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## An Economy that Excludes? Reflections on Ireland's Housing Crisis

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*What is this room  
But the moments that we have lived in it?  
When all due has been paid  
To gods of wood and stone  
And recognition has been made  
Of those who'll breathe here when we are gone  
Does it not take its worth from us  
Who made it because we were here?*

(Brendan Kennelly, "We Are Living")

## CONTEXT

During the Celtic Tiger years it was said that all we spoke about was the price of property. As a nation we had become fixated on it; it dominated conversation. While first-time buyers struggled to get a foot on the property ladder, others saw housing as an investment opportunity, buying multiple units, certain of making a fortune in the process. But all our talk was of property, or so it seemed.

Since then we have endured a housing bubble, a housing market collapse, and now it appears that property prices are gradually returning to their pre-crash levels. Many first-time buyers and young families still find themselves struggling to pay rent or to find the means of meeting mortgage repayments. And so our national conversation about property continues.

But our discussion has moved on a little, and new dimensions of the problem have emerged. We are now hearing about an ever-growing homeless crisis, and that vulture or cuckoo funds are buying up large portions of the housing market. More and more families become homeless every month, many of whom are single-income or double-income families. As rents continue to soar and mortgages remain out of reach, many find themselves with little

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alternative but to go into emergency accommodation. This raises serious questions about our economy. What does it say about our economic priorities if people in paid employment are unable to rent or buy a home? Do we have an economy that *de facto* excludes some from their right to housing? If so, we have created economic imbalances that require urgent redress.

The figures are frightening. According to the Department of Housing, Planning and Local Government, 10,264 people in Ireland are classified as homeless. Not included are people who are couch-surfing, people in prison or hospital, people residing in domestic violence refuges, and so on. The figure does include 3,749 children and 4,628 young people under the age of 24.<sup>1</sup> Moreover, Focus Ireland notes that the number of homeless families has increased by 200% since May 2015 alone.<sup>2</sup>

Such is the scale of the problem that the *New York Times* recently reported on the crisis, noting that Dublin has become one of the most expensive cities in which to rent, ahead of Tokyo, Sydney, and Singapore. Furthermore, the Irish division of Savills predicts that rents will increase by an additional 17% over the next three years. The implications are stark. As Maynooth University lecturer Rory Hearne explains: “a lot of young people are now realizing that they will never own their own home, and that is a particularly terrible outlook when you live in a country where a house is usually your main asset for retirement”.<sup>3</sup>

### SUPPLY AND DEMAND?

Is the housing crisis due to a lack of supply? This is certainly part of the problem. We know, for example, that spending on social housing was cut by 72% between 2008 and 2012, falling from 1.38 billion Euro to just 390 million Euro. The government is now trying to address the shortfall in social housing but is playing catch-up with high demand. We also know that the construction of private homes fell dramatically during those years. However, to think of the homeless crisis only in terms of lack of supply to the market is to overlook the complexity of the situation.

Imagine for a moment that the crisis *is* simply a question of supply and demand. The solution, one might reasonably conclude, would be to increase the number of properties being built. Indeed, the Minister for Housing has repeatedly said that the Government

1 These figures are taken from the Peter McVerry Trust website, accessed on July 30th, 2019, and available at: <https://pmvtrust.ie/news/facts-and-figures/>

2 <https://www.focusireland.ie/resource-hub/about-homelessness/>

3 <https://www.nytimes.com/2019/08/08/world/europe/housing-crisis-ireland.html>

is doing all that it can in this respect.<sup>4</sup> But increasing supply alone does not necessarily solve the problem, and may even exacerbate the situation. Take, for example, the presence of vulture/cuckoo funds on the Irish landscape at present. The *Irish Independent* recently reported that US property firm Kennedy Wilson aims to more than double the number of apartments it owns in Dublin to approximately 5000 units. The company revealed that it achieves an average of 2300 Euro per month per unit, and that this is significantly more than its rental income for similar properties in the greater Los Angeles area. Regarding a high-profile development on Capital Dock in Dublin, Kennedy Wilson is reported to be asking 3300 Euro per month for a two-bedroom apartment. And with such high rents, companies are looking for more new developments to acquire.

Thus, increasing supply without adequate legal protections for private buyers could allow large companies, who are in a position to buy for cash, unfair and disproportionate access to the market.<sup>5</sup> Many new builds are being bought en masse before they reach the open market, with the result that more and more people are being forced to remain in rented accommodation. And Ireland's laws provide few legal protections for people who rent; leases can be as short as six months, and landlords are allowed to evict tenants if they wish to sell the property, renovate it, or move a family member into it. Increasing supply alone is not the answer.

#### THE IRISH BISHOPS' CONFERENCE

But is this situation a *fait accompli*? Is this simply free-market capitalism at work, with market forces dictating the price of housing as they might any other commodity? And in the world of supply and demand surely anyone – including investment funds – can buy as much or as little as they wish, doing with that commodity whatever they choose? These are not uncommon arguments. In response to the crisis the Irish Bishops' Conference published a Pastoral Letter on housing in 2018.<sup>6</sup> In it they make several important contributions to the current debate, and broaden

4 However, according to the *New York Times* the Government is failing to meet its housing targets: the government estimates that at present 30,000 to 35,000 new homes need to be built each year but in June Goodbody Stockbrokers estimated that only 21,000 units would be completed in 2019. See: <https://www.nytimes.com/2019/08/08/world/europe/housing-crisis-ireland.html>

5 In its report entitled "The Right to Adequate Housing", the Office of the United Nations Commissioner for Human Rights identifies "equal and non-discriminatory access to adequate housing" as a constitutive element of the right to housing. See: [https://www.ohchr.org/Documents/Publications/FS21\\_rev\\_1\\_Housing\\_en.pdf](https://www.ohchr.org/Documents/Publications/FS21_rev_1_Housing_en.pdf)

6 Irish Catholic Bishops' Conference, *A Room at the Inn? A Pastoral Letter on Housing and Homelessness*, (Dublin: Veritas, 2018).

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the conversation beyond narrow economic, market-driven rhetoric. They reiterate the role of government in protecting the common good; insist that housing is not just a commodity, but is crucial for human flourishing; they warn against seeing property only as a way of maximising profit; and they insist that the economy is meant to serve the person and the common good, and promote human dignity.

Let us look at some of their main points. The Bishops state that safe, affordable and appropriate housing is a *human right* and not a commodity, and that the provision of housing cannot be left solely to market forces.<sup>7</sup> To think of housing purely as a commodity or an investment opportunity leaves it vulnerable to the crude workings of market forces. If we do this, we create situations where this most basic human right is denied to millions of people around the world. As the Bishops say, “the provision of housing cannot be left solely to the market; ... housing should not be treated in the same way as any other commodity; and that housing policies should recognise the rights of families and seek to bring about greater equality in our society”.<sup>8</sup> Housing is something fundamental to our wellbeing, our safety and our happiness, and as such plays a pivotal part in human flourishing. It affords us requirements for living well. A home is where some of our most cherished moments occur, as evoked in Kennelly’s poem; “*Does it not take its worth from us, who made it because we were here?*”

We can draw a parallel here with what popes have said about labour. In *Rerum Novarum*, Pope Leo XIII argued that labour must not be treated as a commodity, without rights or protections. He called for a just wage, thereby condemning the practice of the free contract wage so prevalent at the time. In *Laborem Exercens*, Pope John Paul II insisted that the subjective dimension of work (the human person) always has priority over the objective dimension (the products or outcomes of our work). For John Paul, the value of work lies in the fact that it is a person who is engaged in it, that work is intrinsically good, and not because of what workers produce or contribute to the economy. The economy, he explained, must always serve the person.

We might apply these arguments to housing. Housing’s value is derived not from bricks and stone, but from the more fundamental human good that it serves. In other words, we should not see property as an end in itself or as a commodity, but rather as a means to a greater human end. And so, the Bishops say that the right to adequate housing plays an essential part in the realisation of several other rights, such as the right to privacy, freedom of movement,

7 Ibid., p.9.

8 Ibid., p.10.

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freedom from discrimination, personal security, health, education, and the right to a decent and safe environment.<sup>9</sup> They remind us of the social dimension of property – the right to own property is not an unlimited right, but carries with it social responsibilities that must be honored. Citing their 1977 document *The Work of Justice*, they say that “The Christian must keep insisting that property, wealth and profits ... are not absolute rights but carry with them weighty moral and social responsibilities”. And, should we be tempted to dismiss such responsibilities, the Bishops remind us that “Commitment to ... people who are enduring homelessness or inadequate or unaffordable housing is not an ‘optional extra’ bolted on to the life of the Christian, rather such commitment is an inescapable consequence of accepting God’s commitment to humanity”.<sup>10</sup>

Continuing, they insist that homelessness and sub-standard housing conditions are often the result of governments prioritising short-term economic gains at the expense of broader social goods.<sup>11</sup> They condemn the manner in which housing is used merely to make vast profits: “The making of enormous profits through speculation in land, in housing developments and in maintaining high rents is particularly damaging to society ... We must all work to change this toxic situation; the housing ‘market’ must serve the people and society rather than further advance the financial interests of a minority”.<sup>12</sup> Given the magnitude of the housing crisis in Ireland, one could argue for more robust state intervention. Greater government intervention could help secure fairer access to the housing market for private and first time buyers. The homeless crisis is a damning indictment of Irish society; for all our social gains over recent decades we are failing thousands of people who remain without a home.

### OTHER VOICES

The points raised by the Irish Bishops in their Letter are rooted in the Church’s rich body of social teaching, and are echoed by experts such as Leilani Farha, the UN Rapporteur on Housing. In a report presented to the UN she says: “Housing is the basis of stability and security for an individual or family. The centre of our social, emotional and sometimes economic lives, a home should be a sanctuary; a place to live in peace, security and dignity”.<sup>13</sup>

9 Ibid., p.17

10 Ibid., p.24

11 Ibid., p.16.

12 Ibid., p.19

13 <https://www.ohchr.org/en/issues/housing/pages/housingindex.aspx>

Farha is highly critical of the fact that so many governments find themselves more accountable to investors than to their international human rights obligations. The sums involved are staggering. Global real estate represents nearly 60 per cent of the value of all global assets (217 trillion dollars) with residential real estate amounting to 163 trillion dollars, representing more than twice the world's total GDP.<sup>14</sup> Farha calls for governments to ensure that markets serve the housing need of their citizens rather than the financial interests of investment companies, reiterating that states' primary obligations are the protection and promotion of human rights.<sup>15</sup>

Within our own Christian tradition, the Church's social teaching has consistently argued for a just ethical framework for judging our economic structures. Economics, employment policies, access to housing, and other social realities should be evaluated by reference to the common good, human dignity, and social justice. To think about market forces independently of any reference to social responsibility or human rights has disastrous consequences for large sections of our world.

The common good is a concept that has its roots in ancient Greek philosophical thought and has become a staple of Catholic Social Teaching. At Vatican II the Council Fathers described it as "the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfillment more fully and more easily".<sup>16</sup> The safeguarding of human rights is an indispensable part of this. Moreover, they say "the social order and its development must constantly yield to the good of the person, since the order of things must be subordinate to the order of persons".<sup>17</sup>

Of course this is not to say that the economy is unimportant. We know that economic freedom affords us greater opportunities in life. But Church teaching warns against the dangers of prioritising economic gains above all other human needs. And in recent decades, increasing numbers of economists, philosophers and social scientists are challenging the more traditional ways of thinking about development. Some now locate the demands of social justice in what they call human capabilities.<sup>18</sup> Or more familiar might be what the human rights tradition offers. But the "error of economism" as Pope John Paul described it, is to focus solely on profit, economic output, and material gain,

14 Ibid.

15 Ibid.

16 Vatican II, *Gaudium et Spes*, (1965), n.26.

17 Ibid.

18 See, for example, the work of economist Amartya Sen or philosopher Martha Nussbaum on this. In her work, Nussbaum develops what she calls "central human capabilities", the realisation of which are crucial to living a fulfilled and wholesome life.

without sufficient reference to the human person. For John Paul, concentrating exclusively on economics often leads to a skewed understanding of the economy, of the person, and of the purpose of work.

More recently still, Pope Francis has harshly condemned what he calls an economy that excludes. “Just as the commandment ‘Thou shalt not kill’ sets a clear limit in order to safeguard the value of human life, today we also have to say ‘thou shalt not’ to an economy of exclusion and inequality. Such an economy kills ... Today everything comes under the laws of competition and the survival of the fittest, where the powerful feed upon the powerless. As a consequence, masses of people find themselves excluded and marginalized: without work, without possibilities, without any means of escape”.<sup>19</sup>

#### CONCLUSION

Throughout the centuries the Christian Churches have often acted as “first responders” in times of suffering, famine, conflict, and social upheaval. Our Christian identity and the call to social justice are intrinsically bound together. The social doctrine of the Catholic Church provides resources with which we can evaluate the social, economic and political realities of our time and place. The Irish Bishops’ Pastoral Letter is an excellent example of the application of Church social teaching to a particular context. And it is a timely reminder of our collective responsibility, as well as being a practical and realistic document.

Seeing housing merely as a commodity can lead to great social injustice. As with work, social teaching reminds us of the inherent human value housing holds, the sacred human space that a home affords. Church teaching has consistently rejected unlimited capitalism, arguing instead that economics is not an end in itself but ought to be at the service of the person. That message is more important than ever as we witness growing inequality in Irish society, vividly illustrated by a housing crisis that continues to worsen.

We all carry with us the memories of our past, of our growing up, of the family moments shared between walls of brick and stone. And we look to future generations as they grow; “*Of those who’ll breathe here when we are gone.*” Perhaps not all memories of home are good. But a sense of home, of belonging, is precious and is not to be taken for granted. It is something we long for. It is part of our identity, of how we see ourselves and others. It is fundamental to our being able to form communities and positive

19 Pope Francis, *Evangelii Gaudium*, (2013), n.53.



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social relationships. It is the space within which we love, laugh, experience loss and longing. It must be protected, fought for, since it is the where we “touch the purely human”.

*Your words are the only furniture I can remember  
Your body the book that told me most.  
If this room has a ghost  
It will be your laughter in the frank dark  
Revealing the world as a room  
Loved only for those moments when  
We touched the purely human.*

**The Poetry of Non-violence.** Non-violence needs more than the determination not to hurt. It invites us to imagine the world differently. Isaiah offers this through poetry:

The wolf shall live with the lamb, the leopard shall lie down with the kid, the calf and the lion and the fatling together, and a little child shall lead them.

The cow and the bear shall graze, their young shall lie down together; and the lion shall eat straw like the ox. The nursing child shall play over the hole of the asp, and the weaned child shall put its hand on the adder's den.

They will not hurt or destroy on all my holy mountain; for the earth will be full of the knowledge of the Lord as the waters cover the sea.

(Is. 11.6-9)

Vegetarian lions! Is that just fantasy, an escape from a world that is inevitably brutal? Or is it an evocation of the peace that Jesus promises, and which the world cannot imagine and so can only be hinted at poetically.

– TIMOTHY RADCLIFF, *Alive in God*, (London: Bloomsbury Continuum) p. 200.