

## *The Housing Question*

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It's quite a challenge to try and make sense of what's happening in just a short paper. What I'll try and do is set the housing crisis in a broader context, and then begin the discussion about what we can do about it. And to start with, it's clearly important to understand what we're up against.

It's hardly news to say that the problem is the dominance of neoliberalism; but we need to analyse what this really means for housing. This is important if we're are to uncover the driving forces for what would otherwise seem nonsensical policies; and it also enables us to link housing campaigns – which can easily get buried under off-putting mounds of policy detail – to other campaigns against the neoliberal system.

The essence of neoliberalism, as we're constantly reminded, is that the market takes precedence. It's diametrically opposed to anything that interferes with the uneven wealth distribution of capitalism – so we have seen the dismantling of the various regulatory and redistributory structures of the Keynesian mixed economy. Under neoliberalism the rich get richer through the appropriation of a larger proportion of overall wealth. This isn't an unfortunate by-product, it's the fundamental purpose. What's happening today has been described as a counter-revolution – a re-establishment of elite power and wealth.<sup>1</sup>

Naturally, neoliberalism has always had wealthy and powerful backers, but it's being implemented by a whole host of local councillors and politicians who would hardly see themselves as part of a counter-revolution helping to re-establish elite power. Many of the people now pushing forward neoliberal policies probably genuinely believe that they're acting in the wider public interest, or at the very least that there is no possible alternative. This situation is the result of a carefully orchestrated international campaign by neoliberalism's proponents. It's a campaign that has been carried out over decades through policy groups and academia and later through powerful political leaders and organisations. And it has succeeded in generating a general acceptance of neoliberal ideas as just the way the world is. One of the most remarkable achievements of Milton Friedman and his disciples has been to spread the idea that this economic system is scientifically neutral and beyond politics. These beliefs have to be challenged, and the first step is to dissect what's happening.

What we find is that the redistribution of wealth and power to an increasingly powerful business elite is being put into practice by

- prioritising private property
- promoting wealth accumulation through speculation
- and the dispossession of common rights – or, in other words, various forms of privatisation

And the role of government has become the facilitation and protection of these processes.<sup>2</sup>

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<sup>1</sup> Duménil, Gérard and Dominique Lévy (2005) 'The Neoliberal (Counter-) Revolution' in Alfredo Saad-Filho and Deborah Johnston (eds) *Neoliberalism: A Critical Reader* London: Pluto Press; Harvey, David (2005) *A Brief History of Neoliberalism* Oxford: OUP

<sup>2</sup> Harvey (2005)

Whenever we're presented with the latest new policy, as a first step in criticising it, it helps to work out how it promotes these different methods of regressive wealth redistribution.

In the last few decades we've seen private property in the form of home ownership pushed to such an extent that even relatively conservative institutions such as the Chartered Institute of Housing have questioned the wisdom of such policies.<sup>3</sup> We've seen the basic understanding that homes are for living in, increasingly being put a poor second to the idea that homes are a source of speculative profit. And we've seen mass privatisation through council house sales and stock transfer.

We've also seen how the deregulation of mortgage lending (to boost financial speculation) enabled house prices to rise out of all proportion to incomes;<sup>4</sup> and how the long housing boom proved a very efficient mechanism for enlarging existing disparities of wealth.<sup>5</sup> And we've seen huge profits being made by the big developers and by all the associated financial services.

At the same time, we've got used to all this being presented with a blur of media spin that may make our political classes feel better, but will hardly take in those who find themselves at the sharp end of their policies.

To understand what's really happening, we only need to remember what neoliberalism is really about, and this is equally true when it comes to so-called 'regeneration'.

Take the example of Dundee, where I live. Our city council's intent on ploughing ahead with a major programme of council house demolitions, and whenever this is questioned, both councillors and council officers respond by saying that they're demolishing homes that no-one needs or wants to save the money needed to improve the rest of their stock. By working with tenants, and also by analysing the crucial consultant's report, on which decisions were based and which we had to extract through freedom of information legislation, we've shown

- that council housing is needed,
- that these homes are generally far from unwanted,
- and that the whole process is actually hugely more expensive than upgrading this housing, and depends on the expectation of large amounts of subsidy from the Scottish Government.<sup>6</sup>

Why then is this happening?

It all makes sense when we remember that, in a neoliberal regime, the role of government is not to provide a service such as housing, but to create the best environment for private business to flourish. Demolition of council (or in Glasgow's case ex-council) homes

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<sup>3</sup> A survey of CIH members carried out in 2007 (before the credit crunch) found that 83% of respondents agreed that 'there is too much emphasis on home owning at the expense of renting'.

<sup>4</sup> Zaccheus 2000 Trust (2005) *Memorandum to the Prime Minister on Unaffordable Housing* (available on [www.z2k.org](http://www.z2k.org) [downloaded 17 August 2008])

<sup>5</sup> Thomas, Bethan and Danny Dorling (2004) 'Knowing your place: Housing wealth and equality in Great Britain 1980 – 2003' a report for Shelter

<sup>6</sup> Glynn, Sarah (2008) 'Soft-selling gentrification?' *Urban Research and Practice* 1:2, pp 164 - 180

makes land available for developers to generate their private profits, building homes that it is hoped will attract a new entrepreneurial, high-council-tax-paying, middle class. There's little here for existing working-class residents. This is state-sponsored gentrification, and it's being sold as the only game in town.<sup>7</sup>

Another feature of neoliberal economies - and a consequence of the emphasis on speculation - is, as we've seen, that they're very unstable. But, whether the housing market is heading skywards or crashing through the floor, those who suffer most are always the people at the bottom of the housing pile.

We may hope that in the longer term the credit crunch will put a damper on neoliberal development, but all the evidence from past crises suggests that neoliberal capitalism will try to transform itself to master the new situation. Governments won't let their major financial institutions crash, and despite all the free-market rhetoric, public money is being used to bail out the big players - just as it was in previous crises.

In fact, as Naomi Klein shows in *The Shock Doctrine*, for neoliberal fundamentalists, crisis and disaster are regarded as opportunities for instigating new, so called, 'reforms' on the back of the emergency.<sup>8</sup> We can expect to see changes - including a stay on some regeneration schemes where finances no longer add up, and a greater recognition of the need for the social housing safety-net - but even plans for new council housing are being conceived as public-private partnerships, if not as schemes for bailing out private developers. One early way the system adjusted was to shift to speculation in commodities - contributing to serious increases in the costs of food and oil that gave rise to headlines of 'heat or eat'.

rises are inherent to neoliberalism, but we can't just wait for the system to self-destruct. There are many powerful players with a great deal to lose, and they won't give up without a fight. If we don't like what's happening we need to understand it, resist it, and through resisting it create a better alternative.

I want, now, to outline very briefly what sort of alternatives we might support, and then open up the discussion of how best we can campaign for them and against the forces of neoliberalism.

Greater equality in housing can't be separated from greater equality in other areas, and campaigns for better housing are part of the wider fight against neoliberalism. However the housing problem does need to be looked at specifically. We need to campaign for a system in which housing is regarded primarily as homes and there's less incentive and pressure to use it as an investment. I've looked at this in more detail in an article for the *Scottish Left Review*.<sup>9</sup> There are a lot of fiscal measures and regulations that can be used to discourage the sort of speculative bubble that we've just experienced, but I also argued that a key to a more equal society is to make social renting as attractive an option as home ownership. We are always being told about people's aspirations to own their own home, but these are aspirations that have been carefully cultivated by decades of policies designed to

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<sup>7</sup> For more on the role of the state in gentrification see Lees, Loretta, Tom Slater and Elvin Wyly (2008) *Gentrification* Abingdon: Routledge

<sup>8</sup> Klein, Naomi (2007) *The Shock Doctrine: The rise of disaster capitalism* (London: Penguin)

<sup>9</sup> Issue 42, available on [www.scottishleftreview.org](http://www.scottishleftreview.org)

make this the more beneficial option, and to penalise social renting through poor conditions and high financial costs.<sup>10</sup>

For renting to be as attractive as ownership, rented homes have to be of good quality, rental agreements have to be both secure and flexible (for the tenants), and rents have to be genuinely affordable and significantly less than the cost of paying off a mortgage. As was found in the past, this can only be achieved through the use of subsidised social housing; which, for best value for money, as well as democratic control, should be provided by local councils.<sup>11</sup>

More council housing may sound like an expensive option from a government point of view, but it is necessary to look at the wider picture. First there are the direct savings. Current plans for large-scale demolitions and provision of small amounts of new housing-association housing are dependent on government subsidies, and would cost much more than upgrading existing buildings (as we found in Dundee).<sup>12</sup> Large savings (both one-off and running costs) could also be made by ending the drive towards stock transfer and investing directly in council housing.<sup>13</sup> More tenants paying low council rents would mean less housing benefit subsidising private landlords.

There are also the much more significant, but harder to measure, savings that result from better housing, better health and life chances, and greater social cohesion.<sup>14</sup>

A campaign for an attractive social rented sector should address the following key points:

- We need to campaign for the scrapping of the current model used to calculate social housing need. This model allows councils such as Dundee or Glasgow, with large and growing housing waiting lists, to claim that they have surplus housing and to proceed with large-scale demolition plans resulting in the net loss of thousands of socially-rented homes.<sup>15</sup>
- We need to push for the UK Treasury to write off councils' historic housing debts without linking this to stock transfer. Debt-write-off involves the movement of funds from one part of the government to another, but has been linked to stock transfer to try and push this through against the clear wishes of the majority of tenants.
- We need to campaign for an end to large-scale demolitions of fundamentally sound housing and for investment in improvement and more sensitive management.
- We need to press for an end to the right to buy for existing as well as new social housing.

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<sup>10</sup> Forrest, Ray, Alan Murie and Peter Williams (1990) *Home Ownership: differentiation and fragmentation*, London: Unwin Hyman

<sup>11</sup> House of Commons Council Housing Group (2005) *Support for the 'Fourth Option' for Council Housing* ([www.support4councilhousing.org.uk](http://www.support4councilhousing.org.uk) [accessed January 2009])

<sup>12</sup> DTZ Peda (2005) *Dundee City Council – Financial Viability Study Phase 2: Final Report*

<sup>13</sup> House of Commons Council Housing Group (2005)

<sup>14</sup> Zaccheus 2000 Trust (2005)

<sup>15</sup> Glynn (2008)

- And we need recognition of the role of independent tenants' groups.<sup>16</sup>

There's been a new acknowledgement in government circles, in Holyrood and also Westminster, that council housing has a role to play. But this is not being backed up by any significant funding. Most of the money that's recently been made available for councils is not new but just brought forward from future budgets, and the way it's being spent seems more to do with bailing out speculative builders than providing the best homes for those who need to rent. Recent pronouncements all seem more interested in the crisis in the housing market than the crisis in housing.

It's going to need a lot more campaigning to change this way of thinking.

Housing activism has always taken place at different levels, and history shows that it's most effective when these levels are combined – when we bring together

- Everyday grass-roots concerns over repairs and management
- Single-issue-based campaigns (such as those over demolition), and
- Campaigns to change the fundamental system in housing and beyond

It is this combination that makes a movement – rather than isolated fights that can be picked off. There are a lot of parallels with trade unionism.

And history also shows the importance of links with the wider labour and trade union movement and the key role played by its organisation and support.

The benefits run in both directions. Housing campaigns have brought more people into political activity, as well as playing an important part in improving working-class living standards.

Many trade unionists are now homeowners rather than tenants, but an attractive social rented sector would help narrow divisions between workers. And it would allow fewer people to become effectively mortgage slaves, working long hours and not daring to do anything that might upset their employer and put their job at risk. In fact, in many cases (especially when it comes to 'regeneration') lower-income homeowners and tenants have shared interests.

Current housing politics have created other new sources of potential division that need to be taken account of.

- Division between those on benefits who are relatively immune to rent rises, and those paying full rents
- And division between those who want to fight changes, and those who see their only option as working with the authorities to make the changes happen more smoothly.

But the biggest difficulty for campaigners today is the feeling of isolation and lack of wider support. I know that the tenants that we have worked with in Dundee have felt very much abandoned and on their own.

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<sup>16</sup> Glynn, Sarah (2007) 'But We Already Have Community Ownership – making council housing work' in *Reclaiming the Economy: Alternatives to Market Fundamentalism* edited by Andy Cumbers and Geoff Whittam (Glasgow: Scottish Left Review Press)

I hope that this meeting will provide a step towards creating the network of wider support that's so desperately needed.