

By John Atlas & Peter Dreier

NOW THAT JACK KEMP IS SECRETARY OF housing and urban development (HUD), will the right-wing assault on government housing programs be elevated to a holy war? During a period of rising homelessness and declining homeownership, will Bush and Kemp continue the Reagan slash-and-burn housing policy?

Much depends on whether Kemp chooses to cement his ideological alliance with conservative soulmates (including his friends at the Heritage Foundation) or to broaden his political following for a future presidential campaign by developing a pragmatic agenda to build affordable housing and revitalize inner cities. One early indication of Kemp's choice will be how he responds to pressure from the real estate industry, right-wing think tanks and conservatives in Congress to wage a war against rent control. **Housing in crisis:** A recent study by the Harvard Center for Housing Studies found that rents are now at their highest level in two decades. It is therefore no surprise that the demand for rent control has intensified and is likely to broaden in the future.

Rent control is a scapegoat for the nation's housing ills and the failure of Reagan's free-market housing policies. Yet the debate over rent control could be a key factor in shaping housing policy into the '90s, and is likely to deflect more serious discussion about solving the nation's housing crisis.

With homelessness on the rise and the political demand for rent control accelerating, the Heritage Foundation recently unveiled a study that concludes that rent control actually causes homelessness. The report, prepared by right-wing journalist William Tucker, is part of the conservative movement's ongoing attack on rent control as both an unwarranted government interference with private property rights and a misguided effort to preserve affordable housing. The study is designed to convince Kemp to cut off federal housing funds to communities—such as New York, Boston, Los Angeles, San Francisco, Newark and Washington, D.C.—that have adopted rent control.

Tucker's Heritage Foundation study is only part of the anti-rent-control arsenal developed by the real estate industry, right-wing think tanks and conservative politicians. Beginning in the late '70s as a brush-fire battle in scattered municipalities, it has escalated into a full-fledged war effort with headquarters in Washington.

During the '70s about 200 cities adopted some form of rent control. During that decade, tenant and real estate groups battled at the local level. Landlords and their allies poured millions of dollars to pass referenda or enact legislation to stem the tide of municipally sanctioned rent limits. But the battle ended in a stalemate.

During the '80s tenants were unable to adopt rent control in many new cities, but neither could real estate groups beat back any of the existing laws. And in some cities mayoral candidates—Ray Flynn in Boston, Art Agnos in San Francisco and Anthony Cucci in Jersey City—vaulted into office as champions of tenants' rights and rent control.

Unable to roll back rent control at the



Approach to rent control is key to Kemp's intentions

local level, landlords, led by the National Multi Housing Council (NMHC), a Washington, D.C.-based lobby group, have tried to defeat rent control by looking to the federal and state governments for help. The NMHC has successfully pressured 14 states—Utah, Arizona, Colorado, Florida, Minnesota, Oregon, Louisiana, Michigan, Oklahoma, North Carolina, South Carolina, Texas, Washington and Georgia—to pass legislation pre-empting local governments from enacting rent control. But none of these states had cities with rent control ordinances. In contrast, affordable housing advocates in California, where several cities and suburbs have adopted rent control, have thwarted referenda and legislative efforts, bankrolled by apartment owners and real estate groups, to pre-empt local rent control laws.

Big government: In 1980 the real estate industry moved the battlefield to Washington. Rep. Chalmers Wylie (R-OH) introduced legislation to prohibit the use of federal funds in cities with rent control. His amendment passed the House with a comfortable majority but died in the Senate. When Ronald Reagan was elected president, his transition team recommended a similar measure. In 1981 and 1982 Sen. Alphonse D'Amato (R-NY) filed legislation to cut off federal housing funds to cities with rent control, including New York. After a bruising battle that included intense lobbying by tenant groups and help from then House Speaker Tip O'Neill, the administration-backed D'Amato bill went down to defeat. Many Republicans who opposed rent control viewed the measure as unwarranted federal involvement in local affairs.

Meanwhile, Reagan began his spending cuts. By the mid-'80s faces of the homeless began appearing nightly on TV news and the covers of newsweeklies. When the housing problem wouldn't go away, the Reagan administration 'ished out the red herring of rent control. If the housing problem persisted, the Reaganites argued, it must be due to overzealous government regulation, not federal housing cutbacks.

In fact, the reverse is true. Where there is a severe housing shortage and low va-

cancy rates, rents begin to escalate. Low-income tenants get pushed into the streets and shelters, and tenants who can hold on start to push for rent control.

Tucker's study argues that rent control causes homelessness. This is like arguing that the sun comes up because the rooster crows. Tucker concedes that his analysis "cannot prove cause and effect"—it can only demonstrate coincidence. But, he adds, "once correlations have been discovered, however, we can theorize about what the causal connections might be."

Most people, using common sense, recognize that rent control helps prevent homelessness. But Tucker's ideas have been heavily promoted by his allies in the right-wing network. Last May, for example, conservative Sen. William Armstrong (R-CO) added a last-minute amendment to the bill reauthorizing McKinney Act funds for the homeless that requires HUD to study how the growth of homelessness might be caused by local rent control laws. Despite the opposition of homeless advocates, Armstrong's amendment passed, and HUD has until October to produce the report. With Bush in the White House and Kemp installed at HUD, don't be surprised if Tucker's conclusions get the U.S. government's seal of approval. Conservatives hope that, bolstered by this and other studies, Kemp will withhold federal housing funds to localities that adopt rent control.

The arguments against rent control

crumble when confronted by empirical evidence based on real experience. Most independent studies—such as those reported in *Rethinking Rental Housing*, a study by Richard Appelbaum of the University of California and John Gilderbloom of the University of Louisville—compare localities with and without rent control. They found that rent control has not had any adverse impact on new construction, housing maintenance, abandonment or property taxes. In New Jersey, which has about half of all rent control cities in the country, developers continue to build apartments in rent controlled communities. Indeed, according to Appelbaum and Gilderbloom, some rent-controlled towns actually outpaced non-controlled ones in the percentage and actual increase in new apartment construction.

A study of local rent control—conducted last October by the Urban Institute to evaluate Washington, D.C.'s program—found that controls primarily benefited the elderly, the poor and families with kids, typically saving them \$100 a month, while having little impact on new construction, repairs or housing values.

Such findings are due primarily to what economist Anthony Downs of the Brookings Institution called the "temperate" character of most local rent control laws. They exempt all newly constructed housing, guarantee a fair and reasonable return on investment and allow annual rent increases as necessary to cover increased operating costs. Rent control simply limits extreme rent increases where absentee landlords can otherwise take advantage of tight housing markets. The amount of new apartment construction is best explained by land prices, zoning laws, changes in interest rates, the demographics (income and employment) of an area, as well as the availability of government housing subsidies.

Competing studies of rent control may appear to be little more than academic hair-splitting. But their impact is real, for they provide many newspapers and politicians with the ammunition to shoot down rent control and promote gentrification and ris-

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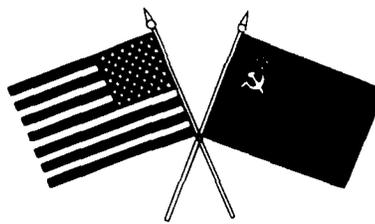
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ing real estate values. And the conservative propaganda network does its job. Whereas the lengthy Appelbaum-Gilderbloom book, published by a small university press, has received little public attention, the short and to-the-point studies by Tucker and others have been widely disseminated by conservative think tanks and have found their way into the mainstream media and onto the desks of city councilors, state legislators and Congress members.

The real issue: As part and parcel of their attack on government regulation, the right-wing assault against rent control serves to confirm laissez-faire economics and masks the real causes of the housing crisis—the speculative nature of the housing market and the maldistribution of income in the U.S.

Some argue that housing assistance, like Social Security, should be targeted to the poor to make it more efficient and equitable—in other words, create a means test. But programs that serve only the poor are demeaning and often less efficient, causing an added bureaucracy to check for cheats and, more importantly, to undercut broad public support for the program.

In New York, critics like Tucker complain that rent control helps actress Mia Farrow, Mayor Ed Koch and other affluent tenants. This argument has nothing to do with helping the poor or building low-cost housing. Instead, it addresses the issue of fairness. But even in New York, where 70 percent of all renters have household incomes under \$25,000 a year, most tenants pay more for rent than they can afford.

As Bush and Kemp will soon discover, the housing crisis has become a growing

nightmare, not only for the very poor, but also for the middle class. The level of home-ownership is declining for the first time in decades. Home foreclosures are now the highest on record. Thanks to the Reagan-era deregulation of the banking industry, the neighborhood savings bank that provided homeowner loans at reasonable rates is a thing of the past; savings institutions that expanded their portfolios to unfamiliar territory in a frenzy to compete with commercial banks are now failing at the highest rate since the Depression, and Congress is staring at a bailout of S&Ls more costly than the entire federal deficit.

Kemp's HUD predecessor, Samuel Pierce, put up little resistance to Reagan's efforts to dismantle 50 years of federal housing programs. During the '80s the HUD budget shouldered the largest cutbacks of any federal program—the budgets went from \$33 billion in 1981 to \$8 billion this year. During the '70s federal assistance helped to build 200,000 to 300,000 new low-rent apartments a year. This year the number will not reach 15,000.

During the presidential debates Bush sought to separate the rising epidemic of homelessness from the larger housing issue. Portraying the homeless primarily as alcoholics and the mentally ill, he chose to blame the victim. Bush's slogan "a thousand points of light" suggests that the solution to homelessness is more shelters run by non-profit agencies, funded through private charity and staffed by volunteers. In the press conference announcing Kemp's nomination, Bush pointed to the federal McKinney Act—a small-scale program to help private agencies and church groups create more shelters and

soup kitchens—as his favorite solution.

It is unclear whether Kemp shares these sentiments. At the same press conference, Kemp was bolder than Bush. He pledged to "wage war on poverty" and to house the homeless, but he offered no specifics.

The likely scenario: What's obviously needed is a renewed commitment by the federal government to help build housing for both the poor and the middle class. As a high-profile figure with his own political following and good relations with his former colleagues in Congress, Kemp could forge a coalition to challenge Bush's budget-cutters and expand the resources for housing. Kemp even hinted at this possibility at his press conference, saying, "I don't believe we're going to balance the budget by cutting housing."

Kemp's most likely response will be to expand the Reagan program to give the poor housing vouchers so they can find apartments in the private market. Currently, only 28 percent of America's poor live in subsidized housing—the lowest level of any industrial nation. Most low-income families—at least 6 million—receive no housing assistance at all.

Conservatives like the voucher approach because it relies on private market forces and is cheaper than building new subsidized apartments. In the December 12, 1988, *Wall Street Journal*, for example, economist Edgar Olsen claimed that vouchers can serve more poor families for the same money than building new low-rent apartments. But facts are stubborn things: presently about half of the low-income tenants who now receive vouchers return them unused because of the scarcity of apartments.

Most housing experts agree that even an expanded voucher program won't work unless Washington helps expand the overall supply of affordable housing. The National Low-Income Housing Coalition wants Bush and Congress at least to double the housing budget (to about \$20 billion) from its current level of 1 percent of all federal spending. Even that would leave housing programs far below their levels (7 percent of the budget) when Reagan took office in 1981. In 1980 military

spending outpaced housing spending by a 7-to-1 ratio, but by 1988 the margin had grown to more than 40-to-1.

The question, however, is not only allocating more money, but how the money gets spent. Many legislators and much of the public view housing production subsidies as giveaway programs for wealthy, politically connected developers. So perhaps the only silver lining in the dark cloud of President Reagan's housing cuts has been the emergence of thousands of community-based, non-profit housing developers. In cities like Boston, Baltimore, Chicago, San Francisco, Minneapolis and Cleveland, non-profit groups now form the backbone of local efforts to house poor and working-class people. During this decade of federal austerity, these non-profit entrepreneurs have patched together financial support from local governments, private foundations and churches to construct and rehabilitate low-income housing. In contrast to past programs (like the Section 8 construction program), the housing sponsored by community development corporations, unions and churches is more cost-effective and permanently affordable. Rep. Joe Kennedy (D-MA) filed legislation last year—the Community Housing Partnership Act—to provide federal matching funds to expand the number and capacity of non-profit groups to build affordable housing. Despite its emphasis on non-profits, the Kennedy bill might have some appeal to Republicans who like its "self-help" aspects.

Yet until there is an adequate supply of affordable housing, rent control remains a necessity—the main way local governments can deal with skyrocketing rents and a shortage created by Washington. Otherwise, the millions of tenants nationwide now protected by rent control could be among the first victims of President Bush's kinder, gentler housing policy.

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By Tariq Ali

The satanic versus the divine

MANUSCRIPTS DON'T BURN," wrote Mikhail Bulgakov, the great Soviet novelist of the '20s and '30s, in a thinly veiled rebuke to the Stalinist censors. But the same does not apply to a writer, who is, after all, only made of bones and flesh. Messengers often survive, but all messengers are mortal. What then are we to make of the grotesque scenario through which we are all living? A multiplication of tragedies is taking place.

First, of course, there is the plight of the writer Salman Rushdie, who is holed up in a secure house and guarded day and night by the British security forces—an Iranian hostage on British soil. Reality, as we know, is stranger than most fiction. The scenes we are observing could easily be excerpts from a Rushdie novel. But don't be deceived. They are not surreal—only too real—and the novelist is seriously threatened. Even if Rushdie survives this crisis, the specter of death will haunt him for the rest of his life.

There is, however, an even bigger tragedy. For this whole affair has now transcended both Salman Rushdie and his book, *The Satanic Verses*. This is the tragedy of Islam and its place in the modern world.

Satanic gangsters: When the Ayatollah Khomeini first pronounced his death sentence more than two weeks ago, my first reaction was one of disbelief. Was it really possible that the exalted spiritual leader of Shi'ite Islam was publicly ordering the execution of a novelist who writes exclusively in the English language? Was it just my imagination or was it really the case that the main inspirer of the Islamic Republic was talking like a mafia godfather? The day after, another cleric decided to mimic the satanic gangsters of the U.S. A price was put on Rushdie's head: \$3 million for any Moslem who killed him and \$1 million for anyone else. And all this in the name of Allah, the Compassionate and Merciful?

Why was money necessary in the first place? Khomeini had offered any Moslem assassin a one-way ticket to heaven. Let us pause and reflect on this for a moment. Surely the decision on who goes to heaven—or, for that matter, to hell—rests with the Creator. How dare anyone abrogate that right?

Is Imam Khomeini now claiming to be a prophet in direct contact with his Maker? Why don't good Moslems find Khomeini's words heretical? And, digressing slightly, is it not the case that Islam abhors priestly hierarchies and expressly forbids the creation of any ideological monopoly by the clerics? All Moslems are supposed to be equal in the sight of God. Why, then, these frenzied Nuremberg-style rallies in which Shi'ite Moslems abuse them-



Salman Rushdie's *The Satanic Verses* touched off a firestorm of controversy among Islamic fundamentalists.

selves before a mere priest?

In fact, very little of what is now taking place has much to do with religion. Of course, many non-fundamentalist Moslems have actually read the novel and find some passages offensive, but most of them would agree that the only way to combat Rushdie is through a battle of ideas. This is both legitimate and the only serious way of convincing people. Let us not forget that the first cadres of the Islamic faith were *not* won over at the point of a sword, but through a process of debate and discussion.

Khomeini is utilizing the hullabaloo over *The Satanic Verses* to impose a ruthlessly conformist cultural model within Islam. Stalin and his cultural commissars gave the

world "socialist realism." Khomeini and his ideological policemen insist upon their particular brand of "Islamic realism." Rushdie has become a convenient pretext to further this aim (among others). The Iranian clergy has not scored any real victories against the infidels. Their wrath has been concentrated on Moslems.

With God on our side: The Iran-Iraq War cost more than 1 million lives on both sides. Where was Islam when this conflict was taking place? Which side did God support? And how many dissenters from within the cultural tradition of Islam have been exterminated by the zealots? Tens of thousands of political prisoners have been wiped out. Women prisoners who were virgins have

been raped in prison. Why? Because virgins, say the Ayatollah's men, go straight to heaven. Mass rape ensures an easy passage to hell. Is this the Islam that believers want to present to the world?

Islam has always had a tolerant side. There is a long tradition of intellectual dissent in the Moslem world. After the Prophet's death, his youngest wife, Ayesha, actually raised the banner of revolt against the anointed successor. Disputes on the interpretation of Islam continue to this day. The richness of early Islamic civilization has left its mark on the entire world. Culture and science owe a great deal to that old tradition. Would *The Arabian Nights*, I wonder, get a clean bill of health today from the Imam in Tehran?

On the Indian subcontinent (that produced Salman Rushdie) Islam was popularized by Sufi holy men who were subsequently venerated as saints. Their ecstatic dances and existential poetry shaped Islam throughout Northern India. This was (and is) a joyous Islam that threatens nobody, that preaches an individual communion with the Great Sufi in the sky and that is, for that very reason, loathed by the puritanical preachers of fundamentalism. To this day, the music influenced by the Sufi tradition mocks the hypocrisy

of the mullahs.

Cynical agitating: Take, for instance, the following fact. One instigator of the riot over Rushdie's novel in Islamabad, Pakistan, that led to the loss of six lives was a Maulana named Kausar Niazi. But during the '60s and '70s, Niazi was a ferocious opponent of the Jamaat-i-Islami brand of fundamentalism. For this reason, former Pakistani leader Zulfikar Ali Bhutto hired him and made him a cabinet minister. He was Bhutto's weapon against the fundamentalists. Niazi, a colorful fellow, enjoyed his drink and the company of dancing girls. Bhutto's nickname for him was Maulana Whiskey. Now, deprived of power and influence, old Whiskey is trying to rehabilitate himself with his former enemies and pressuring Bhutto's daughter to take him seriously with his protests of the novel. What I want to know is why he waited several months after *The Satanic Verses* was published in England and on the subcontinent.

All the great Moslem poets of India have, at some time or another, questioned the practice of religion. Ghalib, Iqbal and Faiz were all embroiled in conflicts with the mullahs. When Iqbal wrote his *Complaint to God*, he was denounced by the clergy as an apostate. His message, written in his poem "New Temple," denounced organized religion. It would be dismissed out of hand in Tehran, but Moslems in South Asia could learn a great deal from these words of the poet:

I shall tell the truth, O Brahman, but take it not as an offense:
The idols in thy temple have decayed.
Thou hast learnt from these images
to bear ill will to thine own people;
And God has taught the Moslem
preacher
the ways of strife.

My heart was sick: I turned away both
from the temple and the Ka'ba;
From the sermons of the preacher
and from thy fairy tales, oh
Brahman.

To thee images of stone embody the
divine—

For me, every particle of my
country's dust is a deity.
Come, let us remove all that causes
estrangement.

Let us reconcile those that have
turned away from each other,
remove all sign of division.
Desolation has reigned for long in
the habitation of my heart—

Come, let us build a new temple in
our land,
Let our holy place be higher than any
on the earth.

Let us raise its pinnacle till it touches
the lapels of the sky;
Let us awake every morning to sing
the sweetest songs,
And give worshipers the wine of
love to drink. ■

Tariq Ali is on the editorial board of *New Left Review* and is producer of the British television show on which Salman Rushdie gave an interview the day he went into hiding.

Khomeini is using the hullabaloo over Salman Rushdie's *The Satanic Verses* to impose a ruthlessly conformist cultural model within Islam. Khomeini and his ideological policemen insist upon their fundamentalist brand of "Islamic realism." Rushdie has become a convenient pretext to further this aim.