



# Post-War Building Difficulties and Housing Policy in Europe

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*In pursuance of resolutions adopted by the International Labour Conference, the International Labour Office has for some years been engaged on the study of the housing problem in its relation to the living conditions of the workers. A detailed report on recent developments of housing policy in certain European countries<sup>1</sup> has just been published by the Office, containing information on the legislation passed, explaining the economic conditions which have prompted these measures, and giving some account of the results achieved. In the following article Mr. Guye, who has been responsible for collecting and arranging the material for this volume, considers some of the more important aspects of the subject, thus giving a general survey of the results of the enquiry, which are discussed in more detail in the full report.*

THE great development of housing policy in Europe since the war is the direct consequence of the difficulties by which private initiative has been faced in the building industry during the whole of this period. In view of the acuteness of the crisis caused by the stoppage of building and the disastrous social effects which would have resulted from a prolonged housing shortage, the public authorities were more or less forced to take action.

Their action was exercised along two distinct lines : on the one hand there were preventive measures, such as supervision of all available dwellings so as to ensure their equitable dis-

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<sup>1</sup> INTERNATIONAL LABOUR OFFICE : *Housing Policy in Europe. Cheap Home Building: Studies and Reports, Series G (Housing and Welfare), No. 3.* Geneva, 1930. 378 pp.

tribution among the whole population ; on the other, there was positive action in the form of the revival and intensification of building activity. Official action of the first type, in the form of rent regulation, registration of vacant dwellings, and requisition and allocation of available or insufficiently utilised dwellings, could not be more than a palliative, and a resumption of building activity was the only solution which could really satisfy the constantly growing needs of the urban population.

It is this second aspect of official action which will be dealt with in the present study, constituting as it does the centre of housing policy in Europe at the present time.

In view of the close connection between the housing policy of various Governments and the nature and magnitude of the building difficulties in each country, it will be well, first of all, to describe briefly the essential nature of these difficulties and their growth.

#### THE NATURE OF THE DIFFICULTIES

The building difficulties which affected every European country for a longer or shorter period after the war were due to the disparity between the prices at which new dwellings could be offered—whether let or sold—and the ability of the tenant or purchaser to pay.

The price at which dwellings could be let depended on two factors : the cost of building the dwellings and the rate of interest payable on the borrowed capital which was invested in them and was gradually repaid. In the case of sale, the former of these factors was the more important.

Both these factors had increased considerably as compared with pre-war figures. Building costs, indeed, not only followed the general rise in prices which took place in every country in consequence of the more or less marked depreciation of the currency, but they rose to an even greater extent, because the cost of building materials, and still more labour costs, had in most cases risen above the level of prices in general.

Capital also became perceptibly dearer because the general rise in the rate of interest had a direct influence on the rates demanded for building loans. It should be noted that the effect on building costs of this rise was increased by the fact that it worked not merely by addition, but, as it were, by multiplication. If, for example, the nominal value of building costs had trebled

and the rate of interest doubled as compared with the pre-war figures, the interest charges to be met out of the rent in order to give a fair return on the capital invested would have to be six times the pre-war figure. Since these charges constitute the chief expense to be met out of the rent (the others being the cost of maintenance and management of the buildings and the owner's profit), it will be clear that even if building costs had merely followed the general trend of prices the rents required to make new buildings pay their way would have had to be increased in a higher proportion than prices in general as compared with pre-war rates.

The problem resulting from this situation was all the more serious because at the same time the wage earners as a whole had a relatively lower capacity for the payment of rent. The rent restriction measures introduced in every country during the war to prevent any undue rise in rents had prevented the rents of most existing dwellings from following the general rise in prices. After the war these measures had to be retained or even made more drastic, both because of the disparity between the levels of prices and of rents, and because of the growing shortage of houses. Although these restrictions were usually limited to "old" dwellings, that is to say, those built at an earlier period, they nevertheless affected the great majority of existing dwellings. The maintenance of rents at an artificially low level lessened by so much the rise in the cost of living, to which wages had gradually to be adapted. This meant that certain difficulties were avoided, but at the same time that the wage earners in general were unable to pay more than the artificially low rents of controlled dwellings, while the much higher rents which would have had to be asked in order to make new buildings pay were quite beyond their reach.

In these circumstances, it became extremely difficult for a building intended to be let to cover its expenses, and the construction of dwellings ceased to be a paying proposition. Private enterprise, which had been responsible for practically all building of this kind before the war, was necessarily forced into almost complete inactivity; the most it did was to build houses for well-to-do people, who alone were able to pay the high rents required by the new conditions.

It will, of course, be clear that the situation briefly sketched above developed differently in the various countries. The

relative importance of each of the three factors mentioned differed in each case, and it was their combined effect which in each country determined the varying course of the building difficulties, their increasing and decreasing intensity, and sometimes their final disappearance. In some cases, too, special conditions caused particular difficulties in addition to the general ones already referred to.

The monetary situation in each country played an extremely important part in determining the course of its building difficulties. The greater the depreciation of the currency (using the term depreciation not merely for the fall as compared with gold but also as compared with commodities in general, and therefore as including the fall in the value of gold itself) the greater was the increase in building costs. The rise in interest rates, too, was directly connected with the monetary situation. And lastly, in countries where rent restrictions had been in force, the task of returning to normal conditions was all the more difficult the greater the rise (due to depreciation) in the general level of prices had been, owing to the correspondingly greater disparity between rents and prices.

It follows that a rough classification of the countries covered by this investigation according to the extent of inflation will at the same time arrange them in order of intensity of their building difficulties.

In the first group of countries, including Great Britain and the countries which were neutral during the war, inflation was not very pronounced and was of short duration. In these countries the depreciation of the currency in terms of gold was slight and their exchanges returned to the pre-war parity between 1924 and 1927, so that their currencies merely reflected the depreciation in gold itself. Consequently, building difficulties were acute during a short period only, and at present the situation may be considered as practically normal. Great Britain, however, constitutes a partial exception, because economic difficulties and political considerations have led to the maintenance of rent restrictions for a longer period in that country.

The second group of countries includes those in which the depreciation of the currency, without being catastrophic, went too far for a return to the pre-war parity to be possible. These countries are Italy, France, Belgium, Czechoslovakia, and Finland. In the first three, stabilisation was effected at rates

varying from 3.5 to 7 times the pre-war parity, but only at a comparatively recent date (1927-1928). The building difficulties were more intense than in the first group and also lasted longer, so that when economic stability was regained (a necessary condition for the execution of an extensive housing policy) the accumulated arrears were much more serious. In the other two countries of this group, Czechoslovakia and Finland, the depreciation of the currency was much greater during the early years ; but an energetic policy of deflation led to stabilisation as early as 1922 or 1923, at rates almost as favourable as in the Latin countries (6.8 and 7.5 times the pre-war parity). In these two countries building difficulties were not only very acute during the early years, but also remained considerable even after the stabilisation, because of the shortage of capital resulting from the severe depreciation of the currency.

The third group of countries comprises Austria, Poland, and Germany, in which monetary troubles reached almost incredible proportions. During the dizzy rise in prices building difficulties were extremely acute, because the disparity already mentioned was accompanied by complete uncertainty as to the value of commodities in general. Although stabilisation was achieved earlier than in the Latin countries (in 1923-1924), the great shortage of capital caused by the inflation complicated the problem for a considerable further period.

#### ACTION BY THE AUTHORITIES

In their endeavours to deal with building difficulties, the authorities could act on each of the three factors referred to above : building costs, the cost of the capital required for building, and the general level of rents.

It has already been seen that the general level of rents was itself due to the action of the authorities. At first sight, the removal of rent restrictions might have seemed the first remedy to apply ; but it is also clear that this step could not be taken without risk of serious difficulties until the worst of the housing shortage had been met by new building. Moreover, the removal of restrictions had necessarily to be gradual, because of the inevitable effects both on the living conditions of the workers' families, whose budgets would have been completely upset unless there was a guarantee that wages would rise with rents,

and also on industry and the economic situation of the country if wages had been increased without due regard for all the circumstances. In this direction, therefore, the hands of the Governments were to some extent tied.

Building costs also were for the most part beyond the control of the authorities. Among the different measures taken in this direction in most countries many could not but be limited in scope : such were, for example, exemptions from various taxes and fees collected in connection with building operations (purchase of land, company promoting, import duties or local dues on building materials, taxes on housing or building societies, taxes on the sale of buildings, etc.), grants of building land at cheap rates or free of charge, direct production of building materials by local authorities, or concentration of purchase in the hands of central bodies. It was perhaps reasonable to expect better results from the rationalisation and modernisation of building practices and processes along the lines which have been tried for many years in a number of countries and which have been liberally encouraged by certain Governments. At best, however, the effects of these measures could not appear until after a considerable period, and in the meantime some more immediate policy was urgently required.

It was for these reasons that the Governments concentrated their action on the field of finance. In doing so they generally refrained from any direct building activity. It was only in a few clearly defined cases that they undertook the responsibility of building at their own expense, generally for their own officials, or for war victims ; in such cases, State intervention was of rather a special kind. It is true that local authorities have gone rather further than the national authorities and have in certain cases taken direct responsibility for building. A considerable part of their activity has however consisted in seconding the State, or in some cases replacing it, in granting financial aid.

Financial support to building on the part of the authorities (national and local) has principally taken the form either of subsidies or of credit facilities.

The system of subsidies is the more direct and obvious method. Whether these subsidies are granted in the form of a lump sum or of payments spread over a number of years, they represent a non-recoverable payment of part of the building costs and constitute a net profit for the owner.

Credit facilities are none the less effective for being less direct. By assisting the owner to raise the necessary capital on more advantageous terms, the authorities lower his annual interest charges and so enable the rents to be correspondingly reduced.

This form of support has been given in three different ways. The method entailing the smallest financial sacrifice for the authorities is merely for them to give security for loans made to the builder by existing credit institutions. The authorities thus guarantee that the interest and amortisation charges will be regularly paid. They do not have to give any financial assistance unless the borrower is unable to meet his obligations, and the risk is slight provided adequate precautions are taken as regards the solvency of borrowers. This form of assistance is by no means negligible, as it enables the builders to raise loans, and especially loans on second and third mortgage, on much easier terms.

As a rule the authorities, to avoid pledging their own credit for this purpose, form special reserve funds. Sometimes the State supplements these measures by empowering or even compelling certain existing credit institutions or other organisations with large capital resources, such as social insurance institutions, to invest part of their funds in building loans guaranteed in this way.

A second method of assistance is for the authorities, instead of merely guaranteeing loans, to undertake the regular payment of part of the interest. This form of assistance is as favourable to the owner as the first one, but it involves a heavier burden on the authorities. In this case also credit institutions may be requested or encouraged to grant loans subsidised in this way. These payments are sometimes intended to cover part of the amortisation charges; they are then logically allied to the system of subsidies referred to above.

The third method consists in the assumption by the authorities of the whole responsibility for the financial operations involved, i.e. the authorities make loans on their own account, and, in consequence, draw on their own funds. Such loans are generally granted at specially low rates, so that they are combined with a more or less visible contribution towards the interest payments. It is visible when the authorities have to borrow in order to raise the capital required and charge a lower

rate of interest to the builders than they pay themselves to the subscribers of their loans ; in this case the difference is as a rule paid out of the general budget. The contribution is less visible but none the less real when the State provides the capital advanced to the builders out of its budget ; in this case, the State bears the difference between the rate of interest actually charged and the rate it could normally demand.

The extent to which these various forms of intervention have been applied has varied with the views of each nation or of the political party in power, and also with the extent of building difficulties in each country. The last of these factors has been of decisive importance in determining the course of public policy within each country and the extent and duration of the various official activities. It will therefore be useful to follow here again the same classification of the countries into three main groups as was adopted above in describing the nature of the difficulties.

In the countries belonging to the first group, the difficulties of the building industry reached comparatively serious proportions only during the short period of financial instability, when building costs and interest rates rose rapidly, while the rents of pre-war dwellings were rigidly maintained at a low level by restrictive regulations. Private building was further impeded by the fear of a coming fall in prices which would result in a loss on all building work carried out during the period of high prices. During this period the authorities supported building operations on a fairly liberal scale, and adopted measures, generally of a temporary nature, which enabled them to grant subsidies and loans. The subsidies were generally intended to cover that part of the cost of building which was due to the temporary rise in prices and which after prices fell would have to be written off as a dead loss.

In Great Britain, the Acts of 31 July and 23 December 1919 considerably extended the competence of the authorities as defined by pre-war legislation on workers' dwellings, and set up a comprehensive scheme of subsidies to local authorities and private undertakings for the construction of houses fulfilling certain conditions. With regard to building credits, about which there were few difficulties, Parliament did little more than bring up to date and extend the pre-war regulations concerning the conditions on which local authorities could borrow capital for building purposes.



In the Netherlands, the Government adopted two methods of dealing with the difficulties of the situation. In the first place, during the years of special difficulty, it considerably extended the action contemplated by pre-war legislation on workers' dwellings, and thus opened up greater possibilities for granting credits and subsidies, chiefly to the municipalities and public utility societies, for building dwellings for the working classes. In the second place, entirely new emergency legislation was adopted, which was to be repealed as soon as the difficulties disappeared. This legislation also provided for subsidies and especially for credit facilities, to be granted chiefly to private undertakings building houses for the middle classes.

In Sweden, Norway, and Denmark, even before the war, the Governments had set up autonomous institutions to facilitate the granting of loans for building small dwellings. As these measures proved inadequate during the most difficult period, a temporary system of subsidies and loans was inaugurated, but, especially in Norway, a large part of the initiative and financial responsibility was left to the local authorities.

In all these countries the expected fall in prices occurred after a few years and building costs were stabilised, though at a comparatively high level. The money market soon returned practically to normal conditions, the rents of old dwellings were gradually raised, and rent restrictions were made less rigorous or even entirely abolished. Except in Great Britain, where the position was rather special, the authorities were thus able gradually to withdraw their support. As a general rule, they began by doing away with subsidies, for which there was no longer any justification. Credit facilities were maintained for a longer period, especially for loans on second and third mortgage, which were still difficult to obtain.

As a result of this policy it was possible, despite the economic difficulties, to restore the normal rate of building activity comparatively quickly, and a few years of intensive work made good the deficit of the preceding period. When, in more recent years, the rents of old dwellings had come up to the level of prices in general, the public authorities were able to relinquish intervention on any considerable scale. In the Netherlands, practically all that the State now does is to encourage the clearance and rebuilding of slums. In Sweden, an independent body has been set up to facilitate the granting of second mortgage loans

to public utility building societies by organising these societies in a kind of co-operative borrowing society. In Denmark, almost the only encouragement to building now given by the State is in the form of exemption from taxation. In Norway, also, the authorities are gradually reducing the extent of their intervention.

In Great Britain, as already mentioned, the situation has been rather different. The policy of assistance on a large scale provided for by the legislation of 1919 had to be abandoned two years later because of the rapid rise in prices, which rendered it too costly for the Treasury. It was only when prices became relatively stabilised that the Acts of 1923 and 1924 instituted new systems of subsidies intended to give a fresh impetus to building. In principle, the Government subsidies under these two Acts were intended to be paid equally to local authorities and to private builders. In point of fact, however, the subsidies under the 1923 Act went largely to private builders who intended to sell their houses to owner-occupiers of small means, while the subsidies under the 1924 Act, which prescribed certain conditions for the letting of houses built with their help, were used chiefly by the local authorities. This policy of subsidies is still being continued, for the shortage due to the stagnation of building during the previous years was much greater than in other countries, while the restriction of rents maintained the disparity between the levels of prices and of rents for a longer period. Moreover, the Government intended to make great progress in its policy of improving housing conditions. Since 1927 there have been some reductions in the rates of these subsidies. More effective measures have however been taken to ensure the systematic clearance and rebuilding of slums and to encourage the improvement of rural housing.

Among the countries belonging to the second group, a distinction should be made between Czechoslovakia and Finland on the one hand and France, Belgium, and Italy on the other. In the first two countries, conditions were at first similar to those in the countries of the first group: a rapid rise in prices was followed by a fall. But the fluctuations were much more pronounced. The Governments were faced by much the same problems and followed a similar policy. They granted subsidies and credit facilities as a temporary measure in the expectation of a subsequent fall in prices.

In Czechoslovakia, a number of Acts were passed from 1919 to 1924, each remaining in force for a short period and granting different forms of encouragement to building: loans, the guarantee of loans, contributions to the payment of interest and the redemption of mortgage loans, and non-repayable subsidies. In Finland, the Government from 1920 to 1924 granted so-called emergency loans, free of interest during the first ten years, and with part of the amount considered as non-repayable. This system was supplemented in 1922 by a system of loans to be paid back by instalments.

These countries differed from those of the first group in that their currencies were stabilised at a level far below the pre-war parity; economic conditions have been slow in returning to a normal state and the scarcity of capital still persists. Nevertheless, in Finland an energetic policy of rent increases enabled all restrictions to be abolished in 1924, and in view of the revival of building activity on a commercial basis the authorities gradually withdrew their support. The total sums already advanced were placed to the credit of a special fund, whose principal source of income was to be the payments received on account of interest and redemption; a mortgage bank for housing, organised on co-operative lines like a similar Swedish institution, was to assist public utility building organisations to obtain second mortgage loans, which are always very costly. In Czechoslovakia, questions of home politics have up to the present not allowed a definite housing programme to be set on foot. Rents are still controlled fairly strictly and building continues to require help from the State, although the measures applied are of a temporary character; they mainly take the form of credit guarantees.

In the remaining countries of the second group—Italy, France, and Belgium—inflation was slow and prolonged, and prices, instead of falling, as had at first been expected, showed a gradual, although somewhat irregular, tendency to rise. Until stabilisation was effected, the money market remained uncertain and the adjustment of rents to the fluctuating level of prices was difficult. So long as these disturbed conditions persisted, official action on any large scale was attended by great difficulties.

In France and Italy, the Governments during the earlier years merely extended their pre-war legislation, which had been worked out in great detail. In France, the legislation on cheap dwellings

originated with the Act of 1894, which was amended and supplemented on various occasions, in particular by the Acts of 24 August 1908 and 23 December 1912, and was finally codified with the later additions in the Act of 5 December 1922. The Italian legislation on working-class and cheap dwellings was inaugurated by the Act of 31 May 1903 and was twice codified, after numerous additions, in the Acts of 27 February 1908 and 13 November 1919.

The principle of these various legislative measures is that the State encourages building by assisting recognised public utility bodies, which undertake the construction of dwellings of approved types, to obtain the necessary capital. The State enables them to borrow on a large scale from credit institutions or other institutions with a large amount of capital which has to be placed in sound investments (savings banks, social insurance institutions, etc.). To a certain extent, also, the State, helped by the local authorities when necessary, may pay a certain proportion of the interest on these loans. The system of subsidies in the strict sense is used in France only to encourage the building of dwellings for large families; in Italy it has been employed only as a temporary measure (under the Act of 10 March 1926) for the building of very simple dwellings to be sold to families of very small means.

In Belgium, the action organised by the Act of 8 August 1889, with the assistance of the savings banks, to help persons of small means wishing to build or purchase a small dwelling to obtain loans, proved inadequate to meet the post-war situation. A new system, based partly on the French model, was instituted by the Act of 11 October 1919 concerning cheap dwellings. Until the currency was stabilised, however, the State advanced most of the capital to the National Society for Cheap Dwellings, which then distributed it among the recognised local societies. Subsidies were introduced somewhat later, in 1922, chiefly in order to facilitate the sale of houses built by recognised societies and to enable the societies in this way to recover part of the capital invested and use it to continue their work.

In these three countries stabilisation was delayed until 1926 or 1927, but since then the economic situation has improved fairly rapidly as the process of adjustment to new conditions has been steadily carried on. In France and Belgium, however, rents were maintained at an artificially low level by the legislation for

the protection of tenants, and in Italy, to a less degree, by the semi-official action of the Fascist Federation of Landlords, acting in agreement with the Government after the repeal of the former regulations.

The intervention of the public authorities in building was therefore still necessary, and it rapidly assumed large dimensions. In France, the Loucheur Act of 13 July 1928 considerably widened the scope of the previous legislation. Credit facilities and subsidies were granted more liberally and in such a way as to encourage occupants to become the owners of their dwellings. Official assistance was made available for dwellings for the middle classes (with medium rents); and the necessary resources for an extensive programme of building were placed at the disposal of the State. In Belgium, the National Society for Cheap Dwellings, which is responsible for the whole housing policy in that country, was empowered to raise large loans on its own account, and the system of subsidies was extended and made more elastic. In Italy, recent legislation, while not ignoring public utility building, has tried chiefly to encourage private building. In line with the policy of rent adjustment and a gradual return to freedom of contract, it aims at organising and improving facilities for building loans, while at the same time granting a considerable amount of fiscal relief. This last measure gives very valuable encouragement in view of the magnitude of the taxes on house property.

In the countries belonging to the third group, Austria, Poland, and Germany, all of which suffered from a catastrophic depreciation of their currency, housing policy has two points in common: on the one hand, the initial attempts to encourage building were wrecked in the general chaos produced by the great inflation, and, on the other, a special tax was levied on the tenants of old dwellings, which was used partially or wholly for financing the building of new houses. In point of fact this tax was really borne by the landlords. It was felt unjust that property owners should obtain from their houses an income equal to the pre-war figure, since their mortgage charges had been greatly reduced by the inflation, the value of mortgages having been only partly reassessed. That fraction of the rent to which the landlords were not thought to be entitled but which the tenants were quite able to pay was therefore taken over by the authorities.

The funds which the authorities thus secured were extremely valuable, because even after the stabilisation building difficulties were very serious. In the first place, general economic conditions did not permit of the rents of old dwellings (including the tax) being completely adjusted to the new conditions ; in the second place, the inflation had destroyed a large proportion of the national capital, so that capital was very scarce and very costly. The authorities were therefore compelled not only to take over part of the charges burdening new buildings but also to provide out of their own resources a large amount of the capital required for building.

Varying methods have been used by the three countries in question to solve these problems.

In Austria the municipality of Vienna, since 1923, has adopted a very radical policy, and has written off the whole cost of the buildings it has erected. The rents charged for these dwellings are intended to cover only the costs of repair and management, so that they are practically on a level with the legal rents of old dwellings. But, contrary to the German practice, the tenants of new dwellings are taxed as well. Although this system produced important results it was not followed by the other provincial authorities, which adopted, as far as their resources permitted, the methods of encouragement generally employed in other countries. The Federal Government was unable to intervene to any considerable extent until 1929, because the Federal Housing and Land Settlement Fund, which was set up in 1921 and was a development from the system in force under the former monarchy, had been unable to operate normally during the inflation period. The new legislation instituted national action on quite a large scale, permitting the State to contribute relatively large sums to the payment of interest and the redemption of loans made by existing institutions.

In Poland, under the terms of the legislation adopted in 1927, i.e. when the stabilisation of the zloty was finally achieved, the Urban Extension Fund (financed largely out of part of the proceeds of a tax levied on the tenants of old dwellings and a tax on building sites) was to help to pay the interest on loans made by another State institution, the Building Fund ; it was also to bear the cost of writing off part of these loans. The Building Fund was to raise the necessary capital by borrowing. This system, which was intended to improve the system that

had been in force since the introduction of the zloty, has so far had only a limited success.

In Germany the assistance of the authorities has chiefly taken the form of second or third mortgage loans granted on advantageous terms. The responsibility for these operations was left to the Governments of the different States, and the Federal Government merely laid down certain guiding principles, in particular those issued on 26 March 1926. At first the different States obtained the necessary resources by issuing loans, or by appropriating considerable sums to this purpose in their budgets. But for some years past the largest source of income has been the proceeds of the tax levied on the tenants of old dwellings. This tax was introduced by the Third Emergency Taxation Order of 14 February 1924, later supplemented by the Act of 1 June 1926 on the reassessment of property. Up to the end of 1929 this tax had brought in a sum of more than 4 milliard marks, which was invested in building more dwellings.

This extensive system of long-term loans was supplemented by a development in the organisation of temporary credits to builders, instituted and regulated by the Acts of 1926 and subsequent years to encourage the building of small dwellings.

The system of credit guarantees, which was extensively adopted in Austria and Czechoslovakia, has also reached certain dimensions recently through the action of the municipal authorities. The system of subsidies, on the contrary, which was applied during the early post-war period (Orders of the Federal Council of 31 October 1918 and of 10 January 1920), was retained after the stabilisation only for very restricted purposes, such as the building of houses for officials, soldiers, and war victims (on behalf of whom the Federal Government also allows special credit facilities), and for building operations forming part of the policy of productive relief work for the unemployed.

Thanks to all these measures, building activity in Germany has developed greatly in spite of the grave difficulties of the economic situation.

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There can be no question in this article of dealing in detail with the conditions attached by the authorities to their financial assistance. These conditions vary from country to country, and also within each country at different periods and according to the nature of the difficulties to be met.

It may merely be stated that the subsidy is either proportional to the cost of construction or is a fixed sum, sometimes varying with the type of dwellings or the means and the family responsibilities of the occupants. It may amount to 10, 20, 30, or even 40 per cent. of the cost of the building, according to circumstances.

The amount of the loans granted is usually proportional to the cost of construction or the market value of the building. As a rule these loans are intended to supplement the first mortgage loans which the builders can obtain in the ordinary market. The total amount of the latter and of the capital provided by the builder is generally from 40 to 50 per cent. of the value of the building so that the authorities have to cover a further 50 or 60 per cent. In some cases this proportion may even be exceeded. Interest rates usually vary from 2 to 5 per cent., and loans are granted for twenty, thirty, or even sixty years according to circumstances.

The grant of public support is naturally made to depend on the observance of specified conditions, which usually relate to the nature of the dwellings to be built, the prospective occupants, and the bodies responsible for the work. In the case of private undertakings building for profit, the support of the public authorities has usually been less liberal than in the case of institutions of a public utility character or those not working for profit.

It is indeed by no means the least important result of the policy of financial assistance to housing adopted by the authorities that building organisations which may be considered as being of public utility have received an important stimulus. Before the war these institutions were responsible for only a very small proportion of the total number of dwellings built, whereas in many countries since the war they have accomplished more than one-third of the work.

It is true that this is an exceptional situation and that the part played by public utility building will decrease immediately when official support is reduced or abolished. This has indeed already happened in countries where the policy of financial assistance has been to a great extent abandoned (as in the countries which were neutral during the war and which were classified in the first group). At the same time it would appear that traces of this temporary activity will remain ; a certain number of these public utility bodies which were the outcome of the



offer of special privileges are now firmly established, and have gained sufficient experience to be able to continue and pursue their activities out of their own resources or with only very slight support.

The nature of these public utility organisations differs in various countries. It should be noted first of all that the local authorities have as a rule played a very small part in the total amount of building done. Austria is almost the only country where a large proportion of the building (almost three-quarters) is due to their initiative. That fact is due to the exceptional activity of the municipality of Vienna and the relative importance of the capital as compared with the rest of the country. In Norway and Great Britain the work of the local authorities has also been quite important (representing about one-half and one-third of the total amount of building respectively), thanks to certain provisions of the national legislation and to the remarkable spirit of initiative shown by the local authorities, which launched out boldly on a type of activity which was comparatively new for them.

In Germany, on the other hand, although municipal life is extremely active, municipal building represents only about 10 per cent. of the total, and the proportion is about the same in Czechoslovakia, the Netherlands, and the Scandinavian countries, with the exception of Norway. In these countries, however, autonomous public utility bodies and co-operative and other building societies have been very active. Even before the war these movements were full of vitality, although they did not cover a very wide field. Post-war circumstances gave them an exceptional impetus, as they were ready to carry out tasks for which the public administrative bodies were hardly equipped. It may also be noted that in Germany the local authorities have shown a very definite tendency to entrust an increasing amount of the responsibility for building to public utility societies, and to limit their intervention to the various forms of support mentioned above. In certain cases the authorities have even taken the initiative in setting up public utility societies, which they keep under their supervision but on which they depend to undertake the building and the management (particularly the latter) of house property.

The situation in the Latin countries is rather different. In them, the legislation on cheap dwellings does not apply merely to private bodies not working for profit, such as co-operative

building societies, employers' schemes, charitable institutions, savings banks, etc., which undertake to build dwellings according to certain specifications. Provision is also made for the creation of independent public bodies—such as the public offices for cheap housing in France, the autonomous institutions in Italy, and the local societies in Belgium—instituted specifically for the purpose of building and managing dwellings. It is these bodies that have carried out most of the work in this field, and it is probable that in France the Loucheur Act will mean a further extension of the system.

### RESULTS AND FUTURE PROSPECTS

It is somewhat difficult to determine the results of the policy of financing house building outlined in the preceding pages. The small group of statistical tables given in the appendix may, however, throw some light on the question.

The first two tables show the general movement of building, the first in absolute figures according to the most complete statistics available, and the second (which is more suitable for international comparisons) in relative figures limited as a rule to towns of a certain size.<sup>1</sup>

It will be seen that there is a fairly clear distinction between the movements in the different groups of countries. In the first group building activity was rapidly resumed on a large scale, except in Norway, where the particularly difficult economic situation delayed the resumption of activity for some time. In recent years the intensity of the movement has been more or less maintained, in spite of important reductions and even the abolition of certain forms of public support, because with the return of favourable economic conditions private building has become more active. In these countries the housing shortage resulting from the war and the first few years after it is rapidly disappearing, if it has not already completely vanished.

In the third group, on the other hand, building was for a long time paralysed by the inflation, and it is practically only in Germany, and to some extent in Austria, that there has been any noticeable increase in building recently. This increase is due almost entirely to the intervention of the authorities. But the

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<sup>1</sup> In two cases (England and Wales, and Belgium) such a distinction cannot be made because the data refer to the whole country. The urban element is however preponderant in both countries.

housing shortage is still extremely serious, and is especially so in Poland, where there are scarcely any signs of a resumption of building activity.

The second group of countries represents an intermediate position. In Finland and Czechoslovakia, where stabilisation was effected comparatively early, building was rapidly resumed, as a result not only of the policy of the authorities but also of the development of private building. Among the Latin countries, where economic difficulties lasted longer, the revival of building activity has also been fairly rapid in Italy; in France and Belgium it is less marked, but the needs arising out of the growth of the population are also less intense. In the whole of this group the housing shortage due to the war remains a serious problem, but is not so grave as in the countries of the third group. In some of these countries, in particular in Eastern and Southern Europe, the gravity of the situation is much increased by the defective housing conditions inherited from before the war.

The series of tables given for the various countries for which detailed figures are available shows the relative importance of the building carried out by various kinds of organisation. The influence of the policy of financial assistance adopted by the authorities can be clearly traced.

The figures used in all these tables provide eloquent testimony to the importance of housing policy during the first decade after the war. It is true that in the last few years there has been in certain countries a perceptible decrease in the contribution of public utility bodies to the sum total of building. This must not, however, be interpreted as meaning that there is a tendency for this form of activity to disappear almost entirely or to be reduced to the very secondary position which it occupied before the war. Even if public utility building does not maintain the predominant place it has held during the period of exceptional conditions, it is certain that much remains for it to do, even under economic conditions which may be regarded as more or less normal.

The position of the great majority of the population as a result of the post-war building difficulties described at the outset of this study seems likely to continue for a long time for quite a large minority of the population. It is indeed probable that the poorest section of the working class will remain unable to pay a rent enabling them to live in conditions compatible with the laws of hygiene and with proper self-respect. So long, therefore, as

Governments desire for reasons of social policy to assist these sections of the population, they must do so by methods similar to those they have had to adopt for encouraging the building of dwellings for the population in general. In this direction it seems probable that the public utility bodies will still have important work to do, even if on a smaller scale, with the financial support, either direct or indirect, of the authorities.

The efforts made before the war and developed since the war for encouraging occupants to become owners of their dwellings (either individually or on a co-operative basis) would seem to meet a very widespread aspiration of large numbers of people, especially those who are moderately well off. This tendency is bound to be strengthened by the concrete examples resulting from the important financial help granted by the authorities. It seems likely, then, that this movement will continue, and, while it may not receive the same public subsidies as before, it will be working under more favourable economic conditions, justifying the withdrawal of these subsidies. In any case, its vitality and importance are now probably sufficient to enable it to continue its existence and retain at least part of the support it has hitherto had from the authorities.

Last, but not least, in every country the building of dwellings by public utility bodies is of an importance which goes far beyond the sphere of social ideas from which it sprang. In certain quarters mention has already been made of the influence which this movement, if suitably controlled, could have as a steadying factor in economic life. This point of view might be of unforeseen importance during a period of depression such as the present one. House building occupies a far from negligible position in the productive activity of any country ; and since the consumption of the goods produced (that is, the dwellings) is not instantaneous but is spread over several decades, activity in this branch of industry might easily be made to fluctuate in the opposite sense to economic activity in general. It is clear that in carrying out a policy of this kind the mechanism set up for public utility building could be of great value.

The conclusion would therefore seem justified that the housing policy which was so suddenly and extensively developed as a result of the building difficulties after the war has still a wide field of activity before it, and is well on the way to becoming an important chapter in the history of social policy.

# APPENDIX

## Statistics of House Building in Various European Countries since the War

(Data taken from : INTERNATIONAL LABOUR OFFICE : *Housing Policy in Europe* ; Studies and Reports, Series G (Housing and Welfare), No. 3 ; Geneva, 1931.)

### HOUSE-BUILDING ACTIVITIES IN VARIOUS COUNTRIES, 1920-1929 <sup>1</sup>

Year	Number of dwellings, etc., built in :												
	England and Wales	Netherlands	Sweden	Denmark	Norway	Italy	France <sup>a</sup>	Belgium	Czechoslovakia	Finland	Austria	Poland	Germany
	Whole country	Whole country	All districts	All districts	26 communes with over 5,000 inhabitants	Rome, Genoa, Milan, Turin	Paris	Whole country	78 towns with over 10,000 inhabitants	All districts	Vienna	All towns with over 25,000 inhabitants	Whole country
	Dwellings	Dwellings	Dwellings	Dwellings	Dwellings	Rooms	Floors	Houses	Dwellings	Dwellings	Dwellings	Rooms	Dwellings
1920	42,000 <sup>s</sup>	—	4,524	5,757	—	—	—	—	3,838	1,316	375	—	75,928
1921	115,000 <sup>s</sup>	40,364	6,365	7,735	2,636	29,604	—	9,039	7,227	1,526	245	—	108,596
1922	81,000 <sup>s</sup>	45,496	6,360	5,465	2,641	—	—	14,780	6,958	2,406	873	—	124,273
1923	86,210	43,132	9,461	7,446	2,922	—	1,956	20,718	10,317	3,082	1,210	2,182	100,401
1924	130,889	46,712	11,901	6,001	2,469	71,228	2,922	22,347	14,592	3,314	2,239	4,336	94,807
1925	173,426	47,190	13,042	7,454	2,227	98,138	3,166	24,000 <sup>s</sup>	10,699	3,991	2,400	6,114	164,437
1926	217,629	48,833	14,221	8,266	1,637	67,000 <sup>s</sup>	3,894	26,000 <sup>s</sup>	12,389	5,270	3,486	8,094	199,084
1927	238,914	50,246	15,095	8,515	1,391	58,436	2,854	25,000 <sup>s</sup>	19,222	7,323	2,691	16,106	284,444
1928	169,532	47,335	16,399	9,012	1,920	100,449	4,147	24,000 <sup>s</sup>	30,429	9,547	4,669	14,293	306,825
1929	202,060	47,347	16,000 <sup>s</sup>	9,451	2,847	—	5,661	—	23,560	—	7,038	20,317	315,703

<sup>1</sup> Generally speaking, the figures refer to new buildings only. Those for Sweden, for Austria until 1928, and for the Netherlands from 1921 to 1925 inclusive, refer also to reconstructed buildings; those for Norway, and for Austria in 1929, denote the net increase (new and reconstructed buildings, less buildings pulled down).

<sup>a</sup> According to building permits issued. <sup>b</sup> Estimate.

RATIO OF DWELLINGS, ETC., ERECTED IN TOWNS WITH OVER 100,000 INHABITANTS, FROM 1920 TO 1929,  
TO DWELLINGS, ETC., EXISTING IN OR ABOUT 1920-1921 <sup>1</sup>

Year	Dwellings, etc., built per 1,000 dwellings, etc., existing in or about 1920-1921												
	England and Wales	Netherlands	Sweden	Denmark	Norway	Italy	France <sup>a</sup>	Belgium	Czechoslovakia	Finland	Austria	Poland	Germany
	Whole country	The Hague, Amsterdam, Rotterdam, Utrecht, Groningen, Haarlem	Stockholm, Göteborg, Malmö	Copenhagen	Oslo, Bergen	Rome, Genoa, Milan, Turin	Paris	Whole country	Prague, Bratislava, Brno, Moravska-Ostrava, Pilsen	Helsingfors	Vienna	Warsaw, Cracow, Lvov, Lodz, Poznan	Towns with over 100,000 inhabitants
	Dwellings	Dwellings	Dwellings	Dwellings	Dwellings	Rooms	Floors	Houses	Dwellings	Dwellings	Dwellings	Rooms	Dwellings
1920	5.3 <sup>3</sup>	—	—	16.7	6.1	—	—	—	—	18.1	0.7	—	3.7
1921	14.4 <sup>3</sup>	32.8	13.6	30.0	13.2	17.8	—	5.8	15.2	14.3	0.4	—	4.3
1922	10.2 <sup>3</sup>	50.8	7.1	17.1	13.6	—	—	9.6	11.8	24.0	1.6	—	5.7
1923	10.8	42.3	17.7	26.2	12.1	—	5.2	13.4	17.0	15.4	2.2	—	5.8
1924	17.2	50.9	28.9	19.5	13.7	41.6	7.8	14.4	28.3	37.4	4.0	3.0	4.4
1925	21.7	51.0	37.6	25.9	15.4	57.3	8.4	15.6 <sup>3</sup>	20.5	54.2	4.3	3.7	9.0
1926	27.3	57.3	45.7	24.6	9.6	39.2 <sup>3</sup>	10.3	16.9 <sup>3</sup>	21.8	86.1	6.3	4.7	14.1
1927	29.9	55.6	51.7	30.8	6.5	34.1	7.6	16.2 <sup>3</sup>	39.9	116.3	4.9	10.8	20.2
1928	21.2	44.9	52.7	28.5	8.2	58.6	11.0	15.6 <sup>3</sup>	64.5	128.5	8.4	6.0	24.3
1929	25.3	44.9	—	29.5	19.2	—	15.1	—	52.1	—	12.7	—	28.0

<sup>1</sup> Generally speaking, the figures relating to building from which the relative figures have been calculated refer to new buildings only. Those for Sweden, for Austria until 1928, and for the Netherlands from 1921 to 1925 inclusive, refer also to reconstructed buildings; those for Norway, and for Austria in 1929, denote the net increase. The figures for the total number of existing dwellings refer generally to 1920 or 1921, except for the Netherlands and Finland (1919), France (1911), and Austria (1917); for Italy and Germany they are partly based on estimates.

<sup>2</sup> According to building permits issued.

<sup>3</sup> Estimate.

## ENGLAND AND WALES (WHOLE COUNTRY)

Year <sup>1</sup>	Number of dwellings constructed				
	With the aid of State subsidies <sup>2</sup>			By private enterprise without State subsidies	Total number of dwellings built
	Total	By local authorities	By private enterprise		
1919	715	576	139	53,800 <sup>3</sup>	251,988 <sup>3</sup>
1920	28,549	15,585	12,964		
1921	101,071	80,783	20,288		
1922	67,853	57,535	10,318		
1923	18,664	14,353	4,311	67,546	86,210
1924	67,669	20,624	47,045	69,220	136,889
1925	106,987	44,218	62,769	66,439	173,426
1926	153,779	74,093	79,686	63,859	217,629
1927	178,582	104,034	74,548	60,332	238,914
1928	104,792	55,723	49,069	64,740	169,532
1929	110,369	60,245	50,124	91,691	202,060

<sup>1</sup> The yearly period extends from 1 April of the year indicated to 31 March of the following year. <sup>2</sup> Subsidies granted under the Acts of 1919, 1923, and 1924. <sup>3</sup> Estimate.

Source : *Annual Reports of the Ministry of Health, 1919-1920 to 1929-1930.*

## NETHERLANDS (WHOLE COUNTRY)

Year	Number of dwellings constructed <sup>1</sup> by :				
	State, provincial, and "polder" authorities, and the railways	Local authorities	Public utility building societies	Private persons	Total
1921	636	5,687	19,298	14,743	40,364
1922	130	6,808	13,622	24,936	45,496
1923	94	5,449	9,590	27,999	43,132
1924	107	3,574	8,736	34,295	46,712
1925	41	4,059	8,538	34,552	47,190
1926	100	2,916	4,749	41,068	48,833
1927	69	2,759	4,801	42,617	50,246
1928	44	1,191	5,542	40,558	47,335
1929	64	2,242	5,221	39,820	47,347

<sup>1</sup> From 1921 to 1925, dwellings made available by adaptation of existing buildings as well as new dwellings; from 1926 onwards, new dwellings only.

Sources : *Statistisch Jaarboek der Gemeente Amsterdam (Annuaire statistique de la ville d'Amsterdam), 1922-1923; Maandschrift van het Centraal Bureau voor de Statistiek, 1926-1930.*

SWEDEN (ALL LOCALITIES) <sup>1</sup>

Year	Number of new dwellings made available by building or adaptation by :					
	The State	Local authorities	Housing societies	Industrial undertakings	Private enterprise and individuals	Total
1917	18	1,157	1,529	772	3,342	6,818
1918	156	820	1,007	972	2,248	5,203
1919	211	883	1,074	434	2,313	4,915
1920	211	616	367	575	2,755	4,524
1921	686	1,518	368	330	3,463	6,365
1922	381	279	332	118	5,250	6,360
1923	155	693	563	159	7,891	9,461
1924	127	1,522	1,189	101	8,962	11,901
1925	62	1,166	1,935	114	9,791	13,068
1926	84	369	2,305	73	11,390	14,221
1927	25	673	2,452	76	11,869	15,095
1928	77	328	2,731	77	13,186	16,399

<sup>1</sup> The geographical scope of the statistics has been steadily extended. In 1913, for instance, they covered 244 localities and communes, with 1.74 million inhabitants; in 1923, 282 localities and communes, with 2.07 million inhabitants; in 1928, 315 localities and communes, with 2.27 million inhabitants.

Source : *Sociala Meddelanden*, 1928-1929.

## DENMARK (ALL LOCALITIES)

Year <sup>1</sup>	Number of dwellings constructed by :			
	Local authorities	Housing societies	Private persons	Total
1920	2,321	1,797	1,403	5,521
1921	2,342	4,108	1,285	7,735
1922	1,174	2,130	2,161	5,465
1923	843	2,661	3,942	7,446
1924	999	1,394	3,608	6,001
1925	874	2,846	3,734	7,454
1926	1,010	3,355	3,901	8,266
1927	1,086	2,477	4,952	8,515
1928	475	1,518	6,267	8,260
1929	772	869	7,810	9,451
Total	11,896	23,155	39,063	74,114
Copenhagen only	9,291	18,689	17,844	45,824

<sup>1</sup> The yearly period extends from 1 October of the preceding year to 30 September of the year indicated.

Sources : *Statistisk Aarbog (Annuaire statistique)*; special report to the International Labour Office.



## NORWAY (ALL LOCALITIES, PERIOD 1914-1928)

Bodies initiating building	Number of dwellings built	
	In the 5 most important towns	In 56 communes (including the 5 most important towns)
Local authorities	7,819	8,971
With assistance of local authorities :		
Joint-stock housing societies	4,142	4,160
Co-operative housing societies	653	791
Private persons	2,268	5,449
Total built with assistance of local authorities	14,882	19,371
Total number of dwellings built	16,605	—

Source : Special report to the International Labour Office.

## CZECHOSLOVAKIA (ALL LOCALITIES)

Year	Number of dwellings built by :						
	The State	Local authorities	Co-operative societies	Commercial and industrial undertakings	Other institutions with legal status	Private persons	Total
1928	1,035	1,483	5,167	1,406	467	21,688	31,246
1929	1,621	1,845	3,991	3,005 <sup>1</sup>	333	15,697	26,492

<sup>1</sup> Including 1,643 dwellings built by employers.

Source : *Mitteilungen des Statistischen Staatsamtes*, 1920-1930.

## FINLAND (ALL LOCALITIES)

Year	Number of dwellings built by :						
	The State	Local authorities	Public utility housing societies	"Popular dwellings movement"	Industrial undertakings	Private enterprise	Total
1924	15	203	498	789	133	1,676	3,314
1925	16	164	704	664	173	2,270	3,991
1926	3	71	479	612	10	4,095	5,270
1927	8	138	390	768	270	5,749	7,323
1928	2	99	576	640	175	8,055	9,547

Source : *Sosialinen Aikakauskirja—Social Tidskrift*, 1926-1929.

## AUSTRIA (ALL LOCALITIES, PERIODS 1920-1928)

Bodies initiating building	Number of dwellings built
<i>Vienna :</i>	
Municipality <sup>1</sup>	39,000
Housing societies aided by Federal Fund <sup>2</sup>	2,332
Private enterprise (since 1925) (approximately) <sup>3</sup>	3,000
<b>Total</b>	<b>44,332</b>
<i>Remainder of the country <sup>4</sup> :</i>	
Provinces and local authorities	13,140
Housing societies	4,240
Public employers	4,600
Private employers	2,700
Private enterprise	8,220
<b>Total</b>	<b>32,900</b>

<sup>1</sup> Estimate based on the municipal housing programmes : two initial instalments of 25,000 and 5,000 dwellings completed by the end of 1927 ; 6,000 in 1928 (first year of the third instalment of 30,000) ; about 3,000 before 1925. The estimate was confirmed up to the end of 1927 by F. MUSIL : *Das Wohnungswesen Oesterreichs*, p. 66.

<sup>2</sup> NEUMAN : "Das Wohnungswesen in den österreichischen Bundesländer", in *Das Wohnungswesen in Oesterreich* (Vienna, "Gewista", 1929).

<sup>3</sup> Estimate based on the number of dwellings for which building permits were issued from 1925 to 1928 to building organisations other than the Municipality, but deducting the 1,250 dwellings estimated to have been built by the building societies during these years and already included in the previous item.

<sup>4</sup> NEUMAN : *op. cit.*, p. 99.

## POLAND (WARSAW)

Year	Number of dwelling houses built or adapted by :					Total number of new dwellings built or obtained by adaptation
	The State	The Municipality	Co-operative societies	Private enterprise	Total	
1922	6	6	—	59	71	197
1923	36	5	35	113	189	626
1924	5	1	40	151	197	744
1925	8	6	34	216	264	1,151
1926	3	5	44	197	249	1,131
1927	7	24	77	377	485	2,490
1928	4	5	45	496	550	3,007
1929	4	1	92	395	492	3,066

Sources : *Annuaire statistique de la ville de Varsovie*, 1922-1926 ; communication to the International Labour Office.

## GERMANY (WHOLE COUNTRY)

Year	Number of dwellings <sup>1</sup> built by :			
	Public authorities and corporations	Public utility societies	Private enterprise	Total
In the whole of the Reich				
1927	33,269	78,426	169,395	281,090
1928	31,538	90,889	180,900	303,327
1929	30,010	109,121	173,139	312,270
In towns with over 50,000 inhabitants				
1926	9,865	32,420	29,986	72,271
1927	10,931	50,160	42,446	103,537
1928	11,686	58,490	52,509	122,685
1929	11,267	70,668	55,482	137,437

<sup>1</sup> Dwellings in exclusively residential buildings only.

Source : *Wirtschaft und Statistik*, 1928-1930.