Κοινωνική Πολιτική

Τόμ. 14 (2021)


ΕΕΚΠ ΕΠΙΣΤΗΜΟΝΙΚΗ ΕΤΑΙΡΕΙΑ ΚΟΙΝΩΝΙΚΗΣ ΠΟΛΙΤΙΚΗΣ
HELLENIC SOCIAL POLICY ASSOCIATION
ΤΕΥΧΟΣ Volume 14 ΙΟΥΝΙΟΣ 2021 JUNE 2021
Κοινωνική Πολιτική
Social Policy

Special Issue: Social Policy and Housing: Insights from Europe and Greece
Guest Editor: Nikos Kourachanis

Nikos Kourachanis
Introduction: Housing and Social Policy in a Landscape of Multiple Crises

Part A: Aspects of Social Policy and Housing in the European Welfare States
Άρθρα / Articles:

Eoin O'Sullivan
Measuring Homelessness: Implications for Policy
Matthias Drilling, Semhar Negash, Berihun Wagaw
Housing and the Social Investment State: An Underestimated Relationship
Eva Betavatzi and Eric Toussaint
How Private and Public Debt Crises Exacerbate Housing Problems in the EU
Isabel Baptista and Miguel Coelho
Homelessness Service Provision in a Southern European Country: An Evolving Sector Framed by the Portuguese National Homelessness Strategy
Ana Vilenica, Tonia Katerini and Maša Filipovič Hrast
Housing Commodification in the Balkans: Serbia, Slovenia and Greece

Part B. Aspects of Social Policy and Housing in Greece
Άρθρα / Articles:

Thomas Maloutas
Housing as a Social Issue in Greece before and during the 2010s
Vassilis Arapoglou, Constantine Dimoulas and Clive Richardson
Counting the Homeless in Greece
Antonios Roumpakis and Nicholas Pleace
Preventing Family Homelessness: Evidence from Service Provision in Greece
Dimitra Siatitsa
Youth Housing in a Context of Socio-economic Insecurity: The Case of Greece

ISSN 2241-8652

How Private and Public Debt Crises Exacerbate Housing Problems in the EU

Eva Betavatzi, Eric Toussaint

doi: [10.12681/sp.29077](https://doi.org/10.12681/sp.29077)

Βιβλιογραφική αναφορά:

Betavatzi, E., & Toussaint, E. (2021). How Private and Public Debt Crises Exacerbate Housing Problems in the EU. *Κοινωνική Πολιτική*, *14*, 51–61. https://doi.org/10.12681/sp.29077

ΕΠΙΣΤΗΜΟΝΙΚΗ ΕΤΑΙΡΕΙΑ ΚΟΙΝΩΝΙΚΗΣ ΠΟΛΙΤΙΚΗΣ
HELLENIC SOCIAL POLICY ASSOCIATION

ΤΕΥΧΟΣ Volume 14 ΙΟΥΝΙΟΣ 2021 JUNE 2021

Κοινωνική Πολιτική
Social Policy

Special Issue: Social Policy and Housing: Insights from Europe and Greece
Guest Editor: Nikos Kourachanis

ISSN 2241-8652 14
9 772241 865007

PART A

Aspects of Social Policy and Housing in the European Welfare States

How Private and Public Debt Crises Exacerbate Housing Problems in the EU

Eva Betavatzi[1] **and Eric Toussaint**[2]

Abstract

The increase in mortgage lending in European countries since the 1990s' is symptomatic of a political determination to push households into buying rather than renting on the housing market. Banks benefit from this as it allows them not only to increase their loan portfolios but also to use loans as securities and sell them on the secondary market. This results in credit bubbles which affect the global economy, as was the case in 2007-2008. Since then, in order to recapitalize their banks, many states have opted for public debt without imposing any substantial controls on the banking system and its ability to grant credit. Households have felt the effects of this in two ways: first, they have been confronted with a lack of affordable housing on the rental market, which has been left largely in the hands of the private sector and with little public investment or regulation; and second, austerity measures have caused their incomes to fall in order to pay off public debts. Thus, the increase in private and public debts, and the principle that they must be repaid whatever the cost, have an impact on the right to housing.

Keywords: Illegitimate, illegal, odious debts; mortgages; securitization; financialization and commodification of housing; credit bubbles

Introduction: Housing Policies Benefit Private Banks

For a long time, states, which are supposed to ensure that everyone can enjoy their fundamental rights, among which decent accommodation, have in most cases chosen to place private property at the centre of their housing access policies (Di Feliciantonio & Aalbers, 2018). As a result, in many countries, adequate and affordable housing is best provided through purchase or ownership. This means that private banks benefit from a privileged position as they provide the necessary mortgages to most homebuyers. They work for the expansion of the residential

---

1.Member of CADTM, Brussels, Belgium.

2.Spokesperson of CADTM International network, Liège, Belgium. Historian and political scientist with a PhD from the universities of Paris VIII and Liège.

property market while having participated in its collapse, as was the case in the USA in 2007 and later in other countries such as Spain. Indeed, by granting mortgage loans, credit bubbles were created and eventually burst. Public authorities still support private banks that are active on the housing market in several direct and indirect ways: tax measures favourable to landlords, public subsidies granted to these same landlords (renovation bonuses are an example), abandon of social or public housing (privatization of public housing stocks or lack of public investment), deregulation of the private rental market, but above all, insufficient control of banking activities despite the proven danger of credit bubbles.

Banks are private companies seeking profitability, and do not claim to guarantee access to decent housing for all, that is for the states to do. Between encouraging private property and investing in people's right to housing, it seems that a choice has to be made and that our leaders and their predecessors have made their choice. They have chosen to disengage themselves from the fundamental rights of their people, and in particular from the right to housing, since they assume very little responsibility for it (Madden & Marcuse, 2016). As a result, millions of households are finding it increasingly difficult to find decent, affordable and adequate housing on increasingly competitive housing markets with soaring prices. In some countries, such as Greece, public authorities have completely abandoned their role and guarantee almost nothing (Siatitsa, 2019).

It seems obvious to us that in a democratic state, where the fundamental rights of people are considered and respected, private banks should not have had this essential role, private property should not have been at the centre of housing policies. In this sense, we believe that the disproportionate and abusive granting of mortgages to households, partly securitized and thus put on the altar of finance, has very strongly contributed to the exacerbation of housing problems, just as much as public debts that were used to recapitalize the banks after the 2007-2008 crisis. They led to the dark years of austerity policies, further reinforcing the problem of disinvestment and disengagement of public authorities (Barbero, 2015).

We will try to explore the link between the housing issue and the private and public debts by shifting the focus to the banking system. It seems essential to us to highlight the responsibility of private banks in the processes of commodification and financialization of housing, which deprive several millions of people of the possibility of decent housing in Northern countries alone. The question is even more fundamental today, in the midst of a health crisis, because incentives to buy continue while policies in favour of private property have contributed to excluding a non-negligible part of the population from decent, adapted and affordable housing. Moreover, the macroeconomic effect of the mortgage bubbles has been disastrous since 2007 and has affected citizens in a profoundly unfair way. The austerity imposed as a result of the recapitalization of the banks will remain an experience forever engraved in the memory of the generations that lived through the crisis of 2007/2008. We are amazed that no lessons seem to have been learned since then, as public authorities continue to disinvest from the social and public housing market. Control on banking activity is still almost non-existent, and household credit bubbles have remained the norm.

Our analysis will focus on the European territory. In the first part, we will explain the role of banks. We will also briefly examine the favourable context in which they were able to create large credit portfolios and its effects on the economy as a whole during and after the 2007/2008 crisis. Banks have proved unable to survive a financial crisis on their own, even though they were largely responsible for it, and seem to function as machines producing crises. It is through public investment and thus the increase of public debts that many of them have been able to remain active with serious consequences on the populations.

Illegitimate, Illegal and Odious Debts

The gap between a person's income and expenses can be bridged by debt. When buying a house, a flat or another type of housing, prospective buyers will generate an expenditure that greatly exceeds their current incomes by asking their banks for mortgage loans. In exchange, they will have to promise part of their incomes for the next years or decades. A mortgage loan therefore constitutes a long-term promise of work, and even of income, which is already a problem in itself if we consider that the neoliberal capitalist economy is in perpetual crisis and that in this context, a promise of income for the years to come is largely a matter of speculation, regardless of the debtors' own intentions. Indeed, the latter will be unable to control the effects of an economic crisis on their work and income, as shown by the situation of millions of insolvent debtors after the 2007/2008 crisis - the current situation linked to the Covid-19 pandemic could well be just as problematic for debtor households. If, in addition, future buyers have no choice but to go into debt to pay for housing, we are tempted to consider their debts as illegitimate (Garcia-Lamarca, M. & Kaika M., 2016).

Since rental markets in most European cities have become highly competitive, even saturated, discriminating, expensive and unregulated, with supplies not always adapted to the circumstances of life or to the ways of living, buying appears as an alternative. It claims to offer the possibility of decent, adapted or adaptable, affordable, regulated and non-exclusive housing. However, things are not always that simple. For buying to be considered a real and free choice, renting would have to offer equivalent possibilities. Yet, from the 1990s onwards, households went into debt to a large extent in order to cope with a lack of public and social housing, of public policies aimed at regulating the rental market in the long term, and of political will to make the right to housing effective for all. This triple lack has remained hidden behind a social imaginary built on a neoliberal political ideal. In Belgium, the expression 'to have a brick in the belly' attests to the normalization of aspiring to private property and therefore to debt over sometimes 30 years (Fares et al., 2020).

Today, more and more people are living in housing that is unsuitable for them, which may be unhealthy, overcrowded, too expensive or too far away from their places of work or activity, and the path to housing can be a difficult one for many people who suffer from social, gender and racist discrimination. As a result, millions of people are poorly housed, while thousands more are homeless. The above-mentioned lack of housing has had dramatic effects on a large part of the population, especially tenants, who have not had access to bank mortgages, encouraging those who can to go into debt at any cost (Desmond, 2016).

It is because the alleged choice made by many households to buy their homes was a result of this lack that we can consider that mortgage debts may have been largely illegitimate and therefore should be cancelled. If debtors had been able to choose between two possibilities - renting or buying a suitable, decent, affordable house - and if creditors, the banks, had not only sought to satisfy their shareholders but to offer their services taking into account the debtors' own needs and the national and global economic situation, the issue would have been different. It should also be remembered that before 2007, a large number of debtors were already unable to repay their mortgages; with the crisis, they were called upon to repay whatever happened, failing which they were evicted or threatened with eviction (European Action Coalition for the Right to Housing and the City, 2018).

When, for example, hundreds of thousands of households in the US and Spain took out mortgages that were far too large for their modest incomes, it turned out that these loans were largely illegitimate and sometimes even illegal. They were illegitimate, because they did not really benefit the debtors: they were too expensive, the debt contracts were clearly not to their advantage, the debtors had no alternative to buying their homes and were therefore forced into debt. A significant number of mortgages were even illegal, with abusive clauses in the loan contracts. The illegality of Spanish mortgages was revealed by the Platform of People Affected by Mortgages (PAH), one of the largest housing rights movements in Europe, which was born out of the Spanish mortgage crisis that began in 2008, the most violent on the continent (García Cabeza M. and De Weerdt J., 2015).

In Cyprus and other countries, banks were granting consumer credits to enable households to obtain a mortgage, abusing and even circumventing lending rules that required a certain amounts of equity capital. In the early 2000s another scam involved European banks granting mortgages in Swiss francs. The banks then demanded to be repaid in local currency. As the value of the Swiss franc rose, households found themselves unable to repay their loans and experienced a perpetual debt situation. One million debtor households in Poland, Slovenia, Greece, France and other Balkan countries were victims of that scam (Toussaint, 2019).

Such practices demonstrate two important things: on the one hand, that the banks adopted an odious attitude in order to make a maximum profit, and on the other hand, that they granted far more credit than they should have and that they were not sufficiently controlled, their activities not sufficiently reined in, thus demonstrating the responsibility of the States and, more broadly, of European and international institutions. When a creditor lends money for profit knowing that it puts the debtor in an impossible situation, this is called an odious debt (Ludington et al., 2010). The concepts of illegal, illegitimate and odious debts apply equally to private credit and public debt. It seems important to us to mention them because it is on the basis of these notions that we claim the need to cancel certain public and private debts and to get out of the dogma of repayment whatever the cost (Toussaint, 2017).

When governments chose to recapitalize private banks despite their dubious practices, this led to a significant increase in public debt levels in relation to GDP. It is the entire populations of the indebted countries that have paid the price. There is something fundamentally illegitimate in asking people to refinance, through increased taxes and austerity, a banking system that has for years taken advantage of their income and created the conditions for their dependence through the lack of alternatives to debt (Graeber, 2011). The public expenditure that has been used to recapitalize the banking system has not been used to socialize the banks, even partly, or to subject them to stricter control or even to really limit their financial activity. Thus they continue to profit from household incomes in several ways: on an individual scale, since they grant loans to households and profit from their repayment, and on a collective scale, since they have been recapitalized with public money - via taxes and public debt.

The indebted populations seem to have gained nothing from recapitalizing their banks, they have avoided the collapse of a banking system that granted sometimes illegal, illegitimate and odious credits, without having succeeded in demanding any compensation, remaining exposed to new crises[3]. In this sense, the billions of euros injected into the banks, from Brussels to Athens, via Nicosia, Madrid, Lisbon and Dublin, have created illegitimate public debts that should also have been cancelled.

The worst part of this story is that bank recapitalization was not enough to save the banking system of the countries that carried it out, which provided investment opportunities for funds specialized in buying up non-performing loans, known as "vulture funds". Vulture funds are private financial actors that have made insolvent public or private debts their business. They buy them in large quantities, at knock-down prices on the secondary debt market, and then try to profit from them in the most odious way possible. To do this, they have different techniques adapted to the contexts and natures of the credits they buy. For public debts, they demand 100% repayment of a bond they have bought back at a ridiculous price, sometimes as little as 5-20% of its face value. Thus, for a 5-billion-euro investment they can demand 100 billion euros in repayment from the debtor country and make colossal profits. To achieve their goal, they often rely on New York or London jurisdictions that systematically plead in their favour. In Belgium, a law against vulture funds limits their possibility of profiting and is unique in the world.

For private debts, vulture funds act somewhat differently[4]. They buy up non-performing loans from banks to 'clean up' their balance sheets, thus granting themselves quantities of loans (and therefore also of housing units in quantities that sometimes exceed a few thousand units) at exceptionally low prices, and after a few years, they sell their real estate assets per unit or, in the case of other debts, harass insolvent debtors to obtain repayment. It is easy to imagine the profit that this generates. In Europe, the ECB insisted that the banks agree to sell their non-performing loan packages to these funds because they felt they had to get rid of their rotten assets at all costs. This was the ECB's watchword at a time when non-performing loans amounted to more than $1 trillion in Europe.

The activity of the vulture funds is very obviously odious and yet they have acted and still act freely almost everywhere in the world as well as in Ireland, Portugal, Spain, Cyprus and Greece. They are also active in the richer countries of Europe, such as Germany, where the financialization of the residential property market has been and remains very aggressive in recent years, arousing the anger of growing social movements (Hoffrogge, 2019), especially in Berlin. Blackstone, Vonovia, Cerberus, Apollo, Deutsche Wohnen and many others are names that the inhabitants of European cities will not soon forget.

3. https://lareleveetlapeste.fr/73-milliards-deuros-en-plus-la-bce-fait-sauter-les-derniers-garde-fous-des-banques/
4. https://www.bastamag.net/Les-fonds-vautour-prosperent-la-misere-en-speculant-sur-l-endettement-des

Methodology: Combining Action and Research

With the introduction of the notions of illegitimacy, illegality, odiousness, but also with the clarification of the roles of the different actors that revolve around the banks (public authorities, vulture funds, European institutions and in particular the ECB), we hope to have highlighted the way in which the transfer of wealth via mortgage credits takes place and the consequences of such a transfer on the right to housing. The centrality of banks in housing policies and thus the centrality of private property have no other ambition than this transfer. It is not impossible to imagine things differently, and it is even urgent to bring the housing issue back to its collective dimension.

Our research has two fundamental bases. The first is fuelled by our longstanding work on public debts within the Committee for the Abolition of Illegitimate Debts - CADTM. It has allowed us to identify the main causes of the increase in public debt in Europe after the 2007/2008 crisis, of which bank recapitalization is one. Work on the analysis of Greek debt, developed within the Audit Commission for the Truth about Greek Debt in 2015 and continued thereafter, helped us build our case. Our smaller-scale analyses of other countries' public debts have shown us that the public debts of Cyprus, Spain, Portugal and Ireland have similar characteristics (Truth Committee on the Greek Public Debt, 2015).

The second basis is our involvement in grassroots struggles for the right to housing. For years we have been following and supporting the struggles led by collectives that are members of the European Action Coalition for the Right to Housing and the City. We are also involved in local struggles in Belgium and actively participate in the defence of tenants against their landlords, many of whom could be considered as "tenants" of their banks. In this period of health crisis, we have seen that public policies for housing, even those that claim to be "urgent", have proved to be more beneficial to the banks than to the inhabitants. This allowed us to verify, with much regret, that the observations we were already making a few years ago are still valid today, while the governments' watchword in the face of the health crisis was to stay at home, which implied the possibility of having a home.

By combining the expertise we have developed on public debt and our investment in the struggles for the right to housing, we believe we can demonstrate the need to profoundly transform the banking system that affects our right to live in decent and affordable housing.

Relations between Financial and Housing Crisis in the Last Decade

Excessive public spending was not the cause of the 2007/2008 crisis, as European leaders have often claimed. It was the sub-prime crisis that caused it, i.e. the moment when the mortgage bubble created by US banks burst (Toussaint, 2017). To illustrate the extent of this mortgage bubble, let's recall that in the United States, the number of new homes built in 2006 was 1.5 times higher than in 2000, i.e. an increase of 800,000 homes in one year (European Action Coalition for the Right to Housing and the City, 2018). At some point, these homes remained empty because the supply did not meet any real demand. This overproduction of housing went hand in hand with the desire to increase the portfolio of bank assets. With the securitization of mortgage debts, the subprime crisis soon became a global financial crisis and later a sovereign debt crisis in the North.

Similar crises were observed in several Central and Eastern European countries as well as in Ireland, the UK, Spain, and the Netherlands in 2011-2012. The increase in household debt between 2000-2007 could have been a precursor of what was to come. In Spain, for example, household debt as a percentage of GDP rose from 46% to 83% while gross public debt fell from 58% to 37% of GDP over the same period. Similar trends were observed in Portugal where the percentage of household debt rose from 59% to 84% while gross public debt increased only slightly over the same period, from 49% to 63%. In Greece, the household debt rate, initially very low at 14%, rose sharply to 42% in seven years, while public debt, already very high, had barely risen from 104% to 106% of GDP (in 2011 it reached 162% of GDP). In the euro area as a whole, household debts have increased much less: from 49% to 54% of GDP, while public debts have fallen slightly from 68% to 66% (Toussaint, 2014). Comparing these figures, we can see that the increase in private household debt has been much larger in the EU periphery countries where the crisis in affordable housing due to unpaid mortgages that started in 2008 was more important.

After 2007, private banks limited lending to households and non-financial firms in these countries and continued to produce assets for non-financial firms. Gross public debt ratios rose sharply in all three countries between 2007 and 2011, from 37% to 62% of GDP in Spain, from 63% to 96% in Portugal and from 108% to 162% in Greece. The fact that private debts stagnated during this period while public debts increased illustrates in part the process of bank recapitalization discussed earlier.

Now, as the health crisis has lasted for more than a year, as EU stimulus packages announce new debts and as public deficits grow, sovereign debt figures have reached heights never before imagined. The debt levels of Spain, Portugal and Greece in 2011 may seem ridiculous. Yet, the budgetary rigour defined by the Maastricht Treaty required member countries until recently to limit their debt/GDP ratio to 60% and their public deficit to 3% of GDP. The rigour imposed by European regulations has paved the way for years of austerity.

The example of Greece is particularly revealing and helps to illustrate the impact of austerity on the right to housing. In Greece, austerity was imposed by the Troika on the government, which was put under guardianship for years without the country really coming out of it. Thus, the country's creditors were able to demand legislative changes to benefit the banks, notably changes in the Katseli law (which was put in place to limit the eviction of insolvent households by seizing their main residence for unpaid debts) (Gotev, 2019). In February 2019, for example, the Eurogroup had openly threatened Greece with no interest payments on its ECB-held debt in exchange for a tough reform of the Katseli law. It eventually underwent numerous reforms to the benefit of the banks, facilitating foreclosures.

The same fate befell Cypriot legislation. The right to housing for households had been enshrined in legislation since 1965. In 2014, the government amended the law guaranteeing the right to housing according to the demands of its creditors. This allowed banks to evict insolvent debtor households after 60 days of non-repayment, the period defined for a loan to be considered non-performing. Insolvent debtor households still had the possibility to delay their eviction by renegotiating their debt. In 2018, a new legislative amendment cancelled the possibility to renegotiate their credit and the eviction procedures were privatized and automated thus curtailing any possibility of appeal.

Insolvent households in Spain faced equally tragic situations. The existing legislation, which allowed banks to evict several hundred thousand insolvent households during the crisis years, dated from the period of the Franco dictatorship. It was particularly unfair in that it allowed eviction to take place before the property was auctioned off, unlike in other countries, and did not relieve households of their repayment obligation even after they had been evicted. Because of this law, evictions have been much faster in Spain. In 2018, Spanish banks held 3.5 million empty homes, those of people who could not repay their mortgages, of construction companies that produced housing units that did not correspond to a real demand and of those that went bankrupt.

These different contexts illustrate an extraordinarily strong pressure from creditors and states to dispossess insolvent households of their homes once they have been found to be unable to repay their mortgages. It also demonstrates the responsibility and the centrality of banks in both lending and dispossessing insolvent debtor households. Banks and their shareholders have always refused to accept their responsibility for the crisis of 2007/2008, and therefore for the inability of households to repay their loans, and have wanted to recover all the promises of repayment made to them despite their recapitalization by the taxpayers, and therefore also by the debtor-households via taxes in particular. In this sense, the evictions (without repayment of the parts of the loans that had been paid) and the foreclosures were profoundly unjust and appear to be a form of bank recapitalization too.

Today, it might be surprising to find that in some countries, mortgage debt is still extremely popular. In Belgium, for example, private mortgage debt is equivalent to 54.7% of GDP. In 2018, Belgian banks had granted a total of €242.7 billion in mortgage loans, of which €60.9 billion were securitized (Aalbers, 2019). At present, 3 million people owe the banks for having taken out mortgage loans, i.e. 55% of the active population[5]. In 15 years, property prices have almost doubled across the country, and access to mortgage credit for less wealthy households has decreased[6], further contributing to the problems of access to housing. This means that Belgian banks have not restricted the granting of mortgage debts despite the fact that in Belgium too the state had to recapitalize major banks, including Dexia, now known as Belfius.

In Spain, the incentive to buy resumed as of 2019, as if nothing had happened, while between January and August of the same year, 100 evictions were taking place per day for unpaid rents, and 42 for unpaid mortgages[7]. Cerberus, Blackstone and other vulture funds had invested in 2012-2013 in the non-performing loan stocks of Spanish banks to the point of owning enough homes to influence a large part of the residential market and drive up prices creating rent bubbles. Six years later, the vulture funds wanted to resell houses acquired at low prices but per unit, considering that the rent bubble had reached its limits and that they would make more profit in the acquisition market[8].

---

5. https://www.nbb.be/en/publications-and-research/employment-statistics-trends/summary-tables/labour-force
6. Mortgage credit has been made accessible to poorer households through public initiatives such as the Brussels Housing Fund.
7. https://www.elconfidencial.com/vivienda/2019-10-07/desahucios-alquiler-lau-ejecuciones-hipotecarias_2271672/
8. https://www.elsaltodiario.com/vivienda/bce-banca-fondos-buitres-hacen-negocio-derecho-vivienda

In Greece, the "Hercules" programme introduced in October 2019 has allowed banks to reduce their stock of non-performing loans from 43% in 2019 to 27% at the end of March 2021. The European Commission welcomed this and approved the extension of the programme until 2022, despite the health and economic crisis caused by Covid-19[9]. As in Spain, Greek banks have in fact securitized their non-performing loans, making them circulate on the financial markets and opening the door to vulture funds with state guarantees amounting to 12 billion euros for the extension of the programme alone. The country's inhabitants will probably suffer the same consequences as those of the Spanish state.

Concluding Remarks: Socializing Banks is Necessary for Making the Right to Housing for All Effective

Today, fourteen years after the subprime crisis, the consequences of the 2007/2008 financial crisis continue to impact on people as the processes of commodification and financialization of housing continue. Like the housing sector, the health sector has also been impacted by years of privatization, budget cuts, financialization and in some cases vulture funds. As a result, it was not sufficiently equipped to deal with the health crisis caused by Covid-19, which meant staying at home. Access to housing was already severely compromised for a large part of the population.

Residential property markets in several cities in peripheral countries, but also in central Europe, have been impacted by vulture funds. This is the case in Berlin, where the Berlin government was forced to react by introducing a five-year rent freeze last year. It was recently overturned by the German Federal Constitutional Court, which ruled that the Länder were not competent to limit rents, and thus affirmed the "right" of landlords to charge their tenants too much rent. In the neo-liberal doctrine the right to property is stronger than the right to live, since it helps to fuel the banking system.

The social issue of housing should have been considered with more interest. It would have been easy to imagine that everyone could benefit from an adapted, affordable and safe housing, through the regulation of the private rental market, the limitation of private property (rent control, primacy of use to avoid, for example, the touristification of cities, etc.), the investment in social and public housing. There would have been no need to give such a role to the banks, nor to force so many people to resort to mortgage loans. We have reasons to fear that new bubbles are being created whose bursting will have far worse consequences than those described in our analysis. The urgency of thinking about housing policies that do not favour the use of household debt has been there for a long time.

There is also an urgent need to fundamentally transform the banking system and to impose its socialization. The banks, as they operate today, reinforce social inequalities. It is the poorest who bear the brunt of the crises they provoke, as shown by the hundreds of thousands of evictions for unpaid loans that took place in Europe during the second decade of the 21st century. Rising property and rental market prices in most cities are also the result of credit bubbles created by excessive bank activity.

9. https://www.reuters.com/article/eu-greece-banks-idUSL8N2M229F

The non-performing loans should not have been securitized and sold to vulture funds. They should have been written off for the benefit of the debtor households since the States, via taxes, and therefore via taxpayers' money, had already recapitalized the banks. If a European state had wanted to prevent a bank from selling off its non-performing loans, to ensure that households kept their homes and did not pay the price of the crisis, it would have had to take control of the banks by ensuring that it was at least a majority shareholder, and confront the European institutions and more generally its creditors.

Thus, the questions raised by the cancellation of illegitimate, illegal and odious private and public debts are fundamentally linked. They presuppose a profound questioning of the banking system and the role of the states. Instead of guaranteeing the profits of bank shareholders, the latter should ensure that everybody can enjoy fundamental rights, including the right to housing.

References

Aalbers, M. (2019), *La Financiarisation du Logement en Belgique et à l'étranger*, Bruxelles: RBDH.

Barbero, I. (2015), "When rights Need to be (re)claimed: Austerity measures, neoliberal housing policies and anti-eviction activism in Spain", *Critical Social Policy,* 35 (2): pp. 270-280.

CADTM (2018), *Pour une socialisation des banques*, AVP n°75, Liège.

De Weerdt, J. & Garcia Cabeza, M. (2015), "Housing crisis: the Platform of Mortgage Victims (PAH) movement in Barcelona and innovations in governance", *Journal of Housing and the Built Environment* 31: pp. 471-493.

Desmond, M. (2016), *Evicted: Poverty and Profit in the American City,* New York: Broadway Books.

Di Feliciantonio, C. and Aalbers, M. (2018), "The Prehistories of Neoliberal Housing Policies in Italy and Spain and Their Reification in Times of Crisis", *Housing Policy Debate*, 28 (1). https://doi.org/10.1080/10511482.2016.1276468

European Action Coalition for the Right to Housing and to the City (2018), "Housing Financialization: Trends, Actors and Processes", Brussels, Rosa-Luxemburg-Stiftung.

Fares, A., Betavatzi, E., Delaet, S. et Renouprez, C. (2020), "Se défaire de la toute-puissance du crédit hypothécaire", https://www.actionlogementbxl.org/2020/07/13/se-defaire-de-la-toute-puissance-du-credit-hypothecaire-1-3/#more-639

FEANTSA (2020), "Fifth Overview of Housing Exclusion in Europe 2020", Brussels, available at: https://www.feantsa.org/en/report/2020/07/23/fifth-overview-of-housing-exclusion-in-europe-2020?bcParent=27#:~:text=According%20to%20estimates%20by%20the,70%25%20increase%20in%20ten%20years.

Garcia-Lamarca, M. and Kaika, M. (2016), "Mortgaged lives': the Biopolitics of Debt and Housing Financialisation", *Transactions*, 41: pp. 313-327.

Gotev, G. (2019), "Eurozone delays Greece Debt Relief over Household Insolvency Law", available at: https://www.euractiv.com/section/economy-jobs/news/eurozone-delays-greece-debt-relief-over-household-insolvency-law/

Graeber, D. (2001), *Debt: The First 5000 Years,* New York, Melville House.

Hoffrogge, R. (2019), “Housing for the People”, available at: https://www.jacobinmag.com/2019/04/berlin-housing-referendum-tenant-organizing

Madden, D. & Marcuse, P. (2016), *In Defense of Housing,* Edinburgh: Verso.

Siatitsa, D. (2019), *Anyone at home? Housing in Greece: The impact of austerity and prospects for the future*, Athens: Rosa Luxemburg (in Greek).

Toussaint, E. (2014), *Bankocracy*, Brussels, ADEN &CADTM.

Toussaint, E. (2017), “2007-2017: Causes of a Ten-Year Financial Crisis”, available at: http://www.cadtm.org/2007-2017-Causes-of-a-Ten-Year

Toussaint, E. (2019), *The Debt System: A History of Sovereign Debts and Their Repudiation*, Haymarket Books.

Toussaint, E. (2019), “Swiss Franc Mortgages: Illegitimate and Illegal”, Brussells: CADTM. https://www.cadtm.org/Swiss-Franc-Mortgages-Illegitimate-and-Illegal

Truth Committee on the Greek Public Debt (2015), “Preliminary Report of the Truth Committee on Public Debt”, available at: http://www.cadtm.org/Preliminary-Report-of-the-Truth

Social movements that appear in the text:

www.belfiusestanous.be

housingnotprofit.org

www.actionlogementbxl.org

afectadosporlahipoteca.com

ΕΠΙΣΤΗΜΟΝΙΚΗ ΕΤΑΙΡΕΙΑ ΚΟΙΝΩΝΙΚΗΣ ΠΟΛΙΤΙΚΗΣ

HELLENIC SOCIAL POLICY ASSOCIATION