

NATIONAL REVIEW

Don't Blame Grenfell Tower on Capitalism

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June 30, 2017

The idea seems to have taken hold that the recent fire at Grenfell Tower was something more than a tragedy, an accident, or the result of mere incompetence; some newspapers and pundits have been pushing the notion that the fire was an inevitable consequence of “neo-liberalism.” In response, it would be tempting to argue that the tragedy was caused by socialism. But that would be to indulge in the same reductionist and tasteless reasoning as the Left. For similar reasons of humanity and taste, we thought we should let the dust settle a little before commenting on the tragedy.

“Neo-liberalism” is not easily defined and tends to be used pejoratively as a term of abuse. Without digging into historical controversies, we will take its meaning here to be a belief in freer markets – and an understanding of capitalism as basically beneficial. This is generally associated with a commitment to reduce government spending (currently around 45 percent of national income in England) and regulation.

Fires, floods, tragedies, and disasters will happen in any kind of regulatory context. It is difficult to find relationships between such events and different regulatory approaches, partly because these events are, thankfully, so rare.

But some critics prefer slogans to analysis, even when people have lost their lives. Right after the fire, one Labour MP tweeted, “Burn neo-liberalism not people.” Politicians can be ruthless, but it was even more disappointing to see intellectuals and academics go down the same path. Mariana Mazzucato, a guru of many on the political left and an economist of some esteem, commented: “Grenfell Tower = microcosm of 3 very bad economic ideas 1. De-regulation; 2. Outsourcing (public service for private profit); 3. Austerity.”

It is impossible to draw conclusions about three highly complex economic variables from one event. One variable proves nothing.

By the same token, somebody else could argue that the Mid Staffordshire hospital scandal, in which 1,200 people died as a result of the actions of health-service staff directly hired by the government-run hospital, demonstrates that it's a very bad economic idea to use such work forces rather than labor outsourced to a private organization. But this would only be ideology, too.

All sorts of organizations contract work out to external organizations, or employ workers hired by the government, to varying degrees — from sports clubs to corporations to government. There is no right or wrong answer to the question of which is best in which circumstances. The benefit of a market is that competition and experimentation with different models can help us determine how best to provide goods and services.

Grenfell Tower was a block built by public bodies and ultimately controlled by a public body. Given that the public body (the council) had spent nearly £10 million on refurbishing the building, blaming austerity for the fire doesn't make much sense. We don't know the combination of factors that led to the fire, but if the cause were the cladding, another £5,000 would have prevented the fire. This has nothing to do with austerity, it is a simple matter of bad choices by an arm of government.

Indeed, the problem of government failure runs deeper. Apparently, the tenants had complained for a long time about various aspects of the tower's management. This should not surprise us. The ills of public housing are quite familiar, with councils routinely ignoring tenants' wishes, and with awful outcomes. Liverpool's mid-rise Netherley development in the 1950s and 1960s was not unusual in this respect. Within just ten years of its completion, the council began to clear families out before its ultimate demolition.

As for the charge that deregulation led to the Grenfell tragedy, it is hardly better grounded. Many aspects of fire regulations have been reviewed, but, despite warnings, the government did not review the particular regulations relating to the cladding used on Grenfell Tower. No impartial observer could reasonably accuse the previous two governments of deregulating the economy. And, indeed, flats have been clad in the first place because government has encouraged councils to do so.

This was a block of flats owned by local government, managed by an organization that was a creature of regulation passed by a Labour government in the early 2000s. Indeed, the whole concept of high-rise living was part of a socialist utopia, a world in which private properties with gardens were to be minimized and collective living in the sky was to flourish.

We are glad this utopia was resisted by many. But we also believe it's impossible to draw any general political conclusions from this. Sadly, apartments run by private landlords, privately owned houses, and public housing will all occasionally meet with the tragedy of fire. But we can say for certain that, as Theresa May (who is no stranger to blaming businesses when things go wrong) said, this *particular* example was one of "state failure."

Indeed, lessons *can* sometimes be drawn from such tragedies, but they tend to be particular and not general.

Perhaps the complexity of the management of the block did not help. It might have been better if it had been fully controlled by local government, but then it might have been better if it had been fully private. Instead, there was a complex mix of local government, tenants' organizations, and private-company involvement in the ownership, management, and maintenance of the building. We do not know and may never know what might have worked better.

One of the biggest fire risks in the U.K. is the Houses of Parliament — the very seat of government, owned and controlled by government. No private company would ever insure the buildings. If they go up in flames, will this also be blamed on neo-liberalism by the tasteless Left?

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