Soaring rents spark housing seizure referendum in Berlin

Rent campaigners secure referendum after collecting 346,000 signatures

BERLIN: In her apartment in suburban Berlin, Regina Lehmann despairs at the letter from her landlord, a big real estate group: The rent is going up. Effective November 1, the increase of 12.34 euros ($14.54) on her monthly rent of 623.44 euros will be "difficult" to finance with her only income a disability pension, Lehmann tells AFP.

Almost 700 of her neighbors in the popular Berlin neighborhood of Spandau will suffer the same fate, boosting their rent by up to eight percent. Increases like these are at the root of a popular initiative to "expropriate" real estate companies such as Adler, which owns Lehmann's flat, that will culminate in a local referendum on September 26, the same day as national and municipal elections.

Residents in the capital have become increasingly frustrated with rising housing costs, as the city's attractiveness to outsiders has grown in recent years. And beyond Berlin, the cost of housing has become a hot topic on the campaign trail in the contest to succeed Angela Merkel as chancellor.

Back in Lehmann's living room, surrounded by pictures of her family, Lehmann says she simply "won't pay" the rise. "I think, if we pay, after a while they'll just increase the rent again," she says.

364,000 signatures

Rent campaigners secured the referendum in Berlin after collecting 346,000 signatures in support of their proposition-well above the number needed. They are pushing to "expropriate" homes from real estate companies with more than 3,000 properties. The result of the poll will not be binding, but advocates hope to force city government to respond to soaring rents, with the cost of housing going up by 85 percent between 2007 and 2019. The rise has been painful for residents in the capital where 80 percent of people are renters, and 19.3 percent of people live under the country's poverty line, compared to 15.9 percent in the country as a whole.

Campaigners lay the blame at the door of major real estate groups, such as Adler, which owns 20,000 properties in Berlin. In Lehmann's Spandau district, activists argue Adler's attempt to hike rents is illegal, exceeding a legal reference index linked to the average rent in each area.

Major real estate groups to blame for spike in rents

The property group, in response, describes an "improved environment" around the lodgings that gives it grounds to charge more. Supporters of expropriation have upped the tempo of their campaign in recent weeks to win over undecided voters, hanging posters and organizing demonstrations across the city.

Many Berliners experienced rent increases after the German constitutional court struck down a rent cap which had been introduced by the city earlier this year, and a poll by the Tagesspiegel daily showed 47 percent of residents supported the radical proposal put forward in the referendum.

"We have to fight for our rights," says Catia Santos, 41, who recently attended a rent protest with her partner. "Recently my rent has gone up by 100 euros, even though I am not earning any more than before."

BERLIN: Demonstrators take part in a protest against the soaring living costs of tenants, in Berlin. — AFP

Political clash

On Friday, just over a week before the vote, the city of Berlin announced the purchase of 14,750 residential properties for 2.4 billion euros from German real estate giants Deutsche Wohnen and Vonovia, a deal forged under pressure to find an answer to rising rents. Forcibly taking ownership of privately owned accommodation has largely been rejected by national and local politicians in favour of plans to speed up the building of new homes.

"The best protection for renters is and always will be having enough places to live in," Armin Laschet, the conservative candidate to succeed Merkel as chancellor, told a real estate conference in Berlin in June. The social-democrat favorite in the local Berlin elections, Franziska Giffey, also declared her opposition to the proposal, saying it could "damage" the city's reputation. —AFP

Fed expected to stay cautious amid mixed signals

WASHINGTON: With the United States on the upswing from the COVID-19 pandemic, the Federal Reserve is expected to weigh in next week on whether the economy is healthy enough to begin withdrawing stimulus measures credited with aiding the revival.

But the two-day meeting of the central bank's policy-setting Federal Open Market Committee (FOMC) beginning tomorrow ultimately may be a static event, like many others in recent months. Analysts do not expect the Fed to immediately begin the much-expected slowing of its massive bond purchases, and while the committee will release updated economic forecasts, few big changes are expected from previous estimates released three months ago.

The FOMC "likes to prepare markets for any major change," said Joe Brusuelas, chief economist at RSM US. When he addresses the press after the meeting, Fed Chair Jerome Powell "may choose the opportunity to signal that the tapering is coming, which would likely be a November announcement with a December start," the economist said.

The Fed took several emergency measures starting in March 2020, acting quickly as the pandemic caused the world's largest economy to collapse. In addition to slashing the benchmark lending rate to zero, the Fed began buying massive quantities of bonds and other securities to ease lending conditions and ensure the financial system would not seize up.

Powell has said the bank could begin drawing back on those purchases by the end of the year, but experts expect them to take their time. "I think the tapering train left the station last meeting already," said Roberto Perli, founding partner and head of global policy research at Cornerstone Macro, who also expects the bank to begin slowing its purchases in the last two months of the year.

Better or worse?

The FOMC will convene as the economy sends mixed signals about two of the central bank's top priorities: employment and prices. The United States added a disappointing 235,000 new jobs last month, though there were better employment gains in prior months as Americans returned to positions lost to COVID-19 business closures or found new ones.

WASHINGTON, US: People take pictures of the Federal Reserve building in Washington, DC. — AFP

"The Fed is never swayed by just one report, they look at the trend and the trend is still pretty good," Perli said. "I think they'll read the data and say we're still very much on a safe track. I don't think the data changes anything in their mind."

The rebounding economy has spurred a sharp uptick in inflation this year, but in August, the consumer price index grew at a slower pace than in prior months. Analysts will closely examine the Fed's updated economics projections, particularly in light of the inflation spike and the Delta variant of COVID-19, which has added to uncertainty across the economy and harmed hiring and business operations. —AFP

10th round of KGDP starts for graduates seeking banking career

KUWAIT: Within the "Kafa'a" Initiative launched by the Central Bank of Kuwait in cooperation with the Institute of Banking Studies and Kuwaiti banks, the tenth round of the Kuwaiti Graduates Development Program (KGDP) will be receiving applications by those interested in a career in banking as of 19 September and till 4 November 2021, the CBK announced.

CBK Governor and IBS Board Chairman Dr Mohammad Y Al-Hashel stated that KGDP is the best opportunity and option available to graduates wishing to enter the sector. This, he said, is due to the diversity of its content and the actual hands-on training it provides at Kuwaiti banks and other renowned institutions in the field. The IBS is keen to cooperate with international banks of notable excellence in asset and wealth management and to sign training contracts with such institutions to guarantee such high-level skills and knowledge for the trainees.

Dr Mohammad Y Al-Hashel

Regarding "Kafa'a" Initiative, Dr Al-Hashel said its programs are catered to Kuwaitis employed in the finance and banking sector, as well as fresh graduates of finance and monetary specializations. The initiative, he stressed, covers a wide array of topics and the training is mindful of global best practices. The applicants are approved objectively and with the specific needs of the banking and finance sector in mind.

In addition to the "Kafa'a" Initiative, the CBK shall continue to provide the best training and continue to stress national capacity building to ultimately boost the national economy, all within its strategy aiming to support overall development in Kuwait.

For more details and terms of application, please contact the IBS on phone number (22901100) or visit the official Kafa'a Initiative website: www.kafaakw.org

Canada vote heralds more govt spending

OTTAWA: Canada spent hundreds of billions of dollars to aid workers and keep businesses afloat during the pandemic, causing its national debt to soar. But the usually frugal Canadians don't seem to mind. Today's snap election is expected to herald an era of more big spending, with both Liberals and the usually thrifty Tories, running neck and neck, promising more government aid, a monumental shift for Canada after decades of belt-tightening.

"It's not that I don't care about the debt, I just don't think about it as much as my parents and previous generations who thought it was a huge issue," Meg Sweeney, 23, a recent university graduate, told AFP. Canadians aged 65 or older, who will soon make up one quarter of the population, aren't concerned about having to repay the borrowed funds, while millennials on whom it will likely fall support higher social spending. "In this election, I'm looking at issues such as climate change, relief from student loans, racial justice and tackling social issues — like others of my generation," Sweeney added.

Canada entered the pandemic in a strong fiscal position after a long era of frugality, allowing it to dole out hundreds of billions of dollars in COVID emergency aid. That, however, cost it its AAA debt rating after Fitch downgraded the country a notch to AA+. It also sent Ottawa's debt soaring to a forecasted Can$1.2 trillion (US$960 billion) in the fiscal year 2021-2022, with a peak debt-to-GDP ratio of 51.2 percent that would fall only marginally by 2025-2026, from an average 31 percent prior to pandemic.

GATINEAU, Canada: In this file photo (from left) Conservative leader Erin O'Toole, Canadian Prime Minister and Liberal leader Justin Trudeau, Green leader Annammie Paul, New Democratic Party leader Jagmeet Singh and Bloc Quebecois leader Yves-Francois Blanchet stand at their podiums before the federal election. —AFP

Justin Trudeau's Liberals are proposing Can$78 billion in new spending. His main challenger, Conservative leader Erin O'Toole, also believes the government should spend more to steer the country out of recession. O'Toole is proposing Can$51 billion in new spending to "kick the economy into turbo drive" and use the ensuing uptick in revenues to balance the budget in 10 years.

"This election is about who you think can get us out of the recession and rebuild the economy," O'Toole said at the start of the election campaign. When asked about the debt, Trudeau replied: "It matters to be fiscally responsible. It matters to live within our means. I think it also matters to be making the right investments so that future generations can prosper."

Trudeau noted that record low interest rates have made the cost of borrowing cheap. But Kevin Page, head of the University of Ottawa's Institute of Fiscal Studies and Democracy, warned that there is always a risk that rates would go up. Although economists agree the debt is sustainable, Page said: "There's a rightful concern that it's an open bar, people assuming with low interest rates that we can run up the debt and there will be no significant costs." —AFP