

Pushed Out - Why You Can't Afford A House

Video clip Prices go up in a neighbourhood that is fixed. That's one thing. Everybody understands that part. And then they should understand that at that point, another actor might come into the picture, a monster that nobody could see, that nobody really understands, whose language is incomprehensible. And then they can maybe be curious and say, let me check out that monster. Who is this monster? What is happening here?

Video clip I don't believe that capitalism itself is hugely problematic. Is unbridled capitalism in an area that is a human right, problematic? Yes. And I think that's what differentiates housing as a commodity from gold as a commodity. Gold is not a human right. Housing is.

Ross Leilani Farha, Fredrik Gertten, welcome to you both.

Leilani Farha Thanks. Good to be here.

Ross Your film, 'Push', addresses, arguably, the - if we just part climate change for a second - issue of a generation. It's how gentrification and spiralling house prices are pushing generations into both debt and out of cities. I know it's very glib of me to say explain the film in just a minute or so. You'd say well, gosh, I've made the whole thing. Why don't you watch it? But just give us a rundown of the film and why you made it. What was the intent behind making Push?

Fredrik Gertten The intention was trying to understand what is going on. Why are our homes getting more expensive over and over? And this is something I've seen all over the world. So this is the stress that so many people are living under. And it's not only the poorest people, it's also young doctors, architects. You know, it's like it's something that everybody's suffering this stress. And you mentioned here, gentrification. And one of the things that we very early understood, this is something much, much deeper than gentrification. This is not an area that is being converted, when the old people die and then the new generation move in. This is a totally different energy. This is the financial circus moving in and making our homes into instruments in a totally different game that has nothing to do with our homes.

Ross Leilani, you are the former UN Special Rapporteur on housing. Now you're the Global Director of the Shift, the global movement to secure the human right to housing. Do you think that it is a, let's say, an indicator of a sick society, that a role like yours has to exist when shelter is a basic human right?

Leilani Farha I don't think it's bad for there to be UN rapporteurs or an organisation like The Shift trying to hold governments and other actors accountable to human rights. That's part of how democracy works. And I think it's healthy that there be exchange and, you know, a pushing that governments and other actors do better. So in that way, no. Do I think what's happening globally with housing, do I think that's a travesty and obviously a gross violation of the right to housing? Yes. So there are two different issues to me. I think it's important to have accountability measures out there. But I also think that what's happening with housing - and I think the pandemic really exposes it - is hugely problematic. And as Fredrik said, not

just for poor people, it's for people living in the middle classes, it's for our children who will never be able to afford a home in a city.

Fredrik Gertten The problem, I mean, if you look at Notting Hill today - that's to take one piece of land in the world - I mean, look around. It's properties bought by Shell companies in tax havens. And people don't even live there. It's 80 to 90 percent of these properties stand empty. That's nothing to do with gentrification. This is a financial game. It's laundering of money. It's tax evasion. It's what you can give 10, 20 different labels on this, but it's it's much deeper than gentrification.

Ross So it's what Nick Shaxson would call the finance curse, isn't it? Because people don't know who own these properties. It's not Adam Smith's invisible hand. It's actually the invisible hand of the rent seekers who are sitting in the Cayman Islands. They've got one hand taking the rent out of the flat, and the other hand, dodging tax on that. So from a community point of view, the community created value their gets sucked out and taken offshore?

Leilani Farha Yeah, I mean, I think that's exactly right. And Fredrik and I, since Push, started a podcast to keep the conversation going called Push Back Talks. And in one of the episodes there, we talk about golden visas, which I think is such a microcosm of this macro financial issue that you just raised. Ross. Golden visas is where you basically have a scheme such that foreigners can buy property and get citizenship, basically. And there's a line at which you have to contribute. And we know, and Al Jazeera has covered this as maybe RT has too, that this just lends itself to the flow of corrupt money into cities, into property. But what it doesn't do is contribute in any way to the local community. And that's what Fredrik was describing, where you have these absentee landlords, they're not even landlords. They're just simply financial actors and they're absent and they have no interest in the community. I mean, if they pay property taxes, that's the only thing that's going into the community. And not only is it creating a housing problem, it creates unaffordability and all of that. But it also doesn't lend itself to good community-building, which is why I think so many cities are starting to say, hey, investor-driven housing is not cool in my city, if you take the mayor of Berlin or the mayor of Barcelona, Ada Colau, for example.

Video clip (Roberto Saviano) Tax havens are where legal and illegal capitalism meet. What do Queen Elizabeth, the drug lord Rafael Caro Quintero, Shakira and Apple have in common? They all have a portion of, or almost all, of their capital in a tax haven. Banks do business with cartels and with those who make money honestly. Money from cocaine and from tax shelters comes together in the same place. What happens to this money? It becomes companies, tourism, hotels, shops, supermarkets, soccer teams, art, museums and politics. You can no longer trace its origin. The first thing that companies like Amazon, Facebook and Netflix do, is look for a way to pay less in taxes. How is it possible in a country like Italy, that an honest worker pays 60 percent, while a multi-billion-dollar company pays 4 percent in taxes?

Ross Leilani, you've been close to the political process. Do you think that we have politicians or a political class with the gumption necessary - especially when you have so many lobbyists working on behalf of people like Blackstone and others - do you think we have a political

class with the necessary gumption to be able to stand up and say, actually, enough's enough, we're going to start reversing some of these policies?

Leilani Farha No, in many in many cases, absolutely not. And we know that the likes of Blackstone and the CEO, Schwarzman himself, wield incredible political power. There's no doubt about it. When Donald Trump was president, the first thing he did was he struck an economic advisory council. And the chairperson of that council was Schwarzman, the CEO of Blackstone. So, I mean, we know that they are as thick as thieves. That's why I tend not to say this is about politics. I think it's about the interaction between politics and law. And law in the area of housing should be driven by human rights because housing is a human right that governments from around the world have committed to by signing international treaties. So what we need is more politicians to understand what their human rights obligations are, what they've committed to and to actually act on that. So that takes a lot of courage. There is a certain amount of dismantling of the current financial reality and system that would have to occur. Now, I'm not talking about dismantling capitalism and people often ask me about that. And in the film I'm really clear about that. I think that what we need to do is make capitalism responsive to human rights. But Fredrik and I because of the film and we keep tracking this issue, we're starting to see some courageous politicians. And what they're doing is they're taking legislative action. We also have the national government of Denmark having adopted very recently what they call the Blackstone Lex or the Blackstone law. And that was fashioned in a way to keep out big private equity. And they did that by saying, OK, if you want to come in and purchase a building and do these cosmetic renovations, fine. But you can't raise the rent for five years. You can't try to recoup your costs for five years. Well, that has put a complete chill on that kind of activity. That's one example of legislative action that would be in keeping with the human right to housing. And it's so important. So there are some courageous politicians out there. We need to see more.

Fredrik Gertten I mean, we are in the midst of this pandemic. It's been known for a long time. Have you seen the stock market? You know, it goes like crazy. I mean, the people I mean, the billionaires of America became 25 percent richer during 2020.

Ross But the stock market isn't the real economy, is it?

Fredrik Gertten No, that's the story. I mean, it's the two separate realities. So I think I mean, in the beginning in the early days, the financial sector was a service sector to people doing stuff, producing stuff. Now they have their own little game. The people who produce and do good stuff are being punished and they make the money. So it's a very sick situation. And I think, you know, 50 percent of all money on the world's stock markets are pension fund money. So I think one way is to talk to our pension funds and push them into making investments that are good also for human rights. I mean, I think it was the Church of England who started a long time ago to divest the arms industry, and then they moved on to divest oil and fracking and coal and so on. I think that's a good way to now to move into. Let's divest investment that are pushing people out into the streets. Let's put our pension money into doing something that is good for the future, for our children, not for these guys who are emptying everything. They're not building anything. They're not creating any wealth.

Video clip There must have been a time when somehow, you know, if you want to come to the city, you had a job in the city, you could live in the city. We have arrived at a moment

when there is a gaping hole in our system. Most of our major international systems don't take the individual so seriously.

Ross Leilani, Fredrik, welcome back to Renegade Inc. In the first half, the theme, if you like, was people who extract wealth and people who create wealth - people who create wealth in the real economy, people who extract it through financialization. Rana Foroohar wrote a book called Makers versus Takers, and in it charts the Blackstone effect, if you like. They were taken to court after the 2008 crisis and they struck a deal on the steps of that court without hearing a case to buy a great swathe of housing stock in the US. Now, that has become the taker's model, hasn't it? Go out and buy these assets, get the price up, take the rent out. And the makers, the people who work in the real economy, the people who rely on wages, don't get a look in. How much of that divide is coming, whether we like it or not, to a city near us?

Leilani Farha Oh, it's already come to every city around the world. I mean, the domination of private equity, pension funds, massive asset management firms buying up properties to take -, to use the language you throughout their Ross - is happening all the time, complete, in not just the major cities of the world, in the secondary cities as well. I mean, I live in Canada. Yes, it's happening in Toronto and Vancouver, and then it's happening in a place called Hamilton. Ever heard of Hamilton?

Ross No.

Leilani Farha I mean, it's happening in a place called Kitchener Waterloo, in Windsor, Ontario. I mean, so this is everywhere. And it is also happening in the global south. So this is the main. We need to start kerbing the main.

Ross What you've done is highlight an invisible process, though, Fredrik. What we have now is financial capitalism. We've offshored all our making to far flung places around the place. So we import products, we have a service based economy and financial capitalism is eating itself. Originally, the Big Bang in the UK, we thought the city would bring all these riches, forgetting that actually a financial centre is a cost centre, not a value-add. You've highlighted that in this film, haven't you?

Fredrik Gertten Yeah, we tried to understand that sector and it's I mean, it's it's not easy because it's a sector full of language. They talk a lot and it's very fluffy explanations. It's very much about getting down to what they do. They're actually just taking wealth away. And, you know, when they enter, when Blackstone enters somewhere - we namedrop Blackstone a lot, but it could be many others, of course. Blackstone say we buy, we fix, we sell. And it's when we follow them, it's very often, you know, Blackstone bought 42,000 former coalminers apartments in the Czech Republic and then four years later, boom, sell it on to someone else. And that's how they roll. And there's a lot of copycats, of course, who do the same. So, yeah, I can see around here in Sweden, they're going to try to buy public housing, run in smaller cities and they're creating packages so they can sell on to the bigger cats, you know. So it's very destructive. It's not you know, we measured GDP on, you know, if my neighbour's house is being 100 percent more expensive in 10 years so then the GDP, because that building is better. You know, it's a totally stupid way of measuring economy, this inflated value that they create with their business model. And they do it on our shoulders also.

Ross Leilani, do they use impenetrable language to camouflage what they're actually doing?

Leilani Farha Well, absolutely. That's part of the game.

Ross it's pretty simple stuff this, isn't it? Buy an asset or by a lot of assets. Make sure that the price goes up on anything, flip them onto the market and like locusts move on to the next treat?

Leilani Farha Yeah, absolutely. And they want to create their own world. It's a lot of guys talking to a lot of guys. Certainly as a human rights lawyer and as a filmmaker, we had to penetrate that language and break it down. And as you say, it's actually not that complicated. But I don't want to just talk about private equity because governments are thick as thieves with these actors. And it's really important to know that governments are playing this game, too. The language game, the setting of interest rates so low that making these financial products as accessible, as tax free as they are. That's what I mean about there is a dismantling that has to happen. There's a way in which these movements may seem really far apart, like Black Lives Matter and what we're talking about today. But there is a way in which they collide because there's a forcing of different language, different actors, different realities, coming to the forefront. Even the Me Too movement - which I'm really not part of and don't really pay too much attention to myself - even that it's about telling different narratives and putting different narratives out there. And I think that's where we need to go, and we're starting to go, with respect to this whole financialization of housing stuff. I think people are starting to say, hey, wait, but the narrative that's being told by my government and by these actors is not my narrative.

Ross Before we come to solutions, very briefly, Fredrik, I don't know how much thought you've given to the economics discipline. I know you have Professor Joseph Stiglitz in the film. How much does the discipline of economics have to answer for, if you like, when you realise that they don't make a distinction between land, labour and capital. They don't see land at all. They only see labour and capital conflating land with capital as if land a) doesn't exist and b) housing isn't the problem, nor is private debt.

Fredrik Gertten Yeah, you know, there is a phenomenon we talked about very much in the so-called third world that you call land grabbing. You know, you kick people out and you start to plant palm oil. You cut the forests and you bring in cows. So whatever, you know, that's kind of the very aggressive form of taking over land. What's going on in the centre of London? You started off with gentrification. It's actually land grabbing that is going on there. This is the same kind of money, the same kind of mechanisms moving in and grabbing land, because there is this cloud of money out there and they are playing around with that cloud, but they still need some kind of assets to link the money to. And then they need these empty houses in London. They need the big fields in Africa or whatever, you know. But it's not about producing food. It's not about housing people. It's something totally different. And I think Professor Stiglitz in the film is very clear that this is not productive money anymore.

Video clip (Joseph Stiglitz) My own work was concerned about asymmetries of information, the fact that some people know things other people don't, and that gives some people the

ability to take advantage of others. You can make more money, not by making a better product and lowering the cost of production, which is the standard economic analysis, but by fishing for fools, looking for people you can take advantage of. They're not creating wealth, they're actually just taking wealth. If you're somebody like the head of Blackstone. I've heard him talk about the big advantages of no regulation, of deregulation. Of course he wants to be able to exploit the people who are living in his properties.

Leilani Farha The logical conclusion, I think, is if we keep allowing financialization to go on and on and on in this way, we're going to have impoverished cities. We're going to have cities where the people who work to make cities vibrant and function, won't live there and can't live there because they can't afford it. We already are seeing this in San Francisco. Try to find an Uber driver in San Francisco who lives in San Francisco or a barista who lives in San Francisco. Impossible. The logical conclusion is a lot of human misery, a lot of homelessness, unsustainable cities. That, to me, is the impact of all of this. And that's why it's so important that we solve it. I don't really care about Blackstone and the money they make and whatever if their world domination. But what I care about is the impact they're having.

Ross This, Fredrik, is a massive global Ponzi scheme. Let me put that to you. It's built on greater fool theory. You flip this to somebody who's got access to credit and is arguably a greater fool than you because they're paying more for it. And the underlying bit, back to Blackstone, is wealth extraction. It's taking out the rents. What, would you say, is the solution? What's the start of the solution to this?

Fredrik Gertten Well, first of all, I don't think their business model is about taking out the rents. Their business model is about pushing up the value of the assets. The undervalued assets they buy and putting up the rent is a part of that game. So the value of that investment goes up enough that those companies so they can sell them on. So it's it's all about pushing up the values of their stocks. It's like a financial game. So, I mean, I think what the government in Denmark has done and the government in Berlin and also in Catalonia, Spain is, you know, you need to find ways to slow, to make it less rentable to move in and move out, basically. So you should kind of give priority to the classical pension funds who are sitting on properties for 15, 20 years. That's more interesting because they don't have to make money in that speed. But Blackstone and these kind of vultures, they always want to move very quickly. So I think legislators need to look into that and make it more difficult. And of course, what movements should do and politicians and journalists is to highlight this and also show the inspirational stories coming out from Berlin and Barcelona and Denmark and other places, where people are fighting back. And I think this is happening. And, of course, it happens also in the United Kingdom. There's a lot of good people taking the fight right now.

Ross Leilani, what about taxing the land that these buildings sit on? Therefore, we can take the taxes off wages, capture the land value, capture the community created value and allay some of that human misery that you were talking about?

Leilani Farha Yeah, I'm sure taxation can, and is already, in fact, being used in some jurisdictions for greater good and to ensure that there's affordable housing, et cetera. But that would just be one measure. I mean, I think that governments need to take that big step back and say, OK, what is it that are our social goods in this world and what are our human rights

obligations? We know what the social goods are - still. Most people still believe health or health care is a social good. Most people still believe education is a social good. Most people still believe water and sanitation services are a social good. And we need to start pivoting back to understanding that housing is also a social good. And from there we can start setting policies and creating laws that ensure everyone has access to that social good so that they can live a dignified life and go to work and send their children to school and do all the things that society expects of us as human beings. So it's I think to borrow some language that Fredrik has used with me before that I really like and that others are talking about now, it's about re-engaging the social contract. What happened to it? It's gone. I mean, I'm a macro person in the way that I think and I have more vision. I'm not a technocrat and sort of this and the other. Tax policies are being used, yes. But I'd like to see that big step back. And that's what the government of Denmark and Barcelona and Berlin have been saying. They're reasserting through people and people's claims, that housing is a human right and a social good and not a commodity to be played with on stock markets and by financial actors.

Ross You have done a remarkable thing. *Push* is a fantastic film. Thank you both for it. Leilani Farha and Fredrik Gertten, thank you both for your time.

Leilani Farha Thanks, Ross.