

# Metamorphosis of Ideals: The Housing Conundrum in a Financial World

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In contemplation of my convictions regarding the optimal governance of our world, which lean towards the minimization of the influence of socialist principles, I conscientiously perused this essay, striving to maintain an unprejudiced perspective, untainted by my personal inclinations. However, upon the essay's culmination, I found myself incontrovertibly persuaded that my scholastic pursuit in the realm of jurisprudence must diverge from the domain of humanitarian rights law. In any event, allow me to proffer my discerning observations on this subject matter:

The rapporteur posits that the housing sector has undergone a 'transformation' brought about by financial stakeholders. I must respectfully contend that this argument, in my estimation, is somewhat naive, if not inherently simplistic. History attests to the presence of real estate associations even in less economically developed nations, as exemplified by Iran in the late 1950s and early 1960s. The existence of such associations during that period suggests that financialization of housing was a concept not foreign to this seemingly rustic nation.

Throughout the annals of history, a residence has consistently served as a commodious abode wherein families could find shelter and solace during inclement weather. It is a matter of common sense that a dwelling, as a form of property, inherently possesses a tradable dimension. As per the Cambridge dictionary's definition, a commodity encompasses any item available for purchase or sale, and thus, from a historical perspective, one might assert that houses have indeed constituted tradable commodities for generations.

The concept of housing's transformation into a commodity invites contemplation, much like the critiques levied against options traders who, some assert, contribute inadequately to the tapestry of our society. These contentions, while widespread, necessitate an intricate exploration that extends beyond the confines of this succinct discourse. It remains paramount to acknowledge that within the intricate financial tapestry, the absence of liquidity inexorably engenders inefficacy. As a discerning individual, I harbor an unwavering aversion to involvement in markets tainted by inefficiency.

It is worth noting that similar contentions have been made regarding hedge funds. Nevertheless, as posited by David Laster<sup>2</sup>, a Senior Economist, it is incumbent upon me to affirm that 'In numerous instances, hedge funds play a pivotal role in bestowing liquidity and stability upon financial markets, thereby buttressing the valuations of assets that have experienced precipitous declines.' Hedge funds did NOT cause the 2008 financial crisis, yet they are reducing its overall impact.

The rapporteur posits that the housing market serves as a catalyst for exacerbating social inequality. However, it appears that Ms. Farha's perspective may somewhat overlook the fundamental essence of a house—a sanctuary for habitation, rather than a tool for redressing societal disparities. In truth, the onus of

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<sup>2</sup> Ferguson, R., & Laster, D. (2007). Hedge funds and systemic risk. *Financial Stability Review: Special Issue on Hedge Funds*, Banque de France, 10, 45-54.

rectifying inequality resides upon the shoulders of governments and the dynamic forces of market economics.

To advocate for the exclusion of market forces within the housing sector is to invoke recollections of historical endeavors like the USSR. One must ponder the lessons of history and acknowledge that our world has no need for a repetition of such a socio-economic experiment. The complex fabric of modern society necessitates a more nuanced and pragmatic approach to addressing inequality.

Ma'am rapporteur contends that when a domicile is subjected to the mercenary rigors of commoditization, it undergoes a dehumanizing transformation. My scrutiny of the Iranian civil courts led me to a particular case that arrested my attention: an indigent father, compelled to part with his abode at a remarkably reduced valuation, driven by the urgent need to secure a life-saving surgical intervention for his ailing son.

In such circumstances, the question arises: should we not deem the agreement to sell his home as void due to duress? It is conceivable that he had no recourse but to part with his residence at a considerable markdown, given the paucity of liquidity in the market. Ponder a world in which the sale of one's home does not necessitate a substantial concession in value. This, precisely, is the quintessential distinction between duress and emergence.

I find myself in concurrence with the distinguished Ma'am Rapporteur when she artfully contends that certain nations have curtailed foreign participation in their housing markets, a practice notably exemplified by Iran in the 1920s. However, it is pertinent to clarify that these measures were driven more by emotional impulses than adherence to socialist ideologies. Iran's historical precedent also includes the imposition of levies on unoccupied residences, akin to the period during which she presented her insights to the esteemed United Nations.

It is quite intriguing to note that from mid-March to mid-August in the year 2023, the Iranian government garnered an impressive sum of approximately 210 million dollars through the taxation of wealth. Paradoxically, only a meager fraction of 50 thousand dollars, constituting less than 0.03 percent, was attributed to taxes imposed on vacant properties. This discrepancy is especially noteworthy in a nation grappling with severe housing challenges. It leads one to question whether lofty ideals, akin to the masterpieces of Leonardo da Vinci, can truly offer the solution we seek to alleviate the scourge of homelessness and combat world hunger.

Within the confines of this concise exposition, I have articulated the musings that pervaded my thoughts upon a thorough examination of the aforementioned report. It has become fashionable to contend that the 2008 financial crisis was the direct byproduct of the financialization of the housing sector. Yet, I dare say, such a stance may be somewhat overly simplistic.

In the movie 'The Big Short,' an exotic dancer, possesses an extensive property portfolio, with each dwelling encumbered by a pair of loans. It is essential to distinguish that the problem does not fundamentally lie within the intricate fabric of the economy. It resides in a significant gap in public comprehension.

It would be erroneous to attribute blame to the financial sphere for a dilemma rooted in such knowledge disparities. Ma'am Rapporteur, in her quest for a resolution, appears to traverse paths distinct from the financial arena, gravitating towards ideological realms such as the 'Bourgeoisie' in Marxian thought.