

## In Defence of Marx's Labour Theory of Value: Vancouver's Housing "Crisis"

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**Abstract:** This document revisits Karl Marx's often-overlooked Labour Theory of Value (LTOV) to offer an alternative analysis of Vancouver's housing crisis, challenging the conventional supply and demand framework. It argues that housing, a commodity tethered to land—a fixed and finite resource—behaves uniquely compared to other commodities. Housing appreciates in value over time, incentivizing property hoarding and market manipulation, leading to artificial scarcity and inflated rental costs. This phenomenon is particularly evident in Vancouver, where high vacancy rates coexist with skyrocketing rental prices. The document posits that housing's exchange-value, as per Marx's LTOV, does not correspond with its escalating market-prices, indicating the presence of fictitious capital. By exploring the divergence between exchange-value and market-price, the document contends that the orthodox economic model fails to address the housing crisis adequately. It advocates for the decommodification of housing, arguing that removing its exchange-value can prevent market-price deviations and speculative bubbles, aligning with Marx's critique of capitalism's inherent contradictions.

### 1. Rethinking Housing: Beyond Supply and Demand in Vancouver

In July 2023, during my tenureship at the Vancouver Aboriginal Friendship Centre Society (VAFCS), I participated in a discussion with Premier David Eby, British Columbia's Minister of housing Ravi Kahlon and other key stakeholders in Vancouver, British Columbia, aimed at addressing the ongoing housing "crisis" in the region. This meeting was part of a larger context, mirroring a phenomenon prevalent across Canada and the Western world, where there is a notable disparity between median household incomes and the increasing cost of rent.<sup>2</sup> Typical policy recommendations at the meeting were predominantly aligned within a "supply and demand" framework of orthodox economics, viewing housing as another commodity in need of further liberalisation.<sup>3</sup> In more "radical" scenarios, certain stakeholders posited a

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<sup>2</sup> Gurstein, Penny, and Andy Yan. "Beyond the dreams of avarice." *The Past, Present, and Future of Housing in Vancouver's Planning Legacy*. In P. Gurstein & T. Hutton (Eds.), *Planning on The Edge* (2019): 215-246.

<sup>3</sup> Schumacher, Patrik. "Only Capitalism Can Solve the Housing Crisis." Adam Smith Institute. Accessed January 16, 2024. <https://www.adamsmith.org/capitalismcansolvethousingcrisis>

Keynesian-esque injection of state capital into the housing market, particularly during times of stagnant supply,<sup>4</sup> a situation that now seems to be perpetually the case.

However, one stakeholder, my friend and mentor Elder Susan Tattoosh (*Tii Thul'p*<sup>5</sup>), a respected knowledge keeper, and Matriarch of the Hupačasath First Nation, proposed a unique framework for conceptualising housing policy in Vancouver. She posited that housing cannot be treated just as a “typical” commodity, both in the normative sense as per traditional Hupačasath epistemologies<sup>6</sup> that posit that we *ought* not to reduce human means of subsistence to anything less than *res extra commercium*,<sup>7</sup> but also in an analytical sense insofar as housing does not behave as any other commodity. Indeed, land, and housing by extension, cannot be analysed within the parochial purview of orthodox economics insofar as unlike other commodities, land, upon which housing is tethered to is a fixed resource.<sup>8</sup> The finality of land qualifies it as one of earth’s planetary boundaries,<sup>9</sup> and as such can be thought of as dialectically antagonistic to capitalism’s proclivity to infinitely expand in pursuit of new land, labour and markets.<sup>10</sup>

Housing further differs compared against “typical” commodities, insofar as the value of housing appreciates (in market-price, not exchange-value), rather than depreciates overtime. In the case of most other commodities, the bourgeoisie, or capital-owning class, are motivated to manage or displace<sup>11</sup> commodity surpluses that lead to *crises of overaccumulation*<sup>12</sup> insofar as the depreciating value of a “typical” commodity compels capitalists to not let overaccumulated capital, often in the form of “typical” commodities, lie idle.<sup>13</sup> Alternatively, due to the appreciating nature of housing as compared to other commodities, the accumulation of housing is incentivized and does not lead to crises of overaccumulation,<sup>14</sup> motivating property hoarding and land monopolisation.<sup>15</sup> This does not imply that landlords are indifferent to renting out their properties; indeed, having tenants increases their rate of return (RoR) compared to vacant properties. However, the trend of rising market-prices far beyond inflation in speculative housing markets means that properties, even when unoccupied, can generate a positive RoR in absolute terms.<sup>16</sup> Moreover, in housing markets that are dominated by

<sup>4</sup> Taylor, Elizabeth, and Tony Dalton. “Keynes in the antipodes: the housing industry, first home owner grants and the global financial crisis.” In *Housing in 21st-Century Australia*, 153-172. Routledge, 2016.

<sup>5</sup> Tii Thu’p is the ancestral name bestowed upon Susan by x<sup>w</sup>məθk<sup>w</sup>əyəm Elder Shane Pointe during the meeting mentioned in this document. It translates to “big heart” in hənqəmīnəm, symbolising her enduring dedication to the urban Indigenous community of Vancouver.

<sup>6</sup> Booth, Annie L., and Bruce R. Muir. “Environmental and land-use planning approaches of indigenous groups in Canada: An overview.” *Journal of Environmental Policy & Planning* 13, no. 4 (2011): 421-442.

<sup>7</sup> “Res extra commercium” is a term from Roman law describing things that are outside of commerce and cannot be owned, bought, or sold, such as air, sunlight, and sacred items.

<sup>8</sup> Tranjan, R. (2023). *The Tenant Class*. Between the Lines.

<sup>9</sup> Newbold, Tim, Lawrence N. Hudson, Andrew P. Arnell, Sara Contu, Adriana De Palma, Simon Ferrier, Samantha LL Hill et al. “Has land use pushed terrestrial biodiversity beyond the planetary boundary? A global assessment.” *Science* 353, no. 6296 (2016): 288-291.

<sup>10</sup> Klein, Naomi. *This changes everything: Capitalism vs. the climate*. Simon and Schuster, 2015.

<sup>11</sup> Harvey, David. “The ‘new’ imperialism: accumulation by dispossession.” In *Karl Marx*, 213-237. Routledge, 2017.

<sup>12</sup> A crisis of overaccumulation is a situation where excess capital and goods accumulate to the point where they cannot be profitably invested or sold, leading to economic stagnation or decline.

<sup>13</sup> Tranjan, R. (2023). *The Tenant Class*. Between the Lines. (1)

<sup>14</sup> Grant, Alex. “The Marxist Theory of Rent.” Lecture, YouTube video. Posted by “Révolution communiste,” June 17, 2022. <https://www.youtube.com/watch?v=3QcFx1zv95o>

<sup>15</sup> Marx, Karl. “Rent of Land.” In *Economic and Philosophic Manuscripts of 1844*. Marxists Internet Archive. Accessed January 17, 2024. <https://www.marxists.org/archive/marx/works/1844/manuscripts/rent.htm>.

<sup>16</sup> Tranjan, R. (2023). *The Tenant Class*. Between the Lines. (1)

monopolistic or oligopolistic entities, such as the situation observed in Vancouver,<sup>17</sup> there is a strategic manipulation of property availability. Indeed, properties are sometimes deliberately left vacant by these entities to drive up scarcity,<sup>18</sup> a practice that aligns with Marx's theory of absolute rent, which posits that landlords can increase rents and maximise their RoR by artificially limiting the supply of available properties, regardless of the actual demand or exchange-value of the land itself.

These reasons, and more later explored, which emphasise housing's uniqueness as a commodity challenge the traditional orthodox economic paradigm that relegates the rising disparity between income and rental costs ravaging the western world "to supply restrictions"<sup>19</sup> on private investment. Indeed, the orthodox economic paradigm's fixation on supply-side solutions is contradicted by examples such as the situation during the COVID-19 pandemic in Canada whereby despite a significant increase in the national vacancy rate from 2% to 3.2% (a 60% rise), the surge in available housing did not lead to a reduction in rental costs, which instead increased by 3.6%.<sup>20</sup> Vancouver in particular exemplifies this disconnect. It retains the highest number of unoccupied habitations among major Canadian cities, with a vacancy rate of 8.2%, translating to about 25,000 empty homes.<sup>21</sup> This is particularly striking given that Vancouver was equally identified as having the highest rental costs in Canada as of 2023.<sup>22</sup> Even if increasing supply had demonstrated to be effective at lowering rental costs, the previously stated nature of viable land, and therefore housing, as a fixed commodity simply comes up against capitalism's tendency to seek new vestiges of commodification<sup>23</sup> resulting in the hyper-commodification of "ever smaller spaces."<sup>24</sup> Consider for example, one 2023 rental listing in downtown Vancouver that sought \$800/per month for a "closet listed as a furnished den"<sup>25</sup> or the single-room-occupancy (SRO) epidemic plaguing Vancouver's downtown eastside (DTES).<sup>26</sup>

To address the growing disparity between median household income and the cost of rent, particularly in Vancouver where this gap is the widest among major Canadian cities,<sup>27</sup> it becomes clear that the orthodox "supply and demand" economic explanation falls short. In seeking a more comprehensive understanding of this issue, this document revisits a largely

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<sup>17</sup> Statistics Canada. "Investment Status of Residential Properties." Table 46-10-0070-01. Released October 18, 2023.

<sup>18</sup> Grant, Alex. "The Marxist Theory of Rent." Lecture, YouTube video. Posted by "Révolution communiste," June 17, 2022. <https://www.youtube.com/watch?v=3QcFx1zv95o>

<sup>19</sup> Schumacher, Patrik. "Only Capitalism Can Solve The Housing Crisis." Adam Smith Institute. Accessed January 16, 2024. <https://www.adamsmith.org/capitalismcansolvethethehousingcrisis>

<sup>20</sup> Tranjan, R. (2023). *The Tenant Class*. Between the Lines. (1)

<sup>21</sup> Hopulele, Andra. "'Ghost' Homes Across Canada: A Decade of Change in 150 Cities." Point2Homes. December 2021. <https://www.point2homes.com/news/canada-real-estate/ghost-homes-across-canada-decade-change-150-cities.html>

<sup>22</sup> Hudes, Sammy. "Vancouver leads the way as Canadian rent prices hit new high for 6th month in a row: report." The Canadian Press. CBC News, November 13, 2023.

<sup>23</sup> Cutler, A. Claire. "New constitutionalism, democracy and the future of global governance." In *Critical Perspectives on the Crisis of Global Governance: Reimagining the Future*, 89-109. London: Palgrave Macmillan UK, 2015.

<sup>24</sup> Madden, David, and Peter Marcuse. 2016. "In Defense of Housing: The Politics of Crisis." 45.

<sup>25</sup> Diment, Maria. 2022. "Closet 'Den' Available for Rent in Expensive Vancouver Apartment." October 7, 2022, 1:15 PM.

<sup>26</sup> Evans, Liz, and Steffanie A. Strathdee. "A roof is not enough: Unstable housing, vulnerability to HIV infection and the plight of the SRO." *International Journal of Drug Policy* 17, no. 2 (2006): 115-117.

<sup>27</sup> Gurstein, Penny, and Andy. Yan. "Beyond the dreams of avarice." *The Past, Present, and Future of Housing in Vancouver's Planning Legacy*. In P. Gurstein & T. Hutton (Eds.), *Planning on The Edge* (2019): 215-246.

abandoned Marxian economic paradigm that “most serious English-speaking economists regard . . . as an irrelevant dead end.”<sup>28</sup> Regardless of whether the Marxist economic paradigm has been abandoned due to a vestigial lingering of cold-war era austerity politics,<sup>29</sup> due to the capitalist mode of production’s epistemicide of knowledge(s) opposed to their interests,<sup>30</sup> or due to its own limitations including its economic-determinism,<sup>31</sup> Vancouver’s rising of vacancy rates alongside rental costs suggests that the “supply-side” solutions of orthodox economics have largely failed and, thus, alternative explanations are at least worth considering. At the same time, the element of Marxian economics least favoured by orthodox economists is Marx’s labour theory of value (LTOV),<sup>32</sup> with these economists, influenced by Austrian school marginalists,<sup>33</sup> positing instead “that the economic value [of a commodity] is subjective.”<sup>34</sup> Indeed, this document’s main grievance with the marginalist approach is its tendency to homogenise “market-price” and “exchange-value,” and in doing so, fails to provide an adequate framework for Vancouver’s housing “crisis.” As such, in looking for alternative explanations for this “crisis,” this document seeks to revisit Marx’s often-overlooked LTOV, which proposes that a commodity’s exchange-value reflects the socially necessary labour time (SNLT) embedded within it. This revisitation is justified due to both “supply-side” economists’ failure to address Vancouver’s housing “crisis” as well as due to the LTOV’s persuasive rationale for the occurrence of market bubbles, which is central to this conversation.

Notwithstanding, this document acknowledges that beyond both Marxian economics and the hegemonic liberal economic framework dominating Canadian discourses on housing,<sup>35</sup> there exist a multitude of “peripheralized”<sup>36</sup> economic epistemologies that offer alternative perspectives on housing. These include insights from Vancouver’s local Coast Salish traditions, specifically in regards to Indigenous land tenure and housing allocation practices. Such epistemologies encompass the traditional insights informed by Hupačasath knowledge(s), as initially made aware to me by Tii Thul’p and that had subsequently inspired the analysis presented in this document as well as insights tied to hənqəmīnəm and Sḵw̓xw̓7mesh speaking peoples, particularly the x<sup>w</sup>məθk<sup>w</sup>əyəm (Musqueam), Sḵw̓xw̓7mesh (Squamish), and səlilwətəl (Tsleil-Waututh) Nations that have stewarded and tenured “Vancouver” from time immemorial.<sup>37</sup>

Lamentably, considering my grounding within a Eurocentric academic tradition, to which Marxian economics certainly belongs,<sup>38</sup> as well as the overlooked explanatory power of

<sup>28</sup> “The Wide, Wide World of Wealth.” *The New York Times*, 20 Mar. 1988.

<sup>29</sup> Lewis, Lionel S. *Cold War on campus: A study of the politics of organisational control*. Transaction Publishers, 1989.

<sup>30</sup> Mar Castro Varela, María, and Carolina Tamayo Rojas. “Epistemicide, postcolonial resistance and the state.” *Postcolonial Studies* 23, no. 2 (2020): 226-240.

<sup>31</sup> Resnick, Stephen A., and Richard D. Wolff. “Marxist epistemology: The critique of economic determinism.” *Social Text* 6 (1982): 31-72.

<sup>32</sup> Burgis, Ben. “Karl Marx Was Right: Workers Are Systematically Exploited Under Capitalism.” *Jacobin*, June 11, 2022.

<sup>33</sup> Illinois Institute of Technology. “Remembering Karl Menger.” Archived from the original on April 2, 2009.

<sup>34</sup> Nash, Ronald. “The subjective theory of economic value.” *Journal of Interdisciplinary Studies* 3, no. 1/2 (1991): 31.

<sup>35</sup> Tranjan, Ricardo. *The Tenant Class*. Between the Lines, 2023.

<sup>36</sup> Lobao, Linda. “A Sociology of the Periphery Versus a Peripheral Sociology: Rural Sociology and the Dimension of Space 1.” *Rural Sociology* 61, no. 1 (1996): 77-102.

<sup>37</sup> City of Vancouver. “Land Acknowledgement.” Accessed January 20, 2024. <https://vancouver.ca/people-programs/land-acknowledgement.aspx>

<sup>38</sup> Lindner, Kolja. “Marx’s Eurocentrism: Postcolonial studies and Marx scholarship.” In *Marx, Marxism and the Question of Eurocentrism*, 1-39. Cham: Springer International Publishing, 2022.

Marx's LTOV in analysing housing bubbles, this document will primarily engage with Marxist economic analysis in providing an alternate explanation and subsequent solution to Vancouver's housing "crisis" when compared against a paradigm of orthodox economics. Nonetheless, this Eurocentric limitation on my part should be seen as an invitation for other knowledge(s) holders, particularly those with insights into local Coast Salish knowledge(s), to conduct either a wholly separate examination of Vancouver's housing "crisis" as per their traditional economic-epistemologies, or conduct an analysis that hybridises their local knowledge(s) with Marxian knowledge(s) as a form of "border thinking, or border epistemology."<sup>39</sup> Indeed, this document does not purport to offer a comprehensive or impartial analysis of Vancouver's persisting "housing crisis." Rather, its aim is to contribute an alternative perspective that has been largely overlooked in the prevailing discourse on housing. With this caveat aside, this document's predominantly Marxian analysis concludes that a resolution to Vancouver's housing "crisis" can unitarily be resolved via the complete decommodification of housing. This argument hinges on the following premises:

1) As per, Karl Marx's Labour Theory of Value (LTOV), the exchange-value of a commodity is determined by the amount of socially necessary labour time (SNLT) required for its production.<sup>40</sup>

2) Considering that the SNLT involved in housing capital—such as its initial construction and ongoing maintenance—is relatively low, the significant rise in Vancouver's housing market-prices suggests that these increases do not correspond with SNLT, indicating the presence of *fictitious capital*.<sup>41</sup>

3) The 2008 housing crash in the United States (U.S.) exemplifies how substantial discrepancies between the exchange-values and market-prices of housing commodities can lead to the accumulation of fictitious capital, culminating in economic detriment.

4) The process of commodification is defined by imposing on a good an exchange-value on top of its pre-existing use-value.<sup>42</sup> Therefore, decommodifying housing would eliminate its exchange-value, leaving only its inherent use-values, like providing shelter, security, and privacy. Thus, without an exchange-value, there is no basis for market-price deviation, ensuring that housing retains only its practical uses, preventing future housing crashes.

## 2. Beyond the Housing Crisis: Unmasking Rhetoric and Reality

Although it is not usually Marxians, but rather Foucauldian postmodernists, who express criticism against ideologies that strategically utilise linguistic semantics and euphemism in their rhetoric,<sup>43</sup> it is worth noting that the term "housing crisis" can be considered

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<sup>39</sup> Mignolo, Walter. "The many faces of cosmo-polis: Border thinking and critical cosmopolitanism." *Public culture* 12, no. 3 (2000): 726.

<sup>40</sup> Marx, Karl. *Das Kapital: A Critique of Political Economy*. Washington, D.C.: Eagle, 1996.

<sup>41</sup> Fictitious capital refers to financial assets that represent future claims on wealth or income, such as stocks, bonds, and other financial instruments, whose value is derived not from tangible assets or productive activities but from market speculation and expectations.

<sup>42</sup> Marcuse, Peter, and David Madden. 2016. *In Defense of Housing: The Politics of Crisis*. London: Verso Books, 16.

<sup>43</sup> Miller, Seumas. "Foucault on discourse and power." *Theoria: A Journal of Social and Political Theory* 76 (1990): 115-125.

a misnomer insofar as the *ethos*<sup>44</sup> of a “crisis” suggests a temporary departure from the norm, not a permanent state of affairs.<sup>45</sup> As per the dominance of orthodox economic epistemologies, a “housing crisis” is colloquially regarded as a result of deficient housing policy, which can presumably be rectified through targeted policy revision conducted by liberal, wonk economists.<sup>46</sup>

Nonetheless, the term “crisis” is, at best, a euphemism, given that advocates for linguistic neutrality are often “unknowingly... dedicated to the support of the status quo.”<sup>47</sup> At worst, it is willfully deceptive, considering that a steady, entrenched system which “serves all but one group is not in a state of crisis.”<sup>48</sup> Indeed if the latter explanation is true, the present housing situation in Vancouver, and the global-north generally, can be seen as a mode of housing allocation functioning exactly as intended, that is, to serve “someone or some purpose,”<sup>49</sup> with the “someone” in question being the landlord class.<sup>50</sup>

Linguistic grievances aside, Marxian analysis, similar to the perspective of Tii Thul'p, acknowledges the distinct characteristics of land, and by extension, housing, as a commodity even within its own purview of the LTOV. The LTOV, traditionally posits that the exchange-value of a commodity is determined by the total amount of Socially Necessary Labour Time (SNLT) invested in its production.<sup>51</sup> To be sure, a commodity's exchange-value is related to but not the same as its market-price, as Marx posits: “the imaginary [market]price-form may sometimes conceal either a direct or indirect real [exchange]value-relation.”<sup>52</sup> Under this framework, market-price, unlike exchange-value, is not determined by a commodity's SNLT but rather refers only to the monetary amount a commodity is sold for in the market. Therefore, exchange-value consistently represents the SNLT inherent in a commodity, while market-price can vary due to various factors. As a result, a commodity's market-price may not always align with its underlying exchange-value.<sup>53</sup> Reiterated, exchange-value refers to price at equilibrium and although these equilibrium prices are present in the markets, the actual market-prices we observe often do not match them exactly and tend to fluctuate around these levels. Nonetheless, when exchange-value and market-price fluctuate significantly, it can lead to market instability and inefficient production. These fluctuations are argued to exacerbate economic inequalities and lead to speculative bubbles and crashes, further distorting economic signals and potentially resulting in significant economic downturns.<sup>54</sup>

Given this distinction between exchange-value and market-price, it is important to clarify that acknowledging the limitations of a commodified housing model does not negate the influence of the “supply-demand” paradigm of orthodox economists on the literal market-

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<sup>44</sup> Ethos is used here not as a rhetorical appeal to emotion rather defined as essence, referring to the underlying character, values, or fundamental spirit.

<sup>45</sup> Tranjan, R. (2023). *The Tenant Class*. Between the Lines.

<sup>46</sup> Marcuse, Peter, and David Madden. *In Defence of Housing: The Politics of Crisis*. Verso Books, 2016.

<sup>47</sup> Tranjan, R. (2023). *The Tenant Class*. Between the Lines. 1.

<sup>48</sup> Tranjan, R. (2023). *The Tenant Class*. Between the Lines. 1.

<sup>49</sup> Cox, Robert W. “Social forces, states and world orders: beyond international relations theory.” *Millennium* 10, no. 2 (1981): 126.

<sup>50</sup> Tranjan, R. (2023). *The Tenant Class*. Between the Lines.

<sup>51</sup> Marx, Karl. *Das Kapital: A Critique of Political Economy*. Washington, D.C.: Eagle, 1996.

<sup>52</sup> Marx, Karl. “Chapter Three: Money, Or the Circulation of Commodities, Section 1: The Measure of Values.” Marxists Internet Archive. <https://www.marxists.org/archive/marx/works/1867-c1/ch03.htm>

<sup>53</sup> Mattick, Paul. “Value and Price.” *Science & Society* 23, no. 4 (1959): 289-297.

<https://www.marxists.org/archive/mattick-paul/1959/value-price.htm>

<sup>54</sup> Yaffe, David. “Value and Price in Marx's *Capital*.” 1974. Accessed January 17, 2023.

<https://www.marxists.org/subject/economy/authors/yaffed/1974/valueandpriceinmarxcapital.htm>

price of housing. The market-price of housing is indeed affected by supply and demand dynamics, but this does not necessarily reflect the true exchange-value of housing, which orthodox economists fail to distinguish. Marx emphasises this in his work “Value, Price and Profit,” where he asserts: “the oscillations of market prices, rising now over, or sinking now under the [exchange]value... depend upon the fluctuations of supply and demand.”<sup>55</sup>

In the context of Vancouver, the housing market is characterised by an increasing trend of monopolisation and oligopolization in the rental sector.<sup>56</sup> This concentration of market power among fewer rentiers has significant implications for housing availability and affordability as per Marx’s theory of absolute rent. These rentiers often engage in practices such as deliberately keeping homes vacant, which creates artificial scarcity. This scarcity, in turn, allows these rentiers to drive up rental costs, exacerbating the affordability crisis in the housing market.<sup>57</sup> Further, this practice highlights a divergence between the market-price of housing, driven by manipulated supply and artificially curated demand, and the intrinsic exchange-value of housing, which reflects a house’s SNLT. The manipulation of the housing market by the rentier, or landlord class, demonstrates the need for a critical examination of housing as a commodity and the exploration of alternative models, such as decommodification, to address the distortions and inequities in the housing market insofar as significant deviations between housing’s exchange-values and market-prices are likely to end in economic collapse.

### 3. Land as Fictitious Commodity: Unravelling Urban Housing Economics

Having gone over the differences between market-price and exchange-value, a distinction neglected by most orthodox economists, land, which is ontologically bound to the housing-commodity, still seemingly transcends Marx’s LTOV insofar as it contains no SNLT embedded within it and is instead “only another name for nature, which is not produced by man”<sup>58</sup>. Reiterated, land represents a unique commodity, not just as per its finite nature but also insofar as the emergence of land as a resource does not necessitate labour power, with the exception of certain specialised cases such as the creation of artificial islands.<sup>59</sup> For these reasons, political economist Karl Polanyi, who, while not strictly a Marxist but rather Marxist-adjacent,<sup>60</sup> designates land as a “fictitious commodity.”<sup>61</sup> This assertion does not negate the presence of SNLT within the concept of ‘housing’ entirely. To be sure, a house, as a commodity distinct from the land it is situated on, necessitates significant labour. This includes the SNLT inherent in the means of production (MoP) that encompasses both the SNLT embedded in the constant capital (technologies of production) used in building the house,<sup>62</sup> as well as the domestic labour involved in (re)producing and maintaining the variable capital (construction worker’s labour power) needed for construction.<sup>63</sup> Nonetheless, it is important to note that two identical dwellings, each embodying an equivalent amount of SNLT, can exhibit substantial

<sup>55</sup> Marx, Karl. “Value, Price and Profit.” In *Economic Manuscripts*. Accessed January 23, 2024. <https://www.marxists.org/archive/marx/works/1865/value-price-profit/ch02.htm#c6>

<sup>56</sup> Statistics Canada. “Investment Status of Residential Properties.” Table 46-10-0070-01. Released October 18, 2023.

<sup>57</sup> Grant, Alex. “The Marxist Theory of Rent.” Lecture, YouTube video. Posted by “Révolution communiste,” June 17, 2022. <https://www.youtube.com/watch?v=3QcFx1zv95o>

<sup>58</sup> Polanyi, Karl. 1944. *The Great Transformation*. Boston: Beacon Press, 74.

<sup>59</sup> Schaffer, Sierra. “The ‘World’ Is Sinking Back Into The Sea, Dubai’s World Islands That Is.” Archived from the original on May 24, 2016.

<sup>60</sup> Luban, Daniel. “The Elusive Karl Polanyi.” *Dissent Magazine*, Spring 2017.

<sup>61</sup> Polanyi, Karl. 1944. *The Great Transformation*. Boston: Beacon Press.

<sup>62</sup> Marx, Karl. *Capital: Volume I*. Penguin UK, 2004.

<sup>63</sup> Federici, Silvia. *Caliban and the Witch*. Autonomedia, 2004.

differences in market-price when situated in divergent locations. In the context of Vancouver's diverse real estate market, it is pertinent to analyse the disparities in market-prices, ostensibly commensurate in terms of SNLT, between distinct neighbourhoods such as the West-end, characterised by its high property values, and the Hastings-Sunrise neighbourhood, known for its relatively lower housing costs.<sup>64</sup> Certainly, if the two lands under consideration were used for commodity production, not habitation, the disparity in production costs between these two areas, relative to the average production cost, would influence the variation in market-price of their ground rent, in line with Marx's concept of differential rent.<sup>65</sup> Nonetheless, urban residential tenancy, when used solely for living purposes, does not play a direct role in economic productivity, excluding the reproduction of labour power itself.<sup>66</sup> Yet, although the reproduction of labour power typically happens within one's home, it does not embed its value into the housing commodity nor the land it is situated on. Thus, the deviation between both of these hypothetical houses' market-prices despite retaining equal amounts of SNLT implies that factors beyond labour alone influence the pricing of housing, which further corroborates the atypicality of land reaffirming its designation as a fictitious commodity. From the perspective of a marginalist economist, this deviation in market-prices without deviation in "house-commodities" labour inputs might seem to discredit Marx's LTOV.<sup>67</sup> However, understanding the difference between market-price and exchange-value exposes a more complex, and deliberately *mystified*,<sup>68</sup> phenomenon.

#### 4. Industrial Capital Versus Speculative Housing: Dual Modes of Accumulation

To better understand how land, and housing by extension, should be regarded as a fictitious commodity, it is advisable to consult Volume 1 of Marx's *Das Kapital*.<sup>69</sup> In this text, Marx explores the dialectically opposed dual roles, or competing valuations of money: as (1) a facilitator of exchange (its exchange-value) and (2) as a store of value (its use-value).<sup>70</sup> It must be noted that "money," not unlike "land," may also be considered a fictitious commodity insofar as its exchange-value is also not reflective of its SNLT and instead "comes into being through the mechanism of banking or state finance."<sup>71</sup> Nonetheless, such caveat is not important for this document's analysis. Returning to the point at hand, Marx posits that money simplifies trade by providing a standard value measure, overcoming barter's limitations as a "universal equivalent."<sup>72</sup> Yet, because money is a superior store of value than other commodities which, as prior established, depreciate in value over time and can thus suffer crises of overaccumulation, there emerges a tendency among the bourgeoisie, or property

<sup>64</sup> Kergin, Brendan. "Map: Here are Vancouver's Cheapest Neighbourhoods to Rent this August." *Times Colonist*, August 8, 2023. Accessed January 17, 2024.

<sup>65</sup> Marx, Karl. "Chapter Thirty-Eight: Differential Rent II - Second Case: Rising Price of Production." In *Capital Volume III*. Marxists Internet Archive. Accessed January 18, 2024. <https://www.marxists.org/archive/marx/works/1894-c3/ch38.htm>

<sup>66</sup> Federici, Silvia. *Revolution at point zero: Housework, reproduction, and feminist struggle*. PM press, 2020.

<sup>67</sup> Menger, Carl. *Principles of Economics*. Glencoe, Ill.: Free Press, (1950): 121.

<sup>68</sup> Mystification, in a Marxist context, describes the obscuring or distortion of social and economic realities through ideological manipulation, making it difficult for individuals to perceive the true nature of capitalist relations and exploitation.

<sup>69</sup> Marx, Karl. *Das Kapital: A Critique of Political Economy*. Washington, D.C.: Eagle, 1996.

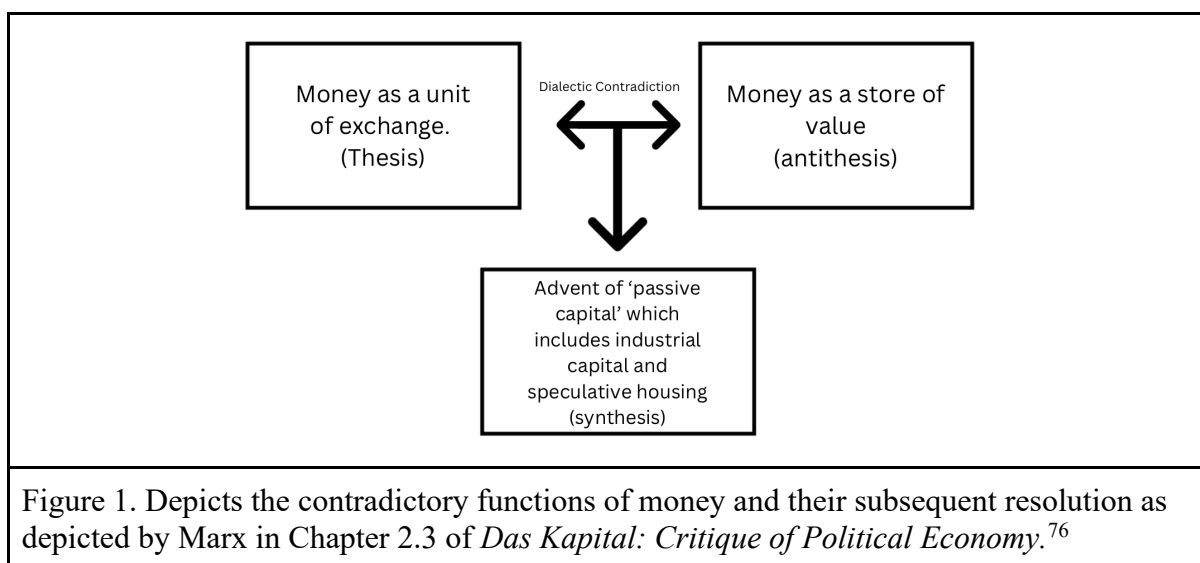
<sup>70</sup> Marx, Karl. *Das Kapital: A Critique of Political Economy*. Washington, D.C.: Eagle, 1996.

<sup>71</sup> Polanyi, Karl. 1944. *The Great Transformation*. Boston: Beacon Press, 74.

<sup>72</sup> Lapavistas, Costas. 2005. "The Universal Equivalent as Monopolist of the Ability to Buy." In *Marx's Theory of Money*, edited by Fred Moseley, 50-68. London: Palgrave Macmillan. [https://doi.org/10.1057/9780230523999\\_7](https://doi.org/10.1057/9780230523999_7)



owning class, to hoard it.<sup>73</sup> This hoarding contradicts money's function in facilitating exchange, creating a material contradiction. In line with Marx's thesis-antithesis-synthesis schema adopted from Hegelian dialectics,<sup>74</sup> material contradictions, such as that found within money's contradictory functions, lead to a temporary resolution or "synthesis."<sup>75</sup> From here, Marx posits that the contradictory nature of money's duelling functions is reconciled, or "synthesised," through the advent of passive investments which promise a Rate of Return (RoR) on a capitalist's initial investment. In this document, the term "passive investments" is defined in two distinct ways. First, (1) it can mean holding an ownership share in industry, which we categorise as "industrial capital." This refers to investing in industries where the investor does not actively contribute their labour-power in the industry's production. Second, (2) "passive investments" can also pertain to putting money into "speculative housing," where the investor expects to gain returns from real estate without contributing personal labour. However, it should be acknowledged that while other forms of passive investments exist, this analysis will focus solely on "industrial capital" and speculative "housing capital" for pragmatic purposes. As such, the notable characteristic of "passive investments" is that they involve the expectation of a rate of return (RoR) without the direct, active involvement or labour contribution of the bourgeois-investor (Fig 1).



Continuing, it is useful to briefly analyse Marx's basic cycle of commodity circulation from the viewpoint of a worker, or proletarian, coerced to sell their labour power, as unlike the bourgeoisie, they do not possess surplus capital for passive investment.<sup>77</sup> From this proletarian

<sup>73</sup> Marx, Karl. "Money." In *Critique of Political Economy*, Chapter 2, Section 3. Marxists Internet Archive. Accessed January 17, 2024. [https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02\\_3.htm](https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02_3.htm)

<sup>74</sup> Cooper, Rebecca. 1925. "The Logical Influence of Hegel on Marx." Accessed January 18, 2024. <https://www.marxists.org/reference/archive/cooper/hegel-marx/introduction.htm>

<sup>75</sup> Colletti, Lucio. "Marxism and the Dialectic." *New Left Review* 93, no. 4 (1975): 3-29.

<sup>76</sup> Marx, Karl. "Money." In *Critique of Political Economy*, Chapter 2, Section 3. Marxists Internet Archive. Accessed January 17, 2024. [https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02\\_3.htm](https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02_3.htm)

<sup>77</sup> Marx, Karl. "Money." In *Critique of Political Economy*, Chapter 2, Section 3. Marxists Internet Archive. Accessed January 17, 2024. [https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02\\_3.htm](https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02_3.htm)

perspective, where one must sell their labour power in order to survive, Marx posits that there is an assumed, albeit simplified, cycle of commodity-money-commodity ( $C \rightarrow M \rightarrow C$ ),<sup>78</sup> where one's labour power can be thought of as the initial commodity (C) insofar as it has been bought by their employer. This model outlines that under capitalism, the process of exchanging commodities and money involves workers selling their labour power, as a commodity (C), for wages (M), which they then use to purchase necessities like food and housing (C).<sup>79</sup> Orthodox economists, including those who previously attributed Vancouver's housing crisis wholly to supply and demand dynamics, may argue that every variable at each stage of this economic cycle is equal in exchange-value, although perhaps without explicitly referring to it as "exchange-value." For orthodox economists, this means that the wage a worker receives is assumed equivalent to the exchange-value of their contributed labour power, the commodities the worker purchases with their wage is assumed equal in exchange-value to the wage itself, and the exchange-value of the commodities purchased by the worker are again assumed equal to the exchange-value of their labour power.<sup>80</sup> As a caveat, it is notable that contemporary Marxists such as Silvia Federici suggest that Marx's original  $C \rightarrow M \rightarrow C$  schema may overlook the role of domestic labour in reproducing labour power;<sup>81</sup> however, we will ignore this stipulation for the time being.<sup>82</sup>

Continuing, let us reconceptualize Marx's  $C \rightarrow M \rightarrow C$  model from the perspective of a bourgeois-investor seeking a RoR via what we previously defined as "passive capital." In this situation, the model is inverted into  $M \rightarrow C \rightarrow M$ .<sup>83</sup> For this primary reconceptualization, let us assume that the bourgeois-investor decides to invest into an ownership share of an industry or "industrial capital," rather than choosing to invest in "speculative housing." As per this scenario, the initial monetary investment (M) is exchanged for an ownership share in a particular industry (C). This ownership includes a share of control over the industry's means of production, encompassing both *variable capital* (labour-power) and *constant capital* (technologies of production and raw materials).<sup>84</sup> These elements work together to produce goods and when these goods are sold, they generate an increased RoR on the original investment ( $M + \text{RoR}$ ). Nonetheless, if bourgeois-investors are enticed to invest with the promise of a RoR as a synthesis to the previously explored contradictory functions of money, the cycle from the perspective of the bourgeois-investor can be better conceptualised as

<sup>78</sup> Marx, Karl. "Money." In *Critique of Political Economy*, Chapter 2, Section 3. Marxists Internet Archive. Accessed January 17, 2024. [https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02\\_3.htm](https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02_3.htm)

<sup>79</sup> Marx, Karl. "Money." *Critique of Political Economy*, Chapter 2, Section 3. Marxists Internet Archive. Accessed January 17, 2024. Marx, Karl. "Money." In *Critique of Political Economy*, Chapter 2, Section 3. Marxists Internet Archive. Accessed January 17, 2024. [https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02\\_3.htm](https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02_3.htm)

<sup>80</sup> Marx, Karl. "Money." *Critique of Political Economy*, Chapter 2, Section 3. Marxists Internet Archive. Accessed January 17, 2024. Marx, Karl. "Money." In *Critique of Political Economy*, Chapter 2, Section 3. Marxists Internet Archive. Accessed January 17, 2024. [https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02\\_3.htm](https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02_3.htm)

<sup>81</sup> Federici, Silvia. *Caliban and the Witch*. Autonomedia, 2004.

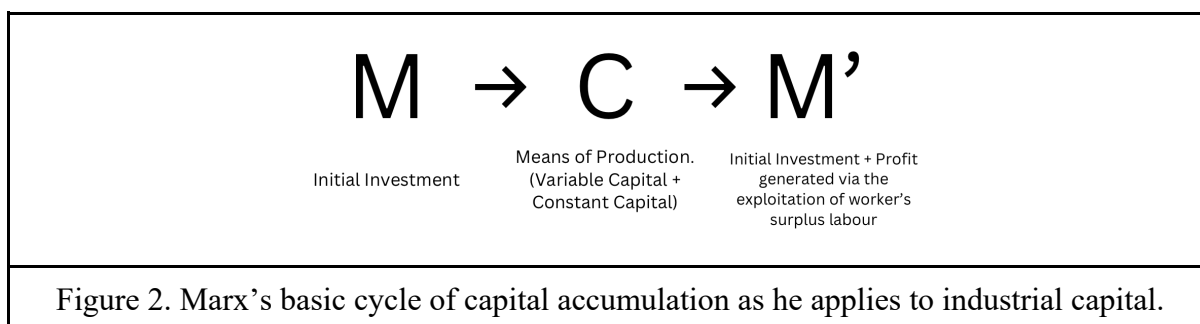
<sup>82</sup> The neglect of domestic labour in commodity production tends to be a recurring theme in both Marx's and Engels' analyses.

<sup>83</sup> Marx, Karl. "Money." In *Critique of Political Economy*, Chapter 2, Section 3. Marxists Internet Archive. Accessed January 17, 2024. [https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02\\_3.htm](https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02_3.htm)

<sup>84</sup> Marx, Karl. "Money." In *Critique of Political Economy*, Chapter 2, Section 3. Marxists Internet Archive. Accessed January 17, 2024. [https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02\\_3.htm](https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02_3.htm)

$M \rightarrow C \rightarrow (M + \text{RoR})$ , which Marx simplifies to  $M \rightarrow C \rightarrow M'$ , where  $M'$  is greater than  $M$ .<sup>85</sup> This raises a question: if, as orthodox economists may believe, every variable in the  $C \rightarrow M \rightarrow C$ , and  $M \rightarrow C \rightarrow M$  configurations are equivalent in exchange-value, how can  $M'$  be greater than  $M$ ?

This dialectic contradiction challenges the orthodox economists' belief in the equivalence of exchange-value at each stage of the commodity exchange process. Indeed, Marx's response to such contradiction asserts that each variable is in fact not equivalent and the increase in any given industry's RoR, or "profit," that has been generated is equal to the theft of industry's workers' surplus labour value.<sup>86</sup> That is, that the RoR of investment into industrial capital, reflects the difference between what workers are paid and the actual exchange-value they create through their labour with this difference being referred to as "surplus value," "profit" or "RoR" depending on your class interests (Fig 2) and that the obfuscation of these exploitative relations of production can be regarded as a *fetishization*<sup>87</sup> of industrial capital.



Revisiting the concept of housing as a "fictitious commodity," let's re-examine the previous scenario again from the perspective of a bourgeois-investor. However, in this iteration, we will assume that the bourgeois-investor decides to channel their funds into speculative housing rather than industrial capital. As a caveat, this analysis requires conjecture as Marx's ruminations on the cyclicity of tenancy-rent were largely unfinished before his passing.<sup>88</sup> Caveat aside, as per this situation, the cycle would again be represented as  $M \rightarrow C \rightarrow M'$ , and again  $M' > M$ . However, this time the initial investment ( $M$ ) is spent on purchasing housing-capital ( $C$ ). When the housing appreciates in value, and if the property is eventually sold, the investor then acquires ( $M + \text{RoR}$ ), again denoted as  $M'$ . Yet where does this RoR come from if nothing has been produced? Certainly, if the RoR is viewed solely in terms of market-price untethered to exchange-value, a portion of the RoR can be attributed to their tenant's monthly rent. However, as long as the extraction remains devoid of production—excluding remedial upkeep, and the reproduction of labour power, which is exploited by the tenant's employer rather than their landlord—the house-commodity cannot be said to have increased in exchange-value. Therefore, the extracted rent transcends *exploitation*<sup>89</sup> and instead

<sup>85</sup> Marx, Karl. "Money." In *Critique of Political Economy*, Chapter 2, Section 3. Marxists Internet Archive. Accessed January 17, 2024. [https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02\\_3.htm](https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/ch02_3.htm)

<sup>86</sup> Marx, Karl. *Das Kapital: A Critique of Political Economy*. Washington, D.C. Eagle, 1996.

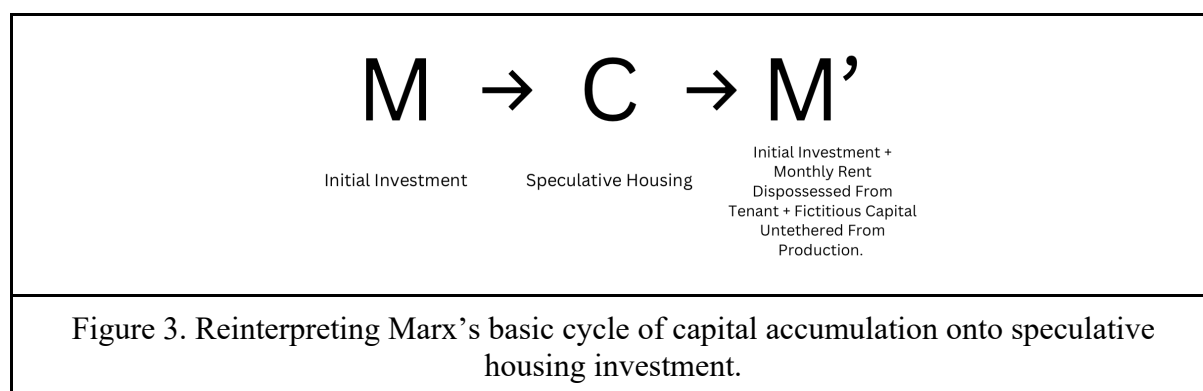
<sup>87</sup> Fetishization, in Marxian theory, refers to the obfuscation of a commodity, or capital's relations of production.

<sup>88</sup> Marx, Karl. *Capital: Volume III*. Penguin UK, 1992.

<sup>89</sup> Exploitation, in Marxian theory, refers to the process by which capitalists extract surplus value from the labour of workers, who are not fully compensated for their contribution to the production of goods and services.

constitutes a form of *dispossession*.<sup>90</sup> Furthermore, even in situations where the habitation is vacant, the bourgeois-investor, or rentier can still expect a RoR insofar as housing, unlike other commodities, appreciates in value.<sup>91</sup> In Vancouver, this appreciation, or the cumulative annual growth rate (CAGR), accounting for inflation, between January 2005 and December 2023 has been around 6.5%, signifying an increase of approximately 231% over this time frame.<sup>92</sup>

The expectation of an investment appreciation on housing implies that the RoR has been accumulated devoid of any increase in labour, and consequently, devoid of any increase in exchange-value. Consequently, this RoR, in terms of its rent component, serves to directly dispossess tenants of their earnings (which, if the tenant is a member of the proletariat class, their earnings have already been garnished by their employer via the theft of their surplus labour value). Furthermore, the RoR also represents a fictitious form of return, in the sense that it refers to “money that is thrown into circulation as capital without any material basis in commodities or productive activity.”<sup>93</sup> This augmentation in market-price, perceived as a type of fictitious capital, implies a continuously widening disparity between the exchange-value of a house and its market-price (Fig. 3).



Comparing these two cycles of passive capital accumulation (industrial capital and speculative housing) discredits the Proudhonist belief that “as the wage worker in relation to the capitalist, so is the tenant in relation to the house owner.”<sup>94</sup> Indeed, in reality one relation is characterised by exploitation and the other by dispossession. Reiterated, the relationship between the bourgeoisie and the landlord, as understood through the investment of industrial capital, is characterised by exploitation. This is because the process is inherently linked to production, and the surplus-value of the thing produced is kept by one’s employer. On the other hand, the relationship between the landlord and the tenant is defined by dispossession, as it involves no production outside of the reproduction of labour power which does not embed itself into the house-commodity, and consequently, the house-commodity does not generate any new exchange-value. In other words, the landlord contributes no labour, exploits their tenant of no labour, and somehow, still receives an RoR in the form of monthly rent and

<sup>90</sup> Dispossession, in Marxist theory, describes the process by which capitalists acquire and control resources and means of production, often through the exclusion or marginalisation of others, particularly the working class.

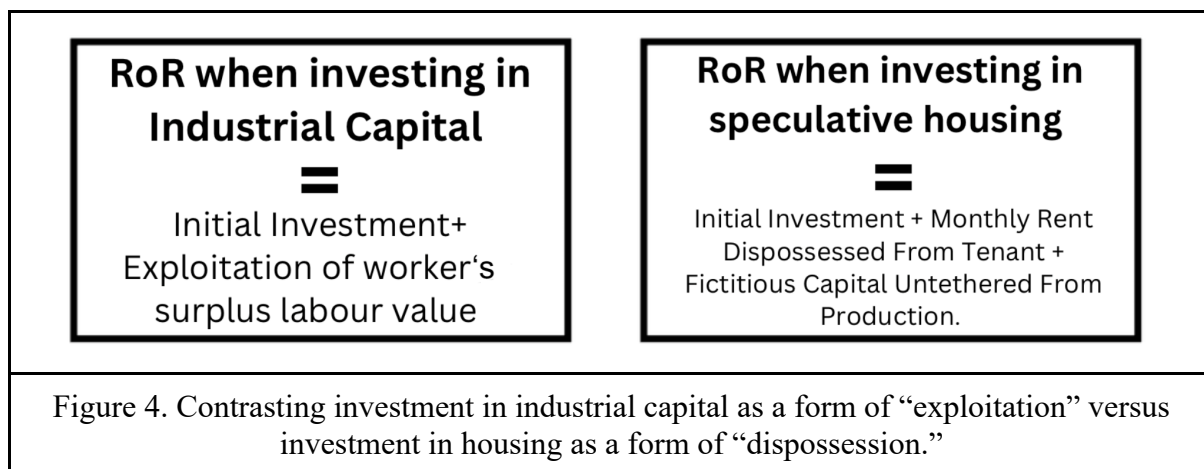
<sup>91</sup> Tranjan, Ricardo. *The Tenant Class*. Between the Lines, 2023.

<sup>92</sup> WOVA.ca. “Vancouver Housing Market: Jan. 6th, 2024 Update | Map Regional Breakdown.” Accessed January 21, 2024. <https://wowa.ca/vancouver-housing-market>

<sup>93</sup> Harvey, David. *The limits to capital*. Verso books, 2018.

<sup>94</sup> Engels, Friedrich, and C.P. Dutt. 1935. *The Housing Question*. Vol. 23. New York: International Publishers, 1.

fictitious CAGR. Indeed, Friedrich Engels, Marx's frequent collaborator corroborates this prescription in asserting that the relationship of exploitation between the bourgeoisie and the proletariat is one in which "extra [exchange]value is produced."<sup>95</sup> Contrasting, he posits that the relation between a landlord and tenant is wholly different insofar as it reflects "a transfer of already *existing*, previously *produced* [exchange]value, and the total sum of [exchange]values possessed by the landlord and the tenant *together* remains the same after as it was before."<sup>96</sup> Admittedly, as per this quote, Engels, not unlike Marx, also failed to consider the (re)production of labour-power occurring within one's domicile insofar as the "total sum"<sup>97</sup> should not be thought of as the "same after as it was before"<sup>98</sup> if we can measure the exchange-value of labour power itself by the SNLT of domestic labour required to produce it. Nonetheless, since this increase in exchange-value is exploited by the tenant's employer and not embedded in the housing commodity itself, it still cannot be said that the house-commodity has increased in exchange-value. Consequently, housing relies on accruing returns through the dispossession of tenants and through the emergence of fictitious capital, leading to a situation where the market-price of a house significantly exceeds its exchange-value. If this divergence continues unchecked and is replicated on a large scale, it has the potential to trigger serious economic detriment. (Fig. 4).



## 5. Dispossession, Exploitation and Differential Ground Rent

Considering that investment into housing as a form of capital accumulation both dispossesses tenants of their already expropriated wages (*if* the tenants are members of the proletariat class) as well as introduces swaths of fictitious capital into the economy, there are two primary arguments to be made in favour of decommodifying housing, one normative, and one analytical. Firstly (1), *accumulation by dispossession* can be considered a more predatory form of capital accumulation compared to exploitation insofar as it reflects a direct seizure of resources and, as political geographer David Harvey suggests, is significantly more efficient in

<sup>95</sup> Engels, Friedrich, and C.P. Dutt. 1935. *The Housing Question*. Vol. 23. New York: International Publishers, 1.

<sup>96</sup> Engels, Friedrich, and C.P. Dutt. 1935. *The Housing Question*. Vol. 23. New York: International Publishers, 1.

<sup>97</sup> Engels, Friedrich, and C.P. Dutt. 1935. *The Housing Question*. Vol. 23. New York: International Publishers, 1.

<sup>98</sup> Engels, Friedrich, and C.P. Dutt. 1935. *The Housing Question*. Vol. 23. New York: International Publishers, 1.

accumulating capital as compared to the exploitation of workers' surplus labour value.<sup>99</sup> Further, given housing's appreciating market-price, housing as a commodity cannot be subject to crises of overaccumulation, and thus becomes increasingly hoarded<sup>100</sup> and additionally, given the nature of land as a fixed resource, also becomes increasingly monopolised and oligopolized, creating new avenues for artificial market-price inflation through artificial scarcity as per Marx's theory of absolute rent.<sup>101</sup> Consequently, due to the enhanced efficiency of dispossession in amassing capital and the capacity of housing to evade crises of overaccumulation, speculative housing becomes a preferable investment to industrial capital, reducing an economy's rate of production. Further, the speculative housing-capital, although in the form of fictitious housing-capital, becomes more rapidly concentrated in the hands of fewer individuals. For this reason, "housing and commercial real estate have become the commodity of choice for commercial finance."<sup>102</sup> This not only reduces an economy's productive output, since investment is wholly devoid of production, but also hastens the pace of wealth inequality growth beyond the level achievable solely through the exploitation of worker labour value.<sup>103</sup> In Canada, for example, in 2023 the top 20% of the wealthiest individuals held a substantial majority (67.8%) of the nation's net worth,<sup>104</sup> which includes housing. In contrast, the bottom 40%, representing the least wealthy segment, accounted for a mere 2.7%,<sup>105</sup> a disparity, which as per this document's analysis could have been minimised, or at least temporally displaced,<sup>106</sup> via the decommodification of housing.

Nonetheless, a Proudhonist, extrapolated from Arthur Mülberger's musings in 1872,<sup>107</sup> may posit that a tenant's payment of rent does not constitute dispossession in the conventional sense, given that the rent remitted to a landlord might be interpreted as a further expropriation of a worker's surplus value, redirected towards the landlord instead of their employer.<sup>108</sup> This concept might be understood by envisioning a scenario where, rather than paying rent, a tenant's salary is reduced, and the deducted amount is directly paid to the landlord, thereby exacerbating the worker's rate of exploitation (ROE), reflected by Marx as the ratio between a worker's wage (variable capital, or "V") and the surplus value (S) they produce ( $ROE = S/V$ ).<sup>109</sup> Still, two critical issues with this theoretical framework are (1) its tendency to homogenise the role of landlords and business owners by depicting them as a monolithic group

<sup>99</sup> Harvey, David. "The New Imperialism: accumulation by dispossession." In *Karl Marx*, 213-237. Routledge, 2017.

<sup>100</sup> Grant, Alex. "The Marxist Theory of Rent." Lecture, YouTube video. Posted by "Révolution communiste," June 17, 2022. <https://www.youtube.com/watch?v=3QcFx1zv95o>

<sup>101</sup> Das, Debarshi. "A Model of the Marxist Rent Theory." *UMass Amherst Economics Working Papers*, no. 248 (2018). <https://doi.org/10.7275/12237530>

<sup>102</sup> Farha, Leilani. "Housing is a Human Right, Not a Commodity." *The Globe and Mail*, March 30, 2017. <https://www.theglobeandmail.com/opinion/if-housing-was-a-human-right-the-bubbles-would-burst/article34492283/>

<sup>103</sup> Harvey, David. "The New Imperialism: accumulation by dispossession." In *Karl Marx*, 213-237. Routledge, 2017.

<sup>104</sup> Statistics Canada, "Distributions of Household Economic Accounts for Income, Consumption, Saving and Wealth of Canadian Households, First Quarter 2023," released July 4, 2023.

<sup>105</sup> Statistics Canada, "Distributions of Household Economic Accounts for Income, Consumption, Saving and Wealth of Canadian Households, First Quarter 2023," released July 4, 2023.

<sup>106</sup> Subaşı, Erol. "David Harvey and Bob Jessop on Spatio-Temporal Fixes." *Idealkent* 11, no. 30 (2020): 701-716.

<sup>107</sup> Mülberger, Arthur *Der Volkstaat*, February 10, 1872.

<sup>108</sup> Engels, Friedrich, and Clemens Palme Dutt. *The housing question*. Vol. 23. New York: International Publishers, 1935.

<sup>109</sup> Marx, Karl. "Chapter Eighteen: Various Formula for the Rate of Surplus-Value." In *Capital Volume One*. Accessed January 20, 2024. <https://www.marxists.org/archive/marx/works/1867-c1/ch18.htm>

that collectively accumulates a shared pool of capital not unlike a feudal mode of production<sup>110</sup>, as well (2) as the framework assumes that every tenant necessarily pertains to the proletarian class.<sup>111</sup> In reality, as stated by Engels “even if [the renter] has to buy this credit from the house owner himself at a usurious price as an addition to the rent. It is a simple commodity sale; it is not an operation between proletarian and bourgeois.”<sup>112</sup> Furthermore, in cases where land is explicitly tied to production—specifically, non-housing capital, such as in commercial, agricultural, or industrial rent situations—the interests of landlords and business owners are, in fact, diametrically opposed. This is because one’s rent is dispossessed by the other, and neither belongs to the proletarian class. To be clear, this does not mean that landlords and the business owners as capitalists are not opposed in a principled sense. Rather, as Marx states, “it is their material conditions of existence, two different kinds of property, the rivalry between [productive] capital and [non-productive] landed property” that constitutes their differences.<sup>113</sup>

Nevertheless, even if we accept the Proudhonists’ assertion that tenancy rent reflects an increased ROE, not dispossession, when an economy’s ROE rises, it also accelerates the transfer of capital into the possession of fewer people. Within a Proudhonist’s framework where rent is viewed as a form of *hyper-exploitation*<sup>114</sup> rather than dispossession, this group includes both the workers’ landlords and employers. Thus, regardless of how one conceptualises this paradigm, whether as one of hyper-exploitation or dispossession, what remains true is that the commodification of housing presupposes a predatory form of accumulation which in turn increases inequality. From a normative perspective, we *ought* not intensify the rate of inequality as a principle of fairness as corroborated by international law.<sup>115</sup>

Yet, from an analytical standpoint, this situation can be problematized via Marx's base-superstructure dialectic which, posits that a society’s economic base (the forces and relations of production) both shapes and maintains, and is in turn cyclically shaped and maintained by its superstructure (ideologies, culture, society). Here, rising inequality, as a material condition (the base), influences “what people are”<sup>116</sup>, notably alienated<sup>117</sup> and melancholic (the superstructure)<sup>118</sup>, which, in turn, cyclically reduces productivity and the rate at which value is produced (the base again), penalising not just the proletarian but also the bourgeoisie. Indeed, this dialectical contradiction is even corroborated by the undeniably neoliberal International Monetary Fund (IMF)<sup>119</sup>, which states that increased inequality “erode(s) social cohesion,”<sup>120</sup> and thus, lowers productivity.

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<sup>110</sup> Marx, Karl. “Chapter Twenty-Six: The Secret of Primitive Accumulation.” In *Capital Volume One*. Accessed January 20, 2024. <https://www.marxists.org/archive/marx/works/1867-c1/ch26.htm>

<sup>111</sup> Marx, Karl. “Chapter Twenty-Six: The Secret of Primitive Accumulation.” In *Capital Volume One*. Accessed January 20, 2024. <https://www.marxists.org/archive/marx/works/1867-c1/ch26.htm>

<sup>112</sup> Engels, Friedrich, and Clemens Palme Dutt. *The housing question*. Vol. 23. New York: International Publishers, 1935.

<sup>113</sup> Marx, Karl. “Chapter 3.” In *The Eighteenth Brumaire of Louis Napoleon*. DigiCat, 2023.

<sup>114</sup> Hyper-exploitation refers to an extreme and unethical level of exploitation where workers are subjected to intense, often degrading, working conditions with minimal compensation or regard for their well-being.

<sup>115</sup> United Nations. “Universal Declaration of Human Rights.” Article 25, sec. 1. December 10, 1948.

<sup>116</sup> Martin, James. “The rhetoric of the manifesto.” *The Cambridge companion to the communist manifesto* (2015): 55.

<sup>117</sup> Manoochehri, Jamileh. “Social Sustainability, Housing and Alienation.” *Smart Futures, Challenges of Urbanisation, and Social Sustainability* (2018): 49-67.

<sup>118</sup> Harnecker, Marta. “Base and Superstructure.” *Elementary Concepts of Historical Materialism* (1976): 32-35.

<sup>119</sup> Toft, Jessica. “Neoliberalism.” In *Encyclopedia of Social Work*. 2021.

<sup>120</sup> Introduction to Inequality.” International Monetary Fund. Accessed January 19, 2024. <https://www.imf.org/en/Topics/Inequality/introduction-to-inequality>

The second argument (2) for decommodifying housing focuses on the part of a housing investment's RoR that is not linked to a tenant's rent. This refers to the rise in the market-price of housing, completely detached from production and its SNLT. As a result, this increase can only be viewed as a form of fictitious capital presupposing an increasing-disconnect between housing's exchange-value and market-price. Indeed, we know this fictitious capital exists, because as stated prior, even vacant properties generate a RoR despite that fact, that as best articulated by Marx, "where there is no [exchange]value, there is also *eo ipso* nothing to be expressed in money,"<sup>121</sup> and properties used wholly for habitation are untethered from production (again, this excludes the reproduction of labour-power itself, which does not manifest its exchange-value into the housing commodity).<sup>122</sup> Further, as per Marx's theory of ground rent, even forms of rent that are more explicitly tied to production such as commercial/industrial/agriculture rent that may possess a natural feature that enhances productivity, and can derive exchange-value from the disparity between the amount of SNLT required to produce a commodity on that land and the average amount of SNLT needed on less productive land<sup>123</sup> still see annual increases in market-price far surpassing inflation despite the land in question not adopting any novel "natural features" that may enhance production. In fact, due to capitalism's furthering of the metabolic rift characterised by over-exploitation of the environment, soil depletion, loss of biodiversity, and other forms of ecological damage, the natural productivity boosters of urbanised land, such as that in Vancouver, on average are being exhausted, rather than replenished.<sup>124</sup> In urban centres, regarding both commercial and non-commercial habitation rent, this metabolic rift's differential depreciation of its exchange-value, despite its "artificial" appreciation in market-price, is corroborated by Friedrich Engels, who states, "the growth of the big modern cities [including Vancouver which is one of Canada's fastest urbanising cities<sup>125</sup>] gives the land in certain areas, particularly in those which are centrally situated, an artificial and often colossally increasing value; the buildings erected on these areas depress this value, instead of increasing it."<sup>126</sup>

This is not to say that there are no situations whereby additional capital is infused into land to increase its differential productivity, via say fertilisers for example, something Marx refers to this as differential rent two (DR2), as opposed to differential rent one (DR1) which, as explored prior, accounts only for the productivity boosters of a given plot of land's natural features.<sup>127</sup> However, given that DR2 primarily pertains to non-urban agricultural land, and excludes house-commodities, its integration is not useful in our analysis.

Thus, considering the aforementioned factors, it can be concluded that in urban settings such as Vancouver, there is an increasing divergence between the exchange-values and market-prices of both commercial and noncommercial rent, a result of the infusion of fictitious capital

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<sup>121</sup> Marx, Karl. "Chapter Thirty-Eight: Differential Rent II - Second Case: Rising Price of Production." In *Capital Volume III*. Marxists Internet Archive. Accessed January 18, 2024.

<sup>122</sup> Currie, P. 2018. "A Wondrous Spectacle." In *Rent and Its Discontents*, edited by N. Gray, 3-16. London: Rowman & Littlefield.

<sup>123</sup> Marx, Karl. "Chapter Thirty-Eight: Differential Rent II - Second Case: Rising Price of Production." In *Capital Volume III*. Marxists Internet Archive. Accessed January 18, 2024.

<sup>124</sup> Saito, Kohei. "Marx's theory of metabolism in the age of global ecological crisis." *Historical materialism* 28, no. 2 (2020): 3-24.

<sup>125</sup> Chan, Kenneth. "Metro Vancouver's Population Could Reach 3 Million in 2024." *Urbanized*, January 15, 2024. <https://dailyhive.com/vancouver/metro-vancouver-population-forecast-2024>

<sup>126</sup> Engels, Frederick. "The Housing Question." Marxists Internet Archive. Accessed January 22, 2024. <https://www.marxists.org/archive/marx/works/1872/housing-question/ch01.htm>

<sup>127</sup> Marx, Karl, and Frederick Engels. *Marx & Engels Collected Works Vol 37: Karl Marx Capital: Volume 3*. Lawrence & Wishart, 1998.



into the economy. This divergence might be interpreted by orthodox economists as a “housing bubble”<sup>128</sup>. In this sense, Marx’s LTOV, which is rejected by “most [orthodox] economists — including many who are committed Marxists”<sup>129</sup> — may be the most apt way of conceptualising how and why such bubbles happen.

## 6. Exchange Value Versus Market Price, Housing Bubbles and Crashes

An escalating disparity between the exchange-value and market-price of a commodity, particularly regarding a commodity of subsistence such as housing, can precipitate substantial detrimental effects. For instance, Marxian geographer David Harvey attributes the 2008 financial housing crash, which indeed did impact Vancouver, albeit to a lesser extent compared to the United States (U.S.),<sup>130</sup> to these kinds of divergences. Nevertheless, this case study provides a relevant caution regarding the risks associated with allowing the market-prices of dwellings, or any commodity for that matter, to significantly surpass their exchange-values.

Harvey's analysis of the 2008 housing crash can again be conceptualised through Marxian dialectics, highlighting another of capitalism’s internal contradictions. The contradiction in question involves the capitalist’s drive to maximise profits, leading to a disproportionate investment in constant capital (automation, technology and raw materials) over variable capital (labour power). This situation presents a dialectical contradiction: if variable capital represents the wages of the working class, then reducing these wages results in a diminished capacity for the working class to purchase the commodities that the bourgeois class aims to sell. This creates a conflict between the capitalists' pursuit of profit and the sustainability of their consumer market.<sup>131</sup> This contradiction, identified by Harvey, can be thought of as a contemporary reimagining of Marx’s explanation for the tendency of the rate of profit to fall (TRPF), which posits that a disproportionate investment into constant capital over variable capital tends to reduce an economy’s rate of profit.<sup>132</sup>

Continuing to follow the thesis-antithesis-synthesis schema, Harvey posits that the solution, or “synthesis” to such contradiction was the increased ease of consumer credit and mortgage finance via interest-rate reductions, a measure undertaken not just in the U.S. but also paralleled by the Bank of Canada.<sup>133</sup> Indeed, the exacerbation of consumer credit and mortgage finance presupposing a novel, albeit fictitious, money-pool for the working-class permitted workers to: (1) continue purchasing their means of subsistence to sustain their labour-power for the bourgeoisie to exploit, (2) acquire products sold by the bourgeoisie, thus generating profits for this class, and (3) allow the bourgeoisie to collect an additional RoR via interest, although admittedly a Keynesian-informed reduction in interest-rates is what stimulated the exacerbation of consumer lending, thus the bourgeoisie’s collection of interest was hardly the

<sup>128</sup> “Real Estate Bubble: Myth or Reality?” National Bank. National Bank of Canada. March 5, 2021.

<sup>129</sup> Burgis, Ben. “Karl Marx Was Right: Workers Are Systematically Exploited Under Capitalism.” *Jacobin Magazine*, 2022.

<sup>130</sup> Rozworski, M. (2019, June 14). The roots of our housing crisis: Austerity, debt and extreme speculation. Policy Note. Retrieved from <https://www.policynote.ca/the-roots-of-our-housing-crisis-austerity-debt-and-extreme-speculation>

<sup>131</sup> Harvey, David. “The Crisis of Capitalism.” Lecture, RSA, 8 John Adam Street, London, April 26, 2010. Unedited transcript.

<sup>132</sup> Marx, Karl. *Capital, Vol. III*, Chapter 13: “The Law As Such.” Marxists Internet Archive. Accessed January 20, 2024. <https://www.marxists.org/archive/marx/works/1894-c3/ch13.htm>

<sup>133</sup> Bank of Canada. “A Chronology of Crisis Response Measures.” Accessed January 20, 2024. <https://www.bankofcanada.ca/markets/market-operations-liquidity-provision/a-chronology-of-crisis-response-measures/>

primary motivator for the increased ease of procuring consumer credit.<sup>134</sup> Nonetheless, the increased accessibility of consumer lending, whether in the form of consumer credit or mortgage finance, existed only as *fictitious capital*, detached from tangible assets, and thus detached from any SNLT, which only embeds itself within tangible assets. Indeed, Marx himself describes the system of public credit during its advent throughout the Middle Ages as a form of both dispossession and fictitious capital insofar as “it endows barren money... and thus turns it into capital, without the necessity of its exposing itself to the troubles and risks inseparable from its [productive] employment in industry.”<sup>135</sup>

Following Marxist dialectics, each “synthesis” proposed as a resolution to a “thesis-antithesis” contradiction becomes itself a new thesis, and with it develops its own set of contradictions.<sup>136</sup> Harvey better articulates this idea in stating that “capitalism never solves its crises, it just moves them around”<sup>137</sup> either spatially or, in this case, temporally. As per Harvey’s analysis, the proliferation of fictitious capital intended to stimulate consumer spending, thereby boosting bourgeois earnings and resolving the prior examined contradiction, led to a novel “antithesis” of overspending fictitious capital, much of which was spent on housing-commodities. As a result, the housing market experienced a dramatic divergence between its housing-commodities’ market-prices and their exchange-values. This unsustainable growth culminated in a market collapse, precipitating a notable decline in median income levels and an escalation in poverty rates. Specifically, in the U.S., family net worth diminished by approximately 40% between 2007 and 2010, erasing the equivalent of 16 years of savings for numerous households (Fig 5).<sup>138</sup>

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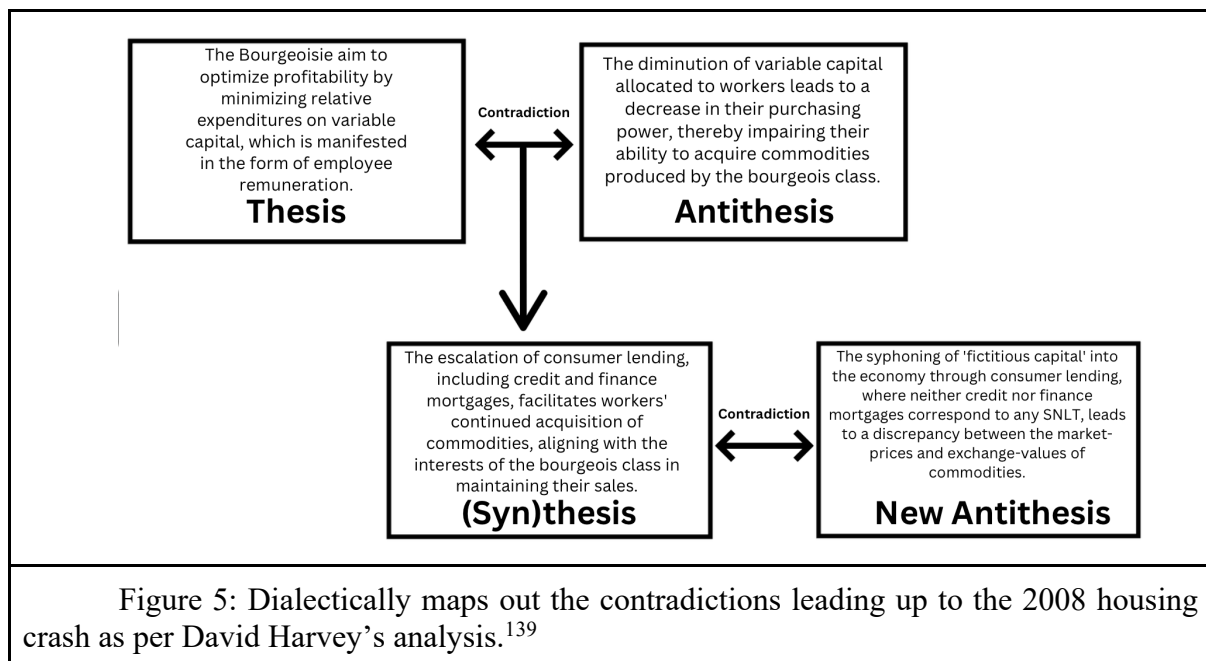
<sup>134</sup> Blakeley, Grace. *Stolen: How to Save the World from Financialisation*. Repeater, 2019, 195.

<sup>135</sup> Marx, Karl. “Chapter Thirty-One: Genesis of the Industrial Capitalist.” *In Capital Volume One*, 1867. Marxists Internet Archive. <https://www.marxists.org/archive/marx/works/1867-c1/ch31.htm>

<sup>136</sup> Cooper, Rebecca. 1925. “The Logical Influence of Hegel on Marx.” Accessed January 18, 2024. <https://www.marxists.org/reference/archive/cooper/hegel-marx/introduction.htm>

<sup>137</sup> Hardcastle, Edgar. “The Falling Rate of Profit.” *Socialist Standard*, June 1960. 3.

<sup>138</sup> Awan, Abdul Ghafoor. “Analysis of the impact of the 2008 financial crisis on the economic, political and health systems and societies of advanced countries.” *Global Journal of Management and Social Sciences* 1, no. 1 (2015): 1-16.



Admittedly, unlike 2008, the increasing gap between the exchange-values and market-prices of contemporary house-commodities in Vancouver is indicative not of individual home ownership but rather of an oligopolistic acquisition pattern by the rentier class, encompassing “wealthy families, small businesses, corporations, and financial investors.”<sup>140</sup> This is evidenced by the 2023 data from British Columbia, where 25.1% of all property types and 36.6% of condominiums were categorised as either vacant or rented “investment properties,” in stark contrast to only 8.7% that were “owner-occupied investment properties.”<sup>141</sup>

Nonetheless, Harvey's analysis of the 2008 housing crash proves useful for analysing the situation in Vancouver for two reasons. Firstly, (1) his analysis exemplifies the risks associated with the significant divergence between the market-price and exchange-value of housing. Secondly, (2) the housing crash, which resulted in widespread defaults on loans and loss of homeownership, which indeed occurred in Vancouver, although on a more limited scale when compared against the U.S., enabled speculative investors to rapidly acquire a substantial number of homes, effectively *dispossessing* them from their former-owners<sup>142</sup> and subsequently artificially reappraising their market-prices via speculation, artificial scarcity, gentrification,<sup>143</sup> or a form of state-invoked gentrification which Engels refers to as “Hausmannization.”<sup>144</sup> In this sense, the housing crash led to a reduction in the market-price of homes, aligning them more closely with their exchange-value. This transition enabled a significant reallocation of housing-capital from individual homeowners to private renters

<sup>139</sup> Harvey, D. (2018). Universal Alienation. *tripleC: Communication, Capitalism & Critique*, 16(2), 435. <https://doi.org/10.31269/triplec.v16i2.1026>

<sup>140</sup> Tranjan, Ricardo. 2023. *The Tenant Class*. Toronto: Between the Lines, 39.2

<sup>141</sup> Statistics Canada. “Investment Status of Residential Properties.” Table 46-10-0070-01. Released October 18, 2023. Accessed January 23, 2024.

<sup>142</sup> Tranjan, Ricardo. *The Tenant Class*. Between the Lines, 2023.

<sup>143</sup> Harvey, David. “The urban roots of financial crises: reclaiming the city for anti-capitalist struggle.” *Socialist register* 48 (2012).

<sup>144</sup> Engels, Friedrich. “The Housing Question.” In *Marx/Engels Collected Works, Vol. 23*. Accessed January 23, 2024. <https://www.marxists.org/archive/marx/works/1872/housing-question/ch02.htm>

which would then artificially re-evaluate the properties' market-price through artificial scarcity and other market-mechanisms.<sup>145</sup> Thus, because the crash had a limited, yet notable, impact on Vancouver, Harvey's analysis might, at least in part, shed light on the city's large transfer of housing-capital from home-owners into the hands of the rentier class following the crash.<sup>146</sup>

### 7. How the Hell Do We Fix This Mess?

Certainly, the continued injection of fictitious capital into the housing market via financial instruments, austerity politics and overvalued speculation which presupposes the growing disparity between housing's exchange-values and market-prices as well as the continued oligopolization of housing cannot continue. Undoubtedly, tenants have a vested interest in securing a standard of living that is conducive to the health and well-being of themselves and their families. This principle is supported by international human rights law, as demonstrated by Article 25(1) of the Universal Declaration of Human Rights<sup>147</sup> and Article 11(1) of the International Covenant on Economic, Social and Cultural Rights,<sup>148</sup> both of which identify housing as a fundamental human right. Yet beyond this, the contemporary housing model presents a paradox within the context of bourgeois interests. Analogous to the 2008 housing crisis, the substantial discrepancy between the market-prices of housing and their inherent exchange-values has resulted in widespread negative repercussions for the general population. Notably, during the 2008 crisis, certain capitalists exploited the depressed market-prices as an opportunity to augment their portfolios. Nevertheless, in the scenario of a future housing market collapse in Vancouver, it is the rentier class, rather than individual homeowners, that will predominantly shoulder the risk, particularly in light of the current oligopolistic tendencies observed in the Vancouver housing market. Additionally, as initially overlooked by Marx and Engels, housing serves a fundamental function in facilitating the reproduction and sustenance of the workforce's labour power, which is indispensable for the sustenance of the bourgeois-class that seeks to exploit labour power.<sup>149</sup>

In light of these considerations, *if* one accepts Vancouver's housing "crisis" as one characterised by the increasing divergence between housing-commodities exchange-values and market-prices as per the Marxian paradigm posited by this document, there are three (3) solutions one might posit in response. Of the three, this document advocates only for the first (1), that is, the complete decommodification of housing insofar as Marx states, things are "only commodities because they have a dual nature, because they are at the same time objects of utility and bearers of [exchange]value."<sup>150</sup> Reiterated, in contexts where exclusive private land ownership is *res extra commercium*, land does not possess an intrinsic "exchange-value" nor does it command a market-price. It is the establishment of monopolistic and oligopolistic ownership that introduces a pricing mechanism, that is, a demand for a RoR. Therefore, the fictitious market-pricing in question pertains to monopoly-, and oligopoly-, induced prices as well as the exacerbation of mortgage finance encouraging investment into housing-commodities, thereby increasing housing-commodities' market-price devoid of any new labour inputs. Thus, to decommodify housing means to strip it of any exchange-value and without an

<sup>145</sup> Harvey, David. "The urban roots of financial crises: reclaiming the city for anti-capitalist struggle." *Socialist register* 48 (2012).

<sup>146</sup> Canada Mortgage and Housing Corporation. "Housing Market Outlook: Vancouver and Abbotsford CMAs." Canada Mortgage and Housing Corporation, 2009.

<sup>147</sup> United Nations. "Universal Declaration of Human Rights." Article 25, sec. 1. December 10, 1948.

<sup>148</sup> United Nations. "International Covenant on Economic, Social and Cultural Rights." Article 11, sec. 1. December 16, 1966.

<sup>149</sup> Federici, Silvia. *Caliban and the Witch*. Autonomedia, 2004.

<sup>150</sup> Marx, Karl. *Capital: Volume I*. Penguin UK, 2004.

exchange-value there is nothing for market-price to deviate from, retaining only its use-values such as shelter, security, and privacy.

### 8. The Revisionist's "Solution"

The second (2) so-called solution, which is the one advocated for explicitly by Marxian revisionists, and less explicitly by social-democrats, involves adopting regulatory measures to lessen the gap between the market-prices of housing and their exchange-values.

This method entails aligning housing prices more closely with their SNLT exchange-value. The aim is to reduce rental costs, thereby enabling more renters to transition into homeowners. Proponents of this strategy might advocate for rent control and market caps. Provincially, the New Democratic Party (NDP) government of British Columbia, as evidenced by policies implemented by David Eby's administration, appear to favour this approach, contrasting with the previous Provincial Liberal government's more austere, exclusively supply-side solutions. A prime example is the introduction of a speculation tax in British Columbia, highlighting the NDP government's commitment to regulatory strategies.<sup>151</sup> This is not to say British Columbia's NDP are Marxian revisionists, rather, that their housing strategy of helping British Columbians' "own their own homes"<sup>152</sup> is effectively indifferent to a revisionist's strategy of lowering the divergence between housing-commodities' exchange-values and market-prices so that homes may become affordable.

There are a number of issues with this proposed solution, the first (1) being its inability to address the inherent contradiction between the market-price and exchange-values of commodified housing. Instead, it merely provides spatio-temporal mitigation. Again, this observation is in alignment with David Harvey's argument that capitalism does not solve its contradictions but rather redistributes them across space and time.<sup>153</sup> Consequently, strategies aimed at minimising the disparity between the market-price and exchange-value of housing merely postpone, or perhaps even exacerbate, the manifestation of this contradiction as a "temporal fix."

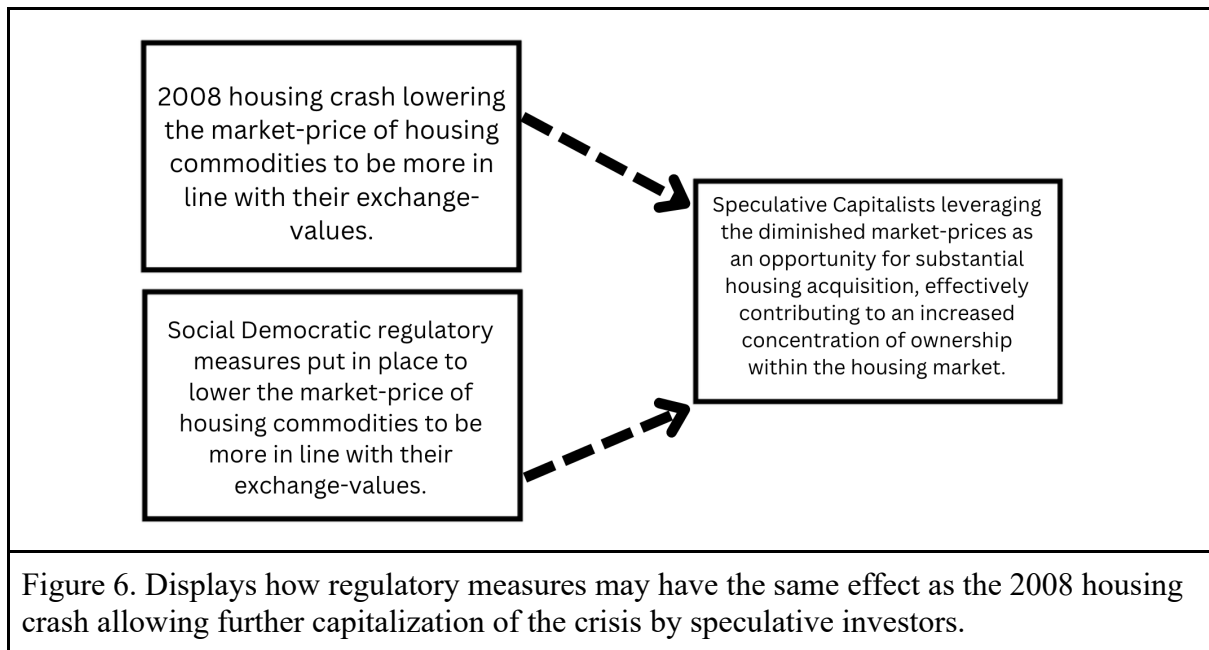
Consider, for example, how the 2008 housing crash resulted in widespread dispossession of individuals from their homes, concurrently aligning the market-price of housing more closely with its exchange-value. This period saw capitalists leveraging the diminished market-prices as an opportunity for substantial acquisition, effectively contributing to an increased concentration of ownership within the housing market. Such actions precipitated a subsequent artificial inflation in market prices, thereby exacerbating the discrepancy between the market-price and exchange-value of housing. Indeed, in such a situation, the "temporal fix" was a consequence of a market collapse, yet whether the reduction in housing's market-price to align more closely with its exchange-value is a product of willful revisionist/social-democratic policies meant to help first-time home buyers or, alternatively, a product of an unexpected housing crash, the capitalization and temporal displacement of the crisis remains the same (Fig 6).

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<sup>151</sup> "Speculation Tax Expanding to New Communities to Deliver More Homes for People." BC Gov News, 22 Nov. 2023,

<sup>152</sup> David Eby, town hall meeting, Vancouver, July 2013.

<sup>153</sup> Harvey, David. "The Crisis of Capitalism." Speech at RSA, 8 John Adam Street, London, April 26, 2010. Unedited transcript.



At the same time, revisionist/social-democratic policies meant to shrink the gap between housing's exchange-value and market-price may prompt speculative investors to geographically shift their focus to housing speculation in alternative locations, representing a "spatial fix." This is exemplified by the rapidly escalating housing costs in the Greater Vancouver Area (GVA), which follow a similar, yet temporally delayed, trend to those in Vancouver.<sup>154</sup> Indeed, just as Marx states, "the peculiar character of social-democracy is epitomised in the fact that democratic-republican institutions are demanded as a means, not of doing away with two extremes,"<sup>155</sup> the reduction of housing's divergence in exchange-value and market-price via institutional measures does not do away with contradictions embedded within the housing commodity; it only displaces them.

Engels underscores a further complication inherent in the social-democrats' objective of facilitating universal homeownership without extracting from it its commodity-form. Indeed, Engels posits that even *if* the achievement of universal home ownership were successful, assuming that such policies triumphed over the potential spatial-temporal fixes explored prior, universal homeownership would not suffice to eradicate economic dependencies or the threat of dispossession. Rather, this shift would only alter the nature of the dispossession relationship from a landlord-tenant interaction to a new dynamic involving homeowners and financial entities such as mortgage lenders or banks.<sup>156</sup> This shift implies that the underlying economic vulnerability and potential for accumulation by dispossession would persist, just in a different form. Again, such a shift does not eradicate the exchange-values associated with housing but merely transforms the nature of these relationships reflecting another of capital's "fixes." Indeed, this is precisely how Harvey had characterised the 2008

<sup>154</sup> Ali, Amir. "Surreal estate: A BC city is catching up to Vancouver for highest rent in Canada." *Daily Hive*, December 11, 2023. <https://dailyhive.com/vancouver/rent-vancouver-bc-rentals-report-december-2023>

<sup>155</sup> Marx, Karl. "Chapter III." In *The Eighteenth Brumaire of Louis Napoleon*. Accessed January 24, 2024. <https://www.marxists.org/archive/marx/works/subject/hist-mat/18-brum/ch03.htm>

<sup>156</sup> Engels, Friedrich. "The Housing Question." In *Marx/Engels Collected Works*, Vol. 23. Accessed January 23, 2024. <https://www.marxists.org/archive/marx/works/1872/housing-question/ch02.htm>

housing crash, as one of individual home-owners dispossessed of their ownership due to any inability to repay their mortgages.<sup>157</sup>

The final challenge in implementing regulatory strategies to narrow the disparity between housing market-prices and their exchange-values lies in the complexity of actually quantifying housing's exchange-value. This quantification is essential for assessing the extent of its divergence from market-prices as to measure the efficacy of the social democrats' policies, a dilemma known as the *transformation problem*. Indeed, we know that housing possesses an intrinsic exchange-value, as houses themselves, devoid of land, embody SNLT. Furthermore, we also know that the market-price of housing often diverges from its exchange value, as evidenced by its price appreciation independent of labour inputs. However, the process of actually converting values based on SNLT into market-prices, which harmonise the rate of profit across various industries, lacks a reliable method for precisely measuring and quantifying the degree of discrepancy between housing's exchange-values and market-prices, as well as the impact of regulatory interventions on this gap. Therefore, pragmatically speaking, instead of endeavouring to decipher Marx's unresolved musings regarding the transformation problem,<sup>158</sup> it is simply easier to decommodify housing entirely as this approach would eliminate both its market-price and exchange-values, sidestepping the need to reconcile these complex economic relationships.

### 9. The “Accelerationist” “Solution”

Within a Marxian paradigm, there is perhaps a third solution equally emphatically dismissed by this document, which advocates for the deliberate exacerbation of the disparity between the exchange-values and market-prices of housing, with the intention of precipitating a housing market collapse. This line of reasoning contends that, given the increasing monopolisation and oligopolization of contemporary housing in Canada,<sup>159</sup> including Vancouver, a potential housing bubble burst would predominantly impact rentiers and financiers, unlike the collapse that predominantly affected private homeowners during the 2008 crisis.<sup>160</sup> This perspective, rooted in Marxian teleology and identifiable as a variant of accelerationism, posits that by amplifying capitalism's fundamental contradictions—exemplified here by the widening gap between the exchange-values (thesis) and market-prices (antithesis) of housing—thereby exacerbating prevailing conditions, it is possible to foster the emergence of a more equitable “synthesis.” Alternatively, from the standpoint of orthodox accelerationists, such intensification may lead to the complete disintegration of the capitalist mode of production.<sup>161</sup>

Nonetheless, this third solution should be disregarded for two reasons. Firstly (1), as per Harvey's insights that capitalism never resolved its crises, rather displaces them, a more “equitable synthesis” post-collapse is unlikely. Take, for instance, when Brazilian President Luiz Inácio “Lula” da Silva lauded the 2008 housing market collapse in interpreting the event

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<sup>157</sup> Harvey, David. “The Crisis of Capitalism.” Lecture, RSA, 8 John Adam Street, London, April 26, 2010. Unedited transcript.

<sup>158</sup> Marx, Karl. *Capital: Volume III*. Penguin UK, 1992.

<sup>159</sup> Tranjan, Ricardo. *The Tenant Class*. Between the Lines, 2023.

<sup>160</sup> Duignan, Brian. “Effects and Aftermath of the Crisis.” In the *Financial Crisis of 2007–08*. Britannica. Accessed January 22, 2024. <https://www.britannica.com/money/topic/financial-crisis-of-2007-2008/Effects-and-aftermath-of-the-crisis>

<sup>161</sup> Brassier, Ray. “Wandering Abstraction.” *Mute*, February 13, 2014. <https://www.metamute.org/editorial/articles/wandering-abstraction>

as indicative of the failure of a predominantly “white, blue-eyed”<sup>162</sup> population to fulfil their mortgage obligations, victimised by the inflation of housing market-prices. His commending the crash stemmed from the belief that it was finally the U.S.’s turn to experience a situation mirrored by Brazil’s repeated experiences with predatory lending practices presupposing the divergence between the market-price and exchange-value of rent in the region, facilitated by the International Monetary Fund (IMF).<sup>163</sup> However, the outcome or “synthesis” of the housing market collapse did not lead to greater global equity. Instead, this led to a “spatio-temporal fix” which eventually had a detrimental impact on Brazil’s economy. This was evident from the effects of the crash, which reduced the purchasing power of former U.S. homeowners, including their ability to purchase Brazilian goods, most evident in Brazil’s own housing crash during the latter part of 2008.<sup>164</sup>

In another example, Mark Fisher, who identifies as a capitalist realist, again examines the aftermath of the 2008 housing crash. He theorises that following the crash, some adherents of accelerationism had hoped to intensify the exchange-values and market-prices of housing-commodities. Their expectation was that this intensification would lead to a more equitable resolution or “synthesis” emerging from the crisis. However, Fisher observes that this anticipated synthesis did not materialise. Instead of fostering a desire to seek alternative economic models, the resolution of this contradiction resulted in the U.S. Federal Reserve’s bailout of mortgage financiers, essentially representing another instance where a crisis was capitalised upon rather than leading to systemic change.<sup>165</sup>

The second (2) critique of the “accelerationist” approach hinges on the premise that it requires a significant deterioration of material conditions before any improvement can be realised presupposing significant suffering for tenants, assuming improvement is even a feasible outcome. This argument is predicated on the uncertainty that even in the face of worsening circumstances, there is no guarantee that a better “synthesis” will emerge. Indeed, given, Vancouver’s housing market’s increasing displacement of residents evident in seeing market-prices surge by 230% over the past 19 years, outpacing the 47% inflation rate and wage growth and that as of November 2023, the average home price in Greater Vancouver reached \$1,285,414, marking a 7.2% annual increase.<sup>166</sup> Advocating for further aggravation of this crisis in the hopes of a market collapse would lead to significant hardship for the city’s tenant class and existing houseless constituents.

## 10. How the Hell Do We Decommodify Housing in Vancouver? An Uphill Battle

Given that *if* we accept Vancouver’s housing predicament as a consequence of housing-commodities’ divergence in market-prices and exchange-values, and if we emphatically dismiss both the revisionist and accelerationist resolutions for reasons given above, we are left in grappling with the complex task of identifying an effective strategy to decommodify housing in Vancouver. The scholarly debate as to how this may be achieved is polarised between two prominent perspectives. David Madden and Peter Marcuse advocate for a top-down approach,

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<sup>162</sup> Reuters. “Brazil’s Lula Repeats ‘Blue Eyes’ Crisis Comment.” Last modified April 15, 2009. <https://www.reuters.com/article/idUSTRE53E76B/>

<sup>163</sup> Pinheiro, Armando Castelar. “Structural adjustment and privatisation in Brazil.” (1994).

<sup>164</sup> de Barros, José Roberto Mendonça. “The impact of the international financial crisis on Brazil (ARI).” *International Cooperation & Development* (2010).

<sup>165</sup> Fisher, Mark. *Capitalist realism: Is there no alternative?* John Hunt Publishing, 2022.

<sup>166</sup> WOVA.ca. “Vancouver Housing Market: Jan. 6th, 2024 Update | Map Regional Breakdown.” Last modified January 6, 2024. <https://wowa.ca/vancouver-housing-market>



positing that the state can serve as a pivotal agent in facilitating decommodified housing solutions.<sup>167</sup> Conversely, Friedrich Engels suggests a bottom-up approach, stating that “it is perfectly clear that the existing state is neither able nor willing to do anything to remedy the housing difficulty,”<sup>168</sup> emphasising the state’s allegiance to protecting property rights and its fidelity to the rentier class.<sup>169</sup> This allegiance is manifested both materially, through the state’s monopoly on violence,<sup>170</sup> and ideologically, as illuminated by Antonio Gramsci’s concept of cultural hegemony.<sup>171</sup> This ideology is further perpetuated by a widespread tenant *false consciousness*,<sup>172</sup> disseminated through institutions such as education, media, and religious organisations, which misleadingly portray landlords as benign entities like “individuals, families, and mom-and-pop shops.”<sup>173</sup>

Marx corroborates Engels’ stance on the so-called “housing question”<sup>174</sup> and posits that since the advent of capitalism, the state’s primary role has been to actively support the commodification of land and labour,<sup>175</sup> especially following the Black Death’s decimation of the peasant class and increasing the relative value of their labour-power as such.<sup>176</sup> Indeed, the evolution between feudal and capitalist modes of production necessitated substantial accumulation of both variable and constant capital, with the latter encompassing land acquired through colonial endeavours and the forcible enclosure of commons in feudal Europe. Marx describes this initial capital accumulation as primitive accumulation,<sup>177</sup> an early instance of the capitalist mode of production’s state-endorsed “accumulation by dispossession.”<sup>178</sup>

The case of Vancouver exemplifies this process through its ongoing settler-colonialism,<sup>179</sup> which resulted in the dispossession of the x<sup>w</sup>məθk<sup>w</sup>əyəm (Musqueam), Sk̓wx̓wú7mesh (Squamish), and səliwətəl (Tsleil-Waututh) Nations of their lands.<sup>180</sup> Yet, despite these historical injustices, the Vancouver experience provides a basis for optimism in addressing the housing crisis through decommodification strategies.

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<sup>167</sup> Madden, D., & Marcuse, P. *In Defense of Housing: The Politics of Crisis*. 143. Verso, 2016.

<sup>168</sup> Engels, Friedrich, and Clemens Palme Dutt. *The housing question*. Vol. 23. New York: International Publishers, 1935.

<sup>169</sup> Engels, Friedrich, and Clemens Palme Dutt. *The housing question*. Vol. 23. New York: International Publishers, 1935.

<sup>170</sup> Gerth, H. H., and C. Wright Mills. “Politics as a Vocation.” *From Max Weber: Essays in Sociology* (1946): 77-128.

<sup>171</sup> Gramsci, Antonio. “Selections from the prison notebooks.” In *The applied theatre reader*. 141-142. Routledge, 2020.

<sup>172</sup> False consciousness is a Marxist concept referring to the misguided belief by the working class in the fairness of the capitalist system, which prevents them from recognizing their exploitation and oppression.

<sup>173</sup> Tranjan, Ricardo. 2023. *The Tenant Class*. Toronto: Between the Lines, 39.

<sup>174</sup> Engels, Friedrich, and Clemens Palme Dutt. *The housing question*. Vol. 23. New York: International Publishers, 1935.

<sup>175</sup> De Angelis, Massimo. “Marx and primitive accumulation: The continuous character of capital’s ‘enclosures.’” *The commoner* 2, no. 1 (2001): 1.

<sup>176</sup> Federici, Silvia. *Caliban and the Witch*. Autonomedia, 2004.

<sup>177</sup> De Angelis, Massimo. “Marx and primitive accumulation: The continuous character of capital’s ‘enclosures.’” *The commoner* 2, no. 1 (2001): 1.

<sup>178</sup> Harvey, David. “The New Imperialism: accumulation by dispossession.” In *Karl Marx*. 213-237. Routledge, 2017.

<sup>179</sup> Coulthard, Glen Sean. *Red skin, white masks: Rejecting the colonial politics of recognition*. Minneapolis: Minnesota (2014).

<sup>180</sup> Baloy, Natalie JK. “Spectacles and spectres: Settler colonial spaces in Vancouver.” *Settler Colonial Studies* 6, no. 3 (2016): 209-234.

Firstly, *if* Engels' perspective on the necessity of a bottom-up approach for decommodifying housing holds true, then the historical context of settler-colonial commodification of Indigenous lands in Vancouver offers insightful precedents. This history indicates that a decommodified housing-tenure model was once a reality in the region, suggesting the possibility of its replication. Furthermore, Vancouver's "strong tradition of militant tenant organising,"<sup>181</sup> often incorporating mechanisms such as Community Land Trusts (CLTs),<sup>182</sup> and rent-strikes play a crucial role in challenging the commodification of housing insofar as rent-strikes quite literally refuse to acknowledge a house-commodity's market-price. These movements actively resist the acknowledgment of housing's artificially inflated market-prices, effectively extracting the commodity-form from housing. This collective action demonstrates that while the task of decommodifying housing in Vancouver is arduous, it is not an insurmountable endeavour.

Secondly, considering the proposition by Marcuse and Madden that the state *could* effectively facilitate housing alternatives, the example of Canada's constitutional decommodification of healthcare through the Canada Healthcare Act (CHA)<sup>183</sup> offers a glimpse into the potential for a top-down approach to decommodify housing. This perspective recognizes that housing, much like healthcare, plays an essential role in sustaining labour power, a critical aspect overlooked by both Engels and Marx in negating a top-down approach for housing decommodification. The decommodification of housing, therefore, aligns with the interests of both the rentier class and tenants. By ensuring a dignified standard of living for all members of society via quality, decommodified public or social housing,<sup>184</sup> this approach not only benefits individuals in need of housing but also contributes to the overall stability and productivity of the labour force. This mutual benefit suggests that a top-down strategy for decommodifying housing could be both feasible and advantageous in addressing broader societal needs for both the tenants and the rentier class.

## 11. Concluding Remarks

The aim of this document is not to provide an exhaustive or unbiased examination of Vancouver's ongoing "housing crisis." Instead, its purpose is to re-introduce Marxist economic theory as a valuable, yet often sidelined, economic epistemology in challenging the prevailing orthodoxy of economic discourse surrounding housing in the city. Indeed, my initial realisation of this dominant narrative's prevalence came through traditional Hupačasath knowledge(s), as informed by Tii Thul'p, rather than through Marxist economics. Furthermore, this document does not endeavour to outline a definitive strategy for the decommodification of housing in Vancouver; such a discussion is a separate matter entirely, hence its minimal discussion in this document. The central thesis of this document is unitarily to advocate for the decommodification of housing as a strategic response to the housing crisis in Vancouver, drawing on insights from the Marxist Labour Theory of Value. This theory highlights how the disparity between housing's exchange-values and market-prices through mortgage finance and increased housing oligopolization/monopolisation can lead to adverse impacts. Consequently, this document encourages the consideration of other marginalised economic epistemologies,

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<sup>181</sup> Tranjan, Ricardo. 2023. *The Tenant Class*. Toronto: Between the Lines, 78.

<sup>182</sup> Fu, Samantha, and Gabi Velasco. 2023. "Decommodification and Its Role in Advancing Housing Justice." Urban Institute, February.

<sup>183</sup> Canada. "Canada Health Act, RSC 1985, c C-6." Ottawa: Department of Justice Canada, 1985.

<sup>184</sup> Fu, Samantha, and Gabi Velasco. 2023. "Decommodification and Its Role in Advancing Housing Justice." Urban Institute, February.

especially those of local Coast Salish knowledge(s) keepers. It invites these perspectives to reassess the housing crisis in Vancouver, either in conjunction with or independently from this document's Marxist framework, and to offer their insights on the potential realisation of decommodified housing should their knowledge(s) align with the Marxist paradigm's conclusion presented here.

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