

PAYING THE RENT

BETWEEN 1872 AND 1873 Frederick Engels, Karl Marx's friend and collaborator, wrote a series of articles about housing for the Leipzig newspaper, the *Volksstaat*. These articles were subsequently published as *The Housing Question*. Unsurprisingly, much of what Engels had to say now strikes one as obscure and even bizarre, but the core of his concern remains as relevant today as it was a hundred and forty years ago. He predicted that the housing shortage initially created by rapid industrialisation and by the commercial logic of urban development, could never be solved by capitalist measures.

Today, as we survey a *planet of slums* Engels' observations appear prescient and ever more relevant. From the giant favelas of Sao Paulo or Caracas to the shanties of Cape Town and Johannesburg, from concrete workers' barracks in China to the festering slums of Mumbai, hundreds of millions of working people still struggle to keep a roof over their heads, and are compelled to raise their kids in appalling conditions. Capitalism seems inherently unable to house the working class.

In the older, richer, capitalist countries, businessmen attempted to solve the problem by so-called 'philanthropic investment'. In the second half of the nineteenth century in London there were a plethora of "five per cent philanthropic" housing schemes, in which it was hoped that building and maintaining model dwellings for workers would return a modest profit. There were a multiplicity of organizations – The Metropolitan Association for Improving the Dwellings of the Industrious Classes (1841), the Society for Improving the Conditions of the Labouring Classes (1844), The Improved Industrial Dwellings Company, and many more in which the

charitable initiatives of the Peabody and Guinness Trusts of Joseph Rowntree and others were joined with the efforts of speculative builders to provide adequate housing for working class people.

However, providing well-constructed, well-maintained housing for poorer working people was never to return an adequate profit. This is why, even in a wealthy capitalist country like Britain, millions of working people throughout much of the twentieth century grew up and lived in rotten makeshift flats in multi-occupied houses, and in decaying terraces and tenements, which formed enormous insanitary slums in most of our big towns and cities.

Only the intervention of the state on a large scale was able to tackle this problem. It was only through the organization of council housing that significant inroads were made in slum clearance, and it was only by the protection of the state in the form of 'controlled tenancies' and other legal safeguards, that working people were afforded some protection from overcrowding, poor maintenance, and arbitrary rent rises and evictions at the hands of private landlords.

Of course, public housing provided a handsome profit in the interest earned on the long-term loans raised by local authorities to build houses, but they were and are rented to people at rents, which low-paid workers can afford. However, over the years the quality of council flats and houses built after the late nineteen fifties began to decline, and the quality of estate management and maintenance declined along with the standard of building.

Badly planned and badly constructed concrete towers, soulless estates dumped on the edge of cities with few shops and facilities, dismal blocks built around asphalt courtyards or windswept expanses of littered grass, broken lifts, broken windows, dangerous walkways and underpasses, and ruinously expensive and dysfunctional heating systems, became common for those who lived in public housing. The final straw came with the Housing Act 1980 in which the "Right to Buy" resulted in the selling off of well-constructed

terraced and semi-detached council houses, and flats in small well-positioned low-rise developments.

The best housing was sold to the better-off tenants, and the worst flats and houses were kept in public ownership, in which poorer tenants continued to endure substandard levels of service. There was, and continues to be, good well-maintained council housing, but it is much rarer now than in the past. One reason is the trend towards moving the funding and estate management of public housing away from local authority control towards not-for-profit housing associations. This was designed to improve estate management and some improvements have been registered, but there are still not enough houses available at affordable rents.

Indeed, more than 1.8 million households or between 4.5 million and 5 million people are on the waiting lists for social housing. This is simply because the councils and the housing associations cannot afford to borrow from the banks, and have been starved of funds by successive central governments. Private sector housing is aimed at the home-buying market, or at young flat-sharers who club together to pay the rent in the new-build apartment blocks that have sprung up recently as investment opportunities in many UK city centres. However, this type of housing is unsuitable for people with children and in any event the rents are usually well beyond the means of low-paid workers.

If you cannot afford to buy and maintain your own home, and you cannot get into a property owned by a council or a housing association you have to fend for yourself in the private rented sector. This often results in high levels of overcrowding as people are forced to squeeze themselves and their families into tiny flats or face considerable problems attempting to pay high rents, which are well beyond their means. The result is high levels of poverty, stress and insecurity.

The reason for all this is that it is simply not possible to make much of a profit out of providing good housing at reasonable rents for around the third of the

population that cannot afford full market rents or cannot afford to buy and maintain their own houses or flats. As many 'buy-to-let' landlords have recently found to their cost the rent returns on many properties simply do not cover the cost of their mortgages, never mind produce a profit.

Profits can be made by ship builders, armaments manufacturers, drug companies, and by house builders, selling their products and services to the state, but capitalist society has need of many things that cannot be provided by capitalist enterprise. The armed forces, the police, the provision of basic healthcare, or most education, cannot be made to turn a profit. This is why these activities have to be run by the state or by not-for-profit organizations. In this sense Frederick Engels is entirely right. Capitalist enterprise and capitalist methods cannot be employed to solve the housing question.

This is why, for want of a better phrase, we need 'social democratic' measures to address the housing crises. If we take the rate of household formation, current house prices, and social housing waiting lists into account, we need to build at least half a million homes a year. These could be provided through a mix of council and housing association houses, and of homes made available by rental purchase and shared equity schemes in which tenants would eventually become the owners of the property. The government and the banks would have to put up the money and ring-fence it from their cuts programme.

Instead of this perfectly achievable programme the Tory-Liberal government is talking about allowing councils to retain the equivalent of the council tax payable on newly built social housing for a number of years – a few thousand pounds at most – and to encourage council tenants to move into home ownership or private rented accommodation by ending their security of tenure. Evidently, the Old Etonians running the government know little or nothing about housing policy or what we can reasonably expect capitalist enterprise to provide.