THE REBUILDING
OF
BRITAIN

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by

W. CRAVEN-ELLIS, M.P.

Foreword by

SIR ENOCH HILL
J.P., F.C.I.S.

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FOREWORD

BY SIR ENOCH HILL, J.P., F.C.I.S.

President of the Halifax Building Society

HAVING read carefully *The Rebuilding of Britain*, by Mr. W. Craven-Ellis, M.P., I have no hesitation in commending it to the sympathetic consideration of every one interested in the housing conditions of the citizens of Britain.

I am sure no one can fail to be impressed by the thoughtfulness and thoroughness which Mr. Craven-Ellis has brought to bear upon his treatment of a subject of very great importance to the health and well-being of the British community. His collection of facts will be very useful to those who desire to form an accurate and unbiassed opinion of the necessities connected with the improved housing of our people. His treatment of the subject is at once courageous, unconventional, and sympathetic. As one who has during a somewhat long career been intimately connected with the Housing question, and particularly from the ownership point of view, some of Mr. Craven-Ellis's suggestions seem to me revolutionary. On that ground, however, I would not condemn them, because many beneficial movements of our time have on their conception appeared to be both revolutionary and impracticable, but by experience have proved to be neither. His scheme, therefore, for the formation of a National Mortgage Bank, with all its implications, may come within the realm of practicability before long. There is no doubt also good ground for a generalization that the present character of house building justifies the assumption that provision should be made either for continuous and adequate maintenance or for rebuilding when houses have reached the stage of old age. All careful students of the question will admit that the condition of housing which has endured for some generations past on the basis of investment ownership and occupier ownership by individual effort and in the enjoyment of individual freedom is no longer applicable. Before these old-fashioned principles and methods are scrapped, all genuine inquirers will look for well-founded and well-reasoned evidence that better plans and methods are available. To this desirable end Mr. Craven-Ellis has made a contribution of inestimable value, and few, if any, men in England are more qualified than he is by experience, by study, and by participation in the activities of the building industry, to advise and to give suggestions, both on practical and financial lines.

I am one of those who feel very considerable reluctance in entrusting the housing of the people either to Government, Municipal, or National treatment and responsibility, but I have an open mind; which is very much informed by the arguments and statistics in *The Rebuilding of Britain,* and whilst personally seeking to learn, I can with confidence commend a careful study of the scheme and the concentration of all the facts and experience which Mr. Craven-Ellis has gathered together upon this subject of infinite importance in our National and social life.

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THE REBUILDING OF BRITAIN

Introduction

We all recognize to-day that the housing problem is one of the gravest and most urgent problems confronting the country. But it is extremely complex. It does not stand alone. Its solution will not be found in the mere provision of a certain quantity of new houses.

The principle that every inhabitant of these islands should be decently housed may now be taken as a principle generally accepted. People may be poor, they may, for various reasons, be unable to earn wages. It is being realized that that is no reason why they should be herded in apologies for houses, where to the maximum of discomfort is added the constant risk of serious infection and disease. Common humanity should impel us to make an end of such conditions, but, alas! the well-to-do half of the world still does not know how the other half lives. People in decent homes have no conception of the kind of dwellings to which large numbers of the poor are condemned. Apart from common humanity, however, there is the general interest of the community.

Even if their bodies are not irremediably undermined, those whom society has hitherto condemned to live in slums cannot bear their full share of co-operation in the life of the social organism. Environment affects both the abilities and the powers of us all. From costly experience industrialists have learned that good workmen who are poorly housed soon turn into bad workmen. They are now alive to the need of decent homes for their work-people.

The Royal Commission which was appointed in 1917 to inquire into the causes of industrial unrest reported that the unrest of the working-classes was largely due to the fact that they were inadequately and badly housed. I myself recently investigated the case of a factory in which the output was seriously reduced by the frequency of sickness and the prevalence of unrest, and I found that the majority of the people employed in this factory lived in houses both insanitary and overcrowded. Indeed, the conditions in many of these houses can only be described as revolting. No wonder there was sickness and unrest in the factory! Most of the houses I inspected were over ninety years old, and the inhabitants of the area were crowded close together. Under such conditions it is inevitable that there should be much tuberculosis and other contagious diseases and crime and the social evil.

The present Government has made a praiseworthy attempt to grapple with the evils of bad housing. It has tackled the sweeping away of slums more vigorously than any Government has attempted to tackle it in the past. Sir Edward Hilton Young, the Minister of Health, and his able lieutenant, Mr. Geoffrey Shakespeare, the Parliamentary Secretary to the Ministry, deserve the fullest credit for the energy and determination which they have shown. But will the Government's programme succeed in its aim? Will all slums now extant be abolished? Unfortunately, I cannot think so. Will no new slums be created? Yes, they are being created now daily. Moreover, numerous factories, warehouses, and offices are still in use notwithstanding that as buildings they are as unsuitable as slum dwellings. About these no Government so far has done anything at all.

Then there is the problem of finance. The State collects large sums from the taxpayer with which to assist the building and renting of houses. The sums paid from the national Treasury and the sums spent by local authorities, yet not met out of specific receipts, come together to £15,727,030 a year. In addition, slum clearance will, it is estimated, cost more than £6,000,000 a year. Nearly the whole of these charges will continue to weigh upon the taxpayer for as long as sixty years from the date the houses are completed. I fancy that tax- and ratepayers do not realize what housing is at present costing them, and what under the present arrangement it must go on costing them.

There are, further, the houses built to offset the slum houses demolished. These are to be built, under the Housing Act of 1930, with the help of a Government subsidy of £2 5s. a year over forty years, in respect of every person displaced. In addition, there is a contribution of £3 15s. a dwelling each year from the local authority. By the time the five-years' slum clearance programme of the Government has been carried out a further burden of about £6,000,000 will have been placed on tax- and ratepayers, and it will have to be shouldered for forty years.

However, housing is not only linked very closely with finance, but the questions of unemployment and of subsidies to agriculture are not unrelated to housing. The Treasury has already provided £2,000,000 to help the special areas, and in my opinion if the areas are really to be set on their feet not less than £100,000,000 will ultimately be required. In addition, the taxpayer now has to find each year about £50,000,000 for assistance to those people who have consumed their unemployment insurance benefit, and also over £30,000,000 for agricultural subsidies. If things go on as they are, these burdens will not be lifted; they will be increased. We may wonder if the taxpayer will be equal to them, especially if unemployment continues; that is to say, if the country's consuming power continues to be insufficient to enable the available goods to be absorbed at a satisfactory price level. At the same time, we may ask ourselves if there is not some means of lessening the burden.

I believe that the Government's plan to deal with housing must prove unsatisfactory. I have an alternative plan to put forward which would, I believe, be a complete solution of the housing problem. The adoption of this plan, moreover, would relieve the taxpayer of a large part of the heavy contributions he has now to make and is threatened with having to go on making to (*a*) house-building, (*b*) the reorganization of the special areas, and (*c*) the relief of unemployment. The adoption of my proposals would put an end to cycles of depression in the building trades and would help to revive industry in general. It would thus be a step in the direction of solving the problems of

(*a*) Over-taxation,
(*b*) Special areas,
(*c*) Unemployment.

Since the proposals embrace a scheme for the development of agriculture, their adoption would also tend to solve the problem of the land.

The National Government's Drive

The National Government's treatment of housing shows, as I have said, unparalleled enterprise. In the spring of 1933 the Government declared that it found the rate of slum clearance too slow. Local authorities were asked to make a survey of their districts. As a result, regular schemes for the demolition of insanitary houses were drawn up. Procedure had to be in accordance with the Housing Act of

1930. The actual demolition could not begin immediately. Nevertheless, a five-year programme of slum clearance was laid out. During the last sixty years not more than 200,000 slum dwellers have been removed from their slums and placed in respectable houses. It was reported in the House of Commons in July 1934 that the average rate at which slum dwellings were demolished during the fifty-eight years preceding the War was 1,864 a year, and that since the War it has been 7,428 a year. The programme in question provides for 1,293,000 slum dwellers to be taken away from their slums, for 280,000 houses to be demolished, and for 295,000 new houses to be put up in which the displaced 1,293,000 present slum dwellers shall be put to live. This is a rate of slum clearance seventy-six times as fast as the rate reached during the last sixty years.

The Government is thus to be complimented for its drive against slums. All the same the Government's policy is not without grave defects.

Confusion in Valuation

A number of these defects are due to the powers which have been given to local authorities, who act in consequence without any set standard, so that something may be done in one area which is not done in an adjoining area. The execution of the Government's programme for slum clearance has been hampered by Clause 46 of the 1925 Housing

Act which was re-enacted in the schedule of the Housing Act, 1930. As it operates, the clause results in nothing less than confiscation, and had the Government in the new Housing Bill, the text of which was made public on January 17th, failed to modify such a glaring injustice, a revolt of fair-minded people, irrespective of party, was inevitable. Those who do not own houses see now the danger of remaining indifferent to legislation having such effects, for it could easily be extended to other forms of property. There never has been any justification for singling out houses for confiscation. Yet house-owners suffer much unfairness under the clearance schemes undertaken by local authorities. Typical is the instance of a house-owner in a northern town. His property was valued for probate by one Government department at £2,545 and estate duty was paid accordingly. Yet, within twenty-one months, the same property was included in a clearance scheme, and another Government department decided that it was of no value except for its site. Thereupon the houses were pulled down at their owner's expense, and no compensation was paid.

There is no reason why this sort of thing should have gone on. I am sure that the public generally is in favour of a square deal for owners of house-property and that it would wish to see compensation paid on property marked for slum clearance at the price the property would reasonably fetch in the open market.

NO STANDARD OF AN UNHEALTHY DWELLING

Another defect of the Government's plan for abolishing slums also concerns local authorities. These are left too much latitude. It is important to point out that the 280,000 houses marked for demolition within the next five years have been condemned on the recommendation of Medical Officers of Health to local authorities. But how have these various medical officers decided that a house should come down? I can find in the Housing Act of 1930 no suggestion of a criterion of what is or is not an unhealthy dwelling. That such a small number of slum houses should have been found in their areas by many local authorities suggests that the word "slum" is very widely interpreted. I have seen the effect of this latitude, and it is most unsatisfactory. The Medical Officer in Town A has scheduled certain houses for demolition, and in Town B, a few miles distant, houses in a much worse condition are passed as still fit for human habitation. Such cases are numerous. I have even had brought to my notice a case in which the same Medical Officer of Health condemned houses in one district and left other worse houses standing in another district. Obviously, the matter is not one to be left to the whim of individual Medical Officers of Health.

RENT RESTRICTION

There is another matter concerning which local authorities are, under the present arrangements, open to criticism. The landlord is the party usually criticized on this point. But as a rule he is not to blame. It is commonly assumed that the landlord is solely responsible if the houses he owns are not kept in a certain state of repair. Now, my experience is very wide, and I have known few landlords who deliberately neglected to keep their houses in repair. I have examined the records of thousands of houses, and have satisfied myself with the help of chartered accountants that 16¼ per cent. of the gross rent is required for repairs, outside painting, voids, and management if a house is to be kept in a sanitary and habitable condition throughout the period it will last.

In 1915 the first Rent Restriction Act was passed. Since then the landlords concerned have had to carry on under this disability. But at the same time as this Act came into force wages and profits in the building industry rose steeply. By 1921 building costs had risen 174 per cent. above the pre-War level, but no increase of rent was allowed. No doubt rent control was desirable in principle, but it was applied too severely. At last the Rent Restriction Act of 1920 allowed rents to be raised to 40 per cent. above what they had been in 1914, which provided 25 per cent. to cover the increased cost of repairs and 15 per cent. for actual rent. That is to say, five-eighths of the increase in rent was to help to pay for repairs. It is supposed by many that it was all for actual rent. The permitted increase still left controlled rents far below what they should have been in proportion to the general level of prices and particularly to building costs. It has not been realized that owing to rent control owners of houses have in effect subsidized wages for the last twenty years to the tune of millions of pounds a year. They will, moreover, have to go on doing so at least till 1938, when rent control lapses.[1] Thus for twenty

[1] The houses occupied by the lesser paid working-classes are known as class "C" houses. They have a rateable value not exceeding £13 (or in the Metropolitan Police area, £20). The Rent and Mortgage Interest Restriction Act, 1923, de-controlled a house in this class when it became empty. Under the Rent and Mortgage Interest Restriction (Amendment) Act, 1933, such a house is no longer de-controlled on the landlord obtaining possession. By the end of 1932, out of 6,392,000 class "C" houses in England, Wales and Scotland, 1,770,700 had become de-controlled. The change from the old to the new standards of rent was gradual, and this was a great help to landlords and tenants alike. The change was not only gradual, but came about by the voluntary action of the tenant, and so created no hardship. Under the 1933 Act Class "C" houses automatically cease to be controlled in 1938. I consider this a mistake. It means that more than 4,500,000 houses will be de-controlled at once. That is bound to produce much discontent among the working-classes. If the earlier Act had remained in force, all the difficulties produced by rent control would have been adjusted of their own accord in the course of a few years.

The greatest shortage of houses to-day is in the C class. Since wages in building are 105 per cent. above what they were before the War, houses of an equal cubing cannot be provided to let at the controlled rents which still have to be charged. Inevitably, about 20,000,000 of the population, the number now estimated to benefit by rent control, will have suddenly to pay higher rents in 1938. How much better if the change had been allowed to go on gradually!

years the landlord has not received a rent which left him the necessary percentage with which to pay for repairs.

Many landlords have been exemplary in keeping up to date with repairs, drawing on other sources of income for the purpose. I know that as a rule they have not had to rely exclusively on their rents. But the majority of landlords have not been in this position. If they have neglected repairs which in ordinary conditions they would have carried out, it has been against their wish and simply because they could not help it. Generally speaking de-controlled houses are in much better condition to-day than houses of the same type which are still controlled. This may easily be seen when, as sometimes happens, a de-controlled and a controlled house adjoin.

Local Authorities and Repairs

However, regarding this matter of repairs, the landlord, it must be remembered, does not stand alone. There are three parties involved: the landlord, the tenant, and the local authority. Often enough, the tenant, sheltering behind the Rent Restriction Acts, has failed to do his duty. He has failed to report the need of repairs out of a desire not to let his landlord find out how many rooms he had sub-let. Sub-letting is a scandal. Since the War many people have bought their houses with the help of a loan from a building society. To enable the monthly charges for interest and repayment to be met, they have let off part of the house. If this income from a joint occupier or from lodgers is taken away there is the danger that the owner-occupier will not have, after meeting his monthly payments to the building society, enough left to feed and clothe himself and his family.

Tenants, too, have taken in lodgers. This probably accounts for much of the overcrowding disclosed by the Census of 1931. Thus, while landlords have had to accept rent restriction, the tenants have been receiving from sub-tenants up to twice and three times as much as they were paying to their landlord. The overcrowding entailed naturally causes much damage to house-property and necessitates repairs above the normal, and it is the need of these repairs which the tenants do not disclose.

Yet, of the three parties concerned, it is probably the local authority that has the greatest responsibility for the state of disrepair in which so many houses are left. The local authority has the power to enter a house at any time and to serve notice on the landlord to carry out essential repairs and re-decorate—in short, to demand that a house shall be maintained in a sanitary and habitable condition. This duty the local authorities have seriously neglected. Here is something that Parliament should see to. It is Parliament's business to ensure that local authorities exercise the powers they have been given and deal with a defaulting landlord. No *ad hoc* legislation is required. The necessary legislation already exists. All that is needed is that the law should be complied with. If a house—and this is true of many houses—cannot be put into a sanitary and habitable condition in accordance with the law as at present, then the house has deteriorated so much that it should be demolished.

Too Many New Houses

We have lately been building too many houses. In the year ended March 1935, 327,517 houses were built and of this number 286,050 had been built without state assistance, and this number of 327,517 houses is more than three times the number of new houses normally required in a year. During the decade 1901–1911, 956,744 houses were built, an average of about 95,000 a year. Since the War the population has increased at only half the rate at which it was increasing for twenty years before the War. It might, therefore, be expected that rather fewer than 95,000 new houses a year would now suffice. However, let us take 95,000 as the number of new houses still needed each year. On this basis there should have been built between 1918 and 1933 1,425,000 houses. To this, add the estimated shortage of houses in 1918—400,000 (the estimate is that of a committee appointed at the time by the Minister of Reconstruction). The total of houses which should have been put up between

1914 and 1933 is thus 1,825,000. Actually, however, 2,328,385 were built.

How is this to be explained? In many industries since the War wages have risen. More people have been able to obtain a home of their own. Then there are the houses which have had to be put up for those who dwelt in the 56,000 slum houses which have been pulled down. But also the Census of 1931 discloses a rise in the number of unoccupied houses. There were 60,167 more of these in 1931 than in 1921. Higher wages have no doubt induced people to leave older houses and, helped by a building society, to acquire a new home of their own. The Census of 1931 also shows a big increase in the number of families since 1921. No increase of such a size in one decade is recorded since the Census of 1861. Finally, before the War, about 250,000 persons emigrated every year. But in the last few years there has been no emigration.

It remains that 485,816 more houses have been built since the War than were needed. I conclude that the arrears into which house-building had fallen before and during the War have now been made up, and that we are now building in excess of our actual requirements, especially as we do not pull down in anything like the same proportion.

In most districts the higher-priced houses have reached a number of equivalent to saturation point. In this class of house there was undoubtedly a shortage after the War. But now that has been cleared off, and the building taking place meets all the requirements of an expanding population.

But Not Enough Pulling Down

Our trouble, then, is not that too few houses are being built. It is that too few houses are being pulled down. The most serious defect in the Government's programme of slum clearance is just this.[1] The estimates made by local authorities of the number of slum dwellings in their area barely scratch the surface of the real slum problem. Accepting these estimates, the Government proposes to sweep away 280,000 dwellings. Now, according to the Census of 1931 there were then in England and Wales, occupied and unoccupied, 9,399,535 houses, and in Scotland, 1,197,243; that is to say, altogether 10,596,778. The houses built since are:

In 1932	200,812
In 1933	200,496
In 1934	266,622
	667,930

There were thus in Great Britain on March 31, 1934, 11,264,708 houses.

The next consideration is this. No ordinary house has a life of more than a century. That is the maxi-

[1] *Since the above was written the new Housing Bill has been* presented to Parliament and its provisions confirm what I have felt. The magnitude of the housing problem is not grasped by our statesmen. The extension of the subsidy will impose an additional heavy burden upon ratepayers and taxpayers.

mum period in which it might be kept in a sanitary and habitable condition. Moreover, although one hundred years is the period accepted, in practice it is generally found that during the last fifth of this period of one hundred years, i.e. during the last twenty years, the possibility of keeping such a house habitable is very doubtful. Usually at the end of eighty years a house has reached a stage of decay at which the rent it yields will not allow for the cost of the expensive repairs then necessary or the cost of its further maintenance in a decent state. Thereupon it must be a slum dwelling. Eighty years is thus the longest possible useful life to be allowed for houses of the type in question, and after eighty years to attempt reconditioning is to throw away money. It follows[1] that of the 11,264,708 houses now in existence over one-third have already passed this age of eighty years. That is why we have slums. The Government's estimate of houses which should be pulled down is, as I have said, 280,000. But I

[1] The Moyne Committee recognized reconditioning only where a house could be guaranteed another twenty-five years of life. It may be said that reconditioning is only to be considered if housing is going to be treated as it has been hitherto. Reconditioning is of no help towards solving the great social problem. I am convinced that no house of the type we are considering warrants, if it is more than eighty years old, any expenditure on reconditioning. If a house of less than this age is in a state to require reconditioning, then the owner must seriously have neglected it, and the local authority, who has the power to see that houses are kept in repair, has plainly failed in its duty.

estimate that there are actually now 4,607,679 houses past the age at which they can be kept sanitary and habitable. It is not 280,000, but 4,607,679 houses that should be demolished forthwith.

4,607,679 Houses Should Be Demolished

I arrive at this figure of 4,607,679 houses needing to be pulled down forthwith by means of the following table, which shows the number of houses built in Britain during every decade since 1671, their average age to-day, and the total number of houses in existence at the end of each decade.

From this table it will be seen that in 1861 there were 4,607,679 houses standing in Britain. For practical purposes it may be said that all these houses are still standing to-day. And, therefore, we have 4,607,679 houses which by 1941 will be at least eighty years old. Many of them—all, in fact, but 561,015—will be more than ninety years old, 1,052,653 will be at least 180 years old, and 63,207 are already 254 years old.

Thus 4,607,679 houses now standing in Britain should be demolished by 1941.

The Government's programme provides for pulling down 55,000 houses a year. At this rate, to pull down the 4,607,679 houses which, as I have just pointed out, should be swept away, would take more than seventy-three years! That is to say, seventy-three years for what should be done immediately and without delay! The Government's five-year plan

NUMBER OF HOUSES BUILT DURING THE DECADES 1671–81 TO 1921–31 AND UP TO THE YEAR ENDING MARCH 31, 1934

Decade	Number Built	Average Age, Years	Total Number of Houses in England, Wales, and Scotland
1671–1681	63,207	257	63,207
1681–1691	76,263	247	139,470
1691–1701	86,661	237	226,131
1701–1711	96,481	227	322,612
1711–1721	111,909	217	434,521
1721–1731	127,170	207	561,691
1731–1741	144,486	197	706,177
1741–1751	164,267	187	870,444
1751–1761	182,209	177	1,052,653
1761–1771	211,955	167	1,264,608
1771–1781	240,954	157	1,505,562
1781–1791	273,924	147	1,779,486
1791–1801	311,253	137	2,090,739
1801–1811	271,902	127	2,362,641
1811–1821	370,372	117	2,733,013
1821–1831	473,768	107	3,206,781
1831–1841	530,306	97	3,737,087
1841–1851	309,577	87	4,046,664
1851–1861	561,015	77	4,607,679
1861–1871	647,599	67	5,255,278
1871–1881	761,619	57	6,016,897
1881–1891	675,812	47	6,692,709
1891–1901	1,003,409	37	7,696,118
1901–1911	956,744	27	8,652,862
1911–1921	486,445	17	9,139,307
1921–1931	1,457,471	7	10,596,778
1931–March 31, 1934	667,930	2	11,264,708

NOTE.—Since this table was prepared returns have been published which disclose that for the year ending March 31, 1935, 327,517 houses were built, making a total of 11,592,225.

under-estimates the number of houses requiring to be pulled down at once by 3,151,533. But that is not all. Relatively few of the houses now existing, which number altogether 11,264,708, can, as I have argued, be kept sanitary and habitable beyond a period of eighty years. That is to say, in eighty years from now the last of those just put up should come down. But at the rate of demolition fixed by the Government—55,000 houses a year—to pull down every one of these 11,264,708 houses must take 205 years!

There we see glaringly why the Government's programme of slum clearance can never rid us of our slums.

Proposed Rate of Real Slum Clearance

I suggest that to begin with, we make a clearance on the largest scale possible. Although 4,607,679 houses require to be swept away by 1941 the job is of course impossible in the time. But we might tackle the business at something like the following rate:—

		Houses a Year		*Total*
From 1935 to 1945	..	225,000	=	2,250,000
From 1945 to 1955	..	200,000	=	2,000,000
From 1955 to 1960	..	175,000	=	875,000
From 1960 to 1965	..	150,000	=	750,000
From 1965 to 1970	..	125,000	=	625,000
From 1970 to 2015	..	105,882	=	4,764,690

So that in eighty years from now we should have pulled down .. .. 11,264,690 houses.

That is to say, we should have rebuilt Britain in eighty years and by that time it could be possible, if not before, to reduce the period of rebuilding to one of fifty or sixty years.

Our Real Building Needs

It will be seen that even then nearly twenty-five years must elapse before the 4,607,679 houses which have passed or are about to pass the term of their habitable life shall all have come down, and in the meanwhile something must be done about those that cannot be handed over to the housebreaker at once. For these, then, I recommend limited reconditioning.

All the houses pulled down, I may add, will have to be replaced by new ones. In addition, the normal growth of the population calls for 65,000 more houses every year. That indicates the scale on which house-building is really necessary. But only to do away with existing slums and prevent the appearance of new slums, houses must be pulled down and others built in their place at the rate, to begin with, of 225,000 a year.

Then there is the question of overcrowding.

The new Housing Bill provides for a standard of accommodation which, if it could be applied, would considerably improve the health of the people. According to this standard, the number of persons subject to overcrowding must be far greater than any past estimates, based on a standard of more than two to a room, have suggested. If the local authorities make a thorough survey of their areas, it will be found, I calculate, that more than 5,000,000 persons now suffer from overcrowding.

The majority of these people cannot afford inclusive rents of more than from 7s. 6d. to 10s. To house them properly and abolish overcrowding calculated on a family basis, a further 1,415,000 houses will be necessary. If to this number is added the number of houses made requisite by slum clearance and the number called for by agricultural and land settlement needs, we reach a grand total of 6,572,679 houses to be built.

That is what has to be considered.

COMMERCIAL BUILDINGS

A similar programme should be drawn up for factories and commercial buildings in general. The need of decent factories, warehouses and offices is as great as the need of decent houses. While earning their livelihood people spend at least a third of their lives in such buildings. Yet slum conditions prevail in them far more than is generally realized.

The system of holding land under short leasehold is not generally accepted. In the provinces there are only a very few towns where land is held in this way. Yet it has several advantages. When a lease expires, which may be at the end of eighty years or so, there has to be rebuilding. This provides employment, gives an opportunity for an advance in architecture, and leads to a raising of standards. Furthermore, it results in a higher rateable value, which is a benefit for all ratepayers. As regards commercial buildings, all this is to the good.

Where property is held freehold, the owner is encouraged to allow buildings which have long since reached the term of their useful life to remain standing. But on leasehold the leases fall in and rebuilding takes place. The advantage of this is shown by the example of Regent Street, London, the land of which is almost entirely Crown land. Since the War, the ground leases having expired in quick succession, the buildings in the street have nearly all been rebuilt, and now the street is one of the most dignified and modern shopping centres in Britain, and in fact in Europe. The rebuilding of Regent Street gave considerable employment and considerably increased the rateable value.

In Manchester, on the other hand, the land is nearly all held freehold. King Street is one of the principal high-class shopping streets, and what do we find in it? For the most part, residences which were built more than a hundred years ago, but propped up by more or less modern shop fronts. Till recently these residential buildings commanded high rents as shops. But inevitably in such conditions a reaction takes place after a time. The class of trade changes. Rents fall. The property acquires a neglected look, because rebuilding does not take place till it is forced on the occupiers.

In short, as regards commercial buildings, rebuilding under leasehold takes place every eighty or ninety years; under freehold, it may not take place more than once in two hundred years.

I do not think that the public realizes what a loss this is to the community. But it is not necessary that freeholds should continue to cause this loss. When the local authorities pass the plans for a new building, they should give the proposed building a licence for a fixed number of years, according to its class, but never for more than eighty years.

Let All Buildings be Licensed

I propose this system of licensing as part of my general housing policy for Britain. Important public buildings belonging to the State, to local authorities, buildings of historical interest or the like, would not be under licence. But I should not allow outstanding buildings, such as the new Bank of England, which will, it is said, last for a thousand years, to be put up except on licence. To begin with, all buildings might be licensed for eighty years. At the end of this period the licence might be renewed, provided the condition of the building and other relevant circumstances justified the renewal. No renewal would be for more than ten years at a time. This licensing would apply to all buildings, including houses of every description. It would be found that as regards the houses of the lesser-paid workers the licence could not be renewed after eighty years.

For certain types of factories and works, the licence would have to be for a much shorter period than eighty years, according to the kind of industry carried on in them. Every industrial area possesses derelict old factories and works which have stood empty for many years. They disfigure and depress the locality in which they go on standing long after they have passed the term of their decent life. Under my scheme this would not happen. When the licence expired, whether in twenty or in eighty years, the building would have to be demolished and the site cleared.

The Special Areas

Speaking of derelict old factories leads me to the problem of what are now called special areas. The Government's attempt to provide for these areas comes after the damage has been done, whereas it should have been made before the damage began. The special areas have become special areas as a result of the new economic conditions which were produced by the War. The Government should have realized that these conditions were arising. It should have controlled the location of the factories which were required by the new industrial development which followed the War.

It is obviously not to the interest of the nation that areas long devoted to industry and inhabited by numerous highly skilled workers should fall into decay while at the same time new industrial areas are created. This means that large amounts of public money, expended on social services, railways, roads, docks, harbours, housing, etc., are ultimately thrown away, and that there has to be a fresh outlay for similar services in the areas those conducting the new industries have chosen to settle in. Yet this is what has been allowed to happen since the War.

One hears frequent references to a southward trend of industry. This suggests a necessity which is in fact non-existent. There has never been any need for factories to abandon the north and come south. Many of the industries of post-war origin for which factories have been built in the South of England, and particularly in the London area, could very well have been carried on in those areas where older industries have declined as a result of the rapid development of economic nationalism throughout the world. The special areas thus need never have become such.

Now it is suggested that labour at present unemployed in the special areas should be transferred to the districts of industrial activity. The suggestion does not contribute to solving the unemployment problem. Were it carried out, new difficulties would be created which might easily be worse than those we already have to deal with. It should not be forgotten that every town and village has its own unemployment problem, and to transfer people from an area where unemployment is high to one where it is low is not going to abolish unemployment as a whole.

One course would be to establish new industries in the special areas. The State can do this simply by assuming a certain control of where factories for new industries and for the expansion of existing industries shall be located.

Our industrial production is now in excess of the level it reached during the boom of 1929. The improvement that has taken place since the National Government came into office has been mainly due to expansion of building, which is a sheltered industry, and tariffs. Since the rest of the world, including our Dominions, is bent on practising economic nationalism, any substantial increase in our industrial production must wait almost entirely on an increase in the power of consumption of the home market. Under the National Government's present policy, the home market's demands have practically reached their maximum. There is accordingly little hope for the special areas if things are left to themselves. Therefore, this control of the sites of factories is an urgent matter. The one industry which can certainly expand is the building industry.

My plan for the steady rebuilding of Britain would call for additional factories for light castings, sanitary goods, joinery, bricks, household furniture, etc. These are all products which could readily be produced in the factories of the special areas. The need of them would give employment to the men and women of those areas and help them to preserve their self-respect and their hope in life.

The question remains of licensing factories and commercial buildings in general as well as houses. The industrial development since the War has added enormously to the cost of the public services. It is responsible as much as anything for the difficulty of the housing problem. It will not do to leave industry a free hand in establishing factories, warehouses, and so on, just where the producers fancy. Early in this Parliament a Bill was introduced to license industries. Had the Bill been passed, where a particular new factory shall be put up would have been prescribed by the Government according to the type of industry, the available transport, the site of the source of raw material, the class of labour required, and other factors. It would then have been possible to deal with the special areas, setting up in them new industries in place of those which have declined there.

The Government now proposes to cope with the problem of the special areas by means of a Distressed Areas Development and Improvement Bill, for which the Treasury has already provided £2,000,000. But if the areas are really to be set on their feet the Treasury, I suggest, will have to provide not £2,000,000, but £100,000,000 on the lines the Government is following. The adoption of my proposals would, I venture to declare, prove far more economical and also more effective.

Local Authorities as Landlords

How is the great programme of rebuilding I advocate to be carried out? There must be planning by local authorities under the aegis of higher bodies, those to be set up, as I am going to suggest below, by the Government. But I do not think that the local authorities need be called upon, as they have been hitherto, to undertake actual building or to remain landlords.

When the subsidizing of houses began, it was expected that local authorities would, with the help of the subsidies, provide for the lesser-paid industrial workers, but the local authorities have done little to help this class. Most of the houses which local authorities have built are rented to better-paid workers who could afford to buy their own homes.

Of the 2,328,385 houses which have been built since the War, only about 600,000 have proved suitable for the lesser-paid industrial workers. In spite of the substantial subsidies, the rents of the houses have been too high. The building of houses by local authorities has failed to achieve its purpose. The lesser-paid industrial workers have had less done for them than any other class.

Housing subsidies were abolished by the Act of 1933. The object of the Act was to give private enterprise the opportunity of building houses for the lesser-paid industrial workers—houses that would let at a low rent. It may be said that private enterprise is not putting up many such houses. Why? Here again the behaviour of local authorities has been unsatisfactory. Most of the local authorities throughout the country decline to co-operate with the Government and the building societies. It has been left to them to decide whether they will or not, and they will not give their guarantee to enable the building societies to advance more than they do normally. They will not approve a house for guarantee till it is finished. Yet the building society carries the greater risk, and on this account it may safely be assumed that it is getting the best possible advice from its surveyor. Thus, if a building society approves a house, the guarantee of the Government and that of the local authority should be available at once, for then the builder can, if necessary, be financed throughout the building to the extent of as much as 90 per cent. of the value of the house. Without the local authority's guarantee, the building society is able under present regulations to advance only up to two-thirds of the valuation of the property while the house is being put up.

For this dog-in-the-manger policy there is, however, an explanation. Many local authorities now have their own housing estates, and new houses built under the Act of 1933 by private enterprise must compete with these.

Some of the authorities thus refusing to give their guarantee frankly admit that in view of the large number of council houses already existing, they do not see the need of privately-built houses. This is an admission that they fear the competition of unsubsidized private enterprise. They realize that houses built by private enterprise will let at a lower rent than their own.

Admittedly, their fear is well grounded. Already since the building of houses has about reached saturation point, the pre-War house built by private enterprise, for which it is now possible to charge a 40 per cent. higher rent, must be a formidable competitor to the house built by a local authority. For not only does it rent for less, but it is usually much nearer the centre of work. The occupier of a council house has not only to pay a high rent, but also to pay to transport himself to and from his job.

But the danger to the community is not that privately-built houses will compete with municipal houses. It is that local authorities will become super-landlords. Already London owns 55,533 houses; Birmingham, 40,767; Manchester, 22,116; Liverpool, 35,000; and all the local authorities together own 788,872 houses. This can be a political danger. In the recent borough elections, Socialist candidates gained many successes on the promise that if elected they would urge the reduction of the rents of council houses. Where local authorities own thousands of houses, they may use the influence thus in their hands to further their political advantage.

Then there is the danger of monopoly. Some local authorities have the power to trade in coal and milk, and one has a savings-bank. What is to prevent a condition being attached to the tenancy of a municipal house that coal, milk, and other essentials shall be bought from shops which the local authority controls, and that the tenant's savings are to be invested in the local authority's savings-bank?

Furthermore, what is to prevent such trading powers from being extended? If the housing of the people is going to be left to local authorities, the most bureaucratic monopoly that has ever been created may result. About two years ago a local authority which is a large landlord and also the owner of the local electricity undertaking made it a condition of granting a tenancy of one of its houses that the occupier should use only electricity. The gas undertaking in the same district was a company. It appealed to Parliament against the proposed monopoly and it was successful. But the example shows that the danger is real.

The conclusion here is that subsidies for building are unnecessary and that there is no need of building by local authorities. All new building can be entrusted to private enterprise.

A Defence of Private Builders

From the outset, the effect of the subsidies for building which have been given since the War was to raise the cost of building houses to an unprecedented height. The so-called "Addison" Act of 1919 was passed. Local authorities were entrusted with the building of houses. The houses the local authorities built under the Act are the source of a loss of on an average £44 a house a year. The Act was abrogated in July, 1921, owing to the extent of the losses its working entailed. To discourage private enterprise and let local authorities undertake the housing of the people, as was done just after the War, was a mistake. It was a mistake, moreover, which the Government, had it taken into consideration the immediate history of house-building, could have avoided. For already before the War local authorities had been allowed to build houses, and it had been seen that they could not build as cheaply as private enterprise was building. It was unlikely, then, that local authorities would be more successful after the War.

The criticism of building by private enterprise has little or nothing to support it. In the House of Lords it was suggested recently that "private enterprise never has satisfactorily housed the main body of the low-paid working classes." This is a statement of a kind which does more harm than good, and it has no evidence to support it.

During the ten years preceding the outbreak of war approximately 500,000 houses were built by private enterprise. They had good stock brick outer front walls with stone dressings. They were let at inclusive rents of from 5s. 6d. to 6s. 4d. a week. To-day similar houses built in pairs, occupying more ground but having smaller rooms, are built by local authorities with common brick facings and frequently with steel window frames built into the brickwork—the cheapest and most inefficient form of construction. Yet as a rule they let at inclusive ents of from 12s. 6d. to 15s. a week and sometimes of even more.

The quality of the building done by local authorities under contract is lower than that of the building done before the War by the so-called private speculative builder. Yet the speculative builder provided his better dwellings at nearly half the rent.

In the same speech in the House of Lords, it was said that speculative builders depend for their profit on scamped work. The implication is that speculative builders are only concerned with profits. Yet builders figure prominently among bankrupts. They can thus hardly be the profit-mongers they are alleged to be. Before the War nineteen-twentieths of the number of new houses were put up by speculative builders who made a profit sometimes equal to the profit made by contractors, but often much less.

I have, of course, had experience of both kinds of building—speculative building and building by contract—and I am satisfied that the work of the so-called speculative builder is in no way inferior to the work of contractors. Generally speaking, both are of a high standard. Whether a builder puts up a house by contract or on speculation, he is subject to local by-laws and to the periodical visits of his house by building inspectors. The inspection is the same in either case, and if scamped work is not objected to, the fault must lie with the building inspector, the by-laws, or both.

As a matter of fact, just because the so-called speculative builder puts up houses without already having buyers for them, he is compelled to put good work into his building, for unless he does he fails to attract either the owner-occupier or the investor. But the builder working on contract has already before he starts a purchaser for his work. He does not have to run the risk of not finding a buyer.

In some quarters the high cost of building to-day is attacked on the ground that the time and progress schedule is omitted. This suggests that builders generally have no method, and are casual about completing their jobs. My own experience completely fails to bear out the suggestion. On the housing estates which are developed by my own companies, a house cubing approximately between 14,000 and 18,000 cu. ft. has to be built within twelve weeks, and only interruption by the weather is allowed as an excuse for not keeping to this schedule.

What does contribute to raise costs and also often compels the builder to buy foreign materials—bricks, baths, door furniture, etc.—is that we have no regular national rate of house and commercial building. How can the manufacturers of building materials cater for builders on immediate notice and at the lowest price when during the last fourteen years the number of houses built in one year is 327,517, and in another year 86,210? If manufacturers of building materials had a knowledge of the demand which would be made upon them under a National

Building Plan it would be a simple matter for them to estimate the annual requirements. Manufacturers could then adjust their plant accordingly. With a knowledge of what were the annual requirements of their industry for some years ahead more scientific organization could be introduced which would result in some reduction in price.

A great deal of the high price which is complained about to-day is necessitated to make good the losses incurred during years when there is little building undertaken. The cost of idle plant and on-costs accumulated over a period of slackness can only be made good when these periodical busy times come along.

Although during the last two and a half years there has been much more building with much benefit to our home producers, a quantity of foreign material so immense that the public would be astounded to learn of it is still used in the building of British homes. As an estate developer, and as one who, under present world conditions, accepts tariffs as essential, I have been appalled when visiting one or other of my companies' estates, to find that at the worst period of the brick shortage as much as nine-tenths of the bricks being used were of foreign manufacture and costing 4s. 9d. a thousand more than British bricks. But if my companies had to depend entirely upon British manufacturers, they would not be able to complete their work to schedule.

Before the War nineteen-twentieths of the houses built were built by private enterprise, and they were put up far more cheaply than local authorities could build. But not only that. By being in the hands of private builders, house-building was automatically regulated. If investors would not take the houses off the builders' hands, building was slowed down or stopped. Houses being essential to the well-being of the people, the production of them should not have to compete with other forms of production for the necessary money. It is not necessary, neither is it advisable, that house builders should be competing with industry for the limited quantity of short term credit which the banks will grant: limited, because there are now many avenues open to the banks through which they can lend to industry which did not exist before the War. The banks do not in practice lend more than 55 per cent. of their deposits, and the loans are apportioned between the various industries. The production of houses, offices and similar properties will justify long term credit because such income producing property has a longer life than any other form of production, and is the only one which is immovable. House-builders, too, should not have to compete for the limited savings of the people, for it is essential that a substantial proportion of these should be available for investment in houses as these are built. One danger of building on short-term credits granted by the banks is that, when the credits fall in, the savings of the people may not be equal to acquiring the houses which the builders may have on hand. With the prospects of still greater industrial activity an even wider field for investment is provided, and this will attract a large percentage of the people's savings which are now going into house and other income-producing property. The effect of this will be to slow down the building industry.

For my part, I am convinced—and my conviction rests on the long and wide experience I have gained—I am convinced, I say, that we can rely entirely on private enterprise to supply the necessary houses, provided the Government will set up the machinery to enable housing to finance itself.

The Government has done well to refuse to entrust the solution of the housing problem to a Housing Commission. The Ministry of Health is the suitable authority. The Minister is in direct touch with all local authorities, who are responsible to him for far more than housing. Invariably the local authority is responsible for water, gas and electricity undertakings. These public services cannot be divorced from housing.

What the Government should do is to provide the machinery to enable private enterprise to cater for the housing needs of the people. Let the Minister of Health view housing from a national standpoint, and encourage all concerned to take full advantage of the facilities provided by the Government's machinery.

At present, through the encouragement of local authorities to undertake housing developments, uncertainty is created in the minds of private builders, with the result that they desire to build only for sale. Remove their fear that the uneconomic subsidies to municipal housing will be dropped, and they will build all the houses required, provided they are able to obtain economic rents.

How is Housing to be Paid For?

The financing of the perpetual avoidance of slums, that is to say, the financing of the rebuilding of Britain, will not involve the taxpayer in the way in which present housing policy involves him and threatens, if it is not abandoned for something else, to involve him still more heavily in the future.

The present high rate of taxation caused by the War, and the defects of the monetary system, combine to make saving difficult. It was mentioned recently in the House of Commons that the small investors' savings exceed £2,500,000,000. If the rate at which savings have increased since the War is considered, it will be found that the figure represents a proportion of savings to wages smaller than the proportion before the War.

I believe it is impossible that the savings of the people should suffice to finance industrial production to 100 per cent. capacity and bear the huge National Debt of nearly £7,500,000,000, and at the same time finance even the limited programme for housing and slum clearance which the Government has drawn up.

I feel accordingly, that since the public is growing conscious of its responsibilities to slum dwellers in house, office and factory, it should be told the truth. Once it knows the truth, it will, I hope, demand with increasing force that the steps taken to remedy these conditions shall be radical. But radical steps cannot be taken by the present method of financing unless there is an unprecedented increase in taxation, and such an increase we could not shoulder.

Something else must be tried. If the National Government fails to grapple with the problem of slums comprehensively and at once, many voters will either not go to the poll at the next General Election or they will support Socialism, in spite of the fact that the Socialists' plans for dealing with slums are *no better—indeed, they are much less effective*—than those of the National Government.

The local authorities have submitted to the Ministry of Health about 1,500 programmes of slum clearance, involving in different areas the construction of from 5 to 33,000 houses to receive the persons turned out of the slums. To finance the building of these houses, the Government has provided that each local authority shall raise its own loan independently by public subscription or through the Public Works Loan Board. This means that 1,500 local authorities will be competing for loans, not only with each other, but also with industry in general. The result must be to push up the rates of interest at which loans are granted to a height greater than they need be, to the inevitable disadvantage of industry. In any case, as the trade revival grows, the rates charged for lending money must increase. This, with such a method of financing, means increased rents.

Moreover, the burden has another form. Although housing subsidies were abolished by the Housing Act of 1933, there are still subsidies for slum clearance.

According to the Census of 1931, the average number of persons in an occupied dwelling is 4·38. I estimate accordingly that if all the houses that need to be pulled down are pulled down, 20,000,000 people will have to be given new dwellings. Under the present arrangement there is to be a subsidy of £2 5s. in respect of every one thus displaced, and £3 15s. for each new dwelling. The annual charge on ratepayers and taxpayers will be more than £60,000,000, and this will continue for forty years. The total burden would thus be £2,475,000,000. The loans which it will be necessary to raise in order to build the new dwellings will amount to more than £2,250,000,000. Eventually, indeed, the burden will be even greater. Under the Government's present arrangement, all existing houses—11,264,708—must in time fall into the category of slums, and the whole population will have to be rehoused. On future generations the burden of this will be stupendous. For the forty years during which the subsidy applies, the burden on taxpayers will be £5,400,000,000, and the loans needed to build the new dwellings will total £6,000,000,000.

Some authorities recommend that while money is cheap there should be a National Housing Loan of £400,000,000 to finance the building during the next five years of a million houses, which, it is said, are required by industrial workers. The obvious objection to such a loan is that the money raised would not be fully used at once, and some of it not used for nearly five years. In any case, our monetary system is unable to provide such a large sum for the purpose outlined since it has to try and provide for the full needs of industry while financing the National Debt and other securities. The National Debt alone amounts approximately to £7,500,000,000.

I do not propose that the rebuilding of Britain should be financed either by loans or by taxation, as public money has been raised hitherto, or by private loans, which must come from the savings of the people. The money, I suggest, should be obtained by an issue of credit secured by the deeds of the newly-erected houses. The rents from such houses would redeem this credit and provide the service charge on it during its redemption.

My Financing Proposals

I propose that Parliament should cause to be set up a National Mortgage Bank, which would have statutory authority to discharge the services its name implies. I propose that the existing Agricultural Mortgage Corporation, Ltd., should have similar statutory authority and be charged with a function which I shall indicate. Both would have to be entirely free of political influence or association.

I also propose the formation of area and regional public utility societies and the formation of twelve amalgamations of existing building societies.

I further propose that Parliament should arrange for the appointment of National Land Commissioners and set up a Central Town and Country Planning Committee with subordinate Regional Committees.

All these would operate as follows:—

The National Mortgage Bank would supply the long-term credits needed for the carrying out of my rebuilding proposals. The building societies, already efficiently managed, would act throughout the country as its agents. It is for this purpose that building societies would be reorganized.

Amalgamations of Building Societies

At present there are more than a thousand building societies in the country. Most are too small to undertake really important business. Yet all in their own limited way are assisting to improve the housing conditions of the people. Under my scheme the existing building societies would be amalgamated into twelve units corresponding to the districts of the general inspectors of the Ministry of Health.

The units would severally cover the following twelve areas:—

London, Middlesex, Herts, Croydon, East Ham, and West Ham.
Beds, Berks, Bucks, Northants, Oxon, and Soke of Peterborough.
Kent, Southampton, Sussex, and Surrey.
Cambs, Essex, Hunts, Norfolk, and Suffolk.
Cornwall, Devon, Dorset, Somerset, and Isles of Scilly.
Gloucester, Warwick, Wilts, and Worcester.
Cheshire, Hereford, Salop, and Staffs.
Derby, Leicester, Lincs, Notts, and Rutland.
Cumberland, Lancashire, Westmorland.
Yorks, East and West Riding.
Durham, Northumberland, Yorks (North Riding).
Wales and Monmouth.

It is with these twelve societies that the National Mortgage Bank would have to deal.

The building societies would require to be given a new charter, so that they might invest their funds, which are provided mainly out of the savings of the lower middle-classes, more widely than building societies are allowed to invest their funds now. The societies have grown into such an important avenue of investment for people with small savings that an improvement in their status and an extension of their influence and usefulness are desirable. At present the societies entrust their funds mainly to the security of house properties yielding a low rent. These properties have a greater margin of safety than any other form of property that yields income. Mortgages on the properties in question would have become the monopoly of the National Mortgage Bank. That is why another use for the funds of building societies would have to be found.

The National Mortgage Bank

The first function of the National Mortgage Bank would be to supply credit on the security of all existing dwelling houses, flats and shops having a rateable value up to £65 in London, and up to £45 elsewhere; and also on the security of offices, shops, warehouses and commercial buildings in general regardless of their rateable value.

Such properties are acknowledged to earn revenue with reasonable regularity. Records extending over many years confirm this, and the properties are accepted by building societies, insurance companies and trust funds as giving first-class security. But the interest on the mortgage-loans which they secure is not as a rule high. Insurance companies and trust funds do not therefore regularly resort to them. These companies and funds now have, like other investors, a wide field to choose from, and they are naturally attracted to those safe investments which offer the highest return. The supply of funds for mortgages is thus irregular and that is why it is impossible to rely, for financing the housing of the people, on obtaining over a long period loans at a low rate of interest.

Regional Public Utility Societies

In order that the dwelling houses, flats and shops now owned by local authorities might come into my scheme, I propose that all these buildings should be divided up among public utility societies covering the whole country.

These societies should acquire the buildings, I suggest, on the basis of purchase laid down in Part II of Schedule 3 of the Housing Act of 1930. This provides that compensation shall be equivalent to the market value, in the assessment of which the condition of the building is taken into consideration. If a house on its economic rent is worth, say, £250 and the cost of making it habitable is £40, then the compensation to be paid would be the difference, i.e. £210, which is its true market value.

These societies would be area public utility societies, and their number would depend on the number of houses which had to be acquired. Each society could take over up to 7,000 houses. In addition, I propose the formation of twelve regional public utility societies. The regions would be the same as those for the amalgamated building societies. The chairmen of the various area societies within the region would constitute these regional societies, and a uniform procedure and management policy would thus be assured throughout each region. Above the regional societies I would have a central committee of public utility societies, to be composed of the chairmen of the regional societies. The committee would be charged with national policy.

The working expenses of the entire organization would be provided from the rents of the houses concerned, and would not exceed 6d. a year for each dwelling.

Compensation for the houses now owned by local authorities having been agreed upon, the area public utility societies would obtain the money to pay it from the mortgages provided by the building societies, thanks to credit issued by the National Mortgage Bank, except for the equity of from 10 to 20 per cent., varying according to the rateable value. This latter part of the purchase price would be found by public subscriptions to loan stock, and local authorities would be allowed to subscribe if it were necessary.

The Moyne Committee saw the dangers that improper political pressure may arise when local authorities own the houses which those who elect them occupy and it recommended in its report that public utility societies should be formed to lease the houses owned of local authorities, or, where that is not convenient, to appoint house management commissioners. I disagree with the proposal.

I have recently drafted a set of rules for public utility societies[1] which allow for collective as well

[1] A copy of these Rules ("Craven-Ellis Model") will be sent to anyone interested who writes, enclosing 1s., to: The Garden Cities and Town Planning Association, 13, Suffolk Street, Pall Mall, S.W.1.

as individual ownership by the lesser-paid workers in addition to others and if houses now owned by local authorities were to be taken over by public utility societies as I propose, these rules would be very suitable. Under them, for an inclusive weekly payment, a man may occupy a house with all the advantages and freedom of a tenant. If he remains in the house for thirty years, he is entitled to a free conveyance of the property, so that he becomes an owner-occupier. Those remaining for shorter periods receive dividends in the form of occupier loan stock certificates and thereby become collective owners. The lesser-paid workers are unable to enter into the heavy obligations which house-buying involves, and yet it is in the national interest that as many as possible of this class should own the homes in which they live. The "Craven-Ellis Model" rules are framed to give every possible assistance and co-operation to the lesser-paid workers so that they may become house-owners.

The amount of credit supplied by the National Mortgage Bank would vary. For example, flats and shops with a rateable value of £30 and under would be given credit up to 90 per cent. of their rateable value; those between £30 and £50 in London and £45 elsewhere, 80 per cent.; above £50 in London, 75 per cent.; and offices, warehouses and commercial buildings 66⅔ per cent. of their market value —the recognized trustee proportion.

There would be nothing to prevent owners of commercial buildings from raising second mortgages with private investors if they wished. My scheme leaves ample latitude for that.

The credit granted by the National Mortgage Bank would run for the full eighty years during which a house under my scheme is to be allowed to remain standing. The service of the credit would run for the whole period likewise. It would amount for dwelling houses, flats and shops to the equivalent of 3½ per cent., and for offices, warehouses and other commercial buildings to the equivalent of 4 per cent. The money for this steady annual repayment would be found by property owners out of the rents they received. Their remittances would be received by a building society, acting as agent for the National Mortgage Bank and being responsible for the conduct of mortgage accounts in its area.

Town Planning

What would happen to the money which the National Mortgage Bank received? Most of it would go into an Improvement Fund, which would be used to buy recommended properties—sometimes slums, often not. This is where the National Land Commissioners and the Central Town and Country Planning Committee I propose would come in. The National Mortgage Bank would dispose of part of its receipts as follows:

From every property making an annual payment equivalent to 3·5 per cent. of its value,

	£	s.	d.
To Capital Redemption Account	1	5	0
,, Working Expenses of the Bank, the Building Societies, and the National Land Commissioners			9
,, Improvement Fund	2	4	3
3.5 per cent. =	£3	10	0

From every property making an annual payment equivalent to 4 per cent. of its value,

	£	s.	d.
To Capital Redemption Account	1	5	0
,, Working Expenses as above			9
,, Improvement Fund	2	14	3
4 per cent. =	£4	0	0

The estimated value of the properties which would come into the scheme is £5,096,677,000, and is adequate security for a mortgage amounting to £3,975,409,000. Hence in this way the Improvement Fund would receive each year a sum amounting to £87,956,000. The annual payments into the Improvement Fund over the period of eighty years would total £7,036,472,320, a figure at least half as much again as that required to buy large areas in which there were slums, and to buy also other land on which houses in good condition stood, so that the houses could be pulled down and broad and comprehensive planning and redevelopment carried out.

The annual surplus which the Improvement Fund would eventually dispose of could be used to reduce taxation, to buy large rural areas in order that they should be laid out as national parks, playing fields and camping grounds, or to reduce the annual fixed charge for the service of the credit, or for any other purpose to the interest of the whole community.

Within a short time after the scheme had been adopted, the National Land Commissioners would also receive annually not less than £2,000,000 in ground rents of the lands which, having bought them, they had leased for eighty years. As clearance areas were redeveloped, the extent of these lands would increase year by year. The selection of properties to be bought I shall deal with presently.

The actual building of houses would be entirely in the hands of private enterprise. Local authorities would publish whatever were the requirements in their area as these arose, and the building could be undertaken either by private builders or by the public utility societies of the area. The local authorities would have to keep their survey of local requirements up to date, as the amount of these would be an important safeguard for the credit which the National Mortgage Bank was supplying.

Hitherto, town planning of already existing towns has invariably presented difficulties, the main one being the expense involved. As a result, until recently nothing of any consequence was even attempted. It was not till the Town and Country

Planning Act of 1932 that town planning of existing towns was actually envisaged by legislation. Even so, little has been done. The widening of busy thoroughfares can occasionally be seen taking place, but such undertakings are piecemeal and they are spread over so many years that by the time they have been carried out they are almost out of date. To be effective, town planning in existing towns must be done simultaneously on a large scale. This must involve the pulling down of many buildings which still have years of useful life, but it will be worth it. If there is a real desire to plan towns and do away with their many narrow and inconvenient streets, the cost will naturally be high, but the country should face it. Under the present financial system, such improvement could only be done at very great and perhaps prohibitive cost. By the adoption of my proposals the outlay would be made possible.

But we must know what we are doing. It will not be enough to plan the widening of existing roads. Street and road widening has already been going on for years—in a way, however, that makes it a farce. In spite of the enormous amounts spent by local authorities, the results are meagre. It is not enough either to plan the cutting of streets and roads in built-up areas, the cost of which is prohibitive. These in any case would leave the present narrow streets with their unsuitable, out-of-date buildings still standing, and increases in rateable value would not take place till years after the heavy cost of road widening had had to be defrayed. The existing buildings would have to bear the increase in rates. In my opinion, if modern traffic is to circulate freely, large areas must be cleared at one sweep. There must be town planning on broad and bold lines. Let the best town planners we have be commissioned to replan London and its neighbourhood over an area of 900 square miles—and not only London, but also other big city areas, such as Manchester, Birmingham, Liverpool and Glasgow—so that in all those areas there may be plenty of broad streets and open spaces.

I am convinced that unless town and country planning is undertaken on some such national lines, the clearing of built-up areas for so-called re-development must be a failure and must in the end lead to confusion being worse confounded. It is for national town and country planning that my scheme provides.

The Town Planning Committees

There would be a Regional Town and Country Planning Committee in each of the twelve districts covered by the amalgamated building society units. It would consist of the chairmen of the town and country planning committees of all the local authorities in the district. Above them would be the Central Town and Country Planning Committee, composed of the chairmen of the regional committees. The regional committees would be advisory bodies. They would investigate thoroughly every recommendation made by the town and country planning committees of the local authorities in their respective districts. Those of which they approved they would pass on to the Central Town and Country Planning Committee, and this body would consider proposals from the whole country and obtain the approval of the Minister of Health for such of them as it considered should be adopted.

The National Land Commissioners

It is at this point that the National Land Commissioners would come on the scene. They, like the National Mortgage Bank and the existing Agricultural Mortgage Corporation, Ltd., are to be constituted by Parliament. It must be provided that they should be Public Utility Corporations not trading for profit and constituted on the lines of the Port of London Authority or the Mersey Docks and Harbour Board.

I propose the setting up of these Commissioners to provide an alternative form of land ownership to that now existing. With the present form of land ownership there has been much discontent. But various attempts that have been made to alter it have not proved a success. It was with the Finance Act of 1910 that the first serious attack on the landed interests took place. The taxpayer was promised substantial relief from the taxation of land values. But no relief came. Instead, the taxpayer actually lost very heavily. He lost, not because the land taxes failed to produce revenue, but because the attack on the landed interests shook confidence in land and other property. Values depreciated, and the estate duty brought in millions of pounds less. There was much less building. Unemployment resulted. The supply of houses shrank. That is how there was already before the War a serious shortage of houses. During the War itself building naturally was almost at a standstill, and by 1918 the shortage of houses had reached huge proportions. When building started again in 1919, costs were forced up artificially. Cottages which had been built before the War for £275, including road-making and sewering, now cost £1,125. With the introduction of housing subsidies, the taxpayer had to shoulder part of this burden indirectly, and when he came to seek a roof for himself and his family he had to shoulder it directly. The taxation of land was largely responsible for this burden.

In 1925 the land taxes were removed from the Statute Book. By the Finance Act of 1931 the Socialist Government then in office reintroduced them, but they were never levied, and with the Finance Act of 1934 they were finally withdrawn.

In my opinion, land taxes must prove as disastrous as land nationalization would be. Since, however, it might be advisable to change the ownership of land, I propose the setting up of National Land Commissioners.

They would buy all land concerned in the town and country planning schemes passed by the Central Town and Country Planning Committee and approved by the Minister of Health. They would also buy any buildings on that land. To pay for land and buildings they would draw on the Improvement Fund, which, as I say, would have £87,956,000 available each year for the purpose. In this way, slum clearance and the city improvement would take place without any charge to the taxpayers. At the end of eighty years all the land in built-up areas would have been vested in the National Land Commissioners, thanks to the buying out of all private interests at prices acceptable alike to a willing buyer and a willing seller.

Main Traffic Roads

Once a piece of land had been acquired and the necessary demolition had taken place, the local authority concerned would carry out its town-planning scheme on the land. I recommend that in such schemes the *main traffic roads* should be not less than 115 ft. wide. They should have two one-way carriage ways each 27 ft. wide, divided by a 25-ft. safety island, parts of which would be planted with low shrubs and laid out in flower beds. The footpaths would be each 18 ft. in width, including a cyclists lane of 6 ft. Buildings fronting on these roadways would be set back 25 ft. The total distance between buildings would thus be 165 ft.

In main traffic roads which are also shopping thoroughfares, the distance between the buildings would be the same, but the 25-ft. set-back would in the case of shops be used as a service road with a footpath 6 ft. wide and a carriage way 19 ft. wide.

Intervening roads would be not less than 63 ft. wide and have a single carriage way 27 ft. wide. The footpaths on either side of the single carriage-way would be each 18 ft. wide and include a 12-ft. verge on either side of the road between carriage-way and footpath. Till part of this verge was required for widening the carriage-way, it would be ornamented with trees.

Buildings fronting on the intervening roads would be set back 20 ft., so that the total distance between buildings on these roads would be 103 ft.

As far as possible, the line of the new main traffic roads should of course be that of existing main roads. It is between such roads that the greater part of the town planning would be carried out.

Once the streets and the open spaces in a town-planning scheme had been marked out in the area being replanned, the rebuilding plan of the local town and country planning committee could be undertaken. Through the already existing channels, builders would be induced to take 80-year leases of the land at an economic rent and would then go on to put up the required buildings. The ground rents thus obtained would go to swell the Improvement Fund. The plans of the buildings would of course have to be approved by the local authorities. The buildings once up, the owners could, if they wished, mortgage them through the building societies, which would have at their disposal for this purpose the credit in the hands of the National Mortgage Bank.

If a Subsidy, Let it Go to the Tenant

So long as the present irregular demand prevails, there is small prospect of a reduction in the cost of building materials. We may take it that costs cannot be lowered. If they cannot, it is only reasonable to assume that rents cannot be reduced either. The point is obvious, but the connexion is not always understood. Under my scheme, however, rents or their equivalent could be reduced.

Among the suggestions that have been put forward is one according to which certain classes of labour should live near the centre of big cities where land is expensive, and that the circumstances warrant special consideration. But if the building of flats for these workers were to be subsidized, it remains that the flats could then be occupied by anyone, and every time a tenant not of the class for which the flats were built occupied a flat, he would be getting the benefit of the subsidy unjustly. That has been one great weakness of the building subsidy.

In any case, there are many objections to flats for working-class families, especially if the blocks of flats are more than five storeys high. Dwellers in such flats can have no home life as English people understand it. Privacy is at a minimum. Where there are children flats are particularly inconvenient. In large blocks of tenements slum conditions develop very early. Moreover, if my proposals were adopted, and wide double roadways were provided as main traffic thoroughfares, this proposed putting up of tenements on expensive sites would be quite unnecessary. Transport would be more efficient, and this would enable everybody to live away from their work.

Meanwhile, if flats have to be put up on expensive sites, an economic rent should be charged for them. The new Housing Bill lays down a standard of accommodation, and this should be the minimum provided. A most successful type of house for the lesser-paid workers is that built in short terraces. Each family has direct access from the road. There is no common entrance and passage, and no interference from tenants overhead or below, such as occurs in multiple dwellings. The cost of heating is low, as there are few outer walls. In a house two rooms deep, moreover, each room has proper light and ventilation.

But the main factor to be considered when deciding on a type of suitable dwelling and its location in relation to industry is the factor of wages. I have had the standard wages paid in nearly two hundred industries employing several million workers compared, and I find the average weekly wage works out at £2 14s. 7d. Economists agree that working-men cannot afford more than a quarter of their wage for rent. This average wage warrants, then, an inclusive rent of 10s. a week. Taking averages in this way is somewhat dangerous because nearly half the number of wage-earners in the industries investigated are getting less than the average wage, and many cannot afford more than an inclusive rent of 7s. a week.

The Censuses of 1911 and of 1921 disclose that in both years about 3,000,000 people were living in overcrowded conditions, and that at the same time 406,652 houses in 1911 and 218,833 in 1921 were unoccupied, mainly in the various industrial areas. This is because potential tenants did not earn sufficient wages to pay the rent of the empty houses.

In thousands of cases the cause of overcrowding is that the family cannot afford to pay for a house with sufficient rooms on a site which is convenient to that family. Till poverty is abolished there can be no final solution of the housing problem. What I suggest is that instead of the house it is the tenant who should be subsidized.

The subsidizing of houses is only too open to abuse. Since the War 1,160,294 houses have been built with the help of a subsidy, it having been believed that the houses would be occupied by people who could not afford to pay an economic rent. On investigation, however, one finds that the majority of the occupiers of subsidized houses could well have afforded to buy their houses with the generous help now made available for many years by the building societies.

When the house is subsidized the lesser-paid workers are being made to contribute to the rents paid by more highly-paid workers. No distinction between one tenant and another is possible. But if the subsidy were paid to the tenant where he needed it, each case could be judged on its merits. There could be a test which would consider the number and age of the children, the existence of other dependants, the class of employment, and the amount of the family income. The subsidy would be fixed by an appropriate body which would be governed in its decision by the individual's obligations. The subsidy could be granted for one year, so that when a tenant's circumstances changed an adjustment would be possible. House-rents could then have an economic basis, those who could afford to pay them in full getting no subsidy.

At present, two men may be in the same kind of job, each earning the same wage. They may both occupy subsidized municipal houses. But one man will have no children or dependants, and the other three or four children and sometimes another dependant as well. Yet both get the benefit of the subsidized house. If particular tenants were subsidized instead of houses being subsidized, these injustices would cease.

If a tenant were granted a subsidy where his domestic responsibilities in relation to his earning power justified it, all tenants would be left free to live wherever was most convenient for their work, and the subsidized tenant could remove more easily. Many men now out of a job dare not leave the subsidized houses they occupy out of a fear of finding no subsidized house available in a district where possibly they could get work. They remain where they are, and remaining where they are they remain unemployed. This adds to the burden of the taxpayer, for the State contributes to the transitional benefit of these men, in addition to contributing to their rent. Yet had a tenant of this class the prospect of an individual subsidy, no doubt he could find some municipal or privately owned unoccupied house in the district where he could get work.

If, then, there is to be a subsidy, I say let it be given to tenants who need it.

But Subsidies of Any Kind Can Be Made Unnecessary

However, were my proposals for financing house-building and house-ownership to be adopted, even a subsidy to the tenant would be unnecessary.

Nearly nine out of every ten houses in the United Kingdom are rented, and a house of a value of £400 commands a fair rent, including rates, insurance, repairs, and management, of 17s. 11d.

a week. Under the present method of financing property it is not possible to make the rent lower.

But a house-occupier need not necessarily pay rent. He can acquire the house in which he lives with the help of a building society. The payments to be made by a man who is buying the house he lives in with the help of a building society loan, when the house is worth freehold £400, may be as follows:—

	s.	d.
Weekly payment for interest and redemption upon £378 advance plus 5 per cent. interest upon his deposit of £22	11	8
Weekly payment for rates, insurance, repairs, and management	6	2
Total	17	10

These amounts are based on the assumption that the building society loan is to be repaid in twenty-one years four months. When the loan of £378 is repaid the owner has invested £400, including his £22 deposit, upon which he would expect a return of 5 per cent., and this would make his equivalent of rent, rates, etc., amount to 13s. 10d. per week.

If my proposals were adopted, and a National Mortgage Bank issued credit secured by the deeds of income-producing property, the occupier of a house worth freehold £400 would have to pay each week:—

	s.	d.
Weekly payment for service of the credit, including redemption, rates, insurance, repairs, and management	9	3

The rateable value of houses of this class is a function of the rent, and the rates on a house which was acquired on credit issued by the National Mortgage Bank could be substantially less than the rates on a similar house at present, whether rented or being bought with the help of a building society, because the rent equivalent would be lower.

For identical houses the weekly payment is in the first case 8s. 8d. a week more, and in the second case 8s. 7d. a week for the first twenty-one years four months and thereafter 4s. 7d. a week more than the payment that would be required for houses financed by the method I am advocating. To working-class people this difference means a great deal. In fact, let them have the benefit of it, and, with few exceptions, there would be no need of a subsidy for house-building and not even of a subsidy for the tenant. Under my scheme, the weekly equivalent of rent would be brought down to a figure which householders of the working-class can afford to pay.

Mortgages

Moreover, tenants as a rule would be able to afford the equivalent of an economic rent. The nation would be brought back to general prosperity.

The credit granted by the National Mortgage Bank to enable buyers of newly built houses to pay for them would of course require to be supplementary to that now lent by existing banks, but it would be supported by deeds of income-yielding property, namely, the houses in question. Obviously, these houses, which would be the security for the credit, must be worth more than the amount of the credit granted on them. It may occur to some of my readers that possibly the issue of credit by a new and additional organization would tend to raise the quantity of money in circulation to available commodities, i.e. would tend to produce inflation. I do not think it would, precisely because, as I say, the credits issued would be secured by property worth more than their amount. But even if the setting up a National Mortgage Bank and its performance of the function I propose for it did produce some inflation, that, provided it was rigidly controlled, would certainly be preferable to condemning large sections of our people, generations yet unborn, to live and to work in slums.

Now, as to the way in which the National Mortgage Bank would function, the bank would not grant a credit till the deeds of the income-yielding property were available for deposit as collateral. When a builder had disposed of a house having a rateable value within the limits I have given, whoever bought it could, if he wished, apply to a building society for a loan on mortgage, and the building society would, as it already usually does at present, instruct its surveyor to report on the house. If the surveyor reported that it offered suitable security, the building society would make an advance according to the value he reported the house to have. On a house worth, say, £500, the building society would advance, say, £450. When the time came to complete the mortgage, the deeds of the house would be handed to the building society in exchange for a draft drawn on the National Mortgage Bank. It is from that moment that the fixed annual payment to be made in monthly instalments by the mortgagor would date.

In order to pay for the house he had bought for £500, the mortgagor would endorse the draft for £450 and hand it to the builder together with the balance of what was due, i.e. £50. The builder would deposit the draft with his bank, and in all probability it would suffice to liquidate the short-term credit which this bank had granted him in the first place to enable him to build the house. Next, the builder's bank would deposit the draft with the Central Bank and the Central Bank would thereupon have a claim upon the National Mortgage Bank for £450.

If a demand arose for currency in excess of the supply at the disposal of the Central Bank, it would remain for this bank to take whatever steps within its power were necessary to meet the situation. I am only concerned here with the essential working of the credit scheme.

There would be no compulsion on house-owners to mortgage their property. Only, whoever wished to do so would have to raise the mortgage from the National Mortgage Bank through a building society.

There would have to be no other way. Furthermore, all owners of properties that come within my proposals and are at present mortgaged would be compelled to transfer their debt to the National Mortgage Bank and the credit thereupon granted by the bank would serve to pay off the present mortgagees. The cost of the transfers would be met by the bank.

I do not think it would be long before all unmortgaged property within the limits I have laid down was offered to the National Mortgage Bank. The credit facilities provided by this bank, the control of existing buildings involved in the scheme, and the additional powers to be given to local authorities as regards projected new buildings, would all result in reducing rents. A house costing £400 to build would call for an equivalent of rent 8s. 9d. a week less than the rent now paid on such a house. The upshot would be that few tenants would require a subsidy, if indeed any did at all.

Stability in the Building Trades

Especially as the adoption of my proposals would result in such an improvement in the home market that the workers of this country would attain to a greater prosperity than has ever been known. The conquest of unemployment would be nearer than it has ever been yet.

There would, to begin with, be stability of employment in the building trades.

There are to-day nearly one-third more insured workers registered in the building industry than before the War. Many previously engaged in producing goods for export are now in building. There is nothing to complain of in that. The men are no doubt employed more profitably so far as the country itself is concerned. But they should be assured that their jobs are stable.

Since the Government's new Housing Bill fails to grapple adequately with the clearing away of slums and with overcrowding, the building trades, so active for the moment, must soon slow down, and if nothing else is done, many of those employed in these trades and in allied industries will be thrown out of work. Building will once again enter a cycle of depression.

The adoption of my proposals would put an end to such cycles. The building industry would thereupon come to be better manned. With security of employment assured, an adequate number of apprentices would enter it each year. At present there are areas in which it is almost impossible to obtain men for some skilled branches of building. This helps to keep members of the unskilled groups out of work. In most industries the number of skilled men regulates the number of unskilled men who can be employed. The unemployment returns disclose a striking relation between skilled and unskilled labour, and the relation is in force particularly in the building industry.

But at present there is no assurance of regular employment to make youths choose to be apprenticed to the skilled trades of building. Since in the last fourteen years the number of houses built each year in England and Wales has ranged from 86,210 to 327,517, and in other classes of building the fluctuation has been even greater, it has been impossible for either the building industry or the industries in which the materials of building are produced to look ahead. There are 928,000 insured workers in the building industry, and at this date (December 1934) approximately 200,000 of them are unemployed. In this instance, the cause is to some extent a shortage of skilled labour. And that is largely due to the way in which the trade unions restrict the number of apprentices. The unions are not entirely to be blamed. They naturally want to secure as much continuity of employment for their members as possible between the high peaks and the deep depressions to which the building trades are subject in the absence of a real plan for houses and other buildings. In addition to those employed directly in building, 1,650,000 persons are normally employed in allied trades, and it is regrettable that of these 322,000 should also now be out of work. On the other hand, if my proposals were adopted, not only would the building and allied trades keep all their present members steadily at work, but also there would be a call for several hundred thousand additional men. Furthermore, employment would be created for far more people in other industries. Purchasing power in general would be increased. The home market would benefit enormously.

There would be a healthy rise in sterling prices, and the balance would be restored in costs of production. Furthermore—and this is most important—the worker of this country would be assured of having to pay no more rent than he can afford.

Whenever housing has been debated in the House of Commons in the present Parliament, the high costs of building and high rents have been mentioned. So far as costs are concerned, two important facts must be remembered. The first is wages.

Taking into consideration the shorter hours since the War and the increase in wages, we find that those employed in building are now paid 105 per cent. more than before the War, and yet the cost of living has risen only 42 per cent.

The second fact is that wages are 85 per cent. of total building costs. Therefore, if building costs are to be cut down, wages might have to be reduced. But to reduce wages would be most unwise, since to reduce them is merely a form of deflation, the very disease that has overtaken the country since 1920 and to which we can attribute most of our difficulties to-day.

Moreover, the high prices complained of for building are necessary to make up the losses incurred during years when little building is undertaken. The cost of idle plant and on-costs which accumulate during a slack period can only be recovered when busy times return. Under my scheme, building would go on year after year at a steady rate—known, moreover, in advance—and there could be no idle plant.

At the same time, once there was stability in the building trades, other forms of business would benefit. It is largely thanks to the activity in building that there has been a business recovery since 1932. No form of production does more to create purchasing power. The drop in our exports has been checked, but in that domain there has been no appreciable rise. World conditions continue unsettled, and we should realize that the reduction of our unemployment waits on the expansion of the home market. No better way exists of expanding it than to ensure the prosperity of the building trades. Of any plan, mine for the rebuilding of Britain is the one which directly and indirectly would provide most work.[1]

[1] Slightly more than four-fifths of what we produce industrially is consumed by the home market, and it seems illogical that in order to enable our producers to dispose of the remaining fifth to the outside world (where competition is severe owing to the low wages prevailing there) our own industrial workers should have to suffer any lowering of their remuneration. Now that we have accepted the principle of tariffs, we can raise the standard of living by putting a tax on production and with the proceeds subsidize our exports where necessary. This would help the workers to a position in which they could afford to pay economic rents.

That is one suggestion, and here is another. Believing that there are abundant opportunities for industrial expansion if only there is the enterprise, I asked the Prime Minister in the

We Can Afford to Do It

To allege the financial difficulties as an excuse for not dealing adequately with the housing problem will not do. At the present time we have the men and the building materials, but we lack the necessary credit facilities. But there is no reason why this should be so. Given the necessary credit facilities we have everything needed to clear away the slums for ever and to rebuild Britain.

Land and houses constitute the greater part of the national wealth. Under the present financial system, the Government borrows from the public through the Bank of England, and the Bank merely issues the loans on the nation's credit; that is to say, on the nation's capacity to produce goods (including houses and services).

The War cost all the belligerents jointly £69,000,000,000. How was this colossal sum provided? So far as our share goes—roughly, £10,000,000,000—only about three-tenths of it was subscribed out of the savings of the people. The balance, the remaining seven-tenths, was created out of nothing. It was produced merely by

House of Commons in November 1933 if he would consider setting up a Trade Development Advisory Council to investigate and recommend what industrial development and reconstruction could be undertaken within the Empire. The possibilities within the Empire are almost unlimited, and I feel certain that such a body could be most helpful in organizing for employment.

book-keeping entries at the banks. But upon this remainder, seven-tenths of the whole, the taxpayer now has to pay interest and to provide for its redemption.

If such a colossal sum could be provided on the nation's credit in order to carry on a war which, far from producing wealth, was nothing but destruction, then surely there should be no difficulty in providing the necessary credit to rebuild Britain, especially as house property and office buildings are the most solid and finest form of revenue-producing asset obtainable as a basis of credit. Moreover, as the asset is revenue producing the scheme outlined would impose no burden on the taxpayer, which unfortunately cannot be said for the credit borrowed for War purposes. The difference between the two schemes lies in this, that the annual payments on the new credits, and the charges towards their redemption, would be defrayed out of the rents receivable, which, as I have already pointed out, will be on a much lower scale than is now charged.

More Than 100 Per Cent. Security

Let me make this quite clear.

If the financing method I propose should prove acceptable, it would be necessary to enlarge the powers of local authorities to enable them to refuse to pass plans of houses or other buildings. They would then be able to prevent building in excess of the local requirements. In the past excess building has led to there being too many unoccupied properties. Unoccupied houses are neglected houses. Neglected houses tend to become slum houses. Excess building should also be prevented because it is important that, once the selected income-yielding property was being financed on a credit system, and the original outlay was being recovered over a long period, nothing should be permitted to upset natural supply and demand. Granted in the way I propose, the credit would have a backing of more than 100 per cent. its amount in the form of income-yielding property. It would therefore be self-supporting.

Most of our money is credit (cheque money). Deposits in the banks amount to more than £2,000,000,000, but only about £500,000,000 of our money is in notes and coin. Banks actually create credit money by granting more credit than they hold cash, which they are able to do because most of their clearance transactions are done with cheques.

On an average, only about £100 in every £1,000 of deposits is held by the banks in cash. With a reserve of £100 in cash, the banks find they can safely grant a credit of about £1,000; that is, that they can enter in their ledgers a credit which functions as money. Every credit creates a deposit, but no bank could remain solvent if depositors wished all together to take out their deposits in cash. In other words, the bulk of our money is based on credit, and it is supported only to the extent of about 10 per cent. of cash, and in a measure faith.

If credit for finance, industry, and trade can be worked upon such a narrow margin, I think it is safe to suggest that long-term credits for housing which had the backing of property worth far more than the total of the credit granted, property known, moreover, from generations of experience to be reasonably constant in its production of income, would prove sound.

It may be recalled here that during and after the War money expanded rapidly. The Government spent far more than it could hope to raise by taxation or by the absorption of genuine savings out of incomes. Therefore it had freely to borrow from the banks and the public. This new credit-money was equally available with the old for the buying of goods, and as goods which ordinary people require had not in the meanwhile become more plentiful—on the contrary, they had many of them become scarce—prices rose. Prices rose so rapidly and money expanded so vigorously that confidence in the monetary unit weakened. Receipts from taxation could not catch up with the Government's expenditure; wages could not catch up with prices. Excess of issue of non-productive credit was ruining the monetary unit. Confidence was shaken. Production had to be slowed down to mere necessaries.

If the Bank of England, in conjunction with the Treasury, could on this occasion create credit *ad hoc* against nothing but the Government's indebtedness (a course, incidentally, which I do not believe was or ever is necessary), there can surely be no practical obstacle to the granting, as I propose, of long-term credits against property producing a steady income.

What I have been saying does not mean, of course, that I want to see Capitalism superseded. It is the defects of the present financial system that I want to see remedied. They are the main causes of the persistence of unemployment. I refuse to believe there is any workable alternative to Capitalism in this country. Those who allege that Capitalism has failed forget that under Capitalism the people of this country now enjoy a standard of living which, while not so high as it might be, is higher than has ever been enjoyed before. Industry is called upon to find work for 12,718,000 insured persons, the highest number there has ever been. Nearly 1,000,000 more people are in work than seven years ago. The savings of small investors now total nearly £3,000,000,000. The amount spent on the social services is eight times what it was twenty-one years ago. Thus it is not Capitalism which can be wrong. If there are defects, they spring from the present method of working the financial system. The policy of the Governor of the Bank of England and of the permanent Treasury officials is responsible.

Conditions have changed tremendously since the War, and a financial system which worked reasonably well before the War fails to meet the conditions of to-day. Unless the authorities realize this, then Capitalism is in danger of being overthrown and the whole industrial and social fabric will crumble under the feet of a desperate people.

The Government's indifference to the danger is astounding. For every single person who believed four years ago that the capitalist system has failed thousands believe it to-day. The topic is of daily discussion in workshop, factory, and office. A revolt of the people against the oppression resulting from the present financial system is a real threat. If the Bank of England and the permanent Treasury officials persist in their present policy, which has failed to solve unemployment, the majority of the National Government at the next Election will be prejudiced. The question at issue is really the future of the pound sterling. Business men, both dealers and manufacturers, want to know if the pound is going to be kept permanently stable. Without stability of the international currency exchanges, a revival of world trade is impossible.

Repeatedly I have tried to put in the House of Commons questions of public interest about the Bank of England. They have been rejected on the ground that the Bank of England is a private concern. I do not suggest that our Central Bank should be controlled by the Government, but it is surely important that it should not be a privately-owned company responsible only to its shareholders.

Under my scheme, whenever credit was required the Central Bank could ear-mark deeds of a value equivalent to this credit which would be in the possession of the National Mortgage Bank, and the credit so granted would thus have as collateral security its full equivalent. This could have no other result than stability of the financial structure—the very desideratum of industrialists for generations. As I have said, new vitality would be injected into the home market.

Let us not forget that at the next General Election the present parliamentary Opposition intends to make the present financial methods a major issue. If the capitalist system is not to be endangered and confidence is not to be shaken, that threat must be warded off.

The Agricultural Mortgage Corporation, Ltd.

I now come to the new role for the Agricultural Mortgage Corporation, Ltd. I would have it assist the financing of the ownership of agricultural land and of the accompanying buildings. The Agricultural Mortgage Corporation would act in this as agent for the National Mortgage Bank, just as I propose building societies should act as regards houses, flats, shops, offices and commercial buildings. The value of this land is approximately £753,762,200, and it could in consequence bear a mortgage of £640,697,000, based on an advance of 85 per cent. of its value. The credits granted on agricultural land would run for eighty years, just as would those granted on houses and other buildings. Throughout this period the credit would call for a service of 3 per cent. a year. Of this, 9d. in every £3 paid for a credit would go to cover the working expenses of the two banks. Of the remaining £2 19s. 3d., £1 5s. would be credited to a Capital Redemption Account and £1 14s. 3d. to an Agricultural Development Fund.

Estimating the total agricultural mortgages at £640,697,000, the Agricultural Development Fund would each year receive £10,971,936, a sum which would then be available for agricultural research, experimental farming, and for contributing to the payment of subsidies. The latter now run to more than £30,000,000 a year, which the taxpayer has to find. He would be relieved of a substantial part of that burden.

Then there would be the Capital Redemption Account. The proportion of the annual payment which would go into this fund would be calculated on the full value of the property, so that by the end of the eighty years the credit would have been completely liquidated and a cash credit established equivalent to the amount of money the owner had invested in the property. The equity money would thus be available for rebuilding. During the eighty years the property owner would be as free to sell his equity as he is now.

Land Settlement

This brings me to another proposal concerning agriculture. In suggesting what number of new houses should be built every year, I left out of consideration rural areas in which, under the present policy of the National Government, agriculture is being developed. Agriculture in this country has been declining since 1851. In the last twenty-two years the decline has become more rapid. In 1912 there was a total of 3,800,000 persons on the land, of whom 1,600,000 were agricultural workers. To-day the number of agricultural workers is between 800,000 and 900,000. The number, that is to say, has been nearly halved.

To-day Britain employs hardly 7 per cent. of her population on the land, whereas Germany employs 33 per cent. and France 40 per cent. This is a very unfortunate situation. It is true that quotas, restrictions, and planned marketing have already brought some relief. I believe that tariffs, coupled with a limited amount of rationalized control within the Empire, would make agriculture prosperous once again, and I hope that these two measures will still be successfully combined to that end. In any case, we must expect that agriculture will revive to some extent, and when it does many new houses will be required in the country districts. I cannot see why agriculture should not eventually keep busy at least 800,000 and perhaps 1,000,000 more workers than it does now. If this number were added to those working on the land already, 350,000 new houses would be needed.

What I recommend is that the Government should help the revival of agriculture by organizing land settlement and communal cultivation on a large scale. There are two reasons why experiments in small-holdings, allotments, and land settlement have failed in the past. In the first place, the experiments have invariably been ill conceived. Secondly, under our present financial arrangements the annual charges are too much for an allotment-holder or land settler. The dice are loaded against him from the start, and very few holders or settlers have been able to survive. I am convinced that both land settlement and communal cultivation can succeed if undertaken in the right way.

There would be many advantages in forming round all towns an agricultural belt, which would be divided into two areas.

One could be devoted to land settlement. It would consist of small farms of from 10 to 15 acres each with a house and outbuildings, and the Ministry of Agriculture could appoint district inspectors to advise on their management. It is those with knowledge and experience of intensive cultivation who in particular should be encouraged to occupy these farms. They would have to feel that they had security of tenure, and this could be provided either by granting them a long lease or by letting them acquire their farms in the course of, say, forty years. Under the financial arrangements which I propose, such a farm—land, house, and outbuildings—would cost, say, £2,000, and a land settler could acquire it in the course of forty years for an annual payment of £60. At present the annual charge must be on an average £108.

The other area would be given over to communal cultivation. It would be land controlled by the Unemployment Assistance Board, the body responsible for all unemployed able-bodied persons who have consumed their unemployment insurance benefit and also for all juveniles who leave school and fail to get jobs. Till these persons had been found jobs in their proper trades by the Board, they would have the opportunity of being put to horticulture, poultry farming (including the killing, dressing, and packing of the birds), dairy-farming, fruit-farming, or pig-breeding—all on the land allotted to communal cultivation. While so engaged they would be paid the standard wages in whatever work they were put to. If, however, the wage proved to be less than the allowance, including rent, to which such a temporary communal cultivator was entitled under the Unemployment Act of 1934, the Unemployment Assistance Board would have to make up the difference.

If agriculture is given a chance of being expanded till the amount of its produce corresponds to the consumption capacity of our population, it can regain prosperity, and once agriculture is becoming prosperous again it can of its own accord devise and organize suitable avenues of marketing. No interference or control on the part of the Government will be either necessary or desirable, unless it turns out that agriculture, once it is enjoying the conditions of favourable trade, fails to do its duty to the public.

Though there would be nothing compulsory about the communal cultivation, unemployed persons would be encouraged in every way to take work on the communal farms. All unemployed persons whose Unemployment Insurance Benefit had expired and also all juveniles who had left school without securing a job within a reasonable time would be eligible. Persons who were unsuitable or who for other reasons could not undertake agricultural work would be exempted. They would then be paid the weekly allowances to which they are at present entitled under the Unemployment Act. Any persons who, not being exempt, were yet unwilling to work on the communal farm, would not get their allowances. Their subsistence would be assured in kind. This is the best form the encouragement could take.

Those employed on the communal farms would be town dwellers and the work would be temporary, pending a return to their proper trades. They could therefore go on living in their present houses. The Unemployment Assistance Board would have them conveyed to and from the farms. As at present, the unemployment exchanges would be responsible for obtaining work for those affected by the scheme. There would have to be accordingly the closest co-operation between them and the managers of the farms.

In all likelihood, many town dwellers thus brought in contact with the land would want to settle on farms. Those who did would pass to a farm supervised in this respect by the Ministry of Agriculture, and there they could be properly trained. Then they could take up a small farm in a land settlement area.

The width of the agricultural belt round any particular town would vary with the population of the town. For an average town, a width of a mile would be workable. A town would only be extended on the far side of the belt.

A subsidiary advantage of the scheme is that the canning industry, now crippled for lack of supplies, would then have opportunity for expansion and development. It would be able to give work to large numbers.

The scheme might in particular be adopted with advantage in the special areas. It would be far preferable to transferring men from these areas to London to drive a tunnel under the River Thames—a suggestion that has been made. On the land the men would have healthy and remunerative work. In London there are already plenty of unemployed capable of digging for tunnels. The scheme, moreover, would be preferable generally to extending the granting of allotments, for allotments will not do more than provide a man and his family with vegetables. Allotment-working is not remunerative.

On the basis of the unemployment records for the last few years, I estimate that about 750,000 workers would come under this scheme if it were adopted, and from my acquaintance with those who have been long out of work I know that men in general prefer a job to idleness. For in time idleness becomes a form of mental torture to able-bodied persons. Unemployment has become an established state in industry, which must be broken down. Furthermore, we now import each year from foreign countries foodstuffs worth approximately £200,000,000. Nearly the whole of this we could grow ourselves. In agriculture and in horticulture the possibilities of a permanent relief to our unemployment are enormous.

A general land settlement scheme would, I estimate, require not fewer than 200,000 new houses, not to speak of thousands of horticultural and farm buildings. In order to train prospective land settlers, the Ministry of Agriculture should, I suggest, arrange with a number of privately-owned farms for groups of men to be taken on for work. The men could work on these farms under supervision of the Ministry. In all probability such an arrangement would prove more suitable than that the Ministry, in order to train prospective settlers, should acquire farms of its own.

A Last Word on Unemployment

Finally, let me utter a word on the subject of unemployment.

The first business of a Government should be to ensure that industry enjoys the conditions in which it can employ remuneratively all able-bodied persons. The proper discharge of this responsibility would end the ever-renewed struggle between the State and the unemployed. The financial price of discharging it would be balanced by the resulting greater goodwill between employer and employed, and by the better health and increased efficiency of work-people.

In this connexion, I offer a suggestion concerning unemployment allowances. At present these allowances are calculated according to a formula which should in intention provide for the reasonable requirements of people unemployed, but which in practice often fails to do so. There are inevitable anomalies, and anyhow the operation of the system is very costly. I would replace the method now in use by a simple and more straightforward one; simply making the amount of unemployment allowance in any individual case a proportion of the previous earning ability of the individual concerned, when engaged in his normal occupation. Nothing else would need to be considered. A man who had been earning *on an average* 35s. a week would, if and when unemployed, be allowed 75 per cent. of this sum. For each additional 2s. 6d. a week a man earned on an average when in work, the proportion his unemployment allowance bore to his previous earning rate would be reduced by 1 per cent. For example, a man who had earned £3 a week would be given an unemployment allowance of 65 per cent.

of this; namely, £1 19s. A man who had earned £4 5s. a week would get 55 per cent. of that; namely, £2 6s. 9d.

It should not be overlooked that generally as the rate of pay rises so the standard of living is higher. On that account, the present scale of unemployment allowance weighs more heavily on the more highly-paid workers than on the others.

If the problem of unemployment is to be solved, what is needed is that the nation at large should understand that those in work have a responsibility to maintain those out of work. Once this responsibility is put in its proper perspective, people will be led to examine carefully the real causes of unemployment, and as these become understood the Government will be pressed to remove those causes even though in order to remove them it may have to alter its policy drastically and transform its system of finance.

And here I have a second suggestion to offer. A few industries are now known to have a number of unemployed, but insured, workers who are definitely surplus to the employment needs of their industry, and who under the new conditions prevailing throughout the world may never again be employed in that industry. Where this is so the Government has an obvious duty. It is to find work for such people in other industries. In my opinion, apart from new industries which may arise and the possible expansion of existing industries, only two avenues are open for the absorption of these people.

Only two industries could be put in a condition to absorb unemployed workers from other industries. They are the building industry, together with its affiliated activities, and agriculture. If my proposals were adopted, the building industry would expand out of all recognition. If properly protected, agriculture could similarly give work to far more people than it does now.

Summary

Such, then, are my proposals. In conclusion, let me briefly recapitulate them. My fundamental proposal is, that except for such special houses and other buildings as shall after eighty years of existence be granted a licence to continue standing, and then the licence never to cover a period of more than ten years without renewal, all houses and other buildings in Britain should be pulled down and rebuilt every eighty years. This is the proposal that gives its name to this little book—The Rebuilding of Britain.

My other proposals are in the nature of providing for how this could be done. They are as follows:—

1. All buildings to be licensed by the local authority according to the uses to which they are put, the licence not to exceed a period of eighty years. Exceptional renewals after that to be for not more than ten years at a time and to be granted only as I provide above.

2. All houses now belonging to local authorities to be transferred to public utility societies by purchase.

3. I estimate that the number of houses now requiring to be pulled down without more ado and replaced by new houses is	4,607,679
The number of new houses required in order to abolish overcrowding and permit each family to live in its own house is	1,415,000
The number of additional houses that will be required if agricultural development is undertaken on the lines I propose is	350,000
The number of additional houses that will be required under a comprehensive scheme of land settlement such as I propose is	200,000
Total =	6,572,679

4. The formation of a National Mortgage Bank and the amalgamation of existing building societies into twelve regional units covering the whole country.

5. Housing and other selected income-yielding property to be financed by long-term credit through this bank, the regional building societies acting as its agents.

6. The private interests in the land of built-up areas to be bought out gradually in the course of eighty years, the land once bought being vested in National Land Commissioners.

7. National town planning before redevelopment is attempted on an adequate scale.

8. The location of industries to be controlled by licence.

9. All building of houses to be left in future to private enterprise.

10. If necessary, house-occupiers to be subsidized in proportion to their incomes and responsibilities rather than, as at present, that houses should be subsidized. But if my other proposals are adopted, in all probability no subsidy of any kind will be necessary.

11. The formation of an agricultural belt round all towns and on these belts able-bodied persons not in receipt of unemployment insurance benefit to be given, till re-engaged in their normal occupation, temporary work at standard agricultural wages.

12. Unemployment allowances to be based on previous earning ability instead of on arbitrary subsistence requirements as at present.

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