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HOUSING REGULATION?
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The Israeli Social Protest of summer 2011

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ABSTRACT

After decades of virtually uncontested neoliberalization, Israel was swept by unprecedented protests against a rising cost of living, social inequality, and, most particularly, escalating housing prices during the summer of 2011. Within two weeks, a small protest camp established on Rothschild Boulevard in Tel Aviv had grown into a mass movement involving hundreds of thousands of people across the country. Given an ambivalent sense of the significance of urban movements in bringing about social change, the aim of this paper is to analyze whether the Israeli Social Protest was able to push forward a post-neoliberal mode of housing regulation. Building on a framework developed by Brenner, Peck and Theodore (2010) to grasp transformations in the landscape of regulatory restructuring, this article argues that the movement has indeed achieved a far-reaching hegemonic shift in public discourse and has also become an important driver in promoting regulatory experiments. Despite its achievements, however, the movement was not able to challenge the Israeli “rule regime” of neoliberalization because of two structural constraints that were shielded by the most powerful state apparatuses: the commodity character of housing and a neoliberalized land regime, where state-owned land is treated as a profit-machine for public finance.

KEYWORDS: Urban Social Movements, Post-neoliberalism, Affordable housing, Public Housing, Urban Planning

1. INTRODUCTION

The global neoliberalization of the mode of housing regulation (Aalbers and Christophers, 2014) is now facing serious political protest. In many sites across the world, mounting rents and housing prices, the gentrification of inner-city neighborhoods, and luxurious urban development projects have given rise to growing urban social movements (Harvey, 2012; Künkel and Mayer, 2011). In analyzing the recent wave of popular discontent, critical scholars have discussed whether such mobilizations are able to reverse the long historic trend towards unfettered market-based regulation and create a post-neoliberal situation (Brand and Sekler, 2009; Peck et al., 2010). As the term post-neoliberal, describing a yet to come constellation, is necessarily underdefined, the paper operationalizes the term through discourses, practices and structural changes that lead towards a (partial) decommodification of housing in the interest of both the middle and lower classes. This includes, for instance, legal and financial state interventions in housing markets, the strengthening of non-profit public housing associations, and the establishment of housing commons through collective ownership models. Against this background, the article focuses on the relevance and impact of urban social movements in understanding how and why different forms of resistance are able to bring about social change and promote post-neoliberal “regulatory experiments” (Brenner et al., 2010: 335) in housing regulation that go beyond market rule and profit-making principles.

To explore some of these conceptual frameworks, the Israeli Social Protest in the summer of 2011 makes for an excellent case study, as the housing question was the mobilization’s crucial starting point and has remained one of its key political struggles (Allweil, 2013). Between July and October 2011, Israel was swept by unprecedented social unrest against the rising cost of living, social inequality, and, most pressingly, escalating housing prices, which had increased by over 50% since 2008 (Hemmings, 2011: 9). What started with a few protest tents on the Rothschild Boulevard in Tel Aviv became, in just two weeks, a mass movement that occupied streets and parks for several months, established more than sixty tent cities all over the country, and held a series of ongoing mass rallies involving hundreds of thousands of people. At its height, almost 10% of the adult population took to the streets in one night (Grinberg, 2013; Marom, 2013; Schechter, 2013). Defying decades of neoliberalization (Ram, 2008; Swirski, 2013), many protesters essentially demanded a return to the welfare state – demands included affordable housing, public housing, and rent control. Still, although the protest changed the public discourse on housing provision and the role of the state dramatically, most activists involved (and some preliminary studies, see Amram, 2013; OECD, 2013) assume that they have not yet been able to influence the provision of housing in a significant way. The resulting frustration was expressed, in one instance, in a mass demonstration in June 2012 claiming that “nothing has changed”.

For a deeper analysis of potential post-neoliberal shifts in housing regulation, this article builds on a theoretical framework developed by Brenner, Peck and Theodore (2010) which distinguishes three analytical dimensions of analysis: 1) place- and scale-specific regulatory experiments; 2) discursive “mechanisms of knowledge sharing through which policy prototypes are circulated” (335); and 3) the (trans-)national “rule regime” of neoliberalization, understood as large-scale institutional arrangements that shape the potential pathways of regulatory experiments. In doing so, this paper demonstrates that the popular sentiment that “nothing has changed” requires differentiation. As such, it is argued that the Israeli Social Protest achieved much more than ‘just’ a hegemonic shift in public discourse and civil society. Beyond strengthening institutional mechanisms for non-

neoliberal knowledge production, the protest was also able to actually influence policy makers and decision-making processes, which led to innovative regulatory experiments in housing policies, especially in urban planning and affordable housing programs. However, the rule regime of (housing) neoliberalization remains unchallenged, and thus unchanged, by the social movement, as the regime is still dominated by a national government whose central state apparatuses, such as the Ministry of Finance, are heavily entrenched in neoliberal rationalities and practices. As a result, while experiments in reshaping housing regulation may have achieved substantial gains, their scope and direction towards a post-neoliberal situation were restricted by two powerful constraints – the commodity character of housing, and the neoliberalized land regime, where state-owned land is treated as a profit-machine for public finance. As the movement was not able to seriously challenge these two principles, the innovative potential of the regulatory experiments and their actual impact on housing prices have been rather limited to benefits for middle-class households, if anything at all. In terms of methods, the empirical content for this study is drawn from 41 semi-structured interviews conducted between October 2013 and February 2014 with political activists involved in the protests, housing experts from NGOs, national government representatives from the Ministry of Construction and Housing, local politicians and urban planners, and academics. In addition, this paper is based on analysis of the two most influential English-language daily newspapers, the liberal Haaretz and the right-wing Jerusalem Post, between 2010 and early 2014, supplemented by an evaluation of recent academic and non-academic studies on housing regulation in Israel.

2. THE MAKING OF THE NEOLIBERAL RULE REGIME IN ISRAEL AND THE HOUSING QUESTION

Since the end of the 1970s, Israel has undergone a transformation from a “quasi-socialist” and collectivist social structure under the hegemony of the Labor party into a globalized “full-fledged capitalist one” (Ram, 2008: 44) dominated by neoliberal institutions, rationalities and practices. In this process, public companies were privatized, organized labor curbed, fiscal austerity mechanisms implemented, the welfare state retrenched, and economic ownership highly concentrated in the hands of a relatively small group of private asset holders (Nitzan and Bichler, 2002). In the hierarchy of state apparatuses, the Ministry of Finance has become one of the most powerful institutions, heavily influenced by neoliberal thought.

One of the main implications of the neoliberal rule regime has been the extreme rise in social inequality and poverty rates. While Israel was one of the most equal Western societies until the early 1980s, it has become one of the most socio-economically polarized since (Nitzan and Bichler, 2002: 351; OECD, 2011).

At the same time, the rising cost of housing has turned income erosion and socio-economic polarization into aggravated problems. The weakening role of state regulatory mechanisms, the deregulation of financial markets, and the rising (purchasing) power of high-income households are reflected in a number of housing market trends. Most important, inflation-adjusted house prices rose by over 50% (Hemmings, 2011) during the three years before the protest, and by 81% between 2007 and March 2013 (Knowledge@Wharton, 2013: 2). Moreover, the private rental market also often does not provide a permanent, affordable alternative. According to recent analysis from the Central Bureau of Statistics (CBS), the average monthly rent in Israel has risen by 49% between 2008 and 2013.

In sum, due to the neoliberalization processes, rising social inequality, and skyrocketing housing costs, the right to affordable housing has been constantly denied in recent years to both young middle-class households and the lower classes in general.

3. THE ISRAELI SOCIAL PROTEST OF 2011

During the summer of 2011, a small encampment established by a group of young people on the trendy Rothschild Boulevard in Tel Aviv grew within two weeks “into the largest political mobilization in the nation’s history” (Marom, 2013: 2828), directed against the neoliberal restructuring of the past few decades and its unbearable social repercussions. Inspired by the Spanish indignados and the Arab Spring (Allweil, 2013; Grinberg, 2013), a movement emerged that occupied streets and parks with thousands of tents, erected more than sixty encampments all over the country, and held ongoing mass rallies that approached half a million people (Schechter, 2013). Against the long-lasting predominance of security-related politics, the new urban movement put, with overwhelming support from the public and the mainstream media, the housing question, social inequality, and rising cost of living on the political agenda.

Although the protesters were, at the beginning, not able to formulate a clear set of concrete political demands, the general trend was best expressed by one of the protest leaders, who claimed “to change the economic system from neo-liberal to a welfare state” (Stav Shaffir, JP 02 August 2011). After some weeks, a professional commission of 160 volunteer experts from academia, advocacy groups and NGOs was established, and worked for two months to formulate a blueprint for the reconstitution of a welfare state (Alfasi and Fenster, 2014). By the end of October, the committee published a far-reaching social-democratic program demanding more state intervention and a systematic increase in government spending on social services, including investments in affordable, rental, and public housing. In a slightly more radical tenor, public housing activists from various grassroots initiatives and socialist parties have formulated similar concepts for a non-neoliberal, decommodified housing system based on the idea of housing as a fundamental, collective human right secured by deep state interventions in the housing market. Due to these collective and democratic forms of knowledge production, the protests of 2011 became a thriving social incubator and disseminator for innovative post-neoliberal policy prototypes in housing regulation.

During the initial two weeks, the Netanyahu government tried to either denounce the protesters as spoiled kids, or to demonize them as left-wing radicals trying to undermine the legitimacy of the state (Amram, 2013). When it became obvious that this strategy would fail, Netanyahu appointed in August 2011 his own committee of mainstream economists headed by Prof. Manuel Trajtenberg to lend “an attentive ear to the protest” (Trajtenberg, 2012: 2) and to offer solutions for the social failures. However, due to the composition of the committee and its narrow agenda to not budge the paradigm of fiscal austerity, both the analysis and the recommendations remained within a neoliberal rationality. With regard to housing policies, the report suggested an increase in the overall supply of apartments, encouragement for the construction of long-term rentals, and offers of higher rental allowances (Trajtenberg, 2012: 39). According to one of the heads of the alternative commission, the establishment of the Trajtenberg committee was a “brilliant move on part of the government” (Interview) because the social movement was, from then on, losing initiative and public support. While all observers, academics, journalists, and activists agree that the Israeli Social Protest has propelled an important shift in public discourse, pushed forward post-neoliberal policy prototypes, legitimized criticism of socio-economic policies, and led to various regulatory experiments (OECD, 2013), it did not trigger any restructuring of the neoliberal rule regime (Amram, 2013; Swirski, 2013).

4. TOWARDS A POST-NEOLIBERAL MODE OF HOUSING REGULATION?

Given a radical shift in public discourse on the one hand, but a stable neoliberal rule regime on the other, the main question to be analyzed here is, in what sense has the Israeli Social Protest led towards a post-neoliberal transformation in housing regulation? Without destabilizing the rule regime, was the movement nevertheless able to generate non-neoliberal regulatory experiments that may in the long run lead to a post-neoliberal situation? To answer this question, the political struggles over regulatory experiments in housing policies that have emerged since the beginning of the protest movement in 2011 are examined. In so doing, the focus is put on new planning institutions, rent regulation, public housing initiatives, and new affordable housing programs on the national scale where – in the Israeli case – most regulatory power, legal instruments, and financial resources are concentrated. All of them are scrutinized for indications that point to a post-neoliberal shift towards decommodified housing provision.

4.1 The government's solution: Expand the housing supply

By the end of July 2011, after two weeks of mass protest, Prime Minister Netanyahu finally acknowledged that “the housing crisis in Israel is a real problem” (Haaretz 27 July 2011). In contrast to the protesters, for him it was not the neoliberalization of housing regulation that caused the crisis, but rather, “government bureaucracy” in the planning process and a lack of competition in the land market due to the “government monopoly” (Ibid.) held by the Israeli Land Administration (that controls 93% of the land in Israel). As this policy approach was also endorsed by the Trajtenberg Committee, the government pushed forward reforms that had been, in principle, already underway since 2009, with an aim to “shorten, streamline, simplify and speed up the processes of planning in Israel” (Hananel, 2013: 1617).

Accordingly, as one of the central components of Netanyahu's housing reform plan from July 2011, the National Housing Committees Bill (NHC) became law in August 2011. Basically, the NHC aimed at bypassing the usual urban planning bureaucracy by setting up fast-track national housing committees in each of Israel's six regions, parallel to the existing regional and local planning bodies, in order to accelerate the process of approving new building projects. Environmentalists as well as activists from the Israeli Social Protest, however, were highly critical of this plan, demanding the cancellation of the NHC, arguing that it would only “help building contractors and wealthy businessmen”, not “the people of Israel” (Haaretz 27 July 2011). Though the fast-track planning bill specifies, as a concession to the protest movement, three new instruments to include affordable housing – defined as small apartments of up to 75m², long-term rentals, and long-term rentals below market rates – none of these has been made mandatory (Coalition for Affordable Housing, 2012). As a result, the NHC law has led to the construction of almost 25,000 housing units, though “none fall under the category of ‘affordable’” (JP 24 December 2013), as “not a single National Housing Committee used its authority to designate land for affordable housing” (ACRI, 2012: 64). According to a critical urban planner from the Bimkom NGO, this “law is in fact a big failure” because it “helped to build more housing”, though “many times it is expensive, luxury housing” and “none of it is public or affordable housing” (Interview).

In February 2014, another national planning committee was established on the initiative of Finance Minister Yair Lapid. The new planning body will have unprecedented authority to approve large-scale residential construction, as the entity is allowed to ignore existing regional master plans, does not need the city's permission to build, and eliminates the possibility of appeal. This “high-speed detour around the regular zoning and approval process” (Haaretz 04 February 2014) was met with strong opposition from governmental and nongovernmental

institutions. Apart from environmental concerns, urban planners criticize that “[b]uilding thousands of homes without considering regional infrastructure is like building a house without a foundation” (Ibid.). As for those who joined the Israeli Social Protest in 2011, resistance against the super fast-track planning body is even more necessary. For instance, a co-founder of the Rothschild protest camp argues that to set up a “super committee” means “that there is no planning process” and that “big money goes to big companies” (Interview). From this perspective, it is fair to say that the government co-opted the protest by using its language, implementing a regulation that runs completely contrary to the demands and visions of the protest movement.

4.2 No intervention in the private rental market

The housing market in Israel is dominated by homeownership, with 67.9% of all residents residing in their own homes while only 26.9% rent an apartment on the private rental market (CBS, 2012). Rental housing has never been a state-supported housing option for both nationalistic reasons, based on the idea of “rerooting Jews in the homeland and producing loyal citizen-subjects” (Allweil, 2012: 52; Carmon, 2001), and neoliberal rationalities encouraging homeownership as an asset-based welfare system (Benchetrit and Czamanski, 2009). As such, when it comes to the regulation of the rental market, Israel is “one of the only countries in the developed world in which the state does not intervene at all in the terms of the rental contract, the level of rent, or the frequency that it is raised” (ACRI, 2008: 3; Hemmings, 2011). At least in urban regions with a tight housing market, the absence of tenant protection laws exposes renters to sharp, swift price hikes and a high insecurity of tenure (ACRI, 2011: 68). In this context, renting an apartment is, usually, not a question of choice but rather the only option left to low-income households excluded from the mortgage market (ACRI, 2008: 8).

As the private rental market does not provide a dignified alternative to homeownership, the protest movement demanded tenant protection mechanisms that would limit rent increases and provide a certain security of tenure. In 2011, these demands were picked up by four oppositional Knesset Members who presented a bill that would introduce a “ban on raising rent within a year of signing a contract, and limiting such hikes to the cost-of-living index plus five percent” (Haaretz 26 December 2012). Due to fierce resistance from the Netanyahu government and lobby efforts from the building and construction industry, the ruling coalition rejected the bill each of the four times it was brought to Knesset, arguing that it would unjustifiably interfere with free-market forces.

In sum, every request by the protest movement and oppositional Members of Knesset to introduce tenant protection mechanisms that would limit the commodity character of rental housing has been rejected by the government’s parliamentary majority, which refuses any intervention in market forces. According to the dominant neoliberal rationality, any kind of rent control has to be avoided at all costs because it violates private property rights.

4.3 Public housing

Since the establishment of the State of Israel, public housing policy has been a key instrument for achieving the three national goals of “maintaining security, absorbing immigrants, and achieving a decent standard of living” (Carmon, 2001: 182). Unlike most public housing programs elsewhere in the world, Israeli public housing policy has also always been shaped by a specific ethno- national logic of control – expanding ‘spatial Judaization’ on frontier regions with an Arab majority (Tzfadia, 2006).

From its initial decade until 1964, the state acted as a major provider of housing, responsible for more than 70% of all residential construction (Carmon, 2001: 183). As a result, 206,000

public housing apartments were managed by the Amidar public housing company in the late 1960s (Rolnik, 2012: 4) while government-induced construction was twice as high. The high level of public construction and the relatively low rate of public ownership are due to the fact that about half of the apartments built by the state were earmarked for sale to long-term tenants at a discount on its value (Marom, 2011: 5). Up until the 1980s, the ratio of public housing construction fell gradually to 20%, which in turn gave rise to a more active private market (Carmon, 2001: 183). Even so, this public building tendency was revived temporarily in the early 1990s when the Ministry of Housing built some 103,000 apartments (50% of total residential construction) to absorb the more than 800,000 immigrants from the former Soviet Union and Ethiopia, who arrived in Israel between 1990 and 2000 (Benchetrit and Czamanski, 2009). Despite this short-term revival, the construction of new public housing units has been almost completely halted since the end of the 1990s.

During the 1990s, the number of public housing apartments sold to long-term residents declined from 6,000 units per year to a mere 370 in 1998 (Dadon, 2000: 10). The slow-down of privatization was due to the fact that the remaining public housing tenants, the most impoverished and weakest strata of the Israeli society, were not able to buy their apartments, even at the granted discounts (Marom, 2011: 6). To reverse the slowdown in apartment sales, a bill presented by the left-wing Meretz party became law in 1998. Basically, this law increased the discount to 85% of value to allow public housing residents to assume homeownership of their apartment, and determined that the additional financial resources were to be scheduled for reinvestment in new public housing construction. However, successive governments have frozen the full implementation of the Public Housing Law – the Ministry of Finance has objected to the earmarking of state income for public housing construction ever since. As a result, the state sold more than 33,000 dwellings at a discount between 1999 and 2010 (Hemmings, 2011: 23), but rarely used these resources to replace public housing units. According to Haaretz (12 December 2012), successive governments have privatized apartments for ILS 2.75 billion, while only 7.5% of this was reinvested to maintain, construct or buy new housing units. While the state-owned housing stock constituted 206,000 units, or 23% of the total number of apartments in the 1960s, and was still at 107,000 units in 2000, it decreased further to only 63,500 units, or less than 2% of all apartments, in 2011 (ACRI, 2011: 69). Although the eligibility criteria has tightened over time, there were 2,340 families eligible for public housing registered on the waiting list in 2012 – some of whom have waited for more than 8 years.

Given these unbearable conditions, the revitalization of public housing has been one of the main demands of the protest movement; especially when raised by activists having a low income, working class background. Due to pressure from the Israeli protest, the Netanyahu government agreed, 14 years after the Public Housing Bill became law, to finally fully implement the legislation – albeit with an important modification. To get support from Finance Minister Yair Lapid, the revenues from the future privatization deals (the plan is to sell yet another 15,000 apartments during the next 5 years) must not be earmarked for public housing construction. Instead, they will go to the general budget of the Ministry of Construction and Housing and will be used mainly for rental allowances. This amendment was heavily criticized by, among others, the opposition Labor party leader Shelly Yacimovich, who claimed that this change was “harmful and obtuse” because it “dries out and destroys the Public Housing Law” (Ibid.).

In reaction to the Israeli Social Protest, the former ultra-orthodox Housing Minister Ariel Atias (Shas) announced another bill in favor of increasing public housing supply. In contrast to traditional state-initiated construction, private developers will be obliged to allocate 5% of all units in new builds to public housing, in exchange for government benefits (ACRI, 2012).

Though the bill was presented “by 32 Knesset members [out of 120] from every faction and had the support of the Housing and Construction Minister” (ACRI, 2012: 63), it was opposed by the government and rejected in July 2012, mainly due to pressure from the Finance Ministry. Eran Cohen, a senior executive of the Amidar public housing company, complained: “We’re caught in the middle. On the one hand we have a terrible shortage of housing, while on the other we have the treasury that thinks the entire public housing issue is an obsolete project” (Haaretz 19 May 2012).

Apart from the predominance of the Ministry of Finance, there are three explanations for the difficulties in struggling for public housing legislation aimed at increasing supply for low-income households. First, the lower social strata, which also went to the streets in 2011, are not well represented in the Knesset among those who vote for public housing. Those who lobby for public housing come mainly from oppositional parties like the socialist Hadash and the left-wing Meretz. In addition, the more successful political struggle for affordable housing as a middle-class solution has been strictly separated from the public housing option aimed at the poorest strata of society. Thus, the lower classes have lost most capacity to merge their struggle with more powerful middle-class interests.

Also, despite the protests of 2011, most politicians and decision-makers are still dominated by neoliberal mindsets that prefer more market-friendly approaches, like rent allowances and tax breaks, over public housing solutions. A former member of the Trajtenberg Committee puts it this way: “Personally, I do not believe in public housing because for me the government is not supposed to build houses. I don’t want my taxes to go to build houses” (Interview).

Beyond neoliberal tropes against intervention in housing markets, there is also a nationalistic motive tied to the settlements in the Occupied Palestinian Territories (OPT). As most settlers move to the West Bank not so much for ideological reasons but due to the significantly lower housing costs in state-sponsored suburban communities (Allegra, 2013; Feige, 2009: 182), sustaining the settlement project means housing prices must be much cheaper than inside Israel. Politically, this spatial price differential is assured through a double-edged sword that gives, on the one edge, subsidies and public incentives to settlements in the OPT (Allegra, 2013: 503), and on the other, free-market solutions to those living in the formal State of Israel. Although the protest movement of 2011 avoided discussing the occupation, fearing the loss of mass support, political activists struggling for public housing are fully aware of the connection between high housing prices in the center and the settlement project: “Sometimes, they [the government] are saying we can build public housing but only in the settlements. If you want lower prices, don’t live in the center” (Interview). In other words, the settler movement has no interest in reducing the cost of living in the Israeli heartland. As the settler movement’s political party (The Jewish Home) entered the Netanyahu government in 2009 and appointed the Housing Minister in 2013, it became even less likely to support state intervention in the housing market, at least beyond the OPT.

4.4 Affordable housing under a neoliberalized land regime

Following the 2011 protest movement, the term “affordable housing” became much more popular in both public and governmental discourse. While affordable housing had previously only been discussed on the local scale in Tel Aviv (Marom, 2011), the national government has adopted this language, and has even suggested potential planning instruments. Though this more market-friendly approach is supported by many more policymakers than the public housing option, it has repeatedly been blocked, slowed down and softened. Affordable housing policies meet their strongest resistance from an enormously powerful Ministry of Finance dominated by free market liberals, while bureaucrats from the Ministry of

Construction and Housing have become more open to small-scale market interventions. In this scenario, the Israeli government defines affordable housing not by using a housing expenditure-to-income ratio, because this definition would come with significant market price interventions. In contrast, affordable housing is defined either by size, which means apartments smaller than 80m², or as rental – mostly at, but in rare cases also 20% below, market rates.

Beyond ideological tropes, affordable housing, and especially market price interventions, are avoided because they are associated with diminishing potential ground rents and decreasing land values, resulting in a shrinking public purse dependent on property taxes and the marketing of state- owned land. Considering this, an expert from the Ministry of Housing argues that the “Minister of Finance knows that if we make those kind of tenders [for affordable housing instead of for the highest bid] he will get lower revenues from the land. So he resists this solution. He controls the finance. If he doesn’t sign, nothing happens” (Interview). A debate between Bimkom and state representatives illustrates this conflict. As the price of land makes up, at least in the center of Israel, “about 50% of total housing costs”, Bimkom suggested to “give [state-owned] land for free” (Interview) to realize affordable housing at rents far below market-level. However, government officials “were very shocked by this proposal” arguing that “the state is losing money” (Ibid.). Due to this underlying contradiction between the struggle for affordable housing, which is even partially supported by the housing ministry, and public finances that are based significantly on the appropriation of ground rent, affordable housing programs do, in contrast to public housing, indeed exist, but only in marginal numbers and only as middle-class solutions. As a result of the existing power relations between the housing and finance ministries, a significant decrease in land values, and by extension housing prices, as a political initiative is very unlikely given the opposition from the far more powerful Ministry of Finance.

Thus, the affordable housing programs will, according to a non-governmental housing expert from Bimkom, not “reach the prices that poor people can pay” (Interview) and will leave the lower classes without a solution. In this sense, the majority of middle-class protesters, well represented in the Knesset, made at least small gains, but only by withdrawing any solidarity with their former allies from the lower classes. In sum, the term “affordable housing” has been coupled with a set of policy instruments aimed at alleviating the housing plight of middle-income groups within the strict confines of a privatized housing market. As such, the potential for post-neoliberal regulatory experiments based on affordable housing programs is quite limited and further restricted by resistance from the treasury.

5. CONCLUSION

In light of an increasingly ambivalent sense of the significance of urban movements in bringing about social change (Castells, 1983; Künkel and Mayer, 2011), and building on the heuristic framework developed by Brenner et al. (2010), this article has shown that the Israeli Social Protest of 2011 has indeed become an important catalyst in promoting regulatory experiments in housing regulation, has advanced post-neoliberal forms of knowledge production focused on the decommodification of housing, and has attained significant achievements in its struggle for hegemony in civil society. However, the movement was not able to challenge the Israeli version of a rule regime of neoliberalization in the realm of housing. Therefore, all experiments in housing regulation had to remain within a narrow framework, as all of them could not break with two key neoliberal principles. These are, again: first, the dominant postulate that housing should be a commodity provided by profit-seeking investors on a private and liberalized market; and second, that state-owned land is generally treated as a profit-machine for public finance.

As public finances are, in the Israeli case, significantly dependent on the appropriation of ground rent (Harvey, 1982) through property taxes and the marketing of state-owned land, state elites, especially from the treasury, have no interest in decreasing land values and, from that, housing prices. Against all demands raised by the protest movement, these two basic principles – the commodity character of housing and the neoliberalized land regime – have been guaranteed and shielded by the structural power of the national rule regime formed predominantly by the most powerful and most neoliberalized state apparatuses. The protest movement gained substantial ground, for instance, in reshaping and influencing policies of the relatively weaker Ministry of Housing and Construction. However, it did not challenge the commodity character of housing, the structure of the Israeli land regime, and the predominance of the Ministry of Finance. Following the terminology of Leitner et al. (2007), the Israeli Social Protest was co-opted, in that its language, imaginaries and innovations were incorporated to modernize the existing neoliberal housing regulation. As a result, the actual impacts of these regulatory experiments on market prices and rent levels will be very limited, where only the middle classes will benefit, if at all.

To explain why the broad post-neoliberal shift in public discourse and knowledge production is not reflected in a destabilization of the neoliberal rule regime, the heuristic framework developed by Brenner, Peck and Theodore (2010) could benefit from insights drawn from materialist state theory. In particular, concepts focusing on the materiality and strategic selectivity of the state seem to be useful for a deeper understanding of the stability of large-scale institutional arrangements. Although a detailed analysis is beyond the scope of this paper, some general arguments can be made to guide further investigations. After decades of deep neoliberalization, the “specific material condensation” (Poulantzas, 1978: 129) of business class interests and neoliberal rationalities within the state apparatuses in Israel is much harder to overcome because of the institutional inertia of the state system as a whole. Moreover, the resulting “strategic selectivity” (Jessop, 2008: 36) in favor of neoliberal policies can reveal why post-neoliberal regulatory experiments and forms of knowledge production pushed forward by the Israeli Social Protest were blocked or reformulated as soon as they entered into the site of the state. Thus, urban social movements struggling for a post-neoliberal mode of (housing) regulation have to think more about strategies to challenge the large-scale institutional arrangements that shape the potential pathways of regulatory experiments. This could be a worthwhile endeavor because of the unlikelihood that the rule regime of neoliberalization in Israel, after having lost its hegemonic consensus, can permanently rely merely on the institutional inertia of the state without making any serious material concessions to the middle and lower classes, whose living conditions have definitively not improved since 2011.

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