

## WHEN YOUR HOUSE IS MORE THAN HOME

The Bible phrases it succinctly, in a way that's sufficiently familiar to insert into a modern 140 word template. "Build ye houses," said Jeremiah "and dwell in them, and plant gardens, and eat the fruit of them." (1)

For most of pre- and recorded history, humankind has been heading towards and beyond that ancient injunction. At first there were small shifting shelters beneath constrained arbors of trees. Thereafter, came a series of dark craggy caves along migratory game routes lit occasionally by a struggling fire within, or by light from without, often a reflection derived from a close temperate lake or sea.

Hundreds of thousands of years passed before horticulture, and then agriculture began, along with crossroad villages with homes made of thatched roofs that were characteristic of the comparative comforts of the Iron Age. The rise of manufacturing brought urban immigration, apartments for the wealthy with industrial investments, tenements for the poor and working poor, suburban homes near conveniently located public transportation, and bleak, brick factory housing whose outlook rivaled the monotone mood of the world of pre-industrial tool kits.

With time, flowery gardens tended to morph into limited backyard cabbage patches, fruits migrated to storefronts and supermarket shelves, and homes became more than shelters from environmental blasts or intimately linked to economic necessities. A home had become a prized commodity in its own right, so that to own one was somehow better than merely living in one.

Thomas Sowell's *The Housing Boom and Bust* is a relatively short work (148 pages of text) yet ends up by being much more than a guide to how our houses became more than homes (2). They appear to have been loosened from the innate privacies of the nuclear and close-knit extended family by the attractions of the mortgage/subprime mortgage industry, the repeated sales and commissions gained by lenders, and their encapsulation into an ever higher spiraling set of complex derivative investments whose sustainability was based on the homeowners' equally sustainable ability to keep up with monthly mortgage payments.

Systemic risk analysis aside, chinks in the housing armor appeared, and then appeared dramatically again, when defaults on large-scale interest payment hikes cascaded into the loss of institutions and jobs in the financial sector and then towards a host of economic events leading to unemployment even by previously credit-worthy householders.

This much is by now not only well known. The outline may also have become the stuff of journalistic and book publishing legend. What Thomas Sowell makes clear is that the current housing boom and bust was ultimately tied to another factor, a late nineteenth century cultural ideology that appears to have made its way unquestioned into public policy at a much later date.

The late 19<sup>th</sup> century was an era of vast immigration into the US as well as a time of the creation of a rising number of urban tenement dwellings. Reformers, such as Jacob Riis and Jane Jacobs, contributed immeasurably to the growth of the social sciences with fact-gathering and theorizing. However, the author argues that a lasting problem started with their and others' premature conclusion that equated a reduction in neighborhood crime rates with a security of housing arrangements --though there was evidence that such a conclusion could actually have been modified with information derived from numerous other localities, or from one immigrant group settlement to another.

It wasn't long before other linked assumptions emerged: Decent homes meant decent families. Decent families led to a better neighborhood quality of life. Further, home ownership itself was a key to the establishment of the other two. All three assumptions made their way into public housing policy and commonly held positive views about home ownership, which were often shared by those who could least afford it.

Nuanced, alternate reviews of the housing crises are already emerging (3) But it is difficult not to take seriously the author's belief that cultural assumptions about housing should be identified and subject to serious questioning before an additional governmental or private sector role is anticipated. Sowell is an economist and scholar at the Hoover Institution, so named after President Herbert Hoover, often viewed as an unenergetic relic of the Great Depression. He was, in fact, much attached to his home in Stanford, California as well as to the myriad number of houses he occupied during a varied career as farm boy, mining engineer, fund-raiser, and US President. The presidential name is also linked to the infamous Depression era Hoovervilles and informal tent cities of the homeless.

What may tie this president as an individual, the many homes he and his family occupied, and the housing policy interpretations of scholars who followed, are issues surrounding the nature of employment and unemployment. In today's globalizing world, many jobs have been outsourced while others have changed or achieved start-up in diverse domestic locations.

The ability to move to where the work is has been an essential part of societal stability and economic growth for a long time. The apparent detachment of historical understandings about habitats from labor market considerations and labor mobility is an integral part of the housing boom and bust process. It may well have contributed to an extraordinary number of home foreclosures, and an extraordinary number of foreclosed lives as well.

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- (1) Jeremiah:29:29. (2)New York, Basic Books (2009). (3) Balzli, Beat and Michaela Schiessl, "The Man Nobody Wanted To Hear." Spiegel Online (July 7, 2009).