Chapter 51

The Politics of Universal Provision of Public Housing

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At the same time as western European countries are withdrawing from extensive provisions of social housing, some Asian countries are increasing state involvement in direct provision. While ex-socialist European countries are dismantling state ownership of land, as part of the transition to capitalist economy, in part to promote "freehold" private housing, some Asian countries are promoting leasehold, subsidized public housing, with land remaining in state ownership. Following the success of Singapore's national housing program, in which approximately 85 percent of the total households purchase a 99-year leasehold apartment directly from the state-run public housing agency, Hong Kong has announced that it will embark on a similar public housing home-ownership program to house the relatively poor. China has also begun to move away from a situation in which the population is dependent on rental apartments from different state sources to promote home-ownership of state-sponsored housing, the details of which remain unclear. The marked contrasts in housing strategies between these locations demand analysis. This chapter will focus on direct provision of housing units by the state rather than other forms of public assistance, such as rent, mortgage, or land subsidies. Hence the term "public housing" is used to refer exclusively to such housing.

State provision of housing has been conceptualized as a four-stage process: intervention, provision, quality, and withdrawal. According to Power, under conditions of rapid urban growth, the demand for minimal housing for each household generates intense pressures for state intervention.[1] Once this basic provision is achieved, provision shifts from quantity to quality. Finally, once the majority of the population is well housed, the state begins to attempt to withdraw from direct involvement, other than by social welfare assistance. According to this trajectory, current state interventions in selective Asian locations are the result of housing shortages due to rapid urbanization and the respective governments will progressively disengage themselves once shortages are solved. Yet evidence is to the contrary. Particularly in the case of Singapore, the government is constantly expanding its public housing supply in a progressively inclusive process, when housing quality for the entire population is already very high. Obviously, the four-stage

historical process is not applicable to the Singapore case, warranting a different explanation.

The view that governments wait anxiously for the first opportunity to withdraw from housing provision may be said to be based entirely on fiscal considerations, without due attention to the politics of state assistance. This politics, however, has been undertaken within different frameworks, among which is the attempt to link public provisions to electoral behavior. Deriving from the British experience, it has been argued that state provision of housing and transportation as public service beside individuals providing for themselves as privately financed commodity consumption, has given rise to a political and electoral division along the two modes of consumption. These two modes constitute the basis of a vertical political cleavage that cuts across production-class positions, with state-dependents voting Left and the "self-financing" voting Right.[2] A plausible explanation is that national ideological structures "make available to individuals in different social locations particular perceptions of their interests vis-à-vis state policies and the interests of other social groups."[3] The ideological configurations tend to focus exclusively on pitching the interests of public-service-dependent consumers, in a zero-sum manner, against those who pay their own way; thus producing political and electoral divisions.

The political cleavage between consumption classes results, therefore, not from any intrinsic features of the state-provided goods or services, but from the two different modes of provision and consumption. This appears to be borne out by the fact that where there is near-universal state provision, such as health, education, and environmental services, in which private financing constitute tiny fractions of the respective total costs, the effects on electoral behavior are greatly minimized. Universal provision thus appears to "depoliticize," that is, remove politics from public provision.[4]

Conversely complete withdrawal of government provision would also remove the politics from consumption; as in the case of consumer goods. Precisely because complete withdrawal is another way to "depoliticize" consumption issues, the operationalization of politics of public provisions in terms of electoral behavior is not incompatible with the fiscal conception of state subsidy on public services. If all things were equal, fiscal considerations would compel any government to prefer no provision at all to universal provision. Again, Singapore's deviation from this general preference warrants an explanation.

In seeking to understand this deviation, we would also simultaneously augment our understanding of the spectrum and variations in the politics of state provision. To fashion an explanation for the Singapore case, we need to return to some of the conceptual issues raised by the above two existing frameworks of analysis.

The Fiscal and Depoliticization Theses

First, the fiscal "thesis" conceives of state provision of public goods and services as a one-way street; provision is a constant drain on the public purse and should therefore be terminated as soon and as quickly as possible. What is overlooked is the potential political advantages that could accrue to the government in power. This negligence arises in part from conceptualizing the issues in terms of an abstract "state," rather than in terms of the concrete "government in power";

potential political gains are important to the ruling politicians' desire to remain in power.

Next, we need to examine the idea of "depoliticization" in the context of (near-) universal state provision. That a significant activity of the state, such as universal provision of healthcare or education, can be conceived as "depoliticized" is itself curious. This is partly the consequence of operationalizing the "political" dimension of government provision in terms of electoral behavior. In so doing, it merely takes into account what Offe calls "the most superficial and most visible level of politics,"[5] that is, politics as practiced by various groups or classes of people united behind respective articulated interests, and entering into open negotiation or into class struggle, as projected by liberal democratic or Marxist analysis, respectively. In electoral politics, the electorate's voting behavior is taken as proxy, and read as reflections, of the result of the negotiations. Where overt negotiation or confrontation is not observable, nor deduced from electoral results, "depoliticization" is deemed to have occurred. This conception of "depoliticization" is ideological in at least two ways.

First, by equating electoral behavior with politics as such, "depoliticization" is used as a descriptive rather than an explanatory concept. So used, the concept glosses over rather than exposes and explains the political dimension of public provision. In contemporary nation-states, the body politic is far more deeply penetrated by administrative and government strategies than by the formality of periodic elections. Thus, from an electoral perspective, politics may have submerged from universal public provision but it has far from disappeared in the strategies of governance or governmentality. Those who stand to benefit from the reduction of public provision, including the ruling government, are merely kept in the wings of the political stage, waiting to make their reentry at the first opportunity, to "repoliticize" the issue. This is abundantly clear in the ruling government's own efforts to privatize any provision when so doing can be managed without losing the electoral majority. This is consistent with the above argument that, from a fiscal point of view, governments have a generalized preference to withdraw from provision.

Second, "depoliticization" as a descriptive concept reproduces precisely the way the ruling government would prefer to have its citizens believe and behave. It would encourage them to treat such provisions as purely technical and administrative matters, to confine their comments and criticisms to improving the bureaucratic effectiveness of the agencies entrusted with providing the goods and, preferably, not make political issues out of the provisions. This strategic division between technical administration and politics, with a preference for expanding the former and shrinking the latter, is part of the management procedures of the modern state.[6]

Contrary to the "depoliticization" thesis, it is argued here that, while the ruling government may indeed desire to administer the public provisions without political hindrance, it will not "depoliticize" provisions. This is because the electorate's satisfaction with and appreciation of the ruling government's successes in provisions are the very basis of building political capital, of maintaining the mass popular support that legitimizes the government in power. Thus, while extensive public provisions of goods and services are undoubtedly fiscal difficulties imposed on the ruling government, the successful management of these provisions, on the other hand, provides it with a political dividend and enables it to accumulate political capital, in terms of enhanced legitimacy to rule. Consequently, the ruling

government will always attempt to make political capital out of such successes; conversely, it will distance itself from failures, blaming them on state functionaries. Indeed, it may be argued that, given the general preference for withdrawal from provision, the motivation by any government in power to extend provision universally is based precisely on the ability to enhance legitimacy to remain in power.

Thus, to balance the conceptualization of public provision of goods and service in fiscal terms as burdens on a government which is impatient to extract itself from more than necessary commitment, one must take into consideration the potential political returns generated by provision to the ruling government. One must recognize that every governmental/state intervention is a political act, even in instances where the political dimension is submerged. Such submersion should be conceptualized as an effect – "depoliticization" effect – achieved through precisely the strategies of state intervention, and the ways in which this effect is achieved and sustained should be analyzed. Singapore's national housing program is offered here as an illustrative example of the above argument that a government in power may be motivated to extend public provision because of the potential gains in political legitimacy to remain in power.

Singapore's National Housing Program

Established in 1960, the Housing and Development Board (HDB), Singapore's public housing authority was entrusted with the massive postindependence national housing program. It was given extensive powers in land acquisition, resettlement, town planning, architectural design, engineering works, and building material sourcing and production. In sum, it is responsible for all development work except actual building construction, which is undertaken by private contractors. With concentration of such powers and resources, the HDB has been able to provide housing at substantially lower cost than comparable accommodation in the private sector. Beginning modestly with provision of basic rental units for the poor who lived in slums at the urban fringe and in overcongested shop-houses in the central areas, a "home ownership" scheme was introduced in 1964. The rents and prices of the apartments are determined by the government in accordance with economic conditions while ensuring affordability. Large supplies of dwelling units have been sustained annually since. More than half a million high-rise apartments for sale and rent and a substantial volume of related facilities such as commercial spaces, light industrial parks, and recreational facilities have been completed, all within comprehensively planned new towns. Already 85 percent of the three million population lives in public housing, with an equal percentage as "home-owners." The government has proclaimed that its aim is for 100 percent home-ownership, giving substance to the phrase a "nation of home-owners." The impressive achievement has been made possible by the more than three decades of double-digit growth of the Singapore economy since the mid-1960s and also, of course, by a set of policy decisions.

From the supply side, several important policies should be noted. First, as land cost is one of the prohibitive features of extensive public housing, the government amended the colonial Land Acquisition Act in 1966 to enable it to acquire land with compensation rates determined by statute and far below market value, on account of the "national" development interest and in violation of common laws that govern

property rights. As the economy expanded, compensation rates were adjusted upwards but it was not until the early 1990s that the market rate was used. By then, all the estimated land needed for national development was already in the hands of the Commissioner of Land, and any additional acquisition would have been minuscule. Throughout this process, affected landlords either accepted their losses with altruistic largesse or faced the losses with bitterness and alienation from the government. The popularity of the government's action among the overwhelming propertyless majority of the electorate enabled it to bear the rejection of the small minority of affected landlords.

Second, one of the "problems" in public housing is the propensity of residents to continue to live in the housing units even as their financial circumstances improve. This is because subsidized low rents mean increased disposable income to the residents, giving them comparative consumption advantages against nonpublic housing dwellers. This results in the government continually having to build new housing, without the ability to recover the capital cost of each cycle of construction. Such was the situation in ex-socialist nations.[7] Early introduction of the home-ownership program in Singapore managed to overcome this problem. Residents were not only encouraged to purchase a 99-year leasehold on their respective units but were entitled to sell the units after 5 years of residence and purchase a new and larger public housing flat, enabling older and smaller apartments to filter down to lower-income households in the resale market. Upgrading households were entitled to keep all the profits from the sale of their existing apartments as capital gains, without tax. The generous resale scheme in effect democratized property investment. As a result of the general economic growth and property price inflation, the economic gains had been very substantial for households who had entered the public housing sector early. In recent years, Singaporeans have grown so adept at making financial gains from public housing that the government was forced to change the resale rules to discourage excessive profits. The residential period before eligibility for new apartments has been extended from five to ten years. However, profit remains a possibility. The popularity of the home-ownership scheme, and its ability to generate political support, can be readily surmised even by those unfamiliar with the system.

The long-ruling government's commitment to universal provision is evident in the periodical raising of the monthly income ceiling for eligibility to purchase public housing, in step with the general economic growth, so as to include as many households as possible. In addition, the HDB would purchase older apartments from the resale market, refurbish them and sell them at greater subsidies, including cash grants, to families at the lower end of the income hierarchy. At the other end of the income strata, the government provided land subsidies to private developers to build better quality housing, in exchange for lower prices for apartments for young middle-class professionals who aspire to live in condominiums but cannot afford those in the private sector; cash grants are given to first-time home-owning families. The aim, as mentioned earlier, is what the government calls a "home-owning nation." Overall, then, the distinct small minority of Singaporeans who have not benefited directly from the universal public housing program are among the wealthiest in the city-state.

Significantly, this massive, inclusive public housing program has been managed without it becoming a constant strain on the national economy. Incomes from the

sale of flats, along with rents derived from residential, commercial, and industrial premises, and revenues from ancillary services like parking lots, combine to ensure a significant return from the housing and attendent infrastructure investments. The return can then be ploughed back into the next cycle of new housing production. Inevitably, in the early phase of the program direct public subsidy was very substantial, However, as the program unfolded and when a critical mass of housing stock and attendent facilities had been built up, the margin of subsidy from the government shrank progressively; such that, by 1975, a brief ten years after the initiation of the home-ownership scheme, the subsidy was maintained at 2 percent of the national development budget till the mid-1980s.

Since then, doubts regarding actual subsidies to the ongoing public housing program have emerged publicly and are often raised by the few opposition members in parliamentary sessions. The government maintains that there is a "market" subsidy, that is, the selling price of a public housing apartment is lower than a comparable unit in the private sector. This response is not entirely satisfactory as it is an "accounting" response: subsidy is presumed in the relativity of prices, leaving the issue of actual construction cost subsidy, if any, unanswered. The significant larger lesson to be drawn, however, is that a national public housing program that aims at universal provision need not necessarily drain the public purse, but might even turn a profit or at least be fiscally healthy and viable.[8]

Political Legitimacy and Universal Provision

In a world where homelessness is common in both developing and developed nations, Singapore provides a unique and significant instance in which universal provision of public housing has been achieved without fiscal crisis or political divisiveness. It provides resources for rethinking of some extant explanations and arguments on universal provision; in this instance, an alternative to the idea of "depoliticization."

As argued earlier, questions of public goods provision must be posed not only as fiscal burden on, but also in terms of gains that accrue to, the ruling government. Since public provisions are to be delivered as nonprofit and redistributive practices, the gains are not or should not be economic in character but political. Accordingly, it is argued that successful delivery of public goods gives the ruling government popular support and political legitimacy. This seems to be prima facie unproblematic. The methodological issue is how to measure the extent of legitimacy that has accrued by any provision. The most obvious measure of electoral behavior is too clumsy because, assuming voting to be "rational," individuals would vote on the basis of an aggregate of issues; it would, therefore, be impossible to isolate public provision as the explanation for how one votes. It would seem that ideological evidence might be more useful, although admittedly less direct.

That there are national ideological structures that "made available to individuals in different social locations particular perceptions of their interests vis-à-vis state policies"[9] is a good starting point. Logically, with universal provision, such ideological structures would not be cast in terms of competing interests of the different groups but would appeal to an idea of the "collective," the "national" interest. Indeed the Singapore government appeared to require no more justification than

the notion of the "national interest" for its housing program. In the early years of nation building, public housing provision was politically/ideologically embraced by the nascent government as testimony to its commitment to improving the material conditions of the newly enfranchised citizens of the city-state. After more than 30 years in power, this continues to be a fundamental of government; in the Prime Minister's words, "The best stake we can give to Singaporeans is a house or a flat, a home"; this populist and popular idea is seen as the sine qua non of political stability and economic growth and has seldom been publicly questioned.

That home-ownership has as one of its effects "the expansion of commitment to the prevalent social order by the development of personal stakes in its survival"[10] is not new. In Singapore, this is taken to its logical conclusion as the government belief that it will intensify national sentiments and strengthen national defense. The generalized tendency of home-ownership and the real capital gains that have been made by public housing residents up till now, among whom are the lower-income households who were also among the earliest to qualify for public housing, have intensified the population's ideological and material commitment to the system as a whole, and reinforced the popular support base of the ruling government.

The secure popular support base has enabled the government to underwrite other social policies through housing provision regulations. Among these are the following: to use housing policies to reinforce a traditional definition of family by excluding singles and unmarried mothers from eligibility; to disperse class-based communities by redistributing residents through the spatial mixing of different categories of flats; to disperse ethnic communities through a quota system of allocation to every block of apartments and, at its most politically problematic, to threaten to withhold upgrading and other ancillary services to electoral constituencies which voted against the ruling government, as in the 1997 general election. In these four illustrative instances, dispersing class-based and ethnic-based communities may be ideologically justified as the avoidance of the "ghetto" effect of public housing and, concurrently, the promotion of racial integration in the multiracial society. However, it is in the other two instances that we begin to get a glimpse into the extreme political effects of universal provision.

The exclusion of the single unmarried individuals is due to the pro-family social policies of the government. For example, the income ceiling for eligibility is raised very substantially and the waiting time significantly reduced, for younger families who choose to live with, or in close proximity to, any of their parents. Conversely, unmarried mothers are penalized for their "moral" crime of being out of wedlock. Finally, the threat of withholding upgrading as a means of coercing the citizens to continue to vote for the ruling party is too naked to require further explication. However, the ruling party considers it as "normal" politics. What is disclosed in these two instances is that universal provision has engendered an absolute dependency of the citizens on the ruling government for their basic housing needs, rendering them subjects of the latter's coercion. This is not "depoliticization" by any definition. It is, instead, the "paternalism" of the ruling government showing its authoritarian tendency, whenever the citizens "misbehave." It is the fulfillment of the Gramscian notion of hegemony, the concurrent incitement of both ideological leadership and the use of force by the wielders of state power.

Conclusion

It is argued here that while universal provision of public goods and services may apparently eliminate the political cleavage that emerges out of the consumption modes – the public service and the private commodity – of two classes of consumers, it does not by this apparent effect eliminate politics from such provision. Instead of being "depoliticized," universal provision is recast ideologically, by the government in power, as being in the "national" or "collective" interest. If this ideological reformulation is successful, it will not only gain legitimacy for the provision but also for its right to govern. Once provision is truly universal, citizens become absolutely dependent on the government as the monopolistic provider of the particular goods or service; thus, radically reducing their ability to resist, even negotiate, the terms of the provision itself. At this point, the government in power may be said to be in complete ideological hegemony in that specific sector of material life.

NOTES

1. Ann Power, *Hovels to High Rise: State Housing in Europe since 1850* (Routledge, London, 1993), pp. 3–4.
2. Patrick Dunleavy, "The urban basis of political alignment: social class, domestic property ownership and state intervention in the consumption process," *British Journal of Political Science*, 9, 409–43.
3. Patrick Dunleavy, *Urban Political Analysis: The Politics of Collective Consumption* (Macmillan, London, 1980), p. 74.
4. Dunleavy, "The urban basis", p. 412.
5. Claus Offe, *Contradictions of the Welfare State* (MIT Press, MA, Cambridge, 1984), p. 159.
6. Jürgen Habermas, Legitimation Crisis (Beacon Press, Boston, 1975).
7. Ivan Szelenyi, *Urban Inequalities under State Socialism* (Oxford University Press, New York, 1983).
8. For greater details regarding Singapore's public housing program see Chua Beng Huat, *Housing and Political Legitimacy: Stakeholding in Singapore* (Routledge, London, 1997); M. Castells, L. Goh and R. Y. -W. Kwok, *The Shek Kip Mei Syndrome: Economic Development and Public Housing in Hong Kong and Singapore* (Pion, London, 1990); Aline K. Wong and S. H. K. Yeh (eds.) 1985: *Housing a Nation: 25 Years of Public Housing in Singapore* (Housing and Development Board, Singapore).
9. Dunleavy, *Urban Political Analysis*, p. 74.
10. J. A. Agnew, "Home ownership and the capitalist order," in Michael Dear and A. J. Scott (eds.), *Urbanisation and Urban Planning in Capitalistic Society* (Methuen, London, 1982), p. 457.