

Housing Remedies in a Vacuum

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THE Building Societies, and the domestic mortgages which they provide, are 19th. century developments. They grew up at a time when the real worth of money was almost unchanging; when housing accommodation could be built broadly in accordance with the laws of supply and demand.

Since then, everything has altered. From 1945, inflation has run at around 5 per cent a year - a rate which recently has rocketed to something like 20 per cent. The laws of supply and demand have practically broken down so far as housing is concerned, for several reasons. Housebuilding can never be adjusted finely to variations in demand like, for example, the supply of plastic pens, or even motor cars. Innumerable tinkering with the house market have made it almost impossible to discover just what the free market price would really be.

Consider, for example, the effects of rent control; of controls on evictions; of planning restrictions; of import duties and other controls on building materials; of scarcities local and national, natural and artificial. Or think of the various taxation juggles which have applied both to the man who lends to a building society and to the man who borrows from it; and the indirect effects of fluctuating government policies towards local authority housing. Recall the natural and artificial scarcities produced by two world wars and their confused aftermaths. Mix the whole lot in the steaming brew of an overheated economy, then pepper heavily with inflation. Nor let

us omit our perennial ingredient, land values. Thus have we a sure recipe for chaos, whoever brews it.

The Fabian Research Series pamphlet No. 319, *Building Societies*, by Rupert Greer (Fabian Society, 30p.) throws some useful factual light on the multitudinous causes of the present building society crisis. The author sees a partial remedy in the establishment of a Public Mortgage Agency: but admits that this would not "achieve a miraculous advance in the number of people owning their own house". Nor, so far as one may gather from the general tone, does he really think that it would produce miracles anywhere else. The thaumaturgical faculty has atrophied noticeably in the last few years.

The plain fact is that we have an economy in which nobody believes, nor recognises as capitalism, socialism or anything else. Nobody in the world can extract a component like the building societies, treat it in isolation and produce anything of much use or validity. At least, it is an integral part of the whole housing question. More properly, it is but one aspect of the whole confused economy. Precious few people seem prepared to think their economic nostrums through to any sort of logical conclusion. Those who do have glimmerings lack the political courage - or the political ability - to deal with the situation. Give your patient his placebos, and for heaven's sake don't dare tell him that he is seriously ill, and the one chance of saving his life is a major operation