

“As Safe As Houses”



LAST WEEK I WAS WALKING IN DIDSBURY, a rather salubrious area of Manchester, when I noticed a group of tents pitched in the midst of shrubs beside the grass verge that lined the pavement; it was the bucolic home of a group of homeless men. This little ‘Hoover Ville’, so classy compared to those huddled in Dickensian squalor in plain view of shoppers in High Street, set me off thinking about the extraordinary continuities in the story of housing and homelessness, from the slums of the nineteenth century, to the shacks of the great depression, to today’s giant favelas and encampments thrown up by the wretched of the earth, to those racked up in the tower blocks of modern Britain.

As a young communist I remember reading Frederick Engels on housing long ago, and set about reading him again last week. The three articles he published on the subject for the Leipzig *Volksstaat* newspaper in 1872 – were later gathered together as

The Housing Question, which you can still get online at www.marxists.org or in print published by Leopard Books India. It's an off-putting text because Engels is engaged in a polemic with Pierre Joseph Proudhon, and his acolytes, which is of interest only to those of us concerned with the Marxist theory of exploitation.

However, much of his argument about housing – the bones of it so to speak, continues to astonish me with the familiarity of the problems he's discussing. Of course, we don't have cellar dwellings periodically inundated by sewerage nowadays, or rows of tenement houses collapsing in Manchester as they did in the 1870s, we just have lethal and badly constructed tower blocks, HMOs: 'houses in multiple occupation' – dismal and poorly divided, families living in one room dwellings with their kids, and growing numbers of single men sleeping in the streets, abandoned buildings, and in tents pitched in out-of-the-way corners of parks edged by upscale apartments like Angel Meadow, or hidden by roadside foliage, like those in the South of the city.



The housing shortage continues to be very much with us. Engels explained it like this:

[T]he housing shortage . . . cannot fail to be present in a society in which the great masses of the workers are exclusively

dependent upon wages, that is to say, on the sum of foodstuffs necessary for their existence and for the propagation of their kind; in which improvements of the existing machinery continually throw masses of workers out of employment; in which violent and recurring industrial vacillations determine on the one hand the existence of a large reserve army of unemployed workers, and on the other hand drive large masses of the workers temporarily unemployed onto the streets; in which the workers are crowded together in masses in the big towns, at a quicker rate than dwellings come into existence for them under existing conditions; in which, therefore, there must always be tenants even for the most infamous pigsties; and in which finally the house owner in his capacity as capitalist has not only the right, but, in view of competition, to a certain extent also the duty of ruthlessly making as much out of his property in house rent as he possibly can. In such a society the housing shortage is no accident; it is a necessary institution and it can be abolished together with all its effects on health, etc., only if the whole social order from which it springs is fundamentally refashioned.

If you allow for the antique language from the profoundly different age of one hundred and forty-six years ago, Engels' forensic outrage continues to ring true because the problem of housing to this day remains the way houses and flats are an investment opportunity which attracts funds in competition with other potential sources of profit. This can be boiled down to two ruling assumptions:

1. That everybody should aim to raise mortgage debt in order to buy his or her own home.

And

2. That market competition and the law of supply and demand will satisfactorily regulate both house prices and rents.

I've been particularly alert to these problems recently because I'm in the process of selling one house and thinking about buying another to rent out as an investment property. The house I'm selling is a two bedroom cottage in a picturesque setting in the middle of a village – an ancient port in Devon – the cottage is detached, has off-road parking, a garden

and views of the river, is in excellent condition, and the buyers have agreed to pay £375,000 for it. This 'market price' places it well beyond the reach of anybody on the mean average wage of £27,500 per annum, because it costs almost seven times the annual income of a couple, both of whom are in full time employment on average pay.

Even houses in more ordinary settings can be, and usually are, beyond the reach of people on or below average wages. As Engels noted a hundred and fifty years ago:

The income of the worker, however, in the best case remains the same in amount, and in reality it falls in proportion to the increase of his family and its growing needs. In fact, few workers can take part in such [building] societies and then only in exceptional cases. On the one hand their income is too low, and on the other hand it is too uncertain a character for them to undertake responsibilities for twelve and a half years ahead. The few exceptions where this is not valid are either better-paid workers or foremen.

Engels is talking here about a rental-purchase kind of mortgage offered on especially favourable terms by the Birkbeck Building Society of Chancery Lane – these and many other kinds of schemes were introduced then, as now, to make it easier for people with relatively low incomes to find a perch 'on the property ladder'.

He knew then, and we know now, that mortgage lending and 'help-to-buy' schemes do not address the problem of the inadequate incomes of perhaps one third of the population – nowadays some twenty-two million people. We also know that if rents are determined by market forces they will, for flats and houses in the best or most favourable situations, reflect the high purchase price of such properties and rents will rise inexorably beyond the means of all except the better paid – who although earning above the average are still unable to buy. So those earning good wages, pay higher rents to live close to better schools or nearer convenient transport links, and the lower paid are pushed further away into the least

favourable and run-down neighbourhoods where lower rents reflect cheaper property prices.

In order to maintain flexibility in the disposal of their assets landlords will in most cases tend to prefer shorter tenancies which give them more opportunities and greater freedom to raise rents in line with rising demand enabling them to maintain a return of seven or eight per cent on the rising value of their investment. The result is profound insecurity for families on average or low incomes, often compounded by insecure tenancies. This situation led Engels to remark:

It is perfectly clear that the existing state is neither able nor willing to do anything to remedy the housing difficulty. The state is nothing but the organized collective power of the possessing classes, the landowners and the capitalists If therefore the individual capitalists deplore the housing shortage, but can hardly be persuaded even superficially to palliate its most terrifying consequences, then the collective capitalist, the state, will not do much more. At the most it will see to it that the measure of superficial palliation which has become standard is carried out everywhere uniformly. And we have already seen that this is the case.

Evidently Engels anticipated the growth of council and social housing which was beginning to come into existence in a variety of different schemes during his lifetime. And, we can think of Margaret Thatcher's 'right-to-buy', George Osborne's 'help-to-buy', and Teresa May's offer of £2bn for social housing to be spread over ten years, with the inspired aspiration of wanting "to see social housing that is so good people are proud to call it their home."

Yet despite the good quality of some public housing, the enthusiasm with which Margaret Thatcher's introduction of the 'right to buy' was greeted in 1980 revealed the extent to which council housing was widely despised, even hated, by many people living on council estates. Home ownership was prized beyond all else. Home ownership and the expansion of the numbers of those saddled with mortgage commitments was also seen by Thatcher and the employers as an important element in

reducing strikes and industrial stoppages, and key to maintaining social discipline.

Similarly, Engels argues in very different circumstances that home ownership amongst workers is a barrier to social revolution and a means of confining workers engaged in small-scale production and horticulture to the exclusive control of their employers:

And with this bourgeoisie and petty-bourgeois utopia which would give each worker the ownership of his own dwelling, and thus chain him in semi-feudal fashion to his own particular capitalist, takes on a very different complexion.

Now, there is of course nothing feudal about modern mortgage commitments but many poorer paid workers are learning to rue the day that they were 'helped-to-buy', as the threat of negative equity and the weight of their debts gets heavier by the day.

This situation reveals the fundamental contradiction between a system which needs a least a third of the population to survive on or below £27,500 per annum and yet aspires to turn us all into home owners or 'proud' and 'responsible' council tenants. Engels describes the conundrum thus:

It is the essence of bourgeois socialism to want to maintain the basis of all the evils of present-day society and at the same time to want to abolish the evils themselves. As already pointed out in *The Communist Manifesto*, the bourgeois socialist "is desirous of redressing social grievances in order to secure the continued existence of bourgeois society," he wants "a bourgeoisie without a proletariat."

The attempt to build a society of 'property owning democrats' or 'proud and responsible' council tenants will continue to fail as it always has done. Those living on average incomes cannot hope to buy or maintain their own homes, and those renting with insecure tenancies will continue to be unable to dissolve the stigma of being propertyless in a society dominated by those who possess 'real' property.

The solution is as clear today as it was in Engels' lifetime – the abolition of the free market in housing.

Of course people must continue to buy houses if they want and are able to raise the funds to do so, either to live in them, or to rent out to tenants. But the terms on which this is done must be radically altered. Rents must be set and controlled by local councils, not by the property owners or 'the market'. Tenants, providing they pay their rent and do not abuse their neighbours or wreck the property, must have secure tenancies for life, or as long as they want. Contracts that empower tenants, governed by the rule of law rather than the market, should regulate relations between tenants and landlords – whether these are private investors, housing associations or councils.

True this will mean that private landlords who wish to sell would have to sell with 'sitting tenants', but they would face a level playing field, because private landlords, under these arrangements, would rarely find themselves in a position to sell with 'vacant possession'. The assumption would be that the buying and selling of all houses by private landlords for rent would take place under the same rules and regulations. The only circumstances in which a private landlord could insist that the tenant moves is if he or she could demonstrate that they themselves would be homeless if they could not repossess the house or flat in question.

Together with this arrangement of closely controlled and regulated tenancies by local authorities the central government must make the funds available in order to build half a million houses per year for the foreseeable future for letting at controlled rents.

There is no doubt, of course, that if proposals like this were put into practice house prices would 'suffer' as vast amounts of private capital would flow out of the housing sector, but the state would have to ensure that the monies lost from housing to other spheres of investment were replaced by the central government and by arrangements that allowed local authorities to raise the additional funds they would need to promote sufficient house building and development in their areas.

The abolition of the free market in housing would be akin to the arrangements that now regulate universal health insurance or the universal provision of free primary and secondary education for all children. The private market in health insurance in the UK is as residual as is the private provision of education in fee-paying schools for the well to do or the very rich. Indeed, even our grand and venerable 'public schools' and most private health insurers are charitable or 'not-for-profit' institutions. The reason for this is that education and health insurance cannot attract profit-seeking investment in Britain, and competitive profits certainly cannot be made out of educating working class or lower middle class children, or by providing private health insurance for the population at large.

Consequently, there is no competitive market in education or in health insurance, and there should not be in housing, because it is the free market in housing which continues to be the source, as it always has been, of housing shortage, insecurity, and poor provision.