of 2007-09) simply in terms of the general laws of motion of capital (this is one of my objections to those who try to cram the facts of the present crisis into some theory of the falling rate of profit). But, conversely, we cannot attempt such an explanation without reference to the general laws of motion (though Marx himself appears to do so in his account in Capital of the "independent and autonomous" financial and commercial crisis of 1847-48, or even more dramatically in his historical studies of The Eighteenth Brumaire and Class Struggles in France, where the general laws of motion of capital are never mentioned).

Secondly, the abstractions within Marx's chosen level of generality start to fracture as the argument in Capital progresses. There are many examples of this, but the one that is most conspicuous, and in any case most germane to the argument here, relates to Marx's handling of the credit system. Several times in Volume 1 and repeatedly in Volume 2, Marx invokes the credit system only to lay it aside as a fact of distribution that he is not prepared yet to confront. The general laws of motion he studies in Volume 2, particularly those of fixed capital circulation (including investment in the built environment) and working periods, production periods, circulation times, and turnover times, all end up not only involving but necessitating the credit system. He is very explicit on this point. When commenting on how the money capital advanced must always be greater than that applied in surplus-value production in order to deal with differential turnover times, he notes how changes in turnover times
can "set free" some of the money earlier advanced. "This money capital that is set free by the mechanism of the turnover movement (together with the money capital set free by the successive reflux of the fixed capital and that needed for variable capital in every labor process) must play a significant role, as soon as the credit system has developed, and must also form one of the foundations for this." In this and other similar comments it is made clear that the credit system becomes absolutely necessary for capital circulation, and that some accounting of the credit system has to be incorporated into the general laws of motion of capital. But when we get to the analysis of the credit system in Volume 3, we find that the interest rate (a particularity) is set jointly by supply and demand and by the state of competition—two specificities that have earlier been totally excluded from the theoretical level of generality at which Marx prefers to work.

I mention this because the significance of the rules that Marx imposed upon his inquiries in *Capital* has largely been ignored. When these rules necessarily get not only bent but broken, as happens in the case of credit and interest, then new prospects for theorizing are opened up that go beyond the insights that Marx has already produced. Marx actually recognizes this might happen at the very outset of his endeavors. In the *Grundrisse*, he thus says of consumption, the most recalcitrant of his categories for analysis given the singularities involved, that while it, like the study of use values, "actually belongs outside of economics," the possibility exists for consumption to react "in turn upon the point of departure (production) and initiate the whole process anew." This is particularly the case with productive consumption, the labor process itself. Mario Tronti and those who followed in his footsteps, such as Tony Negri, are therefore perfectly correct to see the labor process as itself constituted as a singularity, internalized within the general laws of motion of capital. The legendary difficulties faced by capitalists as they seek to mobilize the "animal spirits" of the workers to produce surplus value signals the existence of this singularity in the heart of the production process (this is nowhere more obvious than in the construction industry, as we shall soon see). Internalizing the credit system and the relation between the rate of interest and the rate of profit within the general laws of production, circulation, and realization of capital is likewise a disruptive necessity
if we are to bring Marx's theoretical apparatus more acutely to bear on actual events.

The integration of credit into the general theory has to be carefully done, however, in ways that preserve, albeit in a transformed state, the theoretical insights already gained. We cannot, for example, treat the credit system simply as an entity in itself, a kind of efflorescence located on Wall Street or in the City of London that floats freely above the grounded activities on Main Street. A lot of credit-based activity may indeed be speculative froth, and a disgusting excrescence of human lust for gold and pure money power. But much of it is fundamental and absolutely necessary to the functioning of capital. The boundaries between what is necessary and what is (a) necessarily fictitious (as in the case of state and mortgage debt) and (b) pure excess, are not easy to define.

Clearly, to try to analyze the dynamics of the recent crisis and its aftermath without reference to the credit system (with mortgages standing at 40 percent of GDP in the United States), consumerism (70 percent of the driving force in the US economy compared to 35 percent in China), and the state of competition (monopoly power in financial, real estate, retailing, and many other markets) would be a ridiculous enterprise. In the United States $1.4 trillion in mortgages, many of them toxic, are sitting on the secondary markets of Fannie Mae and Freddie Mac, thus forcing the government to allocate $400 billion to a potential rescue effort (with around $142 billion already spent). To understand this, we need to unpack what Marx might mean by the category of "fictitious capital" and its connectivity to land and property markets. We need a way to understand how securitization, as Goetzmann and Newman put it, connects "capital from a speculative public to building ventures." For was it not speculation in the values of land and housing prices and rents that played a fundamental role in the formation of this crisis?

Fictitious capital, for Marx, is not a figment of some Wall Street trader's cocaine-addled brain. It is a fetish construct, which means, given Marx's characterization of fetishism in Volume 1 of Capital, that it is real enough, but that it is a surface phenomenon that disguises something important about underlying social relations. When a bank lends to the state and receives interest in return, it appears as if there is something directly productive going on within the state that is actually producing value, when
most (but not all, as I shall shortly show) of what goes on within the state (like fighting wars) has nothing to do with value production. When the bank lends to a consumer to buy a house and receives a flow of interest in return, it makes it seem as if something is going on in the house that is directly producing value, when that is not the case. When banks take up bond issues to construct hospitals, universities, schools and the like in return for interest, it seems as if value is being produced in those institutions when it is not. When banks lend to purchase land and property in search of extracting rents, then the distributive category of rent becomes absorbed into the flow of fictitious capital circulation. When banks lend to other banks, or when the Central Bank lends to the commercial banks who lend to land speculators looking to appropriate rents, then fictitious capital looks more and more like an infinite regression of fictions built upon fictions. Leveraging at ever higher ratios (lending out thirty as opposed to three times the amount of cash deposits on hand) magnifies the fictional amounts of money capital in circulation. These are all examples of fictitious capital formations and flows. And it is these flows that convert real into unreal estate.

Marx's point is that the interest that is paid comes from value production somewhere else—taxation or direct extractions on surplus-value production, or levies on revenues (wages and profits). And for Marx, of course, the only place where value and surplus value are created is in the labor process of production. What goes on in fictitious capital circulation may be socially necessary to sustaining capitalism. It may be part of the necessary costs of production and reproduction. Secondary forms of surplus value can be extracted by capitalist enterprises through the exploitation of workers employed by retailers, banks and hedge funds. But Marx's point is that, if there is no value and surplus value being produced in production in general, then these sectors cannot exist by themselves. If no shirts and shoes were produced, what would retailers sell?

There is, however, a caveat that is terribly important. Some of the flow of what seems to be fictitious capital can indeed be involved in value creation. When I convert my mortgaged house into a sweatshop employing illegal immigrants, the house becomes fixed capital in production. When the state builds roads and other infrastructures that function as collective means of production for capital, these then have to be categorized as
"productive state expenditures." When the hospital or university becomes the site for innovation and design of new drugs, equipment, and the like, it becomes a site of production. Marx would not be fazed by these caveats at all. As he says of fixed capital, whether something functions as fixed capital or not depends upon its use and not upon its physical qualities.\(^\text{16}\) Fixed capital declines when textile lofts are converted into condomini­ums, while micro-finance converts peasant huts into (far cheaper) fixed capital of production!

Much of the value and surplus value created in production is siphoned off to pass, by all manner of complicated paths, through fictitious channels. And when banks lend to other banks, even leverage on each other, then it is clear that all manner of both socially unnecessary side-payments and speculative movements become possible, built upon the perpetually shifting terrain of fluctuating asset values. Those asset values depend upon a critical process of "capitalization," which Marx views as a form of fictitious capital formation:

Any regular periodic income can be capitalized by reckoning it up, on the basis of the average rate of interest as that sum that a capital lent out at this interest rate would yield … For the person who buys this ownership title the annual [money received] does actually represent the conversion of the capital he has invested into interest. In this way, all connection with the actual process of capital's valorization is lost, right down to the last trace, confirming the notion that capital is automatically valorized by its own powers.\(^\text{17}\)

A revenue stream from some asset, such as land, property, a stock, or whatever, is assigned a capital value at which it can be traded, depending upon the interest and discount rates determined by supply and demand conditions in the money market. How to value such assets when there is no market for them became a huge problem in 2008, and it has not gone away. The question of how toxic the toxic assets held by Fannie Mae really are gives almost everyone a headache. (What is the real value of a foreclosed house for which there is no market?) There is an important echo here of the capital value controversy that erupted and was promptly buried, like all manner of other inconvenient truths, in conventional economic theory in the early 1970s.
The problem that the credit system poses is that it is on the one hand vital to the production, circulation, and realization of capital flows at the same time as it is, on the other hand, the pinnacle of all manner of speculative and other "insane forms." It is this that led Marx to characterize Isaac Péreire—who, along with his brother Émile, was one of the masters of the speculative reconstruction of urban Paris under Haussmann—as having "the nicely mixed character of swindler and prophet."18

CAPITAL ACCUMULATION THROUGH URBANIZATION

Urbanization, I have long argued, has been a key means for the absorption of capital and labor surpluses throughout capitalism's history.19 It has a very particular function in the dynamics of capital accumulation because of the long working periods and turnover times and the long lifetimes of most investments in the built environment. It also has a geographical specificity such that the production of space and of spatial monopolies becomes integral to the dynamics of accumulation, not simply by virtue of the changing patterns of commodity flows over space but also by virtue of the very nature of the created and produced spaces and places over which such movements occur. But precisely because all of this activity—which, by the way, is a hugely important arena for value and surplus-value production—is so long-term, it calls for some combination of finance capital and state engagements as absolutely fundamental to its functioning. This activity is clearly speculative in the long term, and always runs the risk of replicating, at a much later date and on a magnified scale, the very overaccumulation conditions that it initially helps to relieve. Hence the crisis-prone character of urban and other forms of physical infrastructural investments (transcontinental railroads and highways, dams, and the like).

The cyclical character of such investments has been well documented for the nineteenth century in the meticulous work of Brinley Thomas (see Figure 3).20 But the theory of construction business cycles became neglected after 1945 or so, in part because state-led Keynesian-style interventions were deemed effective in flattening them out. Robert
Building activity per capita in the US, 1810-1950 (1913 dollars per capita)

Sale of public lands in the US (millions of acres), 1800-1930

Different rhythms of investment in the built environment in relation to GNP (US) and GDP (Britain), 1860-1970


Figure 3 Long-Run Business Cycles in the US and the UK
Gottlieb, in a detailed study of many local building cycles (published in 1976), identified long swings in residential building cycles, with an average periodicity of 19.7 years and a standard deviation of five years. But his data also suggested that these swings had been dampened, if not eliminated, during the period after World War II. But the abandonment of systemic Keynesian contra-cyclical interventions after the mid 1970s in many parts of the world would suggest that a return to some such cyclical behavior was more than a little likely. This is exactly what we have seen, though I think the case can be made that these swings are more strongly connected to volatile asset bubbles now than was the case in the past (though the NBER accounts of the 1920s might be taken as evidence contrary to that view). These cyclical movements—and this is of equal importance—have also come to exhibit a more complicated geographical configuration. Booms in one place (the US south and west in the 1980s) correspond to crashes somewhere else (the older deindustrializing cities of the midwest of the same period).

Without a general perspective of this sort, we cannot even begin to understand the dynamics that led into the catastrophe of housing markets and urbanization in 2008 in certain regions and cities of the United States, as well as in Spain, Ireland, and the United Kingdom. By the same token, we cannot understand some of the paths that are currently being taken, particularly in China, to get out of the mess that was fundamentally produced elsewhere. For in the same way that Brinley Thomas documents contra-cyclical movements between Britain and the United States in the nineteenth century, such that a boom in residential construction on one side of the Atlantic was balanced by recessions on the other, so we now see stagnation in construction in the United States and much of Europe being counterbalanced by a huge urbanization and infrastructural investment boom centered in China (with several offshoots elsewhere, particularly in the so-called BRIC countries). And just to get the macro-picture connection right, we should immediately note that the United States and Europe are mired in low growth, while China is registering a 10 percent growth rate (with the other BRIC countries not far behind).

The pressure for the housing market and urban development in the United States to absorb surplus and overaccumulating capital through
speculative activity began to build in the mid 1990s, when President Clinton launched his National Partners in Homeownership initiative to confer the supposed benefits of homeownership on lower-income and minority populations. Political pressures were put on respectable financial institutions, including Fannie Mae and Freddie Mac (government-sponsored enterprises holding and marketing mortgages), to lower their lending standards to accommodate this initiative. The mortgage institutions responded with gusto—lending at will, short-circuiting regulatory controls—while their directors reaped huge personal fortunes, all in the name of doing good by helping underprivileged people enjoy the supposed benefits of homeownership. This process fiercely accelerated after the end of the high-tech bubble and the stock market crash of 2001. By then, the housing lobby, led by Fannie Mae, was welded into an autonomous center of ever-growing affluence, influence, and power capable of corrupting everything from Congress and the regulatory agencies to prestigious academic economists (including Joseph Stiglitz), who produced reams of research to show that their activities were very low-risk. The influence of these institutions, coupled with the low interest rates favored by Greenspan at the Fed, unquestionably fueled the boom in housing production and realization.22 As Goetzmann and Newman remark, finance (backed by the state) can build cities and suburbs, but it cannot necessarily make them pay. So what fueled the demand?

FICTITIOUS CAPITAL AND FICTIONS THAT CANNOT LAST

To understand the dynamics we have to understand how productive and fictitious capital circulation combine within the credit system in the context of property markets. Financial institutions lend to developers, landowners, and construction companies to build, say, suburban tract housing around San Diego, or condos in Florida or southern Spain. The viability of this sector relies on the assumption that value cannot only be produced but also realized in the market. This is where fictitious capital comes in. Money is lent to purchasers who presumably have the ability to pay out of their revenues (wages or profits), which are capitalized as an
interest flow on the capital lent out. A flow of fictitious capital is needed to complete the process of the production and realization of housing and commercial property values.

This difference is similar to that between what Marx identifies in *Capital* as "loan capital" for production and the discounting of bills of exchange which facilitates the realization of values in the market. In the cases of housing and condominium construction in, say, Southern California or Florida, the same finance company can furnish the finance to build and the finance to buy what has been built. In some instances the financial institution organizes pre-sales on apartments in condos that have not yet been built. Capital therefore to some degree manipulates and controls both supply and demand for new tract housing and condos as well as for commercial properties (which is totally at odds with the idea of the freely functioning markets that the World Bank Report supposes to be in place).

But the supply-demand relationship is lopsided, because the production and circulation time for housing and commercial properties is very long compared with most other commodities. This is where the disparate production, circulation, and turnover times, which Marx so cannily analyzes in Volume 2 of *Capital*, become crucial. Contracts that finance construction are drawn up long before sales can begin. The time-lags are often substantial. This is particularly true for commercial real estate. The Empire State Building in New York opened on May Day 1931, almost two years after the stock market crash and more than three years after the real estate crash. The twin towers were planned before but opened after the crash of 1973 (and for years could find no private tenants). The downtown rebuilding on the 9/11 site is about to come on line when commercial property values are depressed!

The existing stock of properties that can be traded (some of it of quite ancient origin) is also large relative to what can be produced. Total housing supply is therefore relatively inelastic relative to more volatile demand shifts: historically it has proved very difficult in developed countries to increase the housing stock in any one year by more than 2 or 3 percent even with the greatest effort (though China, as in all things, may break through that constraint).

Stimulating demand by taxation and public policy gimmicks and other
incentives (such as increasing the volume of sub-prime mortgages) does not necessarily elicit an increased supply: it merely inflates prices and stimulates speculation. As much if not more money can then be made from financial trading on existing housing rather than from building new. It becomes more profitable to finance shady mortgage-originating institutions like Countrywide than actual housing production. Even more tempting is to invest in collateralized debt obligations made up of tranches of mortgages gathered together in some spuriously highly rated investment vehicle (supposedly “as safe as houses”) in which the flow of interest from homeowners provides a steady income (no matter whether the homeowners are creditworthy or not). This was exactly what happened in the United States as the sub-prime steamroller got going. Copious amounts of fictitious capital flowed into housing finance to fuel demand, but only a part of it ended up in new housing production. The sub-prime market for mortgages, which stood at around $30 billion in the mid 1990s, rose to $130 billion by 2000, and hit an all-time high of $625 billion in 2005. There was no way that such a rapid increase in demand could be paralleled by an expansion of supply, no matter how hard the builders tried. So prices rose, and it seemed like they could rise forever.

But this all depended on a continuous expansion of the flows of fictitious capital, and on keeping intact the fetish belief that capital can be “automatically valorized by its own powers.” Marx’s point, of course, is that, in the face of an insufficiency of value-creation through production, that fantasy must inevitably come to a sticky end. And indeed it did.

The class interests involved on the production side are, however, also lopsided, and this has implications for who ends up holding the “sticky end.” Bankers, developers, and construction companies easily combine to forge a class alliance (one that often dominates what is called “the urban growth machine” both politically and economically). But consumer housing mortgages are singular and dispersed, and often involve loans to those who occupy a different class or, particularly in the United States (though not in Ireland), racial or ethnic position. With securitization of mortgages, the finance company could simply pass any risk on to someone else (for example, Fannie Mae, which was eager to procure such risk as part of its growth strategy)—which is precisely what they did, after
having creamed off all the origination and legal fees that they could. If the financier has to choose between the bankruptcy of a developer because of failures of realization or the bankruptcy and foreclosure on the purchaser of housing (particularly if the purchaser is from the lower classes or from a racial or ethnic minority and the mortgage has already been passed on to someone else), then it is fairly clear which way the financial system will lean. Class and racial prejudices are invariably involved.

Speculatively, the asset markets constituted by housing and land have a Ponzi character without a Bernie Madoff at the top. I buy a property, the property prices go up, and a rising market encourages others to buy. When the pool of truly creditworthy buyers dries up, then why not go further down the income layers to higher-risk consumers, ending up with no-income and no-asset buyers who might gain by flipping the property as prices rise? And so it goes until the bubble pops. Financial institutions have tremendous incentives to sustain the bubble as long as they can in order to extract maximum fees. The problem is that they often can't get off the train before it wrecks, because the train is accelerating so quickly. The delusion that capital can “valorize itself by way of its own powers” is self-perpetuating and self-fulfilling, at least for a while. As one of Michael Lewis's perceptive financial analysts who saw the crash coming early on put it in *The Big Short*: “Holy shit, this isn't just credit. This is a fictitious Ponzi scheme.”

There is yet another wrinkle to this story. Rising housing prices in the US increased effective demand in the economy at large. In the year 2003 alone, 13.6 million mortgages were issued (as opposed to less than half that ten years before), worth $3.7 trillion. Of these, $2.8 trillion's worth were for purposes of refinancing (for comparison, the total US GDP at that time was less than $15 trillion). Households were cashing in on the rising value of their property. With wages stagnant, this provided a way for many to access extra cash either for necessities (like health care) or consumer goods (a new car or vacation). The house became a convenient cash cow, a personal ATM machine, thus boosting aggregate demand, including, of course, the further demand for housing. Michael Lewis in *The Big Short* explains the sort of thing that happened. The baby nurse of one of his lead characters ended up owning, with her sister, six houses in Queens in New York City. “After they bought the first one, and its
value rose, the lenders came and suggested they refinance and take out $250,000—which they used to buy another. Then the price of that one rose, too, and they repeated the experiment. "By the time they were done they owned five of them and the market was falling and they couldn't make any of the payments." Property prices can't and don't rise forever.

THE PRODUCTION OF VALUE AND URBAN CRISES

But there are longer-term and deeper issues here that need to be taken into account on the production side. Although much of what went into the real estate market was pure speculation, the production activity was itself an important part of the economy as a whole, with construction accounting for 7 percent of GDP, and all of the ancillaries of new products (from furnishings to cars) amounting to more than double that. If the NBER papers are correct, the collapse of the construction boom after 1928, which was manifest as a $2 billion drop-off (huge for the time) in housing construction and a collapse of housing starts to less than 10 percent of their former volume in the larger cities, played an important but still not well-understood role in the 1929 crash. A Wikipedia entry notes: "devastating was the disappearance of 2 million high paying jobs in the construction trades, plus the loss of profits and rents that humbled many landlords and real estate investors." This surely had implications for confidence in the stock market more generally.

Small wonder that there were desperate subsequent attempts by the Roosevelt administration back in the 1930s to revive the housing sector. To that end a raft of reforms in housing mortgage finance were implemented, culminating in the creation of a secondary mortgage market through the founding in 1938 of the Federal National Mortgage Association (Fannie Mae). The task of Fannie Mae was to insure mortgages and to allow banks and other lenders to pass the mortgages on, thus providing much-needed liquidity to the housing market. These institutional reforms were later to play a vital role in financing the suburbanization of the United States after World War II. While necessary, they were not, however, sufficient to put housing construction onto a different plane in US economic development. All sorts of tax incentives (such as
the mortgage interest tax deduction), along with the GI Bill and a very positive housing act of 1947, which declared the right of all Americans to live in "decent housing in a decent living environment," were devised to promote homeownership, for political as well as economic reasons. Homeownership was widely promoted as central to the "American Dream," and it rose from just above 40 percent of the population in the 1940s to more than 60 percent by the 1960s, and close to 70 percent at its peak in 2004 (as of 2010, it had fallen to 66 percent). Homeownership may be a deeply held cultural value in the United States, but cultural values flourish remarkably when promoted and subsidized by state policies. The stated reasons for such policies are all those that the World Bank Report cites. But the political reason is rarely now acknowledged. As was openly noted in the 1930s, debt-encumbered homeowners do not go on strike.\(^3\) The military personnel returning from service in World War II would have constituted a social and political threat had they returned to unemployment and depression. What better way to kill two birds with one stone: revive the economy through massive housing construction and suburbanization and co-opt the better-paid workers into conservative politics by debt-encumbered homeownership! Furthermore, boosting demand by public policies led to steady increases in the asset values of homeowners, which was great for them but a disaster from the standpoint of the rational use of land and space.

During the 1950s and 1960s these policies worked, both from the political and the macroeconomic viewpoints, since they underpinned two decades of very strong growth in the United States, the effects of which spilled over globally. Housing construction shifted onto another plane entirely in relation to economic growth (see Figure 4). "It is a long-standing pattern," writes Binyamin Appelbaum, "that Americans recover from recessions by building more homes and filling them with things."\(^3\) The problem back in the 1960s was that the sprawling urbanization process was dynamic, but both environmentally unsustainable and geographically uneven. The unevenness largely reflected the differentiated income streams that flowed to different segments of the working class. While the suburbs thrived, the inner cities stagnated and declined. The white working class flourished, but the impacted inner city minorities —African-American in particular—did not. The result was a whole
sequence of inner-city uprisings—including Detroit and Watts, and culminating in spontaneous uprisings in some forty cities across the United States in the wake of the assassination of Martin Luther King in 1968. Something that came to be known as "the urban crisis" was there for all to see and easily name (even though it was not, strictly speaking, a macroeconomic crisis of urbanization). Massive federal funds were released to deal with this problem after 1968, until President Nixon declared the crisis over (for fiscal reasons) in the recession of 1973.33

The side-bar to all of this was that Fannie Mae became a government-sponsored private enterprise in 1968 and, after it was provided with a "competitor," the Federal Home Mortgage Corporation (Freddie Mac) in 1970, both institutions played a hugely important and eventually destructive role in promoting homeownership and sustaining housing construction over nearly fifty years. Home mortgage debt now accounts for some 40 percent of the accumulated private debt of the United States, much of which, as we have seen, is toxic. And both Fannie Mae and Freddie Mac have passed back into government control. What to do about them is an intensely debated political question (as are the subsidies to homeownership demand) in relation to US indebtedness more generally. Whatever happens will have major consequences for the future of the housing sector in particular and urbanization more generally in relation to capital accumulation within the United States.

Figure 4  Housing Starts in the United States, 1890–2008
The current signs in the United States are not encouraging. The housing sector is not reviving, and new housing production is depressed and stagnant. There are signs it is heading for a dreaded "double-dip" recession, as Federal monies dry up and unemployment remains high. Housing starts have plunged for the first time to below pre-1940s levels (see Figure 4). As of March 2011, the unemployment rate in construction stood above 20 percent, compared to a rate of 9.7 percent in manufacturing that was very close to the national average. There is no need to build new homes and fill them with things when so many homes stand empty. The San Francisco Federal Reserve "estimates construction may not return to the average level of pre-bubble activity before 2016, sideling a major industry" from having any impact on the recovery. In the Great Depression, more than a quarter of construction workers remained unemployed as late as 1939. Getting them back to work was a crucial target for public interventions (such as the WPA). Attempts by the Obama administration to create a stimulus package for infrastructural investments have largely been frustrated by Republican opposition. To make matters worse, the condition of state and local finances in the US is so dire as to result in layoffs and furloughs, as well as savage cuts in urban services. The collapse of the housing market and the 20 percent fall in housing prices has put a huge dent in local finances, which rely heavily on property taxes. An urban fiscal crisis is brewing as state and municipal governments cut back and construction languishes. When we put this all together, it looks increasingly as if the post-World War II era of accumulation and macroeconomic stabilization by suburbanization and housing and property development in the United States is at an end.

On top of all this comes a class politics of austerity that is being pursued for political and not economic reasons. Radical right-wing Republican administrations at the state and local levels are using the so-called debt crisis to savage government programs and reduce state and local government employment. This has, of course, been a long-standing tactic of a capital-inspired assault on government programs more generally. Reagan cut taxes on the wealthy from 72 percent to around 30 percent and launched a debt-financed arms race with the Soviet Union. The debt soared under Reagan as a result. As his budget director David Stockman later noted, running up the debt became a convenient excuse to go after
government regulation (for example, on the environment) and social programs, in effect externalizing the costs of environmental degradation and social reproduction. President Bush Jnr faithfully followed suit, with his Vice-President Dick Cheney proclaiming that “Reagan taught us that deficits do not matter.” Tax cuts for the rich, two unfunded wars in Iraq and Afghanistan, and a huge gift to big pharma through a state-funded prescription drug program, turned what had been a budget surplus under Clinton into a sea of red ink, enabling the Republican party and conservative democrats later to do big capital’s bidding, and go as far as possible in externalizing those costs that capital never wants to bear: the costs of environmental degradation and social reproduction. The assault on the environment and the well-being of the people is palpable, and in the US and much of Europe it is taking place for political and class, not economic reasons. It is inducing, as David Stockman has very recently noted, a state of plain class war. As Warren Buffett also put it, “sure there is class war, and it is my class, the rich, who are making it and we are winning.” The only question is: When will the people start to wage class war back? And one of the places to start would be to focus on the rapidly degrading qualities of urban life, through foreclosures, the persistence of predatory practices in urban housing markets, reductions in services, and above all the lack of viable employment opportunities in urban labor markets almost everywhere, with some cities (Detroit being the sad poster child) utterly bereft of employment prospects. The crisis now is as much an urban crisis as it ever was.

**PREDATORY URBAN PRACTICES**

In *The Communist Manifesto*, Marx and Engels note in passing that, no sooner does the worker receive “his wages in cash, than he is set upon by the other portions of the bourgeoisie, the landlord, the shopkeeper, the pawnbroker, etc.” Marxists have traditionally relegated such forms of exploitation, and the class struggles (for such they are) that inevitably arise around them, to the shadows of their theorizing, as well as to the margins of their politics. But I want to argue here that they constitute, at least in the advanced capitalist economies, a vast terrain of accumulation
by dispossession, through which money is sucked up into the circulation of fictitious capital to underpin the vast fortunes made from within the financial system.

The predatory practices that were omnipresent before the crash in the housing market in general and within the sub-prime lending field in particular were legendary in their proportions. Before the main crisis broke, the low-income African-American population of the United States was already estimated to have lost somewhere between $71 and $93 billion in asset values through predatory sub-prime practices. The dispossession came in two waves—one mini-wave between the announcement of the Clinton initiative of 1995 and the collapse of Long Term Capital Management in 1998, and the other after 2001. Contemporaneously with the latter period, the bonuses on Wall Street and the earnings in the mortgage-initiating industry were soaring, with unheard-of profit rates from pure financial manipulations, particularly those associated with the securitization of high-cost but risky mortgages. The inference is that, by various hidden channels, massive transfers of wealth from the poor to the rich were occurring, beyond those since documented in the plainly shady and often illegal practices of mortgage companies like Countrywide, through financial manipulations in housing markets.

What has happened since the crash is even more astonishing. Many of the foreclosures (over a million during 2010) turn out to have been illegal, if not downright fraudulent, leading a congressman from Florida to write to the Florida Supreme Court Justice that “if the reports I am hearing are true, the illegal foreclosures taking place represent the largest seizure of private property ever attempted by banks and government entities.” The attorney generals in all fifty states are now investigating the problem, but (as might be expected) most seem anxious to close out the investigations in as summary a way as possible at the price of a few financial settlements (but no restitutions of illegally seized properties). Certainly, no one is likely to go to jail for it, even though there is clear evidence of systematic forgery of legal documents.

Predatory practices of this sort have been long-standing. So let me give some instances from Baltimore. Shortly after arriving in the city in 1969, I became involved in a study of inner-city housing provision that focused on the role of different actors—landlords, tenants and homeowners,
the brokers and lenders, the FHA, the city authorities (Housing Code Enforcement in particular)—in the production of the terrifying rat-infested inner-city living conditions in the areas wracked by uprisings in the wake of the assassination of Martin Luther King. The vestiges of red-lining of areas of low-income African-American populations denied credit were etched into the map of the city, but exclusions were by then justified as a legitimate response to high credit risk, and not supposedly to race. In several areas of the city, active blockbusting practices were to be found. This generated high profits for ruthless real estate companies. But for this to work, African-Americans had also somehow to acquire access to mortgage finance when they were all lumped together as a high-credit-risk population. This could be done by way of something called the “Land Installment Contract.” In effect, African-Americans were “helped” by property owners who acted as an intermediary to the credit markets and took out a mortgage in their own names. After a few years, when some of the principle plus the interest had been paid down, thus proving the family’s creditworthiness, the title was supposed to be passed on to the resident, with help from the friendly property owner and local mortgage institution. Some takers made it (though usually in neighborhoods that were declining in value), but in unscrupulous hands (and there were many in Baltimore—though apparently not so many in Chicago, where this system was also common) this could be a particularly predatory form of accumulation by dispossession. The property owner was permitted to charge fees to cover property taxes, administrative and legal costs, and the like. These fees (sometimes exorbitant) could be added to the principal of the mortgage. After years of steady payment, many families found they owed more on the principal on the house than they had at the start. If they failed once to pay the higher payments after interest rates rose, the contract was voided and families were evicted. Such practices caused something of a scandal. A Civil Rights action was started against the worst landlord offenders. But it failed, because those who had signed on to the land installment contract had simply failed to read the small print, or to have their own lawyer (which poor people rarely have) to read it for them (the small print is in any case incomprehensible to ordinary mortals—have you ever read the small print on your credit card?).
Predatory practices of this sort never went away. The land-installment contract was displaced by practices of “flipping” in the 1980s (a property dealer would buy a run-down house cheaply, put in a few cosmetic repairs—much overvalued—and arrange “favorable” mortgage finance for the unsuspecting buyer, who lived in the house only so long as the roof did not fall in or the furnace blow up). And when the sub-prime market began to form in the 1990s in response to the Clinton initiative, cities like Baltimore, Cleveland, Detroit, Buffalo, and the like became major centers for a growing wave of accumulation by dispossession ($70 billion or more nation-wide). Baltimore eventually launched a Civil Rights lawsuit after the crash of 2008 against Wells Fargo over its discriminatory sub-prime lending practices (reverse red-lining in which people were steered into taking sub-prime rather than conventional loans, in which African-Americans and single-headed households—headed by women—were systematically exploited). Almost certainly the suit will fail (although at the third iteration it has been allowed to go forward in the courts), since it will be almost impossible to prove intent based on race as opposed to credit risk. As usual, the incomprehensible small print allows for a lot (consumers beware!). Cleveland took a more nuanced path: sue the finance companies for the creation of a public nuisance because the landscape was littered with foreclosed houses that required city action to board them up!

Predatory practices that hit the poor, the vulnerable, and the already underprivileged are legion. Any small unpaid bill (a license fee or water bill, for example) can become a lien on a property about which a property owner may remain mysteriously (and illegally) unnotified until after it has been bought up by a lawyer who expenses it so that an original unpaid bill of, say, $100 requires, say, $2,500 to redeem. For most poor people, this means the loss of the property. At the last round of lien sales in Baltimore, some $6 million worth of liens on property were purchased from the city by a small group of lawyers. If the markup is 250 percent, they stand to amass considerable fortunes if the liens get paid off, and potentially valuable properties for future development if they simply acquire the properties.

To top it all, it has been systematically shown that, in US cities since the 1960s, the poor typically pay more for inferior basic commodities
such as food, and that the under-servicing of low-income communities places added undue financial and practical burdens upon such populations. The economy of dispossession of vulnerable populations is as active as it is perpetual. Even more startling is how many temporary and insecure workers in low-wage industries in major cities such as New York, Chicago, and Los Angeles have experienced some degree of illegal wage losses; including failure to pay the minimum wage, refusal to pay for overtime, or simply delays in payment that could in some instances stretch into months. 42

My point in mentioning all these various forms of exploitation and dispossession is to suggest that in many metropolitan regions such mass practices are systematically visited upon vulnerable populations. It is important to recognize how easily real wage concessions to workers can be clawed back for the capitalist class as a whole through predatory and exploitative activities in the realm of consumption. For much of the low-income urbanized population, the joint excessive exploitation of their labor and the dispossession of their meager assets constitutes a perpetual drain upon their capacity to sustain minimally adequate conditions of social reproduction. This is a condition that calls for city-wide organization and a city-wide political response (see below).

THE CHINA STORY

In so far as there has been any exit from the global crisis of capital this time, it is notable that the housing and property boom in China, along with a huge wave of debt-financed infrastructural investments there, has taken a leading role not only in stimulating their internal market (and mopping up unemployment in the export industries) but also in stimulating the economies that are tightly integrated into the China trade, such as Australia and Chile with their raw materials and Germany with its machine tool and automotive exports. In the United States, on the other hand, construction has been slow to revive, with the unemployment rate in construction, as noted earlier, more than twice the national average.

Urban investments typically take a long time to produce and an even longer time to mature. It is always difficult to determine, therefore, when
an overaccumulation of capital has been or is about to be transformed into an overaccumulation of investments in the built environment. The likelihood of overshooting, as regularly happened with the railways in the nineteenth century and as is shown by the long history of building cycles and crashes (including the debacle of 2007–09), is very high.

The fearlessness of the pell-mell urbanization and infrastructural investment boom that is completely reconfiguring the geography of the Chinese national space rests in part on the ability of the central government to intervene arbitrarily in the banking system if anything goes wrong. A relatively mild recession in property markets in the late 1990s in leading cities such as Shanghai left the banks holding title to a vast array of “non-earning assets” (“toxic,” we call them), many of which were urban and property-development based. Unofficial estimates identified as many as 40 percent of bank loans a non-earning. The response of the central government was to use its abundant foreign exchange reserves to re-capitalize the banks (a Chinese version of what later became known as the controversial Troubled Asset Relief Program—TARP—in the United States). It is known that the state used some $45 billion of its foreign exchange reserves for this purpose in the late 1990s, and it may have indirectly used much more. But as China’s institutions evolve in ways more consistent with global financial markets, so it becomes harder for the central government to control what is happening in the financial sector.

The reports now available from China make it seem rather too similar for comfort to the American southwest and Florida in the 2000s, or Florida in the 1920s. Since the general privatization of housing in China in 1998, housing speculation and construction have taken off in a spectacular fashion. Housing prices are reported to have risen by 140 percent nationwide since 2007, and by as much as 800 percent in the main cities such as Beijing and Shanghai over the last five years. In the latter city, property prices are reputed to have doubled over the last year alone. The average apartment price there now stands at $500,000 (in a country where per capita GDP was $7,518 in 2010), and even in second-tier cities a typical home “costs about 25 times the average income of residents,” which is clearly unsustainable. All of this indicates that housing and
commercial property construction, fast and vast as it is, is not keeping pace with actual and, even more importantly, anticipated effective demand. One consequence is the emergence of strong inflationary pressures that have prompted the central government to use a variety of tools to restrict out-of-control local government spending.

The central government openly states its worry that too much of the country’s growth continues to be tied to inflationary spending on real estate development and government investment in roads, railways and other multibillion dollar infrastructure projects. In the first quarter of 2011, fixed asset investment—a broad measure of building activity—jumped 25 percent from the period a year earlier, and real estate investment soared 37 percent.45

This investment “is now equal to nearly 70 percent of the nation’s gross domestic product.” No other nation has approached this level in modern times. “Even Japan, at the peak of its building boom in the 1980s, reached only about 35 percent, and the figure has hovered around 20 percent for decades in the United States.” The “cities’ efforts have helped government infrastructure and real estate spending surpass foreign trade as the biggest contributor to China’s growth.”46 Extensive land acquisitions and displacements of legendary proportions in some of the major cities (as many as 3 million people displaced in Beijing over the last ten years) indicate an active economy of dispossession booming alongside this huge urbanization push throughout the whole of China. The forced displacements and dispossessions are one of the most important causes of a rising tide of popular and sometimes violent protests.

The land sales to developers have provided a lucrative cash cow to fill local government coffers. But in early 2011 the central government ordered them to be curbed in order to hold back an out-of-control property market, and the often brutally staged land dispossessions that were causing so much resistance. This created fiscal difficulties for many municipalities. The “sharp rise in local government debt and poor controls over borrowing by investment companies” (many sponsored by local governments) are now considered a major risk to the Chinese economy, and this is casting a deep shadow over the prospects for future growth,
not only in China but also worldwide. As of 2011, the municipal debt was estimated by the Chinese government at around $2.2 trillion, equivalent to "nearly a third of the nation's gross domestic product." Possibly as much at 80 percent of this debt is held by off-the-books investment companies, sponsored by but not technically a part of municipal government. These are the organizations that are building, at immense speed, both the new infrastructures and the signature buildings that make Chinese cities so spectacular. But the cumulative debt liabilities of the municipalities are huge. A wave of defaults "could become a huge liability for the central government, which is sitting on about $2 trillion in debt of its own." The possibility of a collapse followed by a long period of "Japanese-like stagnation" is very real. The slowing of the Chinese economic growth machine in 2011 is already producing reductions in imports, and this will in turn rebound in all those areas of the world that have flourished on the back of the Chinese market for raw materials in particular.

Meanwhile, whole new cities, with hardly any residents or real activities as yet, can now be found in the Chinese interior, prompting a curious advertising program in the United States business press to attract investors and companies to this new urban frontier of global capitalism. Urban development since the mid-nineteenth century, if not before, has always been speculative, but the speculative scale of Chinese development seems to be of an entirely different order than anything before in human history. But then the surplus liquidity in the global economy needing to be absorbed, which is expanding at a compound rate, has never been greater either.

As in the post–World War II suburbanization boom in the United States, when all the ancillary housing appliances and appurtenances are added in it becomes clear that the Chinese urbanization boom is playing a central role in stimulating the revival of global economic growth for a wide range of consumer goods other than automobiles (in which China now boasts the largest market in the world). "By some estimates, China consumes up to 50 percent of key global commodities and materials such as cement, steel and coal, and Chinese real estate is the main driver of that demand." Since at least half of the steel consumed ends up in the built environment, this means that a quarter of global steel output is now absorbed by this activity alone. China is not the only place where such
a property boom can be identified. All of the so-called BRIC countries seem to be following suit. Property prices thus doubled in both São Paulo and Rio last year, and in India and Russia similar conditions prevail. But all of these countries, it should be noted, are experiencing high aggregate growth rates along with strong currents of inflation. Strong urbanization currents clearly have much to do with the rapid recovery from the effects of the recession of 2007–09.

The question is: How sustainable is this recovery, given its roots in largely speculative urban developments? Attempts by the Chinese central government to control their boom and quell inflationary pressures by raising step-wise the reserve requirements of the banks have not been too successful. A “shadow-banking system” has emerged that is strongly connected to land and property investments and is hard to monitor and control, and comprises new investment vehicles (analogous to those that emerged in the 1990s in the US and Britain). The result of accelerating land disposessions and inflation has been proliferating unrest. Reports are now coming in of work actions by taxi drivers and truckers (in Shanghai), alongside sudden full-blown factory strikes in the industrial areas of Guangdong in response to low wages, poor working conditions, and escalating prices. Official reports of unrest have risen dramatically, and wage adjustments have been occurring, along with government policies designed to confront the swelling unrest and stimulate the internal market as a substitute for riskier and stagnant export markets (Chinese consumerism currently accounts for only 35 percent of GDP, as opposed to 70 percent in the United States).

All of this has to be understood, however, against the background of the concrete steps the Chinese government took to deal with the crisis of 2007–09. The main impact of the crisis on China was the sudden collapse of export markets (particularly that of the United States) and a 20 percent fall-off in exports by early 2009. Several reasonably reliable estimates put the number of jobs lost in the export sector at close to 30 million over a very short period in 2008–09. Yet the IMF could report that the net job loss in China as of fall 2009 was only 3 million. Some of the difference between gross and net job losses may have been due to the return of unemployed urban migrants to their rural base. Another part of it was doubtless the fast revival of exports and re-engagement of workers earlier
laid off. But the rest of it was almost certainly due to the government's implementation of a massive Keynesian-style stimulus program of urban and infrastructural investment. An extra $600 billion was made available by the central government to augment what was already a large program of infrastructural investment (a cumulative total of $750 billion allocated solely to build 8,100 miles of high-speed and 11,000 miles of traditional rail, though these investments are now in trouble after a high-speed rail crash that suggests poor design, if not corruption in construction). The central government simultaneously instructed the banks to lend extensively to all manner of local development projects (including the property and infrastructure sectors) as a way to mop up surplus labor. This massive program was designed to lead the way towards economic recovery. The Chinese government now claims it created nearly 34 million new urban jobs between 2008 and 2010. It certainly appears to have been fairly successful in its immediate objective of absorbing much of the massive labor surplus, if the IMF figures on net job loss are correct.

The big question, of course, is whether these state expenditures fall within the category of "productive" or not—and, if so, productive of what and for whom? Many investments, such as the huge shopping mall close to Dongguan, stand almost empty, as do quite a few of the high-rises that litter the urban landscape almost everywhere. And then there are the empty new cities waiting for populations and industries to arrive. Yet there is also no question that the Chinese national space could benefit from deeper and more efficient spatial integration, and on the surface at least the vast wave of infrastructural investments and urbanization projects would appear to do just that, linking the underdeveloped interior to the wealthier coastal regions and the water-short north with the well-watered south. At the metropolitan level, the processes of urban growth and urban regeneration would also appear to bring modernist techniques to urbanization, along with a diversification of activities (including all the mandatory cultural and knowledge industry institutions, exemplified by the spectacular Shanghai Expo, that are so characteristic of neoliberal urbanization in the United States and Europe).

In some ways, China's development mimics and exaggerates that of the post-World War II United States. During those years, the interstate highway system integrated the American South and the West, and this,
coupled with suburbanization, then played a crucial role in sustaining both employment and capital accumulation. But the parallel is instructive in other ways. US development after 1945 was not only profligate in its use of energy and land; it also generated, as we have seen, a distinctive crisis for marginalized, excluded and rebellious urban populations, which elicited a raft of policy responses during the late 1960s. All of this faded after the crash of 1973, when President Nixon declared in his State of the Union address that the urban crisis was over and that federal funding would be withdrawn. The effect at the municipal level was to create a crisis in urban services, with all of the terrifying consequences of degeneration in public schooling, public health, and availability of affordable housing from the late 1970s onwards in the United States.

The accelerated urban and infrastructural investment strategy in China is collapsing these two tendencies into a few years. A high-speed train between Shanghai and Beijing is fine for the businesspeople and the upper middle class, but it does not constitute the kind of affordable transport system that can take workers back to their rural origins for the Chinese New Year. Similarly, high-rise apartment blocks, gated communities, and golf courses for the rich, along with high-end shopping malls, do not really help to reconstitute an adequate daily life for the restive, impoverished masses. This lopsidedness in urban development along class lines is in fact a global issue. It is currently arising in India, as well as in the innumerable cities around the world where there are emergent concentrations of marginalized populations alongside high-modernist urbanization and consumerism for an increasingly affluent minority. The issue of how to deal with the impoverished, insecure, and excluded workers that now constitute a majoritarian and putatively dominant power block in many cities is becoming a major political problem. Military planning is, as a result, now highly focused on how to deal with restive and potentially revolutionary urban-based movements.

But in the Chinese case there is one interesting wrinkle to this narrative. The trajectory of development since liberalization began in 1979 rested on the notion that decentralization is one of the best ways to exercise centralized control. The idea was to liberate regional and municipal governments, and even villages and townships, to seek their own
betterment within a framework of centralized control and market coordinations. Successful solutions arrived at through local initiatives then became the basis for the reformulation of central government policies.

Reports emanating from China suggest that the power-transition anticipated for 2012 is faced with an intriguing choice. Attention is focused on the city of Chongqing, where a purportedly radical shift away from market-based policies back onto a path of state-led socialist redistribution—backed, interestingly, by a great deal of Maoist-inspired rhetoric—has been underway for some time. In this model, “everything links back to the issue of poverty and inequality.” The government “has turned the market profits of state-owned enterprises toward traditional socialist projects, using their revenues to fund the construction of affordable housing and transportation infrastructure.” The housing initiative entails a “massive construction program” to “provide cheap apartments to a third of the 30 million residents” living in the city region. “The municipality expects to build 20 satellite towns, with a population of 300,000 apiece. In each one, 50,000 people will live in state-subsidized housing.” The aim of this enormously ambitious project (contrary to World Bank advice) is to reduce the spiraling social inequalities that have arisen over the last two decades across China. It is an antidote to the private developer-led projects of gated communities for the rich. But its downside is that it accelerates the dispossession of land from rural uses and pushes peasant populations into a forced urbanization that underpins swelling protest and discontent, which in turn leads to a repressive if not authoritarian response.

This turn back to a socialist redistributive agenda, using the private sector for public purposes, is now providing a model for the central government to follow. It plans to build 36 million affordable housing units over the five years beginning in 2010. In this way China proposes to solve the capital surplus absorption problem at the same time as offering a way to further urbanize the rural population, absorb surplus labor, and (hopefully) dispel popular discontent by offering reasonable housing security to the less well-off. There are echoes here of US urban policies after 1945: keep economic growth on track while co-opting potentially restive populations through housing security. The downside is the swelling and sometimes violent opposition to the necessary land acquisitions
(though the Chinese clearly cling to the Maoist slogan that "you cannot make an omelet without breaking eggs").

But rival market-based developmental models exist elsewhere in China, particularly in the coastal and southern cities, such as Shenzhen. Here the proposed solution is very different. Emphasis is more upon political liberalization and what sounds like more bourgeois urban democracy, alongside a deepening of free market initiatives. In this case, rising social inequality is accepted as a necessary cost of sustained economic growth and competitiveness. Which way the central government will lean is impossible at this point to predict. The key point is the role of urban-based initiatives in pioneering the way towards such choices of different futures; but the means to achieve that future seem to be firmly embedded in a polarized choice between state and market.

The effects of China's urbanization in recent decades have been simply phenomenal and world-shaking in their implications. The absorption of surplus liquidity and overaccumulated capital in urbanization at a time when profitable opportunities are otherwise hard to come by has certainly sustained capital accumulation not only in China but around much of the rest of the globe over the last few crisis years. How stable such a solution might be is open to question. The burgeoning social inequalities (China is now third in the number of billionaires in the world), the environmental degradation (which even the Chinese government openly admits), along with multiple signs of overextensions and overvaluation of assets in the built environment, suggest that the Chinese "model" is far from trouble-free, and that it could all too easily morph overnight from benefactor to problem child of capitalist development. If this "model" fails, then the future of capitalism is dire indeed. This would then imply that the only path open is to look more creatively to the option of exploring anti-capitalist alternatives. If the capitalist form of urbanization is so completely embedded in and foundational for the reproduction of capitalism, then it also follows that alternative forms of urbanization must necessarily become central to any pursuit of an anti-capitalist alternative.
THE URBANIZATION OF CAPITAL

The reproduction of capital passes through processes of urbanization in myriad ways. But the urbanization of capital presupposes the capacity of capitalist class powers to dominate the urban process. This implies capitalist class domination not only over state apparatuses (in particular those aspects of state power that administer and govern the social and infrastructural conditions within territorial structures), but also over whole populations—their lifestyles as well as their labor power, their cultural and political values as well as their mental conceptions of the world. That level of control does not come easily, if at all. The city and the urban process that produces it are therefore major sites of political, social, and class struggles. We have heretofore examined the dynamics of this struggle from the standpoint of capital. It therefore remains to examine the urban process—its disciplinary apparatuses and restraints as well as its emancipatory and anti-capitalist possibilities—from the standpoint of all those who attempt to gain their livelihood and reproduce their daily lives in the midst of this urban process.
Beyond the Foreign Investment Debate

By Maria Wallstam and Nathan Crompton

Overlook the billions of dollars freed up for capitalists through tax cuts and tax exemptions. Ignore the woefully inadequate state of rent control in BC. Forget that the federal government stopped funding social housing in 1993, and that in the next 20 years over 36,000 units of affordable housing are set to lose their funding in Greater Vancouver. Set aside the damage done by years of government-organized gentrification and displacement. Lastly, forget that home ownership and the private property market have never worked for low-income, working and Indigenous people.

Now instead focus on one relatively small demographic group: Chinese investor immigrants that have come to Vancouver since the 1980s. Convince yourself that the major cause of the current housing crisis is “foreign” money injected into the local real estate market. This selective version of the causes of the housing crisis seems to guide most of the recent debate about growing unaffordability in Vancouver. The latest development is a growing number of Vancouverites rallying around the call for “more data” on foreign investment. At the national level, Harper has taken up this call for foreign data as a central plank in the Conservative housing platform. But when it comes to the housing crisis, is data on foreign investment the most pressing problem? Does it even make sense to distinguish between local and foreign capital?

Coming to terms with BC’s homegrown billionaires

Usually in the debates about foreign investment there are keywords that tip the public off about a subtext of foreign investment: empty condos, monster homes, and non-Canadians (read: Chinese immigrants) who pay less taxes than the people who Conservative Finance Minister Joe Oliver calls “hard working Canadians.”

What these conversations tend to overlook is that the empty units in ultra-luxury tower neighbourhoods like Coal Harbour are seasonal and secondary suites for Canada’s homegrown super rich. New condos, not to mention the mega-mansions from Shaugnessy to West Vancouver, are owned by Canadians. New luxury mega-developments, from Shangri-La to Oakridge, are owned and sold by Canadian developers.

Since 2006 alone, investors in Canada have saved over $60 billion thanks to corporate tax cuts. Today, Canada’s largest corporations are making 50% more profit and paying 20% less tax than they did a decade ago. So where are those profits ending up? Housing remains one of the highest-returnings investments in Canada, and Vancouver – with the lowest business taxes in the country and even the world – is its epicentre.

The myth of local and foreign capital

Race-baiting arguments also ignore the fact that these local investors and homeowners are, to the same extent as immigrant investors, reliant on international financial markets and labour markets. Much of the wealth accumulated by Canadian individuals and corporations has been made possible by exploiting natural resources abroad, by outsourcing production to the global south, and by the deregulation and globalization of financial markets.

Take for example the fact that Vancouver is today the headquarter of over 800 mining companies profiting from displacement, dispossession, and exploitation of Indigenous land in Canada and in the global south. These “Canadian” companies have Boards of Directors made up of capitalists from every country with investors.

This is why data about the exact percentage of investment that is “foreign” or “local” is elusive. Investment money today does not have a nationality. We have to understand Vancouver as a driving force and a power base of global capitalism, not a region oppressed by “foreigners.”

For the tenants being evicted across Vancouver, there is no difference if the landlord has a local address or an Anglo-Saxon surname. The result is the same because at the end of the day our landlords and developers are part of the same class – regardless of nationality. This also means they should be fought with the same intensity.

Foreign/domestic debate obscures the real causes of the housing crisis

Some have argued that because of its simple and accessible message, the myth of foreign investment should be used to unite “progressive people” in the city while at the same time igniting a new interest in housing politics. But in reality it only serves to rob us of any helpful understanding of the housing crisis, and worse yet it plays into the century-old scapegoating of Chinese Vancouverites. It’s concerning that Chinese investors and homeowners are increasingly referred to as foreigners regardless of immigration status.

In the foreign investment debate, the housing problem is seen as external to Vancouver and even Canada. Yet can we blame foreigners for the fact that BC’s local elite have created the highest wealth inequality in Canada, where the richest 10% of households hold a shocking 56.2% of the wealth and the bottom 50% of households...
hold 3.2% of the wealth? We have to look inwards. The causes of the housing crisis are local, but situated within a globalized capitalist economy.

When we fall for conspiracy theories and one-liners about “foreigners,” social inequalities are forgotten in favour of race-baiting. Class is replaced by ethnicity, and the blame and responsibility is absolved for investors, landlords, and the politicians who have arranged this mess.

By framing Vancouver as a “victim” of global forces, the colonial origins and imperialist reality of Canada itself are erased. Canada was born out the dispossession of Indigenous people. Its ongoing accumulation of wealth is stolen from Indigenous people who land it occupies and from those who its foreign “free trade” policies and military alliances rob. Land and housing crises have been with us since the beginning, and they radiate outwards through imperialist foreign policy, which is why the attempt to scapegoat recent immigration creates false solutions that will never get to the heart of the problem.

Viewpoint

Remember property?

By Nick Blomley

It used to be that we took property in land seriously. Many scholars, from diverse backgrounds, placed it at the core of their inquiry. ‘How did property work?’, they asked. How was private property, in particular, to be treated? How was property made, and with what effects? This included reflections on the ethics of property. Locke’s story of the privatization of the divine commons, in which an alchemical mixing of human labor with the soil created private property, was equally descriptive and prescriptive. Enclosure was not simply inevitable: as a realization of divine will, he said, it was also normatively good. Marx’s story of privatization offered, not surprisingly, a very different moral inflection. The history of enclosure was written in blood and fire, he raged. Any justifications, such as Locke’s, were no more than an obfuscation of class dominance. The sanctity of private property under capitalism, he argued, was clearly compromised by its history: shameless violations of the rights of property was accepted when they were necessary to lay the foundations of capitalism.

Similarly, the politics of property used to be a subject of considerable scrutiny. For Locke, property was prepolitical, given its supposed origins in a world before the state. Necessity begat property, he argued, and in order to protect that property the state was formed. As such, it was defined as a zone of individual autonomy, removed from the realm of the political: politics (that is, the state) was that which threatened property. For the legal realist Robert Hale, conversely, private property depended crucially on public power. Private property, he argued, was a form of delegated sovereignty and, to that extent, deeply political, both in its origins and its effects.

Now, however, most of us seem much less interested in property. Property becomes simply (and, I argue here, frighteningly) taken for granted. This oversight is to be found not only inside the academy. Judges, policy-makers and others routinely sideline property and its workings. Thus it is, for example, that informed academics are obliged to note its importance to homelessness, as if this were a revelation.

Perhaps this is because property appears (though this is surely mistaken) no longer to be changing in a way that it so obviously was for earlier thinkers. Enclosure, on this account, is complete. But perhaps we seem less interested because property seems to be more definitionally certain. Property used to be a commodious category, that included related ideas of propriety, acknowledged a complex array of estates and interests, and enrolled a rich dramatis personae, ranging from Locke’s yeoman farmer to Proudhon’s murderous landlord. Now, however, property seems to signify something a lot smaller, familiar and frankly uninteresting.

This reflects, I think, the dominance within liberal societies of a particularly restricted model of property. Termed variously the ownership, Blackstonian or classical model, it exerts a powerful imaginative hold, shaping our understandings of the possibilities of social life, the ethics of human relations and the ordering of economic life. Felix Cohen neatly summarized this model thus: ‘That is property to which the following can be
attached: To the world, Keep off X unless you have my permission, which I may grant or withhold. Signed: private citizen. Endorsed: The State’ (quoted in Donahue, 1998: 191). More generally, the model invites us to view property in the following ways.

- It assumes a single owner identifiable by formal title rather than informal or moral claims.
- This owner enjoys all the rights associated with ownership – including the right to exclude others, to transfer or sell the property, and to use the property as he or she sees fit.
- The owner is metaphorically set against other interests, notably the state. While state intervention can occur, this is always presumptively suspect, and must be justified in relation to the prior and superior rights of the owner.
- The owner is motivated by self-interested and self-regarding behaviour – for example, he (and it is usually a man) improves the land in order to maximize productivity, or attain a higher resale price.
- Property is regarded as essentially private property. The two become synonymous, so to talk of property is to talk of private property.

It is easy to demonstrate the analytical shortcomings of this model. However, it is more important to note the political and ethical effects of viewing property through this narrow prism, particularly given the neoliberal embrace of privatization and the ownership society. For example:

- The dominant model underwrites the moral geographies of the public-private divide, with its deep-seated assumption that clear limits should be set upon the ability of states to ‘intervene’ (as if they were not there already) in the ‘private’ sphere. The private sphere is valued as a site of individuality, liberty and autonomy, while state action is a potential threat to freedom. Not only does this render collective action inherently suspect, but also it cloaks the workings of private power (including that, of course, associated with property itself).
- In fixing on the detached owner, separate from others, the crucial relation at the core of property appears to be that between the owner and the things owned. In popular language, we talk about something being ‘my property’. As a result, property becomes depoliticized. Obscured is the fact that property centrally concerns relations between owners and nonowners: my rights to ‘my things’ are meaningless without my power to exclude you from the use and benefit of those things. Those exclusionary powers, sustained by the state, are socially differentiated, advancing the interests of those who have private property against those who do not. Given that a minority owns the bulk of productive property, this creates a dependence of nonowners upon owners, and thus a power relation that produces systemic inequality.
- The model informs the ways in which people are given standing in the world. Even though property ownership is no longer a prerequisite for voting, private property ownership is seen as a good thing because it denotes standing, responsibility and self-control. Conversely, those who do not own (or who own in ways that don’t fit the ownership model) are viewed with suspicion. Consider the ways in which renters are regarded. We are suspicious of renters not only because they are poorer, in general, than owners, but also because they rent. As such, they are incomplete owners. Our language betrays us: owners ‘reside’ in settled neighbourhoods; renters ‘occupy’ units of housing. Owners are stable and responsible; renters are mobile and untrustworthy. This gets uncritically smuggled into policy and can have insidious effects. Housing policy overwhelmingly favours owners, as against renters. Programs of urban revitalization, under the banner ‘social mix’, encourage property owners to move to areas dominated by renters and so ‘uplift’ a neighbourhood.
• Perhaps it is as a result of these effects – individualism, exclusion and suspicion – that we can begin to make sense of the recent reterritorialization of property. The upsurge in gated communities, home security and other forms of target hardening, as well as the embrace of punitive forms of control directed at those excluded from private property (that is, the homeless), suggest that the 'quiet enjoyment' of private property has become a good deal more paranoid and uncertain.

• The centrality given to private ownership means that other claims to land (other forms of property), if they are acknowledged at all, are viewed with suspicion, derision or indifference. The most striking case is that of indigenous claims to land, which continue to be treated either as some imperfect expression of the dominant model, or as so radically different as to be not really property at all. This creates a deep and enduring injustice within settler societies.

• The dominant view also obscures the varied and inventive ways in which property actually gets put to work in the world. Not only is 'private property' itself far more complicated (and, frankly, nonprivate) than we might suppose, but one can also identify many types of ownership that fall outside the terms of the dominant model. People lay claim to property in much more varied, overlapping and often collectively orientated ways. The commons, in other words, are still very much with us. We can find it within the official fold (nuisance law, for example) and without (surfing). Commoners are to be found in traditional settings, such as inshore fisheries, and in incipient settings, such as cyberspace. While common property can serve the powerful (take the gated community, for example), it can also be a site for resistance and alterity (as in the case of squatting).

Yet the persistence of the dominant model means that these diverse alternatives fail to appear on our maps of property. One could go on. My point is that there are real costs in forgetting property, for property has not forgotten us. However, this is concealed by the desiccated model of property with which we work. In part, the purchase of the dominant model reflects its persuasive geographies. It invokes boundaries, for example, that are both real and metaphoric. It territorializes property, turning it into a discrete space. Spatial representations are at the core of property: the archetype of private property is the single-family house – when we summon up a mental image of ownership, it is probably the home we think of. Behind this banal ideological screen, with its comforting images of privacy and domesticity, hides the corporation.

For all these reasons, it is imperative that geographers take property seriously, exploring the effects of the dominant model within the world, as well as uncovering the much more interesting and complicated realities of property. It is also crucial that we think about the consequential geographies of property – the effects, for example, of its reliance upon particular spatial representations, such as the boundary; or the interesting ways in which property helps produce particular landscapes; or the often violent effects of property within public space; or the centrality of exclusion to property. Surely there can be fewer more vitally geographic concepts?

Reference