

Housing Humbug And Cowardice

A BRILLIANT exposé of the economic, political and social effects of rent control is presented in "To Let?" by Mr. Norman Macrae, the young assistant editor of *The Economist*, published recently as a Hobart Paper for the Institute of Economic Affairs. It bitterly denounces the Conservatives' election pledge last October that no further action would be taken in the next Parliament to decontrol rents.

In private, Mr. Macrae asserts, economically literate Labour and Conservative leaders were surprisingly unanimous in agreeing that rent restrictions creates slums, causes widespread and blatant unfairness, subsidises those with squatters' rights at the expense of squeezing would-be new tenants into over-crowded accommodation, and therefore bears most harshly on young people trying to set up homes of their own, hurting most of all those children of young families in the postwar decade who grew up in appalling housing conditions during their formative years. The politicians always concluded that rent control was too thorny a weed to pluck. The Conservatives said they would put off reform as long as they decently could, and Labour men said they would attack any reform with full ferocity.

Mr. Macrae states that a Labour shadow minister said to him in late 1955: "The ending of rent control is the last useful service that the Conservatives still have to perform for this country and it will have a double usefulness, because then we will be able to attack them for it and turn them out of power." *This attitude, adds Mr. Macrae, was regarded on both sides of the House of Commons as a natural, unemotional, understandably hypocritical view for self-respecting politicians to adopt.*

If these allegations of cowardice, cynicism and hypocrisy are true it is hardly surprising that privilege in its many guises, of which rent control is but one, remains firmly entrenched.

One of Mr. Macrae's key propositions is contained in a single italicised sentence: "*The 1950's witnessed a revolution in the equipment that most families put into their houses, but rent control is preventing the same revolution of rising standards from transforming the houses themselves.*" He points to the television revolution, and says that it would have been perfectly possible to have strangled it in the same way as rent control has kept new houses to let out of reach of the working class. His model illustration is worth quoting in full:—

"Suppose that fifteen years ago legislation had been passed to give a weekly subsidy to anybody who kept an old and battered wireless set (preferably a seventy-year-old wireless set if such things had then existed) in his drawing-room. Suppose that owners had been told that

this weekly subsidy would immediately disappear if they bought a television set. Suppose that the burden of financing these weekly subsidies had been laid on television and radio producers and shops. Suppose that official policy had been based on the assumption that the only people who could produce television sets suitable for working families were Britain's gaggle of politically not wanted and industrially inexperienced local authorities. Suppose that commercial producers of television sets had been kept out of the mass market, on the assumption (reasonable enough in 1945) that private enterprise could be expected to provide only the rather special sort of set appropriate for selling to richer people who could afford to buy them without hire purchase. What would have happened to the television boom that has transformed the leisure time of three-quarters of the country?

"Everyone of us knows the answer. The revolution would not have taken place. People who relied on old wireless sets for their entertainment in 1945 would still be relying on them. The costs of producing television sets by new methods would not have been brought down if the local authorities had been making them. Everybody would have pointed to costly local authority television sets—and the subsidy that had to be paid on them so that they could reach down to the working man's purse—as a proof that making sets for sale on the hire purchase was a thing that a competitive market could not do. The new types of hire purchase finance house that have sprung up, and made this domestic revolution possible, would never have appeared; a lot of money has been made from their appearance and, in an 'essential' and 'controlled' field, the making of a lot of money is an activity which politicians would think it right to suppress. Because the sale of subsidised television sets to prosperous wage-earners would have seemed such a profligate operation for local authorities to undertake, their production would have been cut, in national and local economy campaigns, far below the effective level of demand for them. The public service provision of television sets would have faltered, while private enterprise provisions remained frustrated. This is not an exaggerated picture of what we have done in the post-war economics of housing".

The pamphlet concludes on a note of "baffled and angry contempt for political compromise . . . It is not ignorance of economic realities, but sheer and confessed electoral cowardice" that has held the British people back from enjoyment of the full standard of life and happiness they might have enjoyed. The story of rent control is the most glaring example of humbug in our times. "It should alert our maturing democracy to the folly of ever again allowing politicians to accumulate too much power over other aspects of personal life."

Adding a fervent "Amen", we commend Mr. Macrae's pamphlet to readers both at home and abroad.

* To Let? Published 1960 by Barrie and Rockliff, London, for Institute of Economic Affairs. 46pp. Price 3s. 6d.