Review Article

There is no Such Thing as a Free Market: Public Planning versus Private Opportunity in Housing

Dirk van den Heuvel

About two years ago, in November 2016, Patrik Schumacher, the famed and notorious director of Zaha Hadid Architects, baffled the world of architecture and beyond with his radical proposal for a solution to the contemporary housing question. In his view, all it would take to end the misery of homeseekers in an overpriced housing market was to simply privatise anything that makes up our cities: not just council housing estates and the land they are built on, not only infrastructure, civil works and services, but all public spaces and assets that make a city. Even a priceless place like Hyde Park in London would be better off if redeveloped by the forces of a wholly free market system, according to the highly successful German-born architect, who is building high-end projects all around the globe. Wholesale privatisation would make the most of our cities. It would make the right places available to the right people, maximise value, and counter underusage. Who could be against that? In itself Schumacher's position could not be a surprise, since he has made the case for a 'free market urbanism' before, linking it to the idea of *autopoiesis*, which is key to his proposition of parametricism in architecture, a new style that builds on all-pervasive digital technologies and results in sleek and glamourous curvaceous shapes.[1] But this time his statement was made at a high-profile, international public event broadcast online by web platform Dezeen.

Schumacher chose the event of the World Architecture Festival in Berlin as a podium for an act of *épater le bourgeois*. *Wired* magazine compared him to a James Bond villain, and Schumacher seems to take up the bad-ass role quite gleefully.[2] He delivered the concluding keynote on a day full of architects' talks on the pressing issue of 'housing for everyone'.[3] When the news broke of what Schumacher had suggested, a furore hit the media and protests were staged outside his London office. He was accused of fascism and promoting social cleansing.[4] In an interview with *The Guardian*, a newspaper he actually criticised in his talk for offering 'false avenues of reflection', he proved unrepentant.[5] On the contrary, in various successive statements and publications he insisted that complete privatisation is the only way forward. 'Only Capitalism Can Solve the Housing Crisis' was the defiant title of a lengthy essay he wrote for the Adam Smith Institute, published in April 2018.[6]

Triggering strong emotional responses across the profession and media – even the London mayor Sadiq Khan felt pressured to step in – Schumacher's rhetoric is most successful in terms of the standards of the attention economy. Yet the problem with Schumacher's proposition is quite elementary. Schumacher often refers to 'basic economics', but he seems unaware of a few of those basics himself, or he prefers to be for the sake of the game he is playing. He draws some false analogies with other markets (food, cars), and he makes the impossible distinction between real productive entrepreneurs adding value to the economy and

'high earners', who undeservedly profit from financial privilege – assumedly Schumacher is referring to bankers and traders here. But even for a dilettante like me, when it comes to unpicking the exact connections between architecture, planning and capitalism, Schumacher glosses over the following two interrelated terms much too easily, and they require more careful attention: the concept of the so-called free market and the practice of state intervention.

The utopia of a free market

Ever since neoliberalism started to undercut the post-WWII welfare state and its hybrid economic system, this was done in the name of the fata morgana of a so-called free market that would solve most if not all of our society's problems. I myself grew up with this mantra in my country, the Netherlands, which followed a different path from the United Kingdom, but here too, all sorts of welfare state institutions were gradually broken down and often replaced by market provision: from access to university education, healthcare, unemployment benefits, to the large-scale privatisation of almost every sector: public transport, postal and telephone services, housing corporations, university properties, hospitals. It is a familiar story in Western Europe and welfare states elsewhere, quite dramatically recounted not to say lamented in such grand narratives as Tony Judt's *Postwar* (2005) and *Ill Fares the Land* (2010), or Owen Hatherley's *A Guide to the New Ruins of Great Britain* (2010).

Free market ideologists tell us that unhindered by state intervention or regulation the market and entrepreneurs would exclusively provide for what people (supposedly) need and want. And truth be told, new market arrangements did and still do deliver all sorts of innovative products and approaches, especially when it comes to a speedy introduction of new technologies. Yet everybody knows – or should know in my view – that there is no such thing as a wholly free market, to paraphrase Margaret Thatcher. By its very nature a market is a regulated place for transactions. Who is allowed to enter, who can sell, who can buy, what and under what conditions, it is all up for negotiation and controlled by all sorts of authorities and social contracts. Any Google search will spawn a vast literature about the subject and how the notion of a free market is either contested or propagated, from Friedrich Hayek's abhorrence of 'serfdom' under a central state to 'free-market socialists' who oppose private ownership altogether. The bottom line is that a wholly free playing field for entrepreneurs is contrary to a market condition and ends up with monopolies controlled by global companies.

The ideology of the free market then is not so much about a universal ideal of human freedom as some proponents seem to suggest; it is all about contested ways of organising exchange under different sets of rules, and different arrangements for different groups of citizens, entrepreneurs and other actors, and often much less binary than suggested by free market apologists like Schumacher.

Police force

The second problem with Schumacher's plea for the abandonment of any public control lies with the caricature of the state and government bodies that he reproduces. Schumacher posits that the state is too much on the side of the economically weak and privileges the unproductive, a situation that can only persist, according to him, because of the state's monopoly on 'force' and 'policing'. Moreover, the state is generally too bureaucratic, setting the wrong kind of standards, and too static, holding back innovation – the familiar diatribe since the 1970s. According to Schumacher, the state should preferably just get out of the way of the entrepreneurs who know best, also when it comes to city planning and solving the housing crisis. All sorts of land-use regulations, zoning, minimum standards of comfort

and safety for housing – it should all be thrown out of the window, because a 'free' process between demand and supply of housing would bring wholly new and innovative solutions. It is one of the boldest claims in Schumacher's argument, also because he connects this with a more just and even more democratic society. 'Analogous to shareholder rights in stock companies', parties with more assets, who produce more 'profit' and maximise 'value', should have a bigger say in the decision-making process than those who are 'subsidised' and 'freeriding' on their privilege secured by the protection of state force.[7]

But it is not just Schumacher's depiction of the state and its roles vis-à-vis land-use and planning standards that is problematic here. What is lacking from his proposition is the recognition that capitalism itself cannot survive without a state apparatus. Capitalism needs the state. Not only in the conventional sense that the state creates and maintains the necessary infrastructure (an idea which Schumacher refutes), but precisely with regard to the monopoly on force that the modern state holds over its citizens and territory. It is capitalism and the free market which are most in need of a police force here. It is private ownership, especially landownership, that can only be secured and maintained through a vast body of controlling agencies, from the courts and solicitors to surveyors and cartographers. The emergence of agrarian capitalism in England holds similarly clear examples of how enforcement is brought into play, as in the case of the privatisation and expropriation of common grounds.[8] Even today, under a global, post-welfare state condition of empire as described by Michael Hardt and Antonio Negri, it is the state who has to come to the rescue of banks 'too big to fail'; even when enmeshed in global networks and institutions the modern state and its rule of law still hold crucial agency.[9] Schumacher prefers to leave this kind of 'police force' and who it protects unmentioned.

Maximum profit, minimum dwelling

Another reason why Schumacher's proposition is unconvincing is the sheer lack of evidence. Even though Schumacher claims that his office builds housing for everyone, the examples he showed at the World Architecture Festival were all, one after another, luxury apartment blocks, from New York to Miami, Singapore, Milan, Copacabana, Malta and of course, London, while highlighting that his office successfully manages to generate maximum value out of a site, often more than expected by the developer. 'Profit' is 'not a dirty word', it is a measure of success, even of social responsibility if you follow Schumacher. Because apparently, a city is in essence only about making profit, and generating maximum value; only then can a society take care of itself.

However, not only are we looking at very narrow and banal definitions of success and responsibility, but this also fits a bigger pattern as described by Richard Florida in his latest book on so-called 'winner-take-all urbanism' and its concomitant 'superstar cities' such as London and New York. *The New Urban Crisis* (2017) reads as the sequel to Florida's ground-breaking *The Rise of the Creative Class* (2002), but it is much more pessimistic.[10] Where Florida recognised new opportunities for cities due to the rise of the so-called creative industry around the turn of the century, he now points to the highly disruptive effects of the new economy unleashed onto urban communities. *The New Urban Crisis* not only maps growing inequality in economically successful cities, but demonstrates the actual links between urban success and those patterns of growing inequality, of which gentrification and housing bubbles are but the two most familiar examples.

Schumacher shows himself to be an unapologetic exponent of the driving forces behind such social bifurcation. Particularly so when he elaborates on

the second niche of housing, which he identifies as an opportunity for innovation and more productive cities: the micro-units for single, urban professionals. One of Schumacher's greatest objections to government-controlled standards is the guideline for the minimum size of dwellings, about thirty-seven square metres in the United Kingdom. But according to Schumacher, people are yearning for smaller homes, if only in the right spot, that is, central London locations close to work opportunities, but currently occupied by council housing. Schumacher therefore proposes to remove the estates and their inhabitants to make room for the 'users who are most potent' and 'most productive'. To Schumacher, it is useless to demand three or four-bedroom flats for families in such locations, since eventually they will all be 'flat-shared' under current market conditions. Schumacher mentions that a twenty square-metre studio in the Barbican is a much sought after asset, but even a ten to twelve square-metre flat could be a 'villa-in-the-sky' when combined with 'free shared spaces'. Even better would be to ultimately integrate these Airbnb-style homes with the workspaces of start-up companies, thus creating a maximum synthesis between housing and twenty-first century profit-production.

At this point, the libertarian approach of disruption and acceleration that Schumacher promotes paradoxically and ironically coincides with the socialist models of collectivist housing as designed by the Russian Constructivists, where all individual space has been dissolved in order to create one social body. In his talk, Schumacher himself casually refers to projects developed by Pier Vittorio Aureli at Yale university, in which all private spaces are eradicated as well. Other, less architecturally correct comparisons spring to mind though, such as the ultra-high-density developments created through autopoetic self-regulation, especially in Hong Kong, another superstar city: the extreme typology of 'coffin cubicles'; or the infamous icon of *noir* urbanism: the Kowloon Walled City, which was

demolished mid-1990s because of its rampant crime and unhealthy conditions.[11] Here, self-regulation means triads stepping in where the state is absent.

But perhaps in the end, reflection on the basic principles of economic governance and systemic, asymmetrical interdependencies is too serious a response to Schumacher's provocation of architects and what he calls the 'left-liberal consensus'. After all, 2016 is also the year of Trump and of Brexit. The week before Schumacher's talk, the United States had elected Donald Trump as their new president after a relentless campaign characterised by what we now call the art of bullshitting and gaslighting. Trump's campaign was not unlike the unfolding of the Brexit referendum of June 26, which was won by sheer bluff. By now – I am writing this piece while the outcome of the debates on the Brexit deal remain unclear with the prospective Brexit date of March 29 less than a couple of weeks away – it has become all too evident that there was and still is nothing but the bluster of unsubstantiated claims by the Leave camp. Patrik Schumacher might only fit a pattern in an awkward turn of the *Zeitgeist*.

Hostile environment
One of the more striking elements of Schumacher's presentation is how much of it is framed by a London perspective, even when the 2016 edition of the World Architecture Festival took place in Berlin targeting a global market.[12] At this point, it must be noted that the current London housing crisis is not only the outcome of a new global economy and the rise of a creative class originating in the 1990s. It is also one of the most paradoxical outcomes of breaking down welfare state provision and regulation by the government of Margaret Thatcher, who was elected prime minister in 1979. Michael Hesseltine was her Secretary of State of the Environment and as such responsible for the Housing Act of 1980, which enshrined the principle of 'right-to-buy' in the case of council housing. Construction of new council housing was minimised, among other

Fig. 1a

Fig. 1b

Fig. 1c

Fig. 1d

Fig. 1a, b, c, d: The demolition of Robin Hood Gardens, 2017. Photos: author.

measures by restricting the possibilities of local councils to borrow for housing construction. Various subsequent redrafts of the Housing Act (1988 and 1996) would grant more power to landlords while taking away the rights of renters of private property. Since the mid-1990s the profitable practice of 'buy-to-let' received an impetus from new, more liberal mortgage possibilities and hence gradually started to choke the housing market for young people in particular. The favouring of landlords and property owners over renters by the government has led to the current deadlock situation, in which homeownership rates are actually falling under a Tory government.

Another devastating result of forty years of market dominance in planning and housing construction in the United Kingdom is the lack of proper judicial power and planning authority in the field of housing, especially at the level of local councils. Whereas famously, the London County Council was once home to the largest architectural office in the world and attracted the best of young talents, today councils simply lack the resources and knowledge for effectively accommodating the often contradictory and conflicting environmental demands in a hyperdynamic metropolis like London. In contrast, local councils are today forced to sell their land and housing for commercial project development, also known as 'urban regeneration'. To build much-needed new homes, and to raise money for their underfunded services, councils have to monetise their public assets. Especially for Labour councils this presents a catch-22. It brings about the awkward practice of closing deals with global developers at real estate conferences outside of the public limelight and public accountability, such as the MIPIM in Cannes. It also implies the forced removal of the council's own constituents. It is the worst-case, nightmare scenario in a democracy: elected councils become complicit in social cleansing, moving out the economically and socially weak in favour of wealthier citizens. Strict government regulations make it impossible to rebuild necessary council housing and the council housing stock is consistently further reduced. A limited number of newly constructed housing units is usually categorised as 'affordable' housing. However 'affordable' is a misleading term in this policy-speak. Affordable currently means a price range of 80 percent of the maximum market value, which in too many cases is not very affordable from a homeseeker's perspective.

In *Big Capital: Who Is London For?* journalist Anna Minton recounts this story and acutely maps the destructive lobbies and ruthless policy-making that have led to the current predicament and the often alarming situations of deprivation.[13] It is not a pretty picture. But the misery doesn't stop with housing; the housing crisis is not an isolated event. The United Kingdom is going through a major welfare crisis, due to years of so-called austerity politics by the Tory government in the aftermath of the credit crisis. It saw dramatic cutbacks in, among others, local council spending of up to 40 percent.[14] From bedroom taxes to forced evictions and homelessness, the whole support system of benefits and social services seems to be tailored to harass rather than to help the socially weak and underprivileged. Such force exercised by government came out in various scandals, most notably last year with the Windrush scandal, which saw the unlawful detainment and deportation of British citizens from former colonies, mostly in the Caribbean. This entailed the more general 'hostile environment' policy aimed against illegal immigrants, which is usually identified with Theresa May, now Prime Minister of Brexit Britain but then Home Secretary under David Cameron.[15]

Tragically, and infuriatingly, the demolition of the first part of Robin Hood Gardens and the deadly Grenfell Tower fire – both in 2017 – are nothing
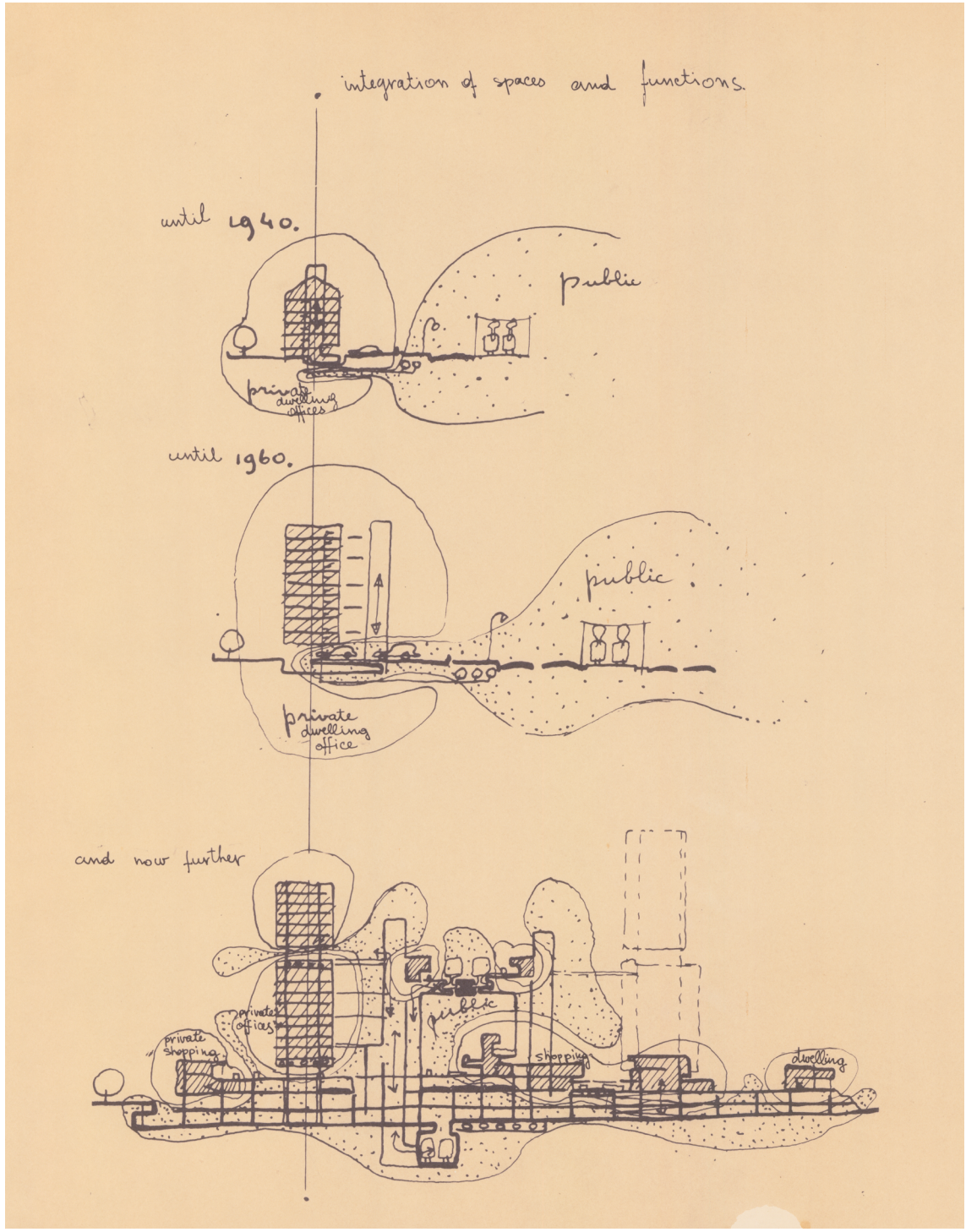
Fig. 2: Jaap Bakema, diagram ca. 1960. Collection Het Nieuwe Instituut, Rotterdam.

but symptoms of the situation and indicate the general lack of proper care and maintenance in social housing. Robin Hood Gardens and especially Grenfell caused an immense public outrage, yet with no real change of policy in sight. In the end they are just another example of displacement of citizens within a merciless system of disinvestment and monetisation of public goods.

Alternatives

In the context of real social crisis, Schumacher's position combines Ayn Rand-style heroism with pitiless, Nietzschean master-servant morality. At this point, Schumacher seems the spawn of Rem Koolhaas, particularly the early Koolhaas of his radical project for London: Exodus, or the Voluntary Prisoners of Architecture, and of his reinterpretation of Manhattan as a manifesto for a new kind of modernity: *Delirious New York*. Both are challenging expeditions into the darker psychologies of the modern metropolis as a highly abusive and exploitative, yet also creative habitat for a new kind of human subject. The ultimate example is the figure of the 'Metropolitanite' who inhabits the Manhattan Downtown Athletic Club. Koolhaas highlights the metropolitanites and their routines of self-enhancement to describe a condition of 'collective narcissism', 'free of family cares', directed toward 'self-induced mutations' and sterile 'self-regeneration'.[16] This is Koolhaas at his rhetorical peak – surely inspired by his then partner, the visual artist Madelon Vriesendorp – the Koolhaas who in face of all the social-democratic, modernist do-gooders points to the profound violence of architecture itself, while at the same time rendering architecture's potential as an instrument of control only more seductive.

In the 1980s Koolhaas was a master of such double-edged metaphors, leaving room for neither comfort nor indulgence: the architect as a surfer riding the waves, incapable of controlling the larger forces of economy and politics; the architect as the tormented protagonist of the Edgar Allan Poe story 'A Descent into the Maelström' at the mercy of the stream that pulls him to the bottom of the sea – better to just let yourself go with the flow and get to see what is down there than to fight the inevitable, which would surely mean death by drowning; and last but not least, the architect as hostage, who has to call home to assure his loved-ones that he is doing perfectly fine while held at gunpoint. At least, that is how I recall his lectures in Delft at the time. The bottom line of Koolhaas's rhetoric was then that resistance is futile, that architecture won't change the course of events, that you'd better get on board and find out where the new winds of globalisation and modernisation might take you – eerily similar to the more Thatcherite, 'There is no alternative.'

But there are alternatives, of course. And through the years Koolhaas proved himself much more versatile in this respect. In making his case, though, Schumacher prefers to ignore the classic examples of successful social housing policies on the Continent – from Red Vienna to the Siedlungen of Berlin and Frankfurt, to pre-WWII Amsterdam as the 'Mecca of social housing'. As is well-known, the conception of these housing campaigns was in the very failure of *laissez-faire* policies and speculative capitalism. They were made possible by balancing powers between governments, government bodies, private enterprise and collective action – a veritable ecosystem from which a modern city ideal emerges, which is not only an economic powerhouse but also an assemblage of social spaces. There are plenty of other cases to highlight, such as the SAAL projects in Portugal, the urban renewal projects by Aldo van Eyck and Theo Bosch, or the IBA Kreuzberg in West Berlin. These icons of well-designed and well-managed assets for the lower and middle classes show a very different approach from the 'free market' model propagated by Schumacher. At the same time, they also present thoroughly urban

conceptions of architectural intervention. One might even claim that they are much more urban in their relational and mixed-use approach than the one-system, hypertech mode of operation of Schumacher's parametricism.

As a conclusion, a last remark on welfare-state regimes in relation to land-use control and how political and popular opinions about these matters shift over time. A champion as well a critic of the welfare-state model, the Dutch architect Jaap Bakema propagated the idea of an open society, a political arrangement open to critique and change, open to diversity and differentiation, while still working from and towards systems of coherence rather than fragmentation. In light of fast-growing cities and an exploding world population, Bakema had set his hopes on, among others, a megastructure approach that was, however, generally dismissed in the 1970s, with the rise of postmodernism and a preference for small-scale patterns of urbanisation. One famous diagram Bakema returned to over and over, is a sketch of a megastructure development from 1940 to 1960 and beyond. Apart from an ever growing complexity of stacked volumes and infrastructure, the sketch displays a development of interpenetrating bubbles of the private and public spheres. For Bakema, the necessary future direction was crystal clear. Whereas in 1940 and 1960, the land is still shared between the two realms, in the future Bakema envisioned that the land and the infrastructure fully belonged to the public domain, in order to guarantee a proper political support structure for his ideal of a democratic, open society. Such an extensive control of the economy and its resources by collectivisation seems outlandish in our neoliberal age. Yet, in the 1970s, it was a widely shared belief that this was an inevitable development. Wasteful mass production and out-of-control inflation convinced many that the market needed even more central control than was already the case under post-war welfare-state arrangements.

Today, some might object that too much 'public' comes awkwardly close to the model of China, which ironically is an example of ruthless, state-led capitalism, of course, and not of the free market. Still, in my view the diagram demonstrates first and foremost that good housing begins and ends with the balancing of private opportunity and sensible public planning.

Notes

1. Patrik Schumacher, 'Free Market Urbanism. Urbanism beyond Planning', in *Masterplanning the Adaptive City: Computational Urbanism in the Twenty-First Century*, ed. Tom Verebes (Abingdon: Routledge, 2013), 118–122. For a critique of Schumacher's thinking see: Douglas Spencer, *The Architecure of Neoliberalism* (London: Bloomsbury, 2016). Schumacher's statement on parametricism is available from a website that collects his writings: https://patrikschumacher.com

2. Sam Lubell, 'Meet Patrik Schumacher, Zaha Hadid's Ambitious, Abrasive Successor', *Wired*, 26 October 2016, https://wired.com.

3. *Dezeen* posted the lecture, moderated by Jeremy Melvin online, 17 November 2016: https://dezeen.com.

4. 'Quick Report on Class War against social cleansing architect Patrik Schumacher', *Class War* (blog), 8 December 2016, https://www.classwarparty.org.uk.

5. Aaron M. Renn, 'Architect Patrik Schumacher: 'I've been depicted as a fascist', *The Guardian*, 17 January 2018, https://theguardian.com.

6. Patrik Schumacher, 'Only Capitalism Can Solve the Housing Crisis', *Adam Smith Institute e-Bulletin*, 25 April 2018, https://www.adamsmith.orgs.

7. Schumacher, 'Only Capitalism Can Solve the Housing Crisis': 'To the extent that collective decision making is called for to regulate development rights in the light of externalities, I suggest that an organised association of property owners should set regulations. Voting rights could be distributed in accordance with the relative value of the respective holdings, analogous to shareholder rights in stock companies. Such a

privately organised planning system (similar to how to many successful industry self-regulation initiatives operate) can be expected to maximise total social value, in contrast to our current political processes.'

8. It's a classic argument in Marxist analysis of course, e.g. E.P. Thompson, *The Making of the English Working Class*, (London: Victor Gollancz Ltd, 1963); in this context especially the chapters 'Exploitation' and 'The Field Labourers'.

9. Michael Hardt and Antonio Negri, *Empire*, (Cambridge, MA and London: Harvard University Press, 2000).

10. Richard Florida, *The New Urban Crisis* (London: Oneworld Publications, 2017) and *The Rise of the Creative Class* (New York: Basic Books, 2002).

11. Benny Lam, 'Boxed in: life inside the "coffin cubicles" of Hong Kong – in pictures', The Guardian, 7 June 2017, https://theguardian.com and the *Wall Street Journal's* website *Kowloon Walled City*, 2014, http://projects.wsj.com.

12. It must be noted that the festival itself is a London-based enterprise founded and (co-)organised by Paul Finch, editor of both *The Architectural Review* and the *Architects' Journal*. In an interview with *World-Architects* in 2013, Finch states that the goal of the WAF is to provide an 'inclusive global event for architects where architecture [is] the main focus, rather than the many international real estate events that architects attend'. The first WAF was in 2008, in Barcelona, the latest edition of 2018 happened in Amsterdam. Finch describes the WAF as a collegial, celebratory get-together of architects, yet clearly the whole set-up fits the neoliberal entrepeneurial format with an Award programme as the core element and entrance tickets of up to 1800 euros. https:www. worldarchitecturefestival.com, and John Hill, 'Talking WAF: Interview with Paul Finch', *World-Architects*, 8 April 2013, https://world-architects.com.

13. Anna Minton, *Big Capital: Who Is London For?* (London: Penguin Books, 2017); another devastating account on the cultural and economical state of the UK comes from Guardian journalist Mike Carter, *All Together Now? One Man's Walk in Search of His Father and a Lost England* (London: Guardian Faber Publishing, 2019).

14. As reported by the 'Centre for Cities' thinktank in their report 'Cities Outlook 2019', London, January 2019, centreforcities.org; Patrick Butler, 'Deprived northern regions worst hit by UK austerity, study finds', *The Guardian*, 28 January 2019.

15. Wikipedia gives a good introduction with plenty of further reading options: https://en.wikipedia.org.

16. Rem Koolhaas, *Delirious New York. A Retroactive Manifesto for Manhattan* (Rotterdam: 010 Publishers, 1994 [1978]), 158.

Biography

Dirk van den Heuvel is Associate Professor at the Faculty of Architecture, TU Delft, and the co-founder and head of the Jaap Bakema Study Centre at Het Nieuwe Instituut in Rotterdam. He has (co-) authored various books: *Jaap Bakema and the Open Society* (2018), *Architecture and the Welfare State* (2015, with M. Swenarton and T. Avermaete), *Team 10 – In Search of a Utopia of the Present* (2005, with M. Risselada), and *Alison and Peter Smithson – From the House of the Future to a House of Today* (2004, with M. Risselada). Van den Heuvel was the curator of the Dutch pavilion for the 2014 Architecture Biennale of Venice. He was awarded with a Richard Rogers Fellowship from Harvard University GSD in 2017, which enabled him to reinvestigate the intersections between brutalism, the post-war welfare state and the architecture of housing.