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Brendan O'Flaherty. *Making Room: The Economics of Homelessness.* Cambridge, MA: Harvard University Press, 1996. xi + 349 pp. $39.95 (cloth), ISBN 978-0-674-54342-3.

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Over the past fifteen years homelessness has become a central topic in popular discourses concerning politics, social trends, morals, charity, and city life. There is good reason: since the early 1980s the number and proportion of people living without their own shelter has risen dramatically across the cities of Europe and North America. In 1964, for example, researchers could find only one homeless man sleeping in all of Manhattan's four major parks, and only a few more than one hundred across the city. Today those sleeping in the parks, streets, and transportation terminals of Manhattan alone number in the thousands. Brendan O'Flaherty's recent book, *Making Room*, undertakes both to explain this phenomenon and to clarify the concept of "homelessness" itself. Along the way he presents deductive and empirical arguments whose conclusions, if true, undermine many of the popular accounts of what has produced homelessness and what ought to be done to eliminate it.

O'Flaherty is a macroeconomist–having published in 1985 *Rational Commitment: A Foundation for Macroeconomics* (Duke UP)–and both the strengths and weaknesses of his new text are bound up with the economic approach he takes to these issues.

Although his claims are general, if not universal, O'Flaherty bases his conclusions upon the changes in homeless that have taken place in a mere six cities: New York, Newark, Chicago, Toronto, London, and Hamburg. It is a set, he concedes, which cannot be taken to be representative of homelessness everywhere. But it is a set that yields interesting contrasts in labor and housing markets, racial demographics, and government policy.

Examining the data he was able to cull regarding each of these sites, O'Flaherty argues, provocatively, that it is not the gutting of the welfare state (except perhaps with regard to incarceration), or changes in drug and alcohol abuse, or sloth, or mental illness that has led to a dramatic increase in homelessness. The principal cause, according to O'Flaherty, has been, not surprisingly, one of market economics. More people have become homeless, he maintains, principally because they have faced increasingly higher-priced housing as its supply has declined. This change in price and supply has, in turn, been produced by the enormous intensification of economic inequality that has taken place in the industrialized world since the 1970s. Because the poor generally acquire their housing as hand-me-downs from those slightly better off, a smaller and more embattled middle class has meant a shrinking housing stock coupled with increased competition among the poorest for what remains. After evaluating the effects of a variety of attempts to alleviate the problem, O'Flaherty recommends a housing allowance in order to magnify the effective demand of the poor for housing and to redistribute wealth in a more equitable fashion.

O'Flaherty's theory is powerful and, in its general outlines, persuasive–at least within the limits of his data. Readers will also find the text useful for its clarification of what the notion of "homelessness" has meant at different times for different people as well as for the detailed examination O'Flaherty presents of just why homeless is a problem. O'Flaherty not only describes the historical variations in the use of the term; he also unpacks the economic, social, and moral consequences of tolerating a social order in which large numbers of people remain unable to secure shelter and sustenance.

Yet, in many cases, O'Flaherty appears to present oversimplified accounts of the causal order of social things, ignoring what ought to be regarded as contributing and complex causes. While he examines vertical inequalities, for example, he pays little attention to or dismisses geographical shifts of wealth, changes in family structures, the growth of fringe cities, and the divestment of capital from inner city production centers. Moreover, while it may be true that people often behave as rational agents whose decisions are best understood as deliberate and informed attempts to maximize their happiness, to regard this as a full account of human behavior is to risk becoming entrapped in the metaphysics of one's explana-

tory model and blinded to the subtleties of human motivation, belief, and action. It is a risk O'Flaherty rather recklessly takes.

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