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Ideological background to alternative conceptions of social policy: A case study of housing

by

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IDEOLOGICAL BACKGROUND TO ALTERNATIVE CONCEPTIONS OF SOCIAL POLICY: A CASE STUDY OF HOUSING

1. INTRODUCTION

Disagreement over the scope and level of state interference in our Western economies dominates much discussion on budgetary policy and the allocation of national resources. In considering any debate on the justice of alternative tax or welfare schemes, it is important to identify the opposing principles underlying the different choices. Each set of principles is linked to a set of social values and a corresponding model of society. The choice between alternative tax or welfare schemes is much more than the choice between more or less state interference in the economy. It is rather the choice between alternative sets of beliefs regarding the way in which society should function.

A brief look at housing policy will illustrate this point. Housing policy must be taken as including the state's policy towards each of three main sectors - owner occupiers, private tenants and state or local authority tenants. Although policy towards the different sectors has to some extent developed independently rather than been part of a coherent overall strategy, it is still possible to identify different principles underlying alternative state choices.

For example there has been much recent emphasis in South Africa on home ownership. Both the government and representatives of private enterprise have argued the merits of policies encouraging owner occupation. This support for a certain type of home provision is obviously more than just a technical choice. It indicates a preference for the distribution of houses through the market place and therefore establishes a link between housing and income. This acceptance of the

principle of distribution of benefits according to income is linked to social values favouring individualism and personal reward which correspond in turn to a model of a competitive market society.

This can be contrasted to the priciples underlying a call for increased state provision of housing in which criteria other than financial resources govern access. State provision of housing introduces the principle of distribution according to need and is linked to values emphasing equality and the acceptance of certain social rights for all citizens. The corresponding model of society would be a social democracy or similar socialist system.

This paper sets out to briefly illustrate these opposing values which underly some contemporary housing issues. This will be preceded by:-

1) a short theoretical discussion of some major models of society, their underlying social values and corresponding viewpoints on welfare provision;
2) an overview of the origins and present levels of state interference in the South African housing market.

It will be argued that policy decisions regarding housing, or more generally, all welfare goods involve more than mere technical decisions. They are essentially political choices between alternative social futures.

2. ALTERNATIVE MODELS OF SOCIETY AND WELFARE PROVISION

This section is intended to give only a brief introduction to some alternative views of society and the corresponding role assigned by them to state provision of welfare goods. The grouping of social

theories - by ignoring divergeries within any one approach - always tends to oversimplify the picture to some extent. On the other hand it does serve the useful purpose of distinguising major alternative schools of thought within which there exists some unity of opinion.

Four major schools of thought dominate discussion on welfare provision. Of these, two are derivatives of the classical liberal tradition and share a common belief in the virtues of competitive private enterprise. The'market liberals' such as Milton Friedman and Hayek differ from the 'political liberals' such as Keynes, Beveridge and Galbiaith in the latters' belief that capitalism is not self-regulating but requires judicious state regulation and control. The market liberals disagree that state interference in the market is necessary. They argue the need to reverse the trend in state provision of welfare goods which in their opinion has resulted from the actions of well meaning but misguided reformers.

The Social Democratic or Fabian Socialist approach occupies the middle ground between the liberal and Marxist traditions. It emerged as an alternative political and intellectual movement in the late nineteenth century and is characterized by the positive role it ascribes to the state as an agent of distribution and instigator of change. Examples of writings that can be ascribed to this school are those of T H Marshall, Tawney and Titmuss.

The fourth school of writers are those upholding the principle tenets of the Marxist tradition, albeit in some cases with modification of detail. They see the essential purpose of the state to be the protection of the existing system of class relations. State

provision of welfare goods serves this purpose by removing the most glaring excesses of the capitalist system and masking the real conflicts of interest between different classes.

These then are the four approaches which will now be discussed.

2.1 MARKET LIBERALS

The fundamental social values of market liberals are freedom and individualism. Liberals generally conceptualise man in pre-social abstract terms as having desires, instincts and interests which are given prior to their historical social situation. Socio-political arrangements are an agreed means whereby the natural rights of individuals to their freedom are protected. This freedom includes both undue interference from the state and from other individuals.

It is for these reasons that the liberals argue the merits of a market system which makes socio-political arrangements no more than a means. To them it is the only rational social order in that it allows the individual freedom to pursue his own self-interest and dispose of his skills and property without co-ercion. Market forces are left free to allocate and distribute goods and services according to supply and demand.

These social values result in the market liberals acceptance of a stratified society with income and wealth inequalities. These merely reflect the differenct abilities and work effort of individuals and as such tend to act as a motivating factor on others. These inequalities are not viewed as excessive and needing state regulation; in fact it is argued that policies aimed at redistribution tend

The market liberals are therefore critical of the welfare state and increased state expenditure on social services. They urge a reduction in both the scope of services provided and the level of financial benefits paid. Where necessary the state should provide services at the minimum level only, leaving it up to individuals to make better provision if they so wish. In this way market provision is not seriously challenged by social provision and an individual's income remains the determining factor in access to goods and services.

2.2 POLITICAL LIBERALS

The political liberals share with the market liberals their belief in freedom, individualism and competitive private enterprise. However their belief is much more qualified in that they feel that capitalism to some extent, needs to be controlled. Their approach is one of selective collectivism - not of principle - but of necessity.

More important than the free access of individuals to the market place, is the ensured access of groups and individuals to the political process. This access ensures justice with competing groups demanding fair and equal treatment. The state is seen as an independent judge and arbiter in the functioning of the system.

A key element in the thinking of political liberals is their belief in rational state action over and above the minimum envisaged by the market liberals. Industrialisation has created problems which - for reasons of political stability - have necessitated state intervention. Social policy has developed in response to these problems and as such is condoned by the political liberals.

However this state expenditure needs to be selective and be confined to achieving results which can not be secured by unco-ordinated individual effort. There is an acceptance of the need to achieve a national minimum for all citizens of housing, health, education and nutrition but all within a general framework of a capitalist system based on meritocracy. In the view of the political liberals capitalism should not be superceded, but controlled.

2.3 SOCIAL DEMOCRATS

The social democrats occupy the middle ground between the liberals and the Marxists. Their obvious difference to the liberals is their emphasis on equality, while their difference to the Marxist approach lies in their belief that capitalism can be transformed peacefully into socialism.

In contrast to the fundamental social values of freedom and individuality upheld by the liberals, the central socialist values are those of freedom, equality and fellowship. The argument for equality is central to all socialist doctrine. Social inequality offends against ideas of social justice and prevents individuals from realising their full potential. Thus inequality is incompatible with the concept of freedom as defined by socialists. Equality does not necessarily mean that all incomes need be equal, but it does demand a move towards a more equal distribution of wealth and income. This can be contrasted to the acceptance by the market liberals of the inequalities generated in a capitalist system.

The socialist argument for fellowship can also be contrasted to the liberal emphasis on individualism. By fellowship the socialists see the need for

co-operation between individuals rather than competition and would place emphasis on the community rather than the individual.

This approach argues the useful purpose the state can serve by interfering in the market system and counteracting the natural tendency of unregulated capitalism towards cumulative increases in inequality. The desirable extent of state involvement is a contentious issue amongst social democrats with one group - the fundamentalists - arguing strongly for the widespread extension of public ownership and the eradication of capitalism while at the other extreme the revisionists argue that it is possible through the market system, duly controlled and modified, to attain the goal of greater equality.

In both cases however, it is agreed that the state can serve a useful purpose. The state can, and should, ensure that the market operates in the light of social need rather than private self-interest;and social benefits and costs should be considered in policy decisions.

Although problems do arise regarding the correct balance between public and private welfare provision, it is generally argued that the welfare state does help fulfil the socialist values of equality and fellowship. This it does by providing a social income available to all its members on equal terms. With some services this provision would be on a universal basis; in other cases state provision would be according to need with market provision for those with sufficient income. Access to welfare goods and services would therefore not be dependent on level of income but be distributed according to need.

In contrast to the market liberals who fear the values instilled by the welfare state, social democrats are optimistic about the change of attitudes and aspirations that the welfare state generates through greater equality. They argue that this is a positive step in the path to socialism and as such a potential force for modification of the social structure.

2.4 MARXISTS

Marxists share with social democrats their values of freedom, equality and fellowship but argue further that freedom can never be attained in a capitalist system where the means of production are controlled by one group. Real freedom for the individual requires the liberation of the total society. This can only be attained by the abolition of the capitalist system and radical social transformation. Under a new system access to life chances would not be distributed according to income and wealth, as under capitalism. Distribution would be according to need and thus the values of equality, freedom and fellowship would be satisfied.

Much controversy surrounds the role Marxists assign to the state in a capitalist society. There is agreement however that state interference in the economy - although capable of modifying social problems - can never eliminate them as these problems are rooted in the class structure of society.

The essential purpose of state legislation and state expenditure is to protect this class structure. It is in this context that the welfare state must be understood. It is the price that must be paid in order to maintain the existing system and retain political

stability. The extent of social legislation and welfare expenditure will depend on the dynamics of the particular situation in which the class conflict takes place. This will be affected by:-

1) the unity and strength of the working class;
2) the nature of the demands made by this class;
3) the state of the economy.

Marxists view the welfare state with mixed feelings. They agree that, in spite of its origins, the welfare state has succeeded in removing some of the glaring excesses of capitalism thus making it more acceptable. This has had a de-radicalisation effect on the working class. On the other hand it has also served to raise the expectations of the working class and led them to believe they have a right to certain social benefits. When capitalism reaches the point where it cannot fulfil people's rising aspirations to these benefits, the state will have reached a crisis point which may either necessitate increasingly repressive measures or lead, in time, to its downfall.

In a socialist state where the means of production are communally held the state would play a strong and positive role. Central government planning under this system would serve the interests of the whole society by subordinating the market to a system of values upon which all of its members had agreed.

3. ORIGINS AND EXTENT OF STATE INVOLVEMENT IN HOUSING

State involvement in housing began with concern for public health and the passing of the Public Health Act, No. 36 of 1919. Prior to this a few individual municipalities had initiated housing schemes for lower income groups in their areas. In the Cape,

for example, the Cape Town City Council embarked on its first housing scheme in 1896 when it approved the building of labourers' barracks to provide accomodation for 200 Coloured workers in the city. A subsequent Municipal Ordinance, No. 10 of 1912, passed by the Cape Provincial Council gave approval for similar schemes when it empowered Municipalities 'to erect dwellings for the poor - provided that the sanction of the enrolled voters of the Municipality should be obtained ...' (Clause 254).

In addition to direct provision of homes the Cape Town City Council made further attempts to alleviate the housing shortage in the city when it passed the Municipal (Provision of Homes) Ordinance, No. 23 of 1919. The purpose of this ordinance was 'to empower the Council of the Municipality of the City of Cape Town to make advances to persons of limited means to provide homes for themselves and for other purposes.' As far as can be ascertained this was the first legislation promulgated in South Africa to advance funds to aid individuals with home ownership.

At a national level however, the first legislation pertaining inter alia to housing was passed as a result of the devastating epidemic of flu which swept South Africa in 1918. This resulted in the Public Health Act being passed which empowered the Minister:-

1) to make regulations in regard to matters relating to the prevention of nuisances connected with housing and sanitation; and
2) to lay down minimum standards to be complied with in the erection of dwellings.

The Public Health Act was followed in 1920 by two further pieces of legislation pertaining to housing:-

1) the Rents Act (No. of 1920)
2) the Housing Act (No. 35 of 1920).

The Rents Act provided for the constitution of rent boards set up to protect the rights of tenants in the private housing market. These Boards had the right to fix rents for rented accomodation and also to limit the grounds on which tenants could be served notice to vacate these premises.

The Housing Act, on the other hand, dealt with state loans for housing. It empowered a local authority to borrow money for the purpose of enabling it to construct, or lend money for the construction of, approved dwellings. The terms of repayment of these loans and the rate of interest was to be determined by the Treasury. Provision was also made in the Act for the appointment of a Central Housing Board to direct the state on housing matters.

Taken together these three Acts allowed for State interference in the housing market to include the following:-

1) legislation to prevent nuisances or dangers involved with housing (Public Health Act);
2) the specification of minimum standards and conditions which were to be adhered to by owners of dwellings (Public Health Act);
3) legislation making provision for state control in the private renting of accomodation (Rent Control Act);
4) legislation for the state to support financially the provision of housing (Housing Act).

By 1920 therefore, intervention in the housing market was already fairly extensive. Although change has occured, present housing legislation remains similar

in scope to that discussed above. Present statutes governing housing are set out below.

1) The Slums Act, 1934 (Act No. 53 of 1934)

This replaced the Public Health Act and charges local authorities with the duties of preventing housing nuisances in their areas and of remedying these nuisances where they exist.

2) The Rent Control Act, 1976 (Act No. 80 of 1976)

As with the previous act, this Act again deals with the control of rents of residential properties occupied before a certain date and situated in an area in respect of which a rent board has been appointed.

3) The Housing Act, 1966 (Act No. 4 of 1966)

This act provides for housing in both the state and local authority rented sectors and also for assisting owner occupiers with loans. The latter it does by granting loans either directly to individuals or in conjunction with building societies.

4) The Government Villages Act, 1973 (Act No. 44 of 1973)

This allows for the management of government villages, the letting of the properties and the fixing of rents.

5) The Finance Act, 1955 (Act No. 67 of 1955 section three)

This deals with the provisions whereby public servants acquire subsidised loans for dwellings

for their personal use.

A further two acts which affect housing but specifically relate to government policy of separate development are the Community Development Act (No. 3 of 1966) and the Group Areas Act (No. 36 of 1966). The former makes provision for the establishment of the Community Development Board which functions in the implementation of the Group Areas Act; this latter provides inter alia for the establishment of residential group areas for the different population groups.

These then are the statutes governing state interference in the housing market; they allow for involvement in all three of the housing sectors. However, within this legislative framework room exists for the state to pursue alternative housing policies. The next section illustrates a few of these alternative policies together with the opposing social values underlying each.

4. ALTERNATIVE VIEWS ON HOUSING POLICY: SOME EXAMPLES FROM PRESS CUTTINGS

Each of three of the schools outlined above are well represented in public comment on social policy. Not found much in South Africa are public statements reflecting the Marxist tradition.

As a result of this, the present section concentrates only on the two liberal schools and that of the social democrats. A few recent extracts from press cuttings were chosen to illustrate the link between alternative housing policies and the opposing values and social futures inherent in these policies.

It is again necessary to re-iterate that the different

traditions outlined above in Section 2 are ideal types to which writers approximate in varying degrees. The same is true of the press comments used in this section to illustrate these different schools.

4.1 MARKET LIBERALS

The fundamental social values of market liberals are freedom and individualism. This leads to their firm support for a free market system in which the role of the state is kept to a minimum.

This viewpoint can be illustrated by a policy statement made by the Minister of Community Development in July 1982. In this he outlined his department's new housing policy for the Indian and Coloured communities.

" Our first priority will be to ensure that land and infrastructure is made available to all persons who can with their own financial resources, that of other private means accept reponsibility for the construction of their own homes.

As far as housing for the poor is concerned, the department will, as in the past, still consider making funds available for housing projects for persons earning less than R150 per month. Such loans will, however, have to be restricted to those who are not able to obtain any financial assistance from any other source whatsoever.

It will unfortunately not be possible to provide housing for the other income groups in accordance with the present basis, and in order to assist those falling in the income groups below R350 per month

a special amount will be made available to local authorities as from the 1983/4 financial year, from which loans can be made available for the purchase of building materials for self-building purposes.

Persons falling within the economic income group will to a large extent have to depend on financial institutions and other resources to finance their housing needs, as Government funds will not be available in the foreseeable future".

(The Star 22/07/82)

The emphasis throughout this extract is very clearly on market provision of housing for all income groups with the exception of the very poor. Land and infrastructure would be provided for the Indian and Coloured communities; thereafter further responsibility for the provision of housing would be left up to the individual. Access to a home would become income linked with those having highest income being most advantaged. Only those with an income below R150 per month would qualify for state help.

In line with this self-provision of homes for the Indian and Coloured communities as spelt out by the Minister in July 1982, was the further program launched the following year to promote home ownership. This scheme is still in the process of being implemented. Under the direction of its Director-General the Department of Community Development has undertaken to sell 500 000 houses, preferably to their occupiers. In an article prepared by Mr Johan Kruger - specially appointed to co-ordinate the selling - he comments as follows:-

"In keeping with the Prime Minister's declared intent to strengthen the free enterprise system attempts

have been made to decrease government involvement and responsibilities in areas of housing procurement which could be regarded legitimately as the operations area of the private sector. To this end a new strategy was adopted by the Department of Community Development for general application as from 1 July 1983.

This strategy was based on:

1) A shift in the capital expenditure policy to place an increased emphasis on the purchase of ground and the development of a services infrastructure.
2) The promotion of homeownership by selling existing housing stock to occupants and re-investing the proceeds in further housing development.
3) The promotion of the self-help concept in home building.
4) The promotion of utility housing companies with assistance from the National Housing Commission.
5) The creation of an environment in which it would be attractive for the provate sector to participate in the satisfaction of the housing demand and to see the backlog as a challenge and opportunity rather than a so-called housing crisis.

The basic philosophy has been to attempt to create a market in which the normal forces of supply and demand would operate. The selling action is in essence part of an attempt to correct the perceived value of accommodation through the concept of promoting homeownership while the emphasis on serviced sites will hopefully create the required mobility.

Source: Housing Research Review, Newsletter No. 2, 1983.

This extract illustrates that government policy is aiming to encourage home ownership. It is clearly spelt out that the rationale for this is to encourage the free enterprise system. This is in line with the belief in a competitive market society with the emphasis on individualsm. Housing inequalities are then explained in terms of individual differences and a distinction emerges between workers able to own their homes and those having to rely on welfare provision.

A final example, this time taken from recommendations of a private organization, comes from comment by the executive director of the Urban Foundation, Judge Jan Steyn. In an address to the Pretoria Press Club he warned that the elementary requirements for a stable society - pride of ownership, self-esteem, self-reliance, security and human dignity - have had insignificant opportunity to flourish in an environment where Black home ownership has not been achieved. He continued:-

> "Appeals to the government to provide more funds for black housing would perpetuate a system which denied freedom and independence ...
>
> .... it was imperative that the housing process should be based on freedom of choice, community participation and economy, with an emphasis on home ownership.
>
> We believe that anyone who wittingly of unwittingly seeks to control this process for political or other purposes denies the people the freedom to which they are entitled and subjugates them once again to control and caprice".

4.2 POLITICAL LIBERALS

The advocacy for a free market system amongst political liberal writers is much more qualified than that of their market liberal counterparts. However their support is definately for a capitalist system with state regulation and interference only where necessary.

The first two extracts in this section come from comment by managers in the private sector commenting on the affordability of housing for low-income groups.

"Whether we like it or not there has to be a housing subsidy for the black man.

The private sector is just not capable of building homes at a price which most black townships can afford."

Urging inducements to stimulate private sector activity in the low-income homes area, Dr Lewis believes the Government "as manager of the economic system" has the responsibility to "orchestrate and mobilise the private sector."

(Sunday Tribune 09/01/83)

'General sales tax should be raised by 1 percent to provide money for houses for low income groups, it was proposed at a conference organised yesterday by the Natal branch of the South African Institute for Housing.

Rejecting any suggestion that commerce and industry had a responsibility to pay for employees' housing, Mr Alexander Hamilton, head of a major construction

Approval of state expenditure on goods such as housing is inherent in the thinking of political liberals. Bad housing and the creation of slum areas could have political repercussions causing instability to the capitalist system. It was the responsibility of the state to ensure that adequate housing be made available to those unable to afford market provision.

The Progressive Federal Party spokesman on housing, Mr Colin Eglin, confirmed this attitude when interviewed on the government's response to the Viljoen Committee report on black housing. He said:-

> "The recent drastic cutback by the Treasury of funds for housing is alarming. It makes it impossible to implement any new housing strategy.
>
> Put simply, no money means no housing. It will be disastrous if the Government tries to pass the financial buck, which belongs to it, to the private sector or to the individual black sector.
>
> The contributions of the private sector and the individual must be used to supplement the Government contribution and not to replace it."

(Weekend Post, 20/02/82)

4.3 SOCIAL DEMOCRATS

The emphasis in these extracts changes from limited state provision of housing to the acceptance of the need for the state to intervene positively with this provision. Social democrats see housing as a social right and as such need, not income, should govern its distribution for those unable to afford market provision. The state by deliberate action must deal with the present housing shortage.

Ms. Eulalie Stott, chairman of the Cape Town City Council's Housing Committee, illustrates this viewpoint in an address to the Institute of Citizenship.

' Ms Stott said that till now the government of the day had accepted its responsibility towards houses for the poor at subsidized rentals.

" But with the introduction of the new proposals, the government intends to reduce dependency and subsidies, and encourage self-help and participation by the private sector."

" The new government housing policy will ensure that what has been a housing shortage will become a housing crisis," she said .....

Mrs Stott said housing should be the first priority of a government and pleaded for "masses of money to be made available for this purpose."'

(Cape Times 23/09/83)

Community reaction to reduced aid for housing echoed these views of Ms Eulalie Stott. Also mentioned in the extracts below are the possible political consequences that could be brought about by inadequate housing provision. This introduces the expectation of housing being a social right and also the concept of social policy being used as an instrument of control and discipline.

'Mr Mohammed Dangor, vice-chairman of the Southern Transvaal region of the Institute of Race Relations and vice-chairman of the Johannesburg Coloured Management Committe, said there were more than 20 000 coloured people and 15 000 Indians

in Johannesburg, the East and West Rands who still needed homes.

Few of these people could afford to build their own houses.

"I foresee a serious situation developing if the Minister goes ahead and halts the development of housing schemes for Indians and coloured people."

(The Star 22/07/82)

'The chairman of the Benoni branch of the Transvaal Anti SAIC Committe, Dr Ismail Cachalia, said that it is the Government's responsibility to provide adequate and decent housing for its citizens.'

(The Star 22/07/82)

'Mr Ralph Peffer, a member of Johannesburg's Coloured Management Committee, said the Government "should stop catering for the wealthy and pay attention to the immediate housing needs of the lower and middle income groups of the country."

He warned there would be "serious unrest" if frustrated people found they simply had no more hope of ever getting a home.'

(The Star 22/07/82)

'The Chairman of the Lenasia Management Committee, Mr Dennis Pillay, said it was clear the Government was abandoning the thousands of Indian and coloured people who did not have the necessary resources to buy land and obtain loans to build their own homes.'

(The Star 22/07/82)

'About 950 people passed a resolution rejecting both the government's housing policy and constitutional proposals at a meeting convened by the Disorderly Bill Action Committee in Bishop Lavis yesterday.

The sale of houses under the new housing policy was rejected by affitiates as an attempt to pass the economic and housing crisis on to the backs of workers.'

(Cape Times 25/07/83)

5. CONCLUSION

The extracts used above were chosen to illustrate the opposing viewpoints to state provision of housing. Underlying each viewpoint is a differenct set of social values and corresponding model of society which explains this stand on housing policy. The choice between alternative housing policies must therefore not be reduced to a technical issue of more or less state funds put aside for housing. Rather it is a choice between alternative sets of beliefs regarding the way in which society should function.

The same argument can be extended to the social provision of all other goods and services, or to the whole package of welfare goods taken together. The commitment to any one welfare package is part of a more general commitment to a particular preferred model of society. Disagreement and debate over the role of the state in welfare provision should be understood in these wider terms.

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