

Where the Other Half Lives: lower-income housing in a neoliberal world, London: Pluto Press 2009: talk for book launch

When I first put together ideas for this book, housing was seen as a bit of a Cinderella subject, with housing research being thought of as something from a duller past age, or as belonging only in specialist housing studies departments. That never made much sense to me, as decent housing is such a vital component of life, but now the impacts of mass privatisation, inflationary speculation and, most recently, the financial crisis have forced the housing problem back into public debate. And commentators have been forced to acknowledge housing's impact on wider economic and political developments, from the sub-prime crisis to support for the BNP.

What we have tried to do in this book is put housing back in the centre of the picture, and to relate what is happening in housing to wider socio-economic changes. And we have tried to do this in a way that requires no prior specialist knowledge. We look, especially, at how the current crisis impacts on those on low incomes – people for whom what is happening is not just a crisis in housing *markets* but a crisis in *housing* that threatens the roof over their heads. The resulting book is an exploration of the affects of three decades of economic policies that have regarded houses not primarily as homes for living in, but rather as a source of profit.

This is an edited volume with case studies from the UK, US and other western countries, showing how similar policies have produced related consequences from Scotland to New Zealand. If the case studies are the meat of the book, then they are embedded in a door-step of a sandwich, as almost half the book is given over to putting these specific examples into context. The first piece of bread, as it were, provides a historical and political overview, while the second looks beyond the impact of top-down policies to examine grass-roots campaigns for better housing and explore possibilities for a different approach to this most fundamental of human needs.

My own journey into housing studies began when I got involved with tenants campaigning against demolition in Dundee and wanted to understand the forces that were driving forward changes that appeared to be not only unwanted but also irrational. To make sense of what was happening, I found I had to look at housing policy as a facet of neoliberalism, the free-market capitalist economics that has come to dominate the great majority of the world over the last 30 years.

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.

I will look at how such a system has gained such wide acceptance later, but I want to start by looking at how it works.

As David Harvey explains in his *Brief History of Neoliberalism*, this redistribution of wealth from the poor to the rich, is being put into practice through three related mechanisms:

- by prioritising private property
- by promoting wealth accumulation through speculation and
- by the privatisation of public goods.

The role of government then becomes the facilitation and protection of these processes. Our book uses this understanding of the purpose and practice of neoliberalism to throw light on what is happening in housing.

At the heart of today's housing crisis is the prioritisation of housing as real estate rather than as homes. In 2007, it was estimated that 60% of Britain's wealth was made up of property, and property speculation has played an important part in wealth re-distribution. When the banks were deregulated in the 80s and began to compete with each other to offer mortgages to more and more people, a lot more money became available for buying a limited supply of houses, resulting in house price rises many times the rise in average income. The people who benefited from this were those who already owned property; and the more they owned, the more they benefited. Their gains were made at the expense of those worse off, who were left paying high rents or tied to extortionate mortgages.

This speculative property market is a huge force for inequality, and, as a report for Shelter pointed out, a person's 'social position... will be increasingly determined by their parents' housing wealth'.

More significant than individual fortunes, have been the gains made by the real estate business. This includes not only the developers of new homes, but also the huge financial services industry – the banks, investment funds, insurance brokers and others that support and feed off the developers, and off millions of heavily indebted individual borrowers. Private businesses are the primary vehicles for the growth of elite wealth and power, and are at the centre of neoliberal policy. And the pivotal role played by the finance industry has been demonstrated all too clearly – as has governmental reluctance to let it suffer or even to restrain its freedom to make money.

The priority given to housing as investment is at the core of housing policy in all the countries we looked at. And this may be made very explicit. In the programmes of 'Housing Market Renewal' in the north of England there is no pretence that the aim is anything other than boosting property values. Thousands of homes face demolition, even though they are used or potentially useable, in order that land may be made available for more high-yielding developments. Back home in Dundee, those promoting demolition have claimed that the multis have to come down because what people want is houses with front and back doors, but in places such as Liverpool it is just such houses that are being emptied for demolition.

Private letting has been deliberately encouraged and provides a further method of regressive wealth distribution, with generally poorer tenants, who are unable to purchase their own home, contributing to the profits of those with property to spare. The profit motive demands minimum expenditure on maintenance. It also demands maximum flexibility for the investor, which translates as insecurity for the tenant. Many countries have boosted landlordism by weakening rent regulation, and there has been no rent control for new private lets in Britain since 1989.

Privatisation is the most blatant form of wealth transfer. Not all privatisation, though, is immediately obvious, and dispossession of commonly owned property and rights is often a piecemeal process that avoids public attention.

The countries we have looked at exhibit many different forms of social housing and many different roads to privatisation: but they all lead in similar directions. Social housing of all kinds is being sold *en bloc* to private property companies, and individual dwellings are being sold to their tenants or on the open market. Almost everywhere, social housing stocks have been limited and often actively reduced; and what remains is often starved of funds and deprived of all but minimal repair and maintenance. At the same time, those services still in public ownership are being increasingly opened up to market forces and more strongly tied into private finance.

The most dramatic privatisation in British housing began in 1980, when the Thatcher government gave council tenants the right to buy their homes, for which they were given a heavy discount. This was a popular policy among the many who personally benefited from it, but it successfully decimated a public housing stock that represented decades of public investment and housed one third of the population (1/2 in Scotland). Its impact is increasingly being felt by today's council tenants and would-be tenants, who are left with a limited supply of, generally the least attractive, houses. Those who bought their homes under the right to buy are hardly the economic elites identified as the prime beneficiaries of neoliberalism, however a general increase in home ownership serves elite interests well. Apart from extracting money back from the local authorities (who were not allowed to reinvest the proceeds), this policy produced a massive expansion in the size of the housing market, and consequently in its potential for generating speculative profit.

The increase in home ownership also had strategic importance for power and control, and especially for the relationship between workers and employers. Someone who owns their own home can't easily move away to new employment, and workers committed to the repayment of large mortgages will be unwilling to risk losing their job and income through industrial action. The Right to Buy not only bought the political support of many of those who benefitted, it also cut across resistance to industrial restructuring.

The transfer of British council housing to housing associations demonstrates a more staggered form of privatisation, and has affected over a million homes. Although housing associations are not-for-profit organisations, they have been made to perform more and more like market-based companies, including also building for profit to help subsidise their not-for-profit activities. There has been a lot of argument about the nature of the role of such not-for-profit organisations in privatisation, but the confusion is symptomatic of a general situation where structures of business and government have become deliberately intertwined and public/private boundaries have been deliberately blurred.

Privatisation and property speculation have been facilitated by so called 'regeneration' schemes that frequently involve the demolition of council housing or cheaper private housing. This is then replaced with developments that include a high proportion of more expensive private homes, and considerably less social housing than would be needed to house those displaced. City-centre housing schemes, or those in other areas with high land value, are particularly susceptible to such developments, which are openly conceived as ways of attracting richer incomers rather than of improving conditions for existing residents. Yet again the main beneficiaries are the developers, the main losers, those with the least money to spend on housing.

Considerable amounts of public money have been spent promoting privatisation, and there has been a general shift of public resources from subsidies aimed at those in greatest need, to subsidies aimed at boosting private ownership and private business. Housing stock transfers (from councils to housing associations) are notoriously expensive. Public funds are dissipated both in the initial deals (which are designed, like other privatisations, to minimise financial risks to private capital) and in the higher levels of subsidy required to run the housing after transfer. When we look at 'regeneration', my own Dundee case study shows how subsidies were used to promote a mass reduction of council housing by making money available for demolition but not for refurbishment. And, of the so-called 'affordable housing' subsidised by England's Housing Corporation in 2007–08, only 58 per cent of homes were for low-cost rental, with the rest forming part of various shared equity schemes designed to increase home ownership.

As well as contributing direct subsidies, governments play a crucial role in facilitating and protecting the neoliberal economy. So-called 'free markets' demand a great deal of interference. Like capitalism more generally, neoliberalism is not a static system but is constantly changing in response to external forces and internal contradictions. In a much-quoted article, Peck and Tickell have observed how earlier forms of 'roll-back' neoliberalism that focussed on dismantling the Keynesian welfare state, were superseded by a 'roll-out' neoliberalism concerned with 'the aggressive reregulation, disciplining, and containment of those marginalized or dispossessed by the neoliberalism of the 1980s'. Policies, practices and new organisational forms have all been geared towards facilitating wealth concentration, and addressing and containing the contradictions and problems that this creates.

Business friendliness extends to the nature and structure of government itself. Significantly, neoliberal systems are characterised by an unquestioned acceptance of monetarism as a 'science', and economic policy tends to be reduced to an issue of technocratic management in which politicians have little place.

Government action is increasingly regulated by the priorities of financial audit, and these priorities are portrayed as neutral and beyond politics. However, they are actually biased towards avoiding *financial* risk and take little account of less measurable *social* concerns.

In addition, business leaders are playing a direct role in both strategic planning and policy implementation. Big developers can be sure of a ready ear for their concerns, and are always consulted as key 'stakeholders', and private organisations are increasingly taking on the management of housing-related functions.

New structures - and especially the partnership arrangements introduced into local government - leave little opportunity for real political debate, and the powers of elected councillors have been limited to the local management of the private companies employed to carry out a centrally-set agenda.

Naturally, neoliberalism has always had wealthy and powerful backers, but it's being implemented by a whole host of politicians and bureaucrats 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.

David Harvey explains that the fundamental idea that has allowed neoliberalism to be portrayed as a system based on core civilisational values, is that of individual freedom. Despite the contradictory nature of freedom (which includes the freedom to exploit others) it remains a hugely emotive concept.

Under neoliberalism, people are portrayed as free to succeed and also free to fail – and lack of success is attributed to personal failure, which should not be rewarded. Such arguments are used to prevent those who have done better under the system (and perhaps bought their own home) from identifying with those less well off; and to reduce the concept of welfare to a minimal safety-net – as has increasingly been the case with social housing.

Despite this rhetoric of freedom, the other outstanding appeal of neoliberal economics is (as I have mentioned) that it is not a political system at all, but a science based on immutable laws. This relieves politicians of their responsibilities, with the implication that there is no alternative – they cannot hope to buck the market.

Belief in the value of the welfare state is still hard to shift, but there have been plenty of attempts to blame the ‘nanny state’ for the current crisis afflicting low-cost housing. These attempts attribute the problems to ‘welfare-dependency’, conveniently ignoring decades of under-investment in social housing. The huge achievements of council housing (despite chronic under-funding) are dismissed in favour of the view that it was a failed experiment. Of course bad news has always made headlines, but this negative view has been reinforced by the reduction of social housing to a safety net for those most in need, and the subsequent tendency to attribute the consequent concentration of poverty to the nature of the housing tenure. The image of the ‘failed estate’ has been encouraged to develop a firm place in popular mythology that is reflected in and reinforced by government thinking.

In dealing with those at the sharp end of neoliberal policy, governments have employed a mixture of persuasion and incorporation, co-option and divide and rule and, not least, the strategic use of neglect and fear.

Central to neoliberal techniques of persuasion and of incorporation into the system is the encouragement of consumerism. Occasional concerns about the growing burden of personal debt have been vastly outweighed by a vision that sees consumer spending as the main driving force of the economy, and the promotion of consumerism as a way to instil more individualistic values and provide ready satisfactions – a sort of government-approved retail therapy. Old community solidarities are being replaced by the freedom to express our individuality through our purse; and people who don’t progress up the housing ladder are regarded as failed consumers. In recent years (pre-credit crunch), television schedules were crowded with programmes on home improvements – and it was soon realised that rather than consuming goods, it was even better to sell them at a healthy mark-up and the improvements began to be aimed at realising profit. Our politicians have recently proved themselves devout followers of such ideas...

Neoliberalism has prompted the generation of new structures and systems designed to incorporate independent and opposition movements and bring them into line with the neoliberal project. So, for example, tenants’ organisations are being enticed with funding and

practical assistance to become part of a registered network, where government bureaucrats increasingly set the agenda. And much show is made of 'consultation' processes that are actually carefully orchestrated so that those who fail to conform are sidelined, or buried under a mountain of bureaucracy while important decisions are made elsewhere.

People in areas targeted for more lucrative redevelopment can find themselves facing a long war of attrition, and malign - possibly deliberate - neglect. This was clearly demonstrated in the Housing Market Renewal area of Kensington in Liverpool, which was largely made up of a mixture of housing association homes and low-cost homeownership. At the start of the process, social tenants were deliberately moved out and the resulting empty properties were used as evidence of the area's 'failure'.

Those who make a stand against neoliberal redevelopment, have to be prepared to face the full impact of a professional PR machine paid to discredit their integrity and character and blame them for holding back 'progress'. And, while the attempt is made to present those campaigning on behalf of their community as 'selfish', neoliberalism actually promotes individual self-interest over wider community interests, and discourages genuine grass-roots organisation. It is no accident that it is difficult for home-owners and tenants to make common cause, and that the revival of Victorian concepts of deserving and undeserving poor creates resentment rather than unity. Local organisation – and potential resistance - is made even more difficult when large-scale redevelopments bring about the physical dispersal of existing communities.

However, other consequences of neoliberalism, rather than facilitating its development, have the potential to threaten its stability; and neoliberal governments have to contain the social consequences of an increasingly unequal society. The strategies they use do not sit easily with an ostensible ideology of freedom. Today's political authorities have evolved an expanding web of structures and controls designed to quash resistance to the new order – whether that resistance be in the form of organised campaigns, or the more nihilistic actions of some members of an increasingly frustrated underclass. Widening inequalities, combined with the breakdown of older communities and of more constructive organised resistance, have encouraged a growing black economy and destructive anti-social behaviour. Rather than address the structural conditions that have made this happen, authorities at all levels have introduced a growing network of surveillance and control that is designed to hold it in check and, specifically, to prevent damage to elite interests. We are witnessing a new geographical marginalisation of the poor, who, increasingly, are being kept out of sight and out of mind. Wealthier gentrifiers, attracted to 'regenerated' areas like colonial settlers, are protected by gates and security systems; and surveillance of public spaces is pushing anti-social behaviour into places where it will not impact on those who are better off. Another outlet for frustration – and especially frustration around the lack of good genuinely affordable housing – is in xenophobia and racism, and even mainstream politicians have often found it easier to sympathise with such views than address the housing crisis that encourages them.

Many of those who promote neoliberal policies are, I believe, genuinely concerned by this growing inequality, but the dominance of neoliberal understanding is such that, even now, with the economy in crisis, solutions to the problems that neoliberalism creates are looked for within a fundamentally neoliberal interpretation of the world, and without upsetting the neoliberal system. This will only make the situation worse and even more unequal. And there is a real risk that rather than recognise the failures of neoliberalism, governments will react

by imposing more distinctly illiberal, social controls. Nothing can improve until we question and resist the neoliberal interpretation itself: and the first step in this is to understand what is happening. This book has been written to aid such understanding through examples and analysis, to contribute to discussion about forms of resistance and to begin the construction of an alternative approach to housing and homes.