

The Social Democratic Party's Housing Construction Program for the Western Occupation Zones (May/June, 1949)

Abstract

After the destruction wrought by Allied bombing and the influx of millions of refugees and expellees from the Communist sphere of power, the housing shortage was among West Germany's most pressing problems. According to more recent calculations, in the fall of 1950, there was still a shortage of more than 4.5 million housing units. Within this context, the Social Democratic Party (SPD) called for a state-planned and organized housing program that aimed to create up to a million new housing units within four years. On April 24, 1950, the First Housing Construction was passed in West Germany; with its emphasis on social housing construction, it largely adopted the suggestions of the SPD.

Source

1. Why "Plan A"?

The task of planning is to get a picture of the economic possibilities for further development. Needless to say, it is always only a few important points that get considered. However, foregoing planning completely would mean venturing without a map or a compass into storms in economic development. No responsible economic policymaker could want that.

[...]

2. Task and program

A social or economic construction program?

Plan A of the Social Democrats outlines a social construction program that is meant as the first step toward tackling the housing shortage. This program involves making 750,000 to 1,000,000 apartments available within four years. The recovery of our economy, especially boosting our export performance and spurring the development of primary industry, depends on an intensive housing construction program. Industrial production cannot be adequately developed without bringing the necessary workers to the production sites. That is also the only way for those who were driven from their homeland or bombed-out during the war to finally secure a decent living again. The social and economic sides of this program are so closely connected that they merely represent different aspects of the same goal.

[...]

3. Housing construction within the framework of the economy

Competing investment purposes

It is not sufficient to demonstrate that the material preconditions for the implementation of a social housing construction program are in place. Likewise, demonstrating that the financing of such a program is possible is not sufficient justification for the necessity of its implementation. Rather, everything depends entirely on whether it is economically justifiable in the first place to accord housing construction a decisive role within the framework of overall reconstruction planning.

Mechanistic or organic economic thinking?

The highest commandment of economic policy must be to use the available labor, means of production, and raw materials in the most efficient possible way. Whether the available iron should be used chiefly in mining, transportation, machine building, the consumer goods industry, or in housing construction is a weighty question. However, these kinds of considerations still adhere all too closely to the well-worn pathways of mechanistic raw materials planning during the Third Reich. Never before in German history were so many humans available to wage war. It was only the raw materials that were in short supply and that had to be “planned out” in an increasingly rigorous manner. But even after the war, we have not really strayed from this lopsided thinking when it comes to raw materials; however, we must put people at the center of our thinking once again. We must finally realize that we are no longer working for war, but for peace. This change has also been implemented by the occupying powers through the Marshall Plan. This change in mentality, in and of itself, leads to a different understanding of economic planning. We no longer wish, as was the case during the war, to impose a brutal program on our economy from the outside; instead, we want to plan in peace for the peace and welfare of our nation.

The crucial economic imbalances

Economic health in this sense is the harmony of economic forces. If we ask from which side that harmony is disturbed most today, there can be only one answer: today, the worst grievances – in material, emotional, and moral terms – are found in the destruction of the livelihood of millions of people through the devastation of the war and the subsequent expulsions.

[...]

4. How must we build?

Size of the apartments

According to the outcome of the 1946 census, we must reckon in most cases with three to four persons per housing unit (family). This number was slightly higher in small cities than large ones, and it is growing steadily in communities with a predominantly farming population. For this number of persons, a living space of 45 square meters on average has been put forth as the necessary minimum apartment size. This size will form the basis of all further considerations. Qualitatively, these apartments are to be first rate; at the same time, the factor of cost effectiveness – which, in the final analysis, is expressed in the rent – must be taken into account.

The large group that consists of the very smallest households will require a considerable number of apartments of even smaller dimensions – self-sufficient one-room apartments with a cooking niche and built-in cupboards, residential home apartments. The elderly, single women, mothers with one child, and young couples are just as entitled to their own apartment as entire families. Today, they take up family-sized living space or are condemned to a hopeless existence as sub-letters.

Housing type and building method

Standardization and typification will play an important role in the implementation of this program. However, at this point it must be stated clearly that only individual building elements (and not apartments and houses themselves) will be standardized by type. The phrase “social housing construction” is all too often associated with uniform apartment blocks. Construction should be simple and purposeful, but not uniform. Architectural design will continue to remain in the hands of architects. It will accommodate the landscape and the traditions of the land or the city.

[...]

7. Financing

a) The task

What can be produced can also be financed

Crucial to assessing the financing possibilities of “Plan A” is an examination of the question of whether the sources of material aid and the workers are available. Housing is not built with money, but with workers, raw materials, and manufacturing enterprises. If the production possibilities are not there, then the best financing skills are useless. But if the production possibilities are affirmed, then concrete financing is merely an organizational-technical matter. What can be produced can also be financed. When we say that financing is “merely” a technical matter, we do not in any way mean to diminish the importance of the problem. One should not fail to recognize that here, too, seeing that the effects of the war and the postwar period and the currency reform have shrunk savings as well as business and capital reserves, we have to solve difficult problems, problems that could conjure up the danger of inflation if they are not handled in a skillful and thoughtful way. However, what is most decisive is whether and to what extent untapped labor and business reserves are available within the economy. As long as an unutilized potential of forces is available – and in the construction sector this potential is available today on a large scale in the form of untapped labor and business capacities – the procurement of funds can be a question of “how” and “how much,” but never a question as to “whether” they should be spent.

We have more than a million idle workers (March 1949). Of those, more than one-quarter are construction workers in some states. We have an idle construction economy, which could be put to immediate use for housing construction.

We have a large assortment of domestic building materials; we have sufficient coal for the building materials industry.

We have architects and engineers with ideas. They represent intellectual capital that is simply waiting to prove itself with modern construction methods.

The economic possibilities – labor, raw materials, production sites – are in place. Where do we now get the necessary funds to set the machinery of a construction economy, especially for social housing, in motion?

b) Necessary capital and how to procure it

Necessary capital

Starting from the current average building costs (including connecting the utilities – though without land and construction costs), the following approximations are predicted for the coming years:

Building costs per apartment (on average) in the year

1949: 12,000 DM

1950: 11,500 DM

1951: 11,000 DM

1952: 10,000 DM.

With planned and well-organized construction activity, the economies of scale will probably be greater

than assumed. By all indications, it will already be possible to build apartments for less than 12,000 DM in 1949. However, like the determination of the need for material, the determination of capital needs for “Plan A” was deliberately set at a minimum when it came to expected progress and a maximum when it came to safety.

[...]

c) Rent

In terms of rental policy, the SPD advocates the following program:

1. For new construction, the existing rent level for new buildings applies. Rent increases for new construction, both for existing new buildings (built between 1919 and 1948) and for future new buildings, are presently ruled out.

[...]

9. Organization of social construction

Construction and settlement carriers

With the appeal for housing construction at the Düsseldorf Party Congress in September 1948, the SPD embraced the promotion of all forms of property. The appeal refers specifically to single-home construction, non-profit housing construction, as well as the private construction of rental apartment houses. It is crucial for the Social Democratic housing policy that all recipients of public subsidies for housing construction are subject to uniform regulations concerning the calculation of costs and profit. A model for this has been developed in the work of non-profit housing construction companies (construction cooperatives and housing construction societies). Whoever receives public subsidies must submit to construction-cost controls, to the determination of profit possibilities, and to oversight regarding the use of rents to cover costs and maintain the building. Here, an important task will fall to the non-profit companies, without their receiving a monopoly over the housing economy, which they themselves have not sought. They deserve support especially because they forego the generation of capital profits by their own volition and purpose.

Housing construction laws

So far, the necessary construction of 5 million housing units has been regulated only to a limited extent. Rebuilding laws, rubble clearance laws, and other ordinances exist, but are insufficient. Instead, it is necessary to create housing construction laws that regulate the promotion of housing construction, the assessment of rents, and the use of public subsidies. Apart from that, all organizational and legal measures must aim to involve the central offices only to the extent necessary to pave the way for the will to engage in social building. In addition, every kind of self-help that fits within the framework of the overall program shall be promoted.

10. Investment planning and guided lending

The considerations so far have shown the need for investment planning and guided lending. They have also shown that an appropriate share of housing construction in the overall volume of investments is possible and necessary. Who, then, will make sure that housing construction gets its share? Orthodox doctrine would say that this has to be decided by the interest rate, that is, the return on the various investment plans. This would require, first of all, that housing construction be able to compete for funds on an equal footing with the other types of investment. Quite clearly, this prerequisite currently does not exist. Second, it would require that the pricing for the primary bidders for investment loans is decided by

the free market. That is also not the case. In coal mining as well as the transportation sector, and in the energy industry, prices are constrained, set by, and controlled by the public authorities. The same is true today of housing construction. Today, the urgent demand for housing is in no way reflected in the rents, and it could not be, even if rents were decontrolled as long as the command economy of the housing offices continues. Therefore, the logical consequence is that the state itself has to decide how much of the economically possible loans it will give to the chief bearers of investment, but especially also to housing construction. For this, the state will have to be guided by general economic, but also socio-political considerations. Moreover, in making these investment decisions, the state will also have to take the availability of labor and building materials into consideration as guidelines. At any rate, reconstruction cannot be simply left to the automatism of the free market, since no social housing construction would come about even with the restoration of a completely free economy under the sway of the principle of profitability. This by no means relieves us of the need to make sharp calculations, also in housing construction, but it should preserve us from illusions when it comes to credit procurement.

Therefore, we demand large-scale investment planning so that social housing construction will also be given its due. Incidentally, we share the expert opinion on guided lending and investment control formulated by the scientific advisory council of the administration for the economy.

It says, among other things:

“The continuous coordination of investment policy in all areas of economic and social life is indispensable. The responsibility for this must lie with a supra-ordinated, centralized office, whose directives are binding for all administrations involved in its implementation.”

A soon-to-be-established administration for reconstruction must represent the objectives of the housing economy as part of the general economic planning and especially the investment planning for West Germany, and, in accord with the states, establish the general guidelines for the implementation of a housing construction program.

The principles of investment planning and guided lending must be opened up to public discussion. Enshrining them in law is urgently needed in order to endow them with the necessary authority. If we wish to create a social democracy, the people must be able, through their elected representatives, to exert a decisive influence in determining the major lines of economic policy.

11. This is socialism

The present studies show that the implementation of a program of social housing construction is entirely possible both materially and financially given the current state of our economy. However, a program of 750,000 to 1,000,000 housing units over the next four years should be seen as merely the initial plan to remedy the housing shortage. With focused exertion, it must be possible, after housing construction has gotten under way and after the transition to modern construction methods, to raise housing production within the foreseeable future well above the level set for the initial years. However, this achievement can be expected only from a government that does not inquire about private-capitalist profit, but rather about economic necessity. To the socialist, the human being is our economy's most valuable good. All economic possibilities must serve him. Social housing construction is one of the things most urgently needed to restore a humane standard of living. Making economic possibilities a reality is a matter of political will. The Social Democratic “Plan A” shows us the way.

Source: AdsD, Bestand Bibliothek, Broschüre “Plan A. Aufgabe Nr.1 Wohnungen bauen!”; reprinted in Udo Wengst, *Geschichte der Sozialpolitik in Deutschland*. Bd. 2/2: 1945–1949: *Die Zeit der*

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