

## **Reforming Capitalism Is Not Enough to Solve the Housing Crisis**

*Interview with Mark Gottdiener\**

Housing unaffordability has become a problem for many states. After the fall of the socialist system, the Central European area connected to global financial flows, which transfer some processes typical for traditional capitalist countries into its context, and which are mixed with local specificities. At the same time, locally anchored sociology faces the question of how far it is possible to follow the usual approaches of Western sociology, often based on locally oriented studies, however generalized to the global level. A pioneer of critical urban sociology and the first author to develop the ideas of Henri Lefebvre for an Anglophone audience, Mark Gottdiener, points to the permanence and theoretical resistance of the concepts of Lefebvre and Manuel Castells, which can be essential for the Central and Eastern European area as well. For the specific varieties of capitalism in these countries, however, it remains true that housing reformism will never completely eradicate the inequalities that capitalism causes.

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*From the global perspective (and through the lens of your sociological approach) – can we say there are some dominant trends in the area of housing nowadays?*

Housing has been a volatile issue ever since the hegemonic emergence of Capitalism. The core issue dominating discussion remains the failure of this economic system to provide adequate, affordable housing, either for homeowners or renters. The resulting inequality is manifested in several ways. There remain people in urban areas who pay an excessive, distorting proportion of their income for shelter. Effects of this include its drag on the economy from a shortfall in potential consumer spending on other goods or services necessary for a balanced economy and the plunge in debt financing for many households to cover living costs in addition to that of shelter.

Overpriced housing also pushes less affluent people away from urban centers into peripheral areas, with the subsequent expansion of regions undergoing construction for more housing, thereby reducing close-in land once serving other needs, such as the local food production. Additionally, excessive housing costs

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force fractions of the population with inadequate resources to live with relatives or roommates or even to become homeless. Since the advent of Industrial Capitalism, housing has always been a source of these inequalities. It remains a social problem requiring proper, adequate support from public means as there are no private market solutions.

Now another, more recent trend has emerged. Climate change forces societies to completely rethink land use and location, as well as the technological aspects of home and building construction. The search for sustainable energy and sustainable, climate-conscious architectural materials and design, as well as sustainable urban planning, are all responses to this climate crisis. With the private housing market remaining hegemonic around the world, even in so-called Communist countries, like China, responses to the conjunction of energy and planning crises remain highly variable among societies. Some countries still burn coal as the principal energy source while others suffer from inadequate urban planning with, for example, ersatz, unregulated shack construction continuing to expand in regions. No country so far has attained adequate control of climate and resource issues, although they are finally drawing increasingly more attention as problems.

*You have mentioned high variability among societies and regions; what are the exact regional differences and specifics?*

Two main factors are responsible for the great variation in effects from the twinned housing/environmental crisis. First, in general, those societies with some form of socialized government and a public sector that is adequately funded have made progress. These same societies also contain educated individuals and organized groups that talk to each other and support the search for solutions. In contrast, the United States, to cite one example, does not have sufficient powers or resources invested in public sector policies to address the crisis adequately. Despite numerous government programs supporting the purchase of housing, it remains excessively costly for both owners and renters in urban areas. The private market reigns supreme, and new construction is, invariably, luxury housing. The search for sustainable energy sources lags behind many other societies that have stronger government control over the private sector.

Second, uneven global development under globalized capitalism has resulted in stark inequalities from society to society. The wealthier countries in Western Europe control squatter or ersatz housing while increasingly switching to sustainable energy sources, while other growing societies elsewhere, such as China and India still use coal and, at least in India, ersatz housing built by people undergoing the rural to urban shift persists as well as it does in parts of Africa and Latin America. However, it is difficult to generalize regarding this question. Research is required to paint a regional difference picture for in- and cross-country comparisons.

*What are the factors that created an increasing crisis in affordable housing from the 1960s?*

Discussion of these factors is too complex for me to answer in a limited time and space. However, I can mention several important ones: the post-World War II baby boom producing a continuing, although attenuating, spike in the global population, thereby requiring a greater need for housing; the progressive erosion of public sector control over personal wealth, accelerating with the dominance of Neo-Liberal capitalist changes beginning in the 1980s when the Thatcher/Reagan governments shifted power to market solutions, with less taxation of global corporations and the reduction, if not elimination, of the social safety net programs from the earlier post-war generation.

These and other factors have greatly increased social inequality, created a significant and ruling economic elite of people living off rent and interest from investments, and created a new global class of ultra-rich Billionaires with extremely damaging distortions of global resources and, just as problematic, dumping cash into the coffers of corrupt politicians promising government cooperation and help at all levels.

*Would you agree with the main argument of the sociologist David Madden and the recently passed urbanist Peter Marcuse that housing can become more affordable only when it is de-commodified?*

Not knowing literature of the past condemns people to welcome comments from minor academic figures as original knowledge. Friedrich Engels published articles on the 'Housing Question' in 1873. He rejected reformist measures meant to meld with local government programs because, as a Marxist, he knew that acquiring a society with adequate, affordable housing could never be obtained under Capitalism. For sure, housing should not be supplied by profit-making businesses and the capitalist market exclusively, as it is in many countries. But, unlike contemporary 'thinkers' that parrot his ideas, Engels knew only a Democratic Socialist revolution could solve that problem (Gottdiener, 2018). De-commodification alone will not solve the social crises base of Neo-Liberal Capitalism.

Proposing de-commodification of housing is also a theoretically vacant statement. Housing is part of Real Estate under Capitalism and what Henri Lefebvre called the 'Second Circuit of Capital.' As Lefebvre notes in *The Production of Space* (1995), Real Estate is part of Capitalism's 'Trinity Formula' – Labor, Capital, Land – and, as such, it operates with a logic and with investment actions that differ somewhat from the sectors of Industrial Capital and technology. Real Estate actors are not only builders and stock investors. They can also be speculators. Speculation is one of the key factors distorting market outcomes that leads to a housing market skewed toward the wealthy. No capitalist speculates in the low-income shelter. The push is to ever higher values in land and buildings. Ac-

knowledging the relative autonomy of Real Estate's 'second circuit' next to the Industrial/Financial/Technology primary circuit provides further support for Engels' anti-reformist stance vis-a-vis Capitalism.

*When fighting the housing crisis, are there the same premises applicable in the cities of the global West and the cities in Eastern and Middle Europe?*

Short answer: no! Governments, in particular, vary considerably in their historical role as socializing agents for the costs of profit-making. Legal and socially evolved practices vary by location and country, for example. The important task of regulating capitalist activities is, by its very nature, dependent on the different paths taken by social formations over time.

However, when it comes to speculation in real estate markets, a common thread is evident. All Capitalist societies lack an adequate supply of affordable housing because supplying it would clash with the capitalist market's inherent profit motive.

*Let's move the discussion more to the theoretical perspective. Quite often, some critique occurs when applying the theoretical concepts and approaches of the Anglo-American critical urban theory to Central and Eastern Europe countries. Is it possible to grasp the cities in this region through the lens of the 'right to the city' or 'new urban sociology', and what are the limits that we need to keep in mind if we do it?*

Clearly, the transition from totalitarian and so-called 'Communist' countries conquered by Russia after WWII to full integration into the Global Capitalist system is a very special case. On the ground, we can witness many key differences from the urban perspective. Authoritarian limits on peripheral growth, such as imposed Green Belts, are gone in favor of developing suburban land. Public transportation infrastructure must now adjust to the new form of government financial support, and raises in the price of use might increase significantly. As of this writing, New York City's subway system, which handles millions of riders each day and has witnessed a steady increase in fares, remains in a funding crisis that has seen several directors, including one imported from England, come and go. Transition to Global Capitalism brings the capitalist real estate market with all the consequences of housing inequality, speculation in land, the switch to luxury construction alone, environmental sustainability, excessive peripheral development and the disappearance of open spaces, and new methods of funding, including higher taxation.

Relying on Henri Lefebvre's 'Production of Space' theory, especially the application and theoretical fine tuning that comes with using all the insights from 'The New Urban Sociology' and particularly the socio-spatial approach (Gottdiener a Hohle, 2019) remains the best perspective for understanding these chang-

es, particularly when it comes to effects on Real Estate, including housing, and effects in the fundamentally changed public/private relationship. The key limitation to be considered is precisely in what direction will newly liberated Democracies take in their political economies. Will countries follow the Nordic Model of Welfare Capitalism or drift into a more autocratic and less democratic social formation, such as the cases of Hungary and Turkey, for example, not to even mention what has happened in Russia proper (a country that is a 'gas station' with a return to autocratic government and a kleptocracy run by a band of oligarchs)?

I am glad you mentioned the 'Right to the City,' because it is a useless term as it is much too vague for analytical specificity and much too ideologically ambiguous for specifying political strategies. Right to the city has become an empty slogan of some geographers borrowing from a minor text published by Lefebvre in the 1960s that came before he worked out his ideas fully for his magnum opus, *The Production of Space*. Even so, as early as 1986, I argued that Manuel Castells, writer of *The Urban Question* (1977), had argued against Lefebvre and in favor of his concept of 'collective consumption' and a highly specific political approach based on it (Gottdiener, 1995). Particularly, Lefebvre's political stance is essentially wishful thinking for the future, while Castells' political approach, in contrast, is a political strategy for direct action in the present. For Castells, urban populations must organize 'urban social movements' directly focused on specific needs which must be provided by the government, that is, commodities and services supplied by public means and not by appeals to the private sector dominating urban space. Urban Social Movements was once an important topic among urbanists studying NGOs, and only needs to be revived again in place of 'pie in sky' thinking like that behind Right to the City speeches (for a fuller comparison between Lefebvre and Castells on this core political strategy see Gottdiener, 1995).

*We have discussed urban theory a lot. However – when contextualizing the current academic discussions – does current social theory still provide space for more universal approaches to the city, or is the urban theory more and more dominated by narrow, targeted empirical research with unsatisfactory options for theory development?*

The Social Production of Urban Space approach (Gottdiener, 1995; Gottdiener a Hohle, 2019) is based squarely and fundamentally on the theoretical writings of Henri Lefebvre (1995). Yet, both theory and empirical research are two aspects of a single academic inquiry, even in the physical sciences. Imperialistic claims by empirically based researchers in a drive for academic hegemony must be tempered by acknowledging the fallacy of the latter when it proceeds without guidance by theory. In this case, empirical research becomes ideology and propaganda in the service of a hegemonic group viewing the economy and the political infrastructure as being an adjunct in pursuit of their private interests alone.

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MARK GOTTDIENER (\*1943) became the first to elaborate the work of the iconic French philosopher and author of the concept of the right to the city, Henri Lefebvre, for an Anglophone audience. Similarly, his work is significantly inspired by the Spanish-American sociologist Manuel Castells. Among other things, Gottdiener is the author of the influential book *New Urban Sociology*, in which he defines the paradigm of the socio-spatial perspective in the context of the social-scientific study of cities. In 2010 he was given the Lynd Award for Lifetime Distinguished Career Achievement by the American Sociological Association. He worked for a long time at the University of California and the City University of New York, and is a professor emeritus at the University at Buffalo.

The interview was conducted by Václav Orcígr  
Faculty of Social Sciences, Charles University  
vaclav.orcigr@fsv.cuni.cz

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