

“Where is the street of Arabs?”
Monopolistic competition in Berlin’s Sonnenallee

Dissertation

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Şamil Sarıkaya

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Abstract

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“Where is the street of Arabs? Monopolistic competition in Berlin’s Sonnenallee”

This dissertation deals with the economy of Sonnenallee, a boulevard in Berlin’s district Neukölln which is famous for its many small- and micro-sized-businesses run by immigrants. Whereas until the early 2000s, the image of Neukölln dominated public debates as an example for the failed state of the multicultural society, in recent years the Berlin senate concentrated on a location marketing for this district and especially Sonnenallee as a symbol for diversity, inclusion and creativity, contributing fundamentally to the location’s rising popularity. Known around the city as “the street of Arabs”, today Sonnenallee attracts many customers as well as potential investors, creating an intense competition among entrepreneurs and workers alike and resulting in highly precarious working conditions. Based on field work over the course of five years, what becomes obvious in this research is the significant control private property owners have in Sonnenallee. Due to the scarcity principle, private property owners can charge monopoly rents which lead to eminent wealth disparities among entrepreneurs who are sometimes sub-contractors rather than company owners. By conducting a historical analysis, this thesis explores what kind of economic opportunities the street offers in a given period of time for immigrants from the Middle East and highlights the variety of forms that self-employment can take on.

Kurzzusammenfassung

Diese Dissertation beschäftigt sich mit der Ökonomie der Sonnenallee, einer Straße im Berliner Bezirk Neukölln, die bekannt ist für ihre zahlreichen von Migrant_innen betriebenen Klein- und Kleinstunternehmen. Während bis in die frühen 2000er Neukölln im öffentlichen Diskurs noch als Beispiel für das Scheitern der multikulturellen Gesellschaft galt, hat sich der Berliner Senat in den letzten Jahren auf ein Standortmarketing dieses Bezirks und insbesondere der Sonnenallee als Symbol für Diversität, Inklusion und Kreativität konzentriert, was grundlegend zur steigenden Popularität dieses Ortes beigetragen hat. Die Sonnenallee, die in Berlin auch als „Arabische Straße“ bekannt ist, zieht heute zahlreiche Kund_innen und potenzielle Investor_innen an, was zu einem starken Wettbewerb zwischen Unternehmer_innen wie Arbeiter_innen führt und somit auch zu besonders prekären Arbeitsbedingungen. Auf Grundlage einer über fünf Jahre andauernden Feldforschung, legt diese Arbeit offen, über welche immense Macht Privateigentümer auf der Sonnenallee verfügen. Aufgrund des Knappheitsprinzips generieren Privateigentümer Monopolgewinne, was zu verschärften Wohlstandsungleichheiten zwischen Unternehmer_innen führt, die in manchen Fällen vielmehr Subunternehmer_innen sind statt Firmeninhaber_innen. Durch eine historische Analyse erörtert diese Dissertation die ökonomischen Möglichkeiten, die die Sonnenallee innerhalb eines bestimmten Zeitraums Migrant_innen aus dem Nahen Osten bietet und beleuchtet dabei die Vielfalt an Formen, die die Selbstständigkeit hier annehmen kann.

Declaration

I hereby declare that except where specific reference is made to the work of others, the contents of this dissertation are original and have not been submitted in whole or in parts for consideration for any other degree or qualification in this or any other university. This dissertation is my own work and contains nothing which is the outcome of work done in collaboration with others.

Hiermit versichere ich, dass ich die vorliegende Dissertation ohne unzulässige Hilfe Dritter und ohne Benutzung anderer als der angegebenen Literatur angefertigt habe. Die Stellen der Arbeit, die anderen Werken wörtlich oder inhaltlich entnommen sind, wurden durch entsprechende Angaben der Quellen kenntlich gemacht. Diese Arbeit hat in gleicher oder ähnlicher Form noch keiner Prüfungsbehörde vorgelegen.

Şamil Sarıkaya

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1 Introduction

Through the center of Neukölln, one of Berlin's most densely populated districts with 45,6 percent of its population having an immigrant background, runs Sonnenallee. Today, the boulevard — whose southeastern end used to mark the border to East Berlin until 1989 — is a magnet for people looking for Middle Eastern food and Arab products or wanting to smoke shisha in one of the many small shops run by immigrants. Especially with the recent arrival to Germany of hundreds of thousands of refugees and asylum seekers in 2015, Sonnenallee has become even more busy. Not because all new immigrants can afford to live there — but perhaps because they come to the area to soak up the vibrant atmosphere. When looking for directions, many ask how to get to the “street of Arabs” (*shar al-Arab*).

Sonnenallee is a highly intriguing street that accommodates numerous immigrant-run businesses. However, it is also a location widely and controversially discussed both in Berlin and nationwide. Why is this street an important location for immigrants and their business activities today? Does the agglomeration of immigrant-run small- and micro-scale businesses in this boulevard lead to the competition between Arab and Turkish shop owners, as many believe? What keeps around a thousand individual companies on Sonnenallee? What sets them apart from each other?

These are the questions I attempt to answer in this thesis, along with dispelling commonly held beliefs about the work and lives of immigrants in this neighborhood. While the answers may not be all-encompassing, they are based on five years of research that can shed light on the causal role of clustered immigrant-run businesses on Sonnenallee, and their place in the street's economic hierarchy.

1.1 Highlights

- This thesis aims to precisely identify the street's importance for immigrants and their entrepreneurial pursuits, which has earned much attention with its notable nickname (“the street of Arabs”).
- The research highlights the symbolic value of this street and concentrates on the various forms of employment found on Sonnenallee.
- The ultimate objective is to provide well-defined answers as to the causal role of the agglomeration of immigrant-run companies on Sonnenallee, and dispel any misconceptions about the work and lives of immigrants in this neighborhood.

1.2 The Centrality of Sonnenallee

When considering the economic landscape of Sonnenallee, it may seem that no single company dominates or monopolizes the market, as there are approximately a thousand individual businesses such as small shops, restaurants and cafes (just to name a few examples) scattered throughout the street, many of which are operated by immigrants.

However, the reality is different. As I will outline in chapter two, private property owners have significant control over their properties, allowing them to charge monopoly rents, and resulting in monopolistic competition on the street (Harvey, 2012; 2018). One benefit of this concept is that it addresses not only the competition between small-scale businesses or the competition between Turkish and Arab shop owners on Sonnenallee, but also the monopolistic competition that shapes all companies alongside the street. This has signal implications for how we might think about the meaning of increasing entrepreneurship among the immigrant population and the popularity of Sonnenallee as a business place today.

The original idea for this research came from two distinct sources. Firstly, it grew out of an interest in debunking commonly held beliefs about the work and lives of immigrants in this particular neighborhood. However, since there are too many of

them to acknowledge in this introduction, only some of the most common beliefs about immigrant entrepreneurship will be highlighted in this chapter. Secondly, and relatedly, the idea of this research is influenced by the views of experts, scholars, journalists and politicians who have explored the working experiences of immigrants in their own unique ways.

In the following sections, I will briefly provide the background information on what is specific about the location of Sonnenallee in order to establish the context, followed by some of the conflicting viewpoints about the issue and the limitations of this research. Finally, I will present the outline of this study.

1.3 Reinstating Historical Context

It is important to note that businesses run by immigrants emerged late on the German market (Ersöz & Blaschke, 1987; Hillmann, 1998), particularly in Sonnenallee, which was previously viewed as a failed example of multiculturalism.¹ During the 1990s, unemployment rates were high and the neighborhood was often referred to as a “ghetto” where social problems such as unemployment, crime, and undocumented immigration were concentrated (Lanz, 2007). Prior to the rise of social media and gentrification, even in the 2000s, Sonnenallee was deemed as a risky area for tourists to visit due to its reputation.² However, from the mid-2000s onwards, the neighborhood’s reputation underwent a transformation. What caused this change, leading to a shift from being associated with social problems to becoming a bustling location for immigrant-run businesses and a popular tourist destination?

“The street of Arabs” used to be an informal nickname for Sonnenallee and has turned into a location marketing on which the economy of Neukölln relies today. Indeed, according to the official website of Neukölln, the economy of this neighborhood heavily relies on location marketing, as its unique name (translated into German as “Arabische Straße”) is found on Google Maps, resonating throughout Berlin and Europe. There is a usual bonding here, an intimacy that

1 See: <https://www.economist.com/special-report/2010/03/13/what-a-waste> (last accessed 12. 06. 2023)

2 See: <https://www.economist.com/special/1999/06/03/the-sick-man-of-the-euro> (last accessed 12. 06. 2020)

eludes conventional commercializing to go to the very heart of the enterprise: “the brand.”

What is particularly interesting here is that the success or failure of companies depends mainly on the street's reputation³. But what do we know about the reputation of Sonnenallee? Does the image evoke positive or negative connotations? These values are themselves mutable according to historical circumstances to different people — in some instances, radically different from the view of this thesis.

For instance, the tourism concept of Neukölln identifies positive and negative factors regarding the economy of Sonnenallee (Tourismuskonzept für den Bezirk Neukölln von Berlin 2019 (Kurzfassung)). The negative is the presence of immigrant clans (“Verschlechterung des Image durch Clans”). However, the name “the street of Arabs” is regarded as a positive factor that showcases the contribution of the conglomeration of immigrant-run businesses on this street.

While the type of analysis above that categorizes things as “positive” or “negative” has many ambiguities (what does the term “clan” actually mean?), it still provides us with a picture of the causal role of the increasing small-and-micro-scale companies on Sonnenallee. Here, the positive things simply refer to entrepreneurs. And many of the positive versus negative formulas are so commonly used that the idea of entrepreneurship is frequently misused by politicians to unfairly accuse disadvantaged groups who may not have the same resources or opportunities. For instance, this unjust portrayal is perpetuated by politicians like Thilo Sarrazin (SPD), the former finance minister of Berlin, who asserts that Turks and Arabs — except for their fruit and vegetable businesses — are unwilling or incapable of integrating into the German value system (Standing, 2011, 101). Even when politicians don't clarify what they mean by the German value system, such portrayals diminish the worth and contributions of these groups, who are often viewed as outsiders (antagonists) when compared to entrepreneurs (contributors).

The central issue I focus on in this thesis is the emerging role of these entrepreneurs in the specific geographical location, Sonnenallee. By analyzing

³ It depends, in Harvey's words, on asset market of all sorts (Harvey, 2018, 37).

conflicting viewpoints about entrepreneurship like the one above, I aim to shed light on ongoing debates about the work and lives of immigrants in this neighborhood, which are rarely conclusive and have evolved over time.

1.4 Beyond the Creativity and Talent

To simplify the issue, for some, the visibility of immigrants from third countries in this neighborhood is a plain negative — perhaps because they do not want certain immigrant groups in this boulevard or because they fear the externality effects of imagined immigrant “clans.” In response to these anxieties, others discuss the positive role of immigrant entrepreneurs to the economy of the city of Berlin. For instance, Baris Ülker’s book, “Enterprising Migrants in Berlin” published in 2016, challenges the claim made by Sarrazin mentioned above, highlights the growing entrepreneurship among Turkish immigrants since the mid-1970s, and points out the positive impact of immigrant entrepreneurship on the city’s economy.

This is an understandable reaction to nationalist responses to the problems. It is important to recognize that everyone deserves fair treatment and respect, regardless of background. Here, I emphasize that many experts and scholars discuss the contribution of immigrant entrepreneurs to the economy of Berlin, using the argument of their “creativity” and “talent.” For instance, Miriam Stock (2013) suggests that Arab restaurant owners have a significant impact on gentrification and economic growth due to their “creative” business concepts.

Although such research models can be useful, the trouble is that the discourse of “talent” and “creativity” of entrepreneurs also serves politicians as a way of justifying their demagoguery against other immigrants. For instance, in his bestselling book “Neukölln ist Überall,” Heinz Buschkowsky, the former Mayor of Neukölln, blames immigrants in slightly different ways than Sarrazin (Buschkowsky, 2012). There are good immigrants like Mesut Özil, the famous soccer player, Buschkowsky writes. However, he adds that most immigrants living on social benefits in Neukölln are unwilling to integrate into the German value system (Buschkowsky, 2012, 62). In this view, the idea of entrepreneurship resembles a highly hierarchical and competitive sports league in Neukölln: The

upper echelon represents the premier league, consisting of technology firms and creative industries, while the lower leagues encompass the service sector where immigrants usually work. Furthermore, there exist semi-professional leagues for solo-self-employed individuals, while those who are unemployed are not in any league at all.

In conclusion, then, although the creativity of entrepreneurs and competition between Turkish and Arab entrepreneurs are important aspects, politicians use this idea to justify inequalities in Neukölln, disregarding the challenges faced by working people who strive to leverage their qualifications for better opportunities. While some researchers recognize this problem, many others do not. Consequently, my intention in this thesis is not to argue for which part of society contributes the most to the economy of this district, or to debate which sector has the greatest impact on the district's economy. Rather, I compare the perspectives above with the views that define the value as socially necessary labor time in Chapter 2. In other words, this thesis considers the value of this neighborhood as a collective effort, while the economic reward is individualistic.

The approach taken thus differs from the common “positive” versus “negative” analyses, a variation of which divides individuals into insiders (such as self-employed restaurant owners, considered “positives” or contributors) and outsiders (such as unemployed immigrants, considered “negatives” or losers). In fact, for a long time, scholars used the term “self-employed” to mean “shop owner”. However, we need to consider whether self-employment is limited to company ownership, or whether it is due to the position of power that some self-employed individuals can work as subcontractors in Sonnenallee? These are the key questions I will look at throughout this thesis.

1.5 Limitations of This Research

This research only scratches the surface of the larger issue at hand. In other words, it only covers a part of the reality of Sonnenallee. Consider the presence of inequalities based on factors such as identity, skin color, religion, and gender evident on this street, just as they are everywhere else in the world. Consider, too, the prevailing understandings about the working life of immigrants from Turkey,

Syria, Iraq, Lebanon, and other third countries: they work precariously because their culture differs from Germans. I cannot possibly change this kind of thinking passed on to each generation as an absolute truth. As my research focus is on the analysis of a single street, Sonnenallee, with traditional forms of businesses that require commercial space, many other aspects of entrepreneurship are touched only on the surface. In particular, I attempt to present the uniqueness of the location of companies in Sonnenallee and their history. In this way, I aim to understand what kind of possibilities the street offers to immigrants.

1.6 How This Thesis Is Organized

Because of the centrality of the street, Chapter 2 opens with a debate about Sonnenallee, and introduces basic concepts used throughout the thesis, like the meaning of competition in this street. Chapter 3 presents a brief history of Sonnenallee. In particular, it details some historical periods of immigration to this neighborhood, in which the image of Sonnenallee has changed in parallel. Subsequent sections review the previous thinking about the issue of increasing self-employment among the immigrant population. Chapter 4 presents the methodology of the research and describes data collection techniques during fieldwork on Sonnenallee between 2016 and 2020.

The purpose of Chapter 5 is to explore how an ongoing phenomenon, globalization, is impacting the lives of people in Sonnenallee. The aim of this chapter is to give more details about the economy of Sonnenallee, such as the requirements for opening a shop in the street, and to describe changes over time. For instance, the booming service sector after the 1980s and the new popularity of the district during the 2000s have resulted in increased rents for company space. At the same time, though, landlords of Sonnenallee are reliant on the street's popularity, while many people want (and need) to open a company on this street. This is because immigration from the Middle East as well as from other EU countries to Neukölln in recent decades has helped the economy of Berlin's most popular neighbourhood.

Chapter 6 explores how another important phenomenon, neo-liberalization, is dramatically impacting the lives of people on Sonnenallee. Subsequent sections of

this chapter demonstrate that the agglomeration of small and micro-scale enterprises, along with their private property rights, strongly correlates with unstable and precarious working conditions. This chapter shows the importance of company spaces in Sonnenallee while considering the growth of self-employment and precarious work in the economy of Neukölln.

Chapter 7 ties globalization and neo-liberalization together and looks more closely at their impacts on the economy of Sonnenallee. Overall, this research highlights economic disparity among immigrant-run businesses on Sonnenallee, known as “the street of Arabs,” where some benefit while others remain in precarious conditions.

2 A Subjective Debate About Sonnenallee

There is great interest in Sonnenallee as a place with a high density of immigrant-run businesses, as I could experience at an information tour by the media service portal Mediendienst Integration (financed by European Commission's Asylum, Migration and Integration Fund) on Sonnenallee. Around 20 journalists and researchers attended that program to discuss with experts and locals how migration, integration and asylum shape the daily life on Neukölln's most famous boulevard. The three topics of this tour were quite representative for the current state of Sonnenallee: gentrification and migration, criminality, and entrepreneurship (Unternehmertum). Despite the insightful discussions, the main questions asked by the many attendants followed the stereotypical narrative about the boulevard found in TV series and yellow press reports: Where do immigrant entrepreneurs find the capital to open shops in Sonnenallee? Is there a criminal organization of Arabs/Kurds supported by protection money from shop owners? And how do gentrifiers from the creative class and immigrants get along with each other on Sonnenallee?

This debate reminds us of Sonnenallee's popularity as a topic of newspaper articles, films, literature and social media attracting audiences' interest but also feeding into stereotypes. Even without a methodological framework, on the one hand, anyone interested in knowing about the current state of Sonnenallee can effortlessly observe essential aspects of the street today, such as how people live and work in this neighborhood and what kind of power relations exist between social groups.

On the other hand, without precisely defined research concepts it is also possible to see everything from the opposite point of view. As noted before, Thilo Sarrazin's concerns are based on differences in beliefs and social values that considers Muslim immigrants to be risk factors for the city's value. This opinion is opposed by those who believe immigrant entrepreneurs contribute to the city's

value with their innovative business ideas. This chapter aims to explore the reasons behind those conflicting views. All positions will be critically examined and fact-checked, in order to inform a democratic debate.

Conventional narratives about the work and lives of immigrants from so-called third countries rest on the two ideological positions mentioned above. Consider that the majority of Germans shared the concerns raised by Thilo Sarrazin in 2010 about the perceived dangers of Muslim immigrants (Standing, 2011, 101) — despite a lack of factual evidence to support such claims. One of the key issues to be addressed is the ambiguity surrounding the concept of “value” in public discourse. Specifically, what does value refer to in the discussions above?

The notion of value has long been thought of as a key factor shaping how the economy functions. Classical economists, like Adam Smith⁴ (1723-90) and David Ricardo⁵ (1772-1823), have extensively examined this concept and categorized labor as the fundamental source of all value and wealth. Classical economists also give the economy a social dimension to explain human behavior including entrepreneurship, crime, and social inequality. What they did when they analyzed the economy is to show that the production of goods depends on three factors: land, capital, and labor. Land is provided by the Earth, for free, but is transformed into finished products for human use by human labor. The capital is assets that can be owned by individuals and traded in the market; and the labor is the human effort (whether mental or physical) (Herod, 2018, 7). Clearly, without human labor, today’s Sonnenallee cannot be used for living and neither can the services that we enjoy (drinking a beer, smoking a shisha, eating our dinner in a restaurant, having a haircut) be provided. Every complex exchange in the market, from the smallest tool to the greatest creative ideas of entrepreneurs, therefore possesses a social value (known as labor theory of value) — later, Karl Marx defined “value” as socially necessary labor time (Harvey, 2019, 5).

But social values are not represented in our current economy the way classical economists thought of them. Whereas for classical economists the worth of commodities and services are the reflection of the amount of labor time, for neo-

4 Smith, Adam. 1776. *The Wealth of Nations*, Books IV-V, ed. A. Skinner. 1999. Penguin Classics: London.

5 Ricardo, David. 1817. *On the Principles of Political Economy and Taxation*, ed. Sraffa. P., 1951. Cambridge University Press: Cambridge.

classical economists (or marginalists) the value is simply the price of things (for more on these differences, see Mazzucato, 2018). Put another way, if products such as food, drinks, housing, and companies are sold at an agreed market price in Sonnenallee, then it is considered as value-creating, instead of individual profit. Moreover, recently, there have also been varying viewpoints among economists regarding the issue of value and wealth. While for some, human capital such as education and skills should be classified as part of capital alongside labor and land, others exclude human capital from this definition, as noted by Piketty (2014, 46). Within such discussions, then, different scholars, economists and politicians argue over which part of the society should be considered the most creative, and contributive to the value of the city of Berlin.

In order to prevent misunderstandings, I am not going to argue for which part of the society in Sonnenallee is most creative or contributive. Rather, what I want to do is to suggest that the street connects a set of functions such as entrepreneurship, economic advantage, precarious work, and monopolistic competition which might appear to be distinct — but they are not. As stated earlier, classical economists also focus on the social dimension of the economy in order to gain insights into human behavior, encompassing areas such as entrepreneurship that is driven by self-interest and competition (Harvey, 2018). But entrepreneurship is a flexible notion that is not set in stone. It reflects prevailing social relations. Paraphrasing Marx's famous quote, "everything is pregnant with its opposite",⁶ we can think of the economy of Sonnenallee as a product of all those social, political, and economic actors. In other words, it has its history and a collective nature.

One virtue of this understanding is that it focuses our attention not just on positive or negative roles of immigrant entrepreneurship, but also makes us more conscious of the fundamental problems of this street. Consider one of the positive versus negative analyses which I touched upon in the Introduction (the tourism concept of Neukölln transforms the basic concept of value into price due to the scarcity and preferences — especially when it comes to the scarcity of company

6 Marx, Karl. 1978. The Civil War in France. In Tucker, R., The Marx-Engels Reader (2nd edn). Norton: New York. p. 636. See also: Ollmann, Bertell. 2008. Why Dialectics? Why Now? In Dialectics for the New Century. ed. Bertell Ollman and Tony Smith. Palgrave Macmillan: New York

spaces in Sonnenallee), which categorizes the agglomeration of immigrant-run small- and micro-scale companies in Sonnenallee as positive. There is also the strategy, widespread among politicians, of supporting self-employment among immigrant population. At first glance, this would seem to imply a moral support. And one can indeed find this, for instance, in the inclusive entrepreneurship policy of OECD called “Go!!!.., Good for you and good for Germany.”⁷ The key social imperative of this policy is supporting self-employment among ethnic minorities, women, and youth, in order to solve social and economic problems. Of course, one of the reasons for this is that the immigrant population experienced mass unemployment and social exclusion, especially during the 1980s and 1990s (Hillmann, 2001). As scholars observed, 40 per cent of German Turks suffered from being unemployed in Berlin even in the 2000s (Hillmann, 2001, 197).⁸

In the interest of remembering what has happened throughout the past two decades, the number of those self-employed individuals has increased considerably, agglomerated in Sonnenallee, and the street turned into “the street of Arabs,” which became the concept of location marketing on which Sonnenallee relies today. A key question of this thesis is the following: What is the cause for the increasing self-employment? Does supporting self-employment really mean helping ethnic minorities in Sonnenallee? The short answer is: maybe. While it may prove beneficial for certain individuals, it is uncertain whether it would have a positive impact on the community as a whole.

In order to fully address these questions, it is necessary to first introduce different perspectives on the issue at hand. In the following section, I will discuss a political aspect that is absolutely crucial to entrepreneurship (Unternehmertum) in Sonnenallee. Afterwards, I will tackle common errors in thinking about increasing self-employment among immigrants (in the following chapters, I address the historical evolution of self-employment, previously referred to as entrepreneurship, in greater detail). While I won’t settle for one correct theory of value, I will still underline the current narrative about the value creation of

7 See: The inclusive entrepreneurship policy called Go!!!.., Good for you and good for Germany”(OECD, 2018).

8 Hillmann, Felicitas. 2001. ‘Struktur und Dynamik der Arbeitsmarktintegration der ausländischen Bevölkerung in Berlin’, in Gesemann, F. (ed.) Migration und Integration in Berlin. Wissenschaftliche Analysen und politische Perspektiven. Opladen: Leske und Budrich, 185–208.

entrepreneurs. Thus, in this chapter, I will explain how we should consider the causal role of small- and micro-scale businesses clustering in Sonnenallee.

2.1 Entrepreneurs' Value Creation Arguments

Perhaps the most notable aspect of the present research is its geographical boundary, as it is focused solely on Sonnenallee. The aim is not only evaluating increasing entrepreneurship among the immigrant population, but also looking at the causal role of this historical development in this particular location. Too often, however, the increase in entrepreneurship is thought to be a process of improvement in upward social mobility among immigrant population, as if it were possible to provide a conclusive argument without considering the other aspects of this geographical location. For instance, the daily newspaper *Neues Deutschland* published a feature in August 2019 quoting my observations of the working conditions in the street that can be defined as precarious (*Wirtschaftsfaktor Sonnenallee*, *Neues Deutschland*, 07.09.2019). In the same feature, Berlin's Senator for Economic Affairs, Energy and Public Enterprises (Senatorin für Wirtschaft, Energie und Betriebe), Ramona Pop of the Green Party, says: "Migrant businesses shape Berlin. They contribute significantly to the successful economic development of the city and create jobs."

They certainly do. We can find the same conclusion about the wealth creation of entrepreneurs, almost word for word, on the official website of Berlin's Senate Department for Economic Affairs, Energy and Public Enterprises.⁹ The contexts may differ—the gastronomy sector, healthcare, or the creative industry—but the idea of entrepreneurs in the broader political discourse emerges as the following: they take risks, create jobs, and contribute to the value of the city of Berlin. This argument is so commonly used that I want to refer to it as the entrepreneurs' value creation hypothesis, or entrepreneurs' value creation arguments.

This is a good argument as far as it goes, but it leaves out the important fact that in the real world everyone contributes to the value of the street and the city of Berlin. Of course, there are many conventional ways to depict the work and lifestyles of immigrants in Sonnenallee. For instance, in this chapter, I began with an anecdote

⁹ See: <https://www.berlin.de/sen/wirtschaft/en/business-support/> (last accessed 02.03.2022)

about the debate on Sonnenallee, which can be interpreted in different ways. The French philosopher Michel Foucault once argued that contemporary space can contain different ideologies and contradictions such as false and true (Foucault, 1986, 23; 1991, 82). Because of the centrality of the street, which has already become a place of conflict between false and true, we can describe Sonnenallee as a heterotopia (Foucault, 1986). Foucault's concept of heterotopia describes social spaces where the things, information, and entrepreneurs of all sorts can gather. In the case of Sonnenallee, for instance, homeless people, jobless people, exiled people, workers, landlords, and entrepreneurs share one space; things like French cheese, Italian wine, Turkish yoghurt, and Arab couscous can be available even in one supermarket in the street. But, after all, heterotopia is a space of contestation, and its appearance depends on the position/location of who is looking at it.

In the literature on ethnic economy in Berlin, cultural capital theory has been used by researchers as a theoretical framework for a long time (Ersöz and Blaschke, 1987). This theory, which draws from works of Max Weber and Pierre Bourdieu, focuses on the cultural and symbolic differentiation of social classes and distinguishes a class fraction that is self-employed based on their cultural capital. Whether researchers look at migrant businesses with the concept of trans-culturalism (Pütz et al., 2007; Pütz, 2004), transnationalism (Cağlar and Glick Schiller, 2011; Schmiz, 2011), or focus on the marketization and ethnicization of the food sector (Hillmann, 1997; 1998), or oriental shops as a profit-generating business model (Bergmann, 2011, 55), the contribution of the food sector to gentrification (Stock, 2013), or self-exploitation as a core strategy of migrant business owners to deal with intense competition (Schmiz, 2013), in all of these studies, job occupations are seen as important factors for upward social mobility, albeit from different viewpoints and interpretations of the researchers.

Recent studies have analyzed the impact of immigrant-run oriental shops on Sonnenallee, as well as small-scale companies on Sonnenallee and Karl-Marx Straße (Bergmann, 2011; Steigemann, 2019). According to these studies, store owners play a vital role in the local social life, acting as socially important figures whose business activities contribute to the community. For instance, Steigemann's (2019) study found that store owners often merge to create an easygoing atmosphere that supports networking and community-building practices (Steigemann, 2019, 177).

The point here is that numerous experts, scholars, and politicians present different opinions, often analyzing different aspects of the issue of entrepreneurship today. The perspective depends on their conceptual framework. There is no escaping the fact that intellectual and political debate about Sonnenallee is a response to social and economic change, and is tendentious — while Thilo Sarrazin believed that Muslim immigrants threaten the city’s economic growth, others now believe that immigrant entrepreneurs are important contributors to the value of the city with their creative business ideas.

To sum up: One of the main objectives of supporting self-employment is to promote social mobility for immigrants. This is the key social imperative that politicians make in order to solve social and economic problems.¹⁰ There are also various nationalist responses to the problem, such as the election of the right-wing populist party Alternative für Deutschland (AfD) into parliament in 2017, the rise of xenophobia, and the discussion of whether the culture clash of immigrants is unproductive.

From a strictly theoretical standpoint, then, one might choose immigrant entrepreneurs as a research subject and conclude that they contribute to the value of the city of Berlin. As I mentioned before, this argument can be found in academic books, expert opinions, and also in political discussions. This optimistic belief — or entrepreneurs’ value creation hypothesis — is perhaps understandable, given the spreading anti-democratic values that are a barrier to the creation of a fairer economy.

Another optimistic belief is the idea of self-help mechanisms in entrepreneurship. In other words, given the barriers immigrants face, such as non-recognition of qualifications, poor knowledge of the German language, insufficient access to relevant social networks, or discrimination by native employers, it is supposed that immigrant entrepreneurs are helping their own communities (see: Ülker, 2016, 164). But if workers in these companies are still working in precarious conditions and paid less than in any other formal jobs, what does that mean for communities?

¹⁰ See: The inclusive entrepreneurship policy called Go!!!., Good for you and good for Germany (OECD, 2018).

Unfortunately, these two optimistic beliefs are largely illusory: inequalities within ethnic communities don't disappear — in fact, they are getting worse. There is little evidence that immigrant entrepreneurs act differently than any other entrepreneurs in the city of Berlin. This is one fallacy in Ülker's book (2016): As he discusses throughout his book, all entrepreneurs try to improve their social positions with their private property rights given by the state. In fact, the increase in self-employment has always been deeply political, as Michel Foucault (2004) describes this as a way of creating “an enterprise society” in his lecture on the birth of bio-politics. Hence, the ideology of supporting entrepreneurship protects and prioritizes the rights of entrepreneurs over the rights of workers. In other words, entrepreneurship can benefit some individuals while harming others. Therefore, it would be a serious mistake to neglect the importance of labor exploitation for understanding the success of small- and micro-scale businesses in Sonnenallee, in which most of the newcomers are almost in the same position as 40 years ago.

2.2 Entrepreneur's Creativity and Talent

In considering how more immigrants are becoming self-employed and how they shape the economy of Sonnenallee, it is perhaps helpful to turn back to another common debate among politicians and scholars which was mentioned before. That is crediting entrepreneurs' success to their creativity and talent: human capital.¹¹

The interior design of small and micro-scale businesses, for instance, has received much more attention from scholars than economic capital as a contribution to their success (Stock, 2013). In particular, Stock's (2023) discussion sheds light on one of the interesting arguments that emerged in the 2000s, a period of rapid increase in self-employment among the immigrant population: entrepreneurs have to be creative in order to compete on Sonnenallee.¹²

One implication of Stock's treatment of the increasing number of Arab restaurants in Berlin is that a catch-up process for Arab entrepreneurs in the gentrified

11 For instance, the district council of Neukölln set itself the goal to improve its residents employability through education. See: <https://www.unternehmen-neukoelln.net/lokale-oekonomie/aktuelles> (last accessed: 06.06.2021)

12 See: Stock, Miriam. 2023. The Tastes of Arab Berlin. Manifestations of Arab snack culture in the changing urban migration regime of Berlin. In: Hanan Badr/Nahed Samour, Arab Berlin. pp.169-188. Bielefeld: Transcript Verlag.

neighborhoods of Berlin. The point, historically, is that only a minority benefits from being self-employed at first (such as self-employed immigrants from Turkey), but then other ethnic minorities also gain small-bourgeois positions with their creative business ideas, such as Arab shop owners (Stock, 2013). However, one of the big problems with this argument is that a self-employed person in Sonnenallee, rather than a company owner, may find themselves as a sub-contractor. As we shall see, among the self-employed individuals there are great differences and they may not be classified as a part of the middle class. Particularly because self-employed individuals may not improve their lives despite having valuable human capital in the form of skills and education. For instance, self-employed individuals may not find an affordable commercial space in Sonnenallee to attain better lives.

In suggesting that the approaches above don't show the whole picture, I don't want to leave the impression that such approaches are not useful. In fact, those analyses are not totally inaccurate in discussing the emerging role of ethnic entrepreneurship elsewhere in the city of Berlin. It should be noted that everyone who looked closely at the period after the recruitment stop in 1973 realized that radical transformations in the economy were underway, coupled with the growing service sector, in which immigrants could open their own companies as self-employed — a previously uncommon phenomenon among marginalized immigrant groups (Faist, 1993; Kolinsky, 1996). However, does that mean being self-employed in the service sector, an alternative to factory employment, offers equal opportunities for upward social mobility?

The question is important because there are impressive changes in the economies of Neukölln-Berlin and the occupational positions of immigrants in it historically. It is therefore crucial to understand clearly how this historical period has effected the working life of immigrants. Additionally, it is crucial to investigate the causal relationship between the increasing demand for renting company spaces in Sonnenallee and the growth of the service sector.

It is notable that the number of self-employed individuals among the immigrant population in Germany has increased significantly. In 1970, less than 2 percent of immigrants in Germany were self-employed, but by 1998, this figure had risen to 8.8 percent (Özcan & Seifert, 2000). In 2020, the rate of self-employment among

immigrants in Germany was approximately 40 percent higher than it was in 2005.¹³ Today, almost half of the immigrant population has a family member who is self-employed. To revive the stagnant economy, the government spent decades funding and supporting self-employment, granting entrepreneurs power and privileges within the workplaces while reducing social benefits to integrate workers into the low-wage service sector. This is because the industrial sector, the major growth engine, broke down in the mid-1970s (Nachtwey, 2018). In recent decades, the number of businesses like restaurants, supermarkets, hairdressing salons, bakeries, butchers, bars, coffee shops, cafes, organic food shops, bookstores, and fashion stores has been increasing on Sonnenallee — which is considered as a positive development by mainstream expert discussions. The central fact is that approximately four thousand new self-employed have been opening their companies in Neukölln annually, especially after the mid-2000s. In this regard, I will show the official statistics that also allow us to understand the disparities between national groups and gender differences in occupational positions in Neukölln (see Chapter 3 and Chapter 6).

The period after the 2000s is particularly fascinating — since improving the relatively bad image of Sonnenallee was a crucial issue in those years. All the statistics indicate that a significant segment of the population works in the service sector, and Neukölln is an attractive place to open a company. This is not only statistically provable but also empirically observed in the neighborhood. Today, the old brick facades of the former Kindl brewery are the backdrop for an innovative art project in Neukölln. Taking a look at Sonnenallee, walking from Hermannplatz to the south-east, where the biggest hotel complex in Germany, Estrel Tower, elevates above the Neukölln Canal, where immigrant-run businesses string together, there is increasing demand for company spaces in the street — the service sector has both greatly diversified and grown in size overall. Arab shops in Sonnenallee are also increasing in number. But why is that the case?

The causal role of the agglomeration of small- and micro-scale businesses in Sonnenallee's economy is quite complex — almost the opposite of the one identified by the researchers mentioned above. Particularly, the main problem with the argument of Stock (2013) arises from the fact of competition in the

¹³ See: Statistisches Bundesamt (2021); KfW-Research (2020): “Wieder mehr migrantische Gründungen”.

economy. This aspect is potentially a complex issue, and it no doubt represents a crucial misunderstanding about the nature of the competition in the economy. All too often, there is indeed a present temptation to suppose that the recent increase in entrepreneurship among less advantageous ethnic minorities is a sign of the competitive market in which the success of entrepreneurs is determined by their creativity (Stock, 2013).

However, in the following section, I will propose another way of thinking about the causal role of increasing self-employment among the immigrant population, which does not add weight to the argument of creative ideas competing.

2.3 The Meaning of Competition in Sonnenallee

In considering the increasing number of small- and micro-scale businesses in Sonnenallee and trying to understand its significance, it is important to recognize that there is also another form of competition, known as monopolistic competition. Although the distinction between a competitive market and a monopolization of the market may seem trivial, it is in fact crucial in terms of the current concern over the increasing number of immigrant-run businesses in Sonnenallee and in Berlin as a whole. In fact, the idea of monopoly rent has a long and rich history. It can be traced back to classical economists like David Ricardo, who identified landlords' significant power over their arable land, giving rise to their claim to a steadily increasing "rent" that Karl Marx later expanded to encompass all economic activities. The actual applications of these research methods to any city's economy are typical in economics. Thomas Piketty's *Capital in the Twenty-First Century*, published in 2014, is a good example in this regard. And it is also typical in geography. In recent years, for example, many labor geographers have pointed to a key development in the concept of self-employment — or "flexibility" of labor markets — and its effects in the economic landscape (Harvey, 1989; Herod, 2018). In general, this research field has explored the mechanism of the behavior of individuals in the labor market as individuals trying to improve their life (such as being self-employed) but not under the conditions of their own choosing, or simply under the conditions of competitive market. In contrast to the research models that argue the increasing small-businesses in the city are a sign of the competitive market, one of the most

important geographers, David Harvey, shows that there is also monopolistic competition in nearly all cities of the world (Harvey, 2012).

In drawing inspiration from Harvey, we can identify several important dimensions of the economy of Sonnenallee in relation to its small- and micro-scale businesses. Harvey's analysis is relevant, first of all, for the question of how we can connect all self-employed in a geographical place, or how the neighborhood is used by entrepreneurs of all sorts. Once small- and micro-scale businesses of all sorts are connected not simply according to their sector, like restaurants elsewhere in the city, but according to their geographical location, it appears that there is a monopoly position of landlords in the street, as we shall see.

The point here is not whether promoting self-employment has opened up upward social mobility opportunities for immigrants through competition. Rather, it is how to understand the dynamics of the agglomeration of small- and micro-scale businesses in a geographical place: "the street of Arabs." I will show that this concept allows us to analyze the economy of the street in an effective way.

To avoid any confusion, entrepreneurship is competition in general terms — Harvey refers to a competition between capitals (Harvey, 2015, 172), between energy and food production (ibid., 172), international competition (ibid., 154), inter-capitalist competition (ibid., 110), and competition in the labor market (ibid., 116). So, competition takes many forms, many of which are abstract today. Indeed, the notion of entrepreneurship is a historical relationship, in which the nature of investments is largely determined by the common experiences. This notion is subject to modification. For instance, before the 2000s, most of us were unfamiliar with selling products on social media platforms. However, today, many individuals can sell their products online without the need to rent a physical company space. Creating an online company is a more accessible and affordable option than starting a traditional business, like a bakery that requires a physical location. This study focuses on traditional businesses in Sonnenallee, but does not limit immigrant entrepreneurship to the gastronomy sector. Instead, it highlights how entrepreneurship can be influenced by the location of operation within a city. Without a doubt, immigrants are still visible in the gastronomy sector in Sonnenallee. However, whether a business model can function in this street for

long is still being determined. In other words, no lasting structural bias of location marketing, “the street of Arabs”, favors any branch or firm.

The aim here is not only to discuss the possible benefits of promoting self-employment for immigrants’ upward social mobility through competition. Once again, I will be discussing the effects of increasing numbers of small- and micro-scale businesses in a specific geographical location, Sonnenallee. It is an attempt to explore a geographical question: what holds small- and micro-scale companies together in this street, and why? If ever more self-employed among immigrant population are in Neukölln’s labor market, this may mean a gain of emancipation for some entrepreneurs. But once more and more self-employed need and want to open their companies in Sonnenallee, this implies that primarily, the rent of companies in the street increase. This is known as the scarcity principle of David Ricardo, whose book “Principles of Political Economy and Taxation” was published in 1817. While landlords in Sonnenallee are not the same class of society as during Ricardo’s time — as Ricardo emphasized the scarcity of good arable land in agriculture, which was owned primarily by aristocrats and landed gentry, — their privileged position is real. What gives landlords the monopoly position in the street is the law of supply (company spaces in Sonnenallee) and demand (shared interest in opening a company in the street). The scarcity principle is still used by modern-day economists like Thomas Piketty (Piketty, 2014, 5).

To be aware of the dimensions of the scarcity principle in Sonnenallee, it may be helpful to call to mind the rents and property prices in the neighborhood, which have skyrocketed since the mid-2000s¹⁴. Therefore, it would be interesting to look at the effects of agglomeration of small- and micro-scale businesses and the consequences of the competition in Sonnenallee in this way: increased interest in opening a company in the street creates less competition among the landlords of Sonnenallee. Each of these two dimensions of the street — the agglomeration of small- and micro-scale businesses in Sonnenallee and their effects on the behavior of landlords (as opposed to the interest of entrepreneurs) — is fundamentally important to achieve a satisfactory understanding of the economy of the street.

14 See: Aalbers, M. & Holm, A. 2008. “Privatising social housing in Europe: The cases of Amsterdam and Berlin, Berliner Geographische Arbeiten Heft”, 110, pp. 12–23

2.4 Summary

“The street of Arabs” is a concept of location marketing. This branding represents a deep, underlying structure, the internal DNA as it were, of the business relations in Sonnenallee (Harvey, 2012). This branding has implications for how we think of business relations in the street, and how their success or failure is deeply dependent on this particular place. In thinking about the brand that is attached to the street, and the discussion above, two important points come to the fore.

First, as noted, it underlies the ability to capture the monopoly rent (Harvey, 2012, 103). Monopoly rent generates income not only for landlords but also for some entrepreneurs in Sonnenallee — the trademarks and other private property rights relating to “intangibles” are integral to their location and form the core of the businesses in the street. It is therefore also important to understand how monopolistic competition functions when we try to analyze the wealth of entrepreneurs.

Second, and relatedly, “the street of Arabs” also masks intense internal competition. Historically, it is obvious that there are positive aspects of self-employment for some entrepreneurs in Sonnenallee. As Harvey (2012, 21) points out, seemingly progressive solutions that offer support to vulnerable groups of people such as immigrants and women are a double-edged sword. On the one hand, supporting self-employment, for instance by giving micro-credits for creative business ideas, has opened up new possibilities for immigrants and especially women. On the other hand, most participants in the labor market are reduced to the status of subcontractors.

In other words, there will certainly be instances of successful businesses within marginalized populations in the street. However, despite research models that selectively choose self-employed shop owners and often portray them as small-bourgeois, many self-employed shop owners in Sonnenallee and thousands of self-employed in Neukölln work as subcontractors, pseudo-self-employed, and self-employed workers whose class position has little to do with small-bourgeois. In fact, being self-employed is not limited to those who own their own company. It is widespread in today’s job market, even without a contract. This is gradually shaping almost all types of work in Sonnenallee.

Finally, the image of the immigrant-run businesses is changing due to their history. For instance, in 2019 the Berlin senate started awarding a new prize called “Vielfalt unternimmt” (“diversity ventures”) for outstanding immigrant businesses, assessing their sales, labor quality and innovative business ideas.¹⁵ I find this is worth mentioning because it was a great opportunity for immigrant entrepreneurs. Can this award be seen as some sort of appreciation towards the immigrants? Maybe. It is at least for that one winner, whose company gains reputation. As the award illustrates, some of the entrepreneurs are winners in Sonnenallee, but in many cases immigrants have been forced to take greater risks for entrepreneurship. Indeed, investing in Sonnenallee means not just taking economic risks, but also social risks. In other words, there is a dialectic at play in Sonnenallee — what David Harvey called creating a spatial fix (Harvey, 1982). On the one hand, the individuals work close to each other in Sonnenallee, they create new jobs, they employ their family members and friends, they even raise their children within their businesses. In short, they live in them. On the other hand, they compete with each other while creating inequalities within their own communities. This includes not only the precarity of workers who are under pressure because of unemployment, but also entrepreneurial risks which always go hand in hand with the precariousness of the self-employed themselves in the economy. Just like the champions of the competitive free market (i.e., big firms) compete for economic profit with each other, all entrepreneurs do the same in Sonnenallee. For this reason, I will suggest, defenders of entrepreneurs’ value creation arguments can’t have it both ways.

¹⁵ See: <https://www.berlin.de/sen/wirtschaft/wirtschaft/vielfalt-in-der-wirtschaft/wettbewerb-vielfalt-unternimmt/> (last accessed 08.03.2019)

3 A Brief History of Sonnenallee

A quite sensational debate about Sonnenallee and Neukölln was sparked in the mid-2000s when the mainstream media projected Germany's controversially discussed social problems —integration, insufficient education levels, rising violence in urban areas, dependence on social assistance — directly on Neukölln, the district with the second highest percentage of immigrant inhabitants in Berlin. Heinz Buschkowsky, who was the Mayor of Neukölln from 1991-1992 and again from 2001-2015, not only wrote bestselling books like “Neukölln is Everywhere” — “Neukölln ist Überall” (Buschkowsky, 2012), and “The Other Society” — “Die andere Gesellschaft” (Buschkowsky, 2014) about the integration conflict in Neukölln. He also constantly appeared on TV talk shows, complaining about fundamentalist Muslim immigrant families who allegedly didn't care enough about their children's school education, causing severe economic and social problems within this district he referred to as a “Parallelgesellschaft.”¹⁶

This is a very common argument which also shows how names and reputations from the past are invoked. Perhaps, the ex-mayor Buschkowsky was complaining, because the location of the district, in which a spectacular demographic change can be observed over the 2000s, becomes more important for entrepreneurs and private property owners than in the past. What are the current economic and social situations in Sonnenallee? How have they changed over time? Today, more than 160 different nations live in this neighborhood, and approximately one in two people have an immigration background¹⁷ (there were 327.925 people living in Neukölln in 2020, 155.948 of them with an immigration background).¹⁸ So, the

16 See: <https://www.deutschlandfunk.de/buschkowsky-integrationsverweigerer-sind-eine-minderheit-100.html> (last accessed: 03.01.2023)

17 According to Berlin's microcensus an “immigration background” is given when a person has immigrated to Germany after 1949, or is born in Germany with a foreign citizenship, or is born in Germany as a German citizen but has at least one parent who has immigrated or has been born in Germany with a foreign citizenship. https://download.statistik-berlin-brandenburg.de/f976f9c5239e835b/86a7a885bec/hz_201001-01.pdf

18 Source: Amt für Statistik Berlin-Brandenburg <https://statis.statistik-berlin-brandenburg.de/webapi/jsf/tableView/tableView.xhtml> (last accessed: 03.10.2022)

demography of this neighborhood is changing. There is also an increasing tourism economy in recent years. But it was not always the case. For most of its history, this neighborhood was not as diverse in terms of its demography and economy. Perhaps the changing image of the district also exacerbated the conflict among the growing number of entrepreneurs for whom the neighborhood turned into an attractive place to invest.

This chapter provides a brief history of Sonnenallee and explains how the image of the district has changed around the 2000s. In the first two sections, I will outline some of the historical changes and try to familiarize the reader with how the street's name has changed into "street of Arabs", which can be seen as era-defining. In the second section, I will examine a second migratory process to this neighborhood and explain the origins of the above mentioned debate about a parallel society. In the third section, I will consider how the image of the district has changed around the 2000s. This will play a central role in the subsequent analysis. Finally, I will briefly review the existing views on increasing self-employment among the immigrant population, that is, ethnic economy literature on Berlin.

3.1 The Street Changes Fast

At the end of the 19th century, the first part of today's Sonnenallee was constructed within a swampy area of the city of Rixdorf (which would amalgamate into Neukölln later) in order to provide living space for more and more migrants coming from the province due to rural flight. In 1888, the street was only 300 meters long and was called "Straße 84." Only five years later, the street was renamed into Kaiser-Friedrich-Straße after Emperor Friedrich III (Sundermeier, 2016, 16).

With the construction of a long-distance rail network during the 19th century, labor immigration to this neighborhood gathered significant speed. In particular, immigration from the eastern Polish and Czech territories increased the population of Rixdorf from 11,442 in 1871 to 252,105 in 1910 (Kessinger, 2012, 25).

In the years following World War I, when Kaiser-Friedrich-Straße had grown to a length of over three kilometers and was connected to the urban infrastructure

through tram and train tracks, Berlin had already turned into an industrial area with factories in many industries such as chemistry (Kunheim), engineering (Borsig), and electronics (v. Siemens and AEG) (Schmieder, 1968, 316). As industry developed, the labor force concentrated in the fast-growing city of Rixdorf; its population reached 268.000 in 1914 (Bach and Hüge, 2004, 13). In fact, it was labor immigration which led to the emergence of the idea of nationals and foreigners, manifesting itself eventually in the German citizenship law of 1913. This law defined a blood-based (*ius sanguinis*) model of nation-building which recognized people from Western nations as “related” and therefore “worthy” of a citizenship, and people from Eastern Europe and especially Jewish people as “unworthy” (Lanz, 2007, 31). The German citizenship law was beneficial to company owners since foreign workers had few rights and could therefore be deported easily when they became troublesome in their workplaces or tried to unionize. With the period of Third Reich (1933-1945) a worldview of *Übermenschen* and *Untermenschen* (superhumans and subhumans) became dominant and led to the institutionalization of forced labor. After the defeat of Nazism, the worldview of superior and inferior races is no longer part of that discourse, surviving only in the extreme right-wing fringe. Clearly, demographic growth via immigration always has consequences, especially in regard to inequality between immigrants and natives as well as within each group. Given the above, we could start the history of inequalities and the consequences of defining some parts of society as worthy or unworthy a very long time ago.¹⁹ However, for purposes of providing a manageable overview of how this street turned into “the street of Arabs,” I will outline some of the most significant historical changes.

With the rise of nationalism, and with Adolf Hitler establishing his dictatorship, the street was renamed once again: on the occasion of the so-called Führer’s 50th birthday in 1938, it was named Braunauer Straße, after Hitler’s Austrian birth town (Kessinger, 2012, 114). But only nine years later, when World War II was over, Berlin’s magistrate decided to choose a more neutral name in order to

19 Some revisions were made in the German citizenship law effective January 1, 1975, which gave both parents the right to pass German citizenship on to their children, whereas it could only be passed on by a German father before that (Hinze, 2013, 4). In 2000, however, the social democratic coalition changed the immigration law and make it possible for children of immigrants to automatically receive German citizenship.

invisibilize the former commemoration of Hitler (Sundermeier, 2016, 18). Despite being located in different Occupation zones (the longer part ran through the American zone, the shorter southern part through the Soviet zone), the whole of the street shared one name: Sonnenallee.

From 1949 to 1989, with the shorter southern end of the street belonging to the GDR, there was a cultural demarcation on Sonnenallee separating East from West, Socialism from Capitalism, a border splitting not only a street but a world into two. This was also visible physically from 1961 on, when the Wall was built. These historic burdens as well as its symbolic value as a place of cultural struggle have turned the street into a famous subject in recent years' popular culture. Whereas Leander Haußmann's movie "Sonnenallee" (1999) tells the story of the split street in times of the GDR, Marvin Kren's series "4 Blocks," which started to be broadcast in 2017, focuses on a Palestinian-Lebanese family's criminal organization and their aspirations to start a legal business of their own — mirroring the timeless efforts of migrant entrepreneurs, whether first, second or third generation.

3.2 The Postwar Period: First Gastarbeiter, then Muslims in Neukölln

In the years following World War II, with the wealth of Germany growing, Berlin found itself in need of labor. The Federal Republic started recruiting laborers from South Europe with bilateral agreements. After labor migration from Italy, Spain, and Greece, in 1961 West Germany also started recruiting laborers from its NATO partner, Turkey. Only seven years later, nearly half of the immigrant population of West Berlin were Turkish citizens (Lanz, 2007, 60).

Long before the influx of immigrants to Neukölln, the main areas where the so-called "Gastarbeiter" settled were Kreuzberg, Tiergarten, and Wedding. This had to do with West Berlin's first urban renewal program of 1964/65, which intended for old, run-down buildings to be bought by the state, demolished, and rebuilt for a "modern lifestyle" (Lanz, 2007, 67). But since these plans had to be postponed for another decade due to rental and property rights issues, the mostly vacant flats of the areas designated for redevelopment became a home for many labor migrants who suffered severe discrimination on the housing market and could

now easily move in with temporary rental agreements (Häußermann and Kapphan, 2002, 78-79).

In the early 1970s, this concentration of the mainly Turkish immigrant population within certain areas (such as Mariannenstraße-Naunynstraße, Kreuzberg) led to a public debate on ghettoization. West Germany's most prestigious print medium, Spiegel magazine, published a hysterical cover story with the title: "Ghettos in Germany: 1 Million Turks." This was in 1973, when the labor recruitment agreements had already come to an end. Not only did the media report on archaic criminal organizations in Kreuzberg; in addition, the strike of thousands of Turkish workers in Cologne's Ford Factory in the summer 1973 was scandalized as "Türkenterror" in the yellow press. The umbrella organization of German unions warned of an alliance between communists and immigrant workers (which already manifested itself in small organizations such as "Türkische Sozialistengemeinde", founded in 1967) (Lanz, 2007, 70).

In 1975, the Berlin Senate passed a law against the ghettoization problem prohibiting the further settlement of foreigners in certain districts such as Kreuzberg. Even though the law turned out to be unsuccessful in many ways, one of its visible consequences was the increase of immigrant population in Kreuzberg's neighbouring district, Neukölln. Affordable housing, namely vacant run-down buildings available for immigrants, was now found in Neukölln where new immigrants had started to settle in the late 1970s (Ghadban, 2008, 202).

Along with the deindustrialisation of the 1980s, which caused a rising unemployment rate especially among immigrants, Berlin's integration policies took a new turn. The senate started investing in "self-help" organizations for immigrants in order to prevent conflict in impoverished working class neighbourhoods of the city. Simultaneously, more conservative and nationalist associations were encouraged by the immigrant's homeland countries (Aydın, 2014) and welcomed by a German state which tried to prevent socialist networks being formed among marginalized communities. In Neukölln, every major ethnic group had its own organization by the end of the 1980s. Shiite immigrants from Lebanon and Iran were meeting in "Zentrum der islamischen Einheit" (Centre for Islamic Unity) in Neukölln's Karl-Marx-Straße (Ghadban, 2008, 238). Turkish Sunnis were organized by the powerful umbrella organization DITIB, which was

founded in 1984 to represent official Islam in Turkey. DITIB soon became a strong political force among Turkish immigrants all over Germany.

We can say that this particular change in integration politics laid the foundation for a major shift in the public perception of Turkish, Kurdish and Arab communities of Berlin in the following years. Those who used to be seen as “Gastarbeiter” (guest workers) were turning into Muslims (Özyürek, 2013, 139). This shift had a global dimension as well, since the Cold War had come to an end and the Western World declared Islamic fundamentalism to be the new security threat, replacing “communism” (Gülalp, 2013, 167). Electoral successes of Islamists (first in Algeria in 1991 and then in Turkey in 1995)²⁰ and the post-9/11 war on terror led to the argument that Muslim immigrants threatened Germany’s Leitkultur (leading culture). Friedrich Merz, the former whip of the Christian Democratic Union, exacerbated the situation by suggesting that immigrants assimilate to the Leitkultur (Mueller, 2006, 24). This political idea has not quite worked out, but the term “Parallelgesellschaft” became dominant when referring to immigrant neighbourhoods such as Neukölln. Even though Neukölln’s image has drastically shifted to a hip place after the end of the 2000’s, popular media talk shows are still continuing to portray Sonnenallee as a place ruled by criminal “Arab clans” where German law is not in charge.²¹ One prominent example of parallel society was the scandalous “Rütli-Schule” in 2006, which was portrayed by the mass media as “Germany’s most dangerous school” filled with immigrant children resistant to integration (Kessinger, 2012, 9).²²

3.3 Hip Neukölln and the Street of Arabs

An important feature of Sonnenallee in the 2000s was the settlement of immigrants, as opposed to earlier periods in the 1970s and 1980s when the Berlin Wall was still standing and immigrant groups concentrated in specific neighborhoods within the limited space of West Berlin. Whereas the northern part

20 Both political processes were interrupted by these countries’ militaries (Gülalp, 2013, 167).

21 See: “Sonnenallee: Germany’s hippest crime scene” <https://www.dw.com/en/berlins-sonnenallee-is-germanys-best-known-crime-scene-all-that-bad/a-47741907>, See also: “Berlin Sonnenallee: Hip, but a criminal?” <https://allinfo.space/2019/03/05/berlin-sonnenallee-hip-but-a-criminal/> (last accessed : 02.08. 2023)

22 Until 2005, a large share of the German population saw Germany as a country inhabited by Germans, and believed that it was not a country of immigration (Bauder, 2006, 11).

of Neukölln used to be one of these migrant neighborhoods up until the 2000s, the newcomers today are settling in the peripheries of Berlin. Although this shift has to do with the changing industrial structure of the city, it is crucial to account for the role of the symbolic value of the northern part of Neukölln.

More than half of Neukölln's population, which is now at 329,767, lives in the northern part of the district,²³ to where 28,034 new people have immigrated in the years between 2006 and 2018. Neukölln's population in 2018 was from the following countries: EU countries (42,968), Turkey (36,321), League of Arab States (22,483), Poland (13,089), former Yugoslavia (12,947), Lebanon (8,377), former Soviet Union (5,817), Syria (3,749), USA (2,376).²⁴

In that area, the size of average apartments is 62 square meters (1 or 2 rooms), and rents were relatively low until the beginning of the 2000s (Häußermann & Kapphan, 2002, 171). In the subsequent years, the district turned into a desirable place for students, journalists, artists, and middle-class families, many of whom are paying higher rents not because of their willingness but because they have a weaker legal position than existing tenants (Holm, 2013, 115). As is known from gentrification processes, real estate investors have started to invest in this area and working class immigrants were partly forced out of the northern part of Neukölln. Although the senate decided to stop the privatization of public housing in 2006, 1,700 apartments from the so called Weiße Siedlung and 1,900 apartments from the area of High-Deck-Siedlung, both located in Neukölln, were already privatized (Buschkowsky, 2012, 27).

One of the main reasons for the attraction of this area is that the district has good public transit connections (especially Hermannplatz, Hermannstraße, S-Bahn station Neukölln and Sonnenallee). Art festivals such as "48 hours Neukölln" (established in 1999 by the registered society "Kulturnetzwerk Neukölln e.V."), galleries, subcultural bookstores, parks, independent cinemas, and night clubs made the district more attractive for the so-called creative class and tourists (mostly from EU countries). For instance, in 2017, Neukölln hosted 392,775 tourists, including 111,363 from abroad (76,579 of them from EU countries).²⁵

23 See: Sozialbericht Neukölln Zur sozialen Lage der Bevölkerung 2016, p.13

24 See: Amt für Statistik Berlin-Brandenburg. Statistischer Bericht A I 5 – hj 1 / 18
Einwohnerinnen und Einwohner im Land Berlin am 30. Juni 2018 Grunddaten.

25 See: Statistischer Bericht G IV 1 - m 10/18, 10.

Today, the rising reputation of Neukölln's popular clubs with parties going for two and a half days non-stop brought them to the pages of the most prestigious The New York Times Style Magazine: "Each party runs for about 30 hours, and in the summer, visitors can dance outside next to the Neukölln Canal."²⁶

Neukölln not only gained an image as the new favorite district of the creative class; the district and especially Sonnenallee have also become famous among newcomers from the Middle East as the place where they can eat and shop like in their home countries – they call it "shar al Arab", "Street of Arabs." Customers come here from all over the city, sometimes taking a one-hour-train-ride, in order to find Arab products, to spend time in one of the many cafés and restaurants, or simply to have a chat in their native language and to establish a social network.

In fact, the initial plan of the Berlin senate was to make especially the Northern part of Neukölln safe, modern, and predictable for groups who can afford to pay higher rents. As part of that plan, in 2012, Neukölln still needed a good and diverse gastronomy like Kreuzberg and Schöneberg, according to Neukölln's ex-mayor Buschkowsky (Buschkowsky, 2012, 26). However, immigrants have clearly changed the way how politicians view this location, as the brand "Arabische Straße" has impacted the tourism concept of present-day Neukölln.²⁷ This decision to rename the street was not arbitrary, and it has deep cultural and historical roots that cannot be ignored.

Having presented a brief history of Sonnenallee and the area of Neukölln, in the following sections I will turn to the issue of how we might think of the increasing small- and micro-scale businesses in this neighborhood, and give a brief historical overview of previous conceptions of the increasing entrepreneurship among the immigrant population.

3.4 Ethnic Economy: An Evolving Social Construct

Ever since the vast majority the world's workforce ended up employed in the service sector from around 1980s onward — according to the ILO's Key

26 See: The New York Times Style Magazine, 2018. <https://www.nytimes.com/2018/08/23/t-magazine/berlin-guide.html> (last accessed 11. 02. 2019)

27 See: Tourismkonzept für den Bezirk Neukölln von Berlin, April 2019 (Kurzfassung)

Indicators in 2020, service workers form the majority of the global labor force today,²⁸ — the government, universities, and different organizations have offered the following three principal propositions. First, they argue, workers are already being displaced by deindustrialisation and technological developments, which resulted in a high level of unemployment among the immigrant population in Berlin (Hillmann, 1998, 12). Second, the rising unemployment and low levels of education among the immigrant population was resulting in the ghettoization in urban areas like the one in Kreuzberg (Ersöz and Blaschke, 1987, 20) — we have seen the same situation in the history of Sonnenallee. Third is the conclusion that the only way to prevent ghettoization and mass unemployment is to support self-employment.

Ahmet Ersöz and Jochen Blaschke (1987) may be seen as among the first interpreters of such developments among the Turkish population in Berlin 40 years ago. In those years, whether immigrants came to West-Berlin from suburbs of Turkey where the agricultural-pastoral way of life was prevailing (ibid., 10), or from slums of Istanbul and Ankara, their dream was opening their own businesses (ibid., 28). Ersöz and Blaschke linked being self-employed with one of the most influential developments of modern history: industrialization. In their view, industrialization has separated individuals from their land where they used to be self-employed; they call it “peasant individualism” — “bäuerlicher Individualismus” (ibid., 50).

In fact, the industrial revolution — first in Britain, then in other European countries and other countries like the United States (Herod, 2018) — was the central driving force increasing the population of the city of Rixdorf, today’s Neukölln. In other words, people immigrated to Neukölln because industrial companies required a large number of urban workers, the so-called proletariat, who had no alternative but to sell their labour power (Marx, (1876) 1973). When thinking about working conditions historically, it is important to consider the challenges that arise from the growing strength of worker movements. In the third quarter of the nineteenth century, Karl Marx wrote a chapter called “The Working Day” in Volume 1 of Capital, describing the struggle for a normal working day (Marx, (1876) 1973). He describes how the coercive law of competition in the

28 See: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_734455.pdf (last accessed: 15.12.2022)

capitalist system had extended the working day over centuries, without limit. To understand how one entrepreneur hires workers under a labor contract — not in a slave society but in a perfectly functioning market like Sonnenallee — consider the following competition between two entrepreneurs: an entrepreneur employs workers for 12 hours a day. Then, another entrepreneur employs workers 14 hours a day to make a profit — this competition depends on the geographical location where individuals work. Such competition had to be limited, since the result was accidents in the workplaces and lower labor productivity through illness. The struggle for a normal working day brought the Factory Acts that restricted the working day to ten hours in Britain in 1847. The impacts of the growing power of workers were similar in Germany, where the Socialist Workers' Party of Germany was founded in 1875. Faced with this thread, the first legislation on sickness and accident insurance was introduced by Bismarck in 1883, and on contribution pensions in 1889 (Nachtwey, 2018, 28). But, the so-called normal labor relations were only established after World War II, when the welfare state was established not only in Germany but also in other European countries.²⁹ With the development of the welfare state and relatively stable democracy, industrial companies turned to immigrants as new workers after the end of World War II. In the years between 1950 and 1970, there briefly was an extremely low rate of unemployment in Germany. Economic growth was satisfactory, with GDP rising by around 5.7 percent per year between 1950 and 1973, which dropped to 1.9 percent between 1974 and 2000 (Benanav, 2020, 31). Net real wages were rising. The average gross hourly wage of an industrial worker rose approximately fivefold between 1950 and 1970 (Müller-Jentsch and Ittermann, 2000). Rising wages and falling prices for consumer goods enabled working class families to buy automobiles, televisions, refrigerators — purchases that were not possible for them before the 1950s. This period also underpinned the strength of trade unionism and the expansion of the educational system. Together, these developments enabled children of working-class families in the well-known 68er-generation not only to study in *Gymnasien* but also in the universities. Despite such advances in the social and economic sphere, class society didn't disappear. In particular, standardized work was mainly available in large and medium-sized companies,

29 Mückenberger, Ulrich. 1985. Die Krise des Normalarbeitsverhältnisses, *Zeitschrift für Sozialreform*, 31 (7-8). pp. 415-434

while small- and-micro scale companies, in which women worked to support their family members, continued to offer less protected jobs in (Mayer-Ahuja, 2003).

One characteristic of the economy of Berlin at the time when Ersöz and Blaschke described immigrants' desire to become self-employed in Kreuzberg 40 years ago, was that there weren't many jobs available in the industrial sector. And Berlin's integration policies took a new turn, mainly from the 1980s onward. The new policies focused on supporting "self-employment" (Ersöz and Blaschke, 1987, 53).

But Ersöz and Blaschke's view of becoming self-employed had some peculiar aspects. According to Ersöz and Blaschke, immigrants from Turkey to West-Berlin bring not only their kin in so-called chain-migrations (ibid., 23), but also their own economy (ibid., 14). By this, they refer to different working groups have quite different visions for how they want the economic landscape within which they live to be structured. In this way, by extension, Ersöz and Blaschke come to see the issue of becoming self-employed as a collective effort, since immigrants build their businesses with the help of their community members. They also call it "Turkish economy" (ibid., 7).

It is worth noting that Ersöz and Blaschke reflected the discrimination of immigrants on the labor market. By using terms such as "Turkish economy", they tried to show cultural and symbolic differentiation of social classes and distinguish a class fraction, i.e. the self-employed Turkish immigrants, on the basis of their cultural capital. Others have also linked ethnic businesses with their cultural capital, especially using examples of religious-commercial activities of Turkish immigrants such as the selling of halal meat (Abadan-Unat, 1997). For example, in Nermin Abadan-Unat's work, immigrant entrepreneurship plays a significant role in the formation of cultural enclaves, a term used by ethnic economy literature in the US.³⁰ She highlights strong links between Islamic leaders in Turkey and Turkish firms in Germany and concludes that the growth of political Islam is substantially influenced by the economic infrastructure established by ethnic businesses. More specifically, Abadan-Unat perceives the

30 See: Wilson, Kenneth and Portes, Alejandro. 1980. Immigrant Enclaves: An Analysis of the LabourMarket Experiences of Cubans in Miami. *American Journal of Sociology*. Vol:86. pp. 295–319. See also: Portes, Alejandro and Bach, Robert L. 1985. *Latin Journey: Cuban and Mexican Immigrants in the United States*: Berkeley

development of immigrant entrepreneurship as a broader tendency among Turks in Europe to establish their own institutions and networks, which is considered to encourage polarization (Abadan-Unat, 1997, 243-247).

Politicians have also adopted this perspective on explaining the work, life, and culture of immigrants in Neukölln. For instance, referring to the US-based ethnic economy literature, ex-mayor Buschkowsky writes in his book:

We are Turks, Arabs, Somalians, whatever... But the people I am speaking about don't want to become Germans. That's why they live and remain in their world, and that's why they don't make efforts to actively grasp the German or the Central European value system (Buschkowsky, 2012, 62).³¹

One implication of this debate is that, for politicians, economic and social problems of this neighborhood derive from the lack of skills, abilities, and education of a part of society — what economists call human capital. In other words, if there are inequalities between immigrants and natives in this neighborhood, then this is because immigrants are not invested enough to integrate themselves into the German value system.

From this perspective, the related problems of precarious work in this neighborhood are due, mainly or exclusively, to the culture of Turkish, Kurdish, and Arab immigrants — they are not. Marxist analytic thought has often challenged this kind of interpretation of the social reality.³² Culture is a complicated term, so any definition of that social practice is at best partial here, taking into account some constantly changing elements like traditions, language, music, art, and literature. Ideally, however, from Buschkowsky's point of view, no one in this neighborhood should lay back and do nothing, so as to avoid unemployment and dependence on social benefits. This means that, although welfare policy creates a basic precondition for a sufficient supply of labor, those who are able to work must seek employment.

It is relatively easy to take a look at Sonnenallee and assume there is a nationally and/or culturally organized community of people with similar backgrounds, since

31 Translation from German is made by me.

32 For the meaning of culture in capitalism, see: Williams, Raymond. 1980. *Culture and Materialism*. Verso: London.

the current social and political tensions push us towards this conclusion. At first glance, the so-called ethnic economy in Sonnenallee would seem to imply that immigrants have their own economy in which whether they help or exploit each other. However, this is where the central problem of understanding the relation between workers and entrepreneurs arises. Can we assume that there is a nationally and/or culturally organized community in Sonnenallee today? What is the correct distinction between entrepreneurs and workers in Sonnenallee?

3.5 What Does It Mean To Be Self-employed in Sonnenallee?

For this research to make even modest progress on these questions, we should clarify the terms of debate. What exactly do we know about self-employed individuals in Sonnenallee? For a long time, scholars used the term “self-employed” interchangeably with “entrepreneur.” However, today, the reality is quite a bit more complex.

For one thing, the forms of self-employment have varied widely over the past decades. These include self-employed (without employees), self-employed drivers (without an own vehicle), solo-self-employed, or freelancing (such as freelance secretaries). Distinguishing between self-employed entrepreneurs and employees in Sonnenallee is more difficult than one might suppose. When a self-employed hairdresser works in a salon in Sonnenallee that is not their own, are they an entrepreneur? Who is the owner of the company? Providing a legal take on these issues, the Berlin Chamber of Commerce and Industry (IHK) suggested that people in positions such as those described above are, in fact, employees with the appearance of self-employment (so-called pseudo-self-employed). According to the IHK, suspicions of pseudo-self-employed have been rising since 1999. Especially, with new labor market regulations, namely the Agenda 2010 adopted between 2003-2005 by the social-democratic government (SPD and Alliance 90/The Greens), the extent of self-employment among the population became confusing. Furthermore, with regulations on “Ich-AG” on July 1, 2009, (in the law 7 para. 4 of the Social Security Code (SGB) IV), the line between self-employed

entrepreneurs and self-employed employees has become more blurred than before.³³

There was also an idea of increasing self-employment among the Turkish population as resulting in the branch line division of Berlin's economy (Hillmann and Hedwig, 1997) — among other lines, like those of gender (Ersöz and Blaschke, 1987; Hillmann, 1998; 1999; 2000). More precisely, there was a concentration of self-employed Turkish immigrants in the gastronomy sector in the 1990s (Hillmann and Hedwig, 1997). Repeating this idea, scholars often take the example of the gastronomy sector and argue that Arab self-employed entrepreneurs are catching up with Turkish immigrants (Stock, 2013).

However, this idea also turned out to be wrong — or a very limited research model. Oddly, politicians also used this idea: former finance minister Thilo Sarrazin said that “Arabs and Turks in this city have no productive function except selling fruit and vegetables.”³⁴ However, statistically speaking, today, Arabic, Kurdish and Turkish immigrants are involved in different sectors in Neukölln such as private healthcare, construction, repair of motor vehicles and motorcycles, scientific and technical activities, administrative and support service activities, public administration, social security, education, social work, art, entertainment and recreation (Amt für Statistik Berlin-Brandenburg, Statistischer Bericht, Gewerbeanzeigen im Land Berlin 2018). Sectoral occupations have been changing year by year, and are so diverse in Neukölln that it's hard to generalize, or to reduce immigrants' work in one sector. In other words, all sorts of other sectors emerged, such as knowledge economy, creative economy, platform economy — the list is ever changing.

Of course, one way to think about increasing self-employment among the immigrant population is to recognize the disadvantaged position of immigrants on the labor market. Thus, scholars of ethnic economy, a field of study devoted specifically to the study of self-employment of immigrants, have put forward various explanations for self-employment among immigrants in Berlin, including

33 <https://www.ihk.de/berlin/service-und-beratung/recht-und-steuern/gewerberecht/pseudo-self-employment-4334132> (last accessed: 15.07.2022)

34 <https://www.spiegel.de/international/germany/bundesbank-distances-itself-from-sarrazin-former-finance-minister-slams-berlin-s-underclass-a-652582.html> (last accessed : 22. 10. 2022)

strategies of survival in the context of discrimination on the labor market (Ersöz and Blaschke, 1987; Hillmann and Hedwig, 1997; Hillmann, 1998; 1999; 2000).

When studying the increasing self-employment among immigrant population, researchers must face the question of what is just and what is unjust in the economy. It is not insignificant when a person is discriminated on the labor market based on their identity. Even today, especially since the mid-2000s, more and more young immigrants have been facing discrimination when they apply for education and training in German firms (Bundesinstitut für Berufsbildung, 2019, 327; Forschungsbereich des Sachverständigenrats deutscher Stiftung zu Integration und Migration (SVR), 2014, 24). The firms usually say that immigrants don't fit into their team (Krug von Nidda, 2019). The fears and tensions have existed before, but they arise in a new context and with a new language.

To be clear, I make no attempt here to build a synthesis of all the academic work on the discrimination of immigrants in the housing market, on the labour market, and in the education system, which are too many to start with a detailed list of them. Rather, I'm questioning a particular way of understanding the causes of increasing self-employed individuals in a particular location: Sonnenallee. What happens, then, if the number of self-employed individuals has been growing steadily since the 1980s while company space remains scarce in Sonnenallee?

According to the official website of Neukölln, the most distinctive feature of the neighborhood is its diverse small- and micro-sized firms designed to help the neighborhood not only with producing new goods and services, but also creating an image for Neukölln.³⁵ However, one conclusion stands out in the brief history of Sonnenallee: whereas the population of the neighborhood has been increasing, especially with the gentrification process during the last decade, the modern-day economy of Neukölln is dependent on the service sector. New tech companies, creative firms, and internationally known companies have also settled in this neighborhood in recent years. Consequently, between 2000 and 2015, the rent of housing and company spaces in the neighborhood roughly tripled.³⁶ In the following chapters, I will show that we can associate this new popularity of the

³⁵ <https://www.berlin.de/ba-neukoelln/politik-und-verwaltung/service-und-organisationseinheiten/wirtschaftsfoerderung/wirtschaftsstandort/artikel.292859.php> (last accessed 15. 07. 2020)

neighborhood and the issue of entrepreneurship that reflects the prevailing social and economic relations in this neighborhood. I will also show that most of the companies in this neighborhood — including immigrant-run restaurants, supermarkets, kiosks, phone shops, tech and creative companies — are unstable. Government service is one of the few areas that offer stable employment, security, and a predictable future. In other words, there is a lack of secure jobs and a lack of affordable company space for potential new entrepreneurs in the neighborhood.

3.6 A Fundamental Pattern of Entrepreneurship in Sonnenallee

Compared to previous works on increased self-employment among the immigrant population, the present study has at least two advantages. The first is a natural advantage: The study benefited from the previous literature on ethnic economies in Berlin. As for the second: today, official statistics make it easy to monitor annual company movements in and out of this neighborhood, especially since 2010. For instance, the general pattern of company registrations and de-registrations by people from Turkey, Lebanon, Syria, and Iraq in Neukölln is represented in the tables below, which rely on the data collected in the Amt für Statistik Berlin-Brandenburg (<https://statis.statistik-berlin-brandenburg.de>).

Table 1: Business registration and de-registration numbers by people from Turkey in Neukölln between 2010 and 2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Registrations	385	418	353	348	355	287	356	327	310	263	262
De-Registrations	378	325	309	313	296	300	292	282	275	282	210
Difference	(+)7	(+)93	(+)44	(+)35	(+)59	(-)13	(+)73	(+)52	(+)35	(-)19	(+)52

Table 2: Business registration and de-registration numbers by people from Lebanon in Neukölln between 2010 and 2020

36 Aalbers, M. & Holm, A. 2008. “Privatising social housing in Europe: The cases of Amsterdam and Berlin, Berliner Geographische Arbeiten Heft”, 110, pp. 12–23; see also: Berliner Morgenpost, online (2016) “Berliner Mieten seit 2009 – Wo sich die Preise verdoppelt haben” Available at <https://interaktiv.morgenpost.de/berlinmieten/> (last accessed 23. 02. 2021)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Registrations	41	49	39	33	39	50	58	44	42	49	34
De-Registrations	34	36	38	34	41	38	49	35	43	41	32
Difference	(+)7	(+)13	(+)11	(-)1	(-)2	(+)12	(+)9	(+)9	(-)1	(+)8	(+)2

Table 3: Business registration and de-registration numbers by people from Syria in Neukölln between 2010 and 2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Registrations	9	12	6	8	7	17	10	43	45	69	73
De-Registrations	5	5	8	5	6	10	10	19	30	44	30
Difference	(+)4	(+)7	(-)2	(-)3	(-)1	(+)7	0	(+)24	(-)15	(+)25	(+)43

Table 4: Business registration and de-registration numbers by people from Iraq in Neukölln between 2010 and 2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Registrations	15	8	12	6	7	7	7	10	12	12	15
De-Registrations	8	7	7	8	7	6	2	3	16	8	8
Difference	(+)7	(+)1	(-)5	(-)2	0	(+)1	(+)5	(+)7	(-)4	(+)4	(+)7

The tables above illustrate a fundamental pattern that I will explain subsequently. Although new companies may create job opportunities, the high turnover creates a flexible work environment with a profound impact on the lives of the workers, entrepreneurs, households, and communities. In fact, interpreting the meaning of these changes and their implications is challenging. Still, the reality obtained from official statistics remains: the economy of the neighborhood is fluid. Crucially, there is one particular thing which is not fluid in Sonnenallee, and that is company space. It is required no matter which type of company potential entrepreneurs try to open in Sonnenallee.

In my view, the best way to comprehend the causal role of the growing number of immigrant-run enterprises in Sonnenallee is to consider the dynamic nature of the situation and concentrate on two correlated issues:

1. The increasing interest in opening a company in Sonnenallee.
2. The scarcity of company spaces in Sonnenallee.

I will tie these two together and examine their causal role. Historical understanding is the best tool for this. Above all, I will demonstrate that this basic correlation may help to explain the meaning of competition in Sonnenallee and define its beneficiaries.

Make no mistake: capital invested in businesses is at risk and the reality of entrepreneurship in the neighborhood is multidimensional. The reason why I assign such importance to the complex dynamics of companies is the nature of entrepreneurship, which is competition. That competition takes many forms and is not an immutable concept. It reflects the prevailing social relations in this neighborhood and is ever-changing. Entrepreneurship is a concept that has evolved throughout history, with the types of investments made being shaped by shared experiences. In today's digital age, it's easier and more affordable for individuals to start selling their products online without needing physical retail space. These changes have also impacted how politicians view immigrant entrepreneurship and how scholars define it.³⁷

3.7 Summary

Although working relations of immigrants from third countries in Sonnenallee have been discussed somewhat in isolation, their working conditions are actually tightly connected with the broader economy, especially with Sonnenallee's geography. It is an area with around a thousand business spaces in which various goods and services are being offered for consumption. The organization of the

³⁷ On the failures of ethnic economy literature see Çağlar, Ayse and Glick, Schiller Nina. 2011. See also: Pécoud, Antoine. 2001. The author questions what is defined as ethnic in the current economy; for example, why, of the 160 nations represented in Neukölln, a Turkish or an Arab entrepreneur is labelled as ethnic, whereas a French entrepreneur in Sonnenallee is not.

street's economy cannot be analyzed as an undifferentiated whole. There are significant variations and diversifications, both sectorally and culturally. However, all of the immigrants are shaped by these economic and geographical circumstances, and shaping this geographical place as well.

In thinking about this geographical situation, it is crucial to understand how different economic, social, and political processes — like the industrialization that encouraged immigration to this neighborhood from the 19th century onward, the period after World War II that required cheap labor, de-industrialization and the consequent advent of new labor market regulations in the mid-2000s — encouraged entrepreneurship of all sorts, including international investments in the neighborhood, which then affected how the economy of Sonnenallee gradually became an attractive place to invest. The current importance of this location as a business place is primarily due to the growing service sector and Sonnenallee's changing image, coupled with a political regime that objectively favors private property ownership and entrepreneurship.

Finally, in seeking to understand the current economy of Sonnenallee, it is crucial to recognize that immigration has shaped this neighborhood over the past centuries and is shaping it today with large numbers of workers and cheap sources of labor. Traditionally, the service sector of this neighborhood, where immigrants have been working, is labor-intensive; it has benefitted from immigration throughout its history (Ersöz & Blaschke, 1987; Hillmann, 1997; 1998). Although immigrants from so-called third countries provided benefits to the economy of Sonnenallee, there are also thousands of others, including immigrants from EU countries, the USA, Poland, former Yugoslavia, and many others. This, in turn, can influence what kind of economic activity occurs in “the street of Arabs.” The concept of location marketing, on which Sonnenallee relies today, therefore does not designate a system, but rather a denominator common to all existing business models.

4 Methodology

This thesis combines quantitative and qualitative research methods — statistical data, field observation, qualitative open-ended and informal interviews with entrepreneurs, workers, and local actors — and, it is conducted with a mixed research methodology.

In this chapter, I will give insight into my understanding and choices of research methods, while also discussing problems I encountered during my own fieldwork. In the first section, I will discuss two research methodologies that examine the relationships between human behavior, organizations, and institutions: “constructing” and “reconstructing” theory (it should be noted that there are many other methods available). I will then combine the two research methodologies for the data collection in the fieldwork. In the second section, I will discuss the role of the observer in the fieldwork. In the third section, the data collection techniques will be explored. After that, I will cover the limitations of this research, provide a brief summary of the field observation, and finally, present the analysis of the fieldwork.

4.1 Constructing or Reconstructing Theory

Fieldwork can be defined as a sequence of experiments that continue until either the point of “constructing” or “reconstructing” theory. Although the two concepts relate any human behavior to one another, and to the institutions that facilitate those interactions, there is an important difference between them in what follows.

The first concept, “constructing,” refers to grounded theory (Glaser & Strauss, 1967) which is a systematic method that characteristically begins with data collection in the field (Glaser & Strauss, 1967, 167). Following the inductive logic, the method involves simultaneous data collection, and develops data with coding and categorizing. Notable about this method is that it is spontaneous and intuitive and that it includes using abductive logic and provides tools to study

actions and processes (Charmaz, Thornberg and Keane, 2018, 431). Ultimately, it is a strategy of constructing or discovering theory — advancing certain explanations of how people behave and rejecting other explanations.

The second concept, “reconstructing,” can be based on Michael Burawoy's (1991) extended case method, which is also a systematic, flexible data collection technique with the logic of doing research from below — bottom-up research. The logic is the same as in grounded theory, but it differs in terms of defining the observer's role.

In contrast to grounded theory, which perceives the position of the observer as objective and authoritative (Charmaz, Thornberg and Keane, 2018, 417), Burawoy rejects the objective stance and emphasizes the reciprocal relationship between data and pre-existing theory (Burawoy, 1998, 25). The method seeks macro determination in the micro world and highlights the impact of dominant political, economic, and social relations on both the micro-world and the observer. Observation, according to Burawoy, is linked to a biased role: “We start with theory, we end with theory, and evidence drives the mediation between the two” (Burawoy, 2019b, 53). In such a view, there is no objectivity.

To be clear, methodologically, grounded theory does not aim to start from “tabula rasa” and end with “eureka”, stating: “I have found a groundbreaking discovery.” In fact, grounded theory aims to maintain the researcher's openness to discovery while avoiding pre-existing theoretical biases, allowing for all theoretical possibilities. Nevertheless, it means that grounded theory sets aside the literature review until the end of fieldwork, while reconstructing theory requires a theoretical framework before entering the field.

What, then, is the right way of performing fieldwork in Sonnenallee? In this research, I am using a constructivist grounded theory methodology (Charmaz, Thonberg, and Keane 2018) and mixed methods (Flick, 2018). I am combining the two methods mentioned above: I use grounded theory's systematic data collection techniques (e.g. the logic of doing research from below). However, I accept that empirical research is always theory-laden from the beginning (Charmaz, Thornberg and Keane, 2018, 418).

4.2 Data Collection: Debates and Ethical Concerns

This research is based on two basic data collection techniques: data from diverse sources (Charmaz, Thornberg and Keane, 2018, 418, Glaser and Strauss, 1967, 161), and data from fieldwork (Glaser and Strauss, 1967, 167).

Regarding the first, the data collected by Berlin-Brandenburg's official statistics office, Amt für Statistik Berlin-Brandenburg (<https://statis.statistik-berlin-brandenburg.de>), contains a great deal of information about income of individuals in Berlin, as well as annual company movements in and out of Neukölln, especially since 2010. It is nevertheless essential to complete this information by field observation directly concerned with Sonnenallee. Moreover, we have observed that expert analysis, newspaper articles, films, and books are full of detailed information about Sonnenallee — the amount of information is expanding.

Although one can observe many things about this neighborhood using various sources like social media, it is crucial to consider whether a phenomenon can be observed objectively. Here, it may be helpful to turn back to the debates surrounding the role of the observer. This debate is substantial, not only for the reason of the non-neutral status of the observer, but also for the ethical concerns of ethnographic research (Brinkmann, 2018, 589; Charmaz, Thornberg and Keane, 2018, 417).

In fact, observation might contain an interpretation that gives us a sense of the world and can be gendered (Bratich, 2018, 528). It can also be one-sided — as Chapter 2 of the present research showed, empirical bases for analyzing the inequalities on Sonnenallee depend on the position of who is looking at it. The authority of observation has a long history with state institutions such as labs, schools, hospitals, military barracks, or prisons, as well as city streets, cameras on traffic lights, etc. Today, with the rise of internet culture such as Youtube's micro videos, citizen journalism, and social media, as Jack Bratich points out, "we are in a surveillance era" (Bratich, 2018, 528). These new technological developments in observational techniques are said to transform the global economy, governing techniques, and even life itself (Saukko, 2018; Bratich, 2018). Thus, when

observing and analyzing expressions of individuals in Sonnenallee, it is important to consider the context of society.

Having introduced some of the debates concerning the role of the observer, in the next section I turn to the issue of how we might use observation techniques in fieldwork. As we shall see, participant observation can be a more valuable data collection method compared to surveys and interviews, even though it is the most contested method due to its logic — it involves interpretation of interpretation (Geertz, 1973). Collecting first-hand data, which is to say seeing and feeling the concrete situations (Burawoy, 1991; 1998: Wacquant, 2008, 10), enables us to pay particular attention to the real problems and to ask questions about them: for instance, what kind of economic opportunities are available for immigrants in Sonnenallee? What can be owned by individuals in Sonnenallee? Can they buy and exchange buildings or firms? If so, what is the procedure for transferring or exchanging ownership? Is it transmitted across generations? These questions turned out to be particularly important during my research.

4.3 Positioning and Participant Observation

For this research, I used participant observation as a data collection technique. Before disclosing my approach to this technique, I would like to give a brief outline of my positioning in relation to my access to the field.

In autumn 2016, I discontinued my PhD program in Turkey due to political circumstances and immigrated to Berlin. I moved to a small flat close to Sonnenallee in Neukölln and soon understood that there are limited options for newcomers without language skills to integrate into the German job market. The most promising option for most immigrants seemed to be opening their own businesses. Even a former professor of mine from Istanbul, who also moved to Berlin, opened a shop, a record store, instead of trying to stay in academia. But of course, my former professor had the privilege of a residency status which allowed him to be self-employed. This was not the reality for the many immigrants working or looking for a job in Sonnenallee.

In dealing with the location of Sonnenallee, it becomes obvious quite soon that this place attracts potential entrepreneurs and workers alike. Especially in the

years following 2015, Sonnenallee was a perfect place to observe what awaits newcomers on the German labor market. The agglomeration of small- and micro businesses and street vendors, as well as the name “street of Arabs” which started circulating at that time, led to the street’s image as a port of arrival for immigrants from the Middle East who are looking for work or chances to invest. Yet, taking a closer look, I also realized that Sonnenallee is a place of risks. Therefore, I am interested in contributing, quite modestly, to the best way to explain the possibilities and risks the street offers for immigrants.

I started this research by asking around in shops in Sonnenallee to find out about the motivations and realities of both entrepreneurs and workers in the street. I quickly realized that my position as a newly arrived immigrant from the Southeast of Turkey, a Kurdish-populated area that shares many cultural references with the Syrian but also the Iraqi region, helped me to easily get into conversations with the shop owners and workers of Sonnenallee. Aside from the fact that I speak Turkish like a lot of the people I met in Sonnenallee, both my gender and origin played out in my favor to gain the trust of my interviewees.

Almost by definition, the method of participant observation includes walking with interviewees in the street and entering gradually into a set of personal relationships, and that takes time: the fieldwork occurred between 2016 and 2020. And, the process of writing this thesis extended until late 2023.

One way to do participant observation in Sonnenallee is to begin by securing informed consent (Cook, 2005). It should be noted that I wasn’t working at workplaces, although I applied and was rejected once. It became evident that my presence as a researcher was a hindrance in some shops since they were busy, and hiding my position would have been unethical (Duncome and Jessop, 2002, 119). Thus, I wasn’t a full participant at workplaces, but I visited them regularly (2-4 days a week). In this way, the method served to remind me of what was happening at a particular time and place (Charmaz, Thornberg and Keane, 2018, 136).

The objective was to collect information about the conditions of working, standards of living, levels of income, and rent of small and micro-scale enterprises

on the street. Some participants were interviewed. And, interviews were conducted in conjunction with field observation (Brinkmann, 2013).

4.4 Interview Structured

Interviewing is, by itself, not participant observation. It takes people out of their day-to-day life. In fact, during interviews, participants interrupted the conversation due to insecurity. To counteract this, I conducted informal interviews, and wrote down my observations. In informal interviews, people describe their practices to the researcher in more detail than in ordinary research interviews (Peräkylä and Ruusuvuori, 2018, 667; Brinkmann, 2018, 580; Bratich, 2018, 526). This said, I had prepared questions about the motivations and experiences of opening a shop or working in Sonnenallee, but the most productive way for my semi-structured interviews was to ask chronologically about the biographies of my interviewees.

As time passed, my questions also became shorter and more specific about the interviewee's personal situation as opposed to more abstract questions I had in mind at the beginning of my research. In several interviews I did audio recordings, which I transcribed the same day of the interview. Most of the interviewees though asked me to not record them. In these cases I took notes by hand and transcribed them digitally right after the interviews.

Furthermore, I took notes during workplace visits, and carried my field notes both by hand and using the MAXQAD software. I informed my interview partners directly and took my notes openly at meetings. In doing so, I kept my research overt. Interviews were conducted in Turkish and in German. All of the participants are anonymous. Throughout the research, participants will appear as owner of "company A," "company B"... "X". This is a decision I made for the interviewee's security, and in order to be able to keep track of the locations I have been present at on a street map.

The two tables below show the dates of interviews, meetings and some details about the participants. The first table lists self-employed company owners in Sonnenallee, while the second shows employees. There are significant variations between firms in the street, depending on their location and history. Some of the

self-employed company owners employ workers, while other self-employed shop owners work alone. Additionally, some self-employed individuals work as sub-contractors. In some companies, the number of employees varies from 8 to 12, depending on the work intensity. In these companies, the common employment styles were so-called marginal employment (*geringfügige Beschäftigung*), self-employment/freelancing, mini-jobs, part-time jobs, and wage employment. But in general, there is no specific job definition in these small companies. And, since workers are asked to do every kind of work in the service sector, many interviewees defined themselves as just workers. The job names in the table follow the interviewees' self-definition. Finally, there are continuing renovations and new setups for commercial spaces on Sonnenallee, partly due to the assignment of Sonnenallee and Reuterkiez as a redevelopment area (*Sanierungsgebiet*), and partly due to the entrepreneurs' own choice. Consequently, many immigrants are also working in the construction sector, whether full-time or as a side job.

Table 5: Self-Employed Company Owners in Sonnenallee

	Company	Country of origin	Gender	Age	Year of company launch/transfer	Date of interview/meeting
1	Bakery	Turkey	Female	46	2005	22.12.2017 24.02., 30.03., 25.05., 04.06., 11.06., 05.10. 2018 29.05.2019
2	Bakery	Turkey	Male	47	2005	27.04., 14.06., 01.09., 15.09.2018
3	Bakery	Palestine	Male	30	2017	03.06., 03.08.2018
4	Bakery	Turkey	Female	56	1993	12.09., 13.09.2018
5	Hairdressing salon	Palestine/ Lebanon	Male	29	2006	25.05., 04.08., 15.12.2018

6	Hairdressing salon	Turkey	Male	52	1988	06.06., 07.08.2018 12.02., 08.06.2019
7	Hairdressing salon	Palestine/ Lebanon	Male	36	2013	04.09., 15.10.2019
8	Bicycle repairs	Turkey	Male	42	2003	03.02.2018
9	Book store	Turkey	Male	56	2004	13.09., 18.09.2018
10	Butcher	Turkey	Male	38	2012	02.10., 19.12.2017 20.02., 22.02., 04.06., 10.07.2018 07.06.2019
11	Coffee-house	Turkey	Male	36	1996	08.07., 19.12.2018
12	Coffee-house	Turkey	Male	66	2017	12.08.2018
13	Kiosk	Turkey (Mardin)	Male	33	1992	16.06.2018
14	Kiosk	Turkey (Hatay)	Male	46	1997	19.07., 07.09., 05.09., 15.09., 21.09.2018 16.06.2019
15	Kiosk	Turkey (Erzurum)	Male	62	2005	22.02., 09.03., 29.05., 05.06., 08.06., 13.09., 18.09.2018 01.03.2019
16	Kiosk ³⁸	Azerbaijan	Male	32	1994/2015	28.03., 29.04., 29.05., 09.06.2018

38 In year 2015, an entrepreneur from Turkey decided to go into a partnership with another entrepreneur from Azerbaijan, who had worked in the construction sector in Berlin for 8 years.

17	Media company	Iraq	Male	45	2012	26.06.2018 (interview, taped)
18	Pub (Kneipe)	Poland	Female	62	1990	07.12.2017 21.02.2018
19	Pub (Kneipe)	Turkey (Urfa)	Male	34	1992	08.09.2018
20	Restaurant	Turkey	Male	46	1999	04.04.2018
21	Restaurant	Turkey	Male	56	2006	21.06.2019
22	Super-market	Turkey	Male	48	2001	10.10.2017 20.02., 02.03., 21.03., 21.04., 05.06., 15.09., 09.11.2018
23	Wholesaler	Turkey (Urfa)	Male	34	1994	26.06.2018 (interview, taped)

Table 6: Workers in Companies along Sonnenallee

	Qualifications³⁹	Country of origin	Gender	Age	Year of arrival in Berlin	Resident status in Germany	Date of interview/meeting
1	Butcher	Turkey	Male	58	1986	Permanent	05.06., 20.10.2018
2	Butcher	Turkey	Male	38	2010	Permanent	04.06., 16.10.2018 29.05.2019
3	Cashier	Turkey	Female	47	1976	Permanent	27.12.2018

³⁹ These qualifications are based on interviewees' own definitions

							01.03.2019
4	Chef	Sudan	Male	40	2005	Permanent	15.09.2018
5	Cleaner	Turkey	Female	48	1980	Permanent	04.02., 01.05., 02.06., 05.06.2018
6	Cleaner	Bulgaria	Female	29	2006	Permanent	14.08.2018 (interview, taped)
7	Cleaner	Afghanist an	Male	24	2015	Asylum	03.08.2018
8	Cleaner/ Worker	Syria	Male	27	2015	Subsidiary protection	17.11.2017 (taped) 02.04., 27.06.2018
9	Moving helper/ Cleaner	Palestine/ Lebanon	Male	34	2012	Subsidiary protection	16.06.2018
10	Cashier/ Cleaner	Turkey (Konya)	Female	54	1972	Permanent	07.08., 15.08., 13.09.2018
11	Cashier/ Cleaner	Turkey (Kars)	Female	48	1976	Permanent	06.10.2017 02.04., 16.09., 27.12.2018 25.04.2019
12	Coffeehouse Worker	Bulgaria	Female	26	2005	Permanent	08.06.2018 (taped)
13	Coffeehouse Worker/ Cleaner	Bulgaria	Female	29	2003	Permanent	18.10.2018
14	Cold storage worker	Turkey	Male	28	1987	Permanent	29.04., 29.05.2018

15	Construction worker	Turkey	Male	28	2012	Asylum	05.10., 07.10., 08.10.2018 21.06.2019
16	Construction worker	Palestine	Male	34	2015	Asylum	20.06.2018
17	Döner chef	Turkey	Male	54	1988	Permanent	21.06.2019
18	Salesperson/ Moving helper	Turkey	Male	44	1993	Permanent	03.06.2018
19	Salesperson	Turkey	Male	54	1986	Permanent	01.11.2017
20	Salesperson	Turkey	Male	48	1984	Permanent	04.06., 21.09.2018
21	Salesperson	Turkey	Male	36	2015	Subsidiary protection	09.11.2018
22	Salesperson	Syria (Rojava)	Male	23	2015	Subsidiary protection	17.02., 02.06., 25.08.2018
23	Salesperson	Syria (Qamişlo)	Male	28	2015	Subsidiary protection	02.06., 27.06., 28.12.2018 29.05.2019
24	Salesperson	Iraq	Male	24	2015	Subsidiary protection	15.06.2018 (taped)
25	Salesperson	Turkey (Urfa)	Male	36	2015	Subsidiary protection	29.04., 29.05., 01.05., 02.06., 13.06., 14.06., 13.07., 03.08., 16.09., 14.12.2018 17.03., 29.05., 21.06.2019
26	Döner chef	Turkey	Male	25	2015	Asylum	05.10.2018 03.04.2019

27	Döner chef	Turkey	Male	55	1989	Permanent	21.06.2019
28	Worker	Syria/ Palestine	Male	32	2015	Asylum	03.07.2018
29	Worker	Syria (Damaskus)	Male	36	2015	Asylum	20.07.2018
30	Worker	Syria	Male	38	2015	Asylum	17.03.2018
31	Worker	Iraq	Male	26	2015	Tolerated stay	26.07.2018 (taped)
32	Worker	Turkey (Samsun)	Male	53	1992	Permanent	08.09., 21.09.2018
33	Worker	Turkey	Male	45	1990	Permanent	21.09.2018
34	Worker	Turkey (Trabzon)	Male	40	1978	Permanent	10.12.2018
35	Worker	Turkey (Giresun)	Male	38	1980	Permanent	08.09.2018
36	Worker	Turkey	Male	53	1991	Permanent	21.09.2018
37	Worker	Turkey	Male	25	2015	Family reunification	16.10.2018
38	Worker	Turkey (Isparta)	Male	54	1983	Permanent	28.09.2018
39	Worker	Syria	Male	29	2015	Subsidiary protection	03.11.2018
40	Worker	Palestine	Male	29	1990	Permanent	08.03.2019
41	Worker	Palestine	Male	24	2012	Asylum	15.09.2018

						30.09.2018
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4.5 Limitations

Although I endeavored to understand the working conditions, the income, the rent of the shop, and private property issues of companies on Sonnenallee, the limitations of my research will necessarily narrow down the scope of inquiry. As noted before, I tried to meet with participants repeatedly. The results were different each time, depending on whether it was a good time to conduct an interview with the entrepreneurs or workers, their patience and emotional stability, their mood on a given day, whether they were sick, and so forth.

Information on the income of self-employed individuals is very difficult to obtain. In theory, self-employed people can work 24 hours a day. For example, you can open your own kiosk 6 days a week (Sunday is not allowed since early Christian times) and work there nonstop without going to sleep. Indeed, there is demand for that since Sonnenallee attracts a lot of young tourists who are enjoying 24-hour-parties.

When it comes to studying the wealth of entrepreneurs in Sonnenallee, much more difficulties arise: one can invest in various sectors (including finance) and different parts of the world. The market value of companies in Sonnenallee is also difficult to calculate, which may explain the difference between the income of self-employed and the wealth of shop owners in the street. Market values like image, goodwill, trademarks, and trade names are immaterial. All of them depend on the particular time and location, as well as individuals wants, needs and desires that cannot be physically documented or mathematically measured.

As noted at the beginning of this chapter, the mixed methods allow us to look at human behavior from many different viewpoints. Much has been observed about work and life of immigrants in this neighborhood (as we have seen in chapter 2 and chapter 3). When defining socio-economic groups, some place the emphasis on human capital and symbolic differentiations, while others place the emphasis

on economic resources. As a result, we can use these distinct types of methodologies, each of which can be complementary to others.

4.6 Summary of Field Observation

I focused on studying the area between Hermannplatz and S-Bahn-Ring Sonnenallee in order to explore the differences among businesses run by immigrants and to identify the economic opportunities this street provides for them. To gain a better understanding of the topic, I had the privilege of meeting with three workers from different collective organizations a bakery, a coffee shop, and a bar in Neukölln and Kreuzberg. It was evident that they face similar issues related to their flexible working arrangements. Furthermore, I met with a representative from Aufbruch Neukölln e. V. — a fathers' group in Neukölln, a group of mothers who regularly meet at a coffeehouse on Sonnenallee, and a representative from the Turkish Education Association (Türkischer Bildungsverein) in Reuterstraße. To promote my research, I organized a neighborhood walk (Kiezspaziergang) on Sonnenallee, which was attended by students, journalists, and researchers.

Finally, some readers may wonder why I did not use a map to visualize the location of companies. The reason for my choice has to do with rapid changes in the street observed in a short period of time. For instance, when I started my research in 2016, the name “the street of Arabs” was applied to the section between Hermannplatz and Erkstraße. However, this changed in 2020 when the same appellation was applied to the section between Hermannplatz and S-Bahn-Ring Sonnenallee. In other words, the appearance of this street has changed significantly since the inception of my research.

4.7. The Analysis

Although analyzing the complex daily life of Sonnenallee can be challenging, especially when it comes to interpreting data from various sources (Flick, 2018), there are systematic ways to manage field notes. While some researchers analyze data after fieldwork, grounded theorists collect data and conduct analysis simultaneously (Charmaz, 2006; Glaser and Strauss, 1967).

Throughout my thesis, I conducted simultaneous data collection and analysis, following the basic instructions of coding and categorizing as suggested by Kathy Charmaz (2006). To do so, I used both hand-written field notes and the MAXQAD software. I utilized codes such as "employment styles", "company ownership", and "sub-contraction". In addition, I used codes like "company A", "company B", "company C",... "company X" to identify similarities and differences among the companies located on Sonnenallee. This initial coding approach is based on the work of Glaser and Strauss (1967). In this way, as the research progressed, I was able to put the locational context back into the research aims by using codes such as "competition in the locational context" and "geography matters". This process is known as focused coding (Charmaz, 2006; Charmaz, Thornberg, and Keane 2018; Thornberg & Charmaz, 2014).

Though this thesis focused solely on Sonnenallee, it aims to connect the social and economic interactions that take place on the street with the organizations and institutions that facilitate them. To address these complex issues, I have used theoretical codings (Thornberg & Charmaz, 2014, 164) such as globalization (for example, the increasing presence of foreign companies in the local market, which has exacerbated competition among entrepreneurs in Sonnenallee) and neo-liberalization (for example, the rise in self-employment/freelancing and precarious work, which has further intensified competition not only among entrepreneurs but also among workers in Sonnenallee). Understanding these ongoing processes is fundamental to comprehend the kind of work that is undertaken on the boulevard, and what kind of possibilities offer this street for immigrants, albeit in different ways.

Finally, when analyzing the data, it is crucial to focus on actions and processes rather than individuals (Crang, 2005; Jackson and Mazzei, 2018). This is particularly important given the historical changes in employment styles and living conditions, especially in the current period where society is becoming increasingly individualistic (Emerson et al., 2011).

5 Globalization: The Making of The Street

At a naturalization ceremony at the Neukölln Rathaus, which I had a chance to visit on April 9, 2019, the current mayor of Neukölln, Martin Hikel (SPD), gave a speech for around 30 new Germans: “In recent years, the creative people have been moving in and contributing to the value of our neighborhood. I hope you will also contribute to Neukölln’s life in your own way.” Of course, there was nothing crucial about that speech. Everyone contributes to the value of the neighborhood in their own distinct ways. All groups have played a fundamental and complementary role in economic developments in Neukölln throughout history. They will continue to do so in the future.

Symbolically, however, the new mayor promotes and supports new businesses while emphasizing the importance of creativity and talent in Neukölln's economy⁴⁰ — meaning human capital that is accumulated throughout individuals’ lives. While this statement, which can be found on Neukölln’s official website, is open to interpretation, in practice it implies location marketing. After all, it seems that entrepreneurship with new creative ideas thrives. And opening a company in this neighborhood is portrayed as giving each individual a chance of social mobility.

This chapter takes a critical look at the location marketing strategy and especially the downside of those “chances” of opening a company in Sonnenallee, which have changed with globalization in the course of the 1980s and 1990s. Globalization encompasses the influx of foreign individuals, products, and corporations into local markets and significant economic, political, and social dimensions (Herod, 2018, 56-80). Therefore, when it comes to understanding the agglomeration of small- and micro-scale businesses in the street, it is crucial to consider that entrepreneurship occurs rarely in isolation (Mazzucato, 2018). Rather, it is collective by nature. In his book “The Wealth of Nations,” Adam

40 See the official website of Neukölln: <https://www.unternehmen-neukoelln.net/en/> (last accessed: 12.01.2023). In general, the European Commission also set itself the goal of developing the human capital of European citizens with the aim of improving individuals’ employability. See: https://commission.europa.eu/index_en (last accessed: 12.01.2023)

Smith (1776) examined the advantages and disadvantages of company agglomeration in a neighborhood, even long before globalization.⁴¹ Chapter ten of this book commences with: “If in the same neighborhood, there was any employment evidently either more or less advantageous than the rest, so many people would crowd into it in the one case, and so many would desert it in the other, that its advantages would soon return to the level of other employments.” In fact, this is the situation in Sonnenallee; the northern part of the boulevard is bustling with people and businesses, while the southeastern end lacks new investments. I will begin with my preliminary observations during my fieldwork in Sonnenallee, which will serve as an introduction to these issues.

In the following section, my aim is to provide details about Sonnenallee’s current economy. In the second section, I will emphasize the importance of company spaces which are scarce in Sonnenallee, placing landlords in a privileged position over tenants (small- and micro-scale shop owners), since there is a huge demand for opening a company in the street, underpinned by its current special image. In the third section, I will turn to the issue of global trends and their effects on the street’s economy. Overall, this chapter explores how globalization impacts the lives of people in Sonnenallee and the economy’s collective nature.

5.1 Attraction of the “Street of Arabs”

I have once arranged a meeting with an immigrant worker (Ajmal) at Hermannplatz in Neukölln at six o’clock in the evening in November 2017. I arrived half an hour early and waited on the main square, between McDonald’s and Karstadt. From that location, my view was completely dominated by the shopping mall building (Karstadt) and its glaucous windows imposing their tone on the square. Around the sculpture of the dancing pair (“Tanzendes Paar” by Joachim Schmettau, 1985), the workers of the marketplace were packing up the last pieces of their equipment, which they had set up early in the morning to sell a wide range of products — bags, shoes, cheese, spaghetti, coffee to go, falafel, gözleme, fruits, vegetables, fish, second-hand bicycles, and so on.

41 Smith, Adam. 1776. *The Wealth of Nations*, Books IV-V, ed. A. Skinner. 1999. Penguin Classics: London.

Hermannplatz is a rectangular square, a locus of activity in one of the most popular meeting places of Berlin. The easy access due to the train station with the U7 and U8 metro lines makes the area one of the most concentrated consumption centers of the city. The square also regularly hosts demonstrations held by ethnic minorities, people of color, radical leftists, feminists, LGBTIQ-communities, artists, low-income tenants, or homeless people — against rental increases in Neukölln, against political oppression in the Middle East, against racist hate crimes in Germany (which often target immigrant-run businesses).⁴² The intersecting streets Karl-Marx-Straße, Hermannstraße, Hasenheide, Urbanstraße, Kottbusser Damm, and Sonnenallee conduct thousands of vehicles to Hermannplatz every day. Sonnenallee is 5 kilometers long, and its northern part is one of the busiest shopping streets in Neukölln.

On this occasion, Ajmal and I started to walk southeast in the direction of the tree-lined boulevard, Sonnenallee. Ajmal was born in 1990 and had worked as a construction worker, baker, and bartender before he moved from Syria to Berlin as a young man in 2015. He was smuggled to Germany from Syria via Turkey and Greece in order to escape the war. The whole journey had cost him a fortune, he said: “Only for the boat from Turkey to Greece I paid a smuggler 1,200 euro, for which I sold my mother’s wedding jewelry.” In 2015, Ajmal applied for asylum in Berlin and received 3 years of subsidiary protection. Ajmal said that he dreams of opening his own business one day, but for now this was not possible due to two problems: he needed some seed capital to open his own business, and self-employment is not allowed for residents with a status of subsidiary protection. Thus, Ajmal had been searching for a job for six months, and luckily found one in a restaurant in Sonnenallee.

Ajmal lived in Hellersdorf, a district in East Berlin which is a one-hour train ride away from his workplace. Afraid of coming late to his job and consequently risk losing it, he was looking for an apartment close-by in order to come to work on time. But after two years of searching, Ajmal knew it was nearly impossible to find an affordable place in Neukölln. He told me how he once found an apartment

42 According to police records, right-wing extremist crime has increased in Neukölln since 2009. 72 right-wing extremist crimes were the subject of the investigation in 2019. See: <https://www.exberliner.com/features/politics/nazis-in-neukolln/> (last accessed: 09.10.2020). See also: <https://www.rbb24.de/politik/beitrag/2020/06/polizei-berlin-lka-bao-autobrand-neukoelln-ns-schmiererei.html> (last accessed: 09.10.2020)

on the internet portal “immobilienscout24” and went there to see the place with more than 60 other interested people, including many couples from European countries who were much more likely to get the place than him. Ajmal has been in such situations so often that he is something of an expert now. According to him, newcomers are paying between 3,000 euro and 5,000 euro to estate agents to find an apartment in Neukölln.

For those who cannot afford to pay such high sums, there are only two alternative ways to be able to live in Neukölln. The first is to move in with a relative who lives here; the second is to get a sublease from a tenant who moves out of their flat but keeps the contract with their landlord. But in most of these cases, the landlord is not being informed about the sublease, which means that the subtenant cannot register at this address. And this is not an option for many immigrants like Ajmal, since they are under an official obligation to be registered and to be contactable at the registration address (Residenzpflicht).⁴³

This example will help us to understand the process of opening a business in the street, because the dynamics are always similar. Thus, it is important to become familiar with the process of finding a place to live in this neighborhood. There is also another, even more important detail about the economy of Sonnenallee. Ajmal and me walked three blocks, bought tobacco from a late-night shop, and decided to sit at a local café with gambling machines. We ordered two teas and waited for a message from his friend while the gambling machines played typical music. After Ajmal shared our location from his smartphone, he showed me that Google Maps offers an alternative name for Sonnenallee in Arabic letters: “the Street of Arabs,” as he translated.

I want to pay special attention to this relabeling of the street name. The situation described above arose during my preliminary research time, and I had just started to communicate with entrepreneurs and workers in the street. The name “Street of Arabs” came up several times, and I found it striking that this name was part of the colloquial language on the street. But then I realized that it is not only a verbally expressed relabeling, but also happened virtually on Google Maps and physically in form of stickers glued to the official street signs.

43 The strict rules (§55, §56, §57, §59a AsylG) even restrict the free movement of asylum-seekers from one city district to another.

Geographically, we can say that Sonnenallee is a symbol. It is a meeting point for many newcomers. In public debates, this peculiar character of the street is too often used in a confusing way, as many people believe that the street is turning into a place for the Arab community. To be clear, any generalization of the street's ethnic fabric doesn't match the realities of the many people who came from Western Asia, Northern Africa, the Horn of Africa, and Western Indian Ocean islands, as well as America and Western Europe. Contrary to common discourses, the presence of immigrants in the street has a considerably heterogeneous structure with regard to their culture, education, race, and socio-economic class. The street hosts a diverse range of immigrants, for example, people who applied for refugee status, those who already gained refugee status or protection, who stayed there by marriage, and who are looking for ways to go to a third country.

Contrary to a tenacious myth, Sonnenallee is not owned by immigrants, and the street does not belong to Turkish, Kurdish, and Arab investors. Such conceptions are currently widespread in public debate; they are so strong that fantasy often trumps reality. But there is a mechanism whereby the special name that is attached to the street can create a kind of desire to open a company in this street, as we shall see.

5.2 Scarcity Principle and Rent

In the economy of Sonnenallee, land is a common denominator to both residential spaces (owned by landlords) and commercial economic activities (their space owned by landlords). In economic terms, the distinction between the value of the land (which was a swampy area in the 19th century) and the value of the buildings that were built one by one in Sonnenallee throughout the 19th and 20th centuries (in which various economic activities occur today) is unclear. Despite this uncertainty, one thing is obvious: land is a naturally scarce resource.

It is crucial, then, to understand the importance of this scarcity in the economy of Sonnenallee. The scarcity principle was first introduced 200 years ago by David Ricardo (1772-1823), whose main concern was increasing population throughout the 18th century and the scarcity of land.⁴⁴ Although Ricardo's scarcity principle

⁴⁴ On this, see: Christophers, Brett. 2020. *Rentier Capitalism, Who Owns the Economy, and who Pays for it?* Verso: London, New York; and Piketty, Thomas. 2014. *Capital in the Twenty-First*

concerns increasing rents of agricultural land, it is still useful for our purposes here; specifically, Ricardo explained that “rent” mainly occurs through population growth and competition between tenants. As far back as Ricardo’s time, in the 1800s, the owner of the arable land could lease it to another tenant who needed it. The scarcity principle influenced the economics of different schools of thought, from John Maynard Keynes to Thomas Piketty (2014). Using fiscal sources, Piketty’s book *Capital in the Twenty-First Century* shows that a significant portion of income today derives from rent, not from work. According to Piketty’s analysis published in 2014, the rent-seeking behavior in the global economy leads to a significant increase in the income gap and inequality among the top 10 percent, the middle 40 percent, and the lower 50 percent of society (Piketty, 2014, 252).

In other words, the returns on financial assets and large estates have been higher than the global economic growth rate (Piketty, 2014). To be clear, I do not intend to directly apply theorems of economics to the social life of Sonnenallee. Instead, my aim here is to use the methods of that science as a general guide and draw partial similarities to shed light on certain problems of this neighborhood. In fact, the company spaces of Sonnenallee that are fundamental resources for entrepreneurship are becoming more and more scarce today. To illustrate this point, consider the statistics showing the company landscape of Neukölln (see table below). Note that there is no exact data available about the companies of Sonnenallee. Also, when considering what kind of work is done in Sonnenallee, we must take into account not only immigrant-run companies in this street, abstracting them as an isolated group, but all companies in this district interacting with one another.

Century. Cambridge: London, pp-5-7.

Table 7: Companies located in Neukölln with their employment size between 2007 and 2017

Emp loym ent size	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
0-9	8,525	8,702	8,565	8,605	9,054	9,319	9,637	10,118	10,298	10,707	11,045
50- 249	536	549	560	576	628	628	660	669	767	761	829
250- 449	132	138	140	155	143	152	156	151	149	158	158
450- +	21	22	20	19	23	23	23	31	30	33	31

Source: Amt für Statistik Berlin-Brandenburg, Unternehmensregister der Länder Berlin und Brandenburg.

The first thing to notice is that small- and micro-scale companies have been increasing in the landscape of Neukölln in recent decades. Typically, most of the companies like coffee shops, hip restaurants, corner shops are in the service sector. Note that the service sector currently employs around 80 percent of the workforce in all advanced economies (Piketty, 2014, 91). It also employs most of the workforce in countries like Iran, Turkey, the Philippines, Mexico, Nigeria, Brazil, and South Africa (Benanav, 2020, 152). However, the number of small-scale companies in this neighborhood has not always been increasing, and it is legitimate to ask whether it is also affected by the special name, “the street of Arabs.”

Ajmal’s desire to open a company focuses our attention on two questions, which I will try to answer in the next sections. First, how could he start a business in

Sonnenallee, if at all? Second, even more important, if we assume that Ajmal has a start capital, why exactly should he open his own company in this particular location? To answer these questions, I must first introduce basic ideas and fundamental patterns of opening a company in Sonnenallee, which have changed over time.

5.3 Global Trends

The collapse of employment in the manufacturing sector and the increasing number of self-employed individuals, which I will address in the following chapters, are not enough to have significant investment effects in this neighborhood on their own, given the history of Sonnenallee.

It is important to remember that the shift from “ghetto” to a location seen as an investment opportunity stemmed from a political decision in the mid-1990s, when the district faced the most spectacular concentration of social and economic problems (Krätke, 2001, 1797; Krätke, 2004, 521). At that time, this district had almost 15,000 apartments without proper bathroom facilities (Buschkowsky, 2012, 19). The signing of the Maastricht Treaty in February 1992 marked the beginning of European integration and the restoration of Germany’s economy. One obligation was to compare the competitiveness of the economy with global economic developments (Mazzucato, 2018, 235). Germany committed to competing economically with global trends, leading to an effort to improve the economy of Berlin. Despite the fact that major companies have outsourced to countries with lower taxes and wages, Berlin’s GDP has grown by nearly 3% annually.⁴⁵

But how is the value of goods and services in an economy measured? One method to calculate Berlin’s total goods and services produced in a given year is a method called the national income, which is related to the calculation of Gross Domestic Product (GDP). Central banks, rating agencies, and government statistical agencies incorporate national income calculations using US-GAAP and IFRS standards. Marianna Mazzucato’s 2018 book “The Value of Everything” examines these methods. According to Mazzucato, all types of calculation methods are

⁴⁵ See The Economist, <https://www.economist.com/economics-a-to-z/g#node-21529925> (last accessed: 04.11. 2021)

subjective, not neutral, and defined by the ideologies of the historical period in which they are devised. For instance, whereas the financial sector was not counted as a value adding sector in the economy before the 1970s, since its role in the economy was small, economists have now included the financial sector in the calculation of the GDP because it has been booming since the 1970s (Mazzucato, 2018, 96). To illustrate the subjectivity of calculations, Mazzucato goes back to the age of classical economists like Adam Smith. Whereas Adam Smith defined labor as the source of all wealth or value, in our current economy the value of things is based on the notion of scarcity (Mazzucato, 2018, 62). In particular, in Karl Marx's value theory, value is defined as socially necessary labor-time (Harvey, 2018, 7). However, in capitalism, the value of things has no standards and is represented by "money". The market price of things is determined by the attitudes and preferences of individuals. This distinctive form of competitive price-fixing plays an important role in the rent of scarce things like land, patents, and intellectual property rights today.

Therefore, the limited commercial space of Sonnenallee also underlies this sort of competitive price-fixing. And it is directly tied to the very complex calculation of the value of Berlin which is based on assumptions about the global economy (IBB, 2018, 26).

5.4 Marketing Sonnenallee: Collectively

It is not easy to tell when exactly the image of the street began to change, or who made Sonnenallee the attractive place it is today. But the first thing to notice is that, in the 1990s, the fall of the Berlin Wall brought a large number of low-cost houses on the market (Piketty, 2014, 144).

In this period, especially between 1998 and 2002, Germany was presented as a sick man of Europe — that was the title story of the 2003 edition of news magazine "The Economist"⁴⁶. Klaus Wowereit (SPD), then the Mayor of Berlin, famously declared in 2003 that the city was "poor but sexy" ("Berlin ist arm, aber sexy") — since labelling a city affects its economy in various ways (Schmiz, 2016; Greenberg, 2008). Indeed, very soon, in the midst of the financial crash of

⁴⁶ <https://www.economist.com/special/1999/06/03/the-sick-man-of-the-euro> (last accessed: 7.10.2020)

2007-2008 which brought about more financialization of the real economy, not only was the label “poor but sexy” replaced by “European Silicon Valley”⁴⁷, but the image of Neukölln also turned into “Berlin’s most exciting district” for the creative class (Holm, 2013, 182).

Note that the key characteristic of any economic sector in Neukölln (small-scale businesses, creative economy, or innovation economy) is that they rarely form in isolation. When considering the business operations of a small shop, it is vital to take into account not only what is happening inside, but also what is happening around it. The location of investments, in other words, depends on a range of complex external factors — external forces that are influenced by two ongoing processes, globalization and neo-liberalism (Herod, 2018). Some scholars refer to the shrinking of relative distances between different parts of the world as “time-space compression” (Harvey, 1989) or “fast capitalism” (Agger, 1989).

The same applies to small- and micro-businesses of Sonnenallee. What makes small businesses there master their trade is not only their ability to sell products and services, but also their location that has a wide range of connections to other parts of the city and to the world today. As a matter of course, these connections are direct results of globalization and neo-liberalism, but partly, the peculiarity of this location, Sonnenallee, also stems from investments made by the government from the 1990s onwards.

The senate of Berlin activated the “Soziale Stadt” program (Social City Program, Neighborhood Management) with a range of tasks such as bringing together different interest groups and actors, establishing cooperations between institutions, initiatives, companies, and housing associations, as well as initiating and supporting cultural and economic projects (Soziale Stadt, Quartiersmanagementgebiet – Neukölln).⁴⁸

Between 1999 and 2019, 472.1 million euro were spent on the neighborhood management areas in Berlin — 107.6 million euro from the federal government, 140.9 million euro from the European Union, and 223.6 million euro from the State of Berlin. According to the Senate Department for Urban Development and

47 <https://www.theguardian.com/business/2014/jan/03/berlin-poor-sexy-silicon-valley-microsoft-google%20> (last accessed: 2.11.2020)

48 <https://www.stadtentwicklung.berlin.de/wohnen/quartiersmanagement/de/weiss/index.shtml> (last accessed: 09.12.2020)

Housing, the total funding was spent on 7,255 different projects — mainly on the revaluation of urban and local areas with a particular need for economic and social development.⁴⁹

Neukölln's governance works together with a wide array of organizations and private interests based on one important criterion: “the image of the neighborhood.” And the concept that revises the image of Sonnenallee lies at the heart of the commercially oriented project “Unternehmen Neukölln – Urbane Impulse,” which is an essential ingredient of the Soziale Stadt program.⁵⁰ The local economy project “Teilprojekt — Lokale Ökonomie”, one of the components of the “Unternehmen Neukölln — Urbane Impulse” project, gives advice and networking opportunities to entrepreneurs in order to promote a new vision of Sonnenallee with new entrepreneurial ideas organized by mpr Unternehmensberatung.⁵¹

Here are some project goals of the neighborhood management project of Sonnenallee (“Unternehmen Neukölln — Urbane Impulse”)⁵²:

- Maintaining and improving the diversity of ventures
- Networking between the trades people
- Improving the image of the street
- Reduction of the vacancy rate in cooperating with property owners

To gain a better understanding of how the agglomeration of small businesses, creative industries, and entrepreneurs in this neighborhood is affecting the local economy, we need to consider the impact of globalization. The increasing presence of foreign companies in the market has intensified the competition among entrepreneurs in Sonnenallee. For instance, cultural production companies are increasingly concentrating in Berlin in recent decades; 997 of them were already located in Neukölln in 2018 (Amt für Statistik Berlin-Brandenburg,

49 <https://www.stadtentwicklung.berlin.de/wohnen/quartiersmanagement/en/financing.shtml> (last accessed: 09.12.2020)

50 <https://www.unternehmen-neukoelln.net/ueber-unternehmen-neukoelln> (last accessed: 09.12.2020)

51 <https://www.unternehmen-neukoelln.net/sonnenallee/lokale-oekonomie> (last accessed: 09.12.2020)

52 Sozialbericht Neukölln Zur sozialen Lage der Bevölkerung. 2016. p.13

Unternehmenregister (LOR) — Niederlassungen, 2018). Directly or indirectly, workers engaged in cultural activities thus have an influence on the popularity of Sonnenallee, which also affects the housing and retail market.

When we consider that more than half of Neukölln's population lives in the northern part of the district,⁵³ where nearly 30,000 new people have immigrated in the last decade, the scarcity of space plays an important role in rent increases. Furthermore, many professionals from the culture and arts industry who move to Neukölln from other cities or European countries do not want to bother themselves with registering officially since the projects they work on are often short-term (Holm, 2013, 83). There is no statistical evidence, but between 10,000 and 15,000 people were assumed to live in Neukölln with no legal status in 2012 (Buschkowsky, 2012, 35). Available estimates for short-term rentals indicate that big internet corporations such as Airbnb, Wimdu and 9flats were used by many tenants and house owners in Neukölln. Thus, it seems clear that we cannot analyze the economy of the neighborhood by simply labelling some individuals as distinct extractors and others as distinct contributors or creators.

The changing social structure of the neighborhood is certainly a serious concern for the senate of Berlin, which uses the long-term photographic “Social Urban Development Monitoring” survey⁵⁴, a form of observation of the social city development areas. The aim of the observation is to create sufficient synergy within the changes in the socio-structural and socio-spatial development of the neighborhood for the provision of key public investments at the right place and time (Logan and Harvey, 1988).

Over a period of thirty years, there has been a major change in lifestyles, business styles, and preferences of landlords. The most visible example of these changes is that landlords don't want casinos in the street anymore due to the new image of the district. For instance, I had a chance to interview a restaurant owner in the street as part of my research. When we first met, we came to speak about gambling machines in workplaces. My notes from the interview read:

53 https://www.unternehmen-neukoelln.net/files/downloads/Unternehmen-Neukoelln_Flyer_Web.pdf (last accessed: 12.12.2020)

54 See: https://www.quartiersmanagement-berlin.de/fileadmin/content-media/Englische_Seiten/Infoblatt_QM_2019_engl_Web.pdf (last accessed: 14.10.2023)

“There were gambling machines when I first took over this place. My first impulse was to get those machines out of the place. The previous owner was telling me that I could pay my rent with one gambling machine. I saw people throwing all their assets into that machine. But it gives this place a bad image. It affects both workers and customers.”

Today, it is hard to imagine an entrepreneur being successful without the involvement of their employees, the government, and customers in their neighborhood. To a certain degree, all entrepreneurs are necessarily engaged with the constantly changing needs and wants, as geographer David Harvey states (Harvey, 2018, 6). In other words, what happens in the neighborhood is just as important as what happens within the workplaces.

Local cultural developments have particular relevance for understanding how important the image of Sonnenallee is for further investments. For instance, “Kreativnetz Neukölln e.V.” and “coopolis”, two non-profit networks, use a strategy for revitalizing the area. Their goal, in their own words, is “to enable the investment of cultural and social capital equivalent to economic capital — the result is an attractive mix of cultural and social offers enriching the commercial desert of most inner cities today.”⁵⁵

The terms cultural capital and symbolic capital owe their general usage to Pierre Bourdieu, who depicts the economy of cultural goods, especially works of art, in his book “*Distinction: A Social Critique of the Judgement of Taste*” (Bourdieu, 1996 (1979)). One can debate whether or not the Neuköllner Oper aims its plays at an immigrant audience, but it is clear that the local opera house does not play for working class immigrants. If we think of Bourdieu’s term distinction as a geographical metaphor linked to his habitus concept, labelling Sonnenallee has a significant effect on domination practices. This may allow us to see that there are in fact millions of distinctions still at work in a particular place and time. Understanding both the role of collective forms of symbolic capital in the economy, and the contribution of immigrants to the economy in Sonnenallee, we can assert that the valuation of the street is collective: the interactions between people in different roles and sectors are critical parts of the process. Making such

55 <https://www.coopolis.de/> (last accessed: 08.11.2020)

linkages is important because, as we shall see, the symbolic value of the street can be reflected in the price of any of the companies in Sonnenallee.

In order to understand how different actors have been contributing to the value of Sonnenallee, it is important to recognize the contribution of Stadtteilmütter, an association which was started in 2004 by 12 unemployed mothers with a migration background. It is regarded as a model project for Neukölln and is connected with the commercial Unternehmen Neukölln — Urbane Impulse project which has been organizing culinary walking tours to Sonnenallee since 2017.⁵⁶ It is also important to consider the government's local investments — not only in physical infrastructure but also in social infrastructure such as living quality, education, technology, and culture — that have been playing a fundamental role in determining what kind of economic activities occur in this neighborhood.

For instance, there was still a very large number of casinos in the street when I started my research in 2016. Landlords preferred them during the 1990s because they could pay higher rents, a well-known pattern in many cities. In contrast, today, casinos as well as coffeehouses and restaurants which also place gambling machines in their stores are being replaced with other kinds of businesses. Such behavior, of course, represents the political dimension of investments in the neighborhood, since any kind of business space has to apply to the Neukölln district's office (Bezirksamt Neukölln).

5.5 Extracting Value Individualistically

The discussion above explored how the popularity of the street is a joint product of a combination of all relevant actors. Those who might otherwise be seen as distinct value creators in fact benefit from the collectivity, as I will show.

Chronology is a key issue here. As mentioned earlier, during the 2000s, several housing blocks in the area were purchased by real estate investors, which included social housing units. For example, 1,700 apartments from Weiße Siedlung and 1,900 apartments from High-Deck-Siedlung, both located in Neukölln, have

⁵⁶ <https://www.unternehmen-neukoelln.net/stadtteilmanagement-sonnenallee/aktuelles/beitrag/kulinarische-stadtfuehrung> (last accessed: 18.12.2020)

already been privatized, according to Buschkowsky (2012, 27). In the meantime, both housing and retail rental prices in Neukölln have skyrocketed, and the divergence between old and new rental contracts increased. Although the real estate market is heavily regulated by the senate and there is strict rent control, the rapid increase in rent prices in Neukölln has caused an average household to spend 46.2% of its income on rent in 2018 (IBB Housing Market Report, 2019, 7). Furthermore, as sociologist Andrej Holm argues, landlords started to displace low-income tenants, especially immigrants, in Neukölln (Holm, 2019).

It is here that the mirror image of the extraction of collectively created value comes into view most clearly: In 2019, the Berlin senate bought previously sold social housings back from private investors.⁵⁷ Although the senate doesn't invest in real estate or support real estate investors directly, this example shows how privatization of public housing means claiming the most rentable part of Neukölln before the area became attractive.

Of course, investments are often uncertain. However, real estate investors are profiting from activities such as buying a building for a low price and selling it high. Making a profit from holding property in Neukölln comes, for instance, from increases in land value, which itself is determined by collective investments mentioned previously. For instance, there are physical infrastructures such as transport; the new A-113 highway starts from Dreieck Neukölln and leads via the southern Berlin Ring to the Schönefeld highway junction which is the fastest way to the new Berlin Airport (BER). The attempt to generate incomes in that way works not by building a new house or apartment, but by exploiting particular advantages of the neighborhood.

To recap: the name “Street of Arabs” does not represent the residents of the place. But we can understand the role which Sonnenallee's special name plays in the attraction of the street if we look at this term using David Harvey's concept of monopoly rent (2012). According to Harvey, collective forms of symbolic capital become commodified when they are attached to names and places (ibid., 103-112). The social, economic, and political impacts of this kind of economy reach far beyond the companies in the street and their workers. By connecting private

⁵⁷ See: <https://www.faz.net/aktuell/wirtschaft/wohnen/berlin-kauft-knapp-6000-wohnungen-von-ado-properties-zurueck-16405959.html> (last accessed: 08.11.2021)

interests, the local, regional, and national governance, Harvey (2012) not only demonstrates the totality of capital circulation, but also that an attempt of any kind of “labelling” of the less advantaged neighborhoods is part of rent-seeking activities. In fact, this argument challenges neoliberals’ common assumption that the diversity of investments in a local area creates prosperity for everyone. For Harvey, the creation of an image of the city is a collective effort, but the extraction of its value is individualistic. Sonnenallee, in this way of thinking, is nothing else than a place where monopolistic competition is produced by collective effort. It is an effort of those who work there, those who open their companies there, those who live there, those who want to move there, those who make people think there is no other place to be than Neukölln. And, of course, rent-seeking activities are not restricted to real estate. Similar tendencies can also be observed in small- and micro-scale companies of Sonnenallee, albeit with a great uncertainty.

5.6 The Newcomers’ Presence

As the attraction of Neukölln becomes an important aspect for the political economy and tourists of all sorts are now enjoying commercialized tours of Sonnenallee, current immigration has a particular relevance for understanding the popularity of the street. One visible instance is the growing number of immigrants from the Middle East around the year 2015 in Germany, which obviously also affected Sonnenallee.

For many newcomers from the Middle East, housing in Neukölln is not affordable and social housing is very limited and highly competitive. There are around 1.2 million people with a migration background in Berlin (around a third of the city’s population), of which around 102.000 people were seeking protection and asylum (Statistisches Bundesamt, 2019, 30).⁵⁸ In 2015 alone, 55,001 asylum seekers were registered in Berlin (around 5% of all refugees coming to Germany),⁵⁹ but only

58 Statistisches Bundesamt. 2019. Bevölkerung und Erwerbstätigkeit Schutzsuchende Ergebnisse des Ausländerzentralregisters

59 Arabs, Azerbaijanis, Kurds, Persians, Turks, Arameans, Assyrians, Balochs, Berbers, Copts, Druze, Gilaks, Kawliya, Lurs, Mandeans, Mazanderanis, Mhallami, Nawar, Samaritans, Shabaks, Talishis, Tats, Turcomans, Yazidis, Zazas.

744 of them have settled in Neukölln between 2015 and 2020 (Landesamt für Flüchtlingsangelegenheiten, 2020).⁶⁰

Nevertheless, the “Street of Arabs” has become a tourist destination, a strategic spot for finding social contacts, a market for certain products, services, and jobs. The positive effects of this relabeling on the economy of Sonnenallee are obvious. It is tourism that makes the street an important factor in the economy, whether from other European countries or from the other districts of Berlin. Motives to choose the street as a shopping place are abundant — individual choices, national psychologies, tourism agencies, and non-commercial external effects.

Although the influx of tourists has impacted the economy of the street, it is noteworthy that the attraction of the street among newcomers from the Middle East decreased from 2018 onwards. As a restaurant owner said in an interview: “The business was much better during the years 2015 and 2016. Then, as it is just usual, people lost their interest in the street. It was a meeting point at first. But now, 60% of our customers are English speakers. So, I need to employ English and German speaking employees.”

Moreover, the increased prominence of the street’s symbolic name has not been based on, for instance, shopping malls or multiplexes, box stores or boutique cultures but distinct symbols such as company names: “Konditorei Damascus,” “Al-Aqsa Elektro,” “Al-Pasha Restaurant,” “Konditorei Umkalthum,” “Baraka Supermarkt,” “Azzam Restaurant,” “Restaurant Aldimashqi,” “Sonne Fahrschule,” “City Chicken,” “Royal Back- und Coffeeshop,” “Sultan Bäckerei,” “Salon Baalbak,” “Safa,” “Risa Chicken,” “Ceyda,” “Metropol,” “Profi,” “Tribüne,” “Kartell,” “Alkis,” “Kalimat,” “Espera Café,” “Albaik,” “Al-Jazeera,” “Palast,” and so on. These firms are hairdressers, driving schools, kiosks, coffeehouses, supermarkets, butchers, bakeries, restaurants, patisseries, bookmakers, galleries, snack bars, and translation offices.

Obviously, these are not internationally known big corporation names such as Starbucks or McDonald’s that dominate the market, but rather small-scale companies with a local fame which have the most diverse occupations and levels of entrepreneurship in the street. Some of them have opened chain stores in

⁶⁰ <https://www.berlin.de/laf/ankommen/aktuelle-ankunftszahlen/artikel.625503.php>
(11.10.2020)

different districts of Berlin such as Wedding, Tempelhof-Schöneberg, or Kreuzberg. Some of them have organized groups such as Späti e.V., a Berlin-based association of Spätkauf owners (Berliner Spätkauf Verein e.V.). However, we can say that the street itself is a cluster of entrepreneurs with diverse ethnic and racial backgrounds running their businesses along each side of it.

In thinking about this geographical situation, it is crucial to understand how different groups and actors have been playing an active role in shaping not only the neighborhood's economy, but also its political environment. As mentioned before, Hermannplatz regularly hosts demonstrations held by ethnic minorities, people of color, radical leftists, feminists, and LGBTIQ communities. Hence, the public opinion suggests that nationalist movements can have serious consequences for the value of the neighborhood. In other words, if the right-wing party was still as popular in Neukölln as it was in the 1990s, it would be difficult to attract entrepreneurs of all sorts into the service sector in Sonnenallee today. This in turn also effects international investment and the selection of tenants by landlords. All of those demonstrations from which political and cultural life arises have significant implications for how we perceive the popularity of the neighborhood created by a collective effort.

On the one hand, a new sector has emerged in the neighborhood over the past three decades, comprising activities such as the renovation of buildings, tourism, the art market, and micro businesses, to which banking credits as well as start-up subsidies by the Berlin senate are available today. Meanwhile, new resources also emerged, such as internet access for everyone. Today, everyone can use their smartphones to see the virtual map of the street provided by Google, which commercializes the street as a whole by labelling it "Street of Arabs." This, in turn, contributes to the location marketing.

But what impact do the newcomers have on the economy of Sonnenallee? While I have primarily talked about tourism and the popularity of the street with the newcomers' presence, it is also important to consider the working experiences of newcomers. As many researchers show, immigrants remained disadvantaged in the German job market when they came to Germany as guest workers (Faist, 1993; Kolinsky, 1996; Hillmann, 1997; 1998). Similar tendencies can be observed in the job market of the street today.

We clearly cannot assume that all immigrants arrive in Berlin without any capital, that they come from rural parts of their country where the agricultural-pastoral way of life is prevailing, and bring their kin (Ersöz and Blaschke, 1987, 4) while dreaming of opening their own business (ibid., 28), as it used to be the case in the 1970s and 1980s. But the dream of opening a business is still prevalent among newcomers.

What is new? Firstly, today the arrival of newcomers coincides with an already increased self-employment rate among immigrants in Berlin. In the 1980s, there was no internet and no mobile phone networks, most people didn't travel by airplane, and only a minority attended university. Changes in the areas of communication, transportation, and education have been profound. These ongoing changes have a dramatic impact on the workers across the city. In Germany, the years between 2003 and 2020 in particular have seen economy policies which have been collectively supported with reforms in the social system and on the job market — namely, Agenda 2010 which promoted self-employment and marginal jobs in order to gain faster economic growth and make the job market competitive (Möller, 2014). As the number of self-employed increased rapidly in the last decades, so did potential uncertainties and difficulties when it comes to geographical limitations of the street. As immigration grew, the dependence on working in small-scale companies became more visible from decade to decade, from year to year.

Secondly, corresponding regulations made asylum and protection seekers more vulnerable to working conditions in Berlin, such as restrictions on free movement for asylum seekers in July 2017 and their aggravation with “the second law” (Das zweite Gesetz) in August 2019. Due to a lack of opportunities, they depend on the economic competition and exploitation which is prevalent at their place of residence, not only on Sonnenallee, not only in Berlin, but everywhere. A difference between asylum and subsidiary protection is that the former gives the right to family unification, while the latter does not. In fact, this difference is extremely important, particularly for people who left their families behind. As Ajmal told me with reference to his friends: “Most of them are now returning back to Turkey where they had left their family.” Generally speaking, the education level of immigrants from third countries is rising in Berlin. And

language courses are free for asylum-seekers because they are paid for by the government. But it is worth emphasizing that education resolves only part of the problem of social inequalities (Shavit, 2007).

Of course, the best way to reduce inequalities in the long run is to invest in education and skills. But in practice, the period that people learn German can be fairly long as the following experience of a worker exemplifies: “I learned German in a language course in Berlin in 2012. I was the second best in that course. You know, I thought I could easily communicate with Germans. But I have not had any German colleagues since 2012. I can sell something here. But I cannot communicate with a German boss.” Even after integration and language courses, the problem of social inequalities — and in particular the dynamics of inequalities — remains. The risk of poverty among the population with direct immigration background has greatly increased in Germany in recent years (DIW, 2018, 188).⁶¹ A Syrian waiter explained in an interview that he used to work as a lawyer in his home country. Unfortunately, he is one of many educated individuals forced to flee their countries for humanitarian reasons. While seeking employment in Germany, many individuals are only able to obtain unpaid internships or temporary contract work due to their former professions not being accredited.

In fact, although it has often been suggested that the volunteering or unpaid family jobs are characteristic of immigrant businesses, volunteering is a general dynamic among those entering the German job market since the 1990s (Bundesministerium für Familie, Senioren, Frauen und Jugend, Familienreport, 2017).⁶²

Throughout this thesis, we shall see that there is a variety of well-developed theoretical models for dealing with increasing small- and micro-scale entrepreneurship, and that models are also adapted to the study of increasing entrepreneurship among the immigrant population. In that connection, two aspects should be stressed: On the one hand, it is true that small businesses contribute enormously to the marketing of the street, and opening a company is supported by the political economy today. Here are some means of support: the “inclusive entrepreneurship policy” called “Go!!!.., Good for you and good for Germany,” in which support is defined in social rather than in economic terms in Germany

61 DIW Weekly Report. 2018. Vol: 8, Issue: 21, pp. 181-190

62 See: <https://www.bmfsfj.de/resource/blob/119524/f51728a14e3c91c3d8ea657bb01bbab0/familienreport-2017-data.pdf> (last accessed: 04.11.2020)

(OECD, 2018).⁶³ It starts with this sentence: “We aim to offer all people an equal opportunity to create a sustainable business, whatever their social group” (OECD, 2018, 3). It has the following key messages:

1. Support all under-represented and disadvantaged groups in the context of entrepreneurship policy.
2. Strengthen the local support of entrepreneurship for women, immigrants, and students (OECD, 2018, 7).

One can also find arguments that self-employment fosters immigrants’ integration in the ethnic economy literature. For instance, for Faruk Sen (Sen, 1991), then the Director of the Zentrum für Türkeistudien (Centre for Studies on Turkey), self-employment among German-Turks is fundamentally a positive thing⁶⁴. As we have noted earlier in this chapter, the more entrepreneurs are allowed to open companies in the street without any restriction of competition (Konkurrenzschutz), the sooner the economy of the street sees a positive change. However, this supposed positive change has a logic behind it: it provides less competition and more profit for the landlords on Sonnenallee.

In addition, the symbolic value of the street now gives newly founded smaller companies, which are dependent on rental contracts, a significant disadvantage compared to established companies, which were able to gain their landlords’ trust, and have long-term rental contracts. As we shall see, this makes it harder for potential new entrepreneurs to enter the market.

It would also be a mistake to evaluate collective symbols which are attached to the street as an expression of mutual support among the immigrant-run businesses. Just as the entrepreneurs and workers on Sonnenallee have never been a homogenous community, the newcomers who arrived in 2015 are also from very diverse backgrounds, both culturally and economically. In fact, as the neighborhood is not organized, the workplaces in the street aren’t either: during my field research, I did not encounter any workers that were part of a trade union, even though new union organizations such as Ver.di (Vereinte

63 <https://www.oecd.org/cfe/smes/GERMANY-IE-Country-Note-2018.pdf> (last accessed: 12.01.2021)

64 Sen, Faruk. 1991. ‘Turkish Self-Employment in the Federal Republic of Germany with Special Regard to North Rhine-Westphalia’, *International Migration*, Vol.XXIX, pp.124–9.

Dienstleistungsgewerkschaft), created in 2001, have emerged in service sector. There are also many distinctions within industries. For instance, a Syrian owner of a newly founded bakery was tracing back his success to his distinct products by saying: “Although we are offering expensive products, customers are choosing us because we are different from other bakers.” However, another newly arrived baker from Syria was struggling to find customers: “We are new here. Customers don’t know us well yet.” While some of the newcomers have the resources to open a business and are rumoured to have paid up to 1.2 million euro to take over a shop on Sonnenallee, others compete with Berliners over informal jobs by undercutting them on wages.

This happens due to relatively high unemployment rates among both qualified and unqualified workers in Berlin, where 162,000 people were registered as unemployed in 2018; that corresponds to an unemployment rate of 8.5% (in comparison, the unemployment rate over all of Germany was 5.5% at the time) (IBB, 2018, 4). When we consider that the method used to calculate unemployment rates does not include people undergoing vocational integration, continuing vocational training, and attending integration courses, it becomes clear that the actual number of people looking for a job is much higher and competition over existing job opportunities is harsh. This can be observed in Sonnenallee as well. For instance, a newcomer from Iraq in 2015 who has been coming to the street regularly to buy his tobacco and drink tea, told me that he was randomly offered a job by an entrepreneur from Turkey. “After a couple of times I went to his shop, we were chatting. And suddenly, I found myself working here. It is better than sitting in the camp where I’m bored.”

5.7 How to Start a Business in Sonnenallee?

Above, I have presented a general evolution of the economy of the neighborhood from the 1990s onwards. In the following, I will return to the mechanisms in the process of opening a company in Sonnenallee.

There are two basic ways to open a company in Sonnenallee: either by finding an empty space from real estate agents, or by taking over an existing company. In both cases, the future of the company depends on the contract with the landlord.

These contracts are unique, since business spaces in the street are a geographically limited phenomenon: there are approximately a thousand business spaces in Sonnenallee. Thus, the contracts are scarce by nature and frequently limited to a specific period of time. Given their limits and scarcity, the contracts also generate a significant rent income for landlords.

In order to gain a deeper understanding of rent-seeking in the street, we have to understand the politics of rental contracts that place landlords in an advantageous position compared to their tenants, granting them power, privileges, and access to resources in various domains and contexts. Before addressing this issue, I will provide answers to the following questions: How to start a business in Sonnenallee? How have possibilities of opening a company in Sonnenallee evolved over time? Who are the landlords in the street? What are the landlords' preferences when they choose their tenants?

The best way might be to look at the issue in generational terms. For example, an entrepreneur whose father took over a business in 1992. At that time, the father (who came from the Kurdish region of Turkey) was working in the AEG cable factory in Neukölln. One of his colleagues helped him to meet an entrepreneur who wanted to give his shop over to someone. The father was offered to the landlord as a new tenant, and got a one-year rental contract which was extended to five years in 1993. Although the building in which the company is located has been bought three times by different investors since then, the rental contracts of the company have been extended and have turned into an unlimited contract in 2001, thanks to the company's reliable rent payments and the work of its financial advisor.

Two points need to be clarified here. On the one hand, if not for the previous entrepreneur's help, the father of my interviewee could not have started his business in that location, since potential entrepreneurs need to acquire rental contracts and therefore the landlords' consent to start a business in Sonnenallee. "It was luck," the son said repeatedly during the interview, referring to his father's start as an entrepreneur in 1992. That start paved the way to opening a wholesale company as a GmbH in 2001, with three mini-supermarkets, two of them located in Sonnenallee, operated together with his brother who would otherwise have a

weaker position on the labor market despite having graduated from a high school in Neukölln.

On the other hand, his father had to pay the exchange value for that company takeover. There were, of course, tables, chairs, and other things in the place taken over. But his father did not need or use these items; he had to renovate the shop and decorate it with new equipment. I came to understand that renovation is what many entrepreneurs need or prefer to do when they start out. In fact, the apartment blocks on the boulevard where people now conduct business were initially not built for coffeehouses, restaurants, shisha bars, or supermarkets, since the locations typically have two rooms, each about 15-20 m² in size, and mostly no kitchen. Therefore, many new entrepreneurs need to renovate the spaces, and walls need to be torn down so as to convert two rooms into one. In restaurants, for instance, proper air circulation has to be maintained in kitchens in order to maintain standards of hygiene, which requires a ventilation system. This also holds for shisha bars. This is typical work entrepreneurs need to undertake before opening their shops in the street, unless the changes were already made by previous entrepreneurs.

Furthermore, entrepreneurs who decide to transfer their company are also released from the burden and pressure of the rental contracts. Otherwise, they have to pay the rent until the end of the contract, whether they make a profit from their business or not. In fact, there is no special legal protection for commercial tenants⁶⁵. The contract can be terminated with six months notice, in some cases even 9 months. In other words, rental contracts place contractors in a forced situation from the day that contract is signed on to the end of the contract period. If an entrepreneur is not able to forecast the future demand (which is very difficult for beginning entrepreneurs), the rental contract is one of the biggest risks to be taken. The entrepreneur above took that risk, but securing the future of his company took years. In some instances, it even takes decades.

At this point, one might wonder: who are the landlords? Today, landlords in the street are, for instance, big international firms such as COVIVIO, which owns more than 40,000 properties in Germany worth 5 billion euro.⁶⁶ There is K.

65 <https://mittlerer-niederrhein.ihk.de/de/recht/merkblaetter2/gewerbliches-mietrecht.html> (last accessed: 07.10.2020)

66 <https://www.covivio.immo/unternehmen/unternehmensprofil/> (last accessed: 04.11.2020)

Foelske Hausverwaltung, a family-owned company (Klaus Foelske Sanitär und Heizungsbau GmbH & Co. KG), which started to invest in real estate in 1971 and is one of the largest property owners in Berlin.⁶⁷ There is also BIM (Berliner Immobilienmanagement GmbH), a company owned by the State of Berlin. But there is a trend that big firms are selling their buildings piece by piece in the form of a mortgage system, which enables individual small investors to buy properties and rent them out at a price higher than the interest rates they have to pay their banks.

Needless to say, starting a business in the street requires start capital. And some of the entrepreneurs I interviewed were able to take a bank loan. For instance, one of the entrepreneurs took a loan of 20,000 D-Mark from a bank in order to take over a business space in 1999. Today, low-interest loans for people starting up a business are available as well.⁶⁸

In order to understand how individuals in Sonnenallee have come into greater business competition, it is also important to look at the changing image of the street historically. “This street used to be so different,” says a Berlin-born hairdresser whose father immigrated as a guest worker from Turkey in the 1970s. He runs his shop on Sonnenallee since the 1990s and has seen different waves of immigrants arriving in Neukölln. “Around 2007, a lot of young Italians and Frenchmen moved here, business was going well. But then, in 2015, the Arabs came. Now look, there’s a hairdressing salon at every corner. Even directly in front of me. Of course, this affects the prices, too. Because they’re cheap.”

Another entrepreneur, a Späti owner I interviewed, told me that newcomers often come to his shop and ask a lot of questions about his business. “They want to know how much money I make, how I opened the shop, things like that. Then I saw one of them open a Späti a few blocks down. He is selling drinks for 10 cents less than me.” This Späti owner is suffering from the lower prices of his competitors on the street; so does the hairdresser who later decided to close his shop and hand it over to a Syrian hairdresser for an unknown but certainly high amount of goodwill. Interestingly, there was not even the smallest communication

67 <http://www.foelske.de/hausverwaltung-berlin/geschichte.html> (last accessed: 28.01.2021)

68 <https://www.ibb.de/en/foerderprogramme/berlin-start.html> (last accessed: 28.01.2021)

between these two entrepreneurs before the one decided to take over the shop, but they appeared to understand what ought to be done to make business in the street.

In order to understand landlords' preferences, it is important to understand the interpersonal relations and changing image of the street. For instance, the Turkish hairdresser who transferred his shop to the Syrian hairdresser had offered three other candidates to his landlord before, all of whom were rejected (the landlord must be informed if the tenant decides to transfer their company). "I helped him," the Turkish hairdresser said in our last meeting, referring to the Syrian hairdresser. "My landlord trusts me because I have been paying my rent for over thirty years. There has been no delay in my rent payments, not even electricity, water, and heating payments. The landlord knows all of my payments. When I went to the last meeting with them, I said that no one can do business in this street anymore except Arabs. Of course, he (the Syrian hairdresser) showed his bank account and his other investments in Berlin as an evidence to the estate agent. But only after I said that the street turned into the street of Arabs did the landlord consent to my request."

As for the new hairdresser, I was informed that he is paying the rent on time. The rent was 800 euro in 2019, but only for the first six months in which the old contract was still running. After that, the renewal of the contract will be decided due to the rent levels in the neighborhood, which can be very flexible and uncertain. Furthermore, the tenant has no right to transfer the company until he has the landlord's consent, receiving which can take years or even decades.

Although I described two different kinds of ways of opening a company in the street — finding an empty space or taking over an existing company — contract relations cannot be reduced to these legal forms. There are countless differences of practice and disguised sub-contracting which play a significant role in the contemporary economy. A contract is a binding agreement for a business space, but doing business doesn't necessarily need a legal contract in some instances, as we shall see.

At first glance, entrepreneurship in the street might seem to be opening possibilities for immigrants. But on closer inspection, it is a kind of sub-contracting within capitalism. The take-over and leasing practices of companies

go far beyond contracts between landlords and tenants and have reached the form of “sub-contracting”: from a landowner to a company owner, from the company owner to a second entrepreneur in the form of leasing. This is, of course, not a new economic phenomenon. I have already mentioned that this has been present in David Ricardo’s time, in the 1800s. But it became omnipresent especially after the end of the Bretton Woods agreements in 1971 (Nachtwey, 2018, 37). After the economic crisis of 1973-74, sub-contracting has been occurring in almost all sectors of the economy such as manufacturing, construction, transportation, health and education, and of course in small- and medium-sized companies in Sonnenallee.

Arguably, in the 1980s, small-scale companies in the street were less competitive than now. Whereas in the 1990s and 2000s finding a location in the street was quite easy, today it is almost impossible to find an empty place. Consider, the street as a whole was not popular before the 2000s. The experience of one of the entrepreneurs, who found an empty store in 2005, is exemplary for this period: The business space that he rented had been empty for three years. It had been a furniture store before 2002, when the company was shut down. “I remember that no one was interested in renting this place for three years. During the global financial crisis of 2007/2008 some of the companies in the street shut down. At that time, we heard that even Bauhaus had decided to close their chain store here on Hermannplatz. I just wanted to see if it works. How lucky I am. It worked.” But the rent had risen from 600 euro a month in 2005 to 1,400 euro in 2018.

After 2008, the average rental prices of the business spaces started to rise, but were still at such a level that the Job Center could assist companies in the street: One of the entrepreneurs from Iraq, a Media Studies graduate, registered at the Neukölln Job Center to open his company in 2012. His business plan was supported, a business space in the street offered and his rent was paid for by the Job Center for two years. After two years, the company did not need any support; the entrepreneur was able to pay his shop rent on his own.

To measure the rental increases in Sonnenallee, we can consider rent averages, since the German law doesn’t set any limit on either office or retail rents. For example, one of the tenants I interviewed, a bakery owner, used to pay 500 euro in rent in 2005; at the time of our interview in 2019, she was paying 1,000 euro basic

rent (not including electricity, water, and heating costs) for the same space (40 m²). A hairdresser from Lebanon who had taken over his current business from an Iraqi entrepreneur in 2006 was paying 1,200 euro for 25 m² of business space. In some areas close to Hermannplatz, the rents for business spaces of similar size are more than 5,000 euro per month.

In other words, considerable rental variations exist within the street. Moreover, each company has its own history. For instance, an entrepreneur from Turkey whose father opened a coffeehouse in the street in 1992 concluded a rental contract for 10 plus 10 years. In 2012, the landlord extended the rental contract by 5 more years. But in 2017, the shop is not rented by the same entrepreneur anymore; as a new entrepreneur with a completely different rental contract moved into the location. I was informed that the new entrepreneur was willing to pay a rent of 2.800 euro but went bankrupt a year later, and the company space, which was renovated, returned to the old entrepreneur due to his reliable payments. However, the rent remained at 2.800 euro.

As illustrated above, each company has its own history and its own peculiar location. This is striking in itself: after all, when entrepreneurs in the street are making payments to their landlords, they pay not only for the business space but also for the location. Nevertheless, no matter how much uncertainty there is about the exact figures, since rent increases depend on averages in the neighborhood, there is no doubt they were quite high from the mid-2000s to today. In the course of 2018, the rents for newly-rented offices in Neukölln increased to almost 25 euro per m², whereas existing tenants paid an average of 7 euro per m² (GSG, 2019, 18).⁶⁹ Other estimates about office rents in Berlin indicate that the prices for newly-rented offices increased to 40 euro per m² in the same year.⁷⁰

In Sonnenallee, price developments have differed depending on location within the street as well as the age of the building and renovations. Similarly, there is a range of rental prices in Berlin, with some being above the average. For instance, on Berlin's official website, new rental prices of 40 m² apartments in a new building in Sonnenallee are determined to be between 9.70€/m² and 15.11€/m² in

69 <https://www.gsg.de/wp-content/uploads/2019/09/GSG-Gewerbe-Pulsschlag2019.pdf> (last accessed 04.12.2020)

70 <https://de.statista.com/themen/2518/gewerbeimmobilien-in-berlin/> (last accessed 04.01.2021)

2019. In 2008, the average rent price in Berlin, including old contracts, was 4,79€/m² (Holm, 2019).⁷¹

So far, I explored the rent increases in the street using the commonplace definition — namely, the monthly income of landlords from company spaces in Sonnenallee. However, there is another, even more important issue. The purchase of a company space may have cost the landlord 10,000 euro in 2000, but if the price rose to 100,000 euro in 2010, the economic rent was 90,000 euro in ten years. This other form of rent plays an essential role for the landlords. Indeed, it is mostly this form of rent that allowed the landlords to make more money without producing anything.

5.8 Summary

The notion that immigrants benefit from the system is very confusing and misguided in the case of entrepreneurship in Sonnenallee. Many arguments about entrepreneurship among the immigrant population also fail to account for the following question: If the majority of entrepreneurs in the street are immigrants, but they were operating under the existing exchange system and rental contracts, then why assume that there would be a change in inequality? There would still be conflict and competition. In fact, many small- and micro-scale shops have perpetuated competition in the economy. The result of competition is that the economy of the street provides a huge profit for the landlords.

In considering the relabeling of Sonnenallee, it is crucial to recognize its significant impact on the district's economy. Hence, the relabeling reflects concrete realities. Whereas products and services provided by companies in the street are relatively affordable, the rents for companies have been rising rapidly since the mid-2000s, although considerable rent differences exist due to their contract period, and their location. Furthermore, the experiences of entrepreneurs in the street suggest that the control of company spaces is wholly monopolistic. It is explicitly the landlords who control the company spaces, not the entrepreneurs who operate the shops (if these two are not the same person). Historically, the rising income of landlords in the street during the past three decades means higher

⁷¹ <https://www.hebbel-am-ufer.de/en/housin-crisis-berlin-andrej-holm/> (last accessed 12.09.2019)

rent payments for the tenants of the street. In short, much of the value created in the street goes directly to landlords in the form of monopoly rent (Harvey, 2018, 36).

Finally, in seeking to understand the unequal distribution of wealth in the street, it is crucial to consider that it is due to guaranteed existing private property rights. All landlords use their “private property rights” which lie at the center of all contractual agreements and are protected by the state. Yet it is important to emphasize that this is not simply about whether or not big companies such as COVIVIO, Foelske Hausverwaltung, or Deutsche Wohnen & Co get much of the collectively created value from the street by using private property rights. Rather, it is about the power dynamics within which entrepreneurship occurs. Above all, it is almost impossible to sustain this kind of economy without guaranteeing existing private property rights, which creates many contradictions, one of which is the inequality of capital ownership from the low-income population’s point of view.

6 Neo-Liberalism: Growth of Self-employment and its Dynamics in Sonnenallee

In the previous chapter, I introduced some basic concepts for opening a company in Sonnenallee. I emphasized the importance of company spaces, which are in high demand; this scarcity creates a privileged position for landlords over tenants. In this chapter, I will consider two contradictory issues more closely: growing self-employment/freelancing and scarcity of company spaces in the street. Beyond the central issue of neo-liberalization and the concept of precarious work that has become quite ubiquitous in recent decades (Standing, 2011), however, the point I want to stress is the image of the street. More precisely, the growth of self-employment does not necessarily lead to the agglomeration of small- and micro-scale companies in every neighborhood. To examine the impact of growing non-standard employment styles in companies of Sonnenallee, I will consider the image of the street.

6.1 Growth of Precarious Work and its Effects on Sonnenallee

Previously, I noted that the special name attached to the street is used too often in a confusing way, as many people believe that the street is turning to a place for the Arab community. It should be stressed that although the name “street of Arabs” suggests a group, people open their companies individually. No community pushes individuals to open a shop in the street. However, the concept of location marketing on which the district relies today does play a central role in the decision to open a company there⁷². In general, the company owners in the street keep the prices of products and services low because there is a huge competition among them. In practice, companies aim to gain an advantage by using the most cost-effective workforce available (if they employ workers). It would be difficult to attract entrepreneurs to invest in the street if they paid standard wages and gave permanent job contracts to their workers. It would also be difficult, if a company’s

72 See the official website of Neukölln: <https://www.unternehmen-neukoelln.net/en/translate-to-englisch-projektinfos> (last accessed 12.10.2021).

earnings in general went to their workers and not to the owner as profits. This classic argument deserves a closer scrutiny.

In order to understand the issue of increasing self-employment among immigrants and its relation to the street, I must first describe the organization of the economy both from a theoretical and historical point of view. It will be useful to begin with the time after World War II. Because, the demand for immigrants as a source of new workers was necessary due to the economic model of West Germany in the period between 1945 and 1973. The name “Fordism” that Antonio Gramsci gave to that era’s economic model is used by many scholars, including Aglietta (2001), Abelshauer (2004), and Hirsch and Roth (1986). It means that standardized work requires a specific type of worker: the factory worker. During those years, employment in medium and large companies increased nationwide, with women and immigrants joining the workforce. The average wages of industrial workers increased approximately fivefold between 1950 and 1970 (Müller-Jentsch and Ittermann, 2000). Companies were offering permanent and full-time employment with the possibility of gaining promotions if workers proved their loyalty (Sengenberger, 1987). The main reason for this, of course, was economic growth.

However, the Fordist model reached its maximum level in the mid-1970s due to the abolition of price controls on industrial production and the opening of the economy to international free trade. After the 1970s, inflation rose sharply, and Bretton Wood’s fixed exchange rate system ended in 1971, which led to the creation of a monetary zone — the Eurozone (Piketty, 2014, 108). Due to increasing international competition, the main forms of precarious employment began to rise. Sub-contracted work, which was banned in Germany until 1972 (Nachtwey, 2018, 37), and chains of outsourcing also developed after the 1980s, with significant consequences for the number of companies in Sonnenallee.

However, the definition of this latest period is contested. In their influential book, Michael J. Piore and Charles F. Sabel (1984) labeled this historical turn as “The Second Industrial Divide: Possibilities for Prosperity.” In other words, the standardized model of production (a Fordist economy in which customers have little influence on the production) was replaced by small-scale, individualized, customized, frequently on-demand production. The emergence of these micro- and small-scale businesses, marvelous instruments for diversifying individualized

goods and services, is undoubtedly the most important structural transformation in the economy of the world and thus in Berlin-Neukölln.

However, again, the definition of this latest period is contested; whereas some consider this new era as opening possibilities for upward mobility, others refer to a rise of precarious work (Standing, 2011; Herod, 2018). Definitional disputes aside, what happened during this period in Neukölln appears to be the following: throughout the past four decades, a growing workforce has been freed from state-owned enterprises and the industrial sector for other tasks, which means that these tasks are now in the service sector. Whether voluntarily or involuntarily, people are increasingly working in the service sector since it is virtually the only source of employment in Neukölln (IHK, 2015). What happens in Sonnenallee seems, therefore, a typical case, where a number of jobs in supermarkets, restaurants, bakeries, coffeehouses, mobile phone repair shops, driving schools, bicycle-repair shops, tourism agencies, bookstores, bars, and hotels are available to the workforce today.

To clarify the context: on the one hand, the growth of non-standard work has been driven by neo-liberal economy policy more broadly. It occurred following the de-industrialization that has caused high unemployment, especially among immigrants in Berlin (Hillmann, 1998; Ersöz and Blaschke). Self-employment, in this context, should compensate for the lack of jobs for many people who are in need; therefore, it deserves immigrants' attention. On the other hand, this was a crucial step in pushing the workforce into precarious work. Not all self-employment is necessarily precarious. However, work patterns in Berlin, where workers have little protection and increasingly perform part-time or short-time jobs, can be called "precarious work."

When considering the increasing non-standard work which has been shaping the immigrants' participation in the economy of Neukölln, it is important to recognize that this form of employment has occurred in nearly all sectors in the city of Berlin and all industrialized countries. According to the International Labour Organization (ILO), only 26 percent of the global workforce had permanent employment in 2015, whereas 74 percent of the global workforce worked on a temporary basis, without any contract, on their own account, or

informally.⁷³ Although the idea behind Agenda 2010 at the time was to simplify labor market participation and encourage personal responsibility, the expansion of precarious work in Berlin has led to intense job insecurity for many. Self-employment is a particularly interesting type of work to study in the context of my geographical investigation. Approximately 85 percent of all company owners have registered themselves as self-employed in Neukölln in the recent decade (more details will be provided in the following sections).

Despite the all-pervasive nature of the process of neo-liberalism, in which workers have very little protection, the oftentimes poor working conditions in Sonnenallee are characterized as something cultural — due to the number of unskilled jobs predominantly performed in the street’s small-scale companies by immigrants. For instance, the ex-mayor argues that this is because they are not invested in integrating into the German value system (Buschkowsky, 2012).

Like most narratives of the working life of immigrants, however, this is partial and selective. When analyzing the economy of Sonnenallee, therefore, it is essential to carefully distinguish various aspects of the issue. For one, there are moral and normative reasons, since politicians are capable of explaining working conditions of immigrants in their distinct ways. In addition, there will always be a fundamentally subjective dimension to the economy of Sonnenallee, which inevitably gives rise to political and social conflict. Subsequently, I will familiarize the reader with the subjective nature of self-employment.

6.2 Forms of Self-employment and Taxation

Immigrants can achieve upward social mobility through being self-employed, but a clear definition of the term is essential. What makes self-employment unique?

Although “self-employed” means working for yourself instead of an employer and being paid directly by the people you provide a product or service to, in practice it can be confusing and misleading. Significant differences are concealed within this term — from the prosperous tech company owners to the self-employed shop owners in Sonnenallee whose income is always difficult to calculate. The term covers many conflicting forms in different locations.

73 ILO. 2015. World Employment Social Outlook. p.31

Some of the explanation for the misleading nature of the term undoubtedly lies in the issue of taxes, which itself introduces even greater difficulties. Indeed, taxation plays a major role in the redistribution of wealth and is objected by workers and entrepreneurs alike. According to Berlin's official website, the city has 40 different taxes that vary by category, including church tax, income tax, capital tax, and consumption tax.⁷⁴ There also are indirect taxes which burden the lower class when purchasing items such as alcohol and tobacco. Taxes on income are particularly interesting here, since they include income from investments (e.g., from a company), income from real estate, and income from labor.

For instance, one can become self-employed and open a company in Sonnenallee. In theory, if the company makes a profit, the entrepreneur may pay up to 45% in taxes on capital and personal income.⁷⁵ It should be stressed that taxation is a highly political issue and cannot be reduced to a technical matter. However, in complex situations, it can be utilized differently. For example, in Sonnenallee, self-employed company owners may pay the landlord's property tax, which is passed onto tenants as ancillary costs (Nebenkosten) in their contracts.⁷⁶

Although Germany has a progressive tax system, individuals at the top of the income hierarchy may pay lower tax rates for various reasons. Firstly, it is possible to reduce the capital income tax by making dividend payments to the firm's shareholders (often family), as well as by investing in new offices (as asset management). Other options include buying a car, a mobile phone, or a computer; travel costs; and even some dinner bills as business expenses (Köber, 2015). Secondly, being self-employed, the owner of the company can employ their parents, partners, or friends as mini-jobbers (450 euro). In some cases, confusingly, the entrepreneur may put a parent's name on an official contract, and present themselves as an employee officially. In this case, the worker is de-facto the entrepreneur. In other words, the worker is de-facto self-employed.

74 <https://www.make-it-in-germany.com/en/jobs/taxes/income#:~:text=The%20taxation%20rates%20vary%20from,not%20in%20a%20civil%20partnership>. (last accessed: 02.01.2021)

75 <https://www.make-it-in-germany.com/en/jobs/taxes/income#:~:text=The%20taxation%20rates%20vary%20from,not%20in%20a%20civil%20partnership>. (last accessed: 02.01.2021)

76 <https://www.settle-in-berlin.com/rent-in-germany/> (last accessed: 02.08.2023)

That is not to say that those self-employed can use all advantages that private property rights afford. Thus, one shop owner states: “I can’t do this, even though many people do. My wife is unemployed. I could register her name as an owner of my shop, and I could work here. This is Germany.” When I asked him why he can’t do that, he replied: “Because I’m a Muslim man, and it’s haram,” i.e., immoral.

Such complications arise not because of the culture of immigrants but because “private property rights,” which are “international law,” establish an exclusive ownership right to a company whether it is being actively used or not. According to German law, firms and corporations cannot be imprisoned when they go bankrupt, transfer their companies, or even break the law, although they are recognized as legal persons in inheritance issues (Gewerbeordnung § 46 Fortführung des Gewerbes). In this way, furthermore, individuals’ wealth can pass from one generation to another. For instance, if you inherit a company that has a reputation and do not have to create a brand, it is easier to succeed in business.

There are many more different examples for the codes of moral conduct above which vary depending on religion, culture, and geography. There is an even more important complication. For instance, the same entrepreneur who explained his behaviour with moral terms (i.e., haram), was not questioning the exchange value of his shop. He took over the shop for 20,000 D-Mark in 1999; then, the value of the company rose to 80,000 euro in 2017 — I will come back to this point.

In any case, it is not the purpose of this research to make distinctions between the behavior of Muslim entrepreneurs and others, but rather to acknowledge and analyze the power dynamics in Sonnenallee. Marxist analysis suggests interesting and important clues for explaining the logic of the contemporary economy. When Foucault (2004) analyses German neo-liberalism — the term was first coined by ordoliberalists in the 1930s when pure capitalism, i.e., Nazis, came to power — what he is focusing on is the private property that people start to internalize and learn to live by buying an apartment, opening a company, or leasing a firm almost without thinking that it is governance (Foucault, 2004). As previously mentioned, the taxation system aims to motivate self-employed individuals to make continuous investments by imposing higher taxes on those who do not. This principle applies to everyone and drives all individuals towards investing regularly and forming an

investment circle. In other words, the logic of the taxation system encourages individuals to invest regularly, thus promoting a culture of investment.

So far, I have explored how entrepreneurs can use their property rights in the street. However, although having a company may allow entrepreneurs to exercise their private property rights, it is important to recognize that landlords play a significant role in business relations in Sonnenallee. Note that owning a company/business (Gewerbe) in Sonnenallee is completely different from owning the space of a company (Gewerbefläche), which itself introduces an important distinction between entrepreneurs and landlords in the street. Whereas the owner of the real estate/building demands a return on their investment by means of “rent”, the company owner who has a contract with the landlord engages in a set of practices through the active organization of business either by preparing and selling products, organizing workers, or by transferring their business to another entrepreneur and charging the exchange value (the latter will be explained further on in this chapter). Typically, power is based on position, and both landlords and company owners are deeply tied to the economic landscape.

This is not a minor point. And it will allow us to make a clear distinction among companies on the street level. Simply put, company spaces are assemblages of self-employed and can function as sub-contraction: from a landlord to a company owner, from the company owner to a second entrepreneur in the form of leasing.

Before looking at these aspects, it is important to consider that the rise of non-standard work cannot be reduced to economic terms but also needs to be considered in a broader social and political context. As an economic philosophy, neo-liberalism can also divide society along other lines, like identity, class, and gender. For instance, new tech companies and the creative industry in Neukölln are based on social division of labour: they need highly skilled rather than unskilled workers. Hence, on the political level, unskilled workers are considered as unproductive.

For instance, the decline of industrial production and the growth of the service sector resulted in a marked decline in productivity growth in Berlin since the 1990s. In economics, productivity growth is generally attributed to education and technology. But the service sector, and especially small-scale shops in

Sonnenallee/Neukölln, don't use high technology; they require a workforce that can take on tasks where skills are less recognized. Since immigrants' work is mainly small-scale and characterized by a maximum working time and fewer skill requirements, and since productivity growth in this sector has been low, Berlin's former Finance Minister Thilo Sarrazin established a famous distinction between a productive class and an unproductive class. As we have seen before, Muslim immigrants with Turkish, Arab, and Kurdish backgrounds are described as unproductive underclass within this notion.

6.3 Growth Debates

Today, on the other hand, the culinary professions of immigrants in Sonnenallee have become dominant in political and expert discussions. And the brand "the street of Arabs" has been integrated into the tourism concept of Berlin's senate, imagining immigrants mostly in the gastronomy sector. In theory, the image of the city is reported to have a profound impact on the economic growth by the German Institute for Economic Research's (DIW) Berlin Policy Advice Compact scenario 2030 (DIW, 2013). This scenario uses a mixture of human capital theory and the concept of the creative class (Florida, 2004), which relies on the following hypothesis: creative people, who are typically characterized as engineers, scientists, artists, university professors, actors, and knowledge-based professionals with a diversity of identities, prefer flexible work rather than taking rigidly delineated task responsibilities with strict and boring long hours, and they have a potential to improve the culture and economy of the city. The argument goes as follows: if creative people (talent) move to a neighborhood where diversity of identities (tolerance) is high, companies (technology) will follow them, or creative people create their own companies, and augment economic growth.

Some scholars, on the other hand, have considered immigrant entrepreneurs to be small-bourgeois in the context of their role in the economy of Berlin. Immigrant entrepreneurs, they argue, create attractive businesses (Stock, 2013). A well-known example about Sonnenallee is the production of individual dishes in the gastronomy sector such as falafel, since falafel is vegan and preferred by the so-called creative class. For instance, Miriam Stock (2013) uses this argument in her

book (Stock, 2013). For Stock, Arab restaurant owners contribute to gentrification and economic growth with their creative business ideas.

It is remarkable that the research mentioned above has a particular research subject (“creative class” in one, “immigrant entrepreneurs” in the other); therefore, it highlights some part of society as creative or contributive to the economic growth, simply because their research subject is that part of society. But considerable confusion exists around the issue because it is impossible to achieve mathematical certainty on this point. This is exemplified in the work undertaken by two mathematicians, Emmanuel Farjoun and Moshe Machover, who have shown that it is impossible to calculate the value of things in the economy mathematically (Farjoin and Machover, 1983).

Value is a social relation. No one can calculate it mathematically; therefore, everyone can calculate it subjectively. This poses a problem: one may focus on the tech industry in Neukölln and argue that this industry contributes to economic growth with innovation. One may focus on immigrant restaurant owners and argue that they have a significant impact on the value of the city. Or one may focus on the finance sector, health care, transportation, education, and conclude the same. Thus, all the discussions above have a certain tautological quality, since creativity is an activity that everyone “has.”

Although politicians and experts use the argument above in different ways, politicians use it to defend the privileges of the winners in the new economy of Neukölln, without much consideration of the great difficulty working people face in converting their qualifications into advantageous positions.

In any case, it is not the purpose of this research to make predictions about which part of the society in Sonnenallee contributes to economic growth, but rather to acknowledge and analyze the power dynamics in the street. In what follows, my aim is to familiarize the reader with general patterns of investments in the neighborhood over the recent decade with the advantage of newly available data provided by the Berlin-Brandenburg Statistical Institute, which is quite useful for analyzing the fluidity of the economy of Neukölln.

Table 8: Business registration and de-registration in Neukölln between 2010 and 2020

Business registrations and de-registrations in Neukölln	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Conversions	3	13	5	5	5	5	4	4	12	8	10
Changes in legal form	30	11	13	8	8	8	13	8	11	8	16
Changes in shareholder	10	20	12	8	48	36	26	19	26	39	23
Relocations	38	75	75	69	54	58	32	70	83	87	104
Leases-Sales-Inheritances	411	351	246	265	281	246	284	182	173	167	135
New Company Openings	4,107	4,828	4,984	4,799	4,444	3,836	3,658	4,503	4,411	4,185	3,996
Total registrations	4,559	5,298	5,335	5,154	4,840	4,189	4,017	4,786	4,716	4,494	4,284
Total de-registrations	3,009	2,955	3,451	3,351	3,189	3,462	3,418	3,452	3,777	3,732	3,156
Deficit (+)	1,550	2,343	1,884	1,803	1,651	727	599	1,334	936	762	1,128

Source: Amt für Statistik Berlin-Brandenburg, Unternehmensregister der Länder Berlin und Brandenburg

This table shows how thousands of entrepreneurs entered into competition in this neighborhood. All these conversions, changes in legal form, relocations, leases, sales, and inheritances are today's extraordinary retail and service business evolvments. The legal form of all these companies is self-employment. But not all self-employed people are operating a company, and therefore not all are included in these statistics. This is important because the only way to gain formal ownership of a company in Sonnenallee is registering it in Neukölln — otherwise, the self-employed don't have any legal right in the company, even though they may operate it de-facto. Frequently, class position of self-employed individuals are considered as "small-bourgeois", though this is an incorrect definition. It may be enlightening to reiterate the difference between the following two groups of self-employed: company owners (who have a legal contract with the landlord) and "self-employed workers" (who we might in some cases call subcontractors). The second group is in a weak position in the companies of Sonnenallee. For example, three self-employed hairdressers may work together in a hairdressing salon. Each of them may rent a chair from the owner and have their own customers. They are

hierarchical actors and various forms of self-employment can be found in nearly every sector. Moreover, in some cases, self-employed individuals may operate a company for a limited period of time in the form of leasing. I will come back to this point. Here, my fundamental goal is to study a particularly interesting group — legal owners of companies.

The annual series of data on company registrations by nationalities is as follows: immigrants from so-called third countries such as Lebanon (around 1%), Syria (around 1%), Iraq (less than 1%), and Turkey (around 5%) made up only 8% of all business registrations in Neukölln during the peak in 2019. Immigrants from all of Africa made up less than 1% of all business registrations (which corresponds to only 50 business registrations in 2010, decreasing to 27 in 2020). Women made up 23 percent of all business registrations in 2012, during the peak, corresponding to a total of 1,479. In 2020, this number dropped to 923.

Note that some of the technological start-ups in Neukölln were supported by the operational program of the State of Berlin. For instance, around 40 million euro were provided by the Senate between 2014 and 2020 from the European Social Fund (ESF) to support mainly technological start-ups, 70% of whom were owned by men (Senatsverwaltung für Wirtschaft, Energie und Betriebe, Wirtschafts- und Innovationsbericht Berlin 2019/2020).⁷⁷ Beyond the funding, these companies use the infrastructure that companies rely on in Neukölln and which is financed through taxes. Although the neighborhood management project of Neukölln (Unternehmen Neukölln — Urbane Impulse), Berlin's senate, and the Federal Ministry for Economic Affairs and Energy set themselves the goal of improving “diversity of ventures,” and supporting “ethnic minorities” and “women” in the context of entrepreneurship policy (as we have seen before), the statistics indicate that men (European men) are afforded certain privileges within the dynamics of the economy.

Perhaps it is because some of them are specialized in winning contracts and scholarships such as the Berlin Startup-Scholarship from the senate. Anthropologist Jeremy Boissevain argues in his book “Friends of Friends: Networks, Manipulators and Coalitions” that there are various tactics entrepreneurs can perform, such as trying to manipulate norms and relationships

⁷⁷ <https://www.berlin.de/sen/wirtschaft/wirtschaft/konjunktur-und-statistik/wirtschafts-und-innovationsbericht/> (last accessed: 02.03.2021)

for their own social and psychological benefit (Boissevain, 1974, 7). That is not to say that individuals are evil but to highlight entrepreneurship's performative nature. In a way, conditions are very similar for winning contracts from landlords in Sonnenallee. And arguably, the greatest strength of all entrepreneurs is their performance, especially with regard to their image, portfolios, and "creative ideas". These complications may appear to be purely matters of individual success or talent of entrepreneurs but are in fact highly political.

The table above also shows: it is no coincidence that more than three thousand companies have been de-registering yearly in Neukölln since 2010. This is a significant indication that the economy of the neighborhood is in a fluid state. These de-registering companies were run by entrepreneurs across nearly all sectors of the economy, from healthcare to construction, from administrative and support services to public administration, from social security to education, from social work to art. Some of the entrepreneurs remain in the neighborhood, while others leave. The most important thing is that such circular investments in the neighborhood have been repeating themselves, although male entrepreneurs have always dominated. In 2020, despite the recession in the global economy due to COVID-19, the neighborhood once again attracted 4,284 new entrepreneurs with their new business ideas.⁷⁸ In fact, almost the whole economy of this neighborhood has changed between 2010 and 2020. If we look beyond the 2000s and think of the history of Sonnenallee, its reality becomes clear: the economy of this neighborhood is fluid.

However, as noted before, there is one very significant thing which is not fluid in Sonnenallee: the company spaces. Thousands of people are trying out new business models in this district every year, while thousands of others are leaving for a number of reasons. Can you imagine an entrepreneur taking a building with them when they decide to move the company out of Sonnenallee? It would be an absurd decision. Regardless of what kind of business models entrepreneurs have, if they try to open their companies in Sonnenallee, they need the company spaces in the boulevard — which are immobile.

Now that I have presented general patterns of investments in the neighborhood, I must return to the question of what happens if more and more people want, need,

⁷⁸ Note that company openings by non-Germans in the gastronomy sector decreased from 454 in 2010 to 295 in 2020.

and desire to open their company in Sonnenallee. I have already indicated some of the consequences in the previous chapter. The following principle is crucial in the economy of the street: as long as the image of the neighborhood attracts more and more new entrepreneurs or investors, company spaces in the street remain competitive. As more people need, want, and desire not only to live but also to open a company there, the rents of company spaces have been rising since the mid-2000s. Regarding this, the next section explains the consequences of new investments in the neighborhood which may lead to more workers being hired but also create highly flexible working environment in this neighborhood.

6.4 What Does Air Money Mean?

In fact, during the 2000s, many hip coffee shops and restaurants opened in Sonnenallee, such as Heat & Beat — a pricy burger restaurant which interestingly turned into a shawarma restaurant in 2017, and was under renovation again in 2018. The eruption of the Greek debt and the global economic/banking crisis of 2007-2008 have caused more young European immigrants (from Greece, Poland, Spain, France, and Italy) to move to Neukölln. And these movements bring not only labor force for companies in Neukölln such as call-centers, IT firms, hotels, and small-scale shops, but also customers for the shops in Sonnenallee. But why did the hip burger restaurant have to close down and be replaced by a more affordable shawarma shop? Was the shop inappropriate for the area or economically unprofitable? Or do situations arise in which a shop has to be replaced because more attractive business forms are created by immigrants?

Consider the company change above. In theory, a company is taken over because of its special name or reputation. The takeover happened because of its space, which is geographically immobile. This category is commonly overlooked, but it is at the core of business competition in the street. In fact, I observed that company spaces are very important for the take-over decisions of entrepreneurs in the street.

As I mentioned in the previous section, I will not attempt to discuss “the creativity” of entrepreneurs. Rather, my aim is to explore an important aspect of that company exchange: that is the exchange value. For instance, the exchange

value of the company above was around 90,000 euro. To better understand this issue, consider the following history of an entrepreneur, who used to be a construction worker in Turkey before coming to Berlin in 1993 on a contract with a local construction firm. Now, he owns a Späti which he has taken over from an entrepreneur for 18,000 euro in 2005. But was such an amount equivalent to the products and equipments that the Späti had? According to him:

“No. I counted drinks, cigarettes, refrigerators and so on. I counted all products I had taken over. They cost nearly 3,000 euro at that time. The rest was ‘hava parasi’ (Turkish for ‘goodwill’, literally ‘air money’).”

What does “air money” or goodwill mean? When a shop X in the street is taken over by an entrepreneur Y, Y is making payments to the owner of X not only for the things that X consists of and for the reputation of X. In many cases during my research I found out, Y is also paying for the location of X.

I want to stress that it is always difficult to set a price on a company in the street, in part because it is calculated subjectively. It depends not only on the things a company has (furniture, equipment, and so on) but also on the price at which people hope to buy the company space. Of course, I am not denying the importance of company brand names. However, it seems to have a limited impact on the decisions on company takeovers in Sonnenallee.

In my view, investment behaviors cannot be reduced to the creativity or attractive ideas of a specific individual. It appears that the popularity of the street is more important than the creativity of company A, company B, or company X, which occurs within the geographical context. In other words, as long as the street has a strong attraction that is created by an “ensemble” rather than a single performance, more and more entrepreneurs will invest here.

Thus, it is very important to study the growing self-employment in a geographical context. If the image of Sonnenallee attracts individuals to invest in this street, it seems rational for people to hope to sell companies with a profit. That is why companies in the street have speculative values. Consider the company mentioned above, whose owner has been investing in it for over a decade. All the investments of the previous owner have no meaning for the new one. But the space is still important for the new investor. I mentioned that company change to show what

company spaces (Gewerbefläche) mean in entrepreneurship strategy. Note that this is a phenomenon that affects the whole economy of the city. Goodwill has become so common that entrepreneurs put the goodwill price on internet portals,⁷⁹ which arguably allows the manipulation of exchange value of companies in the street.

Hence, there is an abundance of evidence for this, such as loans provided by banks for company takeovers. Indeed, making the neighborhood an attractive business location is one of the main goals of the “Neukölln — Urban Impulses” project. The contributive logic is quite simple: if the exchange value of all companies, which is often very difficult to calculate, is added to the economy, then total value of the neighborhood would increase. To some extent, the business relations described above affect every neighborhood of Berlin.

There is a number of reasons why a person may decide to take over a company in Sonnenallee; the exact cause is often ambiguous and unclear. Taking over an old company may be seen as an opportunity: the new owner can profit from old rental contracts and thus a significantly lower rent from the times before real estate prices in Neukölln skyrocketed. But in these cases, the takeover of the company costs huge amounts of goodwill. In addition, since the design of the contracts is completely dependent on the landlords’ favor, all the conditions are turned into a question of people’s needs and desires.

As we have seen, one cannot foresee the future demand for the products or services of companies in the street. The present value of the company depends not only on its assets, but also on the price of the company’s location as well as people’s hopes. If Sonnenallee was not popular, or there was no desire to take over a location in the street, there would be no “air money,” in other words: no goodwill.

In order to understand how individuals in Sonnenallee have come into greater business competition, then, it is important to look at the changing image of the street historically. In what follows, I will provide an example of one of these experiences and explore how individuals are both seeking to secure their social

79 https://www.immobilienscout24.de/expose/114917000?referrer=com_otp_search#/ (last accessed 01.04.2017).

position and at the same time taking all the risks of entrepreneurship. Again, the right way to look at the problem is in generational term.

6.5 They Gambled and Sometimes Lost

“Everything has changed in the neighborhood,” the owner said after I spent several mornings in his shop and drank coffee for one euro. He was born in a small apartment in Weserstraße in 1982 and lived there until 2009 with his family. The very first day when we met, after I introduced myself to him, he asked me: “Take a guess: where am I from?” I made a guess. It turned out that his family moved to Berlin from Palestine in the 1980s. He continued: “There was only one German student in my classroom at school. Now, kindergardens are full of French, Italian, European children. 20 years ago, the occupants of our housing block were Turkish and Arab families. Now, the tenants are students. They can pay 500 euro per room, monthly, but I can’t. I’m even struggling to pay the rent for the shop.” Even though I was there quite early in the morning, at 6 o’clock, he already finished multiple tasks such as baking croissants and breads, and cleaning the shop. In fact, he was working a minimum of twelve hours a day, seven days a week, serving food for customers or waiting for them, in order to pay 1.300 euro in rent as well as additional running costs, and to make a profit. While we were waiting for customers in the shop, sitting together and drinking the coffee he had prepared for us, his gaze occasionally went to his smartphone. He was posting photos from the products he sells on his Facebook and Instagram accounts to make the shop inviting. He did not exactly succeed, but the use of internet is now firmly established in nearly all companies in the street. The subjects of such advertisements ranged from a cake, a coffee, haircut styles, a driving license certificate, a kebab, a shawarma, a designer t-shirt, a tattoo, a book — any product or service. As noted, the majority of the shops in the street are small-scale and offer relatively affordable products and services. Most are not well advertised; people know where to get them. There are also recommended shops and restaurants, which are well-known and have their chain stores city-wide. To make connections between working relations in Sonnenallee and globalization and neo-liberalism, I want to stress the following aspects: whereas in the 1980s and 1990s most of the companies in the street were in competition with each

other, throughout the 2000s and especially today all of them are in competition even with businesses on other side of the planet. As one owner of a pastry shop told me: “We sometimes have orders from Paris.” Hence, whereas historically small- and medium-sized companies generally bought their products from the local market because of high transportation costs, today huge quantities of food and drinks are bought online, especially when a discount is provided by a company. Clearly, some companies even receive orders from all over Europe, since the advances in transportation and internet use have effectively allowed even relatively small firms in one country to service markets thousands of kilometers away. In this respect, the business of newly opened companies in the street is more difficult than for the already well-known ones.

As for the entrepreneur I started this section with, being known is important to him as well since conventional recommendations on the internet, such as “excellent” or five-star ratings, become part of our lives. But he has just started to do business and “being well-known” requires decades without enough economic and social capital to commercialize a company.

The jobs he performed to support himself and his family were in bakeries, coffee-houses, and the construction sector before he opened his own shop in Sonnenallee in 2017, on which he spent around 30,000 euro. He did not pay for the renovation work on the shop since his friends and family members helped him. This enabled him to reduce renovation costs which can vary depending on the design, and which he estimated to have been 15,000 euro. “My mother used to say that I should work in the chocolate factory in Tempelhof when I was 18. The factory was closed in the 2000s. Anyway, I wasn’t interested in that.”

Wanting to work in a factory in Neukölln was an anachronistic ambition for his generation, in the 2000s. People were supposed to create their own jobs. Although various possible careers may be achieved through study, talent, and effort in the contemporary economy, one thing is obvious: self-employment has been growing in extent in recent decades.

In Neukölln, everyone contributes to this development, including my interviewee. He mentioned that one of his friends from his school time is now self-employed as well. He opened his own repair and service company in 2010, after working at a company in Neukölln for five years. “His boss helped him with sub-contracting small jobs to his firm at first, but he is doing well now. He even took a job from

the senate of Berlin a month ago. Can you believe this? He doesn't have to do anything. He can just take the money from the senate and sub-contract the job to another firm, just as his former boss did.”

While we were talking about his business, his school life, and social change in Neukölln, my interviewee had only a few customers. The business was not going well. Not surprisingly, and luckily, he handed it over to a new entrepreneur from Iraq in 2019. The shop was renovated and turned into a combination of a coffee shop and bakery where one can order cappuccino or cafe latte, cakes or cookies. Also, the new entrepreneur had employees — something which was not possible for the old entrepreneur due to his finances. We did not talk about the exact exchange value of his company, which is very much dependent on negotiations between the new and old entrepreneur — the shop is not located in a touristic area of the street, and not enough time has passed since its opening. Instead, we talked about his daily life. But this particular juxtaposition of the spoken and unspoken was unsettling, as company takeovers create an unsettling atmosphere in the street. And I made the following note in my notebook: “A question of the changing neighborhood's social fabric and social mobility.” I will discuss this issue in the next chapter.

6.6 Changing Neighborhood's Social Fabric and Flexible Work

To recap: as far as doing business in Sonnenallee is concerned, it was easier to find empty company space in the 1990s and even during the 2000s. Today, it is very difficult to afford the rent of company space in the street. Significantly, growing self-employment and gentrification affected the whole economy of the neighborhood. For instance, by the turn of the 2000s, the average investment for opening a small shop was around 15,000 euro. By the turn of 2010s, the average costs of opening a shop had risen to 30,000 euro. These amounts may seem small for an investment; however, from the viewpoint of the low income population — to which a high percentage of people with an immigration background belong — it was and is still high.

In seeking to understand why growing self-employment does not create significant opposition, one of the explanations is that not all self-employed/freelancers are working precariously. Some of them are quite

secure in doing so — such as lawyers, highly educated engineers, tech company owners, and some of the company owners in Sonnenallee. Interestingly, for instance, one of the entrepreneurs who came to Berlin in 2012 said: “I have been self-employed for 8 years in Berlin. I didn’t receive any social benefits from the state. That’s why I gained my residence permit. If you stay away from the Job Center, they give you a residence permit.” Being economically independent from the state, therefore, is considered to be positive on the political level. On the other hand, there are many workers who participate in this forms of employment involuntarily, with fewer rights, less security, and lower incomes.

As indicated previously, there are two aspects of the neighborhood that I particularly want to highlight with regard to the connection between working practices of entrepreneurs and their workers in the street. Firstly, the street is a place that experiences gentrification; from Friday night on, clubs fill up with tourists for the weekend. Entrepreneurs in the street, in turn, try to extend the workday in their workplaces. This general pattern is well known. If there are potential customers for 24 hours, there are also shops that open for 24 hours. For entrepreneurs, the ability to hire workers with non-standard working hours allows them to respond to fluctuations. For instance, they hire workers for the weekends, since the street is busy at that time. Secondly, and relatedly, entrepreneurs need to pay more taxes and social security payments if they are open for 24 hours, since no individual can work 24 hours without sleep, which can be predicted by tax authorities. Three entrepreneurs were punished by the public order office of Neukölln with a fine of 500 euro each in 2018 for opening on a Sunday. Furthermore, during my research, two entrepreneurs were punished by the customs authorities for employing unregistered workers, one with a fine of 40,000 euro, the other of 80,000 euro.

In a way, each entrepreneur’s identity in the street comes with a different set of privileges and hurdles. One of the entrepreneurs described his experience as follows: “None of my workers has said in court that this place is open for 24 hours. But, according to the opinion of the customs, the shop is open for 24 hours. And I don’t have enough employees to keep this place open for 24 hours.” Generally, immigrant entrepreneurs have to worry about the decisions of both the public order office of Neukölln and the customs authorities. “You need to have a

German lawyer” said one of the punished entrepreneurs in our interview. Note that this was also the answer that one of the punished workers gave. Clearly, each of these aspects can have significant implications for the immigrants’ economic activity, and they are also deeply tied to their personal relations. Although there is an important distinction between entrepreneurs and their workers in the street, which also requires more flexible employment arrangements, both play roles on the same stage.

Needless to say, the overwhelming majority of entrepreneurs in the street do not violate their duties since they are frequently controlled by tax authorities, the public order office, and the customs officials. Thus, all entrepreneurs employ their workers as mini-jobbers, wage workers, freelancers, or trainees, since these are the rules of the labor market in Germany.

Ultimately, entrepreneurs are entrepreneurs and the labor market is clearly precarious. However, when it is entrepreneurs who are immigrants and are being referred to as part of a minority or community, it is important to evaluate the distinctions between entrepreneurs in the neighborhood. In other words, aside from the political economy that separates social groups, internal divisions within workplaces in the street are crucial in reconfiguring inequalities.

6.7 Summary

What makes the neighborhood special, from a historical perspective, is precisely that experiences of economic precariousness diffuse due to the neighborhood’s increasing popularity as a business location. For one, thousands of companies opening in the neighborhood are reshaping the lives of thousands of people, as these investments both open new job opportunities for people who are in need and upward social mobility for some entrepreneurs. At the same time, the massive amount of company closings creates a highly precarious work environment, with thousands of people suffering as workers lose their jobs due to the practice of company sales, economic difficulties and insolvency.

For another, increasing rent and exchange values of companies make it impossible to open a company in the neighborhood for the low-income population. The consequences are that, unlike self-employed company owners who have a contract

with the landlord, thousands of self-employed do not have an opportunity to open a company. In this regard, the term “self-employment”/“freelancing” is clearly a misnomer: many individuals work under insecure conditions as self-employed workers in companies.

Despite claims that self-employment/freelancing opens up possibilities of upward social mobility for immigrants, it is clear that self-employment is not a neutral concept. Although it is easier for some to identify self-employed shop owners as small-bourgeois, this definition is nevertheless a lack of certainty. There is no doubt that self-employment/freelancing is an important historical development, and it would be a serious mistake to underestimate it. It is definitely true that some entrepreneurs find self-employment desirable, liberating from old-fashioned work and hierarchical job structure. It allows some individuals to gain an elevated status and even satisfaction. However, as self-employment/freelancing keep growing in the population, it ceases to be satisfactory for all.

Finally, it is important to have a democratic debate about the issue, which is just as crucial as discussing the creative ideas of entrepreneurs. This research agrees that Sonnenallee needs entrepreneurs and their creative ideas, which are necessary for economic growth. However, the employees’ contribution to the enterprise deserves to be better protected. One may also argue that there are no legal barriers for women to become entrepreneurs and that there is political support for them. But why is the promotion of entrepreneurship associated with male domination then? Do women have less interest than men in becoming entrepreneurs? The fact is that these issues are not only legal but also social and political.

7 Competition in Sonnenallee

The competition in Sonnenallee has widespread ramifications. Entrepreneurs of Sonnenallee routinely rely on competition, often without consciously realizing it. For instance, they try in many ways to use the expansion of social media and networking platforms, which have allowed entrepreneurs to create external representations of products and services in Sonnenallee.⁸⁰ But what do entrepreneurs compete over in Sonnenallee? And are they competing under equal conditions?

Previous chapters have already shown that there is a monopolistic competition among landlords. Although there are many different landlords in the street and the rent paid therefore varies between companies, what is obvious is that the landlords do not compete with each other to lower the rent of company spaces in the street. Quite the contrary: the rent of companies clearly rises as a consequence of increasing needs and desires to open a company in the street.

This chapter examines street-level competition that extends beyond specific groups of shop owners. In the following sections, I will examine the competition at the individual company level, relating the issue to the two ongoing processes: globalization and neo-liberalization. I will demonstrate the role ownership of company spaces (Gewerbeflächen) plays in investment strategies, again, from a historical and a theoretical point of view.

In subsequent sections I will suggest, again, regardless of how interesting an idea the entrepreneurs have, a close examination can show that immigrants in Sonnenallee engage with precarious work. In doing so, they reduce the price of services and reshape the image of the street.

⁸⁰ <https://www.unternehmen-neukoelln.net/lokale-oekonomie/aktuelles> (last accessed: 06.06.2021)

7.1 Middle Class? Why Geography Matters

There is a tendency to discuss the emergence of immigrant-run small- and micro-scale businesses by referring to their owners as “small-bourgeois” (Stock, 2013), whereas the experience of so-called guest workers who entered the German labor market from the 1950s was one of an “underclass” (Abelshauser, 2011, 315). In what respect is the class position of immigrants different today than in the past? And do all self-employed shop owners in Sonnenallee occupy a middle-class position?

In general, the purpose of such definitions is to present a social hierarchy: according to a common definition, small entrepreneurs like self-employed restaurant owners and shopkeepers are classified as middle-class, enjoying a better lifestyle than working people. However, this kind of classification is also shaped by media and political debates homogenizing class differences. As detailed previously, the way the immigrant population is divided up usually reflects an idea of whether immigrant entrepreneurs exploit or help their community members. To avoid this dichotomy, it is crucial to make distinctions at the street level as precisely as possible.

The truth is that one might profit by opening a company in Sonnenallee. One may even gain elevated status or prestige that often go hand in hand with profit. However, there are enough instances in the street where the reality of business ownership is far from an elevated status, and the owners’ situation is still very much precarious.

It is important to understand that class divisions are real and play a significant role in shaping society and our identity. However, the split between the working class and the bourgeoisie is constantly changing. E. P. Thompson’s book “The Making of the English Working Class,” published in 1963, argues that class is not a tangible thing but rather a historical relationship. This book is significant because it places historical changes at the core of our understanding of the term “class”. It focuses on how small traders lost their independent position during the industrial revolution, which caused continuous change in the underlying social reality. Thompson explored the life experiences of the working class in the 18th and 19th centuries, when the industrial revolution was destroying small-scale shops, tailors,

and weavers (Thompson, 1963, 261). They shared common experiences that shaped their behavior.

Almost by definition, the class position of individuals and the possibilities of economic success are shaped by the dominant economic, social, and political relations. As Thompson put it: “the working class made itself as well as it was made” (Thompson, 1963, 194). In other words, during any given historical period, there are always certain new possibilities for individuals, even if they belong to social groups that are rather excluded. The decisive factor is the relation between economic, social, and political actors and the collective choices of those actors.

The point here is that the possibilities of economic success have changed throughout history and are changing again today. Arguably, between the 1950s and 1960s, when the so-called German economic miracle happened and firms began to employ immigrant laborers, there was no political support for being self-employed, and guest workers did not have financial capital. But the economy started to change in the mid-1970s. And the classic industrial upper class or industrial bourgeoisie phenomenon has also changed in the mid-1970s, as there was a huge decline in manufacturing investments after this period: in Germany, manufacturing production expanded at an average rate of 7,6% per year between 1950 and 1970, which fell to 1,3% between 1974 and 2000 (Nachtwey, 2018, 21).

The literature is full of examples of “how finance exploit us all” (Lapavitsas, 2013), or “how finance is appropriating our future” (Durand, 2017). In the 1970s, instead of industrial investments, firms began to invest in financial markets since over-accumulation made capital-intensive long-term investments less profitable. This, in turn, opened the era of financialization that allowed investors to have great maneuverability, such as money transactions and trade that are now taking place in nanoseconds between Frankfurt, Tokyo, and New York. As the volume of trade increased, actors diversified. Even small-sized companies which are typically multi-tier subcontractors are directly involved in the logic of the financial market (Becker, 2009). As an example, individuals can purchase Bitcoin on the financial markets and sell it for a profit when its value increases. Technically speaking, each investment in that currency is a largely independent and individual choice. But all of them are integrally related to each other.

Geographer David Harvey has referred to this phenomenon where the individual profit motive gains importance as “capital in motion” (Harvey, 2018, 21).

This correlation between individual and collective choices also plays a key role in structuring the economy of Sonnenallee. I have already explored the historical increases in self-employment among the immigrant population and the popularity of opening a shop in Sonnenallee in recent years. In analyzing this process, we should remember that, as shown in the previous chapter, nearly four thousand new entrepreneurs have been opening their companies in Neukölln every year, especially after the mid-2000s.

Imagine an entrepreneur opening or taking over a shop in Sonnenallee during the 1990s, or even in the 2000s. Another person may have an interesting business idea in the 2010s, but no business space; therefore, they approach an existing entrepreneur to take over the shop. No matter what an interesting idea the second entrepreneur has, they must pay for the exchange value of the shop since the first entrepreneur has also invested their labor and time in that company, and since all entrepreneurs hope to earn a profit.

In this way, all entrepreneurs tend to turn into rent-seekers (Harvey, 2018, 37). Therefore, they generally act to protect the value of their shops and try to be patient until the exchange value of the shop rises. Some of them try to raise their exchange value by lowering their income, or working 17 hours a day, 7 days a week.

In practice, opening a shop in a traditional form has indeed been the most important type of investment for the majority of the immigrant population in Germany since the early 1970s. As long as they can pay their rent and not go bankrupt, a shop provides an income for the company owner. But this also allows the owner to escape from inflation, since the exchange value of a shop generally rises at least as fast as the price of consumption. The most profitable investment is, of course, buying a company space in early stages. For example an entrepreneur told me:

“The price of this shop (company space) was 50,000 euro in 2001. I didn’t buy it. It’s my fault. I should have taken a loan from a bank. Now (in 2017), it is more than 500,000 euro.”

It is easy to see that economic mechanisms automatically lead to high incomes for owners of company spaces (landlords) during specific periods — for instance, between 2000 and 2010. To understand this pattern of investments, it can help to remember the following statement from entrepreneurs who opened their companies in the 1990s or even in the mid-2000s: “It was luck.”

What is coming into being is social mobility in a geographical place where the problem is not simply opening a shop but rather location and timing — which, in the entrepreneurs’ own words, is pure luck. Arguably, the increasing exchange value of companies has an impact on many interactions and situations among immigrant communities in Neukölln. An old entrepreneur, for instance, did not want to hand over his Spätkauf to his friend who wanted to pay the price in installments as part of a trust-based relation. Indeed, the entrepreneur himself bought the shop by paying its exchange value piece by piece a decade ago, it was 18,000 euro in 2005 and rose to 120,000 euro in 2018.

Interestingly, two entrepreneurs have moved their companies to other districts of the city after such exchanges. One of the entrepreneurs, for instance, handed over his restaurant for 80,000 euro in 2018. Uncertain about future developments, taking the offered goodwill was the best option for him. It is not that goodwill practices didn’t exist before. But the period after the mid-2000s is particularly important because the rapidly increasing exchange value of companies is apparently deepening the rent-seeking activities in the street.

That is to say that entrepreneurs who invested in a business in the street before the mid-2000s are now handing over their businesses so that they can be free of the burdens of the rental contracts, the stress of a highly competitive economy in the street, and the financial burden of workers’ wages and social security payments. Such an exchange may be profitable to the seller, the former owner of the company. It may also be profitable to the buyer, the new entrepreneur, in the long term — this is in itself uncertain since the exchange value of the companies may stop rising or even decrease.

At first sight, it seems strange that ever more investments are taking place on the street today — especially after the financial crisis of 2008 that has been compared with the Great Depression of 1929. However, if no one wants to have a company

in the street, government policies enter the game (Polanyi, 2000). As we have seen in the previous chapter, many tech companies and the creative industry in Neukölln have been funded by the state, whereas traditional shop owners received only little help from the state — only one entrepreneur that I interviewed was supported by the job center (he opened his media company in the street in 2005). More recently, however, during the COVID-19 recession, the state started to support all sectors: small, medium and large companies, tourism, the hotel industry, consumer-oriented services (e.g. clubs and restaurants), retail trade, and self-employed individuals.

7.2 Geography Matters

Never before had there been a more diverse range of small- and micro-scale companies on Sonnenallee than today, especially since it was uniquely branded “street of Arabs.” Note that all of the products and services provided in the street are available in nearly every neighborhood in Berlin today. Still, there is a particular character to doing business in Sonnenallee.

Although the same products and services are available in every district of the city of Berlin, when one wants to buy an Arab product, its name directly suggests it will be found in Sonnenallee. In this way, indeed, it has become a tourist destination. Significantly, the city of Berlin hosted 13,502,552 tourists in 2018, 403,625 of whom stayed in Neukölln. Tourist numbers increased to 13,963,345 in Berlin and to 407,795 in Neukölln in 2019.⁸¹

This figure, 407,795, creates a kind of confidence not only for hotels but also for landlords and for some entrepreneurs in Sonnenallee. With the major growth of internet use from the 2000s on, the notably increasing volume of advertisements caused certain places in the Northern part of Neukölln (such as the section of Sonnenallee between Hermannplatz and Erksraße) to be recognized as a touristic “hot spot;”⁸² this is also the area where company A, company B, and company C are located.

81 see: <https://www.statistik-berlin-brandenburg.de/tourismus-und-gastgewerbe>

82 Wirtschafts-und Innovationsbericht Berlin 2019/2020, p 53

My fundamental goal is to compare the distinctions among companies at the street level. With regard to their income, it is perfectly possible that one shop owner in the street earns a higher average income than another, even though both of them are in the same economic sector and located in Sonnenallee. For instance, as mentioned in the previous chapter, a bakery owner handed over his shop because he was not able to make enough profit. However, just two hundred meters away from that bakery, another one did not share the same fate. The owner, a female entrepreneur who was born and raised in Neukölln, told me how starting a business in the street had changed her life.

It is important to note that a lot of diverse factors play a role in this distinction, although entrepreneurs constantly try to keep the prices of products cheap in order to improve their profitability. The bakery owner also told me: “I have increased prices only by 10 cents on average over the past 10 years, although the prices of milk, coffee, butter, cheese, eggs, and bread increased. Customers go directly to other shops when I increase prices. Me and my husband wake up at four o’clock every morning. But we don’t know what is going to happen today. Even after more than 12 years, we don’t know how much we are going to earn.”

It is this uncertainty that creates the fertile ground for conflict between companies. Although both company owners described above were born and raised in Neukölln and opened their companies in the same sector, in the same street very close to each other, the return on their investments is not the same. Indeed, both companies were trying to push their income down to a minimum to compete with each other.

Equally impressive examples can be found throughout the street. Observing the distinctions in a very close proximity allowed me to see that several factors such as the age of the company, its image and location play an important role in this competition. For instance, if one bakery is located directly next to the M41 and 171 bus station, it may have more customers. Even if the investments in both companies were the same, there is always an unequal return which also has to do with the entrepreneurs resources. Whereas some entrepreneurs have higher capital and different investments in various sectors, others only have start capital.

Why this is important? Because, for instance, entrepreneurs with more financial capital can easily conclude a long-term contract with their landlords, mostly with the help of their lawyers and financial advisers.

This is not a minor distinction. Although all of the entrepreneurs in the street may seem to take the same risks, patiently waiting for the exchange value of the shop to rise is easier for entrepreneurs who have more financial capital. This has particularly been the case in Sonnenallee after the mid-2000s, when gentrification started.

I shall go on to show that there is no equal competition, even for small- and micro-scale businesses. In the light of the analysis developed in this thesis, the research models that tend to reduce the success of entrepreneurs to their creativity are imprecise.

The role of company spaces (Gewerbeflächen) in the investment strategies is crucial because company ownership is clearly becoming increasingly important for many people. Indeed, after the post-2008 recession, the category of opening a company has become a dream rather than reality for most immigrants. I note that the increased rent and exchange value of companies are the main barriers. However, this diagnosis requires further differentiation and distinctions.

7.3 Relative Location and Image

Sonnenallee was not always a place where business was supposed to be done since it was called a “no-go area” or “ghetto.” Investments in the neighborhood were very limited in the 1990s, although the cost of renting company spaces was lower than in the neighboring district Kreuzberg. Conversely, after the mid-2000s, the image of the street changed insofar as creative businesses and tech companies are now moving to Neukölln, and thus to Sonnenallee. Despite its unique appearance, this shift from a “ghetto” to a “hip” place is tightly connected with the changing nature of the global economy.

One of the forces driving the exploitative process in the street has been the growth of consumers’ desire to shop at an inexpensive price. The number of that kind of small-scale companies has indeed risen rapidly in Sonnenallee, thereby allowing a greatly gentrified district’s population to be fed and serviced for lower prices.

For instance, one restaurant owner said in 2017: “I made a discount for shawarma: 1.99 euro, although the meat price has been on the rise in recent years.”

Of course, some of the products are sold for relatively expensive prices since their materials are expensive. But the general pattern in the street is as follows: products and services have been continuously diversified in the street, so that competition among them is persistent and the prices are low. Living costs in Berlin vary considerably; however, some figures are interesting. Here are the approximate living costs in Berlin: rent (room in shared apartment): 500 euro; groceries: 150 euro; public transport: 63 euro; internet (mobile phone): 10 euro; liability insurance: 4 euro; entertainment: 200 euro. Total: 959 euro. This is considered a shoestring budget.

Arguably, if the tourists find their way to Sonnenallee to consume goods and services provided there, it is with the help of their smartphones. But it would be naïve to think that the virtual space of our smartphones would equalize the profit of all of the immigrant entrepreneurs in the street. When we use our smartphones simply in order to use the virtual map of the street, most of us are directed to company A or B.

Consider, for instance, the owner of company A in the street saying to the press: “The product that I’m selling here is Arab penicilin⁸³.” It’s worth noting that Alexander Fleming, the inventor of penicillin, did not hold a patent for his discovery which played a significant role in lowering infection-related deaths throughout the 20th century. Unlike modern pharmaceutical companies, which often hike up prices for their products, Fleming did not engage in such practices. This is especially relevant in light of the current COVID-19 pandemic and the power of pharmaceutical companies holding a monopoly over the production of vaccines.

It is strange that company A does not have a monopoly on their product, known as Arab penicillin. Another entrepreneur, company B, can open a similar shop on Sonnenallee and sell the same product with their own recipe, without having to deal with the owner of company B. However, company A still has the advantage of its brand name. Despite the vast amount of advertising that exists today, people

83 See: <https://www.bz-berlin.de/berlin/neukoelln/bei-azzam-in-neukoelln-gibt-es-arabisches-penicillin> (last accessed: 02.06.2021)

still believe that company A is the superior option. This suggests that symbolic values and influences play a role in consumer behavior, as noted by Bourdieu (1996/1979) — if the star-based rating system by customers already had existed in the 1980s, Bourdieu would have definitely examined it.

To show the strategy for economic success, I start with an entrepreneur in the street whom I met with when he was renovating his supermarket located at a popular corner of the street. It had an area of one hundred square meters, and the owner was paying 4,200 euro in monthly rent in 2017, before his landlord offered him to rent another business space that was next to the supermarket and used to be a casino, which the landlord viewed as inappropriate for the neighborhood. In a way, the reputation of the entrepreneur gives him an advantage or privilege. As a trusted entrepreneur, a person investing in the street and paying his rent regularly for 11 years, he is relatively privileged compared to a person who owns nothing but their own labor.

If the owner had been interested in handing over his supermarket, the exchange value of the shop (which fluctuates over time) would have been around 750,000 euro in 2018. This exchange value exists not only because of the price of products that the company has but also because of the external effects that are typically a consequence of its surroundings rather than individual investments or the image of the company. It depends on the location. For instance, the exchange value of the supermarket would be different if it was located in Marzahn-Hellersdorf, the easternmost district of Berlin. Above all, it exists at this rate because the company is located in Sonnenallee. However, the exchange value would also be different if it was located on Hermannplatz, the central square of Neukölln. That is why it is so essential to study company spaces and their locations more closely.

It is important to recognize that the accumulation of wealth, is a long-term process extending over decades. Hence, we need to look at how things used to be for the entrepreneur profiled above. He started his business life in Berlin in the 1990s by leasing a coffee house from another entrepreneur until before opening his own supermarket and concluding a rental contract with a landlord for ten years, which then turned into an unlimited contract in 2011. This is a basic but important economic mechanism with consequences for the dynamics of distinctions among entrepreneurs in the street. While entrepreneurs with relatively good reputations

are often able to open a second shop, many potential starters fail to rent a space in the first place. The reason is that it is important for landlords and their banks that tenants have attractive and modern business plans. Everyone knows that banks in Germany do not give credit easily to the poor.

Indeed, relatives who could lend money also know that opening a company is risky. One of the female entrepreneurs who opened a shop in the street with her own effort stated: “Even my father and mother didn’t support me. My sister was asking me: Are you crazy? Because I had failed in business once.”

In a way, reputation tends to reproduce a class of individuals. This stark reality can lead to the following consequences: from the point of view of individuals who have little opportunity to find a job, it is definitely understandable why they lease a shop from an intermediary.

For traditional shop ownership in the private market system that now dominates in the streets’ economic organization, there are two basic choices for people who may not have the money to conclude a direct contract with a landlord to open a company in Sonnenallee. They can either rent a part of a company space or lease the space as a whole from an intermediary — an entrepreneur who specializes in winning contracts from the landlords.

The meat counter in a supermarket in Sonnenallee makes for an interesting example. It is leased to another entrepreneur to shares the rent and reduces the costs of the company. A difference or hierarchy then emerges between these two self-employed entrepreneurs, which is often a source of confusion. The details of leasing vary from firm to firm and from shop to shop.

Although leasing means simply a business form that is held under a rental agreement, we can see that the actual meaning of this title is more than a little obscure. The supermarket was rented out by its landlord, which is the principle for all business spaces in the street. By contrast, the meat stand, which is a separate company and is located within the supermarket, was rented out by the supermarket owner. The company (the meat stand) was leased to the second entrepreneur. Thus, these self-employed have little in common with entrepreneurs who hold rental agreements for company space. In most cases, they are in particularly weak positions. In most cases they are excluded from the income of

exchange value of the company. Clearly, not everyone who is self-employed in the street is small-bourgeois. But the logic of the system is quite simple: every self-employed person acts independently, while at the same time acting in the system of sub-contraction.

To be frank, I am quite incapable of assessing entrepreneurs' total investments. For instance, the owner of company C has a late-night shop close to Hermannplatz/Neukölln, a Mercedes car, and an apartment in Neukölln. I know nothing about his bank account, and very little about his other investments. But the inescapable reality is the following: a worker at the vegetable store in a supermarket was earning 1,100 euro per month in 2017. The worker, who came to Berlin from the Middle East in 2015, had virtually nothing but his wage. He was staying in a refugee camp, and therefore had no furniture, car, or any other investment. Leaving his wife and children behind, he was working six days a week. Naturally from his point of view, the wealth difference between him and the entrepreneur is extreme. According to the worker himself, he has no security in his workplace and little freedom to find another job. Although most of the companies in the street employ their friends, or friends of friends, the distinction between the entrepreneur and worker in terms of status, and economic reward remains.

Of course, this unequal access to opening a shop has always existed as an effect of competition over space as well as the rights given by the state — consider that some immigrants do not have a right to be self-employed. In short, entrepreneurship in Sonnenallee combines elements of reputation or inheritance, political justification, future demand, and pure luck.

7.4 From Guest Workers to Ghost Workers

During the time that I studied the working life of Sonnenallee, nearly 70 years after the so-called German economic miracle, it is clear that significant changes are taking place in the nature of employment and new opportunities for newcomers in Neukölln. These changes are being driven by globalization and neoliberalism. The German labor market had different rules at the time of the German economic miracle due to the Keynesian economy policy. Approximately

84% of all jobs were full-time in Germany in the 1970s, providing job security and social insurance (Kommission für Zukunftsfragen Bayern-Sachsen, 1996, 96). Even at that time, atypical work existed, but only at an extremely low level and especially in small-scale firms (Mayer-Ahuja, 2003). While self-employment has been increasing, labor is almost completely flexible and insecure today. The leading sector is the service sector, in which small- and micro-scale businesses and self-employment are on the rise. Especially after the mid-2000s, working in a company with job security became a dream for most people.

In 2014, one in six employees in the service sector held a university degree in EU countries (Askenazy, 2016, 213). A lot of newcomers have also high social and cultural capital in Pierre Bourdieu's terms (1996 (1979)). But they barely have economic capital. According to an OECD (2008) study, income inequalities have been rising dramatically since the 2000s, although there are many developments such as worldwide expanding education. Education does not directly grant individuals upward social mobility.

“Speaking for myself,” a woman, who worked in a bakery in Sonnenallee in 2018 said, “I was earning a very good salary in the 1990s.” She had worked in the kitchen of a retirement home in Roseggerstraße in Neukölln for 14 years, until 1999. “It is over there, just a few blocks away from here.” She was pointing to its location with her finger. The retirement home had a dual structure during the 1990s, half state-owned and half private, and the workers had relatively stable or full-time employment arrangements. “My monthly salary was 3,200 D-Mark in 1998.” But in 1999, the kitchen of the retirement home was sub-contracted to a private firm. Characteristically, the new firm wanted to employ their staff with a new wage structure and offered her 1.600 D-Mark monthly in 1999. “Of course, I rejected and went to a lawyer,” she said.

Although the new firm wanted to employ her for doing the same work, to prepare food the way she did before, the offered salary was half of her previous earnings. It was clear that she would lose her job. And she was not alone in that situation. “Our lawyer said that we should make an agreement with our employer.” After negotiations, the firm finally proposed to pay her a dismissal wage of one double salary (6,400 D-Mark) and to continue to pay her monthly salary (3,200 D-Mark) for further six months. “I signed the paper and quit the job. All of my colleagues

did the same,” she said. The jobs she has been taking to support herself in different supermarkets and bakeries since the 2000s are all temporary, offer no job protection, and are low-paid.

To understand what is at issue here, it is important to relate the growth of non-standard jobs with the location and time. As many scholars showed, non-standard jobs such as mini-jobs, which were seen as a secondary source of income for housewives, have become a primary source of income for many individuals in Germany (Nachtwey, 2018; Benanav, 2020, 52). As I have also detailed in the previous chapter, the majority of companies in Neukölln are not stable. If the situation is unstable, it is precarious and insecure. And the tensions caused by a high number of job losses lead individuals into competition in seeking jobs, whether marginal or informal, all over the city.

It is not a coincidence that the concepts of precarious work have become quite common after the financial crisis of 2008 (Standing, 2011). The insecurity affects virtually all segments of the economy in Neukölln, including the creative industry, tech companies, retail and trade, construction, education and healthcare. If the changes in economic structure of the neighborhood are obvious, it is also clear that individuals are constantly facing the danger of losing their jobs: workers in nearly all sectors in Neukölln are increasingly facing problems of unstable employment, or simply losing their jobs because of company exchanges, as we have seen previously.

However, this precarious life does not affect all individuals randomly. This is especially visible in terms of real net incomes: people with an immigration background are earning considerably less than natives.⁸⁴ Note, too, that women earn considerably less than men in Berlin. The gender wage gap is approximately 25%. It is also important to recognize that immigrants enter Neukölln’s labor market in a very different way than Germans. Natives don’t have to worry about the decision of the immigration authority (Ausländerbehörde), in contrast to immigrants from third-countries who do not have a legal status are refused access to many things such as travel to other countries, education, and work, as some of them are not allowed to be self-employed. In particular, newcomers have to finish

84 <https://statis.statistik-berlin-brandenburg.de/webapi/jsf/tableView/tableView.xhtml>

integration courses in order to find a job. When they work in the same sector, newcomers earn considerably less than others.

Consider, for instance, the distinctions between the following two bakers who start to work in a bakery at the same time. The qualifications of a baker who grew up and learned their trade in Berlin were recognized by the company; those of the baker from the Middle East were not. The latter would have to undergo a training taking at least two and a half years, and possibly three years or more.

Why this is important? Because there is a wage hierarchy between the two bakers until the baker from the Middle East completes their training. Long periods of training lead the baker starting to work relatively late, therefore, accumulating or basically earning considerably less. This is even without considering the fact that investing in education and training is not always sufficient to find a job.

Currently, one popular image of the street is that of renovations, interior design, and clean workplaces. However, much of these renovation and especially cleaning work is done by workers who work under precarious conditions. Although it is often invisible — we do not see the cleaners since they usually work very early in the mornings, when most of us are sleeping — cleaners and construction workers are central to reproducing the workplaces and the image of the street. Several generations worked under these conditions, in particular, refugees and asylum seekers throughout the 1990s, and many still do so today. For this group, which has already experienced the important role of identity in their lives and the lives of their relatives and friends, it was somehow abstract the idea of fighting against being exploited by their employers. Many of them have never worked in a secure job.

“Shababs (young people) want to work here,” says a hairdresser from Lebanon. “But I can’t employ them because they don’t have residence permits yet.” In many interviews, I have also been told by various people: “I don’t work here. I’m just helping a friend.” Other workers started telling me about their insecure status in Berlin and their despair over having no alternatives in terms of job opportunities. This means that the attraction of Sonnenallee together with the arrival of the newcomers and the bureaucratic challenges for asylum seekers creates a heightened competition in the economy of the street.

Although some workers are treated well by their employers, many (especially informal workers) find that their positions in the labor market leaves them vulnerable to exploitation. Many informal workers experience verbal abuse, and many of them don't report these incidents to the authorities — often out of fear of being deported, which increases the pressure of insecurity. Often, the weight of this insecure work is heavy, but when individuals have been carrying a weight of an insecure life for so long, they may forget what it means like to be without that weight.

It is important here to consider the experiences of workers in terms of health. Workers often experience the pressures of increasingly long and stressful working days — this phenomenon is known as “burn-out” and is damaging to productive capacity and employability. During my field work, a 36-year-old worker who came to Berlin in 2015 from the Middle East, and already engaged in low-skilled work in his home country stated that he didn't think that he would be capable of doing the same job for further ten years.

Interestingly, workers who have grown up in Berlin consider themselves overqualified for their jobs. However, if they do not want to work, there are other workers. Workers hear the following sentence from their employers a lot: “This is Germany.” The statement implies that if you don't want to work, you are free to go.

However, under the rules of the German labor market, few people can remain unemployed for long. No matter how bad the labor market conditions are, individuals must still actively seek employment, as Karl Marx explained in the mid-19th century in “Capital”. The relative surplus population, or unemployed workers, will tend to increase in a stagnant economy (Marx, 1976 [1867], 796-798).

The surplus labor in Neukölln is so diverse that it seems for some workers that I interviewed as if some people consider themselves to be in a stronger position than others: “People from all over the world are looking for a job here. Russians are here. Syrians are here. Iraqis are here. Somalians are here. I can't say I am in a bad position, because you need to see how people from Afghanistan work.”

Working relations of immigrants in the street are an issue that arouses strong emotions, frustrations, and hopelessness. The rise of precarious work on the one hand and the sense of frustration on the other have significant economic, social, and political consequences. As noted in the previous chapter, it is very striking that the things being said in political debates about the distinctions in the street are very polemical and far from innocent in terms of “cultural differences” and the reality of the working conditions of immigrants. In this regard, I will give several examples occurring on different occasions during my research.

Thousands of people demonstrated in the street at 5 PM on June 26, 2020, with the slogan “Fight against racism”. There was a criminal attack on a newly founded bakery run by a newcomer family in Sonnenallee. A week before the demonstration, two cars were set on fire and Nazi symbols were painted on the walls of the bakery.⁸⁵ This was not the only demonstration against racism that started from Hermannplatz during my research. This also was not the only provocation in the street which arose from a whole set of stereotypes and connotations popularized on national media. Immigrants, in Sonnenallee in particular, are racially profiled by virtue of being immigrant or Muslim. Immigrants are overrepresented in the criminal statistics, often for lower level crimes.⁸⁶ The visibility of immigrants in the street is not considered to be entirely positive, and even today, when speaking of immigrant businesses, people generally see those as something different from other businesses. All too often, the debate about Sonnenallee comes down to cultural differences, which in practice amounts to an exercise in European ethnocentrism. It is even encouraging nationalist politics. Given that the street is a meeting point for diverse groups, however, the far-right continues to spread the myth that the street is a place dominated by radical Islam. To give another extreme example: In 2021, a Danish right-wing extremist announced that he was travelling to Berlin in order to protest Radical Islam by burning the Quran publicly in Sonnenallee, well aware of the symbolism of this location.⁸⁷

85 See: <https://observers.france24.com/en/20200730-neo-nazi-violence-grows-berlin-immigrant-neighborhood> (last accessed 22.01.2021)

86 See: Neuköllner Bürgermeister auf Gangsterjagd: <https://www.rtl.de/cms/neukoellner-buergermeister-auf-gangsterjagd-4319487.html>, <https://www.rbb24.de/panorama/beitrag/2019/03/razzia-berlin-neukoelln-mitte-geldwaesche-shisha-bars.html> (last accessed: 03.12.2020).

These examples remind us, if we need reminding, that the question of ethnic and racial distinctions has always been at the heart of social, economic, and political conflict. Related situations can be observed in many countries, for example, Marine Le Pen's neo-fascist Front National in France, or Donald Trump's white supremacist networks in the US, mobilized support for nationalist politics that blame immigrants for a countries' economic and social problems. As a result, many immigrants are typically employed informally within the global economy, in jobs that could already have been eliminated with new technologies.

7.5 Summary

While the street may provide people with a sense of community and a place to form bonds, it is precisely for companies and their workers an arena for competition. That is to say that working in the street is not beneficial to all of them. In some cases, opening a shop in the street is not enough to earn an income. The central fact is that the entrepreneurship is by definition risk-taking and competitive. Not all of the companies in the street I know benefit from the image of the street. Some of them created a relatively good reputation, or gained certain privileges within the dynamics of tourism, social media, culinary tours, information tours, Facebook, Instagram, or Google Maps. The rest, essentially, has to battle it out for the future of their businesses — which is usually an illusion. As anticipated, few tourists who come to enjoy Sonnenallee probably think much about the labor processes involved in serving them products.

Although there is a significant opposition to right-wing movements in Neukölln, businesses in the street are built upon an area of highly exploitative labor practices. For some workers, finding a job in the street means working 10 to 16 hours a day. Typically, workers spend that amount of time in their workplaces but are only paid for 8 hours. The standards for wages vary from one workplace to another and from one boss to another. And it would therefore be reductive trying to sum up all of them in a single figure.

What is definitely true is that shop owners in the street have a right to hire and fire their workers. In this respect, shop owners are different from their workers, since

87 <https://www.tagesspiegel.de/berlin/koranverbrennung-in-neukoelln-rechtsextremer-daene-paludan-will-kundgebung-in-berlin-abhalten/26619268.html> (last accessed 22.01.2021)

workers have to do what their bosses say in the workplaces. Having said that, there is no slavery in the street. By definition, in all democratic societies, the relation between employer and employee is the result of their legal rights. The remarkable inequalities in the street occur not because workers have no rights but because they are paid their market value. In the time that I studied the working life of Sonnenallee, nearly 70 years after the so-called German economic miracle happened, class relations have continued without interruption. Class division, which has been debated in philosophy, sociology, history, and geography, still has a profound impact on our lives, the lives of people I try to analyze in Sonnenallee, which cannot be reduced to the criterion of income or financial wealth but are also suffering from a lack of access to education, housing, social protection, and of course employment.

8 Conclusion

In this research, I have delved into several crucial aspects that highlight the significance of Sonnenallee as a prime location for immigrants' business ventures in contemporary times, especially after the mid-2000s.

In this final chapter, I will summarize the key research findings in connection with the rise of entrepreneurship and the reputation of Sonnenallee as a business location. I will also discuss the limitations of the study and suggest a possible conceptualization of the field.

8.1 The Central Issue of Relative Advantages of Sonnenallee

The focus of this research was to understand the reasons behind the agglomeration of small- and micro-scale companies on Sonnenallee, taking into account the prevalent economic, political, and social context. By conducting a thorough historical analysis, this research illustrated that a rise in entrepreneurial interest and demand for business creation in Sonnenallee leads to reduced competition among landlords, but also raises the question of what kind of economic opportunities this street offers to ethnic minorities.

Throughout this research, various examples have been presented to demonstrate that Sonnenallee is a challenging and continually evolving environment both for employment and for opening a company. The street offers opportunities and wealth, but also presents adversity and unstable working conditions. The results of this thesis show that it is essential to distinguish between entrepreneurship and company space ownership on Sonnenallee, which can be a complex issue. In my research, none of the entrepreneurs owned the company space, but it is important to note that these categories can overlap and vary.

One way to clarify the situation is to consider the economic benefits that can be obtained on Sonnenallee. Based on private property ownership, companies like company A, B, and C, have their own strengths and weaknesses on the boulevard. The main factor that sets company A apart from the others is its unique history,

image, and location, even though others are located in close proximity. Over time, certain entrepreneurs built up their reputation and economic capital, allowing them to venture into new markets or secure physical retail space. This highlights the importance of Sonnenallee as a location which can provide economic advantages to some while leaving others, especially those who rely solely on their own labor, at a disadvantage.

Although this study emphasizes that success or failure in Sonnenallee can be linked to its historical geography, it is important to note that the study is not suggesting any direct historical causality or stating any definitive conclusions. These matters remain open for debate. Overall, the aim was to assist readers in comprehending the nuanced distinctions among businesses run by immigrants at the street level.

8.2 For a Geographical and Historical Political Economy Approach

I would like to conclude with a few words on the conceptual framework of this research, which goes beyond the typical binary analysis of positivity versus negativity and conventional interpretations of increased self-employment among immigrants. The introduction described various positive versus negative analyses, and Chapter 2 detailed widespread beliefs about increasing self-employment among immigrant population.

Entrepreneurship has become a defining characteristic of ethnic minorities on Sonnenallee, transcending specific family or friend groups. However, the question remains: does promoting self-employment and branding Sonnenallee as “the street of Arabs” genuinely benefit Turkish, Arab, or Kurdish communities? While the street serves as a hub for immigrant entrepreneurs, there should be more inclusive and safer workplaces to enhance the lives of immigrants, and to increase their income. To be sure, scholars have attempted to analyze the increasing entrepreneurship trend among immigrants, countering nationalist interpretations of the issue, as well as the mass unemployment among the immigrant population after the collapse of employment in the industrial sector. I concur with these responses, but the issue with the arguments of value creation by entrepreneurs is that they do not necessarily make a difference between rent-seeking and value

creation. Most entrepreneurs today are rent-seekers, as many economists have shown (Mazzucato, 2018; Piketty, 2014). This issue is vast and complex, and there is no one easy solution, since rent-seeking occurs through various asset markets (Harvey, 2018, 37). While some experts suggest implementing a progressive annual capital tax to reduce rent-seeking activities (Piketty, 2014, 572), others deem it insufficient.

One way to conceptualize this field is through geographer David Harvey's (2018) conception of madness of economic reason, which attempts to spatialize Marx's three-volume epic *Capital*. As we have seen throughout this thesis, the increasing entrepreneurship among immigrant population carries with it a positive connotation in expert discussions. But for Harvey, the term "value" is misunderstood by many commentators (Harvey, 2018, 216). The price of the things in the market is not the same as value. Marianna Mazzucato argues further that by losing the ability to recognize rent seeking that is unearned income, supposed wealth creation by entrepreneurs seeps into political debates (Mazzucato, 2018, 12). As a result, if someone earns a lot in our current economy, this is considered as value creation, while value extraction is hardly discussed. These approaches are especially appropriate when we consider the prevalence of a particular political economy that promotes new creative business ideas in Neukölln today. In fact, with globalization and neo-liberalism affecting the lives of people who work on Sonnenallee, self-employment has taken on new forms, leading to the growth of small- and micro-scale companies on the street whose owners are generally considered to be small-bourgeois. However, this research showed that self-employed individuals are not necessarily catching up to middle-class status. Rather, a self-employed individual can find themselves as a sub-contractor in the companies of Sonnenallee. Moreover, as we have seen in this research, there is a significant distinction between legal company owners, who have a direct contract with landlords, and sub-contractors. This example also highlights the issue of rent-seeking on Sonnenallee. That is why the geographical political economy approach developed by David Harvey (Harvey, 2012; 2018) is more powerful than the various concepts on urban entrepreneurialism among minority groups that erroneously assume monopoly competition only occurs in cases of concentration of capital in mega-firms.

Of course, the boulevard contained plenty of competition that also became an indicator of individualized choices and creativity of entrepreneurs in popular debates. However, the concept of monopolistic competition goes beyond those assumptions, as detailed in Chapter 2. It is important to comprehend the coercive law of competition that goes beyond the popular view of small entrepreneurs versus big companies. Harvey's concept provides valuable insights into this matter. According to Harvey, the coercive law of competition drives individual entrepreneurs into competition, putting the well-being of workers at risk (Harvey 2018, 215). This also leads to different rewards for workers based on gender, race, and ethnicity (Harvey 2018, 14). In addition to concerns regarding the behavior of entrepreneurs, which is often driven by self-interest, other factors are at play as well. Workers are forced to compete for job opportunities, and they must sell themselves in the market as individuals (Harvey 2018, 196). This understanding helps us move beyond the simplistic assumption that immigrant entrepreneurs are either helping or exploiting their community members.

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