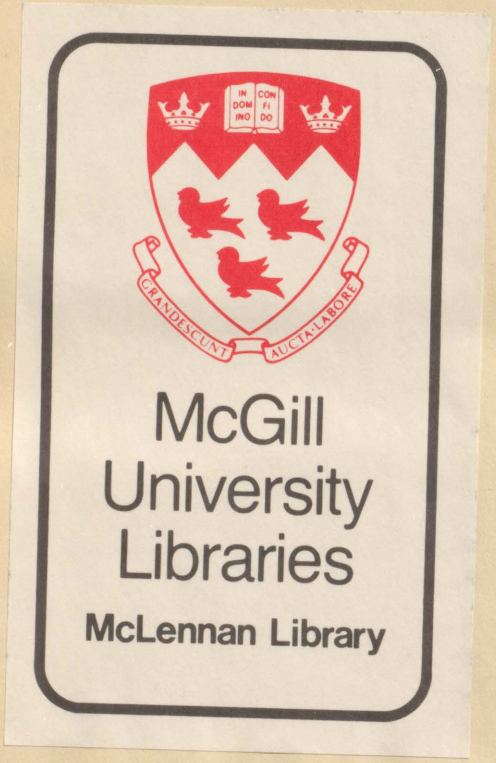

IN DOMINO CONFIDO
GRANDESCUNT AUCTA LABORE
McGill
University
Libraries
McLennan Library

THE ANTI-SLUM CAMPAIGN

BY THE SAME AUTHOR

HOW TO ABOLISH THE SLUMS

With Illustrations. Paper, 2s. 6d. net
Cloth, 4s. 6d. net

A CITY COUNCIL FROM WITHIN

With Preface by Professor Graham Wallas
7s. 6d. net

THE INHERITANCE OF RICHES

Paper, 6d.

THE SMOKELESS CITY

By Sir E. D. Simon and Marion Fitzgerald,
Assoc. R. San. Inst.

With Preface by Lord Newton and a
Frontispiece. 1s. 6d.

THE ANTI-SLUM CAMPAIGN

by

SIR E. D. SIMON
M.A., M.Inst.C.E., M.I.Mech.E.

Lord Mayor of Manchester 1921-2
Chairman of Manchester Housing Committee 1919-24
Parliamentary Secretary to the Ministry of Health 1929
Author of "How to Abolish the Slums," "The Smokeless City"
"A City Council from Within," etc.

LONGMANS, GREEN AND CO.
LONDON • NEW YORK • TORONTO
1933

LONGMANS, GREEN AND CO. LTD.
39 PATERNOSTER ROW, LONDON, E.C.4
6 OLD COURT HOUSE STREET, CALCUTTA
53 NICOL ROAD, BOMBAY
36A MOUNT ROAD, MADRAS

LONGMANS, GREEN AND CO.
55 FIFTH AVENUE, NEW YORK
221 EAST 20TH STREET, CHICAGO
88 TREMONT STREET, BOSTON

LONGMANS, GREEN AND CO.
480-486 UNIVERSITY AVENUE, TORONTO

Printed in England at
The Westminster Press
411A Harrow Road
London, W.9

CONTENTS

Part I

HISTORY OF POST-WAR HOUSING

Part II

THE PROBLEM IN 1933

CONTENTS

PART I

HISTORY OF POST-WAR HOUSING

I

INTRODUCTION

OUR post-war housing effort has been marked by great achievement and by great failure. The achievement is the building of nearly two million houses, many of them for the working classes, which have set a completely new and very much better standard of working-class housing than has ever been known in this country; a standard we all know, of a decent house standing in a garden, with adequate accommodation and everything that is nowadays considered necessary for civilised life. The great failure is that in spite of this effort the slums are no better to-day than they were at the end of the war; in fact, they are fifteen years older and have seriously deteriorated. We have a right to be proud of our national achievement. We have a plain duty to be ashamed of our failure, and to leave no stone unturned to put an end to the disgrace of our slums.

The outstanding feature of the post-war period as regards working-class housing has been the strength of the public demand that the slums should be abolished. Perhaps the most striking thing about this public demand for housing reform has been its persistence. Year after year pressure has been brought to bear upon whatever Government happened to be in power to do something effective about clearing the slums. One of the most active manifestations of this public opinion was during the period of demobilisation, when it took the form of a demand that proper houses should be provided for soldiers returning from France. This was crystallised into

the slogan "Homes for Heroes" and forced the Government to introduce the Addison Housing Bill and completely to revolutionise traditional housing methods in a desperate effort to get houses built under conditions of extraordinary difficulty.

The public demand for the abolition of the slums has persisted in waves of varying strength, alternating with waves of economy, till the present time. Now, in 1933, we are, as it happens, in the midst of the biggest wave of public opinion since 1920. It was begun, I think, by a series of broadcast addresses describing the horrifying and gruesome conditions in the slums, which made a great impression. Many newspapers published accounts from special correspondents of visits to slums; the Church has issued a national appeal, and the Prince of Wales has reinforced the whole movement in a series of powerful speeches.

This great and sustained effort is striking evidence of one thing—that there is a new conscience in this country as regards housing, that the public intends that the slums shall be abolished. After all, it is only in accordance with the general trend of public opinion during the last two generations. We have insisted that every child shall be given decent education; we have insisted on a great extension of public health measures, hospitals, sanatoria, health visitors; and yet the child who grows up in overcrowded conditions in the slums has no real chance. The child is the test. It is the future generation that matters.

It is interesting to note that public opinion is just as ready to welcome one form of housing campaign as another. Indeed, it is remarkable with what eager but undiscriminating enthusiasm every new Housing Bill has been welcomed. In any meeting before any audience, from the House of Commons downwards, it has always been possible to get a

cheer by attacking the slums, by calling them "a blot on our civilisation," or, in Sir Hilton Young's picturesque phrase, "radiating centres of depravity and disease." On the other hand, as soon as the speaker begins to consider the remedy, what financial and other steps are required to get people into decent houses, he is at once forced to go into difficult and complex figures as regards quantities, costs, gross and net rents, different types of subsidy, and so on. Almost immediately the audience loses interest and begins to yawn. Public opinion demands the clearance of the slums but does not know or care how it is to be done. This is quite right. Democracy can only work if it selects a competent Government and then leaves it to that Government to do the jobs it wants done. In the case of housing, public opinion has done its job; it has made its demand for the abolition of the slums abundantly clear. Have the Governments done their part equally well?

Much clear hard thinking is required. The object of this book is not to spend time on emphasising the emotional appeal; rather deliberately to resist the temptation to quote horrors about slums. I propose to assume that the job has got to be done, and to proceed to consider on the basis of cold facts and figures how best the task of rehousing the slum dwellers in healthy homes can be accomplished.

The way in which this demand to deal with the housing of the working classes has affected the six successive Governments since the war is most interesting. Every one of them has passed housing legislation; in many cases the complex problem of getting new houses built has been one of their chief preoccupations. The post-war Coalition Government was the first which had to deal with the problem. They found a terrible shortage of houses; the

cost of building was twice as high as before the war; rents under the Rent Restriction Act were 50 per cent above pre-war. A new and higher standard of working-class housing had been laid down by the Tudor Walters Committee, and public opinion was strongly insisting that such a standard should be maintained. The rate of interest was 6 per cent; under these conditions the economic rent of new houses was two or three times higher than the prevailing level of rents for equivalent accommodation. There were only two possible ways of getting houses built. One was to remove the Rent Restriction Act and let rents soar, so that new building would again become profitable. This was politically out of the question. The Government was therefore forced to adopt the other method; to lower the rent of houses by means of a subsidy. This was a revolutionary thing to do; it was done as an emergency measure, but has persisted now for fifteen years.

The Coalition Government did another revolutionary thing. They imposed on local authorities, for the first time, an obligation to provide for the whole of the working-class housing need for their district, so far as it was not likely to be met by other agencies. Although a few thousand houses had been built by local authorities in pre-war days, it is roughly true to say that the working classes had been housed by private enterprise. But in 1919 conditions were such that private enterprise could not possibly build houses for letting at a profit, and the Addison Act, although only passed on account of the emergency, was the beginning of a revolution in putting this duty on the shoulders of the local authorities. Now, after fifteen years, it has become an accepted part of public policy that housing, at least of the lower paid workers, is the duty of local authorities.

Since the Coalition Government fell in 1922 there

have been three Conservative Governments, with two Labour Governments sandwiched in between them. None of them have done such revolutionary things as the Coalition Government, but all of them have accepted and developed the policy which it initiated. The Conservative Governments, generally speaking, have endeavoured to rely on private enterprise. The first and third Conservative Governments gave subsidies to private enterprise; the two Labour Governments took little interest in private enterprise but gave large subsidies to local authorities in the one case for the building of new houses and in the second case for the clearance of slums.

The main subsidies which have been effective in getting houses built since the war have been, first of all, the Addison subsidy of 1919, and later, the Chamberlain subsidy of 1923 and the Wheatley subsidy of 1924.

All these subsidies are now repealed; they have run their full course. Further, the results of the census of 1931 are now available. For these reasons the present seems to be a convenient time to review the results of the new national housing policies inaugurated in 1919, and to endeavour to see what lessons can be learnt from the use by successive Governments of the instrument of subsidies in order to control the building of houses.

There is another reason why the present time is proper for a consideration of the whole question; hitherto there has been unanimous agreement that the first stage in the campaign for the proper housing of the working classes is to go on building new houses at rents which the workers can pay, until there is a suitable house available for every family. In spite of the great national effort in building two million houses in the fourteen post-war years, the census shows us that we are farther away to-day from reaching our aim of one house per family than we

were at the end of the war. And yet the present Government is abandoning the policy of pushing on with the building of new houses and is turning all its energy to the clearance of the slums. It seems to me that this is a most serious mistake, and one of the main objects of this book is to examine this question and to consider the lines on which the housing campaign should be directed.

I therefore begin with a short historical survey of the post-war housing effort, which does not claim to be a purely descriptive record, but rather a critical account, endeavouring throughout to show what lessons can be drawn for our future guidance.

I have myself been actively concerned with housing ever since the war; from 1919 to 1924 I was Chairman of the Manchester Housing Committee. During the Labour Governments of 1924 and 1929-30 I was Chairman of the Liberal Housing Committee in the House of Commons, and was a member of the Parliamentary committees which considered the details of the Wheatley and Greenwood Acts respectively. In 1928 I wrote "How to Abolish the Slums"; in 1929 I was Chairman of a Committee appointed by the National Housing and Town Planning Council, which published "A Policy for the Slums,"* and in 1930-31 I was a member of the Rent Restriction Committee.†

During the whole of this period my one aim has been to get the children out of the slums. I have always believed that it could be done, and that it could be done only in one way: by building enough new houses to let at suitable rents. I have always criticised the action of successive Governments from this one point of view. I have always believed that the country was rich enough to afford the building of these houses, and to give whatever subsidies might be necessary to let them at reasonable rents

* See chapter iv. † See chapter vi.

so long as the whole thing was done economically and on business lines. Throughout this book I have endeavoured to keep the same point of view before me. Subject to having this outlook, I have done my best to be objective, and to check and verify the facts which I have quoted, and on which any opinions expressed are based.

ACKNOWLEDGMENTS

I am deeply indebted to many friends with experience in different aspects of the housing problem who have given me valuable help. In particular, I have to thank Mrs. E. M. Hubback for her kindness in writing Appendix IV on "Differential Renting," and Mr. J. Inman, who has given much general assistance, including the preparation of all the tables, and who is mainly responsible for chapters xi and xii. He is wholly responsible for Appendix II, the first serious attempt to make an economic analysis of the effect of subsidies on the price of building houses, which I regard as an important contribution to a proper understanding of the whole housing problem.

II

1919-23: THE ADDISON ACT

I HAVE described the position with which Dr. Addison was faced when he set to work to meet the irresistible demand for "homes for heroes". Prices were high and rising. There was an immense demand for private building of all kinds, far exceeding the capacity of the building trade to supply either the necessary materials or the necessary labour. But something had to be done and done quickly. Dr. Addison decided that the only possible way to build houses to let was to put the responsibility on the local authorities and to give them a grant-in-aid to enable them to let the houses at reasonable rents. The local authorities, appalled at the cost of building, were slow to accept responsibility. Dr. Addison, impatient of further delay, ultimately agreed that whatever the loss on the building of working-class houses, no part of it beyond the product of a rate of a penny should fall on the local authority. Under these conditions the local authorities, divested of any financial responsibility, were, of course, prepared to go ahead.

Some of the vigour of the war-time Government was carried over to the early post-war years. The First Report of the Ministry of Health, published in 1920, shows with what energy the housing problem was tackled. No less than three Acts of Parliament were passed during the session of 1919 dealing with housing. An Advisory Council was set up, with a large number of sub-committees dealing with various aspects of housing. An elaborate organisation was created throughout the country of housing com-

missioners, with expert staffs, whose function was to accelerate and control the placing of contracts by local authorities. The local authorities were instructed to make detailed surveys of the housing conditions and needs of their areas (unfortunately the surveys were by no means thoroughly carried out). A technical department was inaugurated in the Ministry, with architects and engineers, to prepare typical plans and to advise and help local authorities with their problems. A further department was created to purchase building materials in bulk and to distribute them cheaply (as it was hoped) to local authorities. A special committee was set up to examine new methods of construction: concrete, steel, timber, pisé, etc. Altogether it is clear that the Government meant business and intended to give the local authorities every help and encouragement to build working-class houses on a large scale. It is interesting to note that neither of the post-war Labour Governments put anything like the same drive into the building of working-class houses.

I was at that time Chairman of the Manchester Housing Committee and wrote the following account of the position in Manchester:*

"We started work under the worst possible conditions. We were expected to build four thousand houses a year; a big business proposition. We were nearly at the height of the greatest boom the building trade had ever known. Materials were scarce and kept rising in price; contractors formed rings and, genuinely scared by the instability of markets, demanded and obtained high profits as a safeguard against great risks; labour worked shorter hours than in pre-war days and produced less for increased wages. Houses that had cost £250 in pre-war days could not now be built for less than £1,250. The economic rent of such houses (without rates) was

* See "A City Council from Within," pp. 33-34.

over 30/- a week; and we could not hope to let them for more than 12/6. Worst of all, housing had become a political stunt of the first magnitude. People thought and talked about a million 'homes for heroes,' and did not trouble themselves about details of contracts and building methods and costs. Even the gentle Dr. Addison was so worked up by the tide of public opinion and the constant pressure from the Prime Minister that he urged me as Chairman of the Manchester Housing Committee to 'use brutal methods'!"

All this energy was bound to have considerable results. Under anything approaching normal conditions it would certainly have meant the building of large numbers of houses. As things were, the main result was to help to force prices up to an unprecedented level. The shortage of labour was by far the most serious difficulty. From the beginning the Government entered into negotiations with the building trades to try to secure "augmentation" of labour. The most elaborate schemes were prepared, but nothing came of them. The building trade unions remembered only too well how bad a time they had been through with unemployment in pre-war days. They were not prepared to accept augmentation of their numbers on any large scale without some guarantee against unemployment. Negotiations continued at intervals with various Governments, but shortage of labour prevented any rapid building of houses, until finally Mr. Wheatley, in 1924, succeeded in making his "treaty" with labour, as will be described later.

After the passing of the Addison Act prices rose till the houses which could have been built in pre-war days for £250 were costing in many cases over £1,000 each.* Then came the slump and the first economy campaign. The Third Report of the

* Third Report of Ministry of Health, 1921-22, p. 42.

Ministry of Health describes "a policy of limiting new commitments." It was decided that the total number of houses to be built under the Addison Act by local authorities should be restricted to 176,000.* It is interesting to note that in contrast with the First Report of the Ministry of Health, which is full of energy and zeal, the remaining reports on housing are arid and dull. They consist mainly of a few spasmodic statistics and are of very little help to anybody trying to understand what the housing policy of the Government has been, though I am glad to say that a certain improvement has been noticeable in the reports since 1930.

The result of the Addison Act was that 176,000 houses were built at a cost to the taxes for forty years of about £8,000,000 per annum: a subsidy of nearly £1 each week for every house built!

One lesson to be drawn from the Addison Act is as regards the subsidy. The assumption by the Government of the responsibility for all loss beyond a fixed amount was in glaring contradiction to the first recognised principle of a grant-in-aid, that at least some proportion of the cost should be borne by the local authority which is responsible for administration. Under the Addison grant the local authority was divested of every shred of financial responsibility for good management; the most efficient and the most extravagant local authorities would each pay exactly the product of a penny rate, neither more nor less. All costs due to mistakes and inefficiency were to be borne by the Government. The result was to undermine the sense of responsibility of the local authority with disastrous consequences to its efficiency. Even so responsible a body as the Liverpool Housing Committee let a notorious contract for £2,000,000 to a firm with a paid-up capital of £3,000! It is understood that no inquiries

* *Ibid*, p. 40.

of any sort were made by the Housing Committee into the financial condition of the firm, apparently because it was thought that when the Ministry of Health (who had to foot the bill) had approved, the Housing Committee had no further responsibility. It is well known that ultimately an over-payment of about £350,000 was authorised by the officials of the Housing Committee, and the firm went bankrupt leaving the Corporation and the Ministry to face an enormous loss. It is incredible that anything of this sort could have happened if the Committee had been financially responsible for their acts.

A second conclusion that can be drawn from the experience of the Addison Act is that one should not press forward the building of houses at the very top of a great boom. This is, of course, obvious. It is also equally obvious that if the conditions of 1919 recurred, public opinion would again force any Government to build houses. Until human beings become wiser and more far-sighted than they are now such things cannot be avoided. The excessive cost of the Addison houses and the burden which they will for so many years impose on the taxes must be regarded as one of the inevitable misfortunes of government by public opinion. It is interesting to note that the subsidies under the Addison Act, if applied under to-day's conditions, would be enough to build not a mere 176,000 houses, but a million houses, and to let them not at 15/-, which is probably the average rent of the Addison houses, but at about 7/6.

III

1923-29: THE CHAMBERLAIN AND WHEATLEY ACTS

BY 1923 the economy stunt had worn itself out and the public demand for housing reasserted itself. Mr. Chamberlain, Minister of Health in the new Conservative Government, introduced a comprehensive Housing Bill. In the words of the Fifth Annual Report of the Ministry of Health, 1923-24 (p. 48): "The main objects of this Act were the encouragement of private enterprise in the erection of working-class houses by the grant of subsidies and by the provision of facilities for obtaining capital for the erection and purchase of houses." This was what might be expected from a Conservative Government; Conservative housing Bills in post-war days have invariably laid the main stress on building by private enterprise; Labour housing Bills have been almost exclusively concerned with encouraging local authorities to build. In this case, however, although Mr. Chamberlain relied mainly on private enterprise, he did also offer subsidies of two different kinds to local authorities: the one to encourage them to build new houses for letting; the other to assist in slum clearance.

The three main methods on which Mr. Chamberlain relied were as follows:

(1) A fixed subsidy of £75 per house for houses of specified size to be built by private enterprise.

(2) A grant for slum clearance schemes equivalent to half the loss incurred by the local authority.

Owing, however, to the overcrowding in the slums,

this part of the Act was premature and a negligible amount of work was performed under it before it was replaced by the Greenwood Act in 1930.

(3) A subsidy to local authorities for building houses to let.

As regards this subsidy, he learned from the very unfortunate experience of the Addison subsidy. I have already explained that under the Addison grant all costs due to mistakes were borne by the Government—with very unfortunate results. In view of this experience, Mr. Chamberlain decided to make his grant to local authorities on a basis exactly opposite from that adopted by Dr. Addison. Instead of the Addison method of making the local authority pay a fixed sum, the Government paying the rest, Mr. Chamberlain's Act contributed a fixed sum for each house built, the whole of the excess beyond this to be borne by the local authority. The local authority, therefore, had full responsibility for any inefficiences or failures. This method of a unit grant per house has in effect been adopted ever since, both in the Wheatley and the Greenwood Acts. There can be no doubt whatever that in principle it is the right method, in that it makes the body which is responsible for administration also bear the financial responsibility.

Mr. Chamberlain's grant to local authorities was of no great importance except as a precedent, because it was superseded in the following year by the more generous grant made by Mr. Wheatley.

The only part of the Chamberlain Act which had any important effect was the subsidy granted to private enterprise for building houses for sale. This subsidy was certainly effective in getting private enterprise to work; well over 400,000 houses were completed during the next six years under this Act, the great bulk of them by private enterprise, until

it was repealed by its own author, as being no longer necessary, in 1929.

The Wheatley Act

The Labour Government came into power towards the end of 1923. It will be remembered that the Conservative Government remained in office to meet the House of Commons, and that there was a three- or four-day debate on the Address. These were the first debates in the House of Commons I ever listened to, and I was so horrified to find how complacently the Government regarded the housing situation, which, as Chairman of the Manchester Housing Committee, I knew to be intolerably bad, that I felt compelled to make my maiden speech in protest. I was fortunate enough to catch the Speaker's eye. The views I then expressed as to the housing situation at that moment (which still seem to me to have been sound) were broadly as follows.

To solve the housing problem we must have 200,000 houses a year. Mr. Chamberlain had expressed satisfaction at the prospect of getting 100,000 houses a year under his Bill; it seemed, in fact, unlikely that he would get more than 50,000 owing to the grave and undiminished shortage of labour.

The trade unions were perfectly willing to agree to augmentation of their numbers if reasonable guarantees were given against unemployment, but the Government had refused to give such guarantees.

It would be possible to work up to a programme of 200,000 houses a year on three conditions:

(1) There must be a Government that really meant business;

(2) There must be a considerable increase in the amount of labour in the building trade, which

could only be obtained by an agreement with the trade unions;

(3) Prices and costs must not be allowed to increase.

In illustration of the shortage of labour at that time, I recorded that I visited one of the Manchester housing estates where a contract had been let for 600 houses. There were four bricklayers and five apprentices at work. The contractors were at their wits' end to find more labour, and informed me that it would take these men over twenty years to finish the contract!

The Conservative Government was defeated on the Address; the Labour Government took office and appointed Mr. Wheatley as Minister of Health.

When Mr. Wheatley introduced his Housing Bill he made it clear that he fully appreciated the crucial fact that no substantial building programme could be carried out unless the shortage of labour could be overcome. Representing a Labour Government, he was successful in gaining the confidence of the trade unions in a way which had not been possible to his predecessors. He approached them with the idea of making a "gentlemen's agreement" with them, knowing their difficulties, and being willing and anxious to guarantee that if they would increase the number of skilled men in the building trade this should not cause additional unemployment. The "treaty"* which, after much discussion, he made with the trade unions covered a period of fifteen years, under which the industry agreed to "augment their resources" up to a capacity of 225,000 houses per annum by 1934, in return for an undertaking that the subsidy should be continued for fifteen years, and that 2½ million houses should be built

* See Memorandum Cmd. 2151, 1924. Housing (Financial Provisions).

in that period. The avowed intention was that there should be a guarantee of steady employment for fifteen years, and that there should be no risk, if large numbers of extra men were admitted to the trade, that serious unemployment would occur in, say, five or ten years.

Mr. Wheatley also held the view that the rents of the houses which were being built and let under the Chamberlain Act were so high that only the aristocracy of the working class could live in them. He was determined to build houses for the lower paid workers, and for this purpose he increased the annual subsidy from the Exchequer for houses built by local authorities from £6 for twenty years to £9 for forty years, so doubling the actual weekly value of the Exchequer subsidy. Mr. Wheatley hoped that this increase of subsidy would enable the type of house which was being let at, say, 15/- inclusive to the aristocracy of the working classes to be let in future as a Wheatley house at, say, 9/- to the lower paid worker.

Effect of Chamberlain and Wheatley Acts

With the passing of the Wheatley Act the housing situation was completely changed. There was the substantial Chamberlain subsidy to encourage private enterprise; there was the still more substantial Wheatley subsidy to encourage local authorities; there was great pressure from the Government on the building trade and on local authorities to build; and, finally, there was the treaty with the unions, under which the number of men in the building trade was to be augmented in the hope that in ten years' time it would be possible to increase the total number of houses built to 225,000 per annum.

There has been much controversy as to the effect

of housing subsidies on prices. The matter is so important and the available material so interesting that I publish a full examination of the question by an economist in Appendix II. For those who do not wish to examine the case in detail I summarise in the following paragraphs what seem to me to be the main results of the Chamberlain and Wheatley subsidies.

The cumulative effect of these developments on the supply of labour and houses was much greater and quicker than was foreseen. Each year the number of men in the building trade increased by about 40,000; each year the number of houses built increased by about 50,000; till in the peak year ending September 1927 the number of insured men in the trade had increased in four years by 130,000, and no less than 273,000 houses were completed—as against 78,000 four years earlier. The following table brings out clearly these striking figures:

	Number of insured persons in building trade in July.	Number of men actually employed in the building trade in June.	Total number of houses completed in 12 months ending September in England and Wales.
1923	703,000	615,000	78,000
1927	833,000	775,000	273,000

The actual increase in employment due to the Chamberlain and Wheatley Acts amounted to 160,000 in the building trade, and to a substantially larger number (certainly another 40,000) if we take into consideration the contracting and the building material trades. In fact, these two Acts, passed in 1923 and 1924, actually gave additional employment in 1927 to at least 200,000 men who would otherwise almost certainly have been unemployed.

At last the labour shortage had been overcome: at last the trade was capable of carrying out a steady

programme of well over a quarter of a million houses a year. At that moment (September 1927) the Chamberlain and the Wheatley subsidies were both reduced by the Conservative Government. The effect was electric; the rate of building fell by 100,000; it recovered a little in the following year, but has since remained at something under 200,000 houses annually.

The increase in the capacity of the building trade was not brought about without an increase in costs. The great demand for houses in 1924-27 gave the building trade contractors and the suppliers of material their opportunity; the average cost to local authorities of the non-parlour house rose from £350 in 1923 to £440 in 1925 and 1926—an increase of no less than £90, or 25 per cent. Then, as the demand fell to a level well below the new capacity of the building trade, prices followed suit, till by 1929 they were again down to the 1923 level.

We have now summarised the facts of this remarkable cycle in the history of house building. What conclusions can fairly be drawn?

It emerges clearly that there were two distinct periods: the 1924-27 period, when the demand for houses was in excess of the capacity for supplying them, and the 1927-32 period, when the capacity for supply was in excess of demand.

In the excess demand period prices rose in about two years from £350 to £440—a rise greater than the whole value of the Chamberlain subsidy of £75. They remained fairly steady at the top for three years, then in the excess supply period fell back in two more years to the original figure of £350 in 1929. At the top price nearly half the Wheatley subsidy (worth £230) went into the pockets of the trade in the form of increased prices, only the remainder being available for rent reduction. In 1929 prices were at the same level as in 1923; but whereas

there was no subsidy in 1923, the Wheatley subsidy in 1929 was equivalent to 4/2 weekly. The full benefit of this subsidy from 1929 to the abolition of the Act in 1933 was available for the purpose of reducing the rent.

During the three years of high prices about 600,000 houses were built; at £90* above the prices of 1923 and 1929 these houses cost an additional sum of more than fifty million pounds. That was the price which the building trade exacted for increasing its capacity to its new level.

Could the result have been achieved more cheaply? Undoubtedly, yes—if it had been done more slowly. The Chamberlain and Wheatley subsidies combined gave too big and sudden a stimulus to demand. The capacity of the trade could not expand fast enough. And surely it would have been possible to confine the subsidy to a house not exceeding a certain cost. In that case the increase in the rate of building would have been slower, but increased costs would have been avoided.

The most serious aspect of the whole affair is that the increased capacity of the building trade, created at so great a cost, has never been fully used. There has been heavy unemployment in the building trade ever since 1927, rising to the high figure of 25 per cent in June 1932. The contrast between building conditions and achievement in 1927 and 1932 is most striking.

Year ending June 30	Average cost of non-parlour house	Number of houses completed in year ending September 30	Unemployment in building trade in June
1927	£432	273,000	6.9 per cent
1932	£320	200,000	25.9 per cent

* This increase applies to the smallest house; the average increase would be substantially larger.

As regards unemployment it should be pointed out that there has been continually an excess of unskilled men in the building trade, beyond the number employable if all the skilled men were at work. In June 1927 the trade was at its maximum capacity, even though 6.9 per cent were unemployed.

Clearly we ought to have been building more slowly in 1927; clearly we ought to have been building faster in 1932.

The failure to use the great machine created at such cost by 1927 is nothing less than a tragedy of national planning.

Housing the Well-to-do

While the Wheatley Act succeeded in stimulating the local authorities to build a greatly increased number of houses for letting, it failed to produce the low-rented house which Mr. Wheatley hoped for. In the early days the rents of the houses averaged probably something over 15/- inclusive; gradually costs came down and there was some reduction in the rate of interest; by 1930 the more economical local authorities were beginning to let Wheatley houses at 10/-; they were getting very near the original aim of the Act.

Not only were the Wheatley houses too dear for the lower paid workers, but the local authorities on the whole by no means went out of their way to let the Wheatley houses to those who most needed them. There is general agreement that by far the most serious aspect of the slum problem is the fact that millions of children are growing up under slum conditions. I estimated in 1929* that there were two million children in the slums belonging to poor large families whose parents could not afford more

* "How to Abolish the Slums," Appendix D, pp. 120-1.

than they were paying in the slum. These children (and their successors) can never be got out of the slums so long as present economic conditions prevail except by subsidised houses: they represent the heart of the slum problem. They can never be housed by unaided private enterprise, and the first duty of a local authority is to strain every nerve to get these children into good conditions.

Unfortunately, although the local authorities have generally passed resolutions in favour of housing large families, those who have administered the letting of the houses have tended to give the first chance to "good" tenants, that is to say, those with a fair income and few children. In 1929 I made an investigation into the average size of the family in municipal houses, and also in a number of housing experiments carried out by voluntary societies. These experiments are generally on a small scale, say from 20 to 100 houses, and are useful mainly because they are carried out by people who have studied social conditions and are endeavouring to house the large poor families. The result of the investigation was very striking. The average size of the family in municipal houses was only between four and five. In the case of Manchester I am ashamed to say it was actually under four. In the voluntary schemes where the instructions of the committee to house those who needed it most were properly carried out the number varied between six and eight, the average being over six and a half.

The voluntary societies have succeeded in getting the large family out from the slum, the municipalities, in many cases, have left them there, and have filled their houses rather from the more respectable and better off population of the outer parts of the city.

May I give one illustration which I came across in visiting a certain midland city? In a Wheatley house,

let at 13/9, I found a foreman and his wife living with a grown-up son and daughter, both earning —£8 a week going into the house. And these people were benefiting by a subsidy of about 4/- a week! I then went to a condemned area in the city and saw the wife of a railway worker who was earning 53/- a week. She had eight boys and a girl, another child expected in a month. The two eldest earning 26/-. Total income just under £4 for eleven people. There were three bedrooms, but it was a very bad house in a court, with one tap for five houses and one water-closet for three families. Rent 5/6. She was a highly respectable woman, and, though it seems almost incredible, the house and the children looked clean and respectable. She said she could manage quite well now that two children were earning; before that she had had to take in a lot of washing in addition to looking after all those children. She is, of course, receiving no subsidy from the rates; on the contrary, her rates are heavier to contribute towards the subsidy for the other family.

This struck me as a vivid illustration of the mistake we have been making in giving subsidised houses to well-to-do families, and leaving those who need it not only without help but to share the cost of the subsidies.

To sum up: Mr. Wheatley's "treaty" with the trades unions was a great success; with the help of the Chamberlain and the Wheatley subsidies it produced in three years 400,000 houses; it increased the capacity of the building trade and rendered possible the record year's building of 273,000 houses in 1927. A fine achievement; the biggest thing that has been done for housing and employment by any Government.

But the Wheatley Act failed to produce houses within the means of the lower paid worker. It was only at the very end of the life of the Act, in 1932,

that, owing to the fall in building costs and in the rate of interest, it became possible to build the 9/- house. And at that moment the Act was repealed by the Conservative Government as being no longer necessary.

IV

1929: A POLICY FOR THE SLUMS

DURING the summer of 1928 the National Housing and Town Planning Council set up a Special Committee with the following terms of reference:

"To investigate and report upon the slum problem in all its phases, with special reference to the housing of the lowest paid workers."

The following paragraphs taken from the preface of the resulting report* state the reasons for the setting up of the Committee:

"It is a cause of deep disappointment to all who are concerned with the appalling slums which still exist in our great cities that the remarkable national achievement of building 1,200,000 houses since the war has done very little to alleviate the slum problem.

"It was the universal hope that the building of good houses throughout the country on a large scale would gradually draw people from the slums, so reducing the over-crowding and enabling clearance schemes to be undertaken on a large scale. Profound uneasiness is being caused in the public mind by the failure to deal with the slums, and a general demand is arising that direct and, if necessary, drastic action shall be taken to eradicate this evil."

The Committee consisted of twenty-nine persons; members and officials of local authorities, town-planning experts, architects, lawyers and economists, builders and trade union leaders, women experts,

* "A Policy for the Slums" (P. S. King & Son, Ltd. Price 6d.).

members of the Liberal, Labour and Conservative parties. It was as representative a Committee as could be got together, and after spending a whole winter in a thorough investigation of the problem produced a unanimous report in 1929.

To the best of my knowledge this is the only Committee which has seriously investigated the national housing problem in this country since the war. The representative character of the Committee, and the fact that its report was unanimous, lend a good deal of importance to its findings as the only authoritative statement of the position of the housing problem in 1929 and of the policy which then seemed desirable to pursue. I quote, therefore, the summary of conclusions and recommendations in full, preceding it by an extract on the importance of building new houses.

Building of New Houses the Prime Necessity

"It must be constantly borne in mind that the slum problem is for the present dominated by the shortage of houses available for letting at rents within the reach of the poorer sections of the community. In the forefront of practical measures for solving the slum problem is the building of an adequate number of new houses for renting.

"These new houses will be utilised:—

(1) To relieve overcrowding;
(2) To enable unfit houses to be closed; and
(3) To enable a start to be made on the clearance and improvement of unhealthy areas.

The financial questions involved (owing to the fact that a large number of those living in unfit houses or unhealthy areas are unable to pay the rents of houses erected under normal housing schemes, even with the subsidies at present provided)

are dealt with in Part III of this report. For the present purpose it is only necessary to emphasise that if new houses are to form an adequate part of the programme for the clearance of slums it is not sufficient to build houses—it must be made possible for the tenants to live in them.

"Moreover, in the case of the larger towns where the unhealthy areas are in the central parts, a considerable proportion of those inhabiting the slums should be rehoused on the outskirts of the town. The right allocation of the new houses must be determined as a result of the survey of the town as a whole and in accordance with the re-planning schemes which the local authority should have power to prepare, as is recommended elsewhere. *We emphasise in the strongest possible terms that in our opinion no other remedies will be of any avail unless the erection of new houses to let at rents within the means of the mass of the people is proceeded with as rapidly as possible.*

Summary of Conclusions and Recommendations

Part I.—The Case for Action

"(1) Although over a million houses have been built since the war, the pressure of overcrowding in the slums has been little, if at all, relieved.

"(2) There are probably in England and Wales over a million houses below a satisfactory standard, and two million houses (including many of the unfit houses) which are seriously overcrowded. To remedy these conditions, at least a million new working-class houses are immediately needed, although the absence of sufficient data prevents these figures from being more than an estimate.

"(3) At least 90 per cent of those who live in the slums could be relied on to make good tenants if they had decent houses at rents which they could afford to pay.

"(4) Only 6,000 houses have been pulled down under slum clearance schemes during the last $3\frac{3}{4}$ years. This is due to:—

(*a*) The complication of the process of a slum clearance scheme.

(*b*) Inadequate financial assistance from the Exchequer.

(*c*) Overcrowding and the lack of alternative accommodation.

"(5) The right approach to the problem is not to regard it as a problem of clearance or destruction but as one of construction. The evacuation and effective abolition of slums depend on the provision of adequate numbers of houses at rents which the working classes can pay.

"(6) A national programme should be adopted for building for the next ten years not less than 150,000 subsidised working-class houses each year.

"(7) Unemployment in the building trade has been increasing, and the national importance of reducing unemployment is an additional reason for a steady building programme of new houses as above recommended.

"(8) The type of house mainly required is a three-bedroomed house at a low rent.

"(9) No three-bedroomed house should be built with a superficial area of less than 760 square feet.

Part II—Policy

"(11) It is of supreme importance that local authorities should exercise to the full their powers to prevent the creation of future slums.

"(12) To secure a solution of the existing slum problem, various methods must be adopted applicable in different degrees to different towns. The treatment in any given area must be in pursuance of a comprehensive and long view of the future of the town.

"(13) As a first essential a detailed national housing survey of the slum areas should be undertaken at an early date.

"(14) The primary essential is the building of an adequate number of new houses to let at rents which are within the reach of those for whom they are intended. Other methods of dealing with the slum problem will be of little avail and in many cases impracticable unless the building of new houses is carried out as rapidly as possible.

Part III—Finance

"(26) The lowest economic rent (after deducting subsidy) of the minimum standard house is about 11/- a week inclusive of rates, and this is unlikely to be appreciably reduced in the next few years by reductions in cost.

"(27) While the artisan can generally pay 11/- a week, the unskilled labourer with dependents cannot afford to pay more than about 7/-.

"(28) The slum problem can be *alleviated* by building large numbers of minimum standard houses at 11/-. It can only be *solved* by building, in addition, large numbers of minimum standard houses at about 7/-.

"(29) Legislation should be introduced, increasing the Government's share of the loss on slum clearance schemes from one-half to two-thirds.

"(30) Meanwhile it is strongly urged that the Government, in co-operation with the local authorities, should take active steps under existing powers to accelerate slum clearance schemes, and in particular that the statutory powers enabling the Government to contribute one half of the expenses incurred in carrying out a slum clearance and rehousing scheme should be vigorously and generously administered.

"(31) The Wheatley subsidy should not be again decreased unless further substantial reductions in cost occur.

"(32) In order to enable the poor family with dependents to move out of the slum an additional subsidy should be given. The amount of this subsidy would probably vary in each case according to the needs of the family. Local authorities should prepare schemes for the administration of these special subsidies. Two-thirds of the cost (with a maximum of £6 per family) should be borne by the Exchequer.

"(33) A children's rent allowance scheme, based upon the number of dependents and on the family income, is submitted as an example of the form which the special subsidy might take.

"(34) **It is estimated that during the next ten years 1½ million working-class houses should be built in England and Wales, of which one million should be let at a weekly rental of about 11s. gross and half a million at about 7s. 6d. gross. At the end of the tenth year this programme, if completed, would involve a burden of approximately £12,000,000 per annum on the National Exchequer (including the amount of the Wheatley subsidy).**"

The central recommendation of this authoritative committee emerges clearly from this summary:

"*That the vital task is not to destroy old slums but in the first place to build 1½ million houses during the next ten years to be let at from 7/6 to 11/- inclusive rent.*"

V

1929-30: THE GREENWOOD ACT

IN 1929 Mr. Greenwood became Minister of Health in the second Labour Government. He found the very disappointing situation which had been recently set forth in "A Policy for the Slums." In spite of the rapid building in the last few years there was no relief to overcrowding in the slums. To quote the Eleventh Annual Report of the Ministry of Health (1929-30), p. 83: "During the years immediately before the war there existed in most localities, and particularly in industrial districts where slum areas are mostly found, a surplus of cheap housing accommodation, which facilitated the problem of rehousing slum dwellers. The problem is now more urgent and more difficult than it was before the war. The slum dwellings are sixteen years older and in a correspondingly worse condition, and there is no surplus housing accommodation to which the occupants can be transferred." From the point of view of the slums, the housing campaign, including all the work done under the Wheatley Act, had failed. More houses were urgently required. A very serious feature of the position was that although private enterprise was building a large number of houses for sale to the middle classes, Mr. Wheatley's plan for an increasing number of houses to let, built by the local authorities, had broken down. After getting nearly 100,000 such houses in the year 1927, the number built had fallen right down to 50,000 in 1928, and was showing no signs of improvement.

In spite of this reduction in the rate of building

and of the increasing unemployment in the building trade, Mr. Chamberlain had decided on a further cut in the Wheatley subsidy to come into force in September 1929. Mr. Greenwood's first act was to introduce a short Bill reversing this cut and so maintaining the Wheatley subsidy from the Exchequer at the rate of £7 10s. By maintaining this subsidy and by bringing pressure to bear on the local authorities to build freely under the Wheatley Act, he hoped to increase the number of houses to be built under that Act.

The only other action* Mr. Greenwood took as regards increasing the number of houses built under the Wheatley Act was to insert a clause in his Slum Clearance Act requiring every urban authority with a population exceeding 20,000 to formulate and submit to the Minister a quinquennial statement of the steps which they proposed to take for dealing with housing in their area. This was a useful provision; it made the local authorities look ahead and prepare plans. It is stated in the Twelfth Annual Report of the Ministry of Health, 1930-31, p. 100, that on the basis of the returns received, "the total estimated annual production of all local authorities in England and Wales during the next five years should be about 90,000 houses."

But apart from this Mr. Greenwood's mind seems to have been entirely occupied with slum clearance, and he showed little interest in what Mr. Wheatley rightly regarded as the essential problem—the building of additional houses to be let at low rents. Mr. Wheatley's agreement with the building trade was to work up to 225,000 such houses per annum; Mr. Greenwood seemed to be content with an

* This refers to Parliamentary action. Of course he must also have instructed the officials at the Ministry of Health to do what they could to increase the rate of building under the Wheatley Act.

actual output of under 60,000 municipal houses per annum and an intention of working during the next five years up to 90,000. In reply to questions and appeals from myself, he constantly reiterated his "solid satisfaction with the progress that has been made." One would have expected a Labour Minister to show some of the energy displayed by Dr. Addison in 1920 and by Mr. Wheatley in 1924. I have never been able to understand this attitude on Mr. Greenwood's part; I assume that it must have been due partly to the fact that the Minister of Health (especially in a Labour Government) is a very hard-worked and overburdened man, and partly to the official and cautious atmosphere of the Ministry, which, though it failed to affect Mr. Wheatley's views and energy, seemed completely to capture Mr. Greenwood.

Slum Clearance

Mr. Greenwood's main activity in connection with housing was, of course, his Slum Clearance Bill. Little or nothing had been done under the slum clearance clauses of the Chamberlain Act of 1923 for three main reasons:

(1) The procedure under the Act was complex and difficult. The schemes took them not months but, in many cases, even years to get through. A recent judgment, known as the Derby case, had made the position much worse, in fact, almost impossible.

(2) Under the Chamberlain Act the local authority had to bear 50 per cent of the subsidy. This always amounted to much more than the local authority's share of the subsidy on a new house under the Wheatley Act. Hence, local authorities hesitated to embark on slum clearance schemes for financial reasons.

(3) When a concrete scheme was proposed there was almost always violent opposition from landlords, who were going to lose the rents of their property. This opposition is to be expected and will always have to be faced. But there had also been the strongest possible opposition from tenants. There had generally been no suitable alternative accommodation on or near the site, and tenants in many cases objected to being moved from the site, and in other cases were terrified of having to pay too high rents. The overcrowding and the lack of alternative accommodation were felt by local authorities in most cases to be so serious that slum clearance was regarded as neither practicable nor desirable.

On the other hand, in certain towns, in particular London, Liverpool and Glasgow, the need for slum clearance on the site was felt to be acute and the local authorities were anxious to get ahead. Further than this, the phrase "clear the slums" has always had an almost irresistible popular appeal, and Mr. Greenwood no doubt hoped that he might be able to bring in a Bill which would hasten the day when the slums would be finally abolished. His intention was that slum clearance should proceed in parallel with the building of new houses under the Wheatley Act, according to the needs of each area.

The Greenwood Act

Clearance Areas

The main object of the Act was to accelerate and cheapen the clearance of slum areas. Under previous Acts the local authority had been forced to purchase the site. Certain amendments were made under the Act which would, it was hoped, make the whole procedure of slum clearance easier and quicker to carry through.

Apart from this, a new method of slum clearance is introduced, under which the local authority forces the land owners to clear the site while leaving to them the ownership of the land. The owners can then re-develop the area as they like, subject to such conditions as the local authority may impose. This is a quite new departure; it was hoped that this method might in some cases prove quicker and cheaper for the local authority than the old method, particularly when the local authority did not intend to rebuild on the site.

Improvement Areas

The Act also contains a quite new invention known as "the improvement area." This is an area in which the buildings are not bad enough for total demolition, but in which there are really bad houses fit only for demolition and also houses where reconditioning or action to deal with overcrowding might be more appropriate. The procedure in declaring an improvement area was intended to be simple; the local authority was to adopt new bye-laws and the area was to be brought within a reasonable time up to a decent standard of housing and thereafter so maintained. The Minister was of opinion that this would be an orderly method of improving housing standards.

Certain grants are given under the Act to help the local authority to deal with improvement areas.

The proposal to constitute special improvement areas which would be brought up to a reasonably good standard is a novel and interesting one. It requires, however, time and consideration to see how it would work. If we consider the case with which I am most familiar, that of Manchester, we have something like 50,000 houses in the centre of the city which are not condemned as unfit for human

habitation, but which consist of the old long and dreary rows of two-up and two-down houses, have no bath and no amenities of any kind, as a rule no damp-proof course, and all of which ought to go in the next twenty years. Meantime, by far the worst feature of life in these houses is the overcrowding.

How is an improvement area to be chosen? If, say, a block of 1,000 houses is selected, and, in the course of years, brought up to a good standard and all the overcrowding abolished, the area would be surrounded by exactly similar houses where gross overcrowding would continue—just across the other side of the street. It seems illogical and undesirable to bring an area of this sort up to a really good standard before tackling the worst cases among the other 50,000 houses.

The common-sense way of dealing with individual bad houses and with overcrowding would be to deal first with the worst cases, wherever they may be found throughout the city; as the worst cases disappear, to tackle those that are less bad and so on, until finally a decent standard is reached throughout. Mr. Greenwood's alternative is to deal with a bit of the city at a time, bringing it up to a high standard while leaving the rest untouched, with the result that there will be good patches surrounded by larger bad areas.

Up to the time of writing there has been almost no experience with improvement areas, and it is difficult to predict whether this scheme is likely to be successful.

Finance

The subsidies granted under the Greenwood Act are a model of complex and obscure thinking. In the past the loss under a slum clearance scheme had been paid half and half by the Exchequer and the

local authority. In "A Policy for the Slums" it was recommended that as the burden on the local authority was too great the Exchequer should pay, say, two-thirds of the total grant. This would have been simple and intelligible, though there may be certain objections to it. As regards the actual formula adopted by Mr. Greenwood, I listened to long discussions and asked many questions on it while it was being considered in committee. Hardly anybody understood it; I was frequently confident that the Minister did not understand it himself.

The effect of the grant under normal circumstances was as follows: For every individual removed from the slum under the Act a grant of 45/- per annum would be given from the Exchequer for a period of forty years on condition that for every five persons removed one non-parlour, three-bedroomed house should be built. Naturally, everybody assumed that the people ejected from the slum were to be rehoused in a new subsidy house. In fact, the Act makes no such condition. The subsidy is quite independent of what happens to the people who are ejected from the slum. In any given slum clearance the ejected people may all go and overcrowd a worse neighbouring slum and the new houses may all be let to quite different persons; the full grant will still be payable. On the other hand, it is presumably the intention that the majority of those displaced shall be housed in the new houses, and, in fact, this will almost certainly happen to a large extent.

The broad effect of the Act will be that subsidised houses will be available to those who happen to live in a Greenwood clearance area and to nobody else. It is well known that a considerable proportion of the people living in slum areas can as a rule afford the rent of an unsubsidised house, and it is a clear waste of money that subsidies should be given to such persons.

I have already shown that one of the weaknesses of the Wheatley Act was that the subsidy was often wasted on people who did not need it. In view of this, Miss Rathbone and I fought hard during the various stages of the Greenwood Bill to secure an amendment to the effect that the subsidies should only be given to those who need them and only for so long as they need them; in other words, that the subsidy should be attached to the tenant and not to the house. Mr. Greenwood resisted our amendments, but did ultimately accept amendments to the effect that, although the local authority was not compelled to confine the subsidy to those who need them, it was at least authorised to do so. After the Bill became an Act Mr. Greenwood seemed to have belatedly accepted our view, because in Circular 1138, issued to local authorities explaining the Greenwood Act, he says: "Rent relief should only be given to those who need it, and only for so long as they need it"; and further: "The Act expressly empowers the charging of different rents to different tenants, and it is the clear intention of Parliament that the benefit of the new grant shall not enure to persons for whom it is not needed."

If that was the clear intention of Parliament and of Mr. Greenwood, it seems a great pity that he did not include a provision to that effect in the Act as he was so strongly urged to do. That would once for all have put an end to the giving of subsidies under the Greenwood Act to those who do not need them, whereas the Circular will quite certainly not have the same full effect.

Conclusion

It is too soon in 1933 to estimate the results of the Greenwood Act. The number of houses built under it hitherto is as follows:

1930	.. ..	0
1931	.. ..	420
1932	.. ..	5,146

The Act is complex—it always takes time for local authorities to get going on a new and difficult Act, so that early results could not be expected. And in any case very few cities, if any, are ready for slum clearance except on a small scale. Curiously enough, the National Government has in 1933 pinned its faith to the Greenwood Act, as will be shown in later chapters.

VI

1931: RENT RESTRICTION

THE question of rent restriction has raised acute feeling ever since the Rent Restriction Acts were first imposed during the war to prevent landlords taking advantage of the shortage of houses to exact excessive rents. On the one hand, landlords have complained that their profits are artificially restricted to an unduly low level, whereas other forms of business are free to make what profits they can in a competitive world. On the other hand, where there has been decontrol, there have been constant complaints by tenants of excessive charges by landlords; and even more bitter have been the complaints by sub-tenants of extortionate charges by tenants when sub-letting.

The difficulty of the problem is proved by the fact that there have been no less than four departmental committees on rent restriction since the war. The last of these (of which I was a member) was appointed by Mr. Greenwood and reported in 1931. Rent restriction is a temporary phenomenon, which is only necessary on account of the shortage of houses. The problem has therefore no special interest from the point of view of this book, as it will automatically disappear when the supply of new houses becomes adequate. The report of the Committee in 1931 is, however, of first-class importance for our purpose because the Committee recognised that their problem depended on the housing shortage and was therefore compelled to undertake a thorough examination of the whole question.

The Committee was a representative one, consisting of members of Parliament of all three parties, with a sprinkling of independent experts. Its conclusions may be taken as unanimous, though it is true that one of the four Labour members of Parliament signed a minority report.

As the Committee was considering exactly the problem which it is the object of this book to examine, I quote in full the paragraphs dealing with the question of the supply of houses.

Discussion of the Housing Shortage

"(31) In England and Wales since the war, from public and private resources, more than £1,000,000,000 has been spent in the building of more than 1½ million new houses. This represents a housing effort which has probably never elsewhere been equalled. It is clear, however, from the evidence, that this large number of new houses has not had the effect of improving the conditions of the poorest workers to the extent which might have been anticipated. For this we think there are two principal reasons: in the first place the increase in the number of houses, though large in itself, must be considered in relation to other relevant factors, such as the probable increase in the number of working-class families; and, secondly, the general moving or 'filtering up' process, on which reliance was placed to improve the conditions of the poorest, has, for reasons which we discuss later, not taken place to the extent which was hoped.

"(32) The population in England and Wales has increased in the past ten years by about 2 millions and the number of houses by about 1½ millions (sufficient to accommodate, say, 6 million people), so that surplus accommodation, after allowing for demolitions, has been provided for 4 million persons

which should have gone far to overtake the accumulated shortage. This apparent surplus, however, must be discounted to a considerable extent if, as is believed, the number of separate families has increased at a faster rate than the total population; moreover only about one-third of the new accommodation consists of houses to let, and it is in such houses that the main shortage exists.

"As we have already pointed out, it is probable that between 5-6 million pre-war houses are rented by working-class families, and, broadly speaking, constitute, together with the total of nearly 600,000 new municipal houses, the only accommodation available for those who are not in a position to buy their houses. This 10 per cent increase in the accommodation available for letting must also be considered in relation to the increase in working-class population, and particularly to the increase in the number of separate working-class families. Until the results of the latest census are available these figures are not known, but it is safe to say that the relatively small increase of 10 per cent has provided little or no surplus for overtaking the arrears in this class of accommodation.

"(33) About one million of the new houses which have been built have been built for sale, and the rest, owing to the increased cost of building and the higher standard now required, are let at rents which are higher than the poorer members of the working classes can afford; but it was assumed ten years ago that under these conditions a filtering-up process would take place, those who could afford it moving to the new houses and so relieving the pressure on the lower rented accommodation.

"Unfortunately, the evidence before us shows that this process of filtering up has not yet occurred on any substantial scale. It is clear that this indirect approach to the problem depends for its success on

a sufficient degree of mobility in the working classes, and the evidence which we have received suggests that the movement of working-class tenants has been less than might have been expected, partly owing to the shortage of houses and partly owing to the general system of control and the partial system of decontrol established by the Rent Restrictions Acts. It appears to us that the decontrolling provisions of the Act of 1923 must have had the effect of deterring working-class tenants from moving, as any empty house to which they could move must normally be a decontrolled house. Thus a tenant, if he moved, would lose his security of tenure and normally have to pay a considerably higher rent. In these circumstances working-class tenants have had every incentive not to move, and the figures supplied by the Ministry of Labour show that seven-eighths of the working-class tenants have, in fact, not moved, only one-eighth of the smaller working-class houses having become decontrolled since 1923 under the provisions of the Act of that year.

"(34) It appears, therefore, *that the solution of the problem depends partly on the provision of a large number of new houses at low rents, and partly on taking such steps as may be possible to secure that the filtering-up process may have effect on a larger scale.*

"At present the provision of working-class houses to let is undertaken on a large scale only by the local authorities, the rents of whose houses, as we have pointed out, are often higher than the poorer workers can afford. The fact that building costs are now much lower than in the earlier years after the war has not yet been effective in altering this general position, presumably because local authorities feel difficulty in charging different rents for the same type of houses, and so the effect of the recent reductions in cost is weakened by being spread over all the houses previously built. In spite of this some local

authorities are now building, under the Housing Act, 1924, a three-bedroomed house to let at a rent of about 10/- inclusive; and there is no doubt that a large supply of houses at this rent would go a long way towards solving the problem.

"The Housing Act, 1930 was passed with the express object of providing houses for the poorer classes, which will in many cases be let at rents substantially lower than has been possible under the Act of 1924. Local authorities are already beginning effective work under the Act. They have also undertaken a five-year programme, the fulfilment of which will mean the building of nearly 100,000 houses to let each year under the Acts of 1924 and 1930 as against 50,000-60,000 during each of the last few years.

"There are, therefore, reasonable grounds for hoping that local authorities may, during the next few years, provide an increased amount of accommodation at substantially lower rents than hitherto. . . .

"(37) It is unwise to prophesy in questions of economics, but we are forced to make up our minds whether there is any prospect of early relief in the shortage of houses for letting. Our analysis shows that there are certain hopeful features. Private enterprise and the local authorities are continuing to build large numbers of houses. Moreover, these houses are substantially cheaper than houses built a few years ago, and so it should be easier for working-class families to move out of their old houses into new ones, and the gap which the filtering-up process has to bridge will be narrower. Further, if our recommendations are adopted, tenants of small working-class houses will be able to move from one house to another without losing security of tenure or paying an increased rent, and one serious obstacle to mobility will be removed. There are, therefore,

good reasons for hoping that filtering up may, during the next few years, begin to be effective on a substantial scale. *This indirect method, however, is likely to be slow in taking effect, and we think that rapid progress can only be made by the provision of as large a number of houses as possible for letting at low rents under the Housing Acts of 1924 and 1930.* Even if progress is as rapid as we hope, we are satisfied that for the present and the immediate future the position in regard to working-class houses does not permit of decontrol.

"We have been asked by several witnesses to follow the precedents set by earlier Committees and predict a date when working-class houses should be finally decontrolled. These predictions have all been falsified by events. We recommend that the new Act should place no time limit on the control of that class of house.

"(38) Our conclusions from the foregoing may be summarised in four propositions:—

(1) That the question of continuing control of any particular class of house must be regarded as dependent on whether the shortage of houses in that class is at an end or likely to end within a reasonable period. The shortage is both a measure of the need for control and the main barrier to its removal.

While it is not desirable to retain control longer than is necessary, we cannot accept the suggestion that, regardless of the shortage, a date must be fixed for final decontrol.

(2) That the statistics and the oral evidence of witnesses alike indicate that a shortage of the more expensive houses no longer exists.

(3) That the demand for the less expensive middle-class houses is rapidly being met.

(4) That the shortage of the least expensive houses—i.e. the real working-class houses—is still

in many districts acute, and we are unable to say when it will be met."

This Committee reported two years after "A Policy for the Slums" was written. It had the advantage of having at its disposal all the Government information possessed by the Ministry of Health and Ministry of Labour, and of being able to call before it any witnesses it desired. It is a striking fact that the two Committees came to identically the same conclusion, that the solution of the slum problem depends on "the provision of as large a number of houses as possible for letting at low rents."

While I do not propose to deal with rent restriction, I cannot refrain from mentioning here one remarkable result of the work of this Committee. Sir Hilton Young has always spoken highly of the Committee's report and has based his legislation on its recommendations—with one glaring exception. The Committee stated that the date at which it would be safe and reasonable to decontrol class "C" houses (the low-rented houses) depended on the provision of a large number of houses for letting at low rents under the 1924 and 1930 Acts. They said that the shortage was still acute, "and we are unable to say when it will be met." In saying this the Committee had in mind that the local authorities had a programme for building nearly 100,000 low-rented houses per annum under these two Acts. In spite of this prospective large supply of cheap houses, the Committee expressed inability to forecast a date when the supply would be adequate.

Sir Hilton Young cancelled the Wheatley Act, cutting down the supply of cheap houses, as he said himself, to not more than 12,000 in the first year, and, having regard to the administrative difficulties of carrying out the Greenwood Act, to some relatively small number during the next four years,

and then had the courage to say that owing to the prospective rapid building of new houses* he was prepared confidently to predict that the supply would be adequate in five years. He, therefore, under his Bill, had decided to bring the Rent Restriction Act to an end at that date. It will be interesting to see in 1938 which was justified: the caution of the Committee or the optimism of Sir Hilton Young.

* No doubt Sir Hilton Young had in mind private enterprise houses—but there are no signs that private enterprise is likely to build houses to let within the means of the lower paid worker.

VII

1931-33: THE HILTON YOUNG ACTS

WHEN the National Government came into power it was generally recognised, as indicated in the last chapter, that the great need was still for the largest possible number of low-rented houses. The local authorities had under pressure from the previous Government produced a programme of nearly 100,000 such houses per annum under the Wheatley and Greenwood Acts.* The local authorities were, in fact, building about 60,000 houses a year under the Wheatley Act; unsubsidised private enterprise was building at a higher speed than ever before for sale. The Greenwood Act was still in an experimental stage.

The first thing the Government did was to issue a rather ambiguously worded Circular† urging the local authorities to economise. There was no specific reference to housing, but the Ministry of Health began at once by administrative action to discourage local authorities from building, and caused a substantial slowing down in the rate of building as against the 90,000 houses annually which the local authorities had planned. On the other hand, they accepted the policy urged by the Rent Restriction Committee to concentrate on the cheaper house rented at about 10/- inclusive. Certain local authorities had been building larger and more expensive houses and letting them at rents of from 15/- to 18/-, and one of the steps actively taken by the Ministry during my short tenure of

* 12th Ann. Report of the Ministry of Health, 1930-1, p. 100.
† Circular 1222, September 1931.

office as Parliamentary Secretary was to refuse their sanction for the building of unduly expensive houses and to bring pressure to bear on local authorities to build houses at a rent of 10/- inclusive, rather than houses round about 15/-.

After the election in November 1931 Sir Hilton Young became Minister of Health. I was defeated in Cornwall and since then have been a watcher from outside with no access to the inner secrets.

Sir Hilton Young's first action as Minister of Health in the National Government was to issue a Housing Circular 1238 in January 1932, stating:

"It is generally admitted that the outstanding need at the present time is for the building of houses which can be let at rents within the means of the poorer members of the working classes. The Departmental Committee on the Rent Restriction Acts, whose terms of reference led necessarily to a general review of housing conditions, show clearly in their report that, in spite of the immense volume and cost of house building since the war, the needs of the poorer workers are not in fact being adequately met. The evidence available in the reports of medical officers of health and of the Minister's officers leads to the same conclusion.

"The Minister has therefore suggested to the Associations whom he has consulted that local authorities should concentrate their efforts on the provision of a type of house which can be built at a low cost and can be let at a rent within the means of the more poorly paid workers."

This was a good beginning. He fully accepted the view held by the Rent Restriction Committee that what was wanted was houses to be let at rents within the means of the more poorly paid workers. Unfortunately, however, Sir Hilton Young continued to show no inclination to push forward the building of houses by local authorities.

During the summer a very important thing happened: the Government, by their remarkably successful conversion policy, lowered the rate of interest at which local authorities could borrow at one stroke from 5 per cent to 3½ per cent. If it proves possible to continue to borrow at this rate, this means a reduction of about two shillings a week on the average non-parlour house. Costs had also been coming down steadily, so that the 760-foot non-parlour house could now be built for £350 all-in.

The following table shows the effect of this reduction of interest:

£350 *all-in house*	5 %	3½ %
	s. d.	s. d.
Interest	6 7	4 7
Sinking Fund	9	9
Maintenance, etc.	2 6	2 6
	9 10	7 10
Rates	3 6	3 6
Inclusive economic rent ..	13 4	11 4
Wheatley subsidy	4 2	3 10
Inclusive rent less subsidy ..	9 2	7 6

At last we were in a position to build the 7/6 inclusive house—at last we could offer the poor family in the slum new houses at the same rents that they had been paying.

Under these hopeful circumstances Sir Hilton Young introduced his Housing Bill in December 1932.

Let me quote first a few things he said in his Second Reading speech about our needs: *

"The house in which we live affects all the ways of our life and all the incidents of life, and there is no over-estimating, therefore, the importance

* Hansard, 15th December, 1932, col. 543 *et seq.*

of the topic. The object of this Bill is to further a great social service by promoting the supply of houses."

"I ask for a national effort to rid us of a disgrace. It is a problem of ridding our social organism of radiating centres of depravity and disease. . . . I would ask the House to look upon this action as a declaration of war upon the slums. . . ."

"The problem of our slums has hardly been scratched. . . ."

"All practical men agree that we want the three-bedroomed non-parlour house with a 760 square feet area, which can be let within the means of the lower paid wage-earner. . . ."

"*We have perhaps even more of the better class houses than we strictly need, and not sufficient of the small houses to let to the lower paid wage-earner.* . . ."

An excellent statement of the policy advocated in "A Policy for the Slums" and by the Rent Restriction Committee. Our supreme need is for a large number of houses from 7/6 to 11/- weekly inclusive rent. With the help of the Wheatley subsidy the local authority could, for the first time since the war, build good houses to meet the need of the lower paid worker. Now let us consider what action Sir Hilton Young took.

He pointed out that, owing to the reduction in costs and in the rate of interest, private enterprise could now build much more cheaply than in the past and that we must rely on private enterprise as the main line of attack. In order to strengthen this, he had made arrangements with the building societies under which they would advance up to 90 per cent of the cost of a house with the help of a small Government guarantee. He hoped that in this way private enterprise would again begin, as in pre-war days, to build houses for letting. Under the financial arrangements discussed with the building societies, the 760-foot

house, which could now be built for £360, could be let by private enterprise at 10/1 exclusive of rates.

He went on to say: "It is still the responsibility of the local authority, if there is a deficiency of houses and if private enterprise fails to provide the houses required, to come in and fill the gap. I suggest that the local authority should act in the second line of defence. The local authority can now build the 760-foot house to let at a rent of 8/2. . . ."

This section of Sir Hilton Young's speech may be summed up as follows: that we want a large supply of the cheapest possible houses, that private enterprise may be able to supply them at 10/-, that the local authorities can supply them at 8/- without subsidy and at about 4/- with subsidy. In view of these arguments, Sir Hilton Young took the extraordinary decision, first, to cancel the subsidy, thus rendering impossible the building of the 4/- house, then, to refuse to allow local authorities to build even without subsidy, thus rendering impossible the building of the 8/- house!

So much for the building of new houses. The problem of clearing the slums is a different one and a subsidy is still required. Sir Hilton Young proposed, therefore, to continue the Greenwood Act without any reduction of subsidy. Under 6,000 houses had been built in the past year under this Act.

"I have come to the conclusion that the maximum which is practicable is a maximum of 12,000 houses a year to clear. Let the House observe that I state that as a maximum to which we should work. . . ."

Sir Hilton Young summarised the financial results of his Bill as follows: "The effect is that there is a saving to the Exchequer of a cumulative sum of £200,000 per annum, that is, £200,000 this year, £400,000 next year, £600,000 the following year, and so on," and finished up by saying, "I submit that

the Bill is a means of getting what we want in the way of small houses, more freely and with more certainty, and without the subsidy."

Truly, one of the most remarkable conjuring performances of modern times. A tremendous campaign to clear the slums and a saving to the Exchequer of £200,000 in the first year, £400,000 in the second year, and so on! Surely the only case in history in which a responsible Minister of the Crown has promised to provide a great social service and at the same time to make a substantial annual saving to the Treasury.

During the debate strong feeling was expressed, much of it from the Conservative benches, that the proposal as a whole was inadequate and unsatisfactory. So much so that when the Parliamentary Secretary came to reply in the evening he stated in reference to the suggested limit of 12,000 houses per annum that "if the limit is exceeded, no one will be more delighted than the Minister and the whole of the Ministry of Health." This must be one of the quickest changes of policy on record. Sir Hilton Young had made it abundantly clear in passage after passage of his speech that neither he nor the Treasury had any intention whatever of exceeding 12,000 houses a year. It is a striking example of the effective and rapid working of influential public opinion.

The Hilton Young Act marks a complete change in national policy. Ever since the war the main energy of Government after Government had been devoted to building new houses to meet the shortage. The Greenwood Act had simply prepared the way for slum clearance to be pushed vigorously when the time came in any district that there was an adequate supply of houses. Successive Governments had realised that the important thing was a large supply of cheap houses. The National Government had

fully appreciated that up to the time of the introduction of the Hilton Young Bill. Even in his Second Reading speech, as quoted above, Sir Hilton Young recognised in forcible words that we have enough better class expensive houses, and certainly too few low-rented houses; yet his sole effective action was to repeal the Wheatley Act and so to prevent the further building of cheap houses to let. And he is so determined to leave the building of new houses to private enterprise that up to the time of writing (May 1933) he is refusing to allow local authorities to build houses even without subsidy. In the last few days he has rejected an application from Birmingham to build 1,000 unsubsidised houses for letting—in spite of serious unemployment in the building trade.

Sir Hilton Young followed up this Act of Parliament by a Circular 1331 of April 1933, calling upon the local authorities to co-operate in order to ensure "a speedier end to the slum evil, and an end within a limited time." He then demanded a programme and a time-table, and added: "The programmes should, so far as practicable, be drawn on the basis of clearing all areas that require clearance not later than 1938."

This is an indication to the public that by the means then at the disposal of the local authorities the slum problem could be dealt with in five years. It seems to me to be one of the most unjustified efforts of optimism in the history of Government Circulars, and I prophesy with complete confidence that no such result can possibly be achieved.

VIII

NATIONAL PLANNING—AND THE PARTY SYSTEM

POST-WAR housing history affords perhaps the most important example of the difficulty of national economic planning over a long period with alternating Conservative and Labour Governments holding diametrically opposed views on certain economic matters.

The Labour Party believe that it is the duty of the State to provide a good house for every family, and to give sufficient subsidy to enable that family to pay the rent. They hold that private enterprise never has provided decent houses for the lower paid workers and never will, and that they will only be housed properly if the local authorities take on the responsibility for the work, aided as far as is necessary by national subsidies. The two Labour Governments have therefore both passed Acts giving large subsidies for houses to be built by the local authorities, in the hope of producing good houses to be let within the means of the lower paid workers.

The Conservative Party say that they are just as anxious to build houses and to let them at low rents as any other Party, but that any subsidy goes into the pockets of the builder and that the right policy is to abolish subsidies and leave private enterprise free to build cheap houses. They argue that when the Addison subsidy was imposed prices went up; when the Mond cut was made they came down; when the Wheatley subsidy was granted they went up again, and with the Chamberlain cut they came down; and they draw from this the conclusion that in-

creased subsidies always must mean increased prices. Further, they believe that subsidies are not only a burden on the Exchequer and on the rates, but are demoralising to the tenant. They have a firm conviction that housing should be left to private enterprise: that private enterprise built nearly all the houses before the war, and that it would do the same again if only municipal competition in house building were removed. This is their general philosophy; they have, however, several times admitted that under abnormal economic conditions subsidies may be necessary, as witness the Addison subsidy given by the Coalition Government and the Chamberlain subsidies given by the Conservatives in 1923.

In short, Labour believes in subsidies and almost likes them for their own sakes; the Tories heartily dislike them and only tolerate them under exceptional conditions. It is interesting to note the result of these feelings on the views of the members of the two parties as to the economic effect of subsidies. Throughout the post-war period Conservative speakers have constantly stated that subsidies raise the cost of housing, and that the removal of subsidies lowers the cost. The Labour Party have constantly denied this. It is not too much to say that the members of each party have been absolutely unanimous in rationalising their party beliefs in this matter. The Tories hate subsidies, and, from Mr. Chamberlain downwards, are all convinced that subsidies must have the primary effect of increasing prices; every Labour speaker is equally certain that their main result will be to reduce rents. Here is a task for our educators: to turn out from their schools and universities a new type of politician who will be able to come to a scientific conclusion on matters where his emotions or his party interest are involved. Meantime, we are so far away from that

happy day that it has not occurred to either party to appoint an impartial committee to report on this very important question.* It is a real weakness of the party system that each side, rather than find out the truth in a matter of this sort, should prefer to continue to urge a distorted version of the facts, which happens to suit its own prejudices.

Although the pressure of public opinion has been such that there has been a good deal of agreement on the broad issues of house building, yet it would be easy to quote pages from Hansard showing in what a party spirit the subject has been discussed. I will only give one quotation because it came from a leading Conservative—the late Sir William Joynson Hicks, who had himself held the office of Minister of Health. In opposing the Wheatley Bill in 1924 he spoke as follows:† "The Bill is a gigantic—I do not want to use the word 'fraud'—but a gigantic farce, to put before the people of this country in order to induce them to believe that the Labour Party will get houses under the provisions of this scheme, while they will not get one." Never was a prophecy based on more inadequate consideration; never was a prophecy more ludicrously wrong.

This conflict of views has throughout prevented consistent national planning. I have already shown the effect of the way in which the Chamberlain and Wheatley subsidies were treated: 200,000 men drawn into the trades connected with house building at a cost to the nation of 50 million pounds; and the great organisation created at this enormous cost never properly used afterwards.

If the Labour Government had remained in power throughout the period, there can be little doubt that

* In the absence of such a report, I publish in Appendix II a report by an economist, based on the available facts.

† Hansard, 23rd June, 1924, col. 200.

the men drawn into the trade would have been used for building houses. If the Conservative Government had been in power throughout, the 50 million pounds would probably have been saved, public opinion would have forced them to take some active steps, and it is to be assumed that they would have followed some fairly consistent and active policy in obtaining houses. The alternation of two Governments holding such antagonistic views has resulted in disastrous waste. It is a grave warning as to the difficulties that may be in front of the country in economic matters, in which Parliament is being forced to take a more and more active part, if the country should be governed by a two-party system of Socialists and anti-Socialists, each, when it comes into power, reversing the plans of the other.

PART II

THE PROBLEM IN 1933

IX

THE AGENCIES FOR BUILDING HOUSES

The Ministry of Health

THE rehousing of the working classes is a tremendous constructive task: to abolish the slums, to replan the cities, to build millions of good, beautiful and convenient houses, and to do all this as quickly and as economically as possible. The nation has been spending no less than £100,000,000 each year on its great housing effort and will have to continue to do so for many years. Here is a fine opportunity for the national planning of which we hear so much nowadays.

The actual work of building is done by hundreds of local authorities and thousands of contractors; the local authorities can, and do, plan, with varying degrees of success, within their own boundaries. But nobody would say that the housing campaign as a whole has been properly planned or directed.

The only national planning authority in existence is the Ministry of Health. Let us consider what are the problems, and what kind of staff and organisation would seem to be necessary in order to deal with them effectively.

The first necessity is a statistical department. It should form the best possible estimates of the number and size of families, both at the present time and for thirty or forty years ahead; of the number of existing houses that are below certain definite standards of fitness; and of the rents which the families can pay. From these estimates it could provide the

data for a housing programme scientifically worked out to meet the real needs of the population.

The Ministry seems to have no such department; no attempt has been made to publish any such figures, if we except Sir Hilton Young's preposterous suggestion that the slums can be cleared in five years by dealing with 12,000 houses each year; a suggestion which could never have been made if a statistical department had existed at the Ministry.

The second necessity is a strong technical department, or rather a series of technical departments, including architects, town planners, engineers, surveyors, economists, social scientists and doctors. This would include a research section, and would be responsible for working out the best methods of dealing with the innumerable technical problems of housing and town planning. In order to make this information easily available to all who needed it, a corps of technical trained inspectors would be required, who would be in close and constant touch with the local authorities.

The first subject of study for the technical department would be the tenant. What kind of house, what size of garden does he really want? Does he, or rather she, want the kind of communal services which are provided in some other countries: washhouses, nursery schools, communal kitchens, children's playgrounds? How much could the size of houses be reduced if such services were provided? What kind and number of open spaces should there be? How should community centres be developed on the new estates and in large tenement blocks? Then there is the whole problem of municipal management; how should rent collectors be trained? Are women better than men? What type and age of woman is best? How should the really bad tenant be dealt with? These and many other questions are of vital importance to the proper solution of the

housing problem. They have been studied by the more thoughtful local authorities, but surely central study and guidance is needed: there should be at the Ministry a group of social scientists and psychologists for this purpose. No such group exists.

The second subject of study would be the house itself. There is immense scope for developing better and cheaper materials; it is probable that research in this direction might save millions. Then the fittings: take one instance only, the methods of heating the house, heating the water and cooking. Although there has been much improvement since the war, in that the old wasteful and smoky kitchen range has gone, there is much room for further improvement in convenience, economy and smokelessness. Some valuable work has been done on this matter by the Department of Industrial and Scientific Research. But, so far as I know, the Ministry has shown no interest whatever in this problem, nor ever made a single suggestion to local authorities.

Then there is the whole question of the design of the houses: the Tudor Walters Report fifteen years ago gave an excellent lead. Its conclusions have been generally accepted ever since with very little further central examination.

In particular, there is the question of the design of tenements, which will have to be built in very large numbers in the future. Tenements are proving very expensive, at least £100 more per flat than equal accommodation in a cottage. Why are they so expensive? There is comparatively little experience in this country though there is a great deal in Scotland and abroad. A few of the largest and most enterprising local authorities have sent their experts abroad to study foreign examples. The Ministry, so far as I know, has done little or nothing. Compare this with the action that would be taken by a private company responsible for building

tenements on so vast a scale. They would certainly at once engage a dozen of the ablest architects, engineers and builders available and set them to work to study the experience all over the world, to prepare the best and cheapest designs, and then to put up a series of experimental buildings of different types, till they gradually evolved the best and most economical methods.

The third great section would be the planning department, whose duty would be to study planning in all its aspects: the estate, the city, the region, and the country as a whole. As regards the housing estate, subjects for study would be the best layout, the cheapest and most convenient forms of roads, the best size of garden, the arrangement of small open spaces, the siting of schools and so on.

City planning and regional planning involve such questions as the encouragement of garden cities as against the straggling ribbon development that is so common, the planning and financing of great open spaces, of main roads and parkways, and the whole problem of the replanning and rebuilding of our cities. This again involves the study of the intricate but vital problem of land values.

National planning involves a study of the movements of population and industry. Why does London continue to grow? Why is industry moving south, leaving behind it derelict areas where all the services already exist? Should these movements be controlled by the Government, if so, how?

In parts of this planning field the Ministry is doing something, but nothing like enough. General development, especially of private enterprise houses, is still chaotic and unplanned. The whole subject requires ten times the thought that is being given to it.

The control of the Housing Department should, of course, be vested in an individual with something

like the powers of a general manager. He should control and direct the work of the technical and statistical staffs and manage the general business. He should deal with the local authorities, with the building trade, with public utility societies; he should see that the powers of the Ministry are used to co-ordinate, stimulate, help, and if necessary coerce these various agencies to play their proper parts in the housing campaign. He should see that the building of new houses, clearance of slums, reconditioning and repairs, reduction of overcrowding, are all dealt with on the best possible lines. And he must, of course, have the necessary administrative, legal and financial staff to enable him to do all this effectively.

We have now attempted to outline the kind of organisation which a company or a national housing board would set up, and the problems with which it would deal. No such organisation exists at the Ministry of Health; no serious attempt is made to deal with most of the problems mentioned. What are the reasons for this failure?

It may be suggested that the reason is that different Governments have different policies; the question of municipal building versus private enterprise, and the many problems connected with subsidies, constantly cause acute difference of political opinion. But every Government since the war has wanted to see more houses built; there is no reason why every Government should not desire to have a central agency capable of carrying out its policy effectively and economically.

I believe the real reason lies in the tradition of the Ministry of Health: a tradition that the responsibility of the Ministry is limited to seeing that the local authorities carry out their duties in accordance with the Acts of Parliament; that it is not the duty of the Ministry to interfere with a local authority so

long as it is carrying out the law; it is not their duty to provide stimulus or initiative. Most Ministers want a quiet life, or as quiet a life as they can get; the kind of civil servant they like is one who will not cause trouble in the House of Commons or elsewhere.

The Housing Department at the Ministry is under the permanent head of the Ministry, who has an immense variety of matters to deal with. Under him the department is controlled by a number of civil servants of the administrative class. Like all our civil servants of this class they are men of the highest ability and character. They administer with complete impartiality and fairness; they know their job and they see that it is well done. For these reasons our civil service is the mainstay of our democracy and the envy of the civilised world.

But in spite of the virtues of the civil service, it has been gradually borne in upon me during the last fifteen years that the Ministry of Health Housing Department does not provide effective machinery for the control and management of the great constructive task of planning and building millions of new houses and abolishing the slums.*

The Board of Education seems to do much more in thinking out new policies and in guiding and helping local authorities than the Ministry of Health. The Board has, for example, published a black list of schools which should be destroyed or improved; no similar list of slums to be cleared or reconditioned has been issued by the Ministry. The Board has published a forecast of the prospective school population fifteen years ahead; the Ministry

* I should like to make it quite clear that nothing is further from my mind than to make any sort of attack on any individual civil servant. I think the Housing Department has throughout the time during which I have known it done its work thoroughly well—no set of men could have done it better within the limits laid down. What I am criticising is the system, not the men who work it.

has never done anything of the kind for housing. The Board recently circulated a pamphlet describing a particularly good reorganisation scheme in East Suffolk, as an example to other authorities; the Ministry has never published examples of the best housing schemes. The Board has a Consultative Committee in constant session; its recommendations in the Hadow Report have led to the complete reorganisation of the elementary school system. The Ministry has no similar standing committee; it occasionally appoints departmental committees, invariably with narrow terms of reference; in spite of many appeals, successive Ministers of Health have unanimously refused any real enquiry into the housing situation.

The Board has a large number of able inspectors, who stimulate and advise local authorities, and at the same time keep the Board informed of what is being done in different parts of the country. The Ministry has three or four housing inspectors who spend the greater part of their time holding enquiries into proposed clearance schemes.

And yet we are spending more money on housing than on education, and the national provision of houses is a newer problem to which much less thought and study have been devoted than to the problems of education.

One reform which could easily be carried out would be the appointment of a Standing Advisory Committee, including a few of the best housing directors, architects, town planners, and perhaps one or two councillors and Members of Parliament: a committee which could take a broad and at the same time informed view of all the inter-related problems of town planning and housing. Such a committee, if it were given a competent secretariat, would at very little cost at least be able to give the Ministry really valuable advice and help.

Apart from the laissez-faire tradition of the Ministry there seem to be two main reasons why it cannot, as at present organised, fulfil the functions of central stimulus and control: firstly, I believe the training of the administrative staff is wrong; secondly, the staff is numerically quite inadequate. Contrast the training, experience, method of promotion and remuneration of the leading personalities in a great industrial concern with the Ministry of Health Housing Department. In the company, the head men would mostly have spent their lives in that particular industry; their future would depend on their success and the success of the company. The head men would receive salaries of from £5,000 to £10,000 or £20,000, if the company did a business on the scale of our national house building activities.

The officials of the Ministry are trained to administer Acts of Parliament: to understand the law, and see that the local authorities comply with it. They are moved from department to department; it is chance whether any of the higher officials ever spend more than a few years in the Housing Department. The salary of the head of the department is about £1,500 per annum—about one-tenth of that of the head of an equivalent company. Sometimes the position of head is not even considered to be a whole time job for an assistant secretary!

The company's officials are expected to regard the promotion of the company's interest as their life's work; the officials of the Ministry are expected to do loyally and skilfully what their Minister tells them;—their life's work is good administration, whether it be the building of houses for one Minister, or the slowing down of house building for another.

Clearly there can be no comparison between the results obtained by these two systems. What changes should be made if we decide that we really want the

Ministry to do everything possible to abolish the slums—always, of course, within the financial limits laid down by Parliament?

The first thing would be to inform the Housing Department of the Ministry officially that, in future, they were to be responsible for housing the working classes in the best and cheapest manner, within the limits of expenditure laid down by Parliament, and that it was their duty to give every possible help and stimulus both to local authorities and to private enterprise to secure this end.

It is not possible, or desirable, to give civil servants the stimulus of large salaries or payment by results. Their usual stimulus is the natural desire of the average human being to do his job well. But at present they spend their business life sitting in a room in Whitehall in almost hermit-like seclusion, reading minutes and writing letters. Their only official contact with the outer world is through deputations which they receive in their rooms. Officially they rarely or never see a slum or a housing estate. Under such conditions a strong human interest in the housing problem is hardly possible.

Compare this life with that of a medical officer of health. He lives in constant contact with the problem which he is administering; on the one hand, he inspects slums and housing estates and talks to the tenants; on the other hand, he attends meetings of his committee and knows exactly how the mind of a local authority works. He is a practical administrator seeing the results of his work. One important effect of this contact with the slums and the slum dweller is the realisation of what it means to be forced to dwell in one of these "radiating centres of depravity and disease." No decent human being seeing such conditions in his daily work can help being deeply moved, and becoming determined to put an end to them. The civil servant in Whitehall

is subject to none of these human influences and often preserves what has been called "an abominable neutrality." It is, of course, true that he must accept the policy of the Government in power, that he must be just as zealous to cut down expenditure for an economy Government as to build the largest possible number of houses for a Labour Government. But there is no reason why he should not carry out such instructions faithfully and zealously even if, instead of being impartial between the two policies, he should be filled with the keenest desire to put an end to the slums. This is the case with practically every medical officer of health; he is determined to do what he can to improve the health of his city, but he is always ready to carry through economies loyally when his committee insist on it. Surely that is the ideal state of mind for the administrative civil servant. If this great housing problem is to be solved, the very important administrative people in charge at Whitehall must make it the first aim of their lives to put an end to the slums. And I do not believe that, being ordinary human beings, they will ever have the necessary zeal until they are released from their permanent incarceration in Whitehall, and allowed to spend a fair proportion of their time out in the provinces among the slums and houses for which they are responsible.

I do hope that nobody will think that I am making a personal attack on the civil servants. On the contrary, I have the greatest admiration for them; they are among the best people in the country; their standards are of the highest. But I know that if I were shut up permanently in an office my zeal for housing would rapidly evaporate. I make a practice of visiting some slum every few months and of talking to the women in the houses; I come away every time with renewed determination to do whatever lies in my power to put an end to such

conditions. I am sure everybody needs this stimulus; I am sure it is essential that the housing officials of Whitehall should have the benefit of it. A simple plan would be that every member of the administrative class should, after he has had four or five years in the civil service, be seconded for a couple of years to a local authority, and act under the medical officer of health or the housing director, getting to know the problems from the point of view of somebody who has the actual job to do. These able men are just the class of administrators whom local authorities most need. They would do valuable service during their two years and it would be an excellent thing if some of them remained permanently in the municipal civil service and ultimately became heads of public health or housing departments. Those who returned to the Ministry would have had practical experience of local administration. They would have seen something of the conditions in the slums. They would, one hopes, come back to the Ministry determined that so far as lies in their power every family in the country shall be given a decent house at the earliest possible moment.

The second reason why the Ministry fails is that the staff is quite inadequate to fulfil the duties we have described. The department is ludicrously small; a head at about £1,500 a year, who is actually sometimes only allowed to devote part of his time to housing, a few administrative assistants, a few part-time technicians, three or four inspectors! To do the job properly additional staff would be needed, with additional salaries of perhaps £50,000 a year. One of the most unfortunate results of the constant economy campaigns directed against Whitehall is that there seems to be a fear of creating new posts at £1,000 per annum and over; yet without a large increase of posts filled by first-class

men the housing job cannot possibly be properly done. £50,000 a year sounds a large increase in salaries: it is but only .05 per cent of the annual bill for house building! Such a staff, well selected and controlled, would render effective research and planning possible, would vastly improve the amenity and convenience of the houses to be built, and would almost certainly save the nation not thousands but millions of pounds every year.

One serious weakness of the Ministry is that it has such a vast variety of work to do. The permanent head has such a range of duties that it is only possible for him to give a small proportion of his time to housing. Then again, the tradition of the Ministry to see that local authorities keep within the Acts, but not to stimulate to greater activity, may be the best tradition as regards the bulk of their services. But the replanning of England and the rebuilding of our cities is a tremendous task, quite different in kind from the rest of the work of the Ministry.

For these reasons there would seem a good deal to be said for handing over the whole of the Housing Department and the Planning Department of the Ministry to some other body. It might go to the Office of Works which is accustomed to building, but has no work of great importance. The Minister and the whole of the staff would naturally, under these conditions, make housing and planning their main interest in life; a new tradition would immediately and automatically be developed.

The same object might be achieved by appointing a National Housing Board on the analogy of the B.B.C. and the Central Electricity Board. The analogy is not complete, because these boards are financially self-supporting, whereas housing must, for many years to come, depend to a considerable extent on grants from Parliament. Parliament would therefore insist on a certain measure of control; the

National Housing Board would necessarily be under the Minister of Health or some other minister. This matter is dealt with later in the present chapter.

To sum up: the Ministry of Health Housing Department carries out effectively its routine work of seeing that the local authorities comply with the law. Hitherto it has not been part of its duty to put energy and thought into the broader aspects of the housing campaign. If the campaign is to be carried out effectively and wisely, this responsibility must be explicitly laid on the Ministry. In that case they must be given the necessary additional staff, at an annual cost of perhaps £50,000, to carry out their new responsibilities, and the training of the administrative class should be changed by sending them out regularly to gain experience in different localities.

Perhaps the best way of making such a change effectively would be to take housing and town planning away from the Ministry of Health and give them over to the Office of Works, which has little else to do, or to a National Housing and Town Planning Board, under the Ministry of Health, which would devote the whole of its time and energy to this one great task.

The Local Authorities

Since 1919 the local authorities have been responsible for seeing that proper housing accommodation is provided in their area.

Their main business since the war has been the building of houses to let, and the larger towns have appointed staffs with a qualified housing director in charge to deal with this work. The houses are generally built by private enterprise after competitive tenders have been called. Many of the early houses were not by any means well planned, but

as experience has been gained, designs, both of houses themselves and of fittings, such as grates, have greatly improved, and the more recent houses built by most authorities are really good; well planned, well equipped, well built.

A small proportion have been built by direct labour, but this has not gone very far, and I believe that as a general rule it has not proved more economical than the building of houses by private enterprise, properly controlled by the local authority; though as a check on contractors' prices when there are rings, or in boom times, it may often be useful.

At the present time local authorities are building the minimum standard house at about £300, plus, say, £70 for land, streets, etc. They can borrow money at 3½ per cent. Under these conditions, a good family house can easily be let at 8/6, or, including the rates, at, say, 12/-, without any subsidy whatever, so that we have now an entirely new situation. The local authorities can build what is a really working-class house without subsidy. They can be relied on to plan the houses well and to build them well. They know that they are going to own the houses for the next hundred years; they have every incentive to take the most careful steps to prevent jerry-building. There is no reason to doubt that given proper encouragement and control by the Government, the local authorities will deal effectively and well with the building of new houses.

There is another problem which may prove to be much more difficult: the management of the houses. Local authority houses have hitherto been let at fairly high rents, the tenants have been respectable families, and there has been little difficulty in the management. It is a commonplace that many local authorities have not selected their tenants well. There has in a few cases been favouritism of a political kind; there has in many cases been a

tendency to let to the "good tenants" who have few children, rather than endeavouring to get the large families into the new houses.

The problem of management in future is going to be much more difficult. If, as is to be hoped, the country is now going to face the problem of rehousing the slum dwellers, a new situation will arise. It is universally agreed that private enterprise cannot rehouse the lower-paid worker except by a disastrous lowering of the standard of housing. It must therefore be recognised that the whole responsibility for their rehousing will fall on the local authority. Although the number of families who have inveterate slum habits is not large as a percentage of the whole, there are undoubtedly in every area a number of really bad tenants, and in future the local authority will have to deal with practically all of these. The gradual transference of the million poor families from the slums into decent houses is the biggest single social reform of the next generation, and the responsibility for carrying it out will fall exclusively on the shoulders of the local authorities. It will involve problems of management and training of tenants of the utmost difficulty. Skilled property managers, whether women trained on Octavia Hill lines or men trained on similar lines, will be necessary, and all kinds of difficulties will certainly arise.

The most important and difficult tasks ahead of the local authorities in the next generation are the replanning and rebuilding of the cities and the proper housing and training of the slum population. It is to be hoped that local authorities will recognise that the Housing and Town Planning Committees are going to be the most important committees in the Council, that the best members of the local authorities will join these Committees, and, perhaps most important of all, that every effort will be made to strengthen and support the officials who

are responsible for administering the work of these Committees.

Private Enterprise

In pre-war days private enterprise was responsible for practically the whole of the building undertaken; not only of the houses for sale, but also of houses for letting, down to and including the cheapest class. A traditional method of financing had grown up, under which people invested money in working-class houses through solicitors who specialised in this work. Private builders met the demand adequately as regards the number of houses built. They built excellent houses for those who could afford to employ architects and to pay a good price. As regards the requirements of the lower-paid worker, the speculative builder built houses and sold them as quickly as he could. It was to his interest to build as cheaply as possible, and a hundred years ago he built the most scandalous hovels. Gradually the by-laws were tightened up and the class of houses improved, just in so far as the local authority insisted that it should improve.

Since the war the situation has been quite different. The Rent Restriction Acts, by maintaining a level of rents which was low in relation to the cost of building, have prevented the building of houses for letting except with subsidy. Private enterprise has accordingly not been able to enter this field. On the other hand, there has been a keen and continuing demand for houses for sale and private enterprise has confined its attention to the meeting of this demand.

The great service of private enterprise since the war has been to build no less than one and a quarter million houses for sale. In the early days following the Armistice the houses were fairly large, averaging perhaps round about £1,000 each. As the demand

for the larger houses was met private enterprise has been building smaller houses. They are now being built down to about £400 each in large numbers. For the last two years private enterprise has been building at the rate of 130,000 houses a year, and in earlier years this figure has been exceeded.

This enormous programme of private enterprise building has been rendered possible financially by the building societies, which borrow money in various ways, and lend it on mortgage to those who are going to build or own houses. The whole thing has been well worked out, and finance can be easily and conveniently obtained. Some idea of the scale to which it has been developed can be gained when it is pointed out that in 1931 alone the building societies advanced no less than £90,000,000 for the building of houses.

So far, private enterprise has failed in post-war days to build houses for letting. Sir Hilton Young has endeavoured to encourage private enterprise to go in for this branch of the business by arranging in his Housing Act to provide guarantees against loss. At present, building societies will advance up to 70 per cent of the cost of houses; under this Act the Government and local authority may guarantee the building society against two-thirds of any loss that may be incurred through increasing the mortgage from 70 per cent to 90 per cent of the value of the house. The exact way in which this may work out is not clear as it is uncertain whether anybody will be prepared to come forward to take the responsibility of owning the houses.

Sir Hilton Young has made up his mind to leave the building of new houses entirely to private enterprise if it can be done. He has gone so far as to prohibit the building of houses by local authorities in order to leave a completely free field to private enterprise. We are here up against one of the chief

political divisions in the housing problem. Conservatives instinctively desire that as much as possible shall be done by private enterprise. The Labour Party argues that private enterprise never has provided decent houses for the working classes and never will; that Sir Hilton Young's action indicates that he is more interested in preventing local authorities building houses than he is in providing cheap houses for the workers; that the phrase "Leave it to private enterprise" is the greatest single hindrance to the clearance of the slums; that it means that those who can afford to pay for a good house will be decently housed, while the families of the poorer workers who are now in the slums will be compelled to remain there for ever.

This is a controversial subject that is not likely to be settled in the next few years. My own view is very strongly that the municipalities tend to build better, that they always build cheaper for letting, and that therefore they ought to be encouraged in every possible way to build the smaller type of house for letting. At the same time, private enterprise ought to be given every help and encouragement to build houses for sale, though the local authorities should be helped by the Ministry of Health to control private enterprise housing, both as regards quality, planning and appearance, in such a way as to avoid many of the serious faults which have occurred in private enterprise building in different parts of the country since the war.

For the time being it seems that the best plan would be to preserve the distinction which has grown up since the war, that private enterprise should build all houses for sale and that local authorities should build the houses required for letting. In view of the dire need of houses at low rents for the lower-paid workers, much the most important thing is that Sir Hilton Young's policy in this matter

should be immediately reversed, and that the local authorities, instead of being hindered, should be given every possible encouragement and help to continue building good houses for letting.

Public Utility Societies

A considerable number of Public Utility Societies have been founded all over the country by persons who are anxious to do something constructive to help forward the housing problem. They are non-profit making societies. They have generally raised money from the charitably disposed at anything from 2½ per cent to 5 per cent, and have spent it in building houses to let. The houses have been of good quality and have generally been let at low rents with the help of the Wheatley subsidy. The Public Utility Societies have shown a social conscience much more highly developed than that of most municipalities, in that they have taken great trouble to select the tenants who most need help, that is to say, those with large numbers of children. They have generally appointed trained women to do the rent collecting on the Octavia Hill system, and they have also done a good deal in the way of reconditioning old houses and making them fit to live in.

The weakness of Public Utility Societies is that taken altogether they have probably only raised a few hundred thousand pounds during a period when the country has been spending a few hundred million pounds on housing. But although they have not been able to work on a large enough scale to have any substantial direct effect on the housing situation, they have done one very important thing in that, as regards reconditioning, management, and the selection of tenants, they have often set an example which local authorities would do well to

follow. The further development of such societies is a valuable piece of work which can be undertaken by public-spirited persons and which should be encouraged in every possible way.

The National Housing Board

There has at various times, and especially during the last few months, been a lot of talk about the desirability of forming a National Housing Board to "get on with the job" of building houses. Many people feel that housing ought to be got away from the see-saw of party politics and run by a small committee of specially selected persons on the lines which have been so successful in the case of the Central Electricity Board and the B.B.C. It is felt that the steady, competent, business management would clear the slums better and more quickly than it is being done at present.

The demand for a National Housing Board is a natural result of our failure to deal with the slums. Public opinion does not realise the reasons for this failure, and feels that if only we had more energetic and competent management something would be done. When one asks what the National Housing Board is to do, one finds very wide differences of opinion.

There are, broadly speaking, two quite separate possibilities. In the first place, such a Board might replace the Ministry of Health and control housing throughout the country, as I have suggested earlier in this chapter; and, in the second place, it might be a Board on the lines recently suggested by Sir Raymond Unwin, which would borrow a large amount of money and would be mainly concerned with organising and helping public utility societies.

The former is, of course, the bigger conception. It is at once clear that Parliament, so long as it is

paying large subsidies, would insist on having a Minister in the House responsible for the work. The Housing Board would therefore have to be under the Minister of Health, unless it was transferred, which might be desirable, to some other Minister, such as the First Commissioner of Works, who has far less to do and who could devote the greater part of his time to this tremendous national problem. In this case, no doubt, a Commission of about five persons would be appointed, a business man as chairman, and probably suitable experts for the other members. They would devote the whole of their time to considering the national housing problem and would, I hope, be likely to deal with it on broader, more effective and more energetic lines than it is at present being dealt with by the Ministry. If the Government were successful in obtaining a really first-class man as chairman of the Board, and if Parliament and the Minister left the job largely to him, and allowed him an adequate staff, there can be little doubt that more planning and drive would be put into the work than can be the case with the present organisation.

The second possibility is a National Housing Board* which would borrow a large sum of money at a low rate of interest with the help of a Government guarantee. The Board would in this case also be controlled by the same sort of Commission, under an able and responsible chairman. Its function would be to build houses wherever they were not being

* The Report of the Moyne Committee has been published since this was written, recommending a Central Public Utility Council, whose main function would be to stimulate local public utility societies. This seems to be an interesting and perhaps useful proposal of minor importance. The larger conception of a National Housing Board to replace the Housing Department of the Ministry of Health was outside the terms of reference of the Moyne Committee and was not considered by them.

built in adequate numbers by other bodies, and to lend money to public utility societies for the same purpose. It might also on a large scale own and manage property, perhaps taking over property from local authorities for this purpose. Many people feel that it is dangerous and undesirable for local authorities to own and manage large blocks of property; that it tends to lead to corruption and favouritism, and that the work would be much better done under the control of an impartial and well-managed central body.

Conclusion

Broadly speaking, we have in this country, at least on paper, an effective organisation for planning, controlling and carrying out the building of new houses in the Ministry of Health, responsible to Parliament for the whole thing; private enterprise, willing and anxious to build houses for sale with ample money put at their disposal by the building societies; and the local authorities, generally willing and anxious to build good houses for letting, and now capable of building the standard minimum house at an inclusive rent of 12/-. The machinery is there and is working fairly well. The main improvement that is required is a reorganisation of the Ministry of Health that will mean more clear, hard thinking and more effective planning; above all, more energy and vision.

I have said nothing about the building trade, which is responsible for carrying out all this work. It is easily capable to-day of building a quarter of a million houses every year and of building them at a fairly reasonable price. It is the business of Parliament, of the Ministry of Health, and of the local authorities to see that this organisation is fully used.

X

THE HOUSING PROBLEM IN MANCHESTER IN 1933

ONE of the difficulties in the way of really understanding the housing problem is its size. When one thinks about housing on a national scale, one is almost necessarily lost in generalisations about slums and about the building of a million houses, which cannot produce a clear picture in one's mind. I propose, therefore, before considering the national problem, to consider the problem in Manchester, which I happen to know best and which is in many ways typical of the housing problem in our large cities.

There are three main sources of information. The census gives us at intervals of ten years the number of houses and the density of the population in each ward, and a good deal of information about the number and size of families, the size of the house, and the overcrowding. It gives no information whatever about rents.

The Annual Reports of the Medical Officer of Health contain a large amount of information, mainly statistical. Valuable special reports are issued from time to time by the Public Health Committee, as, for instance, when an enquiry is to be held into a slum clearance area.

In the last few years we have had a new and useful source of information in the form of surveys carried out by voluntary workers under the direction of the Manchester and Salford Better Housing Council.*

* Copies of these surveys can be obtained from the Manchester and Salford Better Housing Council, Room 83, 7 Brazennose Street, Manchester.

Five such surveys have been made, each covering an area including a few hundred houses, in some of the worst parts of Manchester. They have been of real value in enabling one to form a more human picture of the Manchester slum problem than would be possible from official reports alone.

Although these sources of information are not as full as one would like, they are, I think, sufficient to make perfectly clear the broad lines along which further efforts should be directed.

What Has Been Done

Since the war Manchester has devoted its energies, as regards housing, to the building of new houses. Twelve thousand have been built by private enterprise, and eighteen thousand by the local authority. The local authority houses have been expensive, perhaps unduly so. The rents of the three-bedroomed non-parlour houses have been round about 15/- till quite recently; even at the present time such houses are still being rented at an average of about 13/- inclusive, after deducting the Wheatley subsidy. When it is remembered that one-half the families in Manchester are paying rents of not more than 10/-,* it will be seen that Manchester has hitherto been housing the middle classes and the aristocracy of labour, and has done almost nothing for the lower paid workers.

Ever since the war there has been tremendous pressure on the available accommodation, so much so that the Corporation has been unable to deal in any effective way with overcrowding or with the closing of individual bad houses; even repairs have fallen badly behindhand. The condition of the slums has steadily deteriorated.

As regards slum clearance, a scheme involving the

* See "How to Abolish the Slums," p. 113.

pulling down of 200 houses was carried through in 1925.* This clearance scheme was an object lesson as to the undesirability of slum clearance so long as the present shortage of houses continues. In the first place, the cleared land is so expensive that it has stood vacant, an eyesore and a nuisance, ever since the houses were cleared off it in 1925. It has been valued at £12,000 an acre and nobody has been willing to buy it. In the second place, only one-third of the tenants are, according to the latest available information, to-day in corporation houses; the other two-thirds are overcrowding surrounding slums.

Under such conditions it does much more harm than good to pull down even the old two-up and two-down houses, and the Corporation has till 1933 for these reasons steadily, and, in my opinion, quite rightly, refused to undertake further slum clearance schemes.

The Position To-day

Manchester has 180,000 houses, of which nearly half, say 80,000, situated in the central area, are roughly of a single type; the familiar long, dreary row, with two rooms upstairs and two down—the so-called "two-up and two-down" house.

All the worst of these houses have been reconditioned.† Manchester's reconditioning effort in pre-war days was, I believe, by far the most effective and far-reaching piece of reconditioning work that has ever been done in this country; with the result that practically every house has a separate paved back-yard, a water closet and water laid on inside the house. There are practically no back-to-back houses, no cellar dwellings, and none of the really bad courts which are still found in Birmingham,

* *Ibid.*, pp. 45 and 122. † *Ibid.*, chapter iii.

Liverpool, and elsewhere. But even so, the worst of these houses are dilapidated, verminous and damp, with no damp-proof course.

The Medical Officer of Health has estimated that 30,000 of them are unfit for human habitation. He has done, I think, what every M.O.H. does—condemned what seemed to him a reasonable proportion of the worst houses in his town. A visiting M.O.H., after inspecting the Hulme clearance area in Manchester, said that he would not dream of declaring an area of that sort in his town. On that doctor's standard Manchester has no slums; on the other hand, if one is prepared to condemn as a slum everything which is seriously below the standard now generally accepted, on which local authorities are building, then there are certainly 80,000 slum houses in Manchester.

The worst slums of Manchester are, however, not the two-up and two-down houses. Unfortunately, there are not enough of these houses to meet the needs of the Manchester families, and the surplus population is forced to overflow into houses let in lodgings. These are generally respectable, old, middle-class houses, with, say, eight or ten good-sized rooms; as the neighbourhood goes down and the pressure for housing accommodation increases, a single house of this sort is let off to a number of families, generally one room to each family.

I have personally inspected some of these houses let in lodgings. The conditions are often appalling. Generally speaking there has been no attempt at reconditioning: in many cases for eight families there will be one tap in the house and one in the yard, and probably two water closets. The rooms themselves have no fittings, except a coal or gas fire. You may find the coal piled up in one corner of the room and the mangle in another. The rents are generally controlled unless the rooms are let

furnished, and in order to avoid control, as one experienced worker told me, "the landlord goes to the market and buys a rickety bed for a shilling, bedding full of bugs for sixpence, and a couple of tumble-down chairs." The worst type of landlord makes the room verminous for a few shillings and lets it at a high rent as a furnished lodging. Whereas the controlled rents of the two-up and two-down houses vary from about 6/- to 9/- inclusive, the rents of these single rooms, meagrely furnished, run from 9/- to 12/-.

Whereas in the two-up and two-down houses even a fair-sized family can lead a civilised life and retain its self-respect, when a family comes to live in a single room in these houses let in lodgings, in which the sleeping, eating, cooking, washing of the whole family is carried on, even in times of sickness, birth, or death, many of them give up all standards and become completely demoralised. Conditions are such that only a very remarkable woman can keep a family in decency, cleanliness and self-respect.* And the tragic thing is that the number of families driven into these single rooms has been actually increasing in the last two or three years.

Manchester houses may therefore be roughly classified into three grades.

Class I. Houses which can for the present be regarded as satisfactory, of which there are perhaps 100,000.

Class II. The 80,000 two-up and two-downs, which are so far below the modern standard of

* I am constantly astonished when visiting slum houses to find mothers, with inadequate incomes and in hopeless housing accommodation, bringing up large families of children in decency and self-respect and even happiness. When one thinks of the monotonous drudgery, with no escape for a moment from the unending responsibility for numerous children, the cheerful competence of so many mothers seems to me one of the finest achievements of the human race.

housing, both as regards the houses themselves and the crowding of the houses on the land, that they constitute the bulk of the slum problem of Manchester. I think it is fair to call these 80,000 houses the Manchester slums.

Class III. The houses let in lodgings. These are in many cases perfectly good houses themselves for occupation by one or two families, but when each room is let to a separate family they constitute the really disgraceful housing conditions of Manchester; they are in every way (except their state of repair) far worse than the two-up and two-down house. These houses may be called the "super-slums" of Manchester. There are now about 1,600* such houses. Of these we have particulars of 450 which are on the municipal register; they include no less than 1,739 single-room tenancies, that is to say 1,739 separate families live each in one single room in one of these 450 houses. How many "single-room tenancies" there are in Manchester I have not been able to find out; judging from the above figures, probably from five to seven thousand.

That is the position of Manchester housing to-day in spite of a strenuous post-war housing campaign. The slums are in a much worse condition than they were at the end of the war. Not only are the houses worse in quality, but, most disappointing of all, we seem to be worse off also even as regards numbers of houses. There is strong evidence that the number of families crowded into single rooms has been increasing during the last few years. Everybody had been hoping that the rapid building of houses would have reduced the pressure on the slums. Everybody has been baffled by the fact that, in spite of building so large a number of new houses, the pressure, so far from decreasing, has actually increased.

* See Report of Manchester M.O.H. for 1931, p. 227.

It is only now at the beginning of 1933 that the local figures for the 1931 census have been published. The following table summarises the facts:

	1921	*1931*	*Net increase*
Families	164,000	191,000	27,000
Houses	155,000	177,500	22,500
Population	736,000	766,000	30,000
Deficiency of houses	9,000	13,500	
Greater deficiency in 1931 than in 1921		*4,500*	

These new facts show at a glance that it is the unexpected and quite astonishing increase in the number of families which is responsible for the whole difficulty.

The population has increased by 30,000 or by something under 5 per cent, which was in accordance with expectation. It was assumed that the number of families would increase in about the same ratio, that is to say, that there would have been about 8,000 additional families as against 22,500 new houses. In that case there would have been a surplus of 14,500 houses available to reduce overcrowding. What has in fact happened is that the families have increased, not by 5 per cent but by over 15 per cent; not by 8,000 but by no less than 27,000! There was in 1921 a deficiency of 9,000 houses, that is to say, there were 9,000 families for which separate houses were not available. That did not seem a large deficiency to overtake, and people were constantly surprised that vacant houses were not beginning to appear. We now find that instead of having disappeared, this deficiency of 9,000 houses has actually increased in spite of all our building, and that in 1931 there was a deficiency of no less than 13,500 houses.

The effect of the continuous overcrowding on Manchester slums ever since the war has been

disastrous. There has never been alternative accommodation available. It has therefore been utterly impossible for the local authority to deal at all with overcrowding, or to deal effectively with the question of repairs. There has been one overwhelming difficulty from armistice day to to-day; the shortage of houses, and unfortunately the *increasing* shortage of houses.

It is interesting to note from the census that while the bad cases of overcrowding are no less, the number of persons per acre in the crowded central areas has been reduced in each of the districts where there are more than 100 persons per acre; the reduction is in each case about 10 per cent. On first seeing this figure one is inclined to assume that one-tenth of the families have been drawn out into other areas. But on further consideration it is clear that this has not happened; every house is still occupied; the number of families is the same or perhaps slightly greater, in so far as the number of single room tenancies has increased. What has happened is that the average size of the family, as is also shown by the census, has decreased by 10 per cent. We have therefore a slightly larger number of families in the slum areas; the worst cases of overcrowding, where several families share one house, are rather worse than before owing to the increasing surplus of families; but the normal slum house is occupied by a smaller family, about half a child less than ten years ago.

Future Policy

Such is the position of housing in Manchester to-day so far as the facts are available. To recapitulate, there are in Class I 100,000 good houses; there are in Class II 80,000 houses which, though pretty bad, are still such that apart from overcrowding a family

can live a self-respecting life in them; while the worst conditions are in Class III houses, which may be in themselves good middle-class houses, but which are being turned into the worst kind of slum by being used in a way they were never intended by excessive numbers of people. In these there are several thousand families living under conditions which are not only unhealthy but degrading.

I assume that our aim is to get a decent house or flat for every family, large enough to meet the requirements of that family, and let at a rent within their means. What policy should be pursued in order to attain this?

It is clear that the achievement of our aim involves two things: first, there must be enough houses, so that each family can have a house or flat to itself; secondly, we must replace bad houses with good ones, till we finally reach the ideal state with a good house for each family. Clearly, there must be two stages in the housing campaign: the quantitative stage—to get enough houses; followed by the qualitative stage —to substitute good houses for bad.

Stage one consists of building good houses so as to relieve the pressure and get all the families with children out of Class III conditions. This is purely a quantitative problem. Until there is enough accommodation at suitable rents to enable every family which is now forced to exist in a class III house to move into either a Class I or a Class II house, any pulling down of Class II houses, even though an equivalent amount of alternative accommodation is provided, can only have the effect of putting off the day when the families forced into the degradation of Class III can move into surroundings where some sort of self-respecting life is possible. The first task of Manchester is, therefore, to go on building good houses until Class III is abolished and until there are a reasonable number

of empty houses in Class II. With the help of the census figures it is now possible to form some estimate of the number of houses Manchester is likely to need in order to meet the shortage.

In Appendix III some account is given of a method by which an estimate of the probable increase in the number of families during the next two decades can be made. The practical conclusion reached there is that for the present intercensal decade—1932-41—the increase in the number of families can be put at approximately one-half, and for the next decade—1942-51—at one-eighth, of the increase actually recorded for the previous decade—1922-31. After 1951 there is not likely to be any further increase in the number of families. On this basis Manchester's total requirements can be estimated as follows:

Present deficiency	say	13,000
Increase in families, 1932-41		13,500
Increase in families, 1942-51		3,500
Total		30,000

As there are at present 180,000 houses in Manchester, this means that 210,000 houses may be taken as the total number that will ultimately be required.

With a building programme of 3,000 houses per annum, therefore, we should have met the existing shortage and provided for the additional families by about 1941, provided no houses are pulled down; to the extent that they are pulled down the overcoming of the shortage will be delayed.

As soon as the shortage is overcome the whole position is changed. Stage one of the housing campaign—the quantity stage—will then be complete, and the local authority will be in a position to tackle stage two—the quality stage. For the first time since

the war it will be possible for the local authority to close houses where necessary* because alternative accommodation at similar rents will be available. Stage two should therefore begin by the vigorous enforcement of proper standards of overcrowding, by getting large families out of the "two-up and two-down" houses which are much too small for them. The worst cases should, of course, be tackled first, but overcrowding, wherever it is found, should be energetically dealt with. A few years of work ought to go a long way towards its abolition. At the same time a proper standard of repairs should be sternly enforced. The policy of making closing orders to enforce thorough repairs or reconditioning, which was so successfully pursued in Manchester in pre-war days, should again be taken up with the utmost vigour.

Then the time will have arrived for slum clearance. There will be no need for additional houses; there will be a certain amount of accommodation available in each area and slum clearance should be dealt with on a definite programme at the highest possible speed.

Planning the Future City

It is of the utmost importance that before the pulling down of the slums and the rebuilding of the centre of the city is undertaken on any substantial scale, a carefully thought out plan should be made so as to avoid the errors of our ancestors and to try to produce a city that shall be beautiful, healthy and convenient. The best available talent—town

* See Report of Manchester M.O.H., 1929, p. 200. Owing to the prevailing conditions in regard to house shortage, only four houses have been certified as unfit for habitation during the year. Nineteen hundred houses condemned before the war as unfit for human habitation are still occupied!

planners, architects, engineers, economists—should be employed in making a comprehensive survey of the city and a broad plan based on it.

The first problem before the planners would be to form an estimate of the prospective number of families that would have to be housed. I have just given the best estimate I can form to-day of this figure; the whole matter will, of course, have to be considered much more thoroughly, but let us assume for the moment that my figures may be taken as correct. In that case an additional 30,000 houses will be required, the ultimate maximum being in the neighbourhood of 210,000 houses.*

Having decided this point, the next major problem would be to decide within what area these houses are to be built. Plans have been made for providing about 20,000 houses at Wythenshawe; the other 10,000 would either have to be built by crowding things up more in the existing area or a further extension would have to be planned. It would be necessary to decide whether the whole population now living in the central areas is to be rehoused in the same areas, which would mean building tenements and very often housing up to, say, 150 persons per acre, or whether the population is to be more thinly spread. In that case some further extension of the city to the South would be essential.

In settling the future area of the city it will, of course, be necessary to allow for a great increase in open spaces in the central portions. For instance, in areas where tenements are to be built there must be playing fields for children not more than a quarter of a mile away from every house, and surely we ought to have one or more large and beautiful

* It is, of course, possible that a proportion of these additional houses may be built in the surrounding areas, and that families may emigrate from Manchester to these areas. In that case, the ultimate total would be correspondingly less.

parks right in the centre of Manchester, perhaps in Hulme and Ancoats, comparable to the best parks in London.

Once these vital preliminary decisions as to the area of the city and the area of open spaces required have been made, then it will become possible to make an effective plan for the whole city under the new Town Planning Act—or, if the powers of that Act prove inadequate, under further Acts still to be passed. The whole of the built-on area will, of course, have to be zoned for various purposes, and fitted in with the plans already made for the less developed part of the city.

One of the most important problems that will have to be borne in mind is the question of land values. Values in the centre of the city are at present far too high for housing purposes. For instance, the land left vacant after the small slum clearance scheme carried out in a typical working-class area in 1925 was valued at £12,500 per acre, though, after being vacant for seven years, its price has now been brought down to £7,250 per acre. Even this is much too expensive for working-class housing. A ground rent of £4 per annum is generally agreed to be the maximum that a working-class family can pay. On the basis of 40 flats per acre, and 20 years' purchase, this would amount to a price of £3,200 per acre. It would seem reasonable to say that tenements should not be built on land that costs more than £3,000 an acre, nor cottages on land at more than £1,000 per acre.

Before any large scale rebuilding of the centre of the city is possible, land values must be brought down in such areas as may be zoned for housing. This can only be done by continuing the present policy of building on the outskirts and waiting until the pressure in the centre of the city is reduced. The fact that industries are being drawn out to the

country, owing to the advent of the motor-car and of the electricity grid, will help to reduce the demand for land in the central areas. Further, the decline in the cotton trade, which must unfortunately be regarded as permanent, will reduce the demand for offices and warehouses, so that there is a real prospect that by a little judicious delay in rebuilding in the centre, prices may be expected to fall to such an extent that replanning and rebuilding on a large scale might become practical politics. Once we have reached the stage when we are in possession of a complete town plan, when land values have fallen to a reasonable level, and when we have a house for every family, then it becomes possible to go ahead vigorously with slum clearance schemes. It will be necessary to make not only a town plan on the ordinary lines, but a "time plan" showing the dates at which the various areas will be dealt with. Property owners in each area would then know how long a life their particular houses would be likely to have. Assuming that the plan provides for the pulling down of the 80,000 slum houses at the rate of 2,000 each year, it will be a forty-year plan. In those houses which are to be pulled down in the next few years little can be done except to deal with overcrowding; in those which still have a fair life, the local authority should insist with utmost vigour on adequate repairs and, when necessary, reconditioning.

Conclusion

The general outline of the policy which should be followed emerges clearly. In the first place we must continue to build until we have a house for every family. We have estimated that 26,000 new houses will be needed to clear off the shortage in the present decade. If, therefore, Manchester builds 3,000 houses a year and pulls down none, the

shortage will disappear about 1941. Whenever a thousand houses are pulled down, the end of the shortage will be deferred till the additional thousand have been built. It is for this reason that slum clearance must be postponed until more new building has taken place. Let us assume that on these lines the shortage is cleared off by, say, 1941. Afterwards the probable annual need for new families should be not more than 400 per annum, so that if we continue to build 3,000 houses per annum, empties will rapidly begin to appear. The process of building on the outskirts should then deliberately be continued until the reduction of pressure in the centre brings down land for residential purposes to a reasonable figure. At that stage the need for additional houses will have disappeared, values will be reasonable, and the moment for rebuilding will at last have arrived. The whole energy of the city should then be devoted to a great rebuilding scheme—new roads, ample playgrounds for children, beautiful houses and buildings. Carried out with vigour, foresight, economy and imagination, a plan of this sort should give us within fifty years a beautiful, convenient and healthy Manchester—a city of which its citizens could be unreservedly proud.

XI

THE HOUSING PROBLEM IN OTHER LARGE CITIES

WE have seen in the chapter on housing conditions in Manchester that the problem there has two aspects, quantitative and qualitative; the former requiring for its solution the provision of sufficient accommodation, with its objective the attainment of the one house per family standard; the latter requiring the demolition or reconditioning of slum property and all other houses which fall seriously below the modern standard. We may now turn briefly to the state of affairs in some of the other large cities and enquire whether the problem, and the necessary action for its solution, are the same in them as in Manchester.

First, the quantitative problem. The best available measurement of a town's housing requirements lies in the statistics of the number of families and the number of separate dwellings available, which are published in the census every ten years. We saw that by that criterion Manchester's shortage was very large, and despite a high rate of building had grown larger since 1921, owing to the unprecedented increase in the number of families. The table on the opposite page gives the census figures for the six largest cities (excluding London).

It is clear from this table that in all these cities the Manchester position is repeated. In all there has been a tremendous increase in the number of families; with the exception of Birmingham, the large number of houses built has nowhere been sufficient

	Population		Number of Families		Structurally separate dwellings occupied		Deficiency		Increase (+) or decrease (—) in deficiency
	1921	1931	1921	1931	1921	1931	1921	1931	
Birmingham	922,167	1,002,413	203,813	249,907	190,459	236,661	13,354	13,246	—108
Liverpool	805,046	855,539	171,565	201,426	147,818	173,938	23,747	27,488	+3,741
Manchester	735,774	766,333	163,939	190,928	155,017	177,430	8,922	13,498	+4,576
Sheffield	511,696	511,742	109,895	129,936	105,462	123,812	4,433	6,124	+1,691
Leeds	463,122	482,789	110,182	128,696	108,534	126,056	1,648	2,640	+992
Bristol	377,018	396,918	91,171	104,360	72,470	83,584	18,701	20,776	+2,075

to keep pace with it. The deficiencies in 1931 are therefore actually larger than they were in 1921.

Since the number of families so markedly exceeds the number of houses available, it goes without saying that all the cities suffer from serious overcrowding; and this is confirmed by the information given in social surveys. In Liverpool, for instance, the Merseyside Social Survey in 1929* gave about 10 per cent overcrowding—on the Manchester standard—of all working-class families in the city, i.e. about 15,000 families were living under overcrowded conditions; a separate survey of six especially bad areas revealed 30 per cent overcrowding on the Manchester standard. In Leeds an enquiry by the Medical Officer of Health in 1925 over the whole city showed 10 per cent overcrowding on the basis of more than two persons per bedroom; and there is no reason to suppose that the position has materially altered since then. In Bristol a survey of six areas representative in character of others containing altogether 10,000 houses showed 45 per cent overcrowding on the Manchester standard.

When we come to enquire as to qualitative needs, we find that, as in Manchester, no complete and detailed housing surveys have been undertaken, and so there are only estimates of the number of unsatisfactory houses which require reconditioning or demolition. Nevertheless it is certain that all these cities have thousands of slum houses, many of them of such a quality that the worst in Manchester are satisfactory by comparison. The back-to-back house —long ago abolished in Manchester—still exists in large numbers in all of them; it has been estimated that Birmingham has 40,000 back-to-back houses; Sheffield has 16,000 back-to-backs; Leeds no less than 72,000. The qualitative problem is both larger

* See Journal of the Royal Statistical Society, Vol. XCIII, Part IV, 1930, p. 505.

and more urgent in these cities than in Manchester.

The housing shortage is by no means confined to the large cities. It is quite generally spread throughout the country, and is shared by places which have had no growth, or even a diminution, in population, as well as by those where population has increased. It must be remembered that a diminution in population does not necessarily imply that the number of families has not increased.

The table on page 104 gives, by way of illustration, the statistics for a number of the larger towns in Lancashire and South Wales, in all of which the population has diminished during the decade. In every single one of the Lancashire towns the deficiency of houses was greater in 1931 than it had been in 1921, with the sole exception of Wigan, which was also the only one to have experienced a slight diminution, instead of an increase, in the number of families.

In South Wales there are three towns which have slightly bettered their housing position, but they all have decided shortages still remaining; the rest were all worse situated in 1931 than in 1921.

In towns in other parts of the country, which have not undergone a loss of population, there is every reason to suppose that the worsening of the position has taken place to an even greater extent.

The conclusion is, therefore, that in its two stages the housing problem for these cities is similar to the problem in Manchester, but that, as might be expected, the requirements under the quantity stage and the urgency and extent of replacements and reconditioning under the quality stage vary in accordance with the individual circumstances of each town. But that there is in all of them an immense rehousing and slum clearance problem, and that even the post-war shortage has not yet been met, there is no doubt whatever.

The following statistics show how, even in the towns in Lancashire and South Wales where population has decreased, the housing situation has actually grown worse:

	Population		Families		Dwellings		Deficiency of Dwellings	
	1921	1931	1921	1931	1921	1931	1921	1931
Lancashire:								
Blackburn	126,922	122,697	31,608	33,815	30,948	32,696	660	1,119
Bolton	178,683	177,250	42,635	47,706	41,828	46,615	807	1,091
Burnley	103,186	95,101	25,515	27,715	25,295	26,635	220	1,080
Oldham	144,983	140,314	34,755	36,763	34,210	36,071	545	692
Rochdale	90,816	90,263	23,526	25,844	23,399	25,487	127	357
Wigan*	89,421	85,357	20,368	20,190	17,454	18,573	2,914	1,717
South Wales:								
Merthyr Tydvil	80,116	71,108	17,057	17,640	15,809	16,170	1,248	1,470
Aberdare	55,007	48,746	11,566	12,324	10,702	10,938	844	1,386
Caerphilly	36,896	35,768	7,822	8,664	6,547	7,701	1,275	963
Maesteg	28,917	25,570	5,727	5,885	4,935	5,103	792	787
Ogmore	30,174	26,981	5,902	6,050	5,265	5,497	637	553
Pontypridd	47,184	42,717	9,790	10,178	8,302	8,888	1,488	1,290
Rhondda	162,717	141,346	33,495	34,435	28,139	28,287	5,356	6,148

* Fall in number of families.

The Housing Problem in London

The housing situation in London exhibits the same principal features as we have seen to exist elsewhere —namely, the inadequate amount and the unsatisfactory nature of existing accommodation; and the building operations necessary to deal with these fall under the quantity and quality stages as before. But any proposals for dealing with the problem come up against enormous difficulties of a sort which are not found elsewhere, mainly the outcome in one way or another of London's great size.

Before considering these, however, it will be well to attempt an estimate of the magnitude of London's needs under the quantity stage. The official statistics of the changes in population, the number of families, and the number of dwellings in 1921 and 1931 have been published in a convenient form in the Second Report of the Greater London Regional Planning Committee, issued in March 1933, and are reproduced on p. 108. The boundaries of the area covered by this report are those of Greater London, which is a large area, nearly fifty miles in diameter, extending well into the Home Counties; inside this comprehensive area is included the County of London, which is under the jurisdiction of the London County Council, and comprises the city proper. It is in the County Area that the major problem lies. Here there is an enormous and increasing deficiency of accommodation, amounting to 400,000 houses in 1921 and no less than 441,000 in 1931. In the latter year, according to the report, only 37 per cent of the families in this area were in single occupation of a separate dwelling.* Despite a decrease in population, which has appeared in each census since 1901, the number of families has continued to increase, and may be expected to do so, though to a less extent, in the next two decades.

* See p. 28.

Further light is thrown on the statistical aspects of the problem in the New London Survey.* The conclusion given here is that while the percentage of persons living more than two to a room has fallen from 25 per cent in 1921 to 21 per cent in 1931, the most acute form of overcrowding, represented by the number of persons living more than three to a room, has increased.† In the Eastern Survey Area this increase was from 2.8 per cent in 1921 to 3.4 per cent in 1931. In this same area 27 per cent of persons were overcrowded on the "Manchester" standard; in Bethnal Green the percentage was 37 per cent, in Shoreditch 39 per cent, in Stepney 42 per cent. The following table gives the percentage of all children under fourteen years of age living in overcrowded tenements:

Borough	*per cent*
Bethnal Green	65
Shoreditch	67
Stepney	72
Bermondsey	62
Greenwich	57
West Ham	55

In Shoreditch one-fifth of the total working-class inhabitants are living three or more to a room.

The following conclusion is expressed in the Survey: "The fact that so many plague-spots of intense overcrowding remain is an indication that very much remains to be accomplished. It is evident that, in spite of all the efforts hitherto made, the housing problem, and especially the problem of slum clearance or reconditioning, is still the dominant social question of London."‡

* "New Survey of London Life and Labour (Eastern Area)," Volume III, chapter xi.

† In the whole Survey Area, extending rather beyond the County of London.

‡ *Ibid.*, p. 235.

THE PROBLEM IN OTHER CITIES

Local surveys of various areas give a more detailed description of actual conditions. Many London slums are similar to the type described as Class III in Manchester—large houses which have seen better days, but which are now being occupied by several families inhabiting one or two rooms each. As in Manchester, it is in these houses that the worst conditions are found, and in London there are many thousands of them. Some are suitable for reconditioning, but in many cases demolition is the only possible policy. There is no doubt that immense operations for slum clearance and rehousing—i.e. under stage two—are necessary in London, but, as in other cases, no detailed information as to their extent is available.

What is being done by the authorities concerned to deal with this state of affairs?

From the end of the war up to March 1933 approximately 52,300 houses and flats have been provided by the London County Council, within and outside the County Area. Many of these, however, were provided in connection with slum clearance schemes, and did not give any net addition to the total accommodation.* As can be seen from the table on page 108, the actual increase in dwellings from 1921-31 was less than 30,000, and a proportion of this must have been contributed by private enterprise.

This figure is ludicrously inadequate for London's needs. It is less than half the increase in the number of families, apart from the enormous initial deficiency. Birmingham, only one-fifth the size of London, increased its dwellings by 40,000 during the same period, well over three-quarters of which were built by the municipality. There is absolutely no justifi-

* The housing activities of the Metropolitan Borough Councils are on a relatively small scale, and are mainly concerned with rehousing for slum clearance purposes.

The following statistics, compiled from the Second Report of the Greater London Regional Planning Committee, give some idea of the magnitude of London's housing problem.

	County Area			Greater London excluding County Area			Total for Region		
	1921	1931	Increase (+) or Decrease (−)	1921	1931	Increase (+) or Decrease (−)	1921	1931	Increase (+) or Decrease (−)
Population	4,484,523	4,397,003	−87,520	3,741,273	4,748,214	+1,006,941	8,225,796	9,145,217	+919,421
Number of Families	1,120,897	1,190,030	+69,133	869,225	1,219,295	+350,070	1,990,122	2,409,325	+419,203
Separate Dwellings	720,004	748,930	+28,926	749,426	1,068,031	+318,605	1,469,430	1,816,961	+347,531
Deficiency	400,893	441,100	+40,207	119,799	151,264	+31,465	520,692	592,364	+71,672

cation for the complacent satisfaction expressed by the L.C.C., for instance, in their handbook "Housing," issued in 1927, which deals with the Council's activities in this direction.*

The programme submitted by the L.C.C. to the Ministry of Health in 1930 for the ensuing five years shows the same complete failure to realise the necessities of the current state of affairs. It was proposed to build 28,500 houses in five years under the Wheatley Act. This might have been just sufficient to provide accommodation for the anticipated increase in families during that period, leaving the existing shortage of 441,000 entirely untouched. An additional 6,200 houses were proposed to rehouse slum dwellers from cleared sites. Even this most inadequate programme has not been realised owing to the economy campaign of 1931-32.

There are many difficulties to be met in dealing with London's housing problem which are not found elsewhere. They spring mainly from London's great size. This means that land values are very high, so that rents are far above those in any other city. Further, there is an almost complete absence of vacant sites. Building on the outskirts of the city is rendered less satisfactory because of the distance to be travelled, making the cost of transport a much larger item in the tenants' expenses than in the case of any other city. There is no doubt that a great part of rehousing, and, if possible, of the provision of new accommodation, must take place on existing built-up areas.

When we explore the possibilities of providing for London's surplus outside the County Area, we are

* The following quotation is made from p. 41 of this publication: "There is, on the whole, however, reason for feeling that the unprecedented difficulties of the post-war housing position have been in a great measure overcome." In fact, since the war the shortage has grown more acute.

brought up against another factor which has become of very great importance in recent years—namely, the migration of the population. This is considered at some length in the Report of the Regional Planning Committee referred to above.* While the population of the County of London fell slightly during the decade, that of the area encircling it, between the boundaries of the County and the Greater London Region, increased by 1,007,000. Of this its own natural increase was sufficient to account for only 260,000; and the rest was made up by its absorption of 747,000 immigrants. The emigration from the County Area was only 326,000; so that the number who came into Greater London from outside was no less than 421,000. Thus the Greater London Region outside the County has had to provide for 1,007,000 additional persons during the decade.

A large amount of building activity has taken place during the decade between the boundaries of the County and the Greater London Region: 319,000 additional houses have been erected there. But even this high rate of building has not been sufficient to meet the requirements of the influx of population which has taken place; the deficiency has increased since 1921, and in 1931 amounted to over 150,000 houses.

On the assumption, the reasons for which are discussed elsewhere in this book, that the number of families is likely to increase in the course of the next twenty years—i.e. 1932-51—by five-eighths of the amount by which it has increased during the last ten years,† the County Area will require nearly 500,000 new houses during that period, nearly nine-

* Cf. Report, chapter iii.

† Even though the population of the County continues to diminish, there is reason to anticipate an increase in the number of families for some time yet.

tenths of which will be to meet the existing deficiency, apart from any rehousing or reconditioning in connection with slum clearance. The requirements of the County of London alone under the quantity stage are, therefore, roughly one quarter of the total for the whole of England and Wales. The needs under stage two are undoubtedly very large also.

It is harder to estimate the future needs of Greater London outside the County Area, because of the difficulty of forecasting the future movement of population, which has in the last decade been the reason for such a large part of its requirements. The deficiency in 1931 was 151,000, and an increase in the number of families in the next twenty years equivalent to five-eighths of the increase in the last ten years gives additional requirements of 218,000. On this basis, therefore, the requirements of the Greater London Area outside the County under the quantity stage are another 370,000 houses. Since the average age of property in this area is considerably less than in the County, it is reasonable to suppose that requirements under stage two will be considerably less; but, of course, it is not possible to make any precise estimate of them.

The needs of the Greater London Area as a whole, including the County, to provide for the existing deficiency and for new families, may, therefore, be put at 870,000 houses, apart from any rehousing in connection with slum clearance; that is, nearly one-half of the total requirements of England and Wales under the quantity stage. The actual figures are given in the table on p. 122.

The problem of meeting the housing shortage in the rest of England and Wales, outside London, is a straightforward one of quite manageable proportions, and there is no reason why it should not be overcome in the next ten years. In London, however, as can be seen from this short description of the

existing state of affairs, the requirements are so vast, and the difficulties to be met in attempting to meet them are of such a special character that exceptional measures, involving the whole Region, may well have to be taken, and the solution of the problem is likely to be a much longer process.

XII

THE NATIONAL HOUSING SHORTAGE

ALL post-war calculations as to the number of new houses needed, made before the new census figures for the year 1931 began to appear, have proved to be hopelessly wrong. The following is typical of the kind of calculations that were made.

One assumed some figure, say half a million houses, as the shortage in 1921. One then assumed a rate of increase in the population of England and Wales, say 200,000 per annum, which was about right. This increase was then divided by four (or some similar number) as the average size of the family, and the conclusion was reached that 50,000 new houses would be required each year to meet the increase in the population. On the basis of such calculations it was assumed that we should meet the shortage fairly soon. For instance, by the end of 1927 the need on the above calculation would have been 800,000, and we had, in fact, by the end of that year built a million houses. There ought, even after allowing for demolitions, to have been a surplus; empties should have begun to appear during the year 1927.

When we come to the year 1931, the calculated post-war need was a million; we had, in fact, built a million and three-quarters; there should have been a very large surplus indeed. In fact, the shortage appeared to be as great as ever.

To put the problem in another way, we have, since the war, built two million houses, which are to-day housing about eight million persons. The population

has, in the intercensal period, increased from thirty-eight million to forty million, so that we have not only housed the increase of population, but six millions in addition. In other words, the population in the old houses (comparatively few of which have been demolished) has decreased from thirty-eight million to thirty-two million. One would have expected this to abolish overcrowding and to leave plenty of empties. But nothing of the kind. Overcrowding in the slum areas is, according to all reports, nearly as bad as ever. What is the explanation of this statistical mystery? The census gives us the explanation, which lies in the amazing increase in the number of families. Everybody knew that families were becoming smaller, and it was suspected that the number was increasing faster than it had done in the past. But nobody had the least idea of the spate of new families which was overwhelming all our efforts to deal with the housing shortage. This is well shown in the accompanying table, in which the increase in the number of families is compared with one quarter of the increase in the population for successive census periods.

ENGLAND AND WALES

	Total Population	Increase during decade	Number of "Private Families"	Increase during decade	Increase in number of "average families," i.e. increase in population divided by 4	Under-estimation of true increase given by method of previous column	Actual average size of family
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	
1911	36,136		7,943				4.36
1921	37,887	1,751	8,739*	796	438	358	4.14
1931	39,988	2,101	10,233	1,494	525	969	3.81

* See note to table on p. 116.

This table shows the serious error resulting from the method of assessing housing requirements by reference to the growth in the total population, rather than the increase in the number of families.

The crude method of dividing the increase in the population by four can never yield a satisfactory measurement of the increase in families, for the growth of population and the growth in the number of families do not necessarily correspond. There may under certain circumstances even be a considerable increase in the number of families accompanied by a decline in population.*

We have statistics of the number of private families published in the decennial Census Reports. We also have statistics of the number of "structurally separate dwellings." To what extent does a difference between the two indicate a shortage of housing accommodation? To give a satisfactory answer to this question it is necessary first to consider the census definitions.

A family is defined by the census in the following terms. "Any person or group of persons included in a separate return as being in separate occupation of any premises or part of premises is treated as a separate family for census purposes, lodgers being so treated only when boarding separately and not otherwise. Private families comprise all such families with the exception of those enumerated in (1) institutions or (2) business establishments or boarding houses in which the number of resident trade assistants or resident boarders exceeds the number of members of the employer's or householder's family (including private domestic servants)."

A "structurally separate dwelling" is defined as "any room or set of rooms, intended or used for habitation, having separate access either to the street or to a common landing or staircase. Thus

* Cf. the table giving housing deficiencies in some Lancashire and South Wales towns on p. 104.

each flat in a block of flats is a separate unit; a private house which has not been structurally subdivided is similarly a single unit whether occupied by one family or by several families."

It can be seen that given these definitions a satisfactory housing standard is only attained when each recorded private family, with the exception of a proportion of the lodgers—who will in any case only form a very small part of the whole number of "private families"—is in occupation of a separate dwelling. If, in any city, therefore, or in the country as a whole, the number of "separate dwellings" falls substantially short of the number of "private families" in the census records, there is a corresponding shortage of houses.

ENGLAND AND WALES

	Number of "Private Families"	Increase during decade	Number of "Structurally separate Dwellings"		Increase during decade	Shortage of houses	Increase in shortage of houses
			Inhabited	Uninhabited			
	Thousands	Thousands	Thous.	Thousands	Thousands	Thous.	Thous.
1911	7,943		7,219	434		290	
1921	8,739*	796	7,811	218	376	710	420
1931	10,233	1,494	9,123	279	1,373	831	121

*The number of families recorded by the census is not entirely independent of the housing accommodation available. If there is an acute shortage of houses, persons who would normally be living separately are forced to live together, and the number of recorded families is correspondingly lessened. There is reason to believe that this occurred in 1921, and the Ministry of Health (Fourteenth Annual Report, 1932-33, p. 95) estimate that the true number of families was 400,000 greater than the recorded figure. If this be accepted, the housing shortage of 1921 was greater to correspond, and, since then, has diminished instead of having grown, though the validity of the 1931 figure remains unimpaired. It is possible that some under-recording of the number of families occurred in 1931 also, but, if so, it is likely to have been considerably less.

This table shows the number of private families and separate dwellings as recorded by the census for the last twenty years. As is explained at the foot of the table, there is reason to believe that the number of families was underestimated in 1921, and, correspondingly, the shortage of houses at that date was underestimated also. If this correction be accepted, the national shortage of houses was 1,100,000 in 1921 and still amounted to 830,000 in 1931. But on this basis some progress has been made in overcoming the shortage: it has not, as appeared at first sight, grown worse despite the efforts made during the decade.

This gives us the best available measurement of present requirements. But to frame a satisfactory housing policy, we require to know not only what are present needs, but also what is likely to be the magnitude of future requirements. To do this it is necessary to have the best possible estimate of the prospective increase in the number of families. This is a difficult figure to arrive at, for the number of families as defined by the census who may be assumed to require separate dwellings depends on a number of different factors.

An estimate of the increase in the number of families in England and Wales during 1932-41 and 1942-51 has been made by Mr. C. J. Hill, of the Economist Intelligence Department.* His figures are roughly 670,000 for 1932-41 and 150,000 for 1942-51. There are reasons for thinking these figures to be a little on the low side, and as a working basis we may assume that the increase will be half of that actually recorded in 1922-31 for 1932-41, and one-eighth of the recorded figure in 1922-31 for 1942-51, which gives figures of 750,000 and 190,000 respectively. After 1951 the number of families is not

* See Appendix III, where the method by which this estimate is arrived at is explained.

likely to increase further, and later still will probably tend to decrease.

On this basis we may frame an estimate of housing requirements during the next twenty years. They are as follows:

Existing shortage (1931 census)	830,000
Estimated increase in families 1932-41	750,000
Estimated increase in families 1942-51	190,000
Total	1,770,000

During the next twenty years, therefore, we shall require a million and three-quarter houses, about half of which will be to meet the existing shortage, and the other half to house the additional families which will come into existence during the period. It should be noticed that four-fifths of this latter figure will be required before 1941, and that in fact the total needs for the next ten years are only slightly less than for the next twenty years.*

* The estimates of housing needs, either for the country as a whole or for particular localities, which are given here and in subsequent pages, are made from the census of 1931 for the sake of convenience, as that is the most recent date for which we have precise information as to the extent of the housing shortage. They can at any time be brought more up to date provided there is information available as to the number of houses which have been built in the locality in question since the census—i.e. since April 1931. For example, in the Fourteenth Annual Report of the Ministry of Health, 1932-33, p. 96, which has just been issued at the time of writing, it is stated that in England and Wales during the two years ending March 31st, 1933, approximately 400,000 houses were erected. Nevertheless, as a certain number of dwellings will certainly have fallen out of use during this period—though we have no means of ascertaining how many—the figure of total housing needs cannot be assumed to have been reduced by the full amount of the number of new houses built. The *net* increase in housing accommodation, and its relation to the increase in the number of families, which are the really significant figures, can only be ascertained when the census results are available every ten years.

This figure of a million and three-quarter houses represents entirely the needs under stage one, the quantity stage of the housing campaign, and has nothing to do with the replacement of slum property, or the abolition of overcrowding except in so far as it is due to two or more families sharing the same house. For the replacement of slum property and the rehousing of slum dwellers we shall, of course, need millions of new houses in addition to the one and three-quarter million needed merely to reach the initial standard of a separate house for each family.

If we continue to build houses at the rate of 200,000 a year, therefore, we should succeed in meeting the needs of the quantity stage in a comparatively few years—the actual length of time will vary from place to place. But it should be carefully noticed that this only holds if we do not pull down any existing houses—if we do not go in at all for slum clearance and rehousing. Extensive slum clearance schemes, even though the existing tenants are all rehoused, while good in themselves, do nothing to relieve the shortage, and the pressure on the insufficient accommodation at present in existence remains as great as ever. The more that is done in regard to slum clearance at the expense of adding to the total number of houses, the longer will it take to make up the existing shortage and to provide for the prospective increase in the number of families.

In a previous chapter it was pointed out how very large were the housing needs of London as compared with the rest of the country. It was estimated that under stage one the County of London required half a million houses in the next twenty years, the Greater London Region as a whole nearly one million. This amounts to nearly one quarter and one half respectively of the total needs of England and Wales. Apart from the Greater London Region,

three quarters of a million houses are required, which is not a very large figure when compared with what has already been accomplished since the war. London's housing problem is immensely more difficult, and its solution is likely to take a considerably longer period than will that for the rest of the country.

If we assume that the future rate of increase in the number of families, as compared with the increase recorded in 1922-31, is uniform all over the country, it is not difficult, with the aid of the 1931 census, to make an estimate of the requirements of any particular city to provide for these families and to do away with its existing shortage in the same way as the needs of the whole country were estimated above.

Building required under rehousing or reconditioning schemes is, of course, additional to the figures so arrived at, and will vary according to the amount of slum property in the town in question, and the rate at which it is decided to replace it.

For the estimation of local needs, as for the estimation of the needs of the whole country, it is absolutely necessary to get away from the idea, still, unfortunately, only too prevalent, that there is any constant relationship between the growth in population and the number of new houses required, i.e. that housing needs can be estimated by dividing the anticipated growth in population by some such figure as four. As has been pointed out above, this is entirely fallacious, because housing needs depend on the number of families, which at the present time bears no constant relation to the growth in population.* The two steps to be taken in endeavouring to estimate the housing needs of any city are, first, to obtain the deficiency of existing houses as

* The table on p. 114 shows how widely different from the facts are the figures of the decennial increase in families obtained by this method.

compared with families, and, second, to make an estimate of the prospective increase in the number of families during the forthcoming ten or twenty years.

The figures of the housing needs of the six largest towns, which are given in the accompanying table,

	Existing shortage (1931)	Estimated increase in families 1932-41	1942-51	Total requirements
Birmingham	13,250	23,000	5,750	42,000
Liverpool	27,500	15,000	3,750	46,250
Manchester	13,500	13,500	3,400	30,400
Sheffield	6,100	10,000	2,500	18,600
Leeds	2,600	9,000	2,250	13,850
Bristol	20,800	6,500	1,600	28,900

estimated on a similar basis as those for the whole country, may be of interest.

There is little doubt that the great bulk of the shortage is in the number of houses to let. Some interesting figures bearing on this point were published in the Report of the 1931 Committee on the Rent Restrictions Acts.* They point out that of existing pre-war houses about two million are for occupying-ownership, and about five to six million for letting. Since the war another two million houses have been built. Of these, those built by private enterprise—about 1,350,000—have been, broadly speaking, for sale; those built by local authorities—about 650,000—have been for letting. Thus the supply of houses for sale has been increased by no less than 67 per cent in the post-war period, while the supply of houses for letting has increased by only 11 per cent. This meagre increase has been virtually the only source from which working-class needs can

* Pp. 18-19. The figures of new houses built have been brought up to date to include those built in 1932.

be met, and it goes without saying that it is totally inadequate. Only a renewed and increased effort on the part of local authorities can hope to remedy this situation.

Our conclusions, therefore, in respect of present housing requirements are as follows. First, the standard of one house per family is a reasonable one; we should aim at reaching a number of houses in each city and area which very nearly approaches the number of recorded families—a small allowance being made for lodgers who do not require separate accommodation. Secondly, on this basis the shortage of houses existing in 1931 was 800,000, of which over half was in the Greater London Region; thirdly, nearly another million houses will be required in the next twenty years—the greater part of them in the next ten years—to provide for additional families. Thus, to attain the standard of a separate dwelling for each family, we need a million and three-quarter houses in the next twenty years, apart from any re-housing or slum clearance activities; and, finally, the great bulk of these should be built for letting at rents within the reach of the working-class.

HOUSING NEEDS OF ENGLAND AND WALES, 1932-51

	Deficiency in 1931 (one house per family standard)	Estimated increase in families		Total requirements
		1932-41 (1/2 rate of 1922-31)	1942-51 (1/8 rate of 1922-31)	
Greater London Region	592,400	209,600	52,400	854,400
England & Wales including above	830,000	750,000	190,000	1,770,000

XIII

THE SLUMS

THE Bishop of Winchester has suggested in the House of Lords* that the best definition of a slum was that to be found in Murray's English Dictionary:

"A thickly populated neighbourhood or district where the houses and conditions of life are of a squalid and wretched character."

In the Greenwood Act, a clearance area is defined as one in which:

"The dwelling-houses are by reason of disrepair or sanitary defects unfit for human habitation, or are by reason of their bad arrangement, or the narrowness or bad arrangement of the streets, dangerous or injurious to the health of the inhabitants of the area."

Both these definitions depend on opinion as to what is a slum. Whether anyone considers a given district to be squalid and wretched depends mainly on the standards to which he is accustomed. In other words, a slum is what the Medical Officer of Health of the district concerned believes to be a slum. The opinions of Medical Officers of Health will, of course, vary from place to place; and, moreover, the general standard of housing in one town may be so much higher than in another that houses which would be regarded as slum property in one town would pass unnoticed in another.

At the time of writing an enquiry is being held into the Hulme clearance area in Manchester, where about a thousand houses have been condemned by

* Hansard, House of Lords, 20th June, 1928, col. 552.

the Medical Officer of Health as unfit for human habitation. Evidence has been called from leading architects and doctors, who flatly deny such unfitness as regards some of the buildings. For instance, a leading architect, who is an enthusiast for good housing, gave evidence as follows : *

"I do not consider the houses unhealthy. I consider them well lighted. I do not like the arrangement at the back; it is too confined, and the yard space is too small. But I do consider they are in a reasonable state of repair and fit for habitation, and I also think they supply a want for poor people."

As an illustration of the different degrees of badness of slum houses, compare these houses with a row of houses I recently visited in South Wales. The land is very hilly; the front room was on the ground floor; it was small and dark. The back room was a cellar, getting its light through a small grid about ten feet up. The cellar was almost pitch dark; the walls oozing with damp; there was practically no ventilation. There were two of these houses. One was occupied by a married couple, who had no children. The man kept carrier pigeons, for whom he had rigged up a light, airy and healthy home at the side of the house. The pigeons were well fed, and had everything they needed for perfect health. The other tenant, less wisely perhaps, had four children, all of whom slept in the cellar, the foulest hovel that it is possible to imagine. It is a staggering commentary on our civilisation that it should be possible to see children brought up under conditions so much worse than those accorded to pet animals. A healthy life is possible in the Hulme houses; it is certainly quite impossible in the Welsh cellars.

The result of this failure to define what we mean by the word "slum" is that it is difficult to reach any general agreement as to the extent of the slum

* *Manchester Guardian*, July 29th, 1933.

problem. If we mean by slums the very worst type, corresponding to the Welsh cellar dwellings, it is probable that there are not more than 10,000 houses in England and Wales of that quality. If we include the worse type of house in courts and the worse types of back-to-back house, there might be 100,000. In Manchester, the Medical Officer of Health has estimated that 30,000 houses are unfit for human habitation; if we call these the slums of Manchester, then the corresponding number of houses in England and Wales would probably be about a million. But there are in Manchester no less than 80,000 houses of a similar type, all of which must be replaced by much better houses before we shall be within sight of our goal. If we extend the word "slum" to cover these houses, then there are probably four million which come into that category, and which are certainly a long way below any standard acceptable to public opinion to-day. These various estimates as to the number of houses in the slums may be summarised as follows:

(1) On the basis of worst cellar dwellings	10,000
(2) On the basis of really bad houses in courts, etc.	100,000
(3) On the basis of Manchester condemned houses	1,000,000
(4) Houses that certainly should be replaced	4,000,000

The reader can take his choice between these estimates, varying in ratio from 400 to 1! Perhaps an indication of the official view lies in the fact that Sir Hilton Young has talked about abolishing the slums in five years; he has also talked about clearing 12,000 houses a year under the Greenwood Act. His idea accordingly would seem to be that there are something under 100,000 slum houses in the country.

But the essential point is quite clear: that there are probably four million houses which must be replaced by new houses before the working-class population in this country will be satisfactorily housed.

Overcrowding

Apart from the very worst type of house, it cannot be too strongly emphasised that the most serious aspect of the slum problem is not the condition of the house but the overcrowding. I have described previously* the effect of the housing shortage in Manchester in driving people into single-room tenancies. A fundamental housing principle is that each family where there are children should have a house to itself. The overcrowding which is still occurring in all parts of the country, which forces families to share houses is, not only in my opinion but in the opinion of most authorities, the first thing that must be dealt with. This was very clearly put by Mr. Neville Chamberlain, in 1928,† in the following words:

"Any examination of this problem, any accounts that are given to us, or any observations we can make for ourselves, of the conditions in slum areas, reveal, I think, this as the central feature of the situation, that the worst, the most salient and most urgent, problem in connection with slums is the overcrowding of the people. In all accounts of what people are enduring in the slums we hear over and over again how families often containing adolescents or adults of both sexes are crowded together into one or two rooms. . . . Until it is possible to find some alternative accommodation for those who are overcrowded in the slums it is impossible, seriously and practically, to touch the slums themselves."

* See chapter x, p. 88.

† Hansard, 15th May, 1928, cols. 886 and 887.

It is on the children and adolescents that overcrowding has its most serious effects, and it is to get the younger generation out of the slums and into better conditions that we must regard as our principal task. This point was well put by Dr. Killick Millard, Medical Officer of Health for Leicester, in 1929, when he stated: "I am more and more convinced that the first thing to do in attacking the slum problem is to get the children out of the slums. This is the primary need. Grown-ups without children are of secondary importance; whilst old people, who have spent all their lives in the slums, can very well be left where they are. Slum life is not going to injure them now, and to turn them out often entails real hardship. But with the children it is far otherwise. Children are the plastic portion of the race, and bad environment prejudices their whole future. We cannot expect to rear an A1 nation in the slums."

Overcrowding is due to two distinct causes. In the first place, it is due to an insufficient supply of houses, so that two or more families are forced to share the same house. We have seen in chapter x that the shortage of houses in Manchester is so severe that families are being forced to live in the degrading conditions of the single-room tenancy, and the position is at least as bad in most other large cities.

The second reason for overcrowding is that existing houses are often too small for the size of family that occupies them. Every two-bedroom house, for example, is overcrowded if there are children of opposite sexes over ten years of age in the family; in Manchester the bulk of the slum houses have two bedrooms, and thus a large proportion of the families with children are necessarily living under overcrowded conditions. In other towns also the two-bedroom house predominates, though there are generally a considerable number of one-bedroom

houses as well, in which overcrowding is naturally even worse.

The remedy for both kinds of overcrowding is the same: an increased supply of houses of adequate size to meet the needs of the family concerned. There is little doubt that the great majority of new houses should be built with three bedrooms: all families which have a boy and a girl require at some stage at least three bedrooms, and the cost of the third bedroom is small in comparison with the advantages accruing from it.

The general line of action which must be followed in order to deal with the slum problem seems clear. The first step is to go on building new houses as fast as possible until there is one house for every family. We have shown that in most parts of the country if we concentrate on the building of new houses, this stage can be reached within ten years. The worst living conditions will then be done away with: every family will have a house of its own.

This marks a very important stage in the progress of the housing campaign; but it must be remembered that the date at which it will be reached is delayed every time a house is pulled down. No slum clearance should therefore be undertaken before this stage is reached, except in the case of the very worst type of cellar dwelling or court, or houses which are actually unsafe for habitation.

Once we have reached the position that every family has a house and that there are a certain number of empty houses of all types available, then the local authorities should begin to prosecute for overcrowding and to deal much more vigorously with repairs, if necessary, by making closing orders. A steady and rapid improvement of the conditions in the slum houses should be possible in this way.

No additional houses being required, the time will then have arrived when existing houses which

are unsatisfactory can be pulled down, and there will be every reason for the local authorities to undertake slum clearance with the greatest possible vigour. The building of new houses, to replace those pulled down, must, of course, still go on. The proper action for the local authority at this time is discussed both for Manchester in chapter x and as regards the country as a whole in chapter xv.

The process of slum clearance is always a long and involved one, owing to the number of interests concerned and to the fact that it is always worth while for some of them to create opposition, and attempt at least to delay, if not to destroy, a scheme. It is not necessary here to go into the details of slum clearance procedure.* It has been revised in various respects by the Greenwood Act. This Act may succeed in lessening the cost and length of time taken over clearance; the Moyne Committee suggests further simplification of this procedure. It is highly probable that further Acts will be required to deal with this matter.

Our main conclusions in regard to the problem of dealing with the slums may, then, be summarised as follows:

Except in the case of the very worst property, the most serious aspect of the slum problem is overcrowding. Overcrowding has two causes. In the first place, it is due to an insufficient supply of houses, so that, instead of there being a separate house for each family, two or more families are forced to share. Secondly, it is due to the fact that many of the existing slum houses are too small for families with children.

To do away with overcrowding we must first continue to build houses until there is a separate house for each family. Then we must undertake

* For a convenient summary, see "A Policy for the Slums," pp. 16-18.

whatever further building is necessary to provide enough houses of adequate size within the reach of the poorer workers.

Until we have a separate house for each family no existing property should be pulled down unless it is so bad that its continued existence absolutely cannot be tolerated. Once we have provided a separate house for each family, slum clearance and rehousing should proceed with all possible speed.

XIV

SUBSIDIES

HOUSING subsidies have been used by successive Governments since the war with two main objects: firstly, to induce private enterprise or local authorities to build houses that they would not otherwise have built; secondly, to enable the houses to be let or sold more cheaply than would otherwise have been possible.

There has been a great deal of talk about housing subsidies to house the lower paid workers. Looking back over the history of the last fifteen years, we now see that this has been nothing more than talk. The level of costs, and the rate of interest, which together determine the rent, have ever since the war been such that a subsidy has been necessary to enable the new houses to be let at a rent approximating to what is called "the appropriate normal rent": that is to say a rent equal to that of a pre-war controlled house of equivalent size. In the case of the Addison houses an addition to the rent was made for the superior amenity of the new house in the form of bath, garden, etc. The Wheatley subsidy was intended by Mr. Wheatley to be large enough to enable the houses to be let at the appropriate normal rent. In actual fact, owing to the rise in prices, many Wheatley houses in the early days of the Act were let well above that level; and only in the years immediately before the Act was repealed were the houses built under it beginning in most districts to be let at the sort of figures that Mr. Wheatley intended. The Act was never successful in building good houses at such rents that the lower paid workers

could afford to live in them. Table III shows that the rent of the average non-parlour house built under the Wheatley Act came down gradually from 12/- in 1925 to 10/- in 1932.

Since the recent fall in the cost of building and the sudden drop in the rate of interest, which enables local authorities now to borrow at $3\frac{1}{2}$ per cent, the position is completely changed. It has now become possible for a local authority to build the standard minimum house at 12/- inclusive rent without any subsidy whatever. Table III shows that such a house can now be let at practically the same rent without any subsidy as it could be let in 1925 with the help of the full Wheatley subsidy of nearly 5/- a week.

This means that houses can now be built to let at the appropriate normal rent without subsidy. The building trade is capable of building a quarter of a million houses a year at the present level of prices. There is nothing to prevent local authorities from building any required number of standard minimum houses to let at 12/- inclusive without any help from rates or taxes.

There still remains one great object which cannot be achieved except by means of subsidies—the housing of the poor families who cannot afford the 12/- house.

The Need

I estimated in 1929 that there were a million families in the urban districts of England and Wales who could not provide their children with the barest physical necessities and in addition pay the rent of a standard minimum house.* Apart from this million who could not possibly, even with perfect management, pay the rent of a standard minimum house without starvation, there are immense numbers of other families who could not, in fact, do so,

* "How to Abolish the Slums," p. 44.

either because the father does not hand over the whole of his income, or because the mother is not a competent manager.* It is not possible to make any estimate of the numbers. All one can say with safety is that there are well over a million families in the country with two or more children who certainly cannot pay the 12/- rent of a standard minimum house. The two million or more children included in these families will have to stay in the slums unless and until new houses are built for them to be let at about the rent which they are now paying.

It is impossible to say what rents these poor large families can pay; on any reasonable calculation, a family with an income of, say, 40/- a week, and four or five children, cannot afford any rent whatever. But in order to arrive at some practical estimate of what is required, one may assume that they can continue to pay the rents they are now paying. On the basis of the slum rents in an average large town, this would mean a rent averaging about 7/-† a week inclusive.

The above estimate, which I made in 1929, has not, so far as I know, been criticised, nor, I believe, has anybody attempted an alternative estimate. We may take it, therefore, that in order to provide a

* A Report made by the Medical Officer of Health of Stockton-on-Tees in 1933 indicating that the removal of a number of families from a slum area to new corporation houses damaged the health of the children, owing to the extra rent absorbing money which ought to have been spent on food, is a warning of the danger of forcing families to pay higher rents than they can really afford. This Report showed that the death-rate of the rehoused families, and their liability to disease, were actually higher than before their removal, and than that of similar families in slum areas. The difference was ascribed by the M.O.H. to under-nourishment.

† This figure is a rough estimate based on such information as I have been able to obtain. If it is wrong, the subsidy should be adjusted accordingly.

good house for every family, subsidies will be needed to enable at least a million houses to be built and let at an average rent of about 7/- a week.

Such a rent will be considerably less than that of existing houses of similar quality, and its payment will represent a great privilege to the family concerned. Clearly such a privilege should only be given to those who really stand in need of it, and it is necessary to devise and put into operation some system by which this shall in fact occur.

Consolidation of Subsidies

To begin with, it will probably be desirable before long that local authorities should make a single pool of all the subsidies they receive from the Government. If our analysis of the situation is right, all subsidies received under the Addison, Chamberlain and Wheatley Acts have been utilised, broadly speaking, to enable local authorities to let their houses at about the appropriate normal rent. As the rate of interest comes down it will be possible for the local authorities to make substantial reductions in the rents. But such reductions, if they brought the rent below the appropriate normal rent, would mean granting a privilege to those families that happened to be tenants of the municipal houses, regardless of the fact that many of them would be perfectly well able to afford the appropriate normal rent. Such reductions would therefore be sheer waste of public money.

All local authority housing, whether built under the Addison, Chamberlain, or Wheatley Acts, should, therefore, be let permanently at rents equal to those of equivalent pre-war controlled houses. When, owing to the falling rate of interest, the subsidies become unnecessarily large,—that is to say, when a profit arises on subsidy account,—it should either

go into the new pool referred to below, or simply be refunded to the rates and taxes in any convenient manner.

There are at present two levels of rents, for controlled and decontrolled houses respectively; a single level of rents will only arise when the Rent Restriction Acts are repealed. Assuming that enough new houses are built, this level of rents will approximate to the economic rents of new houses. In other words it will be about the present level of controlled rents, which happens fortunately to be about the same as the economic rent of equivalent new houses.

The 750,000 houses built by local authorities since the war, along with any further unsubsidised houses they may build, will therefore become part of the national supply of houses, all let at one general level of rents.

Slum Clearance

The only subsidy in existence to-day for new building by local authorities is the Greenwood subsidy for slum clearance under the 1930 Act. This amounts to a fixed sum per person displaced from the slum, on condition that an adequate amount of new building is undertaken.

This basis must have been adopted on the assumption that families live in the slums owing to poverty, and that all slum dwellers need a subsidy in order to be able to pay the rent of a good house. Now this is completely untrue; very often a large number of the families in a slum can well afford to pay for a good house without subsidy; the Greenwood subsidy is therefore unscientific and wasteful.

The expenses incurred in connection with a slum clearance scheme fall under two heads. In the first place there is any loss in acquiring the site and

demolishing existing buildings, if the site is to be used for rehousing, and any compensation that may be payable to persons with businesses in the area, or to others. These payments will vary greatly with the Act which may be in force at any given time and with the state of public opinion. But they are all of the nature of lump sum payments which are to be made once and for all, and the right form of assistance to the local authority for such expenses would seem to be a percentage grant from the Government of the actual expenses incurred. The Government might pay 50 per cent or possibly more of such expenses.

The second and much more important kind of expense incurred in slum clearance is the subsidy required for rehousing the slum dwellers at rents which they can afford to pay. This is exactly the same subsidy as that required for housing poor persons in new houses unconnected with slum clearance, and there is no reason for having a different subsidy for this purpose.

The scientific way of granting subsidies for the future would therefore be to have one subsidy for the purpose of reducing the rent of new houses when necessary; and another subsidy to help the local authority to meet the special costs of slum clearance. The latter is relatively unimportant, especially at present. In a few years' time, when enough new houses have been built, it may be desirable to increase this slum clearance subsidy so as to encourage local authorities to go ahead more vigorously with slum clearance.

The Local Authority's Subsidy to Tenants

To fulfil the building programme outlined in this book we want the local authority to build each year at least 100,000 houses of the standard minimum

type.* Half these houses should be let at an inclusive economic rent not exceeding 12/-, the other half should be let to those who cannot afford the economic rent at rents varying from, say, 5/- to 10/-, and averaging about 7/-.

In considering the form which the subsidy should take, the following conditions must be borne in mind:

(1) We must recognise that the million poor families who are now in the slums must remain there until the local authorities provide new houses at rents they can afford to pay. Private enterprise can never meet their needs. Our plans must be made on the assumption that the whole of these poor families must ultimately be housed in local authority houses.

(2) This can only be done by means of subsidies; it will be a very expensive process. The greatest care must therefore be taken that the subsidies are confined to those who cannot afford a good house without them. The Ministry of Health has already taken this view as regards the Greenwood subsidy, by saying in Circular 1138 that subsidies should be given only to those who need them, and only for so long as they need them.

How can these objectives be most conveniently and economically secured?

One method adopted by certain local authorities has been to vary the rent on different estates: the minimum standard house might, as an illustration, be rented at 8/-, 10/-, and 12/- in three different estates. Families would be allocated to different estates according to their means, and moved about as their need and means varied. To carry this system

* Throughout this chapter the discussion is confined to the standard minimum house; this is done for simplicity and does not, of course, mean that the local authorities should not build other types as required.

out in practice would mean that every time a family's means and need changed, it would have to move into a new house. A family with, say, 50/- a week and three children would have to make half a dozen moves as it went through the usual cycle from comparative affluence at marriage, to poverty with three dependent children, back to comparative wealth when the children began to earn, and then to poverty again in old age. Clearly this is not practical politics.

Instead of having fixed rents for each individual house, and making the family move about from house to house, it is far simpler and better to vary the rent of the house according to the varying needs of the family living in it.

This system has come to be known as Differential Renting; in view of its importance Mrs. E. M. Hubback has kindly written an account of it in Appendix IV, describing what has already been done, and setting forth the advantages of the system and the best methods of administering it.

Local authorities have been slow in adopting the system, partly because it has not hitherto been necessary, partly because the idea of letting the same house to two different families at different rents has seemed unfair and unworkable in practice.

But now that subsidies, for the first time, are limited to those who cannot pay an economic rent, they necessarily represent a privilege to the tenant. They are really a form of Public Assistance. By means of differential renting, a good house can be provided for every poor family at a cost not exceeding £20,000,000 for England and Wales. By any other method the cost would be so excessive that we should have to abandon any hope of providing a good house for every family. It is not therefore a question as to whether there are administrative difficulties in differential renting. Differential renting

is a necessary part of any solution of the slum problem.

The Government Subsidy to Local Authorities

In what form should a new subsidy be granted by the Government to local authorities in order to render possible and encourage the building and letting of new houses on the lines we have described?

The objects we have in mind are as follows: that the local authorities should build a minimum of 100,000 houses a year, half to be let at an economic rent not exceeding 12/-, the rest to be let to those who cannot pay an economic rent, at rents averaging 7/-.

The subsidy required will therefore amount to an average of 5/- a week, or, say, £12 per annum, for a period of sixty years for half the houses to be built. There are, however, advantages in spreading the subsidy over all houses to be built by local authorities as this tends to give the Government more control, which is desirable for many reasons. Assuming, therefore, that the object is that local authorities should build one unsubsidised house for each subsidised house, then the simplest plan would be to make this a condition of the subsidy.

A portion of the subsidy should no doubt continue to be borne by the rates; probably one-third, as in the case of the Wheatley grant, is a suitable amount. In that case, the Exchequer subsidy would amount to £8 for each subsidised house and should be granted on the following conditions:—

(1) That the local authority should also give a subsidy of not less than £4.

(2) That for each subsidy two houses should be built, one to be let at an economic rent, the other at a subsidised rent.

(3) That the houses should be of a proper standard of quality and accommodation.

(4) That they should not cost more than a certain figure. This is a very important provision which could be administered without serious difficulty and would prevent the local authority from building unduly expensive houses. It should also prevent anything in the nature of a sudden boom, such as occurred after the Wheatley subsidy, forcing up prices unduly. If prices rose beyond a certain level the subsidy would automatically disappear.

(5) That all subsidies received by a local authority should be put into a pool and distributed in such a way as to be given only to those families who are unable to pay the economic rent, according to a scale to be approved by the Ministry of Health.

In cases where slum dwellers have to be rehoused on the site in tenements, the cost of building is considerably higher, and a correspondingly larger subsidy should be given. A tenement dwelling costs at present at least £100 more than a house with the same floor area, which amounts to an additional rent of about 2/- weekly. If tenements are built forty to the acre on land costing £4,000 an acre, an additional rent of 1/6 a week is necessary to meet the extra cost of land. Thus, in so far as poor families have to be rehoused under such conditions, an extra subsidy of 3/6 weekly, or nearly £10 per annum, is required. This should be met partly or wholly by an additional Exchequer grant on this type of dwelling. The rent actually charged to the family should be approximately the same as for a house on the outskirts of the city—possibly slightly more since central sites are usually more conveniently situated in relation to places of work, so that travelling expenses are less. The principle of differential renting as

between tenants should, of course, be applied, just as in the case of ordinary houses.

The Total Cost

Although it can be little better than a guess, it seems worth while making a rough estimate of the total cost of dealing with the slum problem on the above lines. The cost consists of the following items:

(1) The total cost to the Exchequer and to the rates of the subsidies to house the poor families:

One million subsidies at £12 per annum	£12,000,000
Half a million subsidies (for tenements on dear land) at £10 per annum	£5,000,000
Total	£17,000,000

(2) The capital compensation for slum clearance cannot be estimated. It will depend a good deal on the policy which is pursued. It may be hoped that the saving in the existing subsidies owing to reduction in the rate of interest, as described above, would be enough to pay for this compensation.

It might be assumed, therefore, that the total cost to the nation of abolishing the slums on the above lines should not exceed a charge on the Exchequer and the rates of £20,000,000 a year.*

* No account has been taken in this estimate of inability to pay rents owing to unemployment. This must be regarded as a public assistance charge and separate from housing. Further, this calculation is based on the assumption that wages, prices and rents remain about as they are now.

XV

A POLICY FOR THE FUTURE

SIR Hilton Young's policy is based on the assumption that with the recent fall in the cost of building private enterprise can be relied on to meet the need for more houses for the working classes. Under these circumstances he holds that the local authorities have no need to concern themselves with the provision of new houses to let, and thus the repeal of the Wheatley Act is justifiable and necessary. On the other hand he realises that we have not begun to solve the slum problem, and, in the belief that "filtering-up" has failed, he has urged the local authorities to devote their whole energies to making a "direct attack" on clearing the slums and rehousing the displaced tenants under the Greenwood Act. On this basis he has even suggested that the whole of the slums can be cleared by 1938!

The main object of this book has been to show that Sir Hilton Young's policy is wrong—wrong in its assumptions about the nature of the housing problem, wrong in its action to stop the building of houses by local authorities, wrong in its proposals for pushing ahead vigorously with slum clearance now. In the first place, it is by no means true to say that "filtering-up" has failed. I went into a proposed clearance area in Manchester on a recent Saturday afternoon and as I came round a corner in one of the drab streets a group of twenty young men broke up in sudden flight. Seeing that I was not a policeman they soon drifted back and continued their Saturday afternoon occupation of betting on the

day's racing, about the only open-air occupation available to them in that district. I then went straight out to one of our new estates and found a street of new houses, which had only been occupied for about three weeks. As it happened, several of the occupants came from the very slum area which I had just left. Every one of them was digging energetically in his garden. They were keen and happy; each seemed determined to have the best garden in the street.

We have built two million houses since the war. Every one of them has a garden. I should guess that there were not more than two million gardens in the country in pre-war days; there are now four million. We have given two million fathers the opportunity of healthy, open-air exercise at the week-ends, instead of having nothing better to do than gamble at street corners. How can one say that "filtering-up" or the building of new houses has failed? The new houses are occupied by no less than eight million persons, who would otherwise not only themselves be living in bad conditions, but would be desperately increasing the overcrowding in the remaining houses.

The building of new houses has failed only in one way. The increase in the number of houses has not kept pace with the abnormal and unexpected increase in the number of families, so that enough persons have not been drawn out of existing houses. The shortage of houses was over 800,000 in 1931, and the number of families is still increasing rapidly. In these circumstances it is ridiculous to say that "filtering-up" has failed: in fact it has succeeded in preventing things from becoming very much worse, and done a good deal to make them better for millions of people.

But "filtering-up" has failed to *solve* the slum problem for two perfectly plain reasons: the first is that

we have not built enough houses, so that there are actually more surplus families than there were in 1921; and it is the surplus families that cause the worst kind of overcrowding. The second is that the houses we have built have all been so expensive as to be beyond the reach of the lower paid worker; all the families of the lower paid workers are therefore still in the slums.

The Need for New Houses

How many new houses are needed?

We have shown that to meet the existing shortage of houses and the prospective increase in families nearly two million additional houses will be needed by 1951.* We have shown that about four million houses to-day are below any acceptable standard. To house the population of England and Wales in good houses means therefore building six million new houses: a task offering steady employment for the building trade for thirty years at the present rate of building 200,000 houses each year.

There is a great unsatisfied demand for houses at 12/- rent, and there is a demand for at least a million houses at rents of about 7/-. These houses can only be built by local authorities. There should be a minimum programme of 100,000 local authority houses each year (a programme of 200,000 would be much better), half to be let at an economic rent not exceeding 12/-, half to be let by the help of a subsidy at an average rent of 7/-.

Private Enterprise or Local Authority?

Sir Hilton Young is doing everything in his power to get all new houses built by private enterprise. He has offered a subsidy in the hope of inducing private enterprise to build houses to let, and has in the meantime prohibited local authorities from building

* From the census date of 1931. See footnote on p. 118.

any new houses whatever,* even without subsidy, in order to leave a free field for private enterprise.

Which, in fact, is likely to build better and cheaper houses? As regards planning, lay-out, and design, there can be no question. The local authorities nearly always employ architects, the private builder very rarely. As regards quality, the best private builders do first-class work, especially in the larger houses. But there are always builders whose one idea is profit: we know only too well the kind of house they built in pre-war days, and nothing but the by-laws and the watchful control of the local authority prevents them from building the same sort of house to-day.

On the other hand the local authority is building with quite a different motive—because it has a duty to house its citizens well. And it knows that it will own the houses it builds for a century. Therefore it has the houses built on sound lines by the best contractors.

Again, the local authority can borrow money more cheaply than private enterprise, and does not want a profit. According to Sir Hilton Young's own figures,† the rent of a local authority non-parlour three-bedroomed house is for these reasons 8/-, excluding rates, as against 10/- for private enterprise.

Finally, the houses built by private enterprise are normally owned by private landlords, who, like the builders, may be good, bad or indifferent; like the builders, they own in order to make a profit. The Moyne Committee (consisting almost entirely of Conservative Members of Parliament appointed by Sir Hilton Young) has recently shown how many of these landlords fail to keep their houses in decent repair. The remedy they recommend is that the houses should be bought by the local authority and

* Except in connection with slum clearance schemes.

† Hansard, 15th December, 1932, Cols. 547 and 556—Second Reading Housing (Financial Provisions) Bill.

administered by a non-profit making society—that the ownership should be taken compulsorily and at considerable expense away from that very private enterprise to which Sir Hilton Young is determined to leave the building and ownership of all new houses.

The local authority house is therefore better planned, better built, better owned and two shillings cheaper than the private enterprise house. And further, it is doubtful whether private enterprise is willing to build houses for letting at all.

One argument frequently used against extending the housing activities of local authorities is that it means incurring very heavy indebtedness, which is said to be dangerous and bad. When the same people discuss the building societies, they cannot praise too highly their immense services in raising gigantic sums of money and in using them to build houses through private enterprise and so create valuable assets for the nation! In both cases there are debts and assets—in praising the building society only the assets are considered, in discrediting the local authority only the debts. Truly a remarkable feat in rationalising one's dislike of local authority building!

And in spite of all this, the very basis of Sir Hilton Young's housing policy is that the six million new houses which we need in the next thirty years shall be the worse planned, worse built and more expensive houses of private enterprise, and that they shall be in the hands of private owners. Can laissez-faire prejudice go further?

It is abundantly clear that Sir Hilton Young's policy is wrong; that the essential thing is to give local authorities every encouragement to proceed as fast as possible with the building of new houses. The need is for houses to let at low rents, and the best thing would be if all the 200,000 new houses for many years to come could be built for letting at the lowest possible rent.

A POLICY FOR THE FUTURE

The proper function of private enterprise is to build houses for the occupier-owner. A man who owns his own house looks after it better than anybody else; there are many strong and well-known arguments for occupier-ownership, and there is every reason why it should continue to be encouraged.

The Responsibility of Local Authorities

But it must be recognised that the lower paid workers can never be decently housed by private enterprise, which at best cannot build houses to let at less than 14/-, including rates.

The families of the lower paid workers, where there are children, and where they live in urban areas, are now inadequately housed, and there are no existing houses of the proper standard into which they can move. If we really mean to house the whole population in houses not worse than the standard minimum house, then the local authorities must take responsibility for the lower paid workers: they must steadily build new houses at low rents till the whole of these families are transferred from the slums into good new houses.

This is a great responsibility; among other things it will involve very difficult questions of management. It will be necessary to give great attention to this problem; trained house property managers (on Octavia Hill lines) will be needed in large numbers. It is possible that for political reasons it may be advisable in course of time to hand over the management of the vast properties which local authorities should gradually acquire to some form of commission which will avoid the rather serious danger of these matters becoming questions of pressure at local elections.

Reconditioning

The classic example of reconditioning is the very thorough work done in Manchester in pre-war days.* Back-to-back houses were abolished, paved yards and water closets and a supply of water inside the house provided. But thousands of these reconditioned houses are to-day included in the list of houses unfit for human habitation. The reconditioning of old houses which are small and bad can hardly ever bring them up to the minimum standard of to-day.

There is another kind of reconditioning that is much more useful; namely, the adaptation of large houses to make several flats. Properly reconditioned, such houses may provide good flats for several small families—especially the single persons and couples of whom there are so many, and who are often occupying a house which might hold a larger family.

On these lines reconditioning should play a very useful (though a minor) part in solving the housing problem of the larger cities.

Unemployment

An important point to which serious consideration should constantly be given is that of the employment provided by house building. We have shown that 150,000 men were drawn into the trade and given employment by the action of the Government between 1924 and 1927. We have now an organisation capable of building easily and without putting up prices a quarter of a million houses a year so long as there is not any great increase in other kinds of building. It is quite obvious that the Government should carefully watch the unemployment in the building trade and should endeavour to

* See "How to Abolish the Slums," chapter iii.

regulate the building programme so as to keep employment steady. It is difficult to see how the Government can affect the rate of building by private enterprise, but they can undoubtedly have substantial effect on the rate of building by local authorities, who pay a great deal of attention to the advice and authority of the Ministry of Health. There should be an average programme of at least 100,000 new local authority houses per annum; private enterprise has recently been building at the rate of 130,000 houses per annum; if that continues we should have nearly a quarter of a million houses a year. But clearly the Government ought to watch the rate of building with great care. If the building trade becomes slack, every effort ought to be made to stimulate local authorities to a large programme; and in times of boom the rate of building should be reduced.

Slum Clearance and Overcrowding

We have shown that there are only a relatively small number of the very worst type of houses in England and Wales: these should be cleared away at the earliest possible moment. Apart from these, the really bad slum conditions are largely caused by overcrowding and this can only be abolished by building new houses. Every time a clearance scheme is undertaken, the date when there will be enough houses for all is postponed. Slum clearance should therefore (apart from the very worst houses) be postponed till the housing shortage is removed; in most cities ten years of active building would suffice. Once there are enough houses, that is to say a house for every family, and a reasonable number of empties, then slum clearance should begin to be vigorously undertaken.

Subsidies

In order to enable the local authorities to carry out the programme we have outlined, it will be necessary for the Government to grant them further substantial subsidies. I have proposed a subsidy of £8 for sixty years, on condition that for every subsidy two good houses shall be built, one to be let at an economic rent not exceeding 12/-, the other at a subsidised rent. The local authority should contribute £4 for each £8 of the Government; all the subsidies should be pooled and used to reduce the rents for those families with children who cannot afford to pay the full economic rent.

There should be a further subsidy from the Exchequer to help local authorities to meet any expenses incurred in clearing the slums—though this should not be of any real importance for the next few years.

Town Planning

Let us assume that we shall fulfil our programme of building 200,000 houses a year. We must confine our energies to this task till we have one house for each family. In many cases it will still be a very bad house; but still our first objective must be that each family shall have a house of its own.

In most cities that point should be reached in about ten years. Empties would then rapidly begin to appear, and overcrowding could be quickly and easily dealt with.

Then will come the time to devote our whole energy to our second objective: the provision, not of any kind of house, but of a really good house for every family. That will be the time for slum clearance to be carried out on the largest possible scale. If we keep on steadily building 200,000 houses each

year, this stage should take about another twenty years. In thirty years the task will be finished.

But it is of the utmost importance that, before the work of stage two is seriously begun, each local authority should undertake the long-range planning of its existing built-up areas. In most cities, there are large areas containing slum property, which will have to be demolished under any scheme of clearance, not far from the central parts of the city, and others mixed up among areas which are largely industrial, and which ought never to be used for housing purposes at all. The clearance of these areas gives an opportunity, which must at all costs be utilised, for seeing that their redevelopment takes place on the proper lines, and that housing and industrial purposes are each relegated to their proper districts. The preparation of these plans will be a matter of considerable difficulty and the utmost importance, and all the available sources of skill—town-planners, surveyors, architects, economists and engineers—should be invited to co-operate in their production.

A reliable estimate of the city's future population must be obtained, and the lay-out of the whole area arranged so as to provide conditions conducing to the greatest possible degree of health and convenience for its inhabitants. Detailed arrangements should be made for pulling down each year the largest possible number of the squalid and crowded houses that disfigure the central areas of our cities, and for rebuilding the vacant areas with the finest streets and buildings which it is possible to design. If we really mean it we could within fifty years provide for every family* a good house in a healthy, convenient and beautiful city. Here is a task worthy of the best brains and energies of the nation.

* With the exception of the London problem, which must take much longer to solve.

APPENDICES

APPENDIX I

THE MINIMUM STANDARD HOUSE

THE Report of the Special Committee appointed by the National Housing and Town Planning Council,* issued in 1929, dealt fully with the question of the minimum standard house. This matter is so important that I quote their conclusions on it in full. I may add that the non-parlour, three-bedroomed house of 760 square feet floor area, recommended by this Committee as the minimum standard, has been accepted by the Government. For instance, Sir Hilton Young referred to it as the type of house which was most required, in his Second Reading speech on the 15th December, 1932.

The conclusions of the Committee on this matter are as follows:

The Minimum Standard House

"There remains the important question of the standard of accommodation which should be provided. When people look back on the kind of house which manual workers have been accustomed to occupy throughout the past 100 years there is often the thought that this is what families are used to, and that they neither need nor demand anything better. This certainly does not apply in the case of those who can afford to pay. Fifty years ago bathrooms were virtually non-existent, and often the bedroom accommodation in the best houses was of

* See chapter iv.

inadequate character even for the owners' families. Requirements now are totally different.

The war created a definite boundary between past and future ideas of working-class housing, and the Tudor Walters Report (1918) on the subject paved the way to a new standard, which, endorsed by the Minister of Health, has since been more or less generally accepted. It will be remembered that the houses to be built to qualify for financial assistance under the Housing Act 1923 were required to have a superficial area within the following limits:—

(*a*) for a two-storey cottage	Minimum 620 super. feet. Maximum 950 super. feet.
(*b*) for a one-storey cottage or bungalow, or for a flat.	Minimum 550 super. feet. Maximum 880 super. feet.

The minimum area admits of the planning of a two-bedroomed, non-parlour (A2) house, flat or bungalow, and the maximum for that of the four-bedroomed, parlour house (B4). Of the houses built since the war complete figures are not available to show the numbers of each type, but it is estimated that of the pre-war houses about 60 per cent contain not more than two bedrooms. Whilst it is of course admitted that there are numbers of old people and of young married couples for whom two bedrooms are sufficient, it seems only natural to believe that overcrowding is greater in the smaller than in the larger house, and if there were houses for all and if the larger families were enabled to occupy the larger houses the present supply of two-bedroomed houses is sufficient to meet the needs of those who can properly occupy them. From this, therefore, it is submitted that the need for three-bedroomed houses is overwhelmingly greater than that for two-bedroomed houses. At an inter-allied congress largely

attended in London in 1920 a resolution was passed to the effect that the essential requirements of a right standard of house were the provision of:—

(*a*) A bedroom for the parents and sufficient sleeping rooms to separate the sexes of the children as they grow to maturity.

(*b*) Separate sanitary accommodation for every family.

(*c*) Adequate water supply and bath accommodation for every family.

There is nothing extravagant in this, and if the provision of bedrooms for the parents, boys and girls, respectively, is right, the next question which arises is as to the area of the rooms.

However desirable the inclusion of a parlour may be in the family home, it can scarcely be said to be a necessity from a public health point of view, and, if that is the case, economic limitations forbid its consideration in connection with the accommodation for the poorer workers. If this is admitted, the floor area of the house will be found to be based upon the area of the bedroom floor, which if of reasonable size will give sufficient space for the living room, kitchen, bath and sanitary accommodation on the ground floor. It is unnecessary to consider the planning of the bathroom upstairs, as although it may be preferred by some, it must invariably add to the cost. The Tudor Walters Report published in 1918, and the two Manuals issued by the Ministry of Health in 1919 and 1927, all agree as to the bedroom accommodation being as follows:

First bedroom	about	150 square feet.
Second ,,	,,	100 ,, ,,
Third ,,	not less than	65 ,, ,,

Adding the least possible area of 65 feet for partitions, staircase and landings, and to allow for a

reasonable variation in planning to suit circumstance, we have a total area on the upper storey within the outside walls of 380 feet, or a combined area on the two floors of 760 feet.

Four architects in different parts of England and Wales with wide experience of housing schemes have been consulted on this subject of minimum accommodation for a family of three or more adolescent children. All express the view quite definitely that the area of the bedrooms as above-mentioned should be considered the minimum, and that to admit of any variation of plan to suit different sites or aspect, it is only just possible to obtain so low an average combined area of the two floors as 760 feet.

The conclusions arrived at are based on what it is submitted are the minimum requirements for a reasonable type of working-class house. What may be the cost of such a house, or how the economic rent on the cost is to be met, is dealt with elsewhere, but it is strongly held by the Committee that this is the proper way to approach the subject rather than to attempt to reverse the problem and work down to a standard to fit the maximum rent which can be paid by the low wage-earner with a large family."

APPENDIX II

THE EFFECT OF SUBSIDIES ON BUILDING PRICES

By J. INMAN

Introductory

THERE has been considerable discussion of the question as to whether or not the granting of subsidies for the building of houses, either to private enterprise or to local authorities, tends to raise the price of building to such an extent that any gain to the purchaser or tenant of the house by reason of the subsidy is virtually done away with. The division of opinion on the matter is sharp. One school of thought maintains that any increase in subsidy is immediately swallowed up in higher prices, whereas the reduction or abolition of a subsidy is always accompanied by a corresponding reduction in building costs. The other school of thought holds that subsidies cannot possibly influence costs, and that a rise in prices is due to profiteering in contracts or materials; and that the right course of action is not to abolish or reduce subsidies, but to take steps to prevent unfair and improper use being made of them by persons whom they are not intended to benefit. Both sides point to events in this country since the policy of granting subsidies has been extensively followed as supporting their conclusions.

The object of this appendix is to make an economic analysis of the effect of granting or abolishing subsidies, or making alterations in their amount. This analysis is made in a scientific spirit; no attempt is

made to support the conclusions of either side as against the other. In fact, as will be seen, the truth of the matter appears to lie somewhere between the two. The method to be pursued is as follows. First, a theoretical account will be given of the factors responsible at any given time for the level of building costs, and the possible influence of the granting or removal of subsidies on this level will be discussed; second, the history of events in this country during the years 1923-32 will be briefly recalled, and an attempt will be made to interpret these events in the light of the conclusions reached in the theoretical analysis. It will be seen that with the help of the analysis an interpretation of a very definite character can be made, on which it is possible to base a judgment of the usefulness or otherwise of the policy of subsidisation.

The Factors affecting Building Costs and Prices

The principal factor affecting the level of building prices is the relation between the current demand for houses, i.e. the rate at which contracts are being placed, and the capacity of the building trade to meet that demand—its available supplies of man-power, materials, and organising ability. If these two correspond, so that the capacity of the trade is adjusted to the demands which are being made on it, the price of building will tend to be equal to the costs incurred by contractors, including their normal profits. In some districts these profits may be above the normal level owing to the existence of rings or associations. But, owing to the fact that the initial capital required to undertake a building contract is not large, the entry of new men will probably as a rule maintain a fair degree of competition. The possibility that the costs of building materials may be permanently at a level which will yield their

producers unduly high profits is considerably greater, and it is known that associations play a large part in determining the price of most building materials in this country. In so far as this is the case, the cost of building—apart from *contractors'* profits—is correspondingly raised.

The important point about the period under discussion, however, is that both the demand for houses and the capacity of the trade were undergoing continual changes, and that there was practically never correspondence between them; and so it is necessary to have an analysis of the determination of building prices when there is such a lack of correspondence. Let us suppose that from a state of affairs in which the demand for houses and the capacity of the trade are adjusted to one another there is an increase in the demand for houses, i.e. in the rate at which contracts are being placed. As a result of this, there will come about a tendency for building prices to rise, except in so far as the capacity of the trade and the available supply of materials can be increased to correspond. Such an increase in capacity must always take *some* time, and if the *increase* in the rate at which contracts are being placed continues for an appreciable period, there is likely throughout to be a lag; and until it is made up prices will remain above their previous level. Now although a rise in prices is necessary to bring about the required expansion in the capacity of the trade, it may well be rendered excessive, and be unduly prolonged, because of the opportunities which the lessened keenness of competition gives to every ring or association to restrict the supply of materials and to influence the rates of tender for contracts. In course of time, however, unless there is any definite hindrance, such as a restriction on the amount of labour available, the necessary expansion of the trade should take place, and unless the control of

rings has firmly entrenched itself, a fall in prices should then ensue. Nevertheless, when there has been a greatly enlarged building programme, it may take a long time to come about.

If, on the other hand, the rate at which contracts are being placed is decreased, so that it becomes insufficient to keep the capacity of the trade fully occupied, a fall in building prices may be expected —a fall perhaps below costs if the trade was fully competitive hitherto. In the course of this fall competition for tenders is restored or becomes keener, stocks of materials rise and their prices tend to fall also, the possibilities of effective activity on the part of rings and associations become decidedly less, and unemployment ensues.

In the same way, changes in prices can come about if there are changes in capacity which are unaccompanied by corresponding changes in demand. But they can come about only in these two ways—either through changes in the rate at which contracts are being placed or through changes in the capacity of the trade, either of which is not correlated with the other.

The Effect of Subsidies

If it is to be maintained that subsidies have any influence on prices, it is necessary to show how this influence comes about. It has been shown that there are two general causes of a change in building prices —alterations in the capacity of the trade and alterations in demand. Now it is plain that the statement by a Government that it will contribute so much of the cost of each house erected cannot possibly have any direct influence on the capacity of the trade. It cannot increase the number of trained men available, or the output of materials, or the number of contractors ready to undertake work; and we are

left, therefore, with the effect of subsidies on demand as the only possible way through which they can affect building prices. If the granting of a subsidy, or an increase in the value of an existing subsidy, is to cause a rise in building prices, it can do so only through bringing about an increase in the demand for building, which is not immediately correlated with an increase in the capacity of the trade; and, conversely, if the withdrawal of a subsidy or a reduction in the value of an existing subsidy is to cause a fall in building prices, it can do so only in so far as it lessens the demand for building in relation to the existing capacity of the trade.

In determining whether or not the granting or increase of a subsidy is likely to raise building prices, therefore, the first question to be asked is whether it is going to increase the amount of building. Generally speaking, the answer to this question will be in the affirmative. The granting of a subsidy, whether to private enterprise or to a local authority, will bring about building which would not otherwise have taken place. Indeed, this is one of its principal objects. The second question to be asked is whether the existing capacity of the building industry is adequate to undertake the increase in building required from it. If this is so—if its existing capacity is not being fully employed—no appreciable rise in prices need be anticipated, unless, perhaps, existing prices have been forced to any extent below cost. If it is not adequate, then some rise in prices is to be expected, as a result of which its capacity will tend to be augmented. In course of time, as capacity again becomes adequate, prices may be expected to fall. If determined measures are taken against excessive advances in the prices of either contracts or materials, during the period in which the trade is expanding to meet the additional demands on it, the extent of the rise can probably be decidedly

lessened. In a case where the granting or increase of a subsidy does not lead to any additional building, there is, of course, no reason to expect any rise in prices.

A similar method of reasoning can be applied to the case of a reduction or abolition of subsidy. If this has no effect upon the rate at which contracts are being placed, no movement in prices need be expected. But as a rule it can be taken that there will be an accompanying reduction in the demand for building; and this reduction will be accompanied by a tendency for prices to fall, to their normal level if the existing demand for building had been somewhat above the capacity of the industry, possibly rather below cost if some capacity is thrown idle because of the fall in demand.

It should be emphasised that the effect of the granting or abolition of subsidies on building prices comes about entirely through the accompanying changes in the demand for building. It is only in so far as a subsidy affects demand that it can have any influence; and, moreover, any other cause which brings about an increased or diminished rate of building has a precisely similar influence. It is the alteration in the number of houses being built relatively to the capacity of the industry, not in the value of the subsidy, which brings about a rise or fall in prices.

The Events of 1923-32

The facts relating to building output and the cost of houses during the years 1923-32, when the policy of subsidisation has been carried out on a large scale, are very readily interpreted in the light of the theory set out above, and confirm the conclusions reached there. The basis of the extensive building activity of these years was the grants made under the Acts of

1923 and 1924. The annual and capital values of these grants are shown in Table II, p. 199. It will be recalled that the values of both subsidies were reduced in 1927, and that the subsidy under the Act of 1923 was abolished in 1929.

We are fortunately in the position of having fairly satisfactory measurements of the changes in all the principal factors involved. The aggregate demands made on the building trade in respect of the erection of working-class houses are given by the statistics of the *total* number of these houses built each year, both with and without subsidy assistance; while the additional demands due to the granting of the subsidies are shown by the number of houses erected with assistance from each of the subsidies. An index of the capacity of the building trade is given by the number of insured workpeople attached to it in each year,* while the extent to which this capacity

* It is difficult to make any precise estimate of the proportion of the total workers in the building trade which is normally engaged in domestic house-building. Mr. Barnes, in his book "Housing," estimates that approximately half the trade is engaged in maintenance work—which, of course, tends to increase in amount each year, as the total number of buildings of all sorts grows larger—and about one-fifth in domestic house-building, the remainder being at work on premises other than dwelling houses. The proportion must, however, vary considerably in accordance with changes in the annual rate of building. Another way of estimation is by the output of houses per annum for every 100 men employed. The mean of several estimates mentioned by Mr. Barnes is about 90 houses, and this gives a useful basis for estimating the number of men at work in this branch.

There is no doubt that there was a shortage of skilled men in 1923 which made the trade unable to cope with any appreciable enlargement of the domestic house-building programme. It is this fact, and the fact that expansion subsequently took place, that is of importance rather than the absolute size of the industry. It seems clear also, from the estimates of output, that the major part of the expansion must have taken place in the domestic house-building branch.

was being utilised may be estimated by the deduction of the percentage of these workpeople who were unemployed. In addition, we have estimates of the average cost of non-parlour houses in each year, published by the Ministry of Health. This should be compared with the movement of general prices as measured by the cost-of-living index number.* Information concerning the prices of bricks—the most important item in material costs—and other building materials is obtainable from the reports of the Inter-Departmental Committee on the prices of Building Materials, appointed by Mr. Chamberlain in 1923, which were published periodically until 1931.†

The available statistics for these items for the years in question are as shown on pages 167 and 168.

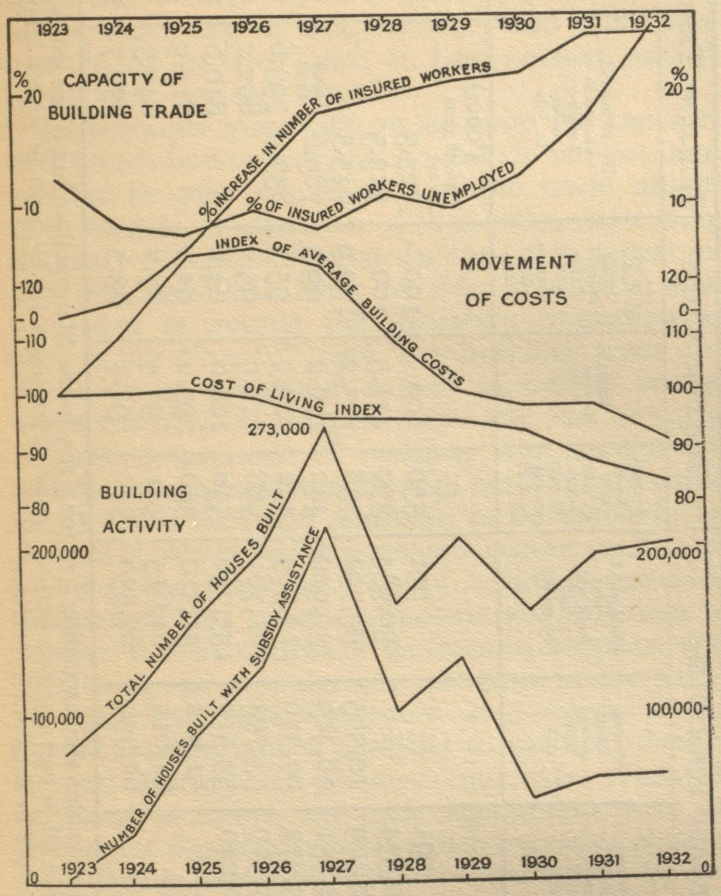
There are two questions to be dealt with in discussion of the effects of subsidisation during these years: first, what part did the subsidies under the Chamberlain and Wheatley Acts play in bringing about the rise of building prices which took place over the years 1924-7; and, second, was the reduction of subsidies in 1927 in any way responsible for their subsequent fall?

The course of events during the first of these two periods was as follows. In 1923, at the time of the passage of the Chamberlain Act, comparatively few houses were being erected. Building by local authorities, after the unfortunate experiences of high costs and other hindrances during the period when

* The cost-of-living index gives a more satisfactory measure of the movement of purely domestic prices, with which building costs may be fairly compared, than does an index of wholesale prices, which is heavily weighted with internationally traded commodities.

† These reports have not appeared at sufficiently regular intervals to make it possible to construct an index showing the trend of the prices of materials, as has been done in the case of building costs.

the Addison Act had been in operation, had practically ceased. The capacity of the trade was more than adequate to deal with the small number of



orders being placed by private enterprise, competition was keen, and prices were at the lowest level ruling since the war. During the next year—1924—however, the effects of the Chamberlain subsidy became apparent, and the total number of houses built increased by about one-third. But the increase

Effective Demand for Houses					Building Costs			Building Trade Capacity			
Year ending Sept. 30	Total no. of houses built (a)	Houses built under 1923 Act	Houses built under 1924 Act	Total no. of houses built with subsidy assistance	Average cost of non-parlour house (b) year ending June 30	Index of cost —1923 =100	Cost-of-living index—1922-3 =100 (year July-June)	No. of insured persons in building trades in July		Index of capacity —1923 =100	% unemployed in June
					£			('000s) Over 16 years of age			
1923	78,738	991	—	991	350	100	100	703.3		100	12.5
1924	109,491	30,934	—	30,934	390	111.5	100	713.5		101.5	8.2
1925	159,026	78,409	12,385	90,794	438	125.2	100.9	745.5		106	7.4
1926	197,584	84,431	46,489	130,920	442	126.2	99.3	789.6	aged 16-64	112.2	9.5
1927	273,229	115,073	97,316	212,389	432	123.2	95.5	833.9	793.6	118.2	6.9
1928	166,415	47,969	53,792	101,761	388	110.0	95.2		802.2	119.6	10.0
1929	204,857	80,240	53,516	133,756	350	100.0	94.6		810.6	121.0	8.5
1930	161,699	—	51,310	51,310	340	97.2	93.0		815.9	121.8	12.7
1931	194,944	—	61,615	61,615	341	97.4	87.7		840.3	125.2	17.7
1932	200,562	—	62,530	62,530	320	91.4	83.5		839.7	125.2	25.9

(a) Houses having a rateable value exceeding £78 (or £105 in the Metropolitan area) are excluded.
(b) Average estimated all-in cost per non-parlour house in contracts let by, and in direct labour schemes of, local authorities in England and Wales.

in the capacity of the trade, as measured by the number of persons employed, was very slight, and, as might be expected in accordance with theory, there was a large upward movement in building prices, beginning in October 1923 and continuing quarter by quarter until it had reached nearly 20 per cent by June 1924.*

All attempts materially to increase the capacity of the trade had so far failed because it had not been possible to gain the consent of the trade unions concerned to a relaxation of their rules controlling the entry of new craftsmen. In 1924 this important difficulty was dealt with by Mr. Wheatley, who succeeded in getting the necessary relaxation as part of his "treaty" with the building trade for obtaining an increased annual output of houses under his new Housing Act and the Act of 1923. A large programme of building was anticipated, and the arrangements made with the trade provided for sufficient men and materials to be available for definite increases in the aggregate output each year. Further, the manufacturers of building materials maintained that their equipment was sufficient to provide for the necessary increase in supplies, and undertook not to make any advances in the prices charged; and with the trade as a whole it was agreed that the cost of building should not advance beyond the level of January 1924. Mr. Wheatley intended to follow up these agreements with an Act under the provisions of which excessive charges for building materials could be prevented by the fixing of maximum prices, but owing to the fall of the Labour Government this Act was not passed.

* The actual figures were as follows:

Average for quarter ended	Dec. 1923	£388
" " " "	Mar. 1924	£397
" " " "	June 1924	£413

In the following year—1925—there was an increase of nearly 50 per cent in the total number of houses built, which included many more erected with the help of the Chamberlain subsidy; and there was a considerable beginning of activity under the Wheatley Act. Mr. Wheatley's arrangements were successful in bringing about an increase in the amount of labour in the trade, but—in their incomplete form—they did not prevent a further rise in prices taking place to the end of 1924*—although it was considerably less than in the previous year—and the cost of building was throughout 1925 more than 25 per cent above what it had been in 1923, while the general price level had remained practically stable.

In 1926 and 1927 the rapid increase in the total number of houses built continued, and in the latter year it reached a record figure. It was accompanied by a continued expansion of the building trade, the number of persons in which had become nearly one-fifth greater in 1927 than in 1923.† Throughout 1925 and 1926 prices remained at the level reached at the end of 1924, and showed no further rise; at the beginning of 1927 a decided fall appeared, which continued during the year,‡ bringing them below the 1924 level, and the inference may be drawn that the capacity of the trade had by then become more adequate to the demands on it. Apart from this last year, then, building costs rose 26 per

* Average for quarter ending Sept. 1924 £424
" " " " Dec. 1924 £441

† Since only a proportion of workers in the building trade are normally engaged in house-building, and on the assumption that the greater part of the increase took place in this branch, the proportionate increase in the capacity available for building houses was considerably greater than this, and may well have been as much as 50 per cent.

‡ Average for half-year ending June 1927 £418
" " " " Dec. 1927 £405

cent, while general prices were virtually stable. To what extent was the policy of subsidisation responsible for this?

In the theoretical analysis above it was shown that any influence of subsidies on prices could only come about as a result of their effect on demand, and that a rise in prices was to be expected if an increase in demand outran an increase in capacity. Such a lack of correspondence between demand and capacity seems unquestionably to have been the main reason for the rise in prices during the period in question. It is interesting to note, in confirmation of this, how much of the rise took place in the first year, when the restrictions in force were largely effective in preventing new men from being taken on. Subsequently, the continuation of prices at a high level appears to have been principally due to the enormous rapidity in the increase of building activity, far exceeding that which the representatives of the trade had thought possible or had contemplated in their arrangements for increased output; for in the space of only three years the total annual production of houses had reached a figure 50,000 in excess of the maximum that they had allowed for in ten years! Under the circumstances it is surprising that the increase in prices was not greater, and the fall in 1927—the record year—is somewhat remarkable. In addition there is no doubt that part of the rise was due to advances in the prices of building materials, which were not prevented since Mr. Wheatley's supplementary Bill did not reach the Statute Book. The reports of the Committee appointed by Mr. Chamberlain in 1923 to survey the prices of building materials show, for instance, that the price of bricks, which had remained approximately stable up to the beginning of 1924, had advanced by about 10 per cent during the last half of that year, and remained at this higher

level in all the principal centres in the years immediately following.* Other building requisites also show advances in price. The conclusion is, therefore, that the tremendous increase in building activity brought about by the subsidies caused it to outrun the capacity of the trade, and that the consequent rise in costs was contributed to by a rise in the prices of building materials. Had the increase in demand been more gradual—if, for instance, the amount of building plans approved by the Ministry had been more carefully regulated—it seems probable that the rise in costs could have been largely avoided, and the large proportion of the subsidies that went into the pockets of the building trade would instead have been devoted to their intended object of reducing rents.

In the second period, after 1927, the position completely altered. An important reason for the record output of 1927 had been the rush to complete houses before the cut in the rates of subsidy took place—an occurrence which emphasises the influence of subsidies on demand. In 1928, under the reduced rates of subsidy, the amount of subsidised building was cut in half and the total output of houses for the year fell correspondingly. In 1929 there was another rush to build in order to gain the benefit of the Chamberlain subsidy before its abolition, and the number of houses erected rose in consequence; but it still remained well below the 1927 level, and there was, therefore, a general lowering in the total demand made on the capacity of the trade. Mean-

* Building Trade wage rates rose 6 per cent from December 1923 to December 1924, mainly owing to the operation of the cost-of-living adjustment. There is little doubt that labour costs will have risen considerably more than this owing to overtime and Sunday work, made necessary by the shortage of labour relative to the increase in demand. As the capacity of the trade expanded, such work at exceptional rates of pay could, of course, be dispensed with.

while this capacity continued gradually to increase, though at a slower rate than in the preceding years, and there seems reason to believe that it was rapidly becoming fully adequate to the lessened demands which were being made on it, for building costs fell sharply from December 1927 to June 1928, and a further considerable fall was recorded from 1928 to 1929.*

In this period also there seems little doubt of the correct interpretation of the part played by subsidisation. The reductions in the rates of subsidy brought a sudden cut in the demand for building, until it came well within the existing capacity of the trade; as a result, a competitive level of costs took the place of the abnormal prices of the earlier period, for which the inadequacy of the available supplies of men and materials had provided a basis; and the possibilities of advancing the prices of materials, which had also rested on the shortage, were largely done away with. The reports of the Committee on the Prices of Building Materials show that reductions in the price of bricks in all the principal centres began to take place in 1927 and continued during the two subsequent years, and that by the middle of 1929 their prices were in most cases well below the 1924 level. The conclusion is that with the restoration of a greater degree of correspondence between the capacity of the industry and the demand for houses a more normal level of prices came to prevail.

The Present Position

Since 1929 the building which took place under the Chamberlain subsidy has tended to be replaced by non-assisted private building, and except for a

* Wage rates fell 5 per cent from December 1927 to December 1929.

temporary setback in 1930 the total number of houses erected has remained at a high figure, though considerably below the record output of 1927. During 1930 and 1931 building costs remained stable at a low level, and in 1932 there was a further considerable drop, in consonance with the general fall in prices. Such a fall has the effect of increasing the tendency for private building formerly subsidised to be replaced by non-assisted private enterprise. The capacity of the trade has continued to grow rapidly, and for 1931 and 1932 the number of workers has been temporarily stabilised at the highest figure ever recorded. There is little doubt that it is capable of a considerably enhanced annual output. This judgment is confirmed by the fact that unemployment has increased steadily since 1929, and for 1932 was at the high level of 26 per cent, which indicates a considerable volume of capacity lying unused.

Finally, it may be asked whether, under present conditions, the granting of subsidies is likely to result in a renewed rise in the cost of house-building, which will partially or wholly swallow up any possible benefit to rents. To this question both analysis and the course of events seem to point a definite answer. The crux of the matter is, as before, the relation between the demand for houses and the capacity of the trade. In so far as the effect of a policy of extensive subsidisation was to bring about an increase in the rate of building, and if the existing capacity of the trade were not adequate to this increased rate, there would be a tendency for prices to rise. But at the present time, as has been shown, there is every reason to believe that there is a large surplus of capacity in the trade, and that, judging by output in former years, it is capable of producing at least 250,000 houses a year without any addition to its present number of workers; while, if necessary, there

is no reason why the number of workers cannot be gradually augmented, as has been the case hitherto. Under these circumstances, there would be no reason to anticipate a disappearance of the existing competitive conditions in the trade or any appreciable rise in prices. It can safely be said, therefore, that should a policy of subsidisation be judged desirable on the grounds of its power to increase the output of houses and to make possible a reduction in rents, under existing conditions in the building trade no fear that it will bring about a large rise in building prices need act as a deterrent against putting it into operation.

APPENDIX III

THE PROBABLE INCREASE IN THE NUMBER OF FAMILIES IN 1932-41 AND 1942-51

IT has been pointed out in chapter xii that the demand for separate dwellings depends on the number of families. If, therefore, we are to obtain any satisfactory estimate of future housing requirements, it is necessary to have as reliable a forecast as possible of the increase in the number of families in England and Wales during, say, the next two decades.

Such a forecast is exceedingly difficult to make, because a number of different sorts of groups go to make up the "private family" as defined in the census. The census definition is as follows: "Any person or group of persons . . . in separate occupation of any premises or part of premises is treated as a separate family for census purposes, lodgers being so treated only when boarding separately and not otherwise. Private families comprise all such families with the exception of those enumerated in (1) institutions or (2) business establishments or boarding houses in which the number of resident trade assistants or resident boarders exceeds the number of members of the employer's or householder's family (including private domestic servants)."

The normal family group consists of married couples—with or without children. It is not difficult to arrive at a satisfactory estimate of their numbers in the next one or two decades, and there is no doubt that such couples make up the bulk of the "private families" recorded in the census. But we have no

information about the present numbers, and no direct means of estimating the future numbers, of single and widowed persons who occupy separate dwellings, and will wish to occupy them in forthcoming decades, and who thus also contribute to the total "social demand" for houses,* or of the numbers of those single and widowed persons who habitually live with relatives and will continue to do so, thus not contributing to the demand for separate dwellings or being enumerated as separate "private families."

The justification for any method of forecasting the total number of families must, therefore, be largely empirical—it must rest on the fact that, applied to existing data, it yields results not far different from the actually recorded figures. Such a method has been devised by Mr. C. J. Hill, of the Economist Intelligence Department. Mr. Hill has estimated the number and marital condition of persons aged 20 years and over in England and Wales in 1941 and 1951, with the following results:†

	1921	*1931*	*1941*	*1951*
	Thousands	Thousands	Thousands	Thousands
Population aged 20 years and over	23,883	26,998	29,190	30,282
Single persons ,, ,, ,,	6,575	7,407	8,007	8,306
Married ,, ,, ,, ,,	15,027	17,058	18,452	19,147
Widowed and divorced ,, ,,	2,281	2,533	2,731	2,829

* It should be remembered that a certain proportion—probably small in relation to the total number—of the private families recorded by the census are represented by lodgers, who do not require separate dwellings.

† The number of survivors of the existing population which will reach the age of 20 years and over in 1941 and in 1951 depends, of course, on the number of deaths and on migration. With regard to these, the following assumptions have been made. According to census data the population aged 10 years and over in 1921 declined at the annual rate of 13.0 per thousand during the following decade. Deaths accounted for 12.6 per thousand per annum and migration for 0.4 per thousand. Owing to the rapid increase in the average age of the population which will come about during the period under consider-

The figures for 1921 and 1931 are those actually recorded in the census.

He has further estimated the probable number of families who may be expected to require separate dwellings in 1941 and 1951 on the following basis. The number of married persons has been divided by two, and to the figure so obtained has been added the total number of widowed and divorced persons. The resulting figure has been adjusted on the assumption that persons aged 75 and over—whether married, widowed or divorced—will not require separate dwellings. The estimate of the number of families so derived is as follows:

	1911	*1921*	*1931*	*1941*	*1951*
	Thousands	Thousands	Thousands	Thousands	Thousands
Estimated number	8,341	9,307	10,454	11,122	11,268
Actually recorded in census	7,943	8,739 / 9,139*	10,233		
Increase over previous decade	Actually recorded	796	1,494	Estimate 668	146

ation the death rate has been assumed to rise to 12.8 per thousand per annum between 1931 and 1941 and to 13.6 per thousand per annum between 1941 and 1951. Since there are no data throwing light on the probable course of migration during the next two decades, it has been assumed that the net outward balance of migration will remain the same as during the past decade. Thus, taking both factors together, the population aged 10 years and over will decline at the annual rate of 13.2 per thousand between 1931 and 1941 and at the annual rate of 14.0 per thousand between 1941 and 1951.

* Corrected. The number of houses and the number of recorded families are not entirely independent of one another. When there is an acute shortage of houses persons who would normally be living apart and thus come to be recorded as separate groups are compelled to live together, and the number of families as recorded is thus artificially reduced. There appears to be little doubt that this was the case in 1921. The Ministry of Health (Fourteenth Annual Report, 1932-3, p. 95) suggest that the true number of families in 1921 was approximately 400,000 greater than the recorded number, and the above figure has been arrived at by making the necessary allowance for this. It is possible that under-recording may have occurred to some extent in 1931 also.

It will be noticed how nearly the results obtained by this method coincide with the actually recorded figures in 1911 and 1931, and, with due allowance being made for the correction in 1921, in that year also. The correspondence continues in respect of the census figures each decade as far back as 1861, so that its empirical basis is undoubtedly very strong.

Under this method all widowed and divorced persons are assumed to require separate dwellings, but the requirements of single persons are entirely omitted, and criticism may perhaps be made on this score. In fact, however, whatever may be the prima facie objections to this procedure, if, as an alternative method, certain proportions—constant throughout all the years in question—both of widowed and divorced and of single persons respectively are assumed to require separate dwellings (these proportions being decided upon with regard to the total estimated figures being similar to the actually recorded census figures in 1921 and 1931), the estimates arrived at for 1941 and 1951 will be almost identical with those arrived at by the method actually employed above. This is the case owing to the fact that the proportions of married, single, widowed and divorced persons in the total population have been assumed to remain constant in the course of estimating their probable numbers in 1941 and 1951, an assumption which is justified by the facts of existing census records. In actual practice, therefore, it may be taken that the results yielded by this method are satisfactory, and that, apart from the intrusion of unforeseen factors, the number of families requiring separate dwellings is likely to increase by the amounts given above.

A more serious consideration, however, is the fact that the housing shortage may have been responsible to some extent for an under-recording of the

number of families in 1931 as in 1921, and that the estimates of increase in 1941 and 1951, being based in part on the actually recorded figures, may as a result be rather on the low side. Bearing in mind the size of the shortage in 1931, this possibility seems to be of sufficient importance for some allowance to be made for it.

It is suggested that, in making estimates of the increase in families as recorded by the census either for England and Wales as a whole or for particular cities or regions, a probable increase for 1932-41 of half, and for 1942-51 of one-eighth, that actually recorded in 1922-31 should be assumed. The recorded increase in families in England and Wales during 1922-31 was 1,494,000, so that this basis gives an increase of approximately 750,000 in 1932-41, and 190,000 in 1942-51. This suggestion has been followed out in Chapter XII, where the national housing shortage and the requirements of certain towns have been discussed, and elsewhere in the text. It gives a straightforward and simple basis for the estimation of requirements, and the results arrived at are not likely to be seriously in error.

APPENDIX IV

DIFFERENTIAL RENTING

By Eva M. Hubback*

The General Case—Failure of Flat Rate Subsidies

"RENT relief should be given only to those who need it, and only for as long as they need it." This statement from the Ministry of Health Circular No. 1138, setting out regulations under the Housing and Slum Clearance Act of 1930, embodies the kernel of the principle of differential renting, according to which local authorities are directed to fix the rents of all houses built under that Act. The adoption of the principle implies that these rents are to vary, not as heretofore only according to the type of house, but, in addition or instead, according to the tenant's ability to pay.

Under the 1930 Act we find for the first time, therefore, specific recognition of the need of the poorer paid workers to occupy houses built out of public funds, and consequently of the fact that housing subsidies are nothing more nor less than a form of public assistance. This recognition has been forced on the Government and others concerned, as a result of its being increasingly realised that the one million subsidised houses built since the war have—in spite of the immense sums paid in rent relief by the Exchequer and the local authorities—scarcely begun to meet the needs of those who most urgently require housing assistance, that is to say, of the poorer paid workers with dependent children. The failure to help those most in need has been mainly

* With acknowledgment to the publications of the Family Endowment Society, Thames House, S.W.1.

due to the system under which subsidies up to the present have been almost universally used to provide flat-rate abatements of rent, which take no account of the financial position of the prospective tenants. This extravagant and unscientific use of subsidies has resulted in the provision of subsidised houses for large numbers who can well afford to pay economic rents, while at the same time failing to offer to those whose need is greatest houses at rents within their capacity to pay.

Who have, in fact, occupied most of the houses which have so far been put up by local authorities? These authorities, though strictly regulated as regards the more technical sides of building, have been left entirely free to make their own rules as regards letting, which has led to a considerable variety of methods with regard to the selection of tenants. Some authorities, their eyes on economy, have fixed a minimum income limit for their tenants but no corresponding upward limit—deliberately selecting applicants likely to pay their rents regularly and to look after their houses well. It is notorious that where this principle has been adopted—and it is widespread—a considerable portion of the subsidised houses are occupied by comparatively well-off members of the professional and business classes, whose rents, though considerably below what they themselves can afford, are far beyond any which can be paid by the poorer sections of the working classes. Even those local authorities which have done their best to ensure that the houses shall be occupied by the relatively poor, and have, therefore, as in Liverpool, not only fixed an upper income limit, but have accepted poor tenants with children, have found that in all but the largest kind of house the saturation point was quickly reached; this meant that many of the houses designed for the poorer family man proved too expensive for him and had

to be let again to better-off tenants with no children. Moreover, in many areas, including Liverpool and London, it has frequently happened that those of the poorer tenants who have moved into the new houses have had to give them up owing to the impossibility of both paying the rents and the additional fares, and of having enough left for food and other necessaries. The Medical Officer of Health for Stockton recently drew attention to the increased death-rate among tenants removed from a slum area to a new housing estate, and accounted for it by the insufficient and faulty diet which was all that could be afforded after the higher rent required had been paid.

As, then, the flat-rate subsidy has failed to provide new houses for workers—poor through a combination of low wages and dependent families—it has failed in its most important function. For it is obvious that it is just those families with growing children who most need to leave overcrowded and unhealthy houses and to achieve the space and good surroundings which make for health and decency.

Some authorities, it is true, have attempted to meet the needs of poorer tenants by concentrating the greater part of the subsidy payable under the 1930 Act on a portion of the houses, which are let at reduced rents, either to tenants actually dispossessed by slum clearance schemes or to individual poor families. This is open to several objections. Firstly, a feeling of jealousy is aroused among tenants who see one group of houses, just like their own, apparently arbitrarily let at lower rents. Secondly, where the new houses are occupied by tenants dispossessed by slum clearance schemes, the method is an extravagant one; for every survey of slum property has made it clear that many tenants living there are well able to pay economic rents. (They have remained in the insanitary or overcrowded conditions

not because of poverty, but for a variety of other reasons—because the new houses are a considerable distance from their work; because they wish to remain near their familiar shops, schools and churches; because they like the large margin of pocket money which their low rents leave; or from sheer apathy. For instance, in a survey made in Ancoats by the Manchester University Settlement it was estimated that in an especially poor district of a poor ward not less than 35 per cent of the tenants had a capacity to pay rents of £1 or over.) Thirdly, this principle ignores the important fact that few poor families remain in need of help indefinitely. What,—if the rent is attached to the house,—is to happen when a family whose income was perhaps 50/- weekly, with three or four children under school-leaving age, is found a few years later with the same children earning and in receipt of £6 or £8 a week? To dispossess a tenant because of an improvement in his circumstances is not practicable. It is interesting to note that the London County Council, a short time ago, made efforts to induce tenants who had no longer young children, and whose incomes had increased in recent years, to leave their favoured positions as tenants of the Council and so leave vacant homes for young married couples with low incomes and young children. These efforts proved a complete failure, and the London County Council succeeded in nothing but in arousing a feeling of dismay, injustice, and insecurity among its own tenants. What was required, surely, was that such a tenant should relinquish, not his claim to the house itself, but his claim to special rent relief which had been allowed him to meet a need which had passed.

DIFFERENTIAL RENTING

Rent Relief based on Needs

What can be done to solve, in an economical way, these acute but related problems—to succeed where previously we have failed to provide for the families of the poorly paid worker, and to prevent the abuse of housing subsidies by those who can afford to pay an economic rent? The answer is a simple one—*to substitute for the flat-rate subsidy one varying with economic needs.*

It is obvious that ability to pay any given rent varies from one family to another, and in the life of the same family according not only to differences in income but also to the number of people for whom the income must provide. A young couple living in a small house may be fairly comfortably off. But when children come they pass through a period of stress during which their ability to pay additional rent declines just as the need for more accommodation grows; then, as the children begin to earn for themselves, the family again becomes relatively prosperous.

It is the combination of a young family with low wages which, next to unemployment, is the most frequent cause of poverty, and of poverty at a time when irreparable harm to the children occurs if their vital needs are unsatisfied. If, however, standard rents are fixed for houses and rebates allowed to the individual tenant in proportion to the numbers dependent upon him, he will be able to afford a suitable house when his children are young, and, moreover, there will be no objection to his remaining in the house when he becomes relatively better off. Nor, indeed, is there any reason why a more prosperous tenant should not occupy a house built out of public funds if there seems special reason for his living in a given neighbourhood, provided he is prepared to pay the full economic rent.

The amount of the subsidy under the 1930 Act, if no longer used for those who do not need it and concentrated on those who do, amply suffices—given the present cost of building—to enable the poorer man, who has so far been condemned to live under bad and overcrowded conditions, to bring up his children under conditions which make for health and happiness. The principle that the State should make some provision for dependents is not a new one; it has become thoroughly familiar through rebates allowed on account of the children of income tax payers, and through public assistance, unemployment insurance, secondary school maintenance grants, etc.

Problems of Administration

Some local authorities hesitate to put differential renting into practice for fear of administrative difficulties. The existence and age of children are, however, the most easily ascertained of all factors, owing to the help which can be given in doubtful cases by the registrar of births and by the education authority. The existence of adult dependents and the extent of their dependency may be less easy, but that it is not insuperable has been proved by the administration of the War Pensions Acts. The amount of the family income, including that of the supplementary wage-earners, and the subsequent variations are certainly more difficult to ascertain. The principle of enquiry into means, however, in connection with eligibility for relief, has been necessarily adopted in so many branches of public administration that its application is one with which all local authorities are familiar. It is required as a condition of help in all the cases quoted above in which dependents' allowances are given, and in addition in connection with old age pensions and a wide range of public health and other social services. Moreover, many local authorities,

such as those who charge different rents for the same type of house, or who fix an income limit, already make the necessary enquiries.

The Ministry of Health's Circular 1138 proposes that both rents and rebates should be reviewed every few months. Once a year seems sufficiently often, however, for the local authority to make enquiries, though it should be open to the tenant to make a claim at any time. As tenants enter houses at all times, it is unlikely that a large number would have to be revised simultaneously. It would also greatly facilitate the working of this system if the method of collecting rents were one which brings the tenant into close contact with the collector, especially if the latter were a person of some training and social experience, such as the women house property managers trained under the Octavia Hill plan. It will be remembered that under this system the woman manager is responsible for a relatively small number of houses. For these, in addition to collecting rents, she selects the tenants, investigates complaints and grievances, and acquires so thorough a knowledge of and intimate sympathy with the tenants that it is easy for her to discover a change in their circumstances without any inquisitorial investigation.

The Application of Differential Renting under the Housing Acts

Under the Greenwood Act, as stated above, the adoption of some system by which rents are adjusted to ability to pay is not merely permissive, it is obligatory. Circular 1138 states:

"*The new grant, together with the prescribed contribution from the rates, will enable local authorities to let a sufficient proportion of the new houses at rents which the displaced persons can afford. Experience does not suggest that all the*

displaced persons will be unable to pay ordinary municipal rents, but a proportion, varying from area to area, will undoubtedly need special assistance. To secure this, the Act expressly empowers the charging of different rents to different tenants, and it is the clear intention of Parliament that the benefit of the new grant shall not enure to persons for whom it is not needed. The grant, together with the prescribed rate charge, should be regarded as a pool out of which such abatements, or other special arrangements in regard to rent as the local authority propose, are to be financed. It will be seen that while the grant is based on the number of persons displaced (and rehoused) it is in no sense tied either to persons or to houses. Rent relief should be given only to those who need it, and only for so long as they need it.

"*The Exchequer assistance provided under the Act is intended to enable a local authority to let a proportion of the houses at a definitely lower rent than that normally charged for other houses owned by them.*

"*All displaced persons will not necessarily go into the houses provided under the new Act. They may go into other houses owned by the local authority or into houses privately owned, in which event and to a corresponding extent the local authority will be able to accommodate in the new houses other persons requiring rent relief.*"

With regard to houses which have been built under the Wheatley Act, the subsidy from the Exchequer and local authorities allows each house to be let at 4/2 below the economic rent, and regulations (Circular 520 (revised) on the 1924 Act) allow rents to be varied above and below this level by a system of rebates, provided the total rental of all the houses will not be more than it would be if the subsidy were on a flat-rate scale.*

* "Up to the present local authorities have been required to bring their receipts and expenditure in respect of their Wheatley houses into one account, and the total amount of the rents required has been calculated accordingly. In view of the

It is particularly important that differential rents should be applied as far as possible to houses built under the Wheatley Act in view of the fact that as the grant from the Exchequer is a fixed sum of £7 10s. (£11 in agricultural parishes), local authorities have been accustomed to charge rents in proportion to the size of the house, and the largest families have, therefore, tended to occupy the smaller houses.

Local authorities are thus empowered to apply a system of rebates either to their old housing estates or to those built under the 1930 Act.

Principles by which Differential Rents should be Fixed

What should be the standard rent and what rebates should be granted and on what conditions? It is not possible to give a dogmatic answer to these questions as the circumstances of local authorities vary, according to local rates of wages, and to the number and quality of the population for whom it is wished to provide new houses. The following may be submitted, however, as constituting the frame-

decline in the cost of building the Ministry state that in future local authorities may as from some convenient date make separate calculations in respect of houses on different sites, or at different periods, so that the tenants of these new houses, who, in the main, will presumably be less well paid members of the community than the tenants of existing Council houses, may obtain the benefit of the lower costs in a less rent charge. This reduction in rent charge may accrue to all the new tenants equally or may be varied according to individual circumstances. The equitable distribution of this reduction would be to apply to these Wheatley houses the scale of rebates adopted for the houses provided under the 1930 Act. The Exchequer grants for the Wheatley houses are on a lower scale, but as against this there would, presumably, be a lower percentage of tenants needing relief."

Lloyd Parry, "Memorandum upon Rent Rebates under the Housing Acts" (National Housing and Town Planning Council).

work of a scheme of rent rebates—the actual scale necessarily varying according to circumstances.

(1) The standard rent should be the full economic rent.

(2) The whole of the subsidy should be used as a pool from which rebates are paid.

(3) Rebates from the standard rent should be on a sliding scale based on the two factors of family income and the number in the family, subject to the payment of a minimum rent.

(4) The rebates should be on an adequate scale and on one easily understood.

(5) All persons wholly dependent on the household should be included.

(6) Rebates should be revised by the local authority annually, and whenever the tenant himself makes an application.

Test of Ability to Pay Full Economic Rent

What should be the test of ability to pay the full economic rent? The simplest answer is that it should be one which would allow for the so-called "minimum living needs," i.e. the satisfaction of the primary physical needs of food, warmth and houseroom, together with the amenities which it is generally agreed should be available in every house. Many standards of living have been or may be worked out, and the local authority must decide which it proposes to adopt. Any tenant should be entitled to claim a rebate from the standard rent if his family income after deducting the standard rent is insufficient to satisfy the standard of minimum needs agreed on, provided that the amount of the rebate does not exceed the sum necessary to make up his income to the required standard.

We append a description of rent rebate schemes in operation, provided by Miss M. E. Green, Secretary of the Family Endowment Society.

RENT REBATE SCHEMES IN OPERATION

Schemes of Rent Rebates have been applied for some time by a few voluntary housing trusts, but it was not until the passing of the Greenwood Act that the system was at all widely adopted on municipal estates. We know of twenty-four local authorities which have instituted schemes and of these all but four have been put into operation under the 1930 Act. In order to conform to the principle, indicated in the circular, that rent relief should be based on need, any differentiation in rents must clearly have regard both to total income and to the number of persons dependent upon it, and in every case except one rebates given under this Act have been based on some formula which attempts to give due weight to both these factors.

In the four schemes carried out under the earlier Acts, on the other hand, the number of dependent children is the prevailing consideration, and for that reason they have the advantage of greater simplicity of administration and of being more easily intelligible to the tenants.

Thus for houses built under the 1890 Act *Banbury* charges a minimum rent of 6/6, which increases by 1½d. for every 1/- earned above 30/- less a rebate of 1/- for each child. In *Welwyn*, *Finsbury*, and *Guildford* rebates of 6d. per child are allowed without any income test. *Welwyn* and *Guildford*, however, charge an addition to the rent for each lodger, and *Finsbury* reduces the amount of the rebate by 6d. for every earning member of the family other than the head.

The schemes worked under the 1930 Act vary enormously in the form which the test of need takes, in the actual standards of income and dependency which emerge when the test is applied, and in the value of the rebates given, as well as in details of administration such as the frequency of revision of claims, the extent to which earnings of children above school age are included, and consideration of dependents other than children. They may be grouped roughly into three types:—

In TYPE A (covering most of the schemes) the maximum rent is taken as the standard and this is paid by all tenants whose income reaches a certain maximum scale which rises with the number of dependent children; rebates from rent are then allowed according to the amount by which the actual income falls short of the sum given in the scale for a family of the size in question, subject to the payment of a minimum rent beyond which no abatement is allowed:—

> Thus in *Rotherham* a rebate of 4d., and in *Bolton* of 3d., is allowed for every 1/- by which the income falls below the standard.
>
> In *Walsall*, *Wolverhampton*, and *Gloucester* the rent is reduced by the full amount of the difference subject to the minimum rent being paid; this has the effect of equalising all incomes within these limits.

The rebates may not be exactly proportional at each level of income:—

> *Birmingham* and *Preston*, for example, have adopted schemes which can only be expressed in the form of a table from which can be seen at a glance the grade of rebate (rising in shillings in the first case and in sixpences in the second) claimable by a family with x children and y income.

Other authorities have adopted a very simple income test and have allowed greater weight to the factor of child dependency.

Cambridge applies the following formula: Take the income. Deduct rent plus rates plus insurance plus 10/-; divide the remainder by the number of persons in the household. Where this yields less than 3/6 allow a rebate of 1/- for each child; where the amount is between 3/6 and 4/6 allow a rebate of 6d. per child.

Lincoln has a similar scheme: Where the income is £2 10/- to £3 a rebate of 1/- a child is allowed for third and subsequent children; where the income is £2 to £2 10/- a rebate of 1/- a child is allowed for the first three children and of 2/- for each subsequent child. Where the income is less than £2 the minimum rent of 6/6 is paid.

In TYPE B the method of assessment is inverted. The minimum rent is here the standard, and is paid by tenants whose incomes are at or *below* the income dependency scale. Those whose incomes are above this scale pay an additional charge.

Banbury, *Farnworth*, and *Northampton* apply this method of assessment.

In TYPE C the actual *amount* of the rebate is determined by a separate consideration of each claim on its merits. In some instances, however, eligibility to relief is limited by a formal income scale. This is the case in *Northampton*, *Reading*, and *Smethwick*. In *Berwick-on-Tweed*, *Hull*, and *Rochdale* there is no such scale.

It may be noticed that TYPE B is sometimes combined with TYPE C; but where it is not, and a fixed scale of rebates is declared as well as an income limit, the financial effect would be just the same if it were

expressed in the form of TYPE A; the maximum instead of the minimum rent would then be taken as the standard, and this would seem preferable on psychological grounds. A tenant is less likely to feel cause for resentment if he knows that a neighbour in special need of relief is paying a lower rent, than if he himself is required to pay more than the standard because his income has increased or his children begun to earn.

It is difficult to find any basis of comparison between schemes which take such a variety of forms; we have attempted to do so by expressing them wherever possible in the shape of TYPE A, which gives us in each case the minimum income at which the maximum rent is payable by families of different sizes. The table given below shows how a family of man, wife, and four children of school age who

Authority	Maximum Rent including rates of 3-bedroomed non-parlour house.*		Man, wife and 4 children. Minimum income on which no abatement is allowed.			Average Rebate per house.		Maximum Rebate.	
	s.	*d.*	£	*s.*	*d.*	*s.*	*d.*	*s.*	*d.*
Banbury	10	9	4	2	0	2	5	4	3
Birmingham	11	0	3	0	9	1	0½	4	6
Bolton	9	9	2	15	9	2	6	3	0
Dudley	8	1	2	16	0	1	0	3	9
Gloucester	8	9	1	18	6	1	0	2	3
Lincoln	10	10	3	0	0	3	9	4	4
Northampton	11	9	2	8	3		7		
Norwich	8	3	2	11	0			2	6
Preston	10	3	1	18	6	1	0	2	0
Rotherham	10	2	2	12	0			4	2
Walsall	9	9	2	9	9	1	2	3	3
Wolverh'pton	8	6	2	12	6	1	5		†
York	10	0	2	2	0	1	8	4	0

* Where there is more than one type of house of this size the lower rent has been taken in every case.

† Difference between standard rent and former rent.

occupy a three-bedroomed, non-parlour house would fare in twelve of the larger towns which have adopted systems of differential renting; only if their income falls below that given in the table are they entitled to any abatement from the maximum rent.

It will be seen that in most of these schemes even a fairly large family is not eligible for any rebate unless its income is very small. In a few of them, however, the average rebate per house is considerable and suggests that the majority of tenants are, in fact, either very poor or have abnormally large families. In practice there is surprisingly little correlation between the comparative generosity of the schemes and the amounts which the rebates average per household. This seems to indicate such a wide difference in circumstances between the tenants on different estates as would make it impossible to frame any concrete scheme which could suitably be used as a model in all localities.

TYPE A—where rebates are given in proportion as the income falls below a fixed income/dependency scale rising with the number of dependent children—seems to be the most satisfactory. Generally speaking, the income tests may be criticised as too severe. The following table gives the minimum living needs, *excluding rent*, of families of different sizes based (with certain modifications) on the estimates made by Mr. Rowntree in his well-known book "The Human Needs of Labour," and brought up to the price level of May 1933. Only the lowest accepted standards are taken for food and clothing, but a frugal margin is allowed for personal and household sundries and for meat.

Man and wife	and:— 1 child	2 children	3 children	4 children	5 children	6 children
£1:9:5	£1:14:1	£1:18:9	£2:3:5	£2:8:7	£2:13:9	£2:18:11

The Birmingham and Banbury scales are the only

ones high enough (after subtracting normal rent) to approximate to this standard.

It is clear that the value of the special relief allowed must vary from place to place according to (a) the average income and number of children of the tenants, and (b) the amount by which the maximum rent exceeds the rent which would be charged for that type of house if there were no differentiation.

The most usual practice seems to have been to fix the standard rent at the figure which would be charged for 1924 houses built at the same cost and to use only the difference between the two subsidies as a pool from which rebates averaging 1/- to 1/6 per house can be paid. If the standard rent were fixed at the full economic rent the rebates should average 5/- to 5/6 on a three-bedroomed house. Such a rent would be about the same as that charged for houses built with the Wheatley subsidy *before the fall in the cost of building*, and recent surveys of slum areas have shown that this should not be above the capacity of a proportion of the displaced tenants—those families, for example, in which there is more than one wage-earner. Where tenants for the new houses, however, are selected not only on the grounds that they have previously lived in a slum area but also because they have specially large families and low incomes, it might seem at first sight simpler to fix a low standard rent combined with rebates given only on a stringent income test, rather than to adopt a higher standard and a more generouss cale of relief, which would allow rebates to nearly all the tenants. The objection to this is that later on when the children in these large families have become a financial asset instead of a liability the method does not allow sufficient elasticity for their increased capacity to pay rent.

With regard to the inclusion of sons and daughters over school age or other earning members of the

household, the practice varies. A few of the schemes take into account only the income of the head of the family and in arriving at their income/dependency scale allow only for dependent children. In the majority, however, all or part of the earnings of other members of the household is included; the scale then rises with the total number of persons in the family and not merely with dependent children. In scales based on detailed estimates of living needs a larger allowance is made for adults than for children.

Rents are commonly reviewed once a quarter; such frequent revision seems unnecessary and must increase the administrative cost of the scheme. In only three instances have we received any complaints of difficulties of administration; in one of these revision takes place weekly and in the other two no definite scale has been adopted. Apart from the trouble necessarily involved in such methods the three schemes are reported to be working well.

All other reports have been favourable and comment has been made on the honesty of the tenants in reporting changes in income and on the fact that "the trouble which was expected from people not in receipt of rent relief grumbling because other people paid a less rent has not been experienced."

TABLE I

Table showing weekly rentals of houses built under the Wheatley and Greenwood Acts.

Rate of interest	$3\frac{1}{2}\%$			5%		
Cost of house	£300	£400	£500	£300	£400	£500
Interest	4/0	5/4	6/9	5/9	7/8	9/8
Sinking fund	0/8	0/11	1/2	0/8	0/11	1/2
Maintenance, etc.	2/6	2/6	2/6	2/6	2/6	2/6
Economic rent	7/2	8/9	10/5	8/11	11/1	13/4
Rates	3/6	3/6	3/6	3/6	3/6	3/6
Economic rent with rates	10/8	12/3	13/11	12/5	14/7	16/10
Weekly value of Wheatley subsidy (1924-7) of £13 10/- per annum	4/6	4/6	4/6	5/-	5/-	5/-
Weekly value of Wheatley subsidy (1927-32) of £11 5/- per annum	3/10	3/10	3/10	4/2	4/2	4/2
Weekly value of Greenwood subsidy of £15 per annum	5/2	5/2	5/2	5/8	5/8	5/8
Rent with rates of house built with Wheatley subsidy (1924-7)	6/2	7/9	9/5	7/5	9/7	11/10
Rent with rates of house built with Wheatley subsidy (1927-32)	6/10	8/5	10/1	8/3	10/5	12/8
Rent with rates of house built with Greenwood subsidy	5/6	7/1	8/9	6/9	8/11	11/2

TABLE II

Table showing Capital Values and Amounts payable weekly under various Subsidies.

Act	Year	Amount of Annual Subsidy	Period for which granted	Approx. capital value Rate of interest		Approx. weekly value Rate of interest	
				3½%	5%	3½%	5%
Chamberlain	1923	£6	20 yrs.		£75		1/7
	1927	£4	20 yrs.		£50		1/1
Wheatley	1924	£13 10/-	40 yrs.	£288	£232	4/6	5/-
	1927	£11 5/-	40 yrs.	£240	£193	3/10	4/2
Greenwood	1930	£15	40 yrs.	£320	£257	5/2	5/8

Chamberlain subsidy. The contribution shown was payable by the Exchequer. The main subsidies paid were to private enterprise, in which case there was no supplementary contribution from the local authority.

Wheatley subsidy. The 1924 subsidy was £9 from the Exchequer and £4 10/- from the local authority. After 1927, £7 10/- from the Exchequer and £3 15/- from the local authority.

Greenwood subsidy. In the normal case of a non-parlour, three-bedroomed house the subsidy is 45/- per person displaced and five subsidies are granted for each house. The Exchequer subsidy is therefore £11 5/-, to which has to be added the local authority's subsidy of £3 15/-, making a total of £15.

TABLE III

Showing the rents at which non-parlour houses have been able to be let under the Wheatley Act from 1924-32.

	Average cost of non-parlour house (including £70 for land, roads, etc.)	Interest and sinking fund charges	Economic rent per week (including rates)	Rent payable after deducting Wheatley subsidy where available
1923	£420	9/-	15/-	15/- (no subsidy)
1924	£489	10/6	16/6	11/6
1925	£511	11/-	17/-	12/-
1926	£511	11/-	17/-	12/-
1927	£483	10/4	16/4	11/4
1928	£432	9/3	15/3	11/1
1929	£415	8/11	14/11	10/9
1930	£410	8/10	14/10	10/8
1931	£403	8/8	14/8	10/6
1932	£374	8/-	14/-	9/10
1933 (1st qtr.)	£365	5/9	11/9	7/7 (with subsidy) 11/9 (without subsidy)

NOTE: The figures in column 1 are taken from those published by the Ministry of Health relating to average estimated all-in cost per non-parlour house in contracts let by, and in direct labour schemes of, local authorities in England and Wales. £70 is added for land, roads, sewers, etc.

The figure for economic rent is comprised of interest charges at 5 per cent per annum, sinking fund at 0.6 per cent, maintenance, etc., at 2/6 per week, and rates at 3/6. For the first quarter of 1933 interest charges are taken at the rate of 3½ per cent per annum, sinking fund as before.

The Wheatley subsidy is taken to be 5/- per week from 1924-7 inclusive, and 4/2 per week subsequently.

TABLE IV

Statement showing numbers of houses completed in England and Wales in each year

Year ended 30th Sept.	No. of houses completed with State Assistance under:				No. of houses completed without State Assistance	No. of houses completed with State Assistance	Total
	Addison Scheme 1919 Acts	Chamberlain Scheme 1923 Act	Wheatley Scheme 1924 Act	Greenwood Scheme 1930 Act			
1919							
1920	6,127				30,000*	180,237†	210,237
1921	67,945						
1922	106,165						
1923	24,998	991			52,749	25,989	78,738
1924	5,525	30,934			73,032	36,459	109,491
1925	1,497	78,409	12,385		66,735	92,291	159,026
1926	975	84,431	46,489		65,689	131,895	197,584
1927	527	115,073	97,316		60,313	212,916	273,229
1928	30	47,969	53,792		64,624	101,791	166,415
1929	18	80,240	53,516		71,083	133,774	204,857
1930	14		51,310		110,375	51,324	161,699
1931			61,615	420	132,909	62,035	194,944
1932			62,530	5,146	132,886	67,676	200,562
Total	213,821	438,047	438,953	5,566	860,395	1,096,387	1,956,782

* Houses having a rateable value exceeding £78 (or £105 in the Metropolitan Area) are excluded.

† Estimated figures.

INDEX

The Westminster Press
411A Harrow Road
London, W.9