

THE POLITICAL ECONOMY OF HOUSING

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Introduction.

The Political Economy of Housing Group has been meeting bi-monthly for the past eighteen months. It brings together people from a wide variety of backgrounds with a commitment to the development of a Marxist analysis of the housing field. While it is an intellectual forum committed to the development of an adequate analysis of developments in housing and housing policy, many of its members are engaged in one way or another in various kinds of housing and community struggles, as well as in the ideological struggle in the academic field. Hence the group is not a purely academic group, although the relation between theory and practice is as problematic here as elsewhere.

This paper arises out of the work of the group over the last eighteen months, and attempts to indicate the areas in which the group has been working. It focuses particularly on the economic dimension, since it is for a C.S.E. conference, but it should be emphasised that the group has also been very concerned with the political and ideological aspects of the question, and the relation between the different levels. A draft of the paper has been discussed in the group, but the paper remains the individual responsibility of the authors rather than a collective statement by the group.

Because this paper represents a summation of work, full reference to and acknowledgement of papers presented to the group is not made as often as it should be. Nine of the papers have now been published by the group in book form as *Political Economy and the Housing Question*, price \$1.25, including surface postage, for individuals, and \$3.25 for libraries and institutions. The book is available from 93 Woodside, London S.W.19.

C.S.E. POLITICAL ECONOMY OF HOUSING GROUP—PAPERS 1974.

1. J. Benington 'Local Government becomes Big Business.'
2. M. Mayo 'Notes on . . . (1).'
3. P. Corrigan & S. Frith—Paper on 'The Local State.'
4. M. Yarnitt 'Local Government Politics.'
5. D. Byrne & P. Beirne 'Towards a Political Economy of Housing Rent'
7. P. Corrigan & N. Ginsburg 'Tenants Struggle & Class Struggle' I. Breughel—Discussion Note on Chapter 5 of 'Social Justice & The City' by D. Harvey.
8. S. Merrett 'Council Rents and British Capitalism.'
9. D. Webster 'Political Economy of Private Residential Development in London.'
10. D. Massey—Paper on Land Nationalisation Policies.
11. R. McCutcheon 'High Flats in Britain 1945-1971.'
12. R. Colenutt 'The Property Lobby' one page summary only.
13. M. Boddy 'Model of Housing Market Processes and Residential Location.'
14. M. Jones & R. Hill 'Political Economy of Housing Form.'
15. M. Ball 'Owner Occupation.'
16. D. Webster 'Housing Associations—A Socialist Critique.'
17. D. Byrne 'Housing Associations in the North East.'

2. Why a Political Economy of Housing ?

In a capitalist society housing is a commodity, and so shares the characteristics of the commodity under capitalism analysed by Marx. However, housing is a particularly important commodity in a capitalist society for both political and theoretical reasons. Moreover, the analysis of housing raises important, and difficult, theoretical problems. At the level of the analysis of housing as a commodity three problems have particularly concerned the Political Economy of Housing Group.

a. The price of housing includes a considerable rent element; hence discussion of housing as a commodity involves the elaboration of the much neglected theory of rent.

b. Housing is a necessary, and large, component of the cost of reproduction of labour power, and yet houses are too expensive to be bought outright by members of the working class. If the working class is to be housed,

therefore, some mechanisms have to evolve which make houses available to the working class and which do not take the form of outright sale. The principle mechanisms which have arisen historically have been private renting, local authority renting, and purchase on the basis of loan finance. The cost of finance constitutes a large proportion of the costs of realisation, and so an analysis of housing involves an adequate theory of interest. The Political Economy of Housing Group has been much concerned with the analysis of different forms of tenure and of the relations between them.

c. In the area of housing the contradiction between the social nature of production and the private character of appropriation became manifest early in the development of British capitalism, so that state intervention in the allocation of housing to the working class, and in the control of housing conditions, became crucial features of the housing sector. State intervention has been *direct*, through controls of standards, building bylaws, etc., and through state provision of housing, and *indirect* through regulations of the terms under which different tenure categories operate. Directly or indirectly the state now plays a major role in the regulation of the *circulation* of houses, though its role in their *production* is very limited. In the Political Economy of Housing Group we have been particularly concerned to try to explain this state intervention. Hence an understanding of housing presupposes an adequate understanding of the state and of state intervention.

An understanding of the role of the state in this field is made very difficult by the fact that even at the economic level there is not one coherent capitalist interest. The problem is further increased when we consider the political and ideological significance of housing.

Politically housing is important because it does not simply bring the worker into contact with the supplier of the commodity in a single transaction. Instead he or she is placed in a contractual relationship with landlords, financiers, or the state itself. This is an ongoing and antagonistic relationship in which the worker encounters capital not as worker but as consumer. However, the magnitude of the cost involved and the permanent nature of the relationship means that the housing struggle has historically been a very important source of conflict under capitalism.

This immediately raises an absolutely fundamental question. The question is to what extent are housing struggles class struggles? This question is complicated by the fact that in a formal sense class and tenure categories do not overlap. Hence housing struggles generally involve not the working class as such, but private tenants or council tenants, and not the capitalist class as such, but landlords or local authorities. It has been suggested that some concept such as that of the "housing class" (1) should be introduced and that we should understand housing struggles in tenurial rather than class terms. The group rejects such an approach for a number of reasons.

Firstly, the immediate struggle between tenant and landlord over an item of consumption cannot be divorced from other conflicts in society, and particularly the dominant struggle between capitalist and worker. Just as in a particular wages struggle a worker is engaged as a specific type of worker engaged with a specific capital, so in a housing struggle the worker is engaged as a specific type of working class tenant confronting a specific capital. In each case the politically salient question is not whether the struggle is a specific struggle, but whether it can transcend its specific character and become part of a general class struggle of which conflict between landlord and tenant, as conflict between capital and labour in a particular industry, is a particular moment. The housing struggle analysed objectively is a struggle between capital and labour over the provision of housing, even if it is a struggle which is diffused both by the fragmentation of capital and by the fragmentation of the working class.

Secondly, it is clear that state policy treats tenure as being subordinate to class. The state's role is clearly seen as being one of housing the working class by one means or another, and not as being one of concern with a particular tenure category. Within tenure categories, for example, legislation affects different classes differently. Legislation affecting private tenants has generally included exemption from rent control on properties above a certain rateable value.

Where council housing is provided for "middle class" tenants, as in the Barbican scheme, it is provided on quite different terms from those which govern working class housing. Even in the owner-occupied sector we find class differences in finance. For example, the option mortgage was introduced to permit working class low-rate taxpayers to secure increased tax advantages. Local authority mortgages make it possible to secure a mortgage to buy older, and cheaper, property. Finally, working class sources of finance often tend to be different. Recent studies in depressed areas, such as Saltley in Birmingham (2) have confirmed the findings of Harvey in Baltimore (3) that the poorer working class is particularly vulnerable to the activity of fringe financiers providing loans at very high rates of interest.

Thirdly, it is clear that the significance of each kind of tenure is very different in different classes, and is a creation of the class relation between capital and labour rather than the free choice of members of the class. Hence tenure divisions tend to reflect subdivisions in class terms. Generalisation is difficult here because of regional variations, but it seems generally true that a local authority tenancy is still subjectively as well as objectively the ideal for a large proportion of the working class. For the bulk of the working class the alternatives to local authority renting are private renting at high rent in overcrowded and decrepit accommodation, or purchase of equally decrepit housing through fringe financial institutions. For various

reasons local authority housing cannot accommodate certain categories of people, notably the young, the deviant, the transient, and those with large families, and it is people such as these who tend to have resources to inferior solutions.

Even the great "ideal" of owner-occupation is not a natural one. As we shall see later, it is the result of a history of state housing policy, and not, as we can be sure, a purely contingent result. During the 1920's local authority housing was in every sense the ideal, being provided at high standard for the better-off members of the working class. On L.C.C. estates at the time the largest category of tenants were in fact "clerks." It was in the 1930's, when local authority housing was increasingly restricted to the victims of slum clearance schemes, that the image began to change, and the council estate came to be seen as what it had in fact become, the depository for those who could not "do better." During the 1950's we find the same process of concentration of local authority housing on the victims of clearance, with the lowering of housing, and environmental standards, only this time the policy is directly associated with the drive to make the better-off members of the working class into owner occupiers. This drive itself had clear political motives. This again raises the question of divisions within the working class and so introduces the question of the ideological importance of housing.

Ideologically housing is extremely important, and this aspect has not been neglected by the Group. On the one hand, the nature and form of housing materially structures everyday life. (4) We have still to investigate in detail to what extent this power of housing as a material ideological force has been exploited as a political weapon in capitalism. Obvious examples are the internal construction of council housing, the layout and location of council estates, the fashion for high-rise, etc.

On the other hand the fragmentation of tenure categories raises the possibility of an ideological fragmentation of the class struggle. We have to ask to what extent the classic division between craft and general worker, between the "rough" and the "respectable," is perpetuated and underpinned particularly in the division between tenancy and ownership. Certainly such a motive has lain behind the sponsorship of working class owner-occupation. There also seems little doubt that the achievement of owner-occupation is of ideological importance to the white-collar worker. The political significance of such ideological divisions has not been adequately discussed in the Group so far, but it clearly has important implications for the question of the relations between housing struggles and class struggles.

This ideological fragmentation has a material foundation in the sense that higher quality housing, or housing freed from landlords or bureaucratic control, is available only to those who can afford it. Hence owner-occupation tends only to be available to the better-off members of the working class. For white-collar workers and professional people owner-occupation has been available at least since the 1930's, but for the manual working class access to owner-occupation on a large scale only came in the 1950's. In the paper which follows we shall be discussing the housing of the manual working-class, for the position of the manual worker has clearly been distinct from that of the non-manual worker for a long time. The question of the relation between white-collar and manual workers, and of the development of that relation, is not one which we shall discuss. However, it is clearly an important question which confronts those engaged in housing struggles. Professional, managerial and executive employees will be referred to as the "middle-class", without prejudice to any who would like to argue that such people are objectively proletarian.

The Political Economy of Housing Group has addressed itself in some degree to all the questions raised above. In this paper we would like first to discuss some problems in the theory of rent, as a prelude to a consideration of the role of the state in the provision of housing, which is our main concern in the paper as a whole.

3. Housing and the Theory of Rent.

Since housing constitutes a large proportion of the costs of reproduction of labour power, movements in the relative price of housing have a great significance in a capitalist society. Since a proportion of the price of a house goes straight to a landowner in payment for land, the starting point of the analysis must be the theory of rent. As yet the application of the theory to an analysis of the provision is inadequate, so we can merely outline a number of points.

The starting point of the theory of rent is the distinction between differential, absolute and monopoly rent. The distinction is an important one, for each derives from a different source. The application of the concept to housing land raises serious problems.

Marx's analysis of ground rent in *Capital* related almost exclusively to agricultural land, and this emphasis is maintained by most commentators on Marx's analysis. (6) Differential rent arises from relative advantages inherent in a particular piece of land, either in terms of its location and fertility, or in terms of the investment of different amounts of capital. Differential rent does not simply derive from the natural attributes of a piece of land, but also from the incorporation of previous improvements. This latter is important in the case of housing land, for many of the desirable features of a specific housing location are "externalities" which are the product of other investment. A developer, for example, may increase the ground rent of land for middle-class housing by

himself creating desirable amenities in the neighbourhood. Differential rent, deriving solely from relative advantages of more favoured portions of land does not affect the price of the product, which is determined by the price of production of the product on least favoured piece of land. Hence differential rent represents simply a diversion of super-profit from the immediate producer to the landowner.

Absolute rent, on the other hand, derives from the barriers established by landed capital to the free entry of capital to investment in the land. Such a barrier may take the form of legislative restrictions which reflect the power of the landowning class, but in developed capitalism it more characteristically takes the form simply of the requirement on the part of the landowner of a certain minimum return before he will release his land at all. Hence, if we exclude consideration of legislative restrictions, absolute rent arises only when it is necessary to bring new land into production, and even then is only a small component of the ground-rent.

Unlike differential rent, however, absolute rent does affect the price, since it derives from the fact that capital cannot flow freely into investment in the land in order to equalise the rate of profit between capitals in the branch in question and capital in general. Hence absolute rent represents a diversion of surplus value from capital in general to landed capital.

Marx, starting from the claim that the organic composition in agriculture is below the average, so that the price of production is below the value, argues that an absolute rent arises when the price of the product lies between the price of production and the value. Hence, it would seem, absolute rent cannot arise unless the branch of production in question has a lower than average organic composition. It would seem that this is because Marx assumes that capital would only flow into land in order to equalise the rate of profit. However if capitalism is constantly expanding then capital may flow into land even if the organic composition of, in this instance agriculture, is above average. Hence Marx's claim (7) that we are dealing with monopoly rent if the price of the product exceeds its value is dubious.

Monopoly rent is determined, according to Marx, neither by the price of production, nor by the value of the commodities produced, but simply by the buyers' needs and ability to pay. Hence a monopoly rent arises where a monopoly price is secured by virtue of control of a particular type of land. Marx's example is the vineyard which produces a rare vintage. Monopoly rent is therefore earned at the expense of the consumer, and not of other capitals, except indirectly, by raising the cost of reproduction of labour power.

When we are dealing with agriculture everything is clear enough. However when we deal with housing the situation begins to get rather more difficult. The starting point of our discussions of the theory of rent was the work of Harvey. (8) Harvey concludes that finance capital has, in some not clearly specified way, conspired to create an absolute, or 'class monopoly', rent. Harvey's own analysis is very confused, combining Marxist and marginalist concepts, his final conclusion being that the housing struggle has become a dominant moment of the class struggle, ranging 'finance capital' against the 'people.' Harvey's work does raise the important question of whether we are dealing with differential, absolute or monopoly rent in the case of housing.

Harvey argues that because locational advantages are essentially the creation of developer-financiers who create housing sub-markets of different social character, the rent accruing to them is an absolute rent. However, the question of absolute rent is not a question of differentiation between sub-markets, but a question of whether a class-monopoly in landownership prevents free access to land on the part of building capital, so that the rate of profit cannot be equalised by the free flow of capitals. The barrier mentioned by Marx, that a landowner will require *some* return to release his land at all, will make only a small addition to groundrent. The only other barrier which has been suggested is that of planning controls. However such controls restrict the access of building capital not to land in general, but to land in particular locations. Moreover such controls are in fact not inflexible, particularly in terms of the amount of land freed for particular uses. Hence these controls do not affect land at the margin, which is the source of absolute rent, but specific pieces of land, particularly where there is conflict between alternative uses. In relation to housing the effect of such controls is to increase the available supply in inner city areas, where land is preserved for housing at the expense of commercial use, while restricting it in suburban areas, where land is preserved for farming at the expense of use for housing. These restrictions therefore affect the supply of land at different locations differentially, and so will affect the total quantity of rent appropriated by landed capital, but they do not create an absolute rent.

Although it is quite clear that the advantage of a particular location for a house is a differential advantage, there are problems in explaining ground-rent as a differential rent. In agriculture differential rent arises as a result of the relative qualities of particular pieces of land which mean that the price of production of a given commodity is different on different pieces of land. However this is not the case with the production of houses, for the price of production of a house is more or less the same in different locations. Hence the differential qualities of different pieces of land do not derive, in the case of housing land, from objective qualities of the land. Rather they derive from subjective evaluations of the desirability of a particular location on the part of the consumer. Hence the differences are essentially subjective and qualitative, rather than objective and quantitative. The key point about differential rent is that it does not affect the price of the commodity in question. House ground rent, however, cannot be determined without reference to the demand of the consumer. It represents, in essence, the premium which a consumer is compelled to pay for a house in a particular location. In this sense, then, perhaps we should regard house ground-rent as a monopoly rent, which is determined by the

'buyer's needs and ability to pay.' (9) Certainly it is only when we introduce buyers' preferences that we can explain why there is a house ground-rent at all. *

Without prejudicing the question of whether it is best to analyse ground rent as essentially a differential or as a monopoly rent, we can at least say that the ground rent cannot be determined simply by analyzing relative prices of production. If there is no barrier to the entry of capital to investment on the land, beyond the inertia of the owner, then rent derives from the differential advantages of different locations. The magnitude of the rent will be determined by the interplay of demand and supply in each location.

On the demand side the differential advantages of different locations for members of the working class derive first and foremost from their differential access to employment opportunities. Hence the demand for land in a particular location will be affected by the level of wages in the locality, the level of unemployment, access to transport and distances from places of employment. Other factors, such as access to shops or recreation facilities, levels of noise and pollution, the social character of an area, will have a secondary influence. In the last analysis, however, it is the spatial concentration of employment opportunities which determine that different locations will have different values.

On the supply side we find that the tendency under capitalism for employment opportunities to be spatially concentrated means that land within reach of mass employment opportunities is differentially located. This continuing tendency for capitalism to develop unevenly means that employment opportunities become more and more concentrated, while those seeking to live near them increase in numbers. Hence it is the unevenness of capitalist development which constantly determines that the demand for housing land in particular locations will run further and further ahead of its supply. For some time improvements in transport offset this tendency, but such an offset has long since ceased to be effective. Hence we can say that differences in rent for different pieces of land depend, in the last analysis, on the spatial concentration of economic growth under capitalism, and not, *pace* Harvey, on the scheming of 'finance capital.'

There are further complications still to be introduced, for the market for land is not one in which the rent is regularly renegotiated. Land is released by the landowner on a long lease, if it is not freehold, and the rent is more or less fixed. Hence the ground rent accruing to the landowner may bear little relation to current rentals, and the result will be that gains or losses which should, from an accounting point of view, be credited to the landowner, will in fact accrue to the builder or leaseholder. Some would argue, because of this, that a house, once constructed, should be treated as a capital improvement incorporated in the land. Marx clearly argued that such a procedure was not possible, 'particularly when the landlord and building speculators are different persons'. (10) Marx himself quotes the evidence of a building speculator to the effect that his profits derive largely from the increase in ground rent consequent on development, rather than the profits of his constructional activity. (11) It is important to be able to make such statements, and so to distinguish, however imperfectly, building from land.

Although there are no specific barriers to the investment of capital in land, there are nevertheless impediments to its free flow which can mean that the price of houses is inflated because of a shortage of houses, rather than a shortage of land. This shortage will persist for some time because the process of building new houses is a long-drawn out one. However such inflated prices are unlikely to persist in the long run, for there are few barriers to entry in the building industry. Hence in the long term shortages of houses, and so increases in their price, will reflect shortage of appropriate land, even if the gains accrue not to the landowner but to the leaseholder for the period of the lease.

A further consideration to be introduced is the obvious fact that when dealing with housing we deal with a market in which there is a considerable stock of houses changing hands. Hence we have, in effect, a large second hand market alongside the market for new houses. Like all second hand goods the price of an old house will be determined in relation to the price of production of a new house, and not to the historic cost of the existing house. It is therefore possible not only for land prices to increase, but also for the price of an existing house to increase and so give the owner a capital gain on the house itself. It seems empirically that prices of existing houses are indeed closely tied to prices of new houses. The relation between the two will depend on age and condition of the existing house by comparison with standards of new housing. It will also depend, obviously, on the pressure of demand. If a large proportion of the population cannot afford to buy or rent new houses, they will all be thrust into the market for existing houses, and we would expect to find the prices of old houses being maintained relative to new ones. The possibility of making capital gains on existing houses depends, therefore, on their being a relatively large proportion of the population unable to afford new housing.

In this section, although we have still not precisely clarified the theoretical problems, we have concluded that the spatial unevenness of capitalist development is the ultimate source of ground-rent, where that rent is not determined by agricultural or other uses. Moreover, we have argued, the development of capitalism will be accompanied by a tendential increase in ground rent. However ground rent is not the only component of the price of a house. It is conceivable that increasing ground rent might be compensated by a declining price of production of the housing itself.

In fact, because of the low organic composition of capital and the low rate of technical progress characteristic of both house construction and building materials industries, we would expect that the price of production of

houses would rise relative to other wage goods, although it will, of course, cheapen in absolute terms. This tendency will be further exaggerated by improvements in the quality of housing which could well be so great as to increase the price of production of houses even in absolute terms. These improvements cannot, on the whole, be attributed to consumer 'tastes,' since the bulk of working class accommodation is either at or below the legal minimum standards to which housing can be built or occupied. The action of the state to improve housing standards has been the result, firstly, of attempts to improve the standards of public health, both to improve the quality of the labour force and to protect the bourgeoisie from classless diseases. Secondly, it has been the result of working class pressure, taking the form either of 'public disorder,' or of more direct political pressure.

Hence, when we analyse the price of production of housing, we find our earlier conclusion that the price of houses will tend to rise under capitalism, confirmed. It is in the context of this steady rise in the price of one element of the cost of reproduction of labour power that we would like to situate the intervention of the state in the provision of housing for the working class.

4. Housing and the State.

In the course of the century the role of the state in the field of housing has increased enormously. Apart from state intervention in the field of housing standards, the bulk of this intervention concerns the sphere of circulation, in which the state has come either to regulate the provision of housing through legislation affecting the landlord, Building Society and Housing Association, or to intervene directly in the provision of housing. This intervention has become necessary because of the inability of capitalism to provide working class housing of an adequate standard. The state has therefore had to intervene here, as elsewhere, to prevent the growing contradiction between means and relations of production from compromising the existence of capitalism itself. This contradiction has manifested itself economically particularly in the inability of private landlords to provide acceptable working class housing at an acceptable price. Politically it has manifested itself in working class pressure to secure reductions in the price at which housing is provided to them or at least in resistance to increases in that price. As we shall see the two are intimately linked, since it is working class pressure to secure control of private rents which explains the decline of the private working class landlord.

However, in explaining state intervention we have to refer to many interests other than the working class and the landlord, and we have to refer also to considerations of a directly political, rather than economic, nature. Housing provision is a matter of concern both to the capitalist system as a whole, and to those capitalists directly involved in its provision. The relation between these various factors is a matter of great concern to the Political Economy of housing group, but also a matter which has wider theoretical interest because it raises the question of the explanation of the activity of the state in a capitalist society.

A simplistic analysis will see state intervention in the provision of housing in terms of the conflict between industrial and landed capital. The dominance of industrial capital is indicated by the fact that the state is prepared to control the activities of landed capital in order to reduce the costs of reproduction of labour power. Such an analysis is simplistic, however, because it ignores several points which can be summed up under five headings.

Firstly, the concept of landed capital subsumes under one heading a number of rather different interests. We cannot clearly differentiate one fraction of capital which is tied to investment in the land.

On the one hand, during the century the landowner as a separate interest has declined as finance capital has increasingly penetrated landownership. On the other hand, it is important clearly to distinguish the landlord from the landowner. We do not know nearly enough about the landlord, and this does not appear to be a homogeneous group. One finds the traditional petit-bourgeois landlord owning a few properties alongside the large property company which combines landlord with development and other financial interests.

Secondly, this analysis leaves finance capital out of account. Again we do not know enough about the involvement of 'finance capital' in the field of housing. At one extreme we have the concerns of the City as a whole with such factors as the level of local authority borrowing or the rate of interest. At the other extreme we have a large number of small savers who invest in the building societies, or who lend money on a small scale to builders, landlords or house purchasers. In the Group we are still not at all clear about the different interests of different sub-fractions of finance capital, nor about how these may be articulated politically.

Thirdly, this analysis leaves out of account the role of the working class in determining both the fact and the form of state intervention. As we shall see, significant advances in the position of the working class as consumer of housing have coincided with other working class political achievements, while the erosion of these advances have coincided with periods of working class political weakness. Whatever the interest of industrial capital in the reduction of the cost of reproduction of labour power, it is the working class which has achieved such reductions as have been enforced by state action in the field of housing. Hence there is no direct relation between a reduction in the price of housing and a reduction in the cost of reproduction of labour power. The gains, have therefore, probably accrued to the working class rather than capital.

Fourthly, this analysis tends to be over economic in neglecting the political as well as economic concerns of capitalism, concerns which dominate the state, but of which capital itself need not be unaware. Hence, as Marx

himself argued, the fact that rent represents a diversion from surplus value does not mean that the capitalist class will attack private property in land, for such an attack would significantly weaken capital itself politically by undercutting the ideological legitimisation of the institution of private ownership of the means of production itself. In the same way one cannot jump from the economic interests of particular fractions of capital to the execution of state policy, for between the two lie both the political representation of different fractions of capital, and the overall responsibility of the state with the perpetuation of the capitalist system itself.

Fifthly, and to sum up the previous points, such an analysis is insufficiently concrete. State action can only be understood in a specific economic, political and ideological conjuncture through a concrete analysis of the articulation of the forces involved in that conjuncture, these forces including both classes, and fractions of the capitalist class, and more specific forces directly involved in the field in question—tenants of particular categories, local authorities, landlords, financial institutions of various kinds, etc. One of the great problems of an adequate analysis is that of relating these specific forces to the wider class forces, and so understanding how the specific struggle articulates with the class struggle as a whole. It is only at the end of such an analysis that we will be in a position to generalise about the role of industrial capital, finance capital, landed capital, or the working class in that struggle.

In the following sections we shall outline the way in which state intervention in the housing field has developed during this century. At the present stage of Marxist research there is an enormous gap between hypothetical generalisations, of the kind just discussed, and a wealth of unanalysed empirical material provided largely by bourgeois historians. In the following sections we cannot begin to bridge that gap. Rather we hope to indicate the field for Marxist research which, it is hoped, the Political Economy of Housing Group is opening up.

5. The Decline of the Private Landlord.

In the nineteenth century the bulk of working class housing was privately rented, and it was the failure of the private landlord to continue to provide for the housing needs of the working class which forced the state to take some of the task upon itself. Hence, if we are to argue that state intervention arose because of the inability of capitalism to deliver the goods, we have first to understand why private renting declined.

The landlord brought together a house, land and finance in order to rent the house to the tenant. It seems (12) that the landlord raised about 2/3 of the value of his property on mortgage, which means that the landlord's costs were very sensitive to changes in the interest rate. Hence, if he was unable to pass on the increases by raising rents, his profits would be easily eroded. The bulk of the landlords were relatively small capitalists. Thomas Cubitt, himself owner of a large building firm engaged in building bourgeois housing, wrote in 1840 that working class houses 'belong to a little shop-keeping class of persons, who have saved a little money in business . . . I think very few persons of great capital have anything to do with them at all.' (13) Such landlords were content with relatively low returns on their capital, particularly in the earlier years of the nineteenth century when outlets for small savings were limited. With the development of alternative outlets for capital, such as the stock exchange, government and municipal debt, and the building society, the landlord's commitment to his vocation tended to become more sensitive to change in his economic situation, as Cairncross has shown. (14)

Although the bulk of landlords in the late nineteenth century were small capitalists, larger capitalists did invest in rented accommodation as well, so that a large proportion of tenants rented from a large landlord. Nevertheless, just before the first war those with capitals of between £1,000 and £20,000, who owned 36.2% of the national wealth, owned 53% of the house property and business premises. At this time the average price of a small working class house was around £250 (15). The fact that there were large numbers of small landlords meant that the returns to the landlord were relatively low, for economies of scale are limited, so that landlordism was a vocation which would be expected to be very sensitive to a decline in profitability.

The standards of working class housing in the nineteenth century were appalling, while rents steadily increased from 1780 to 1918, (16) even when the general price trend was downwards. In the nineteenth century the average working class family paid some 16% of income in rent, while the middle class expenditure was nearer 8 or 9%. (17) It should not be surprising that the working class was particularly sensitive to threats to their living standards posed by increases in rent, and it was working class resistance, reflecting growing working class industrial organisation, which brought down the private landlord.

The decisive blow to the private landlord was dealt by the introduction of rent control in 1915 as a direct response to working class resistance to rent increases. The cessation of building during the war and the influx of munitions workers to certain cities had led to great shortages of housing which the landlords tried to exploit. The landlords themselves faced an increase in their finance costs as interest rates rose as a result of wartime pressure, and this, it seems, accounted for about half the rent increase. (18) Resistance was greatest in Glasgow where the militant Shop Stewards Movement was developing as a powerful force. (19) When the munitions workers on the Clyde threatened a General Strike unless rent control was introduced, the government gave way very quickly. It seems that the workers were not alone in their protest, for the munitions employers also made representations to the Government demanding that rent control be introduced. Hence the 1915 "Rent and

Mortgage Increase—War Restrictions Act" was passed. The point of restricting the increase in the mortgage rate was to relieve the pressure on the private landlord.

The impact of rent restriction on the landlord's profit is not clear. While the restriction prevented him from fully exploiting the wartime shortage, control of the mortgage rate and the fact that property was fully occupied may well have meant that his rate of profit did not actually suffer seriously. Whatever the economic impact on the landlord, however, rent control, introduced as a wartime emergency measure, was here to stay. It was the fact, with the implied threat, of rent control, rather than a serious decline in profit, which has led to the reluctance of investors to undertake new investment in working class housing for rental since the first world war.

In a wider context, however, it is significant that it was the landlord who was singled out, from all the wartime profiteers, as the one to bear the symbolic burden of restriction. The introduction of the measure was a direct result of a dangerous upsurge of working class militancy which threatened to spread from an opposition to landlord profiteering to an opposition to all profiteering, and most notably that of the armaments manufacturers. In the context of such a political crisis the government acted fast, and it was the landlord who was the victim. Hence the imposition of rent control did not, in the first instance, have an economic motive, but was a means of defusing a politically dangerous situation.

6. The Growth of State Housing.

Although rent control was introduced as an emergency measure, it has remained in some form ever since 1915. The crisis simply made it clear that, in relation to wages, the levels of rent which would be required to induce landlords to add to stock at a sufficient rate to meet the housing needs of the working class could not be borne. In this sense state intervention to reduce the cost of reproduction of labour power had become necessary. However the motivation was still not simply economic, for the principle of direct Exchequer subsidy, accepted by the Cabinet in July 1917, arose after the Commission of Inquiry into Industrial Unrest had reported that housing conditions were a major element in causing unrest in seven out of eight areas investigated. (20)

The matter became urgent with the end of the war, and the election of Lloyd George with the slogan of building 'homes fit for heroes to live in.' In 1919 the first national house building programmes was launched, aiming at building 500,000 houses in three years. This programme was initially entrusted to the local authorities, and it is from this point that the state came to play the dominant role in the addition to the stock of working class housing. For the previous fifty years the emphasis of state activity in housing had been almost entirely on slum clearance and rehousing. By the beginning of the war, therefore, only 2% of all dwellings were owned by the local authorities.

The responsibility of the local authority after the war was to ensure that the housing stock expanded without rents escalating, though this responsibility was initially seen as a temporary one. To permit the state to fulfil this task the 1919 Addison Act gave a no-limit per-house subsidy to local authorities, adding a lump-sum grant to private building in 1920. The latter clearly indicates that the state did not see the role of the private landlord as having been extinguished, but the response of the landlord to the subsidy was limited.

The question which this change of policy raises is that of the light it throws on the class struggle at the time. The introduction of housing subsidies represented victory for the working class, though a victory which industrial capital would not have resented. The effective decision to transfer responsibility for the provision of new housing to the state clearly demonstrates the political weakness of the landlord, a weakness indicated by other evidence, as for example the sustained refusal of the Inland Revenue to allow depreciation on rented residential property.

Although the landlord received a subsidy on new buildings this did not match the advantage gained by the local authority, for there was no relief for the landlord of existing houses. The City was not happy with the new legislation, particularly because of the absence of an upper-limit on subsidies. Then, as now, the City, as the mind of finance capital, was preoccupied with protecting the government from itself by restraining its expenditure. The crisis of 1921 provided the opportunity for the City to kill the 1919 measure and secure the abolition of the subsidy. (22) The burden of pacifying the working class was temporarily borne by the dole.

The principle of subsidy was not abandoned, and with the passing of the financial crisis the 1923 Chamberlain and 1924 Wheatley Acts provided lump-sum per annum, per house subsidies to both local authority and private enterprise house building. Control of council rents was passed to the local authority and rate subsidy was permitted, thus giving the local authority great freedom of action within the financial constraints of the capitalist system. The Wheatley Act, introduced by the Labour Government, was more generous in the level of subsidy than any since.

The fact that housing was placed under local control meant that the housing policies of different local authorities varied quite considerably. Labour tended to give priority to council housing, providing substantial rate subsidisation, emphasising the quality of council housing, and, against very strong opposition, some even tried to build their houses by direct labour. For the labour movement until 1951 council housing was seen as the means of providing homes of high standards, in pleasant environments, at low cost. The very freedom given to

local authorities in the provision and subsidisation of council housing meant that housing was the field in which the paternalism of municipal socialism could, and did, most effectively manifest itself. Since the early 1950's there has been a marked decline in the enthusiasm of the Labour Party nationally for the provision of high quality cheap housing. However at the local level some elements of the old ideology remain, and manifested themselves in such things as local opposition to pressure to build high-rise in the 1950's, and more recently in the Clay Cross struggle.

Tory councils contrasted sharply with Labour ones. They have tended to minimise the role of council housing, tending to build to lower standards, putting out to tender, and minimising the rate subsidy. Tory opposition to council housing has been particularly strong at the local authority level because of the massive representation of petit-bourgeois interests connected with private housing—small builders, estate agents, solicitors and landlords—among the ranks of Tory Councillors.

Despite differences in the approach of local authorities, however, the role of central government in determining housing policy has continued to be predominant through their financial control. Hence it is still possible to discuss the history of council housing as a national history.

The 1920's saw a major expansion in the council renting sector; between 1919 and 1934, 31 % of new houses were built by local authorities, though half of them were either built for sale or sold to tenants. In the 1920's council housing was of a relatively high quality aimed at the most militant and better-paid sections of the working class. It is not clear to what extent this was a political decision and to what extent it merely reflected a belief in the 'filtering-up' effect, those in need would move into houses vacated by the better-off. Council rents tended actually to be higher than average private sector controlled rents, partly reflecting higher quality.

The progressive defeat of the working class, culminating in the debacle of 1926, is reflected in a steady erosion of working class gains in the housing field. Rent decontrol continued and the position of the private landlord was progressively restored. Militant Labour councils during the 1930's were denied funds for housebuilding by the Special Area Commissioners, and the Scottish Special Housing Association and the North East Housing Association were established to play a major role in the provision of subsidised working class housing in these areas. (23)

The 1930's saw a shift in emphasis to clearance and rehousing from the emphasis of the 1920's on the provision of 'general needs housing'—private enterprise was felt by the National Government to be able to take over the role of sole provider of housing for general needs; the Wheatley and Chamberlain subsidies were abolished.

The removal of subsidy and emphasis on rehousing found its parallel in the introduction of rent rebates for those who, on being rehoused, faced major increases in rent. The means test basis of these schemes was resisted by Labour councils, but by 1938 112 authorities had instituted such schemes; it was the introduction of differential rent schemes which lay behind many of the tenants' struggles of the 1930's. (see CSE paper (6))

As a result of the change of policy there was a big increase in the building of houses for sale and renting to the middle class. This boom was associated with the rise of the building societies, which in the era of the 'cheap money' policy was seen as an alternative means of channelling the funds of the small saver into the housing sector, and so financing housing at relatively low rates of interest; working class owner occupation also began to emerge during this boom. The house-building boom was also seen to be an ideal way of soaking up unemployment—during the 1930's given the low organic composition of capital in the industry.

7. The Triumph of the Owner Occupier.

The post war history of housing is surprisingly similar to that of the inter-war period. An initial period in which council development is favoured over private development, a reaction in which private development is favoured while 'subsidisation' of council housing is reduced. The new factor in the post-war period is the arrival of the owner occupier at his present prominent position.

The 1945 Labour Government came to power still fired with a socialist enthusiasm for improving working class housing through municipal provision. The Labour government gave council housing a high priority, favouring it through the system of building controls, and regarding the council's duty as being not only to rehouse, but also to add to stock for general needs. Council housing was given a large Exchequer subsidy, and the rate subsidy was made statutory. The aim in 1945 was to build 300,000 houses a year. In fact the most that was achieved was 200,000 before the devaluation crisis of 1947 arrived. The government was faced with pressure from the City, and from the United States, which dangled the carrot of Marshall aid, to cut its expenditure, and particularly to divert resources from social legislation to infrastructural investment. At the crossroads the government turned right, and among other things the house building programme was slashed. 1947 marked a turning point for the Labour Party in housing policy as elsewhere. From 1947 the longstanding ideological commitment to providing high quality 'subsidised' working class housing for rent was progressively whittled away.

The Tories were elected in 1951 on a promise to build 300,000 houses a year, a target which was achieved in 1953 and exceeded in 1954. The Tories 'were convinced that home ownership eroded socialist zeal and led to

wider electoral support for the Conservative cause . . . the Conservatives sought to defend the property system by giving as many people as possible a stake in it.' (24) Tory housing policy was dominated by the desire to build a 'property owning democracy,' and hence the emphasis of the Tory government of the 1950's on owner-occupation. However their initial concern was to achieve their building target, and although this involved a massive expansion of buildings for owner-occupation, it also involved an absolute increase in council building. The target was achieved by diversion of funds towards housing, by relaxing controls, and particularly by reducing standards. This period also saw the rapid introduction of non-traditional methods, sponsored by the large building concerns, and justified on the grounds of the labour shortage as well as on cost grounds. The building boom, with the introduction of large-scale methods, and the labour shortage, stimulated rapid centralisation of capital in the building industry and saw the consolidation of the dominance of firms like Wimpey, Laing and Costain.

In 1953 the White Paper 'Housing—the Next Step' (25) was published. This White Paper marks the decisive shift away from state housing and towards owner-occupation. State housing was henceforth to be confined to provision for those in 'need,' who turned out to be those subject to slum clearance schemes. In 1956 the general subsidy for housing was abolished, and the rate subsidy was made non-compulsory. The subsidy was only maintained for clearance schemes and for higher blocks, whose introduction further tightened the grip of the big builders on the construction industry. Council housing was also faced with an increasing burden on finance, since a ruling of 1955 virtually cut out resources from the Public Works Loan Board, compelling local authorities to rely on the capital market, so increasing the cost of finance (and, of course, the return to finance capital). Increasing emphasis was placed on differential rent schemes to enable local authorities to reduce rate subsidy by raising rents. (26) Hence by 1964 almost 40% of housing authorities in England and Wales were applying rent rebate schemes, although usually on a small scale.

The effect of Tory policy was to lead to a rapid decline in local authority new construction. In 1951 the proportion of houses privately built was about 12%, in 1954 it had risen to 26%, and in 1959 the number of local authority dwellings built had fallen to half the 1953 peak. Meanwhile the proportion of the housing stock in owner-occupation rose from 27% in 1947 to 42.3% in 1961 to 53% by 1971.

The 1930's had seen the first boom in building for the owner occupier, but owner occupation was still largely the preserve of the middle class* so that the end of the 1930's saw saturation of the market and a brief revival of building for private renting. The boom in owner occupation of the 1950's also had a large 'middle-class' component. However it was government policy to stimulate the rise of working class owner-occupation, and it was only in the 1950's and 1960's that owner occupation came within the reach of significant sections of the working class. By 1965 there were 2.8 million borrowers from Building Societies, and by 1973 this had risen to 4.2 million.

Since the 1950's the main debate in the area of housing provision has concerned the relative advantages of owner-occupation and local authority housing. Owner-occupation has received massive economic and ideological backing from the state as well as from the media, and its superiority is very rarely questioned.

There have been extensive discussions in the CSE Group about the relative costs and benefits of owner occupation and council renting. (26a) Comparison is made very difficult for two reasons. Firstly, because council housing and owner occupied housing are very differently financed, while finance costs comprise a large proportion of total costs. Secondly, the house owner may make unpredictable capital gains, which the council tenant may not, and this makes comparison of individual cases a purely arbitrary exercise.

If we compare an individual house owner with an individual tenant the comparison depends very much on the future course of interest rates and house prices, on the one hand, and on the time at which the home owner entered the sector, on the other. The owner occupier who has paid off a mortgage will be better off than the council tenant paying a 'fair' rent, but the council tenant on a cheap estate will be much better off than the new occupier in a situation of rising interest rates and falling house prices. Clearly the attempt to compare individual cases is a futile one, and this is because the main difference between owner occupation and council housing is not in the total costs and benefits, but in the allocation of costs and benefits within the sector. Hence the sectors can only be compared as wholes.

Much debate recently has focussed on the computation of the 'subsidy' given to each group. The owner occupier receives a subsidy through Exchequer support for new building (rent subsidies should be analysed as welfare benefits rather than rent subsidies.) The recent discussions have been very important in challenging the claim that council tenants are in some way privileged, by pointing out the enormous benefits which accrue to the owner-occupier. (The 1965 option mortgage scheme was the first official recognition that the owner occupier got any subsidy at all). At the same time the computation of relative costs and benefits has to take into account differences between the sectors in other costs and benefits as well, and this has yet to be done. One has to compare not only subsidies, but also building costs (taking account of standards), land costs, finance costs, cost of professional services, management costs, and cost of infrastructural investment in roads, sewers, etc.

Finally, the different financial arrangements involved in each tenure category are crucial in allocating costs and benefits to different individuals. From 1923 to 1935 council rents were set locally, dwelling by dwelling, as cost rents less subsidy. In 1935 the Housing Revenue Account was introduced by statute, and local authority

rents came to be set at pooled historic cost less subsidy, local authorities having considerable discretion as to the size of rate subsidy which they could contribute to the Housing Revenue Account. The 1972 Housing Finance Act sought to break with the historic cost method of setting rent, replacing it with the nebulous concept of the 'fair rent,' of which more later.

The effect of setting rents on the basis of pooled historic cost is that any capital gains which would have accrued to the local authority as landowner if rents were set in the market are in fact socialised and assigned to the tenants. Of course the local authority has paid for the building land in the first place, and still has to pay the costs of finance, but all subsequent gains from land-ownership are socialised. Moreover the setting of rents itself is taken out of the market, so that relative rents can reflect use values rather than relative scarcities. This socialisation of price setting means that the distributive effects of local authority renting differ from those of market allocation. In a context of rising costs we will find tenants of older housing 'subsidising' tenants of newer housing, and tenants on cheap land 'subsidising' tenants on expensive land. This 'subsidy' is of course only such by comparison with the irrational allocation of costs effected by the market. Other distributive effects will also be found. For example, local authorities which have built substantially under high subsidy legislation will have lower rents than those who have built under low subsidy regulation.

In the owner occupied sector capital gains are not socialised, but accrue to the individual on the sale of a house. In general the capital gain is not realised because the individual simply purchases a correspondingly more expensive house. This capital gain can only be realised by leaving the sector or moving to a smaller house. In this case the gain is achieved at the expense of another owner occupier who purchases the house, and so represents a transfer payment, a premium paid, one could say, for the right to replace someone else in the sector. The capital gain of the individual leaving the sector is therefore matched by the increased indebtedness of the new entrant. Hence the realisation of capital gains at the same time increases the indebtedness of the owner occupied sector as a whole. The implications of what is in effect a means of expanding consumer credit for finance capital are not at all clear. However the important point is that from the point of view of the sector as a whole capital gains do not represent a benefit. Indeed they actually work against the sector as a whole, because the owner occupier is subject to death duties when he leaves the sector, while the council is not so subject when a tenant passes on. Far from being an advantage of owner-occupation, the individual market basis of allocation of costs and benefits compels the entrant to the sector in effect to take out a very speculative, and pretty expensive, kind of insurance policy. In return for his premiums he has the prospect of a capital gain at the end, but a capital gain which can only be realised at the expense of other consumers. Of course recent events should not hide from us the fact that the owner occupier may also suffer a heavy loss.

The payment structure of owner occupiers will also be very different from that of local authority tenants. In general, in a context of rising house prices, new entrants to the sector will be subsidising established occupiers and paying a bonus to those leaving the sector. Only those buying new houses will pay a price related to historic cost. Hence the higher the rate of house price inflation, the higher the costs of entry to the sector, which is precisely the problem today.

In conclusion, then, we can say that the great advance of the local authority sector over the owner occupied is not the fact that local authority housing is cheaper so much as the fact that it involves the socialisation of allocation of both housing and the costs of housing. As well as producing a more rational rent structure, this also removes the element of gambling forced on the owner occupier. The disadvantages of local authority housing derive from the fact that it remains within a capitalist society, bureaucratically administered by an authoritarian state apparatus, and still subject to the extortion of banker and landowner.

By the mid-1950's the local authority stock had grown to become a significant proportion of the total housing stock. However, private renting was by no means eliminated and the Tories made every effort to rehabilitate the private landlord at the expense of the tenant. In 1947 58% of households remained in the private rented sector, despite the low rate of building for private working class renting. The decline in private renting through the fifties and sixties was in fact very rapid indeed, largely as a result of clearance programmes, but also, paradoxically, as a result of rent decontrol. By 1966 the proportion of private tenants had fallen to 22.5% and it has been falling very rapidly since then.

The 'problem' of the private landlord was not simply the natural Tory desire to rehabilitate him, but also the fact that the condition of much private rented accommodation was so bad that the government wanted to improve the standard without incurring inordinate expenses. Acts of 1949 and 1954 offered improvement grants, but these were not very successful. The Tories therefore turned to decontrol in order to increase rents and allow the landlord sufficient money to improve his properties. It was hoped that decontrol would make investment in private renting a profitable activity, and so an alternative to local authority renting, especially since 'subsidies' for local authority housing were cut at the same time. Two other important factors were the desire to get large under-occupied houses converted into flats, and so use the stock more efficiently, and finally to increase mobility by removing the anomalies in the structure of rents.

The 1957 Rent Act was therefore introduced, allowing immediate decontrol on properties with higher rateable values, and decontrol with vacant possession on the rest. By 1964 the number of controlled tenancies had been halved, often by the application of the techniques made famous by Rachman. The effect, however, was not to

increase the supply of rented accommodation. On decontrol small landlords tended to sell out, either to owner occupiers, or to larger landlords.

The Tory Act was a disaster from every point of view but that of the landlord. When Labour came to power in 1964 they immediately reimposed security of tenure and rent control. Milner-Holland reported that neither rigid rent control nor haphazard decontrol were acceptable. The result was Crossman's 1965 Rent Act which introduced 'fair rents' for unfurnished tenants, the concept of the 'fair rent' having first appeared in the Tory Agriculture Act of 1958. (27) The rent was to be set by Rent Officers who had to 'eliminate values inflated by scarcity.' The effect of this Act is well-documented by the Francis Report of 1971, (28) which shows landlords rather than tenants applying for registration, and the tendency for rents to be increased rather than lowered. Moreover it was very clearly the large landlord who was applying for, and getting, registration and so rent increases. Hence the 1965 Act reinforced the tendencies of the 1957 Act, to drive out small landlords, who would sell upon acquiring vacant possession, while concentrating profitable tenancies in the hands of large landlords. Finally, there was no prospect of new provision for private working class renting in a situation in which private landlords could not possibly compete with local authorities, which not only had subsidies, but which also charged pooled historic cost rents, so substantially reducing the rent of new properties. The attempt to establish parity had to await the Housing Finance Act, by which time the working class private landlord was a good as dead.

Despite the clear attempts to restore the fortunes of the private landlord, the post-war Tories, unlike those of the thirties, did not have much faith in private renting as the supplier of working class housing. The main aim of Tory legislation on private renting was to unfreeze the privately rented dwellings so as to make better use of the stock and so as to increase the mobility of those living in it, the workers. Under the Tories the private landlord was to decline more rapidly than he had ever done before.

Hence Tory housing policy allocated to local authorities the task of slum clearance and rehousing, and to the private sector the task of meeting general needs. This was the period, which carried through to the period of Labour rule in the 1960's, of slum clearance on a massive scale, and it was clearance which kept up the momentum of local authority construction.

The reasons for this emphasis on clearance may seem obvious—the standard of much working class housing was appalling, and since the occupants could not afford either to buy, or to rent privately, new housing, the state had to rehouse them. However we cannot take it for granted that capitalism will operate rationally to meet people's needs. Certainly widespread concern about housing conditions, expressed by those who had to live in the houses, by humanitarians, and by those who believed that bad housing created all manner of social problems, played their part. But there were also specific interests involved.

It is interesting that the heyday of slum clearance was also the heyday of the private developer. Up and down the country councils, whether Tory or Labour, worked hand in glove with these developers, clearing sites for the creation of new, high density, 'comprehensively planned' shopping and office areas. These developments brought great profits to the developers, and, as we now know, to many councillors and council employees. They also appealed to councils because they generated a large addition to rateable value. However the connection between this development and the concurrent emphasis on slum clearance has not been investigated. The connection between the two will be neither close nor direct, for only a small proportion of land freed by slum clearance was diverted from residential use. However, it seems likely that there is some connection, particularly when we realise that clearance has virtually come to a standstill just when the major property companies have emerged from the boom having built their properties and so become more concerned with increased rents than with securing land.

Clearance also benefited the larger building firms, for the scale of rehousing meant that they alone were able to bid for the bulk of the local authority contracts. The Poulson and Birmingham affairs have shown just how much importance both architects and builders attached to these contracts. We know too little about other interests involved, notably 'finance capital' in all its forms, to be able to provide a satisfactory analysis of the post-war emphasis on clearance, or, correspondingly, on the more recent shift of emphasis to rehabilitation.

Tory policy on housing took a comprehensive view of the sector as a whole, each type of tenure having its part to play. The underlying principle has been the principle that land use should be determined predominantly by market forces, which masks the more fundamental view that the sanctity of private property must be preserved. This continued emphasis on the rights of landed capital in an advanced capitalist economy is perhaps partly to be explained by the extensive penetration of landed capital by finance capital over this century. Where this principle has meant that the private sector has proved incapable of meeting working class needs the local authority had been expected to step in.

Owner occupation was the key to the Tory housing strategy. It might be imagined, however, that the great stimulus given to the private owner by the Tories would be reversed when Labour, the party which had always given council housing first priority, came to power. However, by 1964 the Labour Party had abandoned its commitment to the local authority tenant and had itself endorsed the Tory ideal of the property-owning democracy. It is this conversion of the Labour Party to his cause which really marks the triumph of the owner occupier. By 1964 the Labour Party at the national level, preoccupied with its electoral concerns, had adopted

Tory policy lock, stock and barrel. Even the Tories admitted that the 1957 Rent Act, Labour's main target, had been a failure. If Tories could win elections on Tory policy, then Wilson showed that Labour could too. It is, however, important to appreciate that these developments at the national level were not fully reflected locally, for the ideology of municipal socialism had been a powerful force in local Labour politics. This was to prove a source of persistent conflict between Labour local authorities and central government, culminating in the Clay Cross rebellion, but generally reflected in much more mundane issues like loan sanction.

During the fifties, and most notably after the defeat of 1959, the Labour Party was converted to the cause of the owner occupier and came to adopt the Tory principle of complementarity between the different sectors of housing. The policy of municipalisation of private landlords, retained through the fifties, was abandoned so that the Crossman Rent Act accepted the principle of the Tory Act of allowing the landlord a 'fair return.' (29) The option mortgage scheme was introduced by the 1964 Labour Government as a method of stimulating the rise of working class owner occupation. Local authority housing continued to have a major role to play, but now the principle was that local authority housing should be the preserve of those on low incomes. Standards of local authority housing were in principle improved by the acceptance of Parker-Morris standards. However the aim of solving the housing crisis by building half a million houses a year was never even approached. The crisis of 1967 led to the introduction of the cost yardstick in July, which, in the long term undermined the Parker-Morris standards by imposing cost-controls, and since the devaluation crisis of 1967 local authority completions fell steadily. This, combined with the massive reduction in private renting, gave an enormous boost to the owner-occupier, while leading to an increasing shortage of working class housing. (30)

8. The Provision of Working Class Housing Under Capitalism.

In the last three sections we have outlined the development of the mechanisms by which housing is provided for the working class over this century. Over the period the state has assumed responsibility for ensuring that such housing be provided and has gradually evolved a comprehensive policy which attempts, as far as possible, to provide that housing within the confines of the capitalist system. In this section we would like to try to draw out some of the lessons of the history we have outlined. A Marxist analysis of that history is still not available, and much essential empirical work remains to be done, hence our conclusions at this point can only be sketchy.

The policy which has been evolved, and which is accepted by both major parties, is a policy which sees owner occupation as the ideal, the bourgeois solution castigated by Engels. (31) The decline of the private landlord has been allowed to continue, and the local authority has come to be seen as the provider of last resort. How are we to explain this policy? The policy cannot be explained as a rational attempt to provide housing in the most efficient way possible. If we find such rationality within the confines of capitalism, the exceptional nature of such rationality itself demands explanation. In this case, however, there is no reason to believe that owner occupation actually employs fewer real resources in providing a given quality of housing. Rather there is reason to believe that the local authority, potentially if not in fact, would produce housing more efficiently.

In essence our summary history has shown that state intervention in housing provision was the result of working class pressure which indirectly destroyed the private landlord, who was until recently the only viable alternative to the local economy. Once the landlord had been destroyed the alternatives were essentially owner occupation or council renting. The question we have to ask is that of how capitalist interests relate to the choice between the two solutions. We shall consider the question under the headings of economic, political and ideological aspects, without confronting the question of the relation between the levels.

a. Economic

Industrial capital does not appear to have played a major role in the determination of housing policy. While industrial capital would naturally like to reduce the cost of reproduction of labour power, it doesn't seem to have played a major role in pressing for any such reductions. Neither has industrial capital, it seems, concerned itself much with the planning of new construction. For example, industrial capital has not played a major role in sponsoring new towns and new industrial suburbs. Such decentralising projects have been carried out on the initiative of the state, and the problem they have confronted has not been one of housing workers for local industry, but attracting capital to employ the workers.

Landed capital has, over this century, progressively ceased to exist as a clearly distinct fraction as land has been penetrated by finance capital. However local authority housing is undoubtedly detrimental to the interests of finance capital in its landed form, since the local authority removes land from the market and socialises the future rents on that land. In some areas local authorities have come to own a large proportion of the land.

Finance capital is not a homogeneous interest, and we do not know nearly enough about its operations. Both local authorities and owner occupiers have to borrow money at interest in order to finance their activities, but they borrow it on different terms and through different channels. The local authority has increasingly tended to have recourse to the national, and even international, capital markets, while the Building Societies channel small savings (which may be the small savings of large investors) to house owners.

The state, pressured particularly by the City, is always concerned to restrain its expenditure. However from this point of view there is little to choose between owner occupation and local authority renting, for both involve the Exchequer in substantial subsidisation.' Recent attempts to eliminate any subsidy for local authority tenants, while increasing it for owner occupiers, tend to go against the strictly economic requirements imposed on the state.

For the building industry, there is a place for both the local authority and the owner-occupied sectors. The local authority contract provides the large firms with their bread and butter work, offering large contracts with low, but relatively safe, returns, while private construction provides the jam. The instability of the industry, the need for heavy financial backing, and the increasing adoption of large scale methods of construction have all tended to increase concentration and centralisation of capital in the industry, a process which has been actively assisted by the state. (32)

b. Political

It was working class pressure which made housing a political matter and therefore a state responsibility. The state has responded to working class pressure by providing working class housing. At the same time it is clear that the state has resisted the extension of the local authority sector beyond a minimum of activity.

We know too little about the political representation of different fractions of capital to say much about their political interests and activities. However some things are clear. Firstly, it is clear that finance capital has been able to intervene decisively at certain specific junctures to determine the course of housing policy, its main concern being the pressure of local authority borrowing on capital markets. In 1921, 1947 and 1967 finance capital was successful in reversing working class gains almost before they had materialised. But finance capital does not only prey on the local authority as borrower, for the Building Societies are no longer insulated from other financial markets. It is significant that it was the Competition and Credit Control Regime introduced in 1971, at least in part to strengthen finance capital for the entry into the E.E.C., which first put the Building Societies under heavy competitive pressure, notably from the Banks.

Secondly, it is clear that the building and building materials industries are both very active politically, and have succeeded in persuading central government and local authorities to sponsor new methods, and particularly industrialised methods, which have increased the concentration and centralisation of capital. Builders (and developers) have also been very active in campaigning for the release and rezoning of building land.

Thirdly, it is clear that the landlord has had precious little political weight. Until recently capitals invested in the activity of private landlordism have tended to be relatively small, while the landlord has proved a provocation to the working class by confronting the latter with his exorbitant demands. Even the decontrol of rents has not been to the advantage of established landlords. Rather it has helped finance capital penetrate the profitable segments of the private rented sector.

Fourthly, industrial capital seems to have taken little direct interest in housing policy. Finally, we are only just beginning to investigate the political representation of landed capital. (33)

The fact that housing is a local responsibility has meant that local interests have also been able to influence local housing policy. The delegation of housing provision powers to local authorities meant that local policies could reflect the local state of the class struggle. A few red enclaves could subsidise rents to council tenants out of the rates, while Tory strongholds could confine public housing and make it pay an economic rent. The links between the local Tory Party and local property interests is notorious, small builders, estate agents, lawyers and surveyors having enormous representation as Tory Councillors. Their power in determining **policy** is out of all proportion to any importance as capitals.

c. Ideological

The capitalist class as a whole has a clear commitment to owner occupation on ideological grounds, and it was this ideological commitment which, as we have seen, was fundamental in determining the emphasis on owner occupation from the fifties onwards. The ideological commitment has two dimensions. Firstly, the ideological importance of continuing to legitimate private property by reference to its socially useful character means that any failure of private property, and any corresponding success of socialised provision, constitutes a threat to the operation of the capitalist system itself. Hence the sponsorship of owner occupation has been accompanied by a massive ideological campaign against the local authority as a provider of housing and in favour of the moral, if not the material, benefits of owner-occupation.

Secondly, owner occupation has been seen as fundamentally important both in fragmenting the working class and in giving the individual worker a 'stake in the system.' Such a policy is not without contradictions, for the position accorded the worker in the system brings him directly into contact with the reality of the constraints imposed by finance capital. Interest payments are no longer channelled to him through the local authority or the private landlord, but now appear to him directly as financial costs.

In conclusion, then, we can say that as the result of a combination of powerful capitalist economic, political and ideological pressures the state has given massive sponsorship to the owner-occupied sector, while seeking

as far as possible to confine the local authority sector. Since the 1930's local authority building has been presented in every respect as being a second-best. The real material victory, which the Wheatley Act undoubtedly represented, was progressively eroded, with a temporary resurgence between 1945 and 1947. The massive emphasis on rehousing victims of clearance projects, the emphasis of the central state on keeping standards at a minimum, indeed the fact of low standards, particularly in environmental terms, have contributed to reduce local authority housing from an ideal to which all could aspire, to a fate to be avoided. However, the struggle is by no means at an end, for the contradictions of capitalism have a habit of popping up again, and this is as true of housing as of any other field.

9The Contemporary Crisis

The Tories came to power in 1970 prepared for a massive offensive to annul the material gains achieved by the working class. In the field of housing this offensive took the form of the Housing Finance Act. This Act represented a combined assault on public and private tenants, but its main innovation was in relation to the former.

The fundamental problem the local authority sector posed to the Tories was that rents were too low. This was not the result of 'subsidisation', which was of limited significance, but more importantly was a result of the system of basing rents on pooled historical cost, a system which socialised capital gains. Rents in the public sector did not in any way reflect market pressures, and so the rents were too low to persuade those who could afford it to opt for owner-occupation, and not structured in such a way to make an optimal use of scarce housing.

The H.F.A. met this situation by introducing the 'fair rent' to the local authority sector. The 'fair rent' is defined, as in the 1965 Labour Act, as the 'likely market rent that a dwelling could command if supply and demand for rented accommodation were broadly in balance in the area concerned.' (34) Such a definition is clearly meaningless, and its ideological foundation is manifest. In effect the 'fair rent' is the rent which emerges from rent assessment committees as that rent which would give a certain return to a private landlord. Hence the 'fair rent' broke the link between historical costs and rents, and the effect was not simply to reduce 'subsidy' (although the central government saving for 1975/6 was estimated as being at least £285 per annum (35), but in the long run it was expected that the local authority would make a profit. Hence the Housing Finance Act aimed a) to increase rents so as to reduce the 'burden' on the Exchequer and the rates. This requirement clearly corresponds much more closely to a demand from finance capital that reproduction of labour power be reduced. The move was clearly a regressive one, and was clearly seen as such, b) The Act aimed to raise rents so as to push high wage working class tenants towards owner occupation. In order to facilitate such moves the sale of council houses on very favourable terms was extended, and local authority powers to grant mortgages were steadily extended, c) More generally, market rents were expected to lead to a more efficient use of the housing stock, d) By charging high rents to the council tenant, the Act also served to improve the relative position of the private landlord, since in principle he could now compete with local authority housing. It would also be possible for housing associations to play a greater role. To help the private landlord, further rent decontrol was extended and the rent rebate scheme extended to private tenants, e) The Act also changed the redistributive basis of the finance of local authority housing. From 1935 to 1970 rents had been based on pooled historic cost and apportioned to houses on the basis of relative use values (or often on the basis of rateable values). The H.F.A. introduced a system which sets rents on the basis of market forces, with the introduction of the cross-subsidisation of those defined as needy through the rent rebate scheme. It is important to be clear that the rent rebate -was to be met, as far as possible, out of the Housing Revenue Account, i.e. out of rents, and not from the rates or the Exchequer, f) Finally the H.F.A. took the setting of rents out of the control of the local authorities for the first time since 1923. The measure had great political importance, for many Labour local authorities had continued low rent policies long after the Labour Party itself had abandoned any kind of socialist commitment in the field of housing. Hence the move led to conflict with several Labour councils, most notably Clay Cross. (36) The change had other political implications as well, which need to be analysed. From the point of view of the working class, for example, the local basis of most tenant struggles has been both a strength and a weakness. Central rent determination both raises the possibility of national tenants' struggles, but also makes such struggles more difficult to get off the ground. The shift is important from the point of view of capitalist interests as well, but we are not sure in what ways.

The Labour Party, on becoming the government, as in 1964, proposes to do little more than adjust the Tory measure to reflect the real state of the class struggle. Labour froze the rents temporarily, but does not propose to reintroduce rent control, and continues to apply 'fair rents' to housing association and private tenants. Moreover it is clear that the Labour Government intends to pressure local authorities to increase rents, partly through its use of the subsidy system, even though it has restored power to set rents to the local authority.

The only significant change in policy introduced by Labour is in the final recognition that there is no longer any room for the private landlord. It has at last become clear that the landlord can only make a 'reasonable' return at the expense of the tenant. In practice either rent is controlled, in which case in the long term the

standard of rented accommodation deteriorates seriously, or the landlord is given a free hand, which leads him either to leave the sector altogether, or to rack-rent to students, young single workers, or blacks, or to improve his property and rent to middle class tenants. Either way the private landlord cannot provide for the ordinary working class tenant. In the end the latter becomes the responsibility of the local authority, either as a result of clearance or of eviction. The Labour Party has reacted to the situation by resurrecting the policy of municipalisation, abandoned in the late fifties: This time, however, municipalisation is clearly not a socialist policy but a last resort. Indeed it seems that Labour hopes that the growth of private renting in the form of the housing association will make municipalisation unnecessary. (37)

None of these policies address themselves to the real root of the contemporary crisis, which is the rapid escalation in the costs of both finance and land in the last few years. Underlying the increase in the cost of land there would seem to be two major factors. Firstly, the shortage of new building land in the major cities has become increasingly acute as land zoned for housing is exhausted. The effect of this is to increase competition for land, and particularly for marginal land, quite considerably. One manifestation of this pressure is the quickening of the rate of increase of ground-rent. Other manifestations take the form, for example, of political conflicts which derive from the need for local authorities to acquire land in areas which had previously been the preserve of private housing. (38) One also finds strong pressure on local authorities from both private developers and the central government to rezone land designated as green belt or recreational land. Hence, for example, many allotments have been developed for housing, and the sanctity of the green belt has been steadily eroded.

The escalation in the price of land, however, does not only derive from an increasing shortage of land, and so increasing rents. Much has been made of the speculative component of the recent boom, but what this really means is that finance capital has recently penetrated land ownership on a massively increased scale. This tendency was particularly marked as a result of the abortive attempt of the Heath Government to 'go for growth', when the investment funds available to finance capital

increased enormously. Both in Britain and in Europe financial institutions realised that the rent-earning potential of urban land was not adequately discounted in existing land prices. In other words existing land prices did not take account either of the tendency for ground-rent to rise, or of the possible increases in rental values which could be achieved through redevelopment. The effect was that the price of land increased much more rapidly than did current rental. Although the boom had a purely speculative component as realistic assessment of the prospects gave way, in some cases, to overoptimistic fantasies, it nevertheless had a perfectly solid foundation, ultimately in the underdeveloped character of landed capital. The most serious blow to the boom came with the threat of sustained rent control, and, although prices have fallen back since the height of the boom, they have by no means returned to former levels.

There were other, particular, factors which fuelled the spiral in land prices. In the case of housing land the most notable was the availability of mortgages which substantially increased the effective demand for housing land. However, it seems likely that as important a factor is the increase in demand was the escalation in the price of housing itself which made many house purchasers regard their house purchase as a sound speculation in commodity futures as well as the simple acquisition of a home. The connection between the spiral in prices of commercial land and the spiralling price of house land has yet to be investigated.

In a context in which land prices are spiralling, while the increase in the price of the house itself keeps up with inflation, increases in the cost of finance also add to the burden. Some would argue that this is not the case, because with inflation increasing the real rate of interest is actually falling. However this argument is of no comfort to the individual or local authority trying to acquire the initial cost of finance out of current income. For those with outstanding loans the cost of finance has probably not increased as rapidly as have incomes. It is those who are having to borrow money to buy homes at current values who find themselves in an impossible situation.

The government reaction to the growing crisis has been piecemeal and essentially temporary. The Labour Party has come up with another of its 'radical' schemes, land nationalisation. Land nationalisation will socialise the speculative gains which have in the past been accruing to developers with changes in planning permission or rezoning. It may appear that at last the Labour Party is about to tackle the problem at the root, with an all-out assault on finance capital in its landed form. There are, however, three minor problems which might explain why Lord Goodman's favourite advisor, Harry Hyams, does not scream in pain. Firstly, in practice the separation of the value of a site from the value of the buildings on a site cannot easily be accomplished. Hence, under the proposed schemes, capital gains are likely, to some extent at least, simply to be transferred from site to building. Secondly, the proposal shuts the stable door after the horse has bolted. The speculative gains consequent on change of use have very largely been made. Future gains will not be those consequent on city centre development, but largely those consequent on encroachment into the green belt. Indeed it is very likely that land nationalisation will provide the opportunity for the developers to realise gains which at present only exist on paper. Thirdly, the measures in question only affect capital gains consequent on change of use, they do nothing to socialise either existing rents, or capitalised expected future rents, which account for the bulk of the increasing value of land. Hence the contribution of nationalisation to the housing crisis will be negligible. It will

not be because radical measures are irrelevant, but because the Labour Party's land nationalisation is not in any way a radical measure. (39)

So far the crisis has made itself felt in the owner-occupied sector in the case of the new entrant, who has to pay a high rate of interest on a loan for a very expensive house. The increased cost of land and finance has once more largely excluded the working class from the chance of entering the owner occupied sector. The government solution is to try to keep down the building society rate of interest, which was once close to the rate paid by local authorities, but is now only about two-thirds of the latter rate. To help the new entrant to the sector we have various gimmicky low-start mortgage schemes. Such piecemeal, and temporary, measures do not confront the fundamental problem of the exploitation of housing need by a parasitic finance capital in its landed and money lending forms. The local authorities are equally affected by the crisis, and construction has been steadily declining. Exchequer subsidies go some way to reducing the impact of 'exceptional' increases in the cost of land and finance, but on the other hand central government desire to cut expenditure leads to strong pressure of local authorities not to build. The effect is to lead to a withdrawal of the local authority from the provision of new housing not only from general needs, but also for replacement. Nowadays it is denied that there is any general housing problem, it is denied that we are left with many more slums. Clearance is replaced with rehabilitation as the solution for those living in inadequate housing. Instead of comprehensive programmes to improve housing standards we find the proliferation of Housing Action Areas, General Improvement Areas, etc. which set one area against another in competition for state favour. We find the use of the rent rebate as a means of protecting the destitute from the impact of the demands of finance capital, but no protection for the bulk of the working class. We find the private landlord being resurrected in the corporate form of the Housing Association as the means of housing those for whom there is not an alternative. (40) We find official toleration, and even official sponsorship, of squatting as a means of condoning the maintenance of housing standards which should have been, and were, surpassed fifty years ago.

Recently we have repeatedly seen Labour politicians preaching the banker's sermons. If the working class can't afford to pay economic rents, then they must have substandard housing. If the working class won't pay for nice new houses, then let's help them slap a bit of paint on the old one. If they can't find a house, let's be tolerant and let them borrow the house condemned as unfit for human habitation. When those slum dwellers tell us that they would rather live in a slum than be herded onto bureaucratically administered, authoritarianly designed and controlled council estates, let us pat ourselves on the back for being so democratic as to respect their wishes. If they can't pay fair rents for Parker-Morris standard buildings, then we can always resurrect the prefab, and even offer a bit of Utility furniture at King's Road prices for nostalgia's sake. If they won't pay the going rate for land, we can just increase densities and reduce plot sizes, or we can build on the Green Belt. After all, nobody ever goes there since we cut back public transportation.

10. Conclusion—The Future

No amount of study of the Political Economy of Housing will provide a socialist solution to the housing problems. Only the working class struggle will achieve that. Today such struggle in the field of housing takes many forms, and every day new issues arise. Struggles have arisen in the last few years over issues other than the classic issue of rents. Groups have challenged the imposition of demolition and clearance from above. They have resisted the Housing Finance Act, and continue to resist the perpetuation of policies introduced by that Act. Squatting groups raise issues of the use of the housing stock and local authority allocation procedures.

The issue of tenant control has begun to be raised on council estates. In the future there is the prospect of local redundancy raising new kinds of housing issues. At the moment these struggles are fragmented and diffuse, many unsure of their direction and searching for a deeper understanding of the issues which face them. The weakness, lack of coordination, and lack of analysis which often characterises these groups mean that they often find themselves up dead ends. One of the greatest weaknesses of the Political Economy of Housing Group to date has been, in the view of at least some of its members, that it has not addressed itself closely enough to the problems which directly confront these varied struggles. It is to be hoped in the future that the Group will be able in some way to contribute to bringing together these struggles, and can contribute to the discussion of the direction which the overall struggle should take.

The housing problem today is still a capitalist system. The capitalist system has got more ruthless and more efficient in its exploitation of housing need. However there is no doubt that working class gains have been made in the field of housing. While the housing problem cannot be solved while finance capital, and so capitalism, continues to live off the working class, it is possible to defend and advance on gains already achieved, the greatest of which is undoubtedly the municipal provision of housing at regulated standards. Local authority housing is not an outpost of socialism within a capitalist society. It exists within capitalism, and continues to have to pay the banker his pound of flesh. However, it is the first step towards the socialisation of housing provision, for it makes possible a rational and democratic system in which the allocation of housing services and housing costs is no longer left to the hidden, grasping hand of the market. At present the system is not yet democratic or rational, and local authority allocation policies have been much criticised. The council estate

remains under state control and not under working class control, subject to a bureaucratic and authoritarian administration. The struggle to advance beyond the first step must continue. Perhaps most important, though, this first step must be defended against the forces which seek to undermine it, ideologically, politically and economically.

A major political problem remains in the fragmentation of the working class introduced by tenure differences. We have argued consistently that housing should be seen primarily in terms of class and not tenure. Moreover we have argued that local authority housing represents a considerable working class advance. While this may be the case objectively, it is not necessarily appreciated as such by the working class as a whole. It should not be imagined that all private working class tenants or working class owner occupiers have entered their respective tenure situations out of choice. With growing council waiting lists, many face the prospect of remaining permanently outside the council sector and so are forced into alternative solutions. However there is no doubt that for large numbers of working class families local authority housing is not seen as the ideal solution. Its primary drawbacks are the limited security of tenure, and the authoritarian nature of control in the council sector. Hence many working class families aspire to owner occupation so as to assume control of their own housing conditions while increasing their security to tenure.

The political problem is how a socialist housing struggle should relate to this fragmentation. Should it organise workers by tenure category with specific demands? Should it accept dissatisfaction with local authority housing, and seek solutions, such as the Housing Association, outside bureaucratic control? Or should it seek to bring together the whole working class on a programme which seeks to break down divisions by positing a common demand of collectively provided housing under collective working class control?

If this paper has done nothing else, it should have revealed the huge gaps which exist in any Marxist analysis of the housing field. At the moment we have a mass of detailed empirical work, largely produced by bourgeois historians, we have a few broad generalisations, and we have the experience of various kinds of housing struggle. The task of bringing these components together in a Marxist analysis which gives its concepts a concrete historical content at the intellectual level and a direct political relevance at the level of practice has only just begun. In the Group there is a desire to develop our work in two ways. Firstly, it is felt that there is a need to bring our work closer to the problems of those engaged in housing struggles by paying particular attention to current political issues and current government policies. Secondly, there are a number of areas of analysis in which we feel a particular need to develop our work:

1. We feel that the analysis of 'finance capital,' indeed of the fractions of capital as a whole, is very underdeveloped.
2. We feel a need to develop a theory of rent adequate to the study of housing.
3. We feel that more detailed study of regional variations in the development of housing provision and housing politics is essential, including study of the impact of migration, and particularly immigration.
4. We feel that we need to sharpen our analysis to develop a more adequate understanding of the relations between the economic, political and ideological in the field of housing.
5. We feel that we need to study the production of housing in more detail.

Report from Britain.

The only collective work bearing the Kapitalistate name is happening at the University of Warwick, Coventry. Although there have been murmurings of other groups none have got off the ground yet. The comrades at Warwick have been involved in a number of small research projects in such areas as community politics, trade unions, race and class, not directly related to Kapitalistate. We have an ongoing project on Capital and the State which has tended so far to be rather parasitic on other work, notably from the U.S., and have discussed Jim O'Connor's work in particular. Arising out of this a workshop entitled Marxist Theories of the Working Class has been established, which is taking as its starting-point Marx's writings on the labour process in *Capital*, and his notions of the reserve army and of unproductive labour. Particular interests are in the notion of the aristocracy of labour and theories of embourgeoisement, immigrant labour and racism, women, the family and the labour movement, domestic labour, state employment, white collar workers, trade unions, unemployment, and the notion of the lumpenproletariat.

In our work on Capital and the State we are also turning back to *Capital* to try to use Marx's analysis as the basis of a conceptualisation of the relation between capital and the state. We have been particularly concerned to develop the implications of Marx's approach from the standpoint of social capital rather than that of the competing individual capitals.

Anyone interested in developing links in either of these areas should contact Simon Clark, Department of Sociology, University of Warwick, Coventry CV4 7AL, England.

FOOTNOTES

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