

## **The neo-liberal threat to public housing**

Joachim Oellerich<sup>1</sup>

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After World War II, in the majority of European countries, public housing developed within the scope of the Welfare State as an essential element of the Fordist economic system.

Mass production and consumption as well as a non-cyclical financial policy oriented toward demand took on a major role. Public housing, in its form and the function that it fulfills, corresponds to this typically Fordist context, which was marked by the development of small families living within a standardized and secure work environment.

Toward the end of the 1970s, this model went into crisis. The neo-liberal attack on the Welfare State focused on public housing. In England, one of the first measures of Margaret Thatcher's government after her electoral victory in 1979 allowed Council Housing (public housing) to be sold on a massive scale to the occupying tenants (also called Right to Buy). Thus, in 1980, the numbers of public residences sold outnumbered the number of residences built and the availability of public housing dropped from 6 million to 4.8 million in 1989.

In 1985, the local authorities were entitled to become real estate agents and, with the authorization of the tenants, were able to transfer their property to other owners, such as cooperatives (social landlords).

In the Netherlands, which has the most extensive stock of rental and public housing in Europe, the foundations of a clear decline in the state's role of providing housing were laid with the adoption of a memorandum in 1988 bearing the name of the minister of construction at the time: Heerma. The construction of state-subsidized housing was drastically reduced and, up until 1997, public buildings were transferred to real estate companies acting as private lessors with a public interest duty.

In Germany, funding for public housing in the past came in the form of construction subsidies which were paid for, during the government loan repayment period, by temporary social contributions (meaning that the apartments lost their public stature once the government loan was paid off and became private property). Since the 1980s, the continual reduction in publicly funded construction has resulted in a major and uninterrupted decline in public housing. In 2001, the legal basis of construction funding was changed: the little housing that was still subsidized was no longer considered public. At the same time, the municipalities sold their public housing brokerage firms to international financial investors.

Although these changes in Western European countries have been influential, they have been largely surpassed by the liberalization movement that began in the 1990s in former socialist countries. Poland, for example, now has the lowest rate of public housing in Europe, with 0.3% of total housing.

There is as yet no European-wide movement countering the liberalization of the housing market. Nonetheless, many European countries are initiating discussions on self-organization housing solutions, such as cooperatives, stressing the need to revitalize the social dimension of housing.

<sup>1</sup>Joachim Oellerich works for BMG (Berliner Mieter Gemeinschaft), a tenants' association in Berlin. He is the editor-in-chief of his magazine, MieterEcho. Contact: me (at) bmgev.de