Landlords vs Commoners: Housing Conflicts and Political Divides

BY TOBIAS BERNET

A capitalist economy geared towards the interests of property-owners presents an enormous obstacle to the democratization of housing provision. However, the idea of collective property rights has an increasing transnational appeal, writes Tobias Bernet.

Words can be telltale. If you rent an apartment and you use the English language, you have a landlord. This is a forceful reminder of how quasi-feudal relations permeate our contemporary capitalist economies. These are hardly the “meritocracies” that the (neo-)liberal narrative makes them out to be, something that the issue of housing illustrates like few others. Income from real property, the “ground rent,” corresponds to no productive economic activity per se—as the founders of modern economics knew. Yet we still allow the privileges that come with ownership of land to exert immense influence over our increasingly urbanized societies. This article examines the role of housing in today’s global political situation, addressing both the capital-driven rise in housing costs in many metropolitan areas, as well as the supposed urban-rural dichotomy equated with a conflict between “cosmopolitan” worldviews on the one hand, and the nativist and reactionary attitudes of “new” right forces on the other.

It is worth recalling that a bubble in the highly financialized US housing market was one of the main triggers of the 2008 financial crash. Ten years on, the world economy is superficially booming, yet with all sorts of government-sponsored patches that make most critical experts extremely uneasy. As David Harvey argues, the cyclical nature of capitalist crises and states’ roles as lenders of last resort are closely intertwined with the spatiality of the global order. In short, endeavors to resolve a crisis of “over-accumulation” often include incentives—such as low interest rates—to redirect capital into the built environment. This results in apparent paradoxes, such as the German housing market being regarded as a “safe haven” for capital immediately after the American market had blown up. Indeed, the return on real estate in Europe’s largest economy—mostly in cities—has surpassed most other types of investment. Unsurprisingly, German tenants and prospective home buyers are less enthusiastic.

Those who do not live off other people’s need for shelter must unite to create commons-based systems of housing provision.

Anglo-Saxon vs German tradition

From this angle, the US and Germany represent two distinct traditions. The US has a deeply commodified system of housing in which the individually or family-owned home—supplied through a specific, highly debt-based market—is the dominant form of tenure. Owning one’s own home has been part and parcel of the “American Dream” since colonial times. During the New Deal era, the US government began subsidizing mortgages, but the practice of “redlining” non-white neighbor-
The power of landlords and the capitalist economy present enormous obstacles to the democratization of housing provision.

The landlord class and housing rights movements

To shrink, while large stock corporations have made inroads into the rental sector.

The American variety of housing provision is, broadly speaking, Anglo-Saxon. The most successful implementations of the German model can in fact be found in Austria and Swiss cities, with their large stock of owner-occupied housing stocks. Greece represents a third variety, where condominium ownership is common and often intermingled with family relations: in many cases, several generations or branches of a family own apartments within the same multi-story building.

Here, equating private housing and homeownership with commodification is complicated by the logic of kinship—which might be considered typical for the “Mediterranean.”

If we broaden the perspective to the Global South, vast informal settlements and heightened precariousness of property rights enter the picture. Yet from an economic point of view, what is often perceived as a qualitative difference can be conceptualized as a quantitative one: it is legitimate to argue that in many countries, especially in Africa, affordability is defined as the relation between average housing costs and average household income. This is especially the case in Latin American cities, where housing costs amount to well over 100% of the latter. According to a standard deemed desirable in most developed countries, 30% would be acceptable; yet even in poor US neighborhoods, 80% is far from uncommon. People hence risk being excluded from housing, yet even the formal sector fails to provide homes that are at least marginally affordable.

Housing right movements

What can be done about this global housing crisis? A hint might come from the semantics of rental relations, the conceptual framework of popular movements, the struggle for the commons, and the necessity of maintaining a relationship with the idea of the public.

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In Germany, by contrast, home ownership rates have traditionally been sky-high, “liberal” urban settings, and neoliberal policy prescriptions, inter alia.

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Donald Trump is keenly alive to the politics of humiliation. When he withdrew the US from the Paris climate agreement, he decried those who “guessed that he was doing so to protect American jobs. But his decision’s real political rationale was contained in a sentence about the world that he no longer wants other countries and other lead- ers to laugh at us anymore.” This resonates with Trump voters, even those who rejected Trump’s policy pronouncements. When those left behind by three decades of market-driven globalization, the problem is not only wage stagnation and growing inequality, it is also the loss of social esteem.

Mainstream liberal and social democratic politicians who think the problem with globalization is simply a matter of distributive justice miss this dimension of politics. Despite liberal thinkers’ claims to the contrary, there is a philosophical af- finity between the neo-liberal faith in market reasoning and the principle of liberal neutrality. Market reasoning seems to abandon all attempts to resolve contested public questions without engaging in contentious de- bates and leave every value to the market’s arbitrary value. When two people make a deal, they decide for themselves what value to place on the goods they exchange. Similarly, liberal neutrality seems to offer a way of defining and justifying rights without presupposing any particular conception of the good. But the neutrality is questionable in both cases. Markets are not mor- als neutral instruments for defining the common good, and liberal public reason seems to cede to the market the right of arriving at principles of justice.

The assumption that it is possi- ble to outsource moral judgment to markets, or to procedures of liberal public reason, has created an empty, impoverished public discourse. Such a vacuum of public meaning is in- variably filled by narrow, intolerant, authoritarian alternatives—whether in the form of religious fundamentalism or nationalist xenophobia.

What is now on the horizon today? Three decades of market-driven global- ization and technocratic liberalism have hollowed out democratic publics. Leftist populists, on the other hand, have demonized ordinary citizens, and prompt- ed a populist backlash that seeks to cloak the naked public square with an intolerant, xenophobic nationalism.

To reinvoke democratic poli- tics we need a morally robust public discourse that honors pluralism by engaging with our moral commitments, rather than avoiding them. Disengaging the intolerant aspects of populist protest from its legitimate grievances would be the first step. It is important to try. Understanding these grievances and creating a poli- tics that can respond to them is the most pressing political task of our time. ✴

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See, for example, research carried out over the last three decades by Geeta Tiwari, Jagdish Han, Barry Hetherington, and Karen Lounsbury.

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