Berlin: From divided into fragmented city

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ABSTRACT

The following discussion of transformation and globalization processes in Berlin outlines the starting point of both halves of the city and then provides an analysis of the city's position within the global and regional system. A third section deals with the economic transformation and changes in the built environment, especially in terms of property distribution, restitution of private property and the ways in which new players became active in urban development. Finally, the last section focuses on the spatial structure and transformation, and presents research results on aspects of social and ethnic segregation, new mobility structures and the social transformation of the districts.

Heritages

During 40 years of division, both halves of the city of Berlin had to fulfill all the functions of a capital city separately. West Berlin had almost 2 million inhabitants; East Berlin, some 1.5 million. The old city center belonged to the East after the division, which for the West meant relocating the central establishments of a city government and creating a new central business district (Heineberg, 1979). Arrangements and decisions in East and West during the division set the stage for the process of unification that started immediately after the fall of the Berlin Wall.

East Berlin

In East Berlin, the old center of the capital of the German Reich formed the territory on which buildings for the new socialist capital could be erected. The fundamental design of the new city center was a demonstration of political power over the market values for urban land. Land was no longer a commodity. Thus, new plans for the city were realized, and new streets and buildings constructed, whose dominance was designed to mark the victory of socialism.

The center resumed its function with a state political and economic administration, as well as high-grade commercial establishments. The more centralized an establishment was, the more visible and symbolic its location in the city. Unlike the tendency in capitalist cities to displace residential use from the center and adjacent quarters by expanding tertiary uses, apartments in the socialist city were intentionally built in the center and surrounding districts. Of course, the new centrally located apartments were reserved for top officials only.

As construction investment was channelled into major representative political and economic buildings, and as apartments were being built in residential quarters in certain inner-city areas (and especially on the periphery of the city), the old neighborhoods were left to decay. Building grand new areas while neglecting old quarters was characteristic of socialist urban policy. Suburbanization by means of single-family housing–as was and still is typical of Western cities–did not occur in the socialist city, since this was seen as "petty bourgois"; in contrast, modern, compact high-rise estates were built on the periphery. As a result of this type of urban expansion, the previous high population density in inner-city districts fell from 179 inhabitants per hectare in 1950 to 111 by 1988. On the other hand, population density in outer boroughs rose from 17 to 20 per hectare, reaching 43 per hectare in the newly constructed estates.

West Berlin

After World War II, West Berlin lost all national political and economic functions and could not gain major importance in the Federal Republic of Germany, as it was under international control of the four allied military forces. Furthermore, a sort of new city had to be developed in the West after the division, yet the West Berlin structure was deliberately made or kept decentralized. New city functions sprung up around the Zoo Station area and Kurfuerstendamm, transforming the early twentieth-century commercial and cultural center. But the city structure still lacked a distinct center. Reconstruction of the city's master plan after the severe damage of World War II adhered quite closely to the original. While some changes were made to street networks and building structures in the redevelopment of the 1960s, it was not until the 1980s that a switch to careful renewal through the redevelopment and modernization of old buildings occurred. Until the 1970s, urban planning in West Berlin remained oriented to a united city, and so it avoided deep structural changes.

As expected, suburbanization did not occur in West Berlin as it did in other Western cities, since by 1961 it was encircled by the Wall. Furthermore, there were very few private investments, and nearly all investments in housing were subsidized by the state. The construction of apartments in the West also took the form of compact, new housing estates built on open space in the periphery. Housing estates in the dispersed city form–which is so typical of modern urban development–was not the typical form of suburbanization in Berlin. Today, therefore, the extensive city of Berlin is confined by a relatively clear city boundary surrounded by sparsely populated land. Since the reunification, however, suburbanization in the form of single-family housing has begun.

The Berlin-Brandenburg region

Berlin is a city-state; thus it is both a municipality and one of the 16 Bundeslander of the Federal Republic of Germany. This impacts policy making, as policy strategies can be formulated on the state level much better than in a municipality. Berlin formulates its own programs for the labor market, housing, education and so on. Although they have mayors, the 12 districts of the city are only local administrative units without municipal rights.

Berlin is the largest city in Germany and exceeds the population of the two next largest cities, Munich and Hamburg, put together. As a state, its turnover is small in size compared to other Bundeslander. After unification, efforts were made to merge with the surrounding state of Brandenburg, which has a very low population density and, with 2.54 million inhabitants (in 1995), is smaller than Berlin. Especially because of the suburbanization of people and industries, Berlin would like to regain taxes from those who left the city, but the attempt to unify the two states failed in 2000, as the voters in Brandenburg rejected this option.

At the beginning of the 1990s, experts expected immense growth of the Berlin-Brandenburg region. The city was forecast to expand its population from 3.4 million to 3.8 million, while the surrounding municipalities of Berlin in the Brandenburg state were expected to increase from 0.9 million to 1.9 million inhabitants by 2010 (von Einem, 1991:60). All in all, this would mean a total population of the Berlin agglomeration of 5.7 million inhabitants by 2010. Another prediction expected only 4.9 million inhabitants, but this still represented a significant increase in population.

In West Berlin, population began to increase after 1985 long after a steady decline from 1961 when the Wall was built. In East Berlin, by contrast, population was constantly rising after 1961. However, the population began to decline after 1993 in both parts of the city as a result of surburbanization in the neighboring areas of Brandenberg (*Statistisches Landesamt Berlin*).

Other migration flows are of minor importance for Berlin. Like most other European cities, Berlin loses inhabitants by natural decrease. There are more deaths than births among urban populations and stable numbers of inhabitants are only possible through migration. In the beginning of the 1990s, immense movement from other areas of Germany to Berlin was expected because of the relocation of government functions there, but this did not actually happen. In fact, 188,000 persons came from outside the Berlin region to Berlin, but only 35,000 of them from other parts of Germany. Official figures show that, since 1998, there was an enormous increase of migrants from other parts of Germany to Berlin (*Statistisches Landesamt Berlin*), but this is partly a statistical artefact. Due to a new tax on residents who pay income tax in another city, most of these "second residents" decided to change their official residence to Berlin.

Migration into Berlin mostly comprises foreigners who came from Eastern European countries during the 1990s, including Russia, Kazakhstan, Poland and countries of the former Yugoslavia. While the "migrant population" in Berlin is increasing, as a result of migration and higher natural increase, the number of non-German citizens remains stable owing to naturalization, which has become more and more acceptable to the migrants and the German population alike. Their number was 435,000 in 2000 or 13.1 percent of the population (17.4 percent in West Berlin and 5.7 percent in East Berlin). While the old migrant groups settled in the West before 1990 and have stayed there since, new migrants settle in both halves of the city, so that the share of migrants is increasing now also in the East. However, numbers of migrants continue to be relatively small in the East, and ethnic communities like the Turkish in Kreuzberg (in the West) have yet to develop.

Economic transformation

The year 1990 was one of high expectations for the growth and development of Berlin. The decision to proclaim it the new capital of the united Germany was expected to produce an enormous increase in population and employment. But things turned out to be very different, and in the 1990s, Berlin experienced a decrease in population, labor force and employment followed by a rise in unemployment and poverty.

The labor force decreased from 1.88 million in 1991 to 1.73 million in 2002. Employment declined from 1.69 million in 1991 to 1.42 million in 2002 (Micro-Census Berlin, 1991-2002). This trend already indicates the growing economic crisis in Berlin after unification. In East Berlin, the decrease in employment was 9 percent between 1991 and 2000, the collapse occurring especially between 1990 and 1992 and stabilizing in the following years. It would have been even more extreme if there had not been a possibility for East Berliners to commute to work in West Berlin. In 1998, one third of the employed persons of the East commuted to West Berlin. Correspondingly, the decrease in employment in West Berlin may be described as a process that occurred particularly after 1995, with a loss of 15 percent of jobs between 1995 and 1998. These trends were present in all the individual districts, but job decline was considerably higher in the inner-city districts of West Berlin; for instance, in Neukoelln, the number of jobs declined by 22 percent from 1991 to 1998.

One may definitely speak of a general decrease in employment, but a closer look shows divergent patterns in different economic sectors. In fact, the loss of jobs is concentrated in several sectors and branches. Data on employment by economic sector are available concerning those who are registered as "required to pay social security."

Their number declined from 1.38 million in 1992 to 1.07 million in 2003 (*Statistisches Landesamt Berlin*). In contrast to the figures mentioned above, this data does not include most part-time jobs, self-employment and civil service. Due to suburbanization, a slight decrease in the economically active population accompanies the reduction of employment. The decrease since 1992 is particularly noticeable in the manufacturing industries, where more than one third of the 270,000 jobs have disappeared. However, in East Berlin about 80 percent of the jobs were eliminated already before 1992, with steep declines both in manufacturing and in public administration (with the loss of the GDR capital city function). A similar decline in employment can be observed in nearly all other economic sectors. Only the service sector, with a diverse range of blue- and white-collar jobs, gained employment between 1992 and 2003, both in East and West Berlin (cf. Krätke, 1999).

As a consequence of the ongoing reduction in jobs, unemployment increased continuously during the 1990s. In West Berlin, however, the rise in unemployment began earlier, increasing from 4.3 percent in 1980 to 10.4 percent in 1983 and stabilizing by 1990. Economic activities and investments in the unification period somewhat reduced the unemployment rate to 9.4 percent in 1990/1991. However, this short-term decrease was followed by a continuous rise in unemployment in West Berlin in the 1990s, reaching 17.9 percent in June 1997. In East Berlin, unemployment rose from 12.2 percent in 1991 to 14.3 percent in 1992, and then increased to 16.5 percent in June 1997. Between 1994 and 1997, a higher unemployment rate was observable in the West than in the East, but since 1997 no separate figures for East and West Berlin are available. The 2005 unemployment rate for Berlin as a whole was 18.2 percent. This is considerably higher than the average rate for Germany and the rates for the West Bundeslander.

As a consequence of the decreasing number of jobs, access to the labor market gets more difficult for the unemployed and the new migrant groups from abroad. Thus, the number and proportion of long-term unemployed (more than one year) grows constantly. Since 1994, redundancies in the manufacturing industry have been increasing, so the majority of unemployed in Berlin are male (reaching 56 percent in 1998), with the 2005 unemployment rate for men at 22.4 percent compared to 18.2 percent for women. The major groups affected by unemployment are unskilled workers, young people, people over 50 years old and migrants. The unemployment of miogrants reached 43.5 percent in 2003. The jobs for which the "guestworkers" had been recruited have been vanishing since unification. Now these workers lack the skills for service jobs, and they are too old in many cases for new vocational training. Those who combine two or three of the characteristics of older age, unskilled and non-German mother tongue are unemployed to a much higher extent, especially young unskilled migrants. This had not been expected during the heydays of unification.

Development after reunification

Immediately after the reunification of Germany and of Berlin, experts all over the world assessed the economic perspectives for development of the city to be extremely positive. Whether in politics, science or real estate, there were almost euphoric expectations of growth based above all on a new geopolitical situation, which should bring an enormous expansion of services in Berlin. Thus, forecasts from the early 1990s predicted growth in employment of more than 200,000 new jobs by 2000. These high expectations are manifested particularly in numerous new building projects–especially for offices and hotels–not only downtown, where a "new age of expansion" on Friedrichstrasse was being spoken of, but also on the outskirts and in former industrial areas. Examples of the latter are the AEG (Nixdorf) factory grounds in Wedding and the old Borsig grounds in Tegel in West Berlin, or the redefined use of the industrial grounds in Oberschoeneweide and near the Oberbaum Bridge in East Berlin–once extensive production areas for electronic devices, light bulbs, machines and other such products, which have now become spaces for services and contain offices, lofts and small businesses or cultural establishments. The grounds of the AEW (Elektro ApparateWerke) in Treptower Park are a prototype of this development. For numerous decades, switches, manometers and instruments were produced in an attractive turn-of-the-century brick building. Today, this is the site of one of Berlin's largest office buildings, Allianz Insurance, which was designed to partially integrate the original building. Two further office buildings–the Twin Towers–are located near there on the extensive industrial grounds.

Actual economic development after 1989 looks quite different, however, and initially contradicts the forecasts on all fronts: total employment did not increase; rather, the number of jobs sank yearly. Economic development in Berlin, like that in Germany as a whole, can be divided into two phases. The first was defined by a severe disparity between development in East and West Germany; the changes in employment associated with this lasted from 1989 to 1992. With the political and economic collapse of the GDR, East Berlin lost its leadership role in politics, the party and the economy. By 1992, nearly 40 percent of jobs had been lost. This is much more than in other areas of the former GDR, even though employment fell by almost 30 percent in some of the new federal states (NFS). In the former West Berlin, 1989 brought a phase of economic boom to the city. Because of the high demand from the "accession area" GDR, employment figures skyrocketed, especially in trade and services. Berlin retrieved its function as the center in relation to the outlying suburban areas through the fall of the Berlin Wall. In only three years, from 1989 to 1992, employment grew by nearly 15 percent. In the old federal states (OFS), the growth rate, less than 7 percent, was not even half as high during the so-called "boom years."

In sum, Berlin's economic weight within Germany has further declined in relation to the situation prevailing prior to reunification (Gornig and Häussermann, 2002).

Berlin's share of total employment shrank from 5.0 percent in 1989, to 4.6 percent in 1992, to 4.3 percent in 1997. The decline is particularly severe in the manufacturing, crafts and construction sectors. Here, the positive effects of the construction boom in Berlin were more than overcompensated for by the negative effects of the slump in industry. Large parts of West Berlin's industry cut back production in the wake of the new federal policy of subsidy reduction. Others used the opportunity presented by the opening of the borders to move production into the outlying areas. In East Berlin, only a few businesses or parts of businesses managed to make the leap out of technologically obsolete GDR industry and into the market economy. New industry rarely came to the city, especially because a severe recession had begun in West Germany.

In the area of government and organizations, Berlin's share is also on the decline. This is above all an expression of the "liquidation" of the party and state apparatus of the GDR, which was particularly labor-intensive, but it is also a result of the increasing financial problems of the city-state of Berlin, which today has to fund its own budget largely singlehandedly. The western part of the city is no longer the showplace and eastern outpost of the Federal Republic of Germany. Accordingly, less tax funds flow from the national government to the Berlin senate now than before 1990. This, too, has led to reductions in public spending.

The boosted development in the area of supra-regionally oriented services described here has perceptibly improved the potential for future development. Even the simple increase in the number of supra-regionally oriented service enterprises provided more opportunities for internal networking and training of specialists: Berlin gained agglomeration power. However, one must also recognize that, with the end of the boom resulting from reunification, Berlin is now entering more and more into "normal" competition with other service industry centers. In a national framework, cities in the West of the Republic particularly appear as competitors. These are the cities that had taken over the central functions from Berlin after 1945 and expanded them successfully. In the area of administrative functions, the decision to move Parliament and the government prepared the way for Berlin; today, the city is once again the center for high-level national functions of the government and the parties. The economic organizations, too, are now returning to Berlin. The Association of German Chambers of Industry and Commerce (DIHT) and the Confederation of German Employers' Federations (BDA), for example, have moved into elegant quarters with a close spatial relationship with the government.

There is no question that in the German parliamentary democracy, economic associations play an important role. The real decision-making power, however, rests with individual businesses, which do not have any "patriotic feelings," but are oriented to shareholder values more than ever, especially in the current age of globalization. Thus, in Berlin's economy, the economic associations have only minor significance. With regard to the economic functions that were at least as important as government functions in defining Berlin's position in pre-war times, prospects for the future are largely open–if not vague. Only very slowly are the advanced service functions (media, consulting, research and development) growing in the private sector, but finally they are growing.

In a system of increasing international networking and decentralized organization, Berlin cannot and will not be the pre-eminent center of supra-regional services that it was before World War II. Thus, Berlin will not become again *the* metropolis of Germany. Nevertheless, Berlin is the largest German city and has a higher population density in its inner-city districts than any other city in Germany. The added value of such a large city lies in its unique quality of encouraging and cultivating diversity and eccentricity–a process that is almost "natural" in such a large group of people, with their various lifestyles and cultures. The great theoretician of cities and cultural philosopher, Georg Simmel, recognized this at the beginning of the twentieth century. According to him, the heterogeneity and diversity of a large city is fertile ground for economic and cultural innovations.

Restitution of private property

The urban form and the ownership structure in the East of the city have been highly affected by the transition from socialism to capitalism (Häussermann, 1996). Land was nationalized in the GDR; although property mostly belonged to private owners, it was placed under state administration. When both states were united in 1990, it was agreed that former owners should be given back their rights. The intention of rehabilitating the victims of National Socialism and Stalinism was part and parcel of the political aim to undo revolutionary socialist changes and to restore the former distribution of property. It was also hoped that the Jewish culture, whose disappearance was caused by mass extermination and emigration, could be brought back to life in Berlin. Prior to National Socialism, the large Jewish community in Berlin had been particularly important to cultural life in the city. The community was mainly located in the bourgeois borough of Wilmersdorf in the West, and in the old inner-city districts of the East. It now turns out that up to 90 percent of private landowners were Jewish; their heirs are entitled to claim back land or housing (Reimann, 1997).

Instead of restoring the Jewish culture, though, restitution of private property has led to a massive transfer of property. The now very old survivors of the Holocaust or their heirs usually put the property they have reclaimed straight on the market, either because they have no roots any more in Berlin, or because they want to have nothing more to do with Germany. If no living heirs can be found, the Jewish Claims Conference can place an application. If successful, they have to sell the land or housing immediately, with proceeds going to a fund for the victims of the Holocaust.

Above all, restitution regulations result in mobilizing private land, which induces two decisive changes for urban development. First, the social structure of the landowners changes. Before National Socialism, individual ownership of land was widespread and formed a material basis for the so-called middle classes. Shopkeepers and landlords were often one and the same, which contributed to the wide variety of uses and allowed non-profit motifs to have an active influence on the urban structure. Marketing this property brings about a new ownership structure, as the new owners include investors, international companies and other such buyers, all of whom are interested in tax savings and capital spending. Large investments cause rents to rise and lead to an extensive exchange of inhabitants, as local authorities have extremely limited power to protect low-income tenants.

Second, restitution claims cannot be granted if high capital investors aiming to buy land in the city center propose an investment and usage plan which is favored by the city administration. The Investitionsvorranggesetz (Priority of Investment Law) enables political authorities to grant the land to these investors and merely remunerate the former owners. Critics are now talking of a "second expropriation." This process gives the land new dimensions, partly because high capital investors buy up land that has been put on the market, and partly also because new investors can prevent the enforcement of the old ownership rights by means of this Priority of Investment Law. By putting forward a plan that encompasses several properties and being granted rights of purchase, they can buy up large investment space in the centers of large cities in the eastern regions (Berlin, Leipzig, Dresden). This space can then be used by national or multinational joint-stock companies. Usually they tend to build offices (often with retail trade on the ground floor). In this way, a uniform structure of huge dimensions is developing in the new center of Berlin.

Housing and land were divided into separate categories of ownership in the GDR. There was state property for public buildings and for new apartments; economic establishments and enterprises were owned by the state-run combines; and some apartments belonged to workers' cooperatives (AWG). This property was then handed over to new owners: the municipalities received the apartments; state property was shared between the local and state levels; and enterprise property was marketed by the Treuhandgesellschaft (trust company), generally at top prices.

During this process of property transfer and restructuring land ownership, new players entered the field of urban planning. For the first time since the "Gruenderzeit" (the last third of the nineteenth century) in Germany, real estate capital was a deciding factor in urban development in Berlin. Major investments enabled multinational joint-stock companies to secure the most important sites, thanks to the Priority of Investment Law. Anonymous real estate funds are important investors in office and apartment construction. West German and West European investment companies are in general occupying the central and high-grade areas in Eastern cities. And the inner-city areas in East German cities are being sold to Western joint-stock companies. A similar result can be seen when apartments have to be privatized by local housing cooperatives in accordance with the Altschuldenhilfegesetz (the law regulating state aid for old liabilities).

Socio-spatial changes and social cohesion in Berlin since 1990

The process of segregation has worked differently in the East. The exclusive bourgeois residential areas of former times, which were also to be found in the East, were occupied by the nomenclature of the state leadership and the Party (SED). Housing in the new estates was allocated according to a state-governed distribution system and favored young families. Income played no role in the allocation of the new apartments, explaining the unusual social mixture formed in these areas, which still exists today. Newly constructed estates were segregated primarily by the age of the residents: younger families moved in as the new apartments were completed and grew up along with the estates. Those remaining in the old districts had either been at a disadvantage when the apartments were allocated, or they wanted to avoid the way of life and the living conditions that the newly constructed estates symbolized. Hence, marginal groups and political opponents or cultural dissidents were typical residents in the old districts. Socio-spatial segregation was much less marked in the East than in the West, partly because the apartments and the features of the districts varied much less between residential areas, but also because socialist society was less differentiated.

How is the socio-spatial structure developing now, and how will it develop in the future (cf. Häussermann and Kapphan, 2000)? Socio-spatial differentiation depends on various developments: on income trends and rent prices, on the opportunity to choose where to live, and thus on the availability of additional apartments. In the medium term, however, the differentiation of income is advancing greatly in the East, with large numbers of unemployed being a decisive factor. Lifestyle and the features of residential areas are relegated to second place. Socio-spatial differentiation thus becomes a function of trends in residential mobility, pressure from new real estate investment, and the socially differentiated ability of residents to choose to live in the various milieus.

The pattern of social segregation in the West did not change during the 1990s, but the social differences between neighborhoods have been deepening. The most common form of inner-city mobility between East and West was, and still is, commuting. Some 150,000 citizens commute daily from East to West, one third of employed East Berliners. The Wall prevented Easterners commuting across the border before 1990. Another 50,000 persons commute from West to East and another 160,000 come from outside the city, most of them from neighboring municipalities. Mobility between East and West has emerged and is becoming more normal. Since suburbanization was not developed in the East or the West of the city for reasons already discussed, a "jam" has built up, which will be overcome by people moving into the surrounding region. Suburbanization is in fact now underway in both the East and the West of the city.

The old districts in the East which, as already mentioned, were severely neglected by socialist urban policy, and consequently were in terrible condition by 1990, are now undergoing lasting changes: the process of restitution both accelerates and slows down the modernization of old houses. There are, in addition, redevelopment programs which involve the majority of local cooperative housing. Real estate owners are speculating on the gentrification process, which nevertheless is weak, since demand is still very low, and is restricted by redevelopment regulations. Gentrification has been encouraged by speculative expectations, which latch on to the city's prospective growth and its new significance; but the process stopped when district councils in the East attempted to keep control over living space.

Social transformation is also to be expected in the prefabricated housing estates on the periphery. During GDR times, they were highly attractive and there were long waiting lists for living space, which was allocated according to the urgency of housing need. The new apartments were characterized by high construction standards as well as modern comforts (hot water, bath and toilet, central heating). Since income played no role in the allocation of these apartments, the social structure in these areas was highly heterogeneous. Transformation here is, above all, a matter of available alternatives and of income trends. The income level and structure will, undoubtedly, change mainly in accordance with trends in the job market. What is to become of these large housing estates from the GDR era will not be determined in the estates themselves, but rather in the new districts in the surrounding region and in the old city quarters. The highest wage earners will almost certainly move out of the prefabricated housing estates if single-family housing becomes available in the new districts in the region. If, at the same time, gentrification and modernization (thus a rise in prices) develops in the old quarters, the affordable housing segment will become smaller, the number of households depending on being allocated an apartment by the local housing agent will grow, and they will be forced to turn to the prefabricated housing estates. Then any remaining pockets of poverty may develop in the neglected old housing areas, while low-income households may cluster in the estates on the periphery. Rights of occupation, which are still possessed by the local housing office, guaranteeing accommodation to low-income groups and homeless households, will determine the structure.

The spatial segregation of migrants

The recruitment of a labor force from southern Europe since the 1950s to overcome labor shortages in the period of the "economic miracle" brought thousands of citizens from other countries to Germany. At first these groups were regarded as guest workers and called "Gastarbeiter." They were expected to stay only for a short time and then return to their home countries. This was not what ultimately happened. When recruitment stopped in November 1973 because of economic recession, "guest workers" began to settle in Berlin, and brought their families too. In the 1980s, there was also refugee migration from Lebanon, Iran and Vietnam, as well as from Poland.

Prior to reunification, the city of West Berlin had about 2 million inhabitants. The non-German population was only 22,000 in 1960, but rose to 190,000 in 1975 after the recruitment period, i.e., to about 9 percent of the population. The so-called guest workers arrived in increased numbers after 1968, mainly from Turkey and Yugoslavia. In this period, German inhabitants moved out of the inner-city areas and rented apartments in the big estates at the fringe of the city that had just been built. Migrant workers from Turkey and Yugoslavia concentrated in the urban renewal zones in the inner-city districts. They had been regarded as temporary settlers due to the rotation principle that had been established as part of the guest worker recruitment policy.

Areas where immigrant households settled in the 1980s still reflected their concentration patterns of the late 1960s and the early 1970s. The number of immigrants nearly doubled between 1975 and 1990, especially the number of citizens of Turkey, but also Arab countries, Iran and Poland. Before 1990, immigrants were concentrated in the West of the city, while the rate of immigrants in East Berlin was below 2 percent in 1990. In 1998, the share of non-Germans in Berlin as a whole was 13.1 percent, but three times higher in West Berlin (17.4 percent) than in East Berlin (5.7 percent).

During the 1990s, new immigrant groups came from Eastern Europe, especially Poland, the former Soviet Union and Yugoslavia, and settled in East Berlin, mostly in empty, old rundown housing and the urban renewal zones that concentrate in the East. The number of immigrants increased in the beginning of the 1990s, and because of out-migration of households from the inner-city areas and the social housing stock, an enormous mobility has affected segregation patterns. Immigrant families are now filling vacant housing, and German households do not want to live in social housing anymore. Social housing estates have thus undergone deep social change in the 1990s.

New mobility trends in Berlin: Changes in the social composition of districts

Mobility increased enormously in the 1990s. As mentioned earlier, the increasing supply of housing has offered new opportunities for people to move in Berlin. The mobility rate rose from 10.7 percent of the population in 1991 to 17.3 percent in 1998. Between 1991 and 1998, if calculated as a statistical average, every family in Berlin can be said to have moved to a new dwelling. In the same sense, a third of Berlin's population moved in only two years at the end of this period (1997-1998). It is not surprising that, within this process, patterns of segregation change.

The highest rates of mobility appear in the inner-city districts, where more than 20 percent of the inhabitants move to a new apartment every year. About one third of those who move remain in the same district, but because fewer people move in, population decreases in these areas. In the East, suburbanization plays a central role; families are drawn towards the edge of the city and the neighboring municipalities. The highest rates of outward movement to the suburbs can be found in the inner-city districts of East Berlin, as well as in the prefabricated high-rise estates on the fringe.

Suburbanization is the option for those who wish to increase their living space, and that is only possible where land is still cheap and available. While domestic families leave the unattractive dense inner city and the high-rise areas, the immigrants, the unemployed and the poor remain there in strong concentration. Apart from the marginalized, groups of urban professionals who wish to stay in the center fuel the demand for luxury apartments. Their households usually have no children and possess a lot of disposable income. But this process of gentrification only exists in some small pockets of the inner city. Gentrification occurs under the influence of a growing service sector of well-paid jobs, but actually this sector is not increasing as much as was expected. The demand of the service elite is therefore too small to cause widespread gentrification in the inner-city districts.

The process of selective mobility can be illustrated using the percentage of employed persons in the residentially mobile population as the best available indicator of social status (see Figure 1). In all residential mobility processes in and out of a neighborhood, only part of the involved population is employed. There are neighborhoods where the share of the employed in the moving population of economically active age (15 to 65 years) is quite high, while in others it is very low. The percentage of employed persons among those who move out of the neighborhood is higher than among those who move in.

Mobility deepens social segregation in Berlin by its selectivity. This can be shown especially for the social housing stock in the West that was built mostly in the post-war

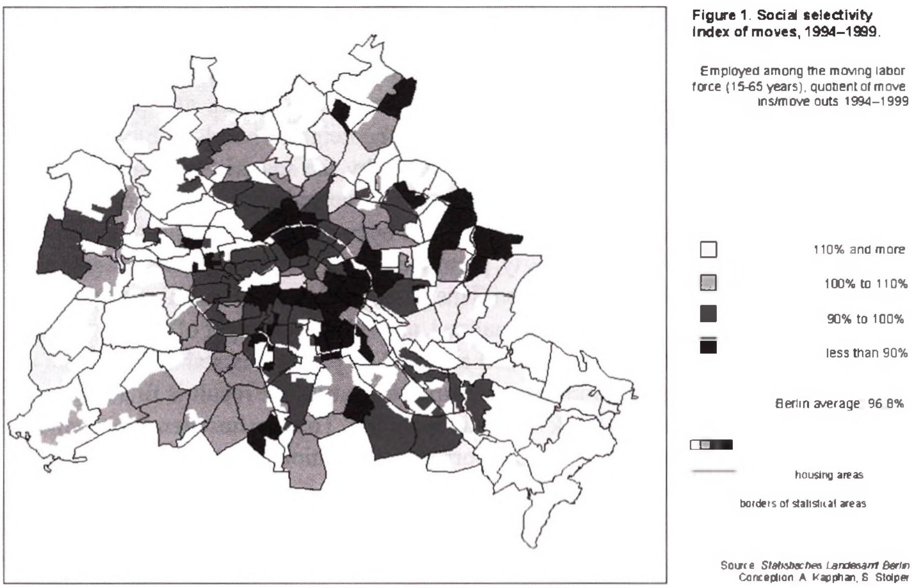

Figure 1. Social selectivity index of moves, 1994-1999.

period. In the 1970s, housing market discrimination led to a concentration of immigrants in the old housing stock in the West. In the 1980s, access to social housing became possible for immigrants in the West, but discrimination often blocked this access. In the 1990s, both social housing in the West and the prefabricated housing units in the East were subject to change. The proportion of immigrants and unemployed increased, and in some neighborhoods immigrant households were the only ones to apply for dwellings. Since vacancy is a serious problem, immigrants and the unemployed moved in massively, and such areas have often become disadvantaged.

The situation became worse in the inner-city areas of West Berlin as well. The spatial concentration of the unskilled, the immigrants and the poor leaves little hope for the future. As long as unemployment is increasing and money for social infrastructure is reduced, strategies for "social development" cannot achieve significant results. Hope is vanishing, and apathy and discouragement takes its place, especially among the young. The decay of the inner city in the West is not limited to substandard and non-modernized housing units, but also affects social housing and urban renewal zones. Wherever poverty increases and the well-off are moving out, the supply of services and the diversity of the stores–as well as the general opportunities of an area–decrease. Local shopkeepers have to close down, and the decline in purchasing power offers few possibilities for new entrepreneurship.

Concluding remarks

The transformation of Berlin has been influenced by three superimposed trends: deindustrialization, transformation from socialism to capitalism, and new mobility between the two halves of the city and between the neighborhoods in East and West. The dramatic loss of economic functions, caused by the spatial isolation and by the ongoing threats during the Cold War, could not be reversed after unification. Only the function as the political capital of Germany has been restored. This leads to growing social problems and increasing poverty, paralleled by an increasing spatial segregation of the poor and of the migrant population. This poses the danger of spatial residualization of the socially and economically marginalized, as well as the danger of social exclusion in a fragmented city. Berlin has reached a period of precarious stability, but has not regained the position of a vibrant and growing economy. The result is financial need, and, as a consequence, the cutback of public spending. The city has therefore instituted legal proceedings for more financial support from the national state–a case that will be decided upon sometime in 2006.

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