

Footnote: The Petty Capitalist

The capitalistic ethos penetrates every nook of society, right down to the individual. Whenever an opportunity arises, almost anyone will jump straight onto the capitalist bandwagon. Perhaps one of the best examples of this nowadays is the petty landlord with a spare house to rent out in a big city. [PDF]

The capitalist free-market system, imposed upon mankind by a self-styled global elite, now has an economic stranglehold upon almost *every individual* on this planet. None can escape it. Nobody has the freedom to unilaterally opt out of it. Whatever other economic philosophy he may attempt to follow, he will find it wholly incompatible with the capitalist economy that surrounds him on every side. Neither can any group of individuals succeed where the lone individual fails. Worker co-operatives have tried, but the interface through which they must interact with the rest of their host economy is essentially that of the capitalist free-market. They must either adopt it or face death by isolation. Within the domain of capitalism, all other economic systems are unworkable.

Consequently, the capitalist ethos penetrates every nook and cranny of society right down to the individual. When the opportunity presents itself, almost every individual jumps right onto the capitalist bandwagon. Perhaps there is no better illustration of this than the London housing market - or more appropriately, the London housing crisis.

Born of the original Industrial Revolution, the *great industrial crescent* of England's north and Midlands is withering on the vine of global capitalism. The vast population that once powered this *mighty endeavour* is being forced to seek economic salvation in the service-based Capital. The enormous human effort that *it* once focused into purposeful production is becoming uselessly dissipated in frantic competition. Like a hapless red giant caught in the gravitational death grip of a black hole, *its* life-blood is being sucked away into permanent oblivion. Suddenly, everybody has to live in London.

But strict planning laws and diminishing space prevent houses being built fast enough to meet the pressure of this shifting population. Consequently, the houses that already exist are scarce. They are in high demand. Their prices soar. They can be let for enormous rents. Anybody with a spare house in the right place is sitting on a gold mine. So every petty opportunist with a spare house in London exploits this opportunity without mercy.

A Particular Example

My younger son did well at school. Although he was very good at a range of subjects, his main interests gravitated towards history with a particular focus on social issues. At university he decided that he wanted to take a degree in Politics with Economics. He did not want to be too far from home. Being on welfare, he would find it expensive to visit home and we would find it expensive to move his belongings to and from his student accommodation. This made London his best choice because it was the closest university. He was accepted onto a degree course in Politics with Economics at one of the colleges within the University of London. He was happy.

For the first year of his 3-year course, he lived what they call 'in halls'. That is, he lived in a comfortable properly heated student room within a hall or residence owned by his college. Because of the extreme shortage of such accommodation in London, only first-year students are allowed to live 'in halls'. Consequently, for the second and third years of his course, he had to find his own private accommodation.

Off and on since the end of his first academic year, my son and 3 friends searched diligently for a house to share for their second and third academic years. They got to the point of signing a contract twice. However, there was in each case what seemed to be an insurmountable problem. With every house rental contract, it seemed, the landlord required student tenants to have guarantors for a 6 month contract. The contract was "joint and several". Each student's parents (guarantors) are thus responsible for the whole rent (around £1100 a month in the year 2000). This meant each student's parents had to act as a guarantor for a total of £6600 for each 6 month contract period.

The only guarantor available to my son was me. Due to the [long term illnesses](#) of my wife and my other son, I am their full time carer. Our family therefore has to live on [welfare](#). Our total income of £140.55 a week was actually less than the rent for each of the houses my son and his friends had attempted to acquire. Consequently, the landlord would not accept me as a guarantor. I understand that at least one of the other student's parents had similar difficulties.

If my son could not find a guarantor, he would have nowhere to live within reach of College. He would be forced to give up his course. Furthermore, whenever an opportunity to rent a house came up, the estate agents acting for the landlord were always in a blazing rush to get the contract signed and guaranteed. For instance, as Guarantors, we parents were expected to be able to receive the Guarantor Agreement by fax, sign it and fax it back immediately without ever having seen the Tenancy Agreement to which it referred. I do not even have a fax machine and certainly cannot afford to buy one.

The Guarantor Agreement

The wording of one of the Guarantor Agreements was as follows. All such agreements were essentially the same.

WHEREAS

An Assured Shorthold Tenancy Agreement ("The Agreement") made between [name of landlord] ("The Landlord") and [Student 1], [my son], [Student 3] and [Student 4] ("The Tenant") relating to [the address] ("The Property"), for the term of six months from the date of the Agreement and any renewal or extension thereof.

COVENANT

The Guarantor covenants with the Landlord that during the term of the tenancy and any renewal or extension thereof, the Tenant shall punctually pay the rent and observe and perform the terms and obligations of the Agreement. If at any time the Tenant shall default in the payment of the rent or fail to observe or perform any of the terms or obligations of the Agreement, the Guarantor will pay the rent and observe and perform the terms or obligations of the Agreement of which the Tenant is in default and make good to the Landlord on demand and indemnify the Landlord against all losses, damages, costs and expenses arising or incurred by the Landlord as a result of such non-payment, non-observance or non-performance thereof. The terms of this guarantee are joint and several.

Analysis

To my mind, this is an utterly disgraceful and exploitative contract. Below are some points concerning the problems this so-called guarantor agreement appears to create and some ideas on how they could possibly be overcome.

1. "The terms of this guarantee are joint and several."

This means that as Guarantor, I am guaranteeing the integrity, rent and possible damages to the Landlord's property for each and all of the 4 students concerned. I know my son. I do not know, and have never met the others. Furthermore, I have no proof that the parents of the other students have signed or will sign a similar guarantor agreement. I have never met them either. I do not even know their names or where they live. The landlord, through this agreement, has claim of the default rent from all 4 guarantors (assuming they have all signed a guarantor agreement), he can claim the full rent from each of us. It is unfair to require me to act as Guarantor for all the students.

This is different from what the students were told verbally. They were told that each student's parents would be guarantor for their own child only. It is upon this verbal agreement that each of the 4 students gave the estate agent a £50 holding deposit before they had sight of the above written guarantor agreement. The estate agents therefore obtained the deposit after lying about the content of the agreement.

2. "... the Guarantor will pay the rent and observe and perform the terms or obligations of the Agreement of which the Tenant is in default and make good to the Landlord on demand and indemnify the Landlord against all losses, damages, costs and expenses arising or incurred by the Landlord as a result of such non-payment, non-observance or non-performance thereof."

What "Agreement"? In the context of the above wording it must mean the Guarantor Agreement itself. No other agreement is mentioned explicitly. However, one would assume (reading between the lines) that the word 'Agreement' refers to some external tenancy agreement separate from the Guarantor Agreement. But nobody seemed yet to have seen it. Is it a written agreement or is it simply what has been agreed verbally?

What is meant by 'indemnify'? Am I undertaking to insure this greedy opportunist landlord against the event of having to meet whatever he and his legal bedfellows may then construe to be losses? I have no such insurance. Being on welfare, I cannot even afford to insure my own house or its contents against anything.

In fact the 'Tenancy Agreement' turned up only later, being sneakily presented once the Guarantor Agreement had already been signed.

3. "... the Guarantor will pay the rent ..."

As I understand it, the rent for the whole house is £1100 a month. I am a full time carer for my wife and other son who suffer from mental illness. We therefore have to live on welfare. My total income (for my wife and me) is only £609 a month. In the event, how could my family and I live on *minus* £491 a month? No landlord is therefore likely to accept me as a guarantor on this basis anyway.

Implications

It is entirely the unbridled free-market principles through which this *fundamental need of life* is exclusively 'provided' that enables greedy exploitative landlords to force such Draconian terms on students studying in London. It relieves these profiteering landlords of all risks. Even if the students

do default on the contract, the landlord - in such a desperate market - is easily and quickly able to get new tenants. On the other hand, there is no safeguard for the guarantors against the landlord claiming the total rent from each of the guarantors while receiving rent also from the new tenants for the duration of the original agreement.

For me - as a welfare-dependent parent of a university student - this contract was wholly unworkable. The only possible solutions I could see for my son to acquire accommodation for his second year were:

- A special case being made to allow him a place in Halls.
- For his Local Authority to act as Guarantor for his rent by paying the Landlord directly out of his student loan.
- For the University or College to negotiate a workable solution with the accommodation providers on their list.
- For the University or College to act as Guarantor.
- For my son to transfer his studies to a University outside London where there is not such an acute shortage of accommodation.
- Or, since it is primarily a London problem, perhaps it should be addressed by a London-wide authority.

This must be a problem for all students whose families are unable to find an odd spare £1100 a month for 6 months at a time in their back pockets.

What Actually Happened

None of the above possible solutions was forthcoming. However, the University's Accommodation Office through much effort on the part of the staff involved, was at the last minute able to offer my son and his friends the tenancy of a house owned by the University. Unfortunately, the 4 students found they could not afford it. Concurrently they found a house within reasonable distance of college at a price they could afford. It all had to take place in such a rush as the new term had by then already begun.

As a parent I was again presented with one of these evil guarantor agreements, which the landlord's estate managers reluctantly sent by that 'unacceptably slow' medium of old-fashioned mail. I signed it knowing that, in the event, I would not have the means to honour it. The estate managers in this instance only checked each parent's credit rating and did not ask for proof of income. So the students got the house. It is well to note, however, that my son's study/bedroom measured 6' 6" by 7 feet. That is 1980 by 2134 mm. That is an area of 4.2 m². I don't know whether or not this violates any building or usage regulations, but I think it ought to. Only two rooms in the whole house had any form of heating.

The house is also in a very rough neighbourhood. One of my son's housemates answered the door. A 'neighbour' bust in and hit him on the hand with a hammer. Apparently, the 'neighbour' felt that the students had been making too much noise in the process of going up and down stairs. The police were informed of this assault, but of course weren't interested. The police were, however, interested in stopping my son on his way home one night for allegedly carrying an offensive weapon. It was his hockey stick. He had just returned from an away match with another college.

I suspect that, in the rush, my son and his friends were unable to make a fair comparison between the price of the house the University offered them and that of the house they ended up renting. I expect the University house included in the rent many of the overheads that the other did not. Furthermore, I expect the contract for the University house was just for term time, whereas the contract for the other house was for a whole 12 months (not 6 months like the previous house they tried to rent).

The University house was probably also centrally heated like the Student Halls. All things considered, the University house may well have been the better deal.

As it is, the students are now very unhappy in their house. They cannot wait for the end of their 12 month sentence. They wish with all desire that they could find a way out of this reprehensible contract. My son is working all hours at jobs to try to make ends meet. Every time I see him, he is stressed. I can see all too plainly that all this is doing his health no good at all. Let us hope that under this tribulation, his studies and examination grades do not suffer too much. It is bound to affect them to some extent.

It was therefore with utter contempt for the landlord and his estate agents that I signed, without compunction, an agreement I could not possibly keep. Were my son to have to drop out of university due to lack of funds or illness, then I would have to face the consequences of legal proceedings which would doubtless render me and my mentally ill wife and other son homeless and destitute. My unreserved contempt therefore cannot help but extend to the law that expedites the will of such ruthless profiteers, and ultimately to the society that elects a government which enacts such laws as permit the formulation of such Draconian contracts.

Capitalist Morality

When I was a student in the early '60s, a fellow student and I rented a flat. The deal was simple: one month's rent in advance, with one month's notice of termination. Not even a deposit. The landlord had a capital asset - a very large house. He invested capital turning it into flats. He covered his costs and made his profit from the rents he charged. He made the profit, so he took the risks. These were only minor risks. Most people do not deliberately trash a flat the day before they leave. Besides, he had insurance. His business was on a safe and reasonable footing.

Capitalist free markets are driven by supply and demand. Nowadays, especially in London, accommodation is very scarce. Demand is very high, supply is very low. So house prices have soared, leaving the poor to [drown in a rising tide of market value](#). This in turn has forced up rents. Anybody with a spare house - or even a spare room - is therefore sitting pretty in a seller's market.

Were it not bad enough, price is not the only thing that is forced up by low supply and high demand. The severity and unfairness of a landlord's terms of tenancy also rise. In my son's Tenancy Agreement the landlord demands of the tenant:

- One month's rent in advance
- Plus five weeks' additional advanced rent as a security deposit
- Plus a guaranteed 12 month contract
- Plus full indemnity against all losses to do with the tenancy

My daughter rented accommodation for many years while she studied and then worked in London. She rarely ever got the deposit back, and the few times she did, she didn't get all of it. There is always some excuse why the landlord keeps back some or all of the deposit to make repairs to remedy defects that were apparent when she moved in. There is of course supposed to be an exchange of signed inventories at the outset of the tenancy. However, this usually only materialises out of the woodwork at the end of the tenancy with hundreds of defects and breakages on it falsely attributed to the leaving tenant. I noticed that the inventory mentioned in my son's Tenancy Agreement has so far not materialised 6 months after he moved into the house.

Thus the landlord - who owns the capital asset from which he is making an 'unearned' profit - takes none of the risks involved. He forcibly off-loads all his risks onto others - people like me living on welfare, or like the other students' parents on ordinary waged incomes. And it is entirely the *modus*

operandus of the capitalist free-market system that allows him - apparently perfectly legally - to lock his desperate tenants into this rankly unfair relationship.

Cannot Afford To Fail

When I was a student, I had a student grant. It was not much. I - and indeed all my contemporaries - had to be careful how we spent our student grants. But I was never desperate. We could all get by. It is far different for my son's generation - at least, it is if the student is not from a middle or higher income family. My son's budget is painfully tight. It is tight enough to be a constant source of worry to him as regards whether or not he will be forced to drop out of his course because he cannot *afford* to continue.

The consequences of being forced to drop out are three-fold.

1. Having put in a lot of hard academic work, he has nothing to show for it.
2. He is still left with the debt from his student loan (plus its low but ever-mounting inflationary interest) for the rest of his life or until he can pay it off. So unlike those of his contemporaries who did not go to university, he starts his young adult life not only with a mortgage, but also with a student loan to pay off.
3. I, as his guarantor, would have to pay the £275 a month rent on his house for the remainder of its tenancy. This could be up to a year, that is, £3,300. In fact, if all 4 students in the house dropped out and their parents could not pay their share of the rents, I would be left having to pay £13,200.

The latter would of course render my mentally ill son, my mentally ill wife and me homeless and destitute. This is the unacceptable risk we have been forced to take to enable my younger son to attend university for which he worked so hard to prepare.

It is no wonder that so many students, faced with these compounded stresses, are driven to seek relief for their tortured minds through party and [street drugs](#) - a sad social condition, the blame for which must rest unmistakably at the feet of capitalism.

Hobson's Choice

This kind of guarantor agreement appears all of a sudden to be becoming universal for students in London who have to rent accommodation in order to attend University.

Of course nobody is ever actually *forced* to enter into any such Guarantor or Tenancy Agreement. Each student could find a shop doorway to sleep in each night, although I cannot see how under such conditions any of them could seriously follow a higher course of study. Each could forego his opportunity to gain his degree. None is forced to attend university. In fact all the resident forces of the capitalist free-market economy appear to act relentlessly in the direction of forcing students to drop out of university. But if any student is to attend university without [Article 25 Clause 1](#) of his human rights being violated, then he simply *must* sign one of these evil Tenancy Agreements and his parents *must* sign the corresponding Guarantor Agreement - whatever their circumstances.

The upshot is that only students from well-to-do families will be able to obtain accommodation in future. This, together with the debt burden of the student loan system, pushes tertiary education further and further into the exclusive domain of the rich.

This young and perceptive student of politics and economics who is my son, is not merely *studying* this behaviour of a free market; he is seeing it, experiencing it and suffering it. To him it is not

painting a very attractive picture of free-market capitalism. With so many like him experiencing the same difficulties, free-market capitalism could thus be unknowingly hastening its own downfall.

Is It Worth It?

Government propaganda tells us that, if you get a degree, you will earn considerably more throughout your life than if you don't. Once upon a time, two generations ago or more, this may have been true. I am approaching 60 years old, and have never in my entire career seen any evidence to support this government assertion. I do know that, despite all my higher learning and acquired intellectual skills, [my income](#) has averaged *considerably* below the national average. Neither did all the effort I put in to gaining my [education and technical skills](#) save me from ending up in [long-term unemployment](#). I could have earned far more as a semi skilled worker.

So is it worth the effort to study to acquire knowledge and intellectual skills? Yes it is, definitely. But not for the reason of getting a better standard of material living. It may gain you more wealth; it may gain you less. Wealth depends not on *what* you know, but on *whom* you know and whether or not you happen to be in the right place at the right time. You may have knowledge, skills and qualifications dripping off your cuffs, but if you do not have the right family and social connections and move in the right circles, you will never be more than a shop floor drone or an office bimbo. That's [capitalism](#).

Nevertheless, the pursuit of knowledge and intellectual skills is well worth the effort. It enables you to cut through the political propaganda and see why the world is in the unacceptable state that it is. It empowers you to formulate acceptable possibilities for a better society. It enables you to see and appreciate the way nature and [the universe](#) are constructed and behave. In my personal experience it is well worth the effort. I would not trade my knowledge for all the money in the world.

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