

THE HOUSEBUILDING BOOM IN ENGLAND DURING THE 1930'S Lessons for the 1990's?

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i *1 The housing 'problem'*

It seems that everywhere in the World there is a housing problem - that people cannot afford a decent level of housing, or that there is insufficient housing, or that such dwellings as are available are unfit. The failure of our Economies to deliver an adequate supply of housing contrasts with most other products - we do not talk of a 'food problem' or a 'clothing problem', except possibly because they are in excess supply. Galbraith, the great but now unfashionable economist summed it up thus: "*The inadequate provision of housing at modest cost, .. , can be considered the greatest single default of modern capitalism*" (Galbraith, 1987).

If, as it seems, the free market in all countries is unable to deliver a plentiful supply of good quality housing at reasonable cost is a universal complaint, then state intervention is inevitable. This is the nub of the 'affordability' problem. Housebuilding industries world-wide are in the grip of an incurable and permanent affliction, to use Michael Ball's expression (Ball, 1988). Their products - houses - continue to be more expensive, built in insufficient numbers and of inadequate quality. This in turn will mean state-subsidy for housing costs will be necessary for a growing proportion of the population, or, the standards of housing provision must be allowed to drop.



One of Several Designs.

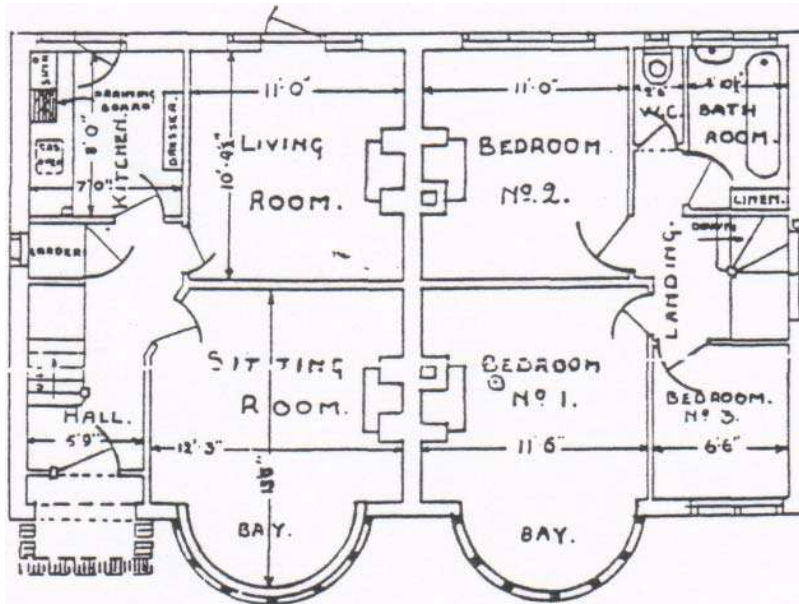


Figure 1. Traditional 1930's English 'Semi' (Semi-detached house)
from Oliver (1981)

2. Housebuilding in the UK in the 1930's

As an antidote to this pessimism, I intend to review the housebuilding boom in England during the 1930's. This great wave of housebuilding was largely unplanned, and was built by a free-market system. It produced huge numbers of houses, at modest cost and of a quality which pleased and still pleases the occupiers. I take it as axiomatic that we should judge the housebuilding industry, like any other industry, by three main criteria: -

- **Quantity:** can the industry produce in sufficient quantity to satisfy demands?
- **Price:** can the industry develop so that its prices are continually reduced, thus enabling more customers to enjoy the product?
- **Quality:** is the product good enough, and is it being made better?

I will examine the housebuilding industry in England in the 1930's, measuring its performance against these three criteria, and showing that on all three the industry performed well.

3. The English 'Semi'

Before examining the housebuilding industry of the 1930's, it might be useful to describe the sort of house which was being built. British readers will be very familiar with the traditional three bedroomed semi-detached house - the 'semi' - indeed many will have lived, or be still living in one. A typical plan and elevation is shown in Fig 1. A delightful account of this type of house is given in 'Dunroamin' (Oliver et al., 1981) from which much material for this paper has been drawn.

The 'semi' is typically about 100 square metres, two storey, three-bedroomed. It has a separate kitchen and dining room, and has indoor sanitary facilities. This configuration was well-suited to the small nuclear family with two or three children. Semi's were built mainly in the suburbs of the newly prospering southern part of England, but they can be found throughout the UK. No regional variation in form is found, but there are a range of different decorative finishes - most notably the mock-Tudor effect.

4. The number of 'semi's built in the 1930's:

The graph in Fig 2 shows the number of houses built in Great Britain during the 1930's. Clearly the period 1934-39 was a time of great activity for the private, free-enterprise sector. It is noticeable that the public sector was quite resilient as well, doubling its output in the same period.

To put these numbers into context:

- the numbers of houses built by private enterprise represented a net annual addition to the housing stock of 2.7%;
- at this rate the entire stock would have been replaced in 37 years.
- if the contribution of the public sector at this time is included as well, this figure rises to 3.1%, implying a replacement rate of 32 years.

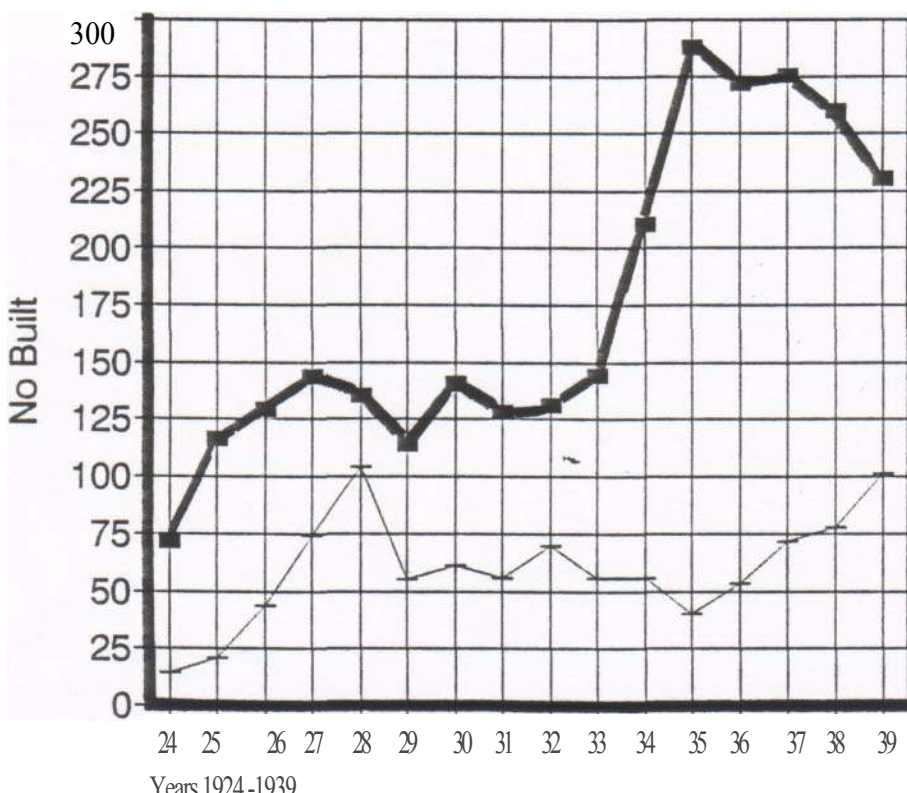
Compared to the achievements of the post-1945 period, the house building boom of the 1930's looks even more remarkable:

- in the later 1930's, the private builders managed to produce in excess of 230,000 houses for several years; in the 1960's and the boom years of the 1980's, private enterprise never managed to build more than about 220,000 houses;
- in terms of net addition to the stock of houses, the later 1930's saw rates of production double anything that was achieved during the 1960's or 1980's.

Even the hugely expensive British public housebuilding programme of the 1960's and early 70's, although numerically about twice the rate of the public programme throughout the slump years of the 1930's, was actually a smaller net addition to the housing stock, when demolitions were taken into account.

The production record of the private, speculative free-market housebuilding industry during the later 1930's was most impressive, and the benefit spread to the public sector. How this was achieved will be discussed later in Section 7 and 8.

NUMBERS OF HOUSES BUILT
in England & Wales 1924-39



by Private Enterpr
(thick line shows Private)
by Local Authority

Source:
'Housing and the Stats, 1919-1944
Mar/an Bowley, (1946)
leorge Alien & Unwin, London
based on data published by
Ministry of Health Annual Reports

Figure 2. Graph to show the number of houses built by the private (commercial) sector and the public (subsidised) sector during the post-World War I period.
Based on figures given in Bowley (1946)

5. The price of the 'semi'

Comparing prices of any commodity over a long period of time is fraught with all kinds of problems. Tracking house prices presents even greater problems; prices at any one time vary enormously, even within a single market area. Data on house prices for recent years is readily available - the Building Societies in the UK have been publishing reliable series for 20 years or more. Data for the 1930's house prices is more problematic. Government published no records of prices of houses, since only rental values entered cost-of-living calculations.

In order to gain some idea of the levels of prices charged, I have gleaned information from a variety of sources, some published, some based on the recollections of elderly residents. The graph shown in Fig 3 gives what I believe is a fair representation of the changing price, adjusted to January 1992 terms of the typical English 'Semi'. (There did not appear to be very much regional variation in prices in the 1930's. Full details of the data used and adjustments made are available from the author; ascertaining house prices from historic records is a fruitful field of research in itself!)

HOUSE PRICES IN UK 1920-92

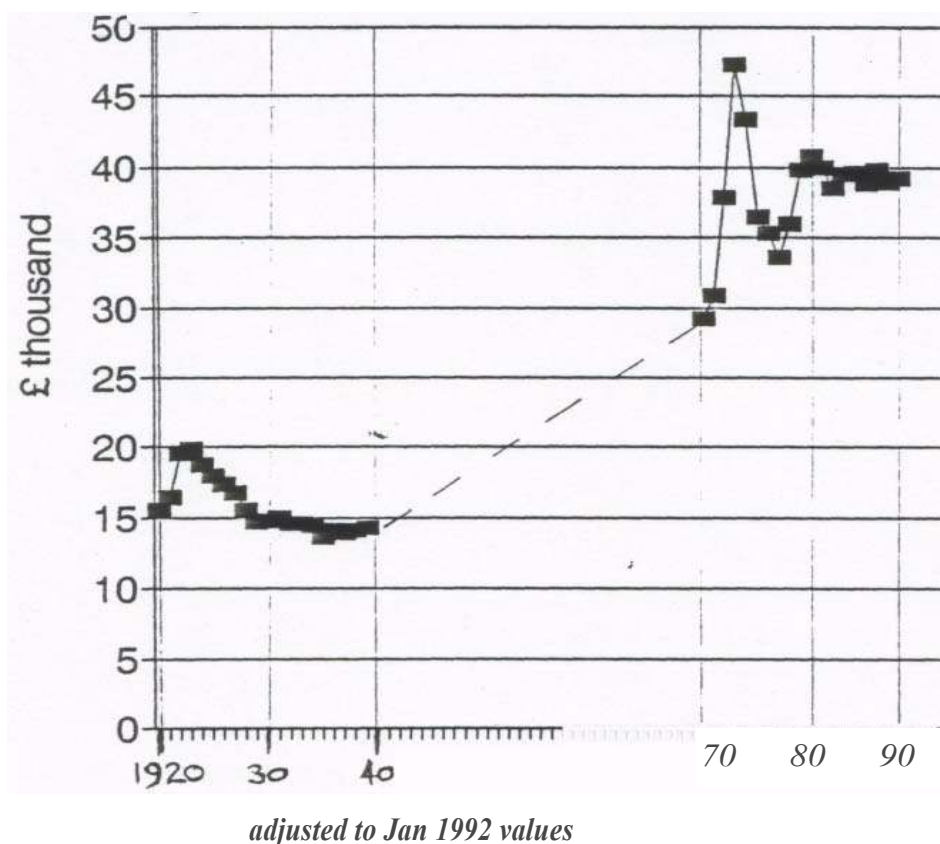


Figure 3. Graph to show price of the cheapest 'family' house 1920-39 and 1970-92

Source of data: described in text. Earlier values derived from various sources, later values from 'Nationwide' data.

The picture on prices tells a clear-cut story: it was possible to buy a standard family house in the 1930's for about one-third what it would cost today. There may be inaccuracies in the method of calculation, but nothing can detract from the fact that the housebuilders in the 1930's managed to contain costs in a way which seems to defeat today's builders. The failure of the housebuilding industry to contain costs is even greater when compared with almost any other consumer product. All other products, including food and clothing have gained from increases in productivity, leading to lower costs. In the case of some products like televisions, the reduction in prices in real terms has been spectacular.

6. The quality of the 'semi'

Many questions were raised at the time they were built about the soundness of the 1930's semis. The term 'jerry-built' implying shoddy and impermanent was frequently applied to these houses. This complaint did not go unheeded however; in 1937 the National Housebuilders Registration Council was formed by the builders to try to improve 'standards' and also to provide a guarantee to purchasers.

The architectural profession were especially scathing, as Oliver (1981) explains. They considered the built form of the estates of semis to be in the worst taste, that the layout inside was unsatisfactory, that from the outside the rows of semis were repetitious and uninspiring. The fact that they were built in the suburbs was felt to be the worst aspect; achieving neither the convenience of the town, nor the open spaces of the countryside. Worse, by blocking access to the countryside for town-dwellers, they were making life worse for everyone. In the late 1930's the first 'Green belt' legislation was enacted, specifically to prevent urban sprawl.

The architects consoled themselves with the thought that these mean little semis would soon crumble away, and be replaced by the rational, modern, functional housing of the sort decreed by le Corbusier. We have the benefit of hindsight, and now know what a disaster the architect-designed high-rise blocks of the 1960's and 70's have been. In many cases the only solution is demolition, often after a mere 20 years of existence.

But what of the much despised semis? After 50 or 60 years they are still there. They are still attractive from the purchaser's point of view; and continue to command a good price. Despite the talk of jerrybuilding, these houses are still standing, although in need of some repairs these days. What is more impressive is that, as far as I can ascertain, not a single semi has ever been knocked-down in order to be replaced. (Some have been taken out to allow access to valuable sites).

If 'quality' is to have any sensible meaning, then there is no doubt that the 1930's semis were a quality product. They satisfied customers requirements, they gave, and still give a satisfactory service.

*7. Performance of an **Industry: Factors of Production.***

The performance of an industry will depend on the external factors which contribute to the way it is organised, but also on the way the industry itself is managed and run. This section deals

with the external factors which affected the housebuilding industry in the 1930's. The next section will deal with the internal organisation of housebuilding. There can be little doubt that the 1930's in England gave rise to an especially favourable set of factors which enabled the housebuilding industry to flourish.

7.1 Labour

Labour was cheap and plentiful, as a result of the Great Slump of the time. In 1930 there were about 800,000 workers in the UK Building Industry, with an unemployment rate of 18%. By 1939 these numbers had risen to over a million, with the unemployment rate halved. Most striking is the increase of 40 or 50% in the numbers of skilled craftsmen, such as bricklayers and carpenters.

(Figures given in Bowley, 1945).

This last figure is somewhat surprising, given that a lengthy apprenticeship was still the norm in order to achieve craftsman status. In addition to drawing in all available men, there must also have been an element of reclassification of semi-skilled men. The workers were in no position to resist this dilution.

7.2 Land

The Slump had a devastating effect on agriculture, encouraging the sale of land at low prices. More significant were the advances being made in transportation. Jackson (1973) notes the impact of the Underground railways, which were extended out into the suburbs of London. The existing tramways were being augmented by the new omnibuses. New roads were being built, and cars were becoming more widely available. A dense network of mainline railways was still in existence.

All of these factors had the effect of making the supply of land for building purposes much greater. This was crucial, because the 1930's semis were built to much lower densities - 12 to the acre was the norm. Large plot size and distance from the centre, especially of industrial towns were seen as the main advantages of the semis. This made people willing to travel, increasing the effective supply of building land.

7.3 Capital

Although housebuilding itself is not very capital-intensive, activities around it need large amounts of capital. Land purchase prior to building is one; capital to purchase the finished houses another. The Slump had two effects - it brought down the rate of interest charged, and it gave rise to a large pool of savings. This is no more than the normal effect of people wishing to save more in troubled times.

There was another factor as Davis in Oliver (1981) explains. In the previous generation,

the wealthy would normally have invested in rented property, as a safe haven for their savings. Two factors discouraged this form of investment after World War I: one was the Rent Acts, which despite being slowly repealed after the War, still made investors wary. The other was that small Landlords experienced difficulties in owning just a few properties in their own locality. They preferred to spread their risk, continuing to invest in property, but in a different form. They either invested in their own house, or they left their money in the Building Society. Thus an adequate supply of Capital was available to sustain the housebuilding boom of the 1930's

7.4 Government

In contemporary society government plays a crucial role in all forms of housebuilding. This can be through direct controls, or indirectly through subsidies and tax reliefs. This may not always be as a result of deliberate policy; the notorious Mortgage Interest Tax Relief (MIRAS) which costs the British Government £8 billion, happened by inadvertance. The Governments of the 1930's were right-wing, with a belief in non-intervention. There was a 'public health' policy to clear slums and build for the poor. There was also a wish to abolish rent control, but sufficient political awareness to find reasons for delaying doing it.

As to housebuilding by the free-enterprise sector, for sale to individuals, the government was neutral. There was certainly no tax incentive - most of those buying a semi were not income-tax payers. Such constraints as existed stemmed mainly from Local Government. There were Building Regulations which laid down ventilation and fire safety standards. There was some planning control on density, but little control over land-use. The much criticised 'ribbon development' of the time could only happen where no planning control existed. What appears certain is that there were few if any of the bureaucratic delays that are regularly cited nowadays as causing additional expense. Perhaps the most significant contribution that Government made at this time was to provide the regulatory framework for the Building Societies. Following financial scandals in Victorian times, these institutions were closely regulated, and kept quite separate from the ordinary Banks, The result was that the savings of the middle classes were made available to the housebuyers in a secure and satisfactory way.

8 *Housebuilding Industry organisation*

The performance of industries, specifically firms within industry is crucial to determining whether they will be successful. Porter (1990) makes this point in his well-received book on 'The Competitive Advantage of Nations'. Looking at the Housebuilding Industry of the 1930's it is difficult to detect any significant change in the methods of operating that might have given rise to its success. It is difficult to recreate exactly what was going on in the industry some 60 years ago; historians, even of the local variety recorded the green fields before the houses came and the built houses after. Little attention was given to recording the process of construction of the houses.

The building industry then as now consisted of a great number of small firms. In many cases the housebuilders were local firms with just a few employees. The method of subcontracting was also used to a great extent. Jackson (1973) seems to suggest that 1930's housebuilding around London was dominated by a group of large firms. He cites the firm of Wimpey which built 10,000 houses during the 1930's in and around London. He also notes the fact that some of the larger firms built to a specification better than that required by the Building Regulations, and were especially proud of their reputation for doing so. The most likely conclusion is that there were a number of housebuilding firms whose products had established a reputation with the housebuying public, but in addition there were then as now a huge number of builders producing only a few houses each.

1930's semis possible. The methods used differed very little from the earlier Victorian times. Cheap machine One thing which seems certain was that there was no major technical breakthrough which made the -made bricks and woodwork had been available for many decades. No new material like plastic came along to enable the builders to build lighter or cheaper. The one possible exception to this was in windows, with the introduction of the steel framed window. There seems to have been little off-site prefabrication, especially not in the case of roofs.

Organisation of the building site was along traditional lines. It is reasonable to suppose that the repeated building of near-identical houses must have led to a rationalisation of workplace layout and the storage and transport of materials. This could be called a Tayloristic' achievement, on the same lines as the contemporary car factories, but there was no guiding hand behind it, as in the case of the Ford Motor Company. Traditional methods remained in use, and it was the repetitive and simplified nature of the work that lent itself to the 'streamlining' - to use a vogue word of those times. - of the building operations.

9. Lessons from the 1930's for the 1990's?

Perhaps the only lesson that can be learnt from the 1930's housebuilding boom is that it is untrue that housing is always a problem. There once was a time when houses which people liked were built at reasonable prices and in plentiful quantity. If the housebuilding industry could do as well in the 1990's as it did in the 1930's then there would be little or no homelessness, bars to labour mobility, dependency of Social Security, and who knows? perhaps even fewer problem estates. The 'affordability' problem in relation to housing might be no more than a historical curiosity.

But it must be acknowledged that the factor conditions which prevailed in the 1930's were uniquely and unrepeatably favourable. The housebuilding industry did little more than respond to the signals; it did little to foster improvements in either the processes of building or in the built product.

It is now accepted as common wisdom that the housebuilding industry needs a body like the NHBRC (now re-named the National HouseBuilders Council) to guarantee the quality of the product. What is significant is that in the 1930's prior to the NHBRC, some builders built to higher standards, and sold their houses on the strength of their own reputation. Is the NHBC guarantee a barrier to progress?

Another piece of current wisdom is that Planning is essential to save us from environmental disaster. Limiting land use, and slowing down the development process has added to costs. Planning has helped make urban environments more humane; but has the cost of Planning been too great?

There is general agreement about the malign effect of tax-subsidies like MIRAS, that it goes to the wrong people, that it leaks out of housing and over to the factors of production. Similar arguments could be made around other forms of subsidy, such as the attempt to provide high cost housing to poor people, but at an 'affordable' - that is less than open-market rate. Yet no serious commentator suggests replacing targeted and earmarked subsidies for poor tenants with a universal cash benefit. Specific subsidies promote inefficiency in the provision of housing. Have we trapped ourselves into a spiral of subsidy, based on the premise that free-market provision is inadequate, leading to more subsidy, making the providers, the builders even less efficient?

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