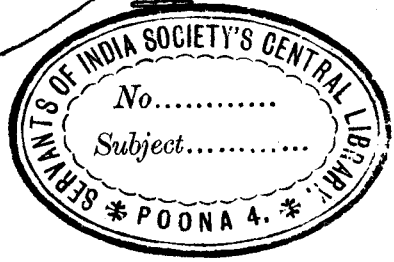
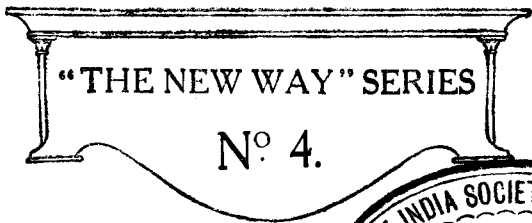


HOUSES FOR ALL

BY E. D. SIMON.



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IV.

Houses for All

By

E. D. SIMON.

I am deeply indebted to Mr. Ramsay Muir for the valuable advice and help he has given me in the preparation and revision of this paper.

E. D. SIMON.

NOTE

In these post-war years all accepted political doctrines are undergoing challenge, and a vast number of intelligent people have lost the anchorage of political principle, and are drifting in bewilderment on a sea of conflicting ideas.

The pamphlets of which this is one are designed as a contribution towards clarifying this confusion. They are issued under the auspices of the Council of the Liberal Summer Schools. But they are not intended to preach a rigid party orthodoxy. Their aim is constructive study and enquiry rather than dogmatic assertion or acrid denunciation. Some of the writers are not even professed adherents of the Liberal party. But all have been invited to write because they have given special study to the subjects with which they have to deal. And all are united by two beliefs: the first, a deep dissatisfaction with many aspects of the existing order, at home and abroad; the second, a conviction that these evils cannot be cured by the glib repetition of sweeping formulæ, or by violence or class-conflict, or by mere destruction, but only by hard thinking and good will.

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HOUSES FOR ALL

IT is generally recognised to-day that few things are more important for the welfare of the community than good housing. It is less widely recognised but equally true, that the working classes as a whole have never, at any time, or in any country, been housed in what would now be regarded as a decent manner.

Less than one hundred years ago the conditions which existed in English towns were beyond belief or imagination. It is recorded, for example, of the Liverpool of 1833 that half the working population lived in narrow closed courts, without any sort of sanitary provision, or in dank and undrained cellars. About the same time the builder of a row of houses in Manchester actually chose an open ditch as his site, to save money on excavation, for cellar-dwellings. These undrained cellars, in which no self-respecting farmer would house his pigs, were used without serious protest as dwellings for human beings.

Improvement began when, in 1835, elected municipalities were set up by the first Liberal Government, and charged with a general responsibility for the well-being of the towns under their control. The municipalities were forced to recognise that both public health and public morals were undermined by the existence of such conditions. They began to obtain private Acts empowering them to demolish insanitary dwellings and to impose stringent regulations upon the builders. National Housing Acts followed; and the doctrine was gradually accepted,

in practice if not in theory, that it is the duty of the community to see that its members are not housed in conditions which are ruinous to their health and morals.

Pre-War Progress.

The culmination of this long campaign was reached when the pre-war Liberal Government, by the great Housing and Town-planning Act of 1909, gave to the municipalities powers which would enable them to deal boldly with the problem as a whole, and made it their duty to do so. A great campaign was just beginning when it was interrupted by the war, which put a stop to all building. However strongly we may feel, therefore, that the conditions under which a large proportion of our population are compelled to live even to-day are deplorable, it is only fair to recognise that there has been real and steady progress.

But the war brought about a new crisis. It is estimated that about 100,000 new houses are needed every year to provide for the increase of population, and to replace houses which are demolished for one reason or another. For five years all building stopped. At the same time the population was increasing faster than usual, because the stream of emigration had been stopped, and this more than counterbalanced the losses caused by the war. When normal conditions returned, when thousands of returned soldiers married and sought to make their homes, the seriousness of the deficiency was forcibly brought out. Moreover, prices were soaring, and labour was very scarce, so that it was impossible to build the needed houses at a price which their would-be tenants could pay. Without exceptional measures even the normal annual quota of new houses could

not be supplied, not to speak of the accumulated deficiency caused by the five years of war.

The Addison Scheme.

The first attempt to deal with this problem was the much-discussed Addison Scheme. It has been violently attacked on the ground that it was reckless of cost ; and undeniably there was a great deal of force in these criticisms. In a sense the Addison scheme was a fiasco : it too unthinkingly tried to carry into immediate effect the promise that England should be turned into a land fit for heroes to live in, without remembering the financial difficulties caused by the war. Yet it did secure some 200,000 houses, and provided comfortable homes for about one million men, women and children, the majority of whom would otherwise be living under such conditions of overcrowding that the elementary decencies of life would have been impossible.

The Addison scheme has, moreover, done something even more important. It has set a new standard of working-class housing, which will have permanent effects. The planning and construction of the Addison houses were based upon the Tudor Waters report, which was prepared by some of the leading experts of the country at a time when there was a genuine zeal for reconstruction. Experience in all parts of the country has proved that the recommendations of this report were well thought out, and have produced more convenient and better arranged houses than were previously built. It is not too much to say that for the first time in this country expert brains and knowledge were, under the Addison scheme, devoted to the problem of planning convenient, healthy, labour-saving homes for working people. When the first newness has

worn off, these houses, with their pleasant and simple design, and their gardens and open spaces, will be an attractive feature of the landscape in all parts of the country. This is a real and great achievement.

The Liberal Policy of Houses for All.

Liberals may well accept and rejoice in the new standard of housing set under the Addison scheme. What we have now to do is to aim at giving to every worker's family the chance of occupying such a house. It is surely one of the foundations of Liberal social policy that every child must be given the opportunity of growing up in a good house among pleasant surroundings.

The great Act of 1909 is there to prove that modern Liberalism holds it to be an obligation of the community to ensure that the people are healthily housed. We believe that this will be done most efficiently, most cheaply, and with the readiest adaptation to varying needs and tastes, if the work is left in the main to the operation of private enterprise. The excessive cost of the houses built under the Addison scheme shows that the work cannot safely be left to the State. But all the experience of a hundred years shows, quite as definitely, that private enterprise cannot, in this field, be left unchecked and unregulated; otherwise new slums will be created as fast as old ones are removed. For the protection of the people there must be strict regulation as to the size and quality of the houses erected, and as to the air-space provided for each. Even in normal times this has long been a recognised function of public authorities, and if we are to maintain a good standard it must be more strictly performed in the future than it has been in the past.

But in abnormal times, when (as now) private

enterprise is unable to function, the State must do much more if its obligation is to be met. It may have to provide the means of bridging the gap between cost and price. It may have to undertake the work itself in some cases. On this kind of question the distinction between the Liberal Party and the other parties stands forth very clearly. Unlike the Labour Party, we have no rigid theory as to the desirability of State action, and we believe that private enterprise, when it can function freely, affords the best means of getting the work done. But it may be necessary for the State to provide the conditions under which private enterprise *can* function freely. On the other hand, unlike the Conservatives, we have no prejudice against interfering with private enterprise in the way of regulation, or against supplementing it by State action if that is necessary. In all cases our basic principle is that the public need must come first ; and the public need for sufficient houses is one of the first conditions of a healthy social order.

Overcrowding.

A preliminary point which must be cleared up is the question as to the number of new houses required. This, in its turn, depends on the amount of overcrowding in the existing houses. We have no means of knowing whether the housing conditions are satisfactory until we have reliable data as to where and to what extent overcrowding exists.

The Registrar-General has in the past published statistics as to the numbers of people living more than two to a room (counting each child under ten as half an adult), and it has been the practice for medical officers of health to use this figure as a standard of overcrowding. A little consideration will, however, show how utterly unsatisfactory this

standard is. The commonest type of working-class dwelling in Manchester and most other towns to-day is a house containing two bedrooms and two living rooms. Such a house would not be overcrowded, according to this standard, until there were more than eight adults living in it, and, what is more important, sleeping in its two bedrooms.

Take a concrete instance which was brought to my notice in Didsbury, one of Manchester's richest suburbs. A house of the type described above is occupied by the following family :—The parents, a daughter aged 20, and three children under 10 sleep in one bedroom ; two sons aged 19 and 16 and a daughter aged 12 sleep in the other—that is to say, there are nine persons, or, counting a child under 10 as half, seven and a half adults. According to the accepted standard this house is not overcrowded !

Take a further instance, also in Didsbury. A family living in a four-roomed house consists of the parents, five daughters aged 13, 11, 8, 2½ and six months, and two sons aged 16 and 14. The parents and the two babies sleep in one bedroom ; the other room contains two fair-sized beds ; the two boys sleep in one, and the three girls in the other. Again, according to the standard accepted by the Registrar-General, and by most medical officers of health, there is no overcrowding ; indeed, another child under 10 might be squeezed into one of the bedrooms, and even then the house would not be overcrowded according to this extraordinary standard.

A New Standard.

In 1920 the Manchester Public Health Committee adopted a new standard. It laid down that a house must be regarded as overcrowded—

- (a) if there are more than 2.5 persons per bedroom
a child under ten being counted as half a person ,

- (b) if there is not such accommodation that the parents may be able to occupy one room, and that otherwise the sexes may be properly separated as regards all persons over 10 years of age.

Nobody will assert that this standard is above the minimum needed for health and decency, but the contrast with the Registrar-General's standard is extraordinary.

In a report presented to the Public Health Committee by the Medical Officer of Health for Manchester, it was stated that, as a result of a house-to-house investigation in a certain portion of the city, out of 1,574 houses visited only thirteen were overcrowded on the Registrar-General's standard, whereas on the standard of 2.5 persons per bedroom no less than 216 houses were overcrowded.

It is high time that some standard of overcrowding more in accordance with the demands of public opinion should be adopted both by the Registrar-General and by medical officers of health generally. Until this is done we shall remain as ignorant as we always have been, and as we still are to-day, as to the real amount of overcrowding, and therefore as to the extent of the need for new houses.

The Number of Houses Needed.

Many estimates have been made as to the shortage of houses. They have generally been based on calculations as to how many new houses are required to reduce the number of people living in each house to what it was at some earlier date. But the new census has shown this method to be entirely fallacious. For instance, in 1911 there were many empty houses in Manchester, and there was no effective demand for increased building. At that time the average

number of persons per inhabited house was 4.9. In 1921 the number of persons per house was reduced to 4.6, and yet there were 10,000 people on the waiting list for corporation houses.

At first sight this seems difficult to explain. There were more people living under overcrowded conditions in 1911 than in 1921: yet there was no demand for houses in 1911 and a most urgent and widespread demand in 1921.

The reason is, however, fairly plain. The overcrowded people in 1911 were not able to afford a separate house. In 1921 a large number of them were able and willing to afford a separate house. This is no doubt partly due to a higher standard as to what conditions of living should be, and so a greater readiness to make a sacrifice in other directions in order to be able to pay the rent of a good house. But what is much more important is that relative to earnings rents were in 1921 much lower than in 1911. Even now, while earnings average 80 per cent. above pre-war, rents are only 40 per cent. up; so that many people, who in 1911 were forced by poverty to live in lodgings, are to-day insistently demanding a separate house.

It is now clear that when we are talking about the need for new houses we may mean two totally different things:—

- (1) The number of houses required if everybody is to be properly housed; that is, the "real need" for new houses.
- (2) The number of people who are able and willing either to purchase or to pay the rent demanded for new houses. This may be called the "effective demand" for new houses.

Houses Must be Cheap.

The "need" is a question of public health and decency, and can be measured by the help of statistics for overcrowding when they are obtainable. The "effective demand" can only be measured by taking an actual census of those willing to pay the rent. This number will vary from year to year, according to economic conditions. It is not impossible that, if the Rent Restriction Act were removed, and if rents rose to 80 per cent. above pre-war, we might suddenly find that the effective demand for houses in towns like Manchester had almost or entirely disappeared. We have only to make the houses dear enough and the demand will certainly disappear.

There is no doubt that the effective demand now is much less than the need on any acceptable standard of civilisation. What we have to aim at is making the houses so cheap that the effective demand becomes equal to the public-health need. Although at present no accurate figures are obtainable, there can be little doubt that at least half-a-million houses are required in addition to the annual need, which probably amounts to 100,000 a year. So that the minimum requirement, if we are to clear off the shortage in ten years, is 150,000 houses a year for that period.

One of the most important tasks of progressive statesmanship in post-war Britain is, therefore, to ensure that 150,000 houses shall be built every year at a low enough price to be within the reach of those who need them, and of a character sufficiently good to satisfy a reasonable standard of public health. How is this to be done? What are the difficulties in the way?

Shortage of Labour and Capital.

There is one very serious matter which is vital in any scheme for building the large number of houses required—the shortage of labour.

The number of skilled workers in the building trade in this country is now only about 60 per cent. of what it was in 1911. It is hardly possible to hope that more than half the existing labour will, on the average, be engaged on working-class houses. This would enable us to build about 100,000 houses a year, only slightly more than the annual estimated need, so that the accumulated deficiency cannot be cleared off until very substantial numbers of men are recruited into the building industry.

There was an immense amount of time wasted over dilution discussions during the Addison *régime*, but nothing resulted. Labour refused to allow dilution without a guarantee against unemployment for ten years, which the Government refused to give. The number of men in the trade will not increase until there is steady employment and confidence in the future development of the industry. Then the trade itself will almost certainly arrange for the necessary increase. But confidence in the future of the industry on the part of those engaged in it is an essential part of any scheme to meet the housing needs.

It is not only skilled labour that is deficient; there is an equally marked shortage of capital. Before the war working-class houses were a favourite investment, especially among small investors. One very common form which these investments took was that solicitors, handling the savings of their clients, financed the speculative builder in erecting houses, which then became the property of the lenders.

This was a very useful channel through which capital flowed into the building trade. But the channel has run dry. House property is too insecure to tempt the investor ; and to-day the capital which is employed in house building is supplied almost wholly by the purchaser or by the State. Vast amounts of capital will be required for the building of 150,000 houses a year ; and it is extremely important that the investor should be tempted back. He will not be tempted back until house property once more becomes a safe investment. Once again, it is a question of the restoration of confidence.

It is essential to realise that no scheme for dealing with the housing problem can succeed unless it convinces all those concerned in the industry—whether capital or labour—that they are likely to get a fair return from what they put into the industry, and that conditions are at least as stable as in other industries. Confidence must be restored in the industry before private enterprise can be expected to begin building on a large scale.

The Difficulty of Price.

But the fundamental difficulty is, of course, the cost of building. This has increased by about 80 per cent. as compared with pre-war conditions, while rents are limited under the Rent Restriction Act to an increase of 40 per cent. So long as this gap exists houses cannot be built at a profit.

Some readers may be tempted to point out that the legal restriction of rents applies only to old houses, and to argue that this need not prevent building. But in actual fact the Rent Restriction Act has fixed the scale which people are willing to pay for a house of a given class. All the municipally-controlled houses (and these are practically all the new working-class houses) are let on this scale. And, in truth

it would be impossible to get a much higher rent for the new houses. Public resentment would forbid. Moreover, the justification for the Rent Restriction Act is that, on the average, the occupants cannot afford to pay more: this is true of new houses as well as of old.

There are three possible ways of getting the building of houses back to what is commonly known as an economic basis—that is, a basis on which houses can be built by private enterprise with the knowledge that a fair return can be earned on the capital invested. The first way is to bring the prices down to the level of rents—that is to say, to not more than 40 per cen. above pre-war. The second is to bring the rents up to the price level; and the third is to continue the present method of bridging the gap by means of a subsidy.

The best solution would, of course, be to bring prices down to the same level as rents. If this could be done the whole difficulty would be solved. But so far as one can judge there is no prospect of the general price level falling much further; in fact, it is tending to go the other way. It is sometimes suggested that prices in the building trade are unduly high owing to the action of rings, but there is no evidence that rings have any very serious effect on prices, certainly not any effect which, if removed, would bring prices to an economic level.

Should the Rent Restriction Act Go?

If, then, prices cannot be brought down, the simplest solution would be to bring rents up by removing the Rent Restriction Act. This is the Conservative solution. The present Government have frankly declared their desire to repeal the Rent Restriction Act. They only reconsidered the proposal

after three famous by-elections had shown that the people would not stand it.

This simple method would solve the problem quite easily by making houses so dear that the "effective demand" would cease; but it would only intensify the "real need." Those who could pay the rent would get houses. But—especially while trade and employment continue to be as bad as they are to-day—many people would be unable to afford a separate house, and great numbers would be forced to live in unhealthy and degrading conditions. Further, any such general increase in rents would involve an immense transfer of income from the tenants (that is, the poorest classes of the community) to the landlords, who belong, on the whole, to a much richer class; and this would be a very definite social evil. It may be added that, in view of the low prices at which the houses were originally built, the present rents yield, as a rule, a not unfair return to the landlords: many owners of small property admit that they have nothing to complain of—they have no empty houses, and they are not called upon to do heavy repairs. If rents were left uncontrolled now they would rise to a figure which would be far higher than a reasonable return determined by competition; it would represent a scarcity value. The conclusion seems to be irresistible that the Rent Restriction Act must be continued until the shortage of houses is cured, and rents are governed by reasonable competition.

Subsidies : For and Against.

We find, then, that private enterprise cannot build houses because prices are too high and rents too low; that prices will not come down; and that we dare not let rents go up. The common inference is that

housing can only be carried on by means of subsidies. This was the view taken both by Dr. Addison and by Mr. Chamberlain.

But there is a very powerful prejudice against subsidies ; and many hold that any subsidy is vicious and bound to fail just because it is a subsidy. This is far too sweeping a statement. If we define a subsidy as an expenditure of public funds which goes to benefit individuals, we may admit that it is a form of public expenditure which ought as far as possible to be avoided, and yet, at the same time, recognise that there may be circumstances in which some vital public need can best, or perhaps only, be served by such means. Public money spent on education or on hospitals is essentially a subsidy to the children in the schools or the patients in the hospitals. We do not object to these subsidies because it is essential in the public interest that the children should be taught and the patients cured. It is surely as essential that the rising generation should be bred in healthy houses. And while we should infinitely prefer that the houses should be built by some other means, yet, if no other way is practicable, we are driven by our fundamental principle that the public need comes before all to insist that it is better to subsidise than to neglect the need.

The prejudice against subsidies, however, exists, and it is in general a healthy prejudice and a safeguard against corruption. But, just because the prejudice exists, nobody has any confidence in the continuance of any housing scheme that is based upon subsidies. In fact, Mr. Chamberlain stated emphatically that his scheme was a temporary make-shift until we could get back to an economic basis. This leads us to the depressing conclusion that we shall

be forced to adopt one temporary scheme after another, knowing all the time that, just because of their temporary character, they will not restore confidence in the stability of the building industry, and will, therefore, fail to bring back into the industry both the labour and the capital that are needed. At the best they may prevent the shortage from becoming more serious ; but there is no hope that a scheme of this order will make any substantial contribution to the solution of the housing problem.

Labour's Policy.

Notwithstanding this, Labour has no solution to offer except a continuation of subsidies and of municipal building. Labour has a standing prejudice against private enterprise as such, and a positive belief in subsidies for their own sakes, because they are thought to involve a transfer of wealth from the rich to the poor ; it also prefers on principle that building should be done by municipalities, irrespective of whether that is the best and most efficient way of getting it done. The Labour Party would no doubt endeavour, by all means in their power, including a guarantee against unemployment, to give confidence that a Labour subsidy scheme could be regarded as a permanent one. But, even if they were successful by such means in getting labour back into the industry (which is doubtful) they would certainly not succeed in getting investors to put capital into the industry under such a scheme. And on these lines it is most unlikely that they would succeed in getting the necessary number of houses built.

The Liberal Way Out.

We Liberals believe that it is the duty of the State to bring into being the conditions under which private enterprise will get vigorously to work in building

houses. We are perfectly willing that houses should be built municipally rather than that they should not be built at all, but our preference is always in favour of private enterprise and initiative, properly regulated by the State.

The arguments hitherto set forth would seem to lead to the conclusion that at the present time it is impossible to re-establish the conditions in which private enterprise can function. But the conclusion is premature. There is a possible way out.

If we look deep enough we shall find that the whole idea that we are at present subsidising housing is based on a fallacy. What we are doing is, in fact, just the contrary. We are, by our system of rating, deliberately imposing an immense burden on housing, and then, by the Chamberlain scheme, we are giving a subsidy to remove a portion of this burden.

The fundamental fact is that rates are a tax on housing. Roughly speaking, one may say that in large towns the rates are to-day about 50 per cent. of the rent, so that, where the landlord demands a rent of 10s., a tax in the form of rates to the amount of 5s. has to be paid. This tax has the effect of making houses dearer by 50 per cent., just as a similar tax on bread would make bread dearer, and just as the window tax in the old days made windows dearer, with the result that not enough windows were put in the houses.

The Burden of the Rates.

So long as houses are selected as the basis for local taxation, we must realise that we are deliberately putting a burden on good housing. Let us consider the extent of this burden, and whether there is any justification for it.

For this purpose it is necessary to realise that rates are raised for two kinds of services—services to

property, and services to persons, the "property" rates representing what is required to supply houses with the necessary services, such as the making, upkeep, cleaning, and lighting of roads, and the removal of house refuse; while "personal" rates are levied for the purpose of paying for such services as education, public health, police, and poor relief. These services are required by individuals, and they are almost independent of the number or size of the houses in which the individuals live. Indeed, an overcrowded population will certainly cost more for police, poor law and public health than a well-housed population.

What I mean can best be made clear by considering a concrete case. On a certain estate in Manchester we have built 1,000 new houses. These houses are occupied almost exclusively by persons who were already living in Manchester in overcrowded or unsuitable conditions. The cost of providing them with the services covered by "personal" rates—education, police, public health—has not been increased by their removal to healthier conditions, for this burden must in any case have fallen upon the city; it has rather been reduced. The extra burden upon the rates caused by the transfer of these people from unhealthy conditions to good houses is, in fact, limited to the services required by the new houses—the services covered by the "property" rates; and the cost of these services is small in comparison with the cost of the services required by individuals and covered by the "personal" rates. I have endeavoured to estimate the two, and I find that in Manchester the "property" rate does not exceed about 20 per cent. of the total rate. In other words, the services required by the residents in these new houses as individuals—services for which the city

was already paying before the houses were built—cost four times as much as the services required by the houses.

“ Personal ” Rate Levied on Wrong Basis.

Now it is perfectly reasonable that the “ property ” rate should be levied on the basis of the assessable value of the house. But when we come to the “ personal ” rate for services required by the residents as individuals, the right basis, on Liberal principles, is plainly their ability to pay. The size of the house is not a particularly good measure of this : indeed, it is, in many cases, a particularly bad one. If the father of a family removes from a slum dwelling to a decent house he has to pay double the rent. Why should he, at the same time, pay double the contribution towards the public health services of the city ? His children will certainly be healthier, they will cost the city less, and yet, because he has taken the trouble to remove his children into a better house, he is actually asked to pay more. Or take education. He has probably sacrificed his own little luxuries, cut down his beer and tobacco, to get his children into a better house. And, for that reason, he is forced to pay twice as much for their education. Could anything be more absurd and unjust ?

The rent of the ordinary parlour house with three bedrooms, built by a local authority, is, on the average, about 10s. The rates on such a house are about 5s., of which 1s. represents the property rate and 4s. the personal rate. If the personal rate were removed from housing we should be left with the present rent of 10s. and a rate of 1s. The rent could, if necessary, be raised by 4s. to bring back the total to the present charge of 15s. This would generally be more than enough to yield an economic rent.

In other words, it would be possible slightly to reduce the total burden on the tenant, and yet the landlord would receive such a rent as would give him a fair return on a house built at to-day's prices.

Exemption from Rates.

The present enhanced level of prices offers a unique opportunity of removing this burden from the new houses without injustice to owners of old house property. I suggest that this can be done on the following lines :—

- (1) The present rates, both personal and property, should continue to be levied on all existing buildings and on all site values.
- (2) All buildings put up after the present date should be free from personal rates.
- (3) As existing buildings are pulled down they would cease to contribute towards local rating, and the new buildings replacing them would be free from the personal rate. Assuming that practically all existing buildings will be pulled down in a century, then, after that time, the whole of local rating, except the property rate, would fall on site values.
- (4) New sources of revenue would be required to meet :—
 - (a) The revenue lost as existing buildings are pulled down.
 - (b) Future increases in taxation.

It would require careful consideration to determine how much could be borne by the decreasing number of buildings, and how much could be borne by the site value tax. The remainder, which could not be advantageously provided from either of these sources could be provided either by increased grants in aid or any other form of taxation that may be devised.

Removing the Burden from Improvements.

This is, in effect, a scheme for applying gradually the old Liberal principle of a tax on site values and for removing the burden of rating from improvements. Though such schemes are generally agreed to be good in the case of a new city, there is no doubt that, under ordinary conditions, it is exceedingly difficult to change from one system of taxation to another. We have shown that the present abnormal conditions are such that, by means of the scheme suggested, we can gradually get the benefit of the removal of the burden of rates from improvements, and especially houses, without the difficulties usually associated with such a change.

This is a much less drastic scheme than, for instance, that adopted by both Sydney and Johannesburg, where the whole tax has been removed from buildings, both old and new, and transferred to site values. New York, on the other hand, has temporarily achieved the same result by exempting new dwelling-houses from the burden of local taxation for a period of ten years only.

The scheme I have suggested seems to me the one most easily defended from all points of view, but it should be understood that no particular scheme is essential for my purpose. The essential thing is that, in some way, new houses shall be exempted, at least for the present, from the personal rate.

Objections to Rate Exemption.

No one can doubt that rate exemption would mean not only rapid construction, but better housing. But we must consider fairly what objections there are to the proposal, and how far they are serious.

Many people urge that every old tax is a good

tax, and therefore strenuously object to any change in our rating system. There is much to be said, in general, in favour of this view : an old tax is less resented and causes less friction than a new one, because people are used to it. But this consideration must not be allowed to negative a reform in the rating system if it can be shown that the system works unjustly, and produces unfortunate social consequences. At the most the argument can be used as a reason for making any change gradually, which is just what these proposals would do. Apart from the normal increase of population, the cost of personal services will not be increased by the building of new houses ; it will be somewhat reduced. It is not unjust, therefore, to leave the burden where it is at the moment and gradually to introduce new sources of revenue as the existing houses, which now bear the customary burden, fall out of use.

It is obviously no part of my business, in this paper, to work out a new system of local finance. But some reform is already overdue, quite apart from the urgency of the housing problem. Here is a means whereby we can, without injustice to anybody, get rid of a bad system so far as it stands in the way of one urgent need, while leaving time for new methods to be worked out. One such method, as I have suggested, is ready to hand—the rating of site values. Probably this would not, in the long run, be sufficient ; but it would be enough to bridge the gulf while a new system is being brought into operation.

Would It Work Unfairly ?

A further objection which may be made against the proposal is that it would be unfair for tenants of existing houses to have to pay heavy rates from which tenants of new houses would be exempted.

This argument would have been valid before the war : if the system had been introduced then it would undoubtedly have placed the tenants of the new houses in a privileged position. But the objection ignores the effect of the present high level of prices. If the proposed change were made now it would mean that the tenant of a new house would pay less in rates, but more in rent, so that his total expenditure would be exactly the same as that of a tenant of a corresponding old house. It is true that one would be contributing more to local taxation than the other, but the total cost to a tenant of living in a house, and paying his contribution to local taxation, would be the same to both. There is surely no injustice here.

Working-Class Houses and the Rates.

Another objection that has been raised is that, even when fully rated, working-class houses do not contribute their fair share to the local authority. When a great city builds, say, 2,000 houses in an adjacent rural district, the cost of education and other services (which has to be met by the rural authority), even to-day, outweighs the income from rates. This is a very real difficulty. The solution would seem to lie partly in a better adjustment of areas, and partly in the introduction of a better basis for the distribution of grants in aid, such that the total taxation may fairly meet the burden borne in each locality. This is, of course, an exceedingly technical and difficult subject, but there is no reason to doubt that it is capable of a solution which would be at least as fair as the present form of taxation, and would achieve the great object of removing the burden of unfair taxation on houses. Reform in this respect, as in others, is overdue. But we cannot wait till it is achieved. In the meantime, we must

get on with the houses, making some temporary arrangement to meet these difficulties.

Wages.

There is one other matter which is supremely important in connection with housing, and that is the question of wages. We can never solve the housing problem until we have solved the wages problem. It is only when every willing worker is able to earn a steady wage such that he can afford to pay the rent of a good house that we shall be able to replace the cheap slum houses by better and necessarily dearer ones. In this connection there is one point that requires special consideration. It is well known that every working man who has a large family goes through a very difficult period of financial stress at the time when he has several children not yet old enough to earn. His wages are rarely adequate for the expenses he is then forced to meet. That is just the period when, from the point of view of the health of his children, a good house is most important, and under the present wage system that is just the period when he cannot afford it. Sixty per cent. of the 3,000 three- and four-bedroomed houses we have built in Manchester are, for this reason, occupied by small families, although large families would have been given the preference if they could have afforded the houses. It is clearly no good building houses with three bedrooms and a parlour if those families that need the three bedrooms are forced, by lack of wages, to live in slums.

Suggestions have been made to meet this difficulty on the one hand by means of a family wage, and, on the other hand, by a special subsidy from the health authority for the housing of large families. It is not necessary to deal with this matter here beyond

pointing out most emphatically the impossibility of solving the housing problem by merely building houses. The whole wage system must, at the same time, be thoroughly overhauled. In truth, the reformer is continually forced to recognise that all the aspects of the social problem are interrelated and mutually dependent. But that is no reason for not getting on with our immediate job as well as we can.

Conclusion.

We have endeavoured to deal in this paper only with the broader aspects of the housing problem with which the country is faced. The first step is to build enough new houses. This can only be done by re-establishing the confidence of those who should supply the management, the labour and the capital engaged in the industry. All these are now lacking. By removing the present burden of rates from new houses the industry can at once be placed on a paying basis, and private enterprise would begin to build ; slowly, no doubt, at first, but more rapidly as those interested gained experience and confidence in the new conditions. Liberals would, of course, insist that the building of these houses must be properly regulated by the Government and the Local Authority both as to the design and quality of the houses, and as to their lay-out and general amenity. The new building side of the problem would then be solved and the way would be opened for a vigorous attack on slum areas.

Meantime the whole industrial system must be overhauled, and wages placed on such a basis that those who now dwell in slums can afford to pay the rent of a good house. Although subsidies should not be required for the building of new houses, some subsidy will certainly be required for slum clearances.

The Government are, by their own admission, playing with the problem of housing. They are trying expedients in the hope that something may turn up.

We Liberals should demand a bolder policy, involving two fundamental changes: the removal of the present unjust burden of taxation on houses, and the securing of a fair minimum wage for every willing worker. When we have achieved both these objects a complete solution of the Housing Problem will, for the first time, be in sight.

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