

COOPERATIVE APARTMENTS IN SWEDEN

A Study of The Tenants' Cooperative Housing Movement

with

Special Reference to General Housing Policy in Sweden.

by

Tuure Torsten Kulmala

ll.B., University of Helsinki, Finland 1940

Dipl. Eng., Finland's Institute of Technology, Helsinki, 1942

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Head of the Department of
City and Regional Planning

Frederick J. Adams

Author's signature

Torsti Kulmala

Massachusetts Institute of Technology
Cambridge, Massachusetts
April 21, 1954


Cambridge, Massachusetts

April 21, 1954

Professor Frederick J. Adams, Head
Department of City and Regional Planning
Massachusetts Institute of Technology
Cambridge, Massachusetts

Dear Professor Adams:

I respectfully submit herewith a thesis entitled
Cooperative Apartments in Sweden, A Study of The Tenants'
Cooperative Housing Movement with Special Reference to
General Housing Policy in Sweden in partial fulfilment
of the requirements for the degree of Master in City
Planning.

Respectfully,


Torsti Kulmala

Arch - Nov 2, 1954

Abstract: COOPERATIVE APARTMENTS IN SWEDEN

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by Tuure Torsten Kulmala

submitted to the Department of City and Regional Planning on April 21, 1954 in partial fulfilment of the requirements for the degree of Master in City Planning.


This study is based largely on official Swedish sources and material from HSB, The Tenants' Savings and Building Society-Movement and is focused on a typical example - the HSB apartments.

The purpose of the study is to show the four basic reasons for the success of the cooperative housing movement in Sweden:

1. Sympathy for the cooperative approach
2. Organizational strength and administrative skill
3. Support from local government agencies
4. Support and financial aid from the State government

Their functional and historical interrelationships and relative importance are discussed in the light of the support and collaboration of labor's existing economic and political expressions: the related consumers' cooperative and trade union movements and the Social Democratic Party. The role of housing cooperatives in public housing and financing is shown against the perspective of urbanization, modern city planning concepts and municipal land policy.

In conclusion it can be said that large-scale operations in the construction of both projects and materials, plus the continuity in research and experience afforded by HSB have a more profound effect on the modern-day housing market than the cooperative approach as such, which, however, helps mobilize the necessary capital and support. Although it has not yet been possible to serve the lowest income groups, the author believes that the cooperative approach reduces the costs both for the tenant and the society as a whole.

Thesis Supervisor: 

~~_____
Lloyd Rodwin~~

Associate Professor
of Land Economics

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COOPERATIVE APARTMENTS IN SWEDEN

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Introduction and Summary

A. Purpose of the Study.

The contribution, both material and social, of the cooperative housing movement in Sweden has been of clear and considerable importance. It has provided tens of thousands of working class families with decent homes at a cost demonstrating the value of continuous, large-scale building enterprise. It has shown the value of long-range planning in the housing field and raised general interest in housing, particularly in its social-reform aspects.

The purpose of this study is to show what we believe to be the four basic reasons for the success of the cooperative housing movement in Sweden, and, by implication, some of the factors necessary to the success of such a movement elsewhere:

Point 1. Sympathy for the Cooperative Approach.

Consumer cooperatives and housing cooperatives got an early start in part because of traditional beliefs in mutual self-help, not forgotten during rapid urbanization -

and in part because of an adult education program that spread the cooperative housing idea in labor societies and labor unions early and far.

Point 2. Organizational Strength and Administrative Skill of Housing Cooperators.

Experience gained through early cooperative housing attempts since 1870 helped to develop a group of devoted leaders, who, with the support of the people in need of housing, succeeded in establishing a strong central organization for the cooperative housing movement. Thus the "know-how" for the large-scale activities, both in construction and management of housing projects, was kept within the organization and the continuity of operations was ensured by a strong organizational structure.

Point 3. Support from Local Government Agencies.

Participation of local governments first occurred during the severe housing crisis of the First World War, when private building had actually stopped in many urban areas. Their help took the form of initiating housing societies and supporting them with land and loans. This help, however, was not restricted to cooperative housing societies only, but also given to other housing undertakings of non-speculative character. The close relationship between municipal authorities and cooperative housing

societies in the beginning of the modern cooperative housing movement in Sweden, one generation ago, has been maintained on a friendly level. It has led to the establishment of semi-municipal housing agencies with cooperative participation; initially for the promotion of housing for certain social groups - low-income families with many children, and the aged - and later, for the promotion of rental housing in general.

Point 4. Support and Financial Aid from the State Government.

Consumer cooperatives and housing cooperatives have been able to operate within an appropriate legal framework from the end of 19th Century on. State financial support for housing cooperatives is of relatively recent origin, dating from the critical years of the Second World War. It arose out of the desire of state authorities to eliminate the speculative aspects in the financing, building and administration of housing.

To evaluate the relative importance of these four factors or contributing forces is difficult. Cooperative housing in Sweden was a product of crisis, a real "war-child". In its modern form, it was born with local help in an emergency situation following the First World War and then received a further push to maturity by state support during the second housing crisis of 1939 - 1944.

The cooperative housing movement did not grow in a social vacuum. In Sweden, there were many factors promoting its success - the whole political setting, in fact, was favorable. Relatively great homogeneity in race and religion, acceptance of state paternalism in many fields of social and economic activity and high standard of living due in large part to Sweden's neutrality during the two World Wars, made it economically and politically feasible to carry out the substantial, socially oriented housing program in which cooperative housing was to have so a large share.

B. Organization of the Study.

This report will deal mainly with cooperative apartments, i.e. cooperative housing societies providing their members with permanent leases. Single-family cooperatives are omitted because of lack of information, lesser importance and atypical characteristics of full ownership, public grants and supervision. One further limitation is that our discussion is focused on one organization, namely The Tenants' Savings and Building Society-Movement (Hyresgästernas Sparkasse- och Byggnadsförening, HSB); this is because HSB is the oldest and biggest nationwide organization.

This report is divided in three parts. In Part I,

we will analyse the development of the cooperative housing movement from the early scattered housing societies into an organized, nationwide HSB-movement, from which history Points 1 and 2 are derived.

It will be shown how closely early housing societies were related to the labor movement and consumers' cooperative movement (details in Appendix A), and how the participation of the tenants themselves and of their unions led first to the establishment of The Cooperative Housing Society of Stockholm under municipal supervision in 1916, then to the creation of the HSB-society in Stockholm in 1923 and to the establishment of the National HSB a year later. Then follows a discussion of the aims of the HSB-movement and of its organizational characteristics and legal and administrative aspects. It will be shown how HSB, with its peculiar organizational set-up, has been able to create a strong central organization for cooperative housing, thus reaping the benefits of continuous large-scale housing production and of accumulated experience. -(More detailed information regarding the complicated structure of the HSB is given in Appendix B.) Financial relationships between project and local societies, and between member-owners and project or local societies are explained. A review of the material achievements of the HSB-movement follows. Some special aspects of the

activities of the HSB, not strictly cooperative, are also studied - namely promotion of self-help housing and production of building materials. Finally a brief discussion of other housing cooperatives ends Part I.

In Part II, attention is focused on Points 3 and 4. Here we will analyse the development of housing cooperatives since World War I in relation to general housing policy in Sweden up to the present. It will be shown how municipal initiative and support gave a great push to the cooperative housing movement during the housing crisis following the First War. The development of the HSB-movement from a strictly cooperative agency - selling its apartments to its members - into a service agency for municipalities and other authorities is discussed together with major governmental housing policy decisions in the late 1930's. The second housing crisis of 1939 - 1944 is then analysed and governmental aid reviewed in their relation to housing cooperatives. It will be shown how the increasingly favorable attitude of state authorities towards non-speculative housing undertakings such as housing cooperatives resulted in advantageous long-term credits, thereby giving the housing cooperatives a second boost. In the last section of Part II, we will scrutinize the role of housing cooperatives in the light of present housing policy. HSB has now become a large-scale planner

and promoter in the housing field and works together with those local government agencies which are directly responsible for carrying out the present housing program. HSB, meanwhile, also continues to promote housing on purely cooperative basis for its members, as before.

Part III is reserved for conclusions and critical comments. The importance and interrelationships of the four factors of success are evaluated in the light of the favorable political setting in Sweden: support and aid from ^{the} consumers' cooperative movement, trade unions and labor party, and in the light of city planning and housing objectives: municipal land acquisition and land use control and state domination and intervention in housing production. A critical review of the cooperative housing approach follows, in general stressing the fact that in modern society the advantages of continuous housing production on a large scale with opportunities for experiments and research are more important than the cooperative approach as such. It is also pointed out that cooperative housing has not been able to solve the problem of low-income housing. A few final remarks concern the benefits of cooperative housing societies in regard to municipally controlled housing corporations, also known as public utility housing societies. It is the opinion of the author that the cooperative approach

reduces the cost of housing for the individual tenant as well as for the society as a whole.

C. Sources.

This study is based partly on first-hand Swedish sources: governmental reports and official statistics; laws and by-laws of cooperative housing societies, and partly on studies and articles by noted Swedish and Scandinavian authors and on information received from HSB. Other sources consist of books and articles in English: U.S. Government reports; books and articles by American authors.^{1.} Some of the sources might be to some degree prejudiced against speculative builders and favor cooperative housing, but our sincere aim has been to be as impartial as possible.

1. See Miles L. Colean, Cooperative Housing in Sweden, who mentions that his negative conclusions "were based on material published by foreign enthusiasts and native apologists, who have endeavored to present the program (i.e. cooperative housing program) in an appealing light", op.cit., p. 1.

PART I. HOUSING COOPERATIVES

"Cooperation means, literally, working together. Union is strength in all cases and without exception. What one man can not do, two may. What is impossible for a few, is easy for many. But before many can work, they must join hand in hand; they must know their objective and feel a common tie."

1
Dr. William King

The development of the cooperative housing movement in Sweden, from the dawn of industrialization and urbanization up to the present, is here divided into separate stages to demonstrate the sequence of growth. These stages, of course, overlap to some degree,² which is quite natural when dealing with a dynamic, continuous movement. Four stages are clearly discernible in most successful consumers' cooperative societies:

A. Pre-cooperative stage, when scattered attempts usually end in failure

B. Organizational stage, a "trial and error" period still with many failures, but also many growing, powerful societies

C. Centralized stage, marked by the establishment of regional or national federations of local societies, with wholesale and educational outlets for members and, finally, the

-
1. A physician at Brighton, North England, who rendered an invaluable service to the consumers' movement by publishing, from 1828 to 1830, a little magazine called "The Co-operator". See V.S. Alanne, Fundamentals of Consumer Cooperation, p. 6.
 2. Emery S. Bogardus, "The Cooperative Housing Movement in Sweden", Sociology and Social Action, Vol. 35, No. 2, Nov.-Dec., 1950; pp. 128-129.

D. Specialized stage, with mass production of consumers goods.

These four stages will be used in the following analysis.

A. Pre-Cooperative or Groping Stage.

1. Early Housing Societies

The question of decent shelter was a part of the programs of the early labor movement. The spread of true cooperative principles in accordance with the English cooperative pattern, which included housing also, and the apparent success of the cooperative movement in England and in Germany encouraged similar attempts in Sweden. Of course, a basic need for housing did exist, The first tenement houses ("Mietekaserne" or in Swedish, "hyreskaserne") were introduced in 1870 in Stockholm and Gothenburg, when the migration to cities had started. They were built after the German pattern in closed blocks with back and sidecourt houses and consisted mostly of one-room apartments. Land speculation was booming. In the 1880's, the price for building land in well situated neighborhoods in Stockholm went up ten and even twenty times within six or seven years³. Rents were also continuously rising because of the lack of suitable housing - or of any shelter at all. It is estimated that, beginning in 1870 and for fifteen years thereafter, the rise amounted to as much as 80 %⁴. Under these severe conditions, the principle of organization of tenants was tried as one way

3. Gunnar Ekdahl et al, Byggnadsverksamheten och bostadsbehov, p. 6.

4. Ulla Alm, Cooperative Housing in Sweden, p. 7.

out of the intolerable housing situation. Since then it has achieved increasing importance in the housing market. Housing cooperatives and "tenants' associations" tried to protect the interests of consumers in the housing market.

The first housing societies were founded in the 1870's in Sweden. Three housing societies were organized in Stockholm between 1870 and 1879 and in the next decade, thirty-four.⁵ Several societies were also established in Gothenburg, the second largest city in Sweden. There the attempts were chiefly made by better paid artisans and office workers and many of these societies are still in existence. In 1884 Workmen's Housing Society (Arbetarnes Byggnadsförening) in Gothenburg had 1324 members and was at that time the biggest housing undertaking of its kind.⁶

In Stockholm, the earliest societies were called Housing clubs (bostadssällskap), or Workmen's Housing Associations (arbetarbostadsbolag). Because of lack of legislation concerning cooperative societies, these housing clubs and associations were organized as regular stock companies. In voluntary association each member was, according to Swedish Law, responsible for the liabilities of the association with his private property also, which principle in the case of the failure of his association could cause unpleasant consequences. Another characteristic feature

5. Ulla Alm, Ibid., p. 7.

6. Arvid G. Hansen, Boligskooperasjon i Norden, p. 103.

of the earlier housing societies was, that even their by-laws did not have any provisions to limit financial liabilities among the members, which legally, of course, did not make any difference because of the aforementioned "all for one and one for all" principle⁷. This absence of legal basis for the work of housing societies became the chief argument in the last years of the 19th Century in promoting appropriate legislation for the establishment of the legal form for the business activities of membership associations, which can be considered as one of the proofs that the housing cooperatives were then already sufficiently widespread and important to attract the attention of legislative authorities⁸. In 1895 a law was passed by the Swedish Parliament creating the legal framework for business enterprises carried on by membership associations (ekonomiska föreningar)⁹. After the new law came into effect in early 1897, about 100 housing associations were registered as "registered economic societies".

2. Their Scope and Success.

The trend of creating housing associations continued

7. Axel Pahlman et al, Arbetarföreningarna i Sverige 1850 - 1900, p. 219.
8. Central Mortgage and Housing Corporation, "Housing in Sweden", Housing Progress Abroad, Vol. 1, No. 5 & 6, 1946 p. 27.
9. The cooperative form of economic organization, which basically lies between the stock company corporation and the purely voluntary association, is actually a modified form of the regular stock company in England, France and Finland, but in Sweden, Germany, Austria and Switzerland is considered to belong to the category of associations. See Esko Aaltonen, Kuluttajat Yhteistyössä, p. 109.

up to the First World War and a relatively large number of housing groups were formed in the greater urban areas ¹⁰ .

By pooling their savings, the would-be tenant-owners secured the capital for construction of their apartment houses. The societies had a two-fold aim: to secure lower rents and to obtain more permanent leases. Instead of constructing their own buildings, they usually tried to reach their goal by purchasing already existing tenement houses and leasing accommodations to their members. Members were often denied ownership rights, however, and the housing society remained in the role of landlord and became a simple business enterprise, without any cooperative or social aspects whatsoever ¹¹ .

In addition, each housing group was a unit in itself and totally independent of other similar undertakings. The isolated societies had to face many difficulties. Their financial position was weak, causing a great risk for the tenant members who had offered their small savings to the housing enterprise. Also, once the new tenement house had been either built or purchased, the housing need of the tenants in question were satisfied and there was no reason to believe that they, for the sake of other people in need of housing, would again allow themselves to become involved in all the obstacles peculiar to the development of large urban properties.

10. See p.49 of this report

11. HSB, Cooperative Housing, p. 3.

The success of the early housing groups was quite modest, whether one compares them to the cooperative movement of that time in general, or to housing cooperatives of later date. The operational experience of this type of housing society since 1870 was nevertheless extremely valuable in the development of the cooperative practices suitable to the housing field.

B. Organizational Stage.

The three basic forces behind the cooperative housing idea are

- (1) the individual's need for shelter
- (2) the attempt to keep the rent independent of the speculation in the rental housing market
- (3) desire for security in occupancy of the dwelling

The appearance of these forces is readily understandable - long periods of housing shortage, continuous rise of rents even where there had been no rise in maintenance and repair costs of older houses, and the unstable position of the tenant in regard to the lease with his landlord - they are all typical phenomena of rapid urbanization.

¹²
12. Space, unfortunately, does not allow discussion of other means of satisfying these basic housing requirements, such as the home-ownership movement, "small house" schemes, rent control and public housing.

Since multi-family structures are the dominant housing type in the major urban areas of Sweden¹³, multi-family housing societies became the obvious method of promoting the independence of the tenant in his relations with the landlord.

1. The Cooperative Housing Society of Stockholm (Stockholms Kooperativa Bostadsförening, SKB)

The establishment of the Cooperative Housing Society of Stockholm, later referred as SKB, in 1916 can with good reason be considered as a permanent landmark in the Swedish cooperative housing movement. It was the first continuously operating organization for the construction of collectively owned housing estates. The provisions of the 1895 law (as amended in 1911) concerning voluntary associations with open membership were not, by themselves, enough; some of the pre-cooperative housing societies had failed because of deficiencies in this law itself, as much as because of their inexperience in managing big housing projects. Inexperience aside, it was exceedingly difficult for a small housing group of voluntary members to solve all the many legal, technical and economic problems involved in creating a large

13. In 1913, 93.5 % of dwellings in Stockholm and Gothenburg were multi-family. See Harald Dickson et al, "Housing Characteristics of the United States and Sweden 1930 - 1946" Supplement to Journal of Land Economics, Monograph Series 1, May 1950, Tables I & II, pp. 6-7; also Leonard Silk, Sweden Plans for Better Housing, p. 13.

housing estate ¹⁴ .

Rising rents and the housing shortage in the beginning of World War I gave the Central Association of Social Workers (Centralföreningen för socialt arbete - a powerful force in the political and economic life of the country) an incentive to find ways of solving the critical housing problems. In its reports and building plans, a cooperative basis with the financial support of the City of Stockholm was proposed. The capital for construction would be provided, in part, by cash contributions from prospective tenants and, in part, by mortgage loans, whereby the city would guarantee second mortgages up to 90 % of the value of the property ¹⁵ . After many negotiations and modifications of the organizational and construction plans, the SKB was finally formed on June 21, 1916 ¹⁶ .

In the program of the new SKB housing society, it was stated that the society would:

"primarily work toward securing for its members high-rate, moderately priced homes, in the city of Stockholm itself or in the suburbs, on estates owned by the city

14. This statement does not apply to housing groups initiated by building contractors (byggmästarinitiativ). In such cases the formation of a housing society serves the purpose of guaranteeing that the finished housing estate will have a purchaser. Since the client and the building entrepreneur are identical, there will be no dispute about building costs. See HSB, P.M. angående HSB-rörelsens organisation och verksamhet, p. 1.
15. In conventional houses, the second mortgage from regular sources ran up to 65-70 % before World War I.
16. Ulla Alm, Cooperative Housing in Sweden, pp. 9-10; also U.S. Congress 81st 2d, House of Representatives, Cooperative Housing Abroad, p. 17.

and to this end buy up suitable building lots, construct multiple dwelling houses and rent out apartments or other rooms as required" 17

The SKB is primarily a rental agency (hyresrättsförening) - cooperative renting society - for its members. It operates under municipal supervision: all major decisions are subject to the approval of the Stockholm City Council, which exercises its control through its Real Estate Commission, which has a permanent member on the Board of Directors of SKB; the other members of the Board of Directors are elected by the tenant-members.

The members of SKB have a relatively great freedom of movement within the society. A member is able to move into another apartment in the same building or into another housing project in connection ^{with} family needs or change of employment. On the other hand, he enjoys the right of permanent lease: the by-laws of the society do not allow it to terminate the lease if the member-tenant has fulfilled his part of the contract. Usually, the lease is valid for twenty-five years. The tenants, of course, have the right to terminate their membership and lease at any time upon six months' notice to the society.

A member of the SKB must invest ten per cent of the cost of his apartment for the privilege of renting it and of obtaining the benefits of an almost unlimited lease. On withdrawing from the society, a member is reimbursed the

17. Ulla Alm, op.cit., p. 10.

full amount of his equity plus the interest accrued in the course of his tenure.

The SKB has steadily developed into a substantial real estate owner. In 1951 is administered some 2,800 apartments.

2. The Tenants' Savings and Building Society in Stockholm,
(Hyresgästernas Sparkasse- och Byggnadsförening, HSB)

A substantial housing shortage had accumulated by 1923, the year of HSB's foundation.

Table 1. - New Urban Housing (number of dwelling units) in 1913 - 1923 in Sweden.

Years	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923
d.u.'s:	8600	7500	5100	5800	6800	5200	4900	4500	6400	6400	9500
Index: 1913 100	100	87	59	67	79	60	57	52	74	74	110

Source: Gunnar Ekdahl et al, op.cit., p.11.

The housing market in 1914 was relatively good. At that time, the vacancy ratio of all urban housing was 2.4%¹⁸. As shown in Table 1, the new housing production was much below that of the last normal year. During the five war years of 1914-1918, the construction of housing was, on the average, about two thirds of 1913, the last normal year. In other words, from the point of view of housing need, this

18. Gunnar Ekdahl et al, op.cit., p. 10.

means (assuming the number of new households per year had remained constant) that the housing shortage corresponded with one and a half years' "normal production". All vacant housing had already been occupied in 1916. Quite a number of families could not find any housing at all and had to be taken care of in temporary emergency shelters.¹⁹

It became almost impossible for persons of the lower income brackets to pay the increasingly high rents or to find accommodation at reasonable prices. Tenants began to organize themselves. In 1917 the Tenants' Union in Stockholm was formed. The passing of the Rent Control Law in 1917 to some degree cooled off the tensions between landlords and tenants, but the need of a special tenants' organization to help them in their difficulties became more and more evident and some civic minded social officers took the lead in the organization of Tenants' Unions both in Stockholm and Gothen-²⁰burg. Gradually, similar unions were formed in other urban areas and in 1922 all these unions combined into a national society, "The Tenants' National Union" (Hyresgästernas Riksförening).

The original aim of tenant unions was to protect the tenants against unjustified rents and evictions. Very soon, however, it was realised that this type of action did nothing to solve the housing problems of families of moderate means.

19. Ibid., p. 11; also Ulla Alm, op.cit., p. 17.

20. Ulla Alm, op.cit., p. 11.

The Tenant Union in Stockholm had already in 1919 finished a housing project of 800 apartments for its members, for which the construction capital was collected through a nationwide lottery - the first building society was accordingly called the "1917 Housing Lottery". The experience of this undertaking, together with the experience of pre-cooperative housing groups, encouraged the decision of tenant unions to enter the housing field themselves and build for themselves and administer their own houses rather than argue about rent with opposing landlords. In that way, they argued, they could eliminate the intermediate profit from sales, construction and leasing.²¹ In 1923, therefore, the Tenants' Union in Stockholm decided to create a stronger organization with a building and management committee in order to assure success in their construction projects. This decision resulted in a new organization called Hyresgästernas Sparkasse- och Byggnadsförening (HSB) in Stockholm, or The Tenants' Savings and Building Society.²² In other greater urban areas, corresponding societies were initiated by local tenants' unions. In 1924, they all federated into a nationwide central organization of housing cooperatives called Hyresgästernas Sparkasse- och Byggnadsföreningarnas Riksförbund or The National Association of HSB societies (hereafter referred to as the National HSB).

21. HSB, Cooperative Housing, p. 4.

22. The already existing cooperative housing society in Stockholm, the SKB society - p. 7 of this report - was merely a rental agency, although cooperatively controlled by tenants, operating in metropolitan Stockholm.

The establishment of the National HSB thirty years ago started a new period in the Swedish cooperative housing movement. In the following two decades, HSB societies organized and formulated the present cooperative housing movement in Sweden. HSB was based on the same working principle as that of the SKB; namely, a continuously operating cooperative body. One major difference, however, existed: the completed housing projects became legally and economically independent societies. In SKB, all members of the society, (i.e., the society itself) manage and administer of all apartments built by the society: the apartments are collectively owned by SKB and rented to its members, while within HSB each new housing project is an independent society, where the apartments are owned by individual members so far as the Swedish law provides it.²³ Thus the HSB has had the experience of many long-standing societies to draw upon. At the same time, the HSB movement accumulated knowledge within its organization as to how such building activity should be organized. Representing always those forces and pressure groups, which wanted to investigate the housing market and the social housing problems involved honestly, HSB movement has been able, without large financial resources and without the motive of profit, to create decent and moderately priced housing for tens of thousands of families and at the same time has had a large share in shaping the present day Swedish housing policy.

23. Arvid G. Hansen, op.cit., p. 105.

C. Centralized Stage

The HSB movement is today the largest cooperative housing organization in Sweden, although similar societies have been born during the World War II using HSB as model. The HSB societies started in the greater urban areas, but the formation of the central cooperative housing organization, the National HSB, made it possible to give financial and other assistance to housing groups in smaller cities and municipalities too, which hereafter did not have to await that remote future when their own funds would enable them to start their first housing project. Accordingly, new housing societies belonging to the HSB movement have been continuously established and in 1951 there were such societies in some 150 towns and other municipalities all over Sweden.

1. Aims of the HSB-Movement

Saving and building is the twofold purpose of the HSB movement. This is already indicated in its name, The Tenants' Savings and Building Society.

House or home building for a group of people requires a good deal of money and experience - and usually the families most urgently in need of housing lack them both. Through saving they may accumulate the necessary capital for the downpayment on their apartment, but even then, their lack of the knowledge and experience necessary for discussion

of house building details with contractors and architects would not allow them to enter the house building field without outside help.²⁴ The early cooperative housing attempts had proved this statement to be true.

In the HSB movement, the prospective members do the saving and through HSB they build their homes and subsequently own and manage them cooperatively. Various local HSB societies collected savings from their very beginning in order to use them as a top credit for the house to be built. The Stockholm HSB had its Savings Fund already in 1923, the same year it was formed. In 1933, the National HSB decided in its Congress in Stockholm to enlarge its savings activity to include the whole country. The Savings Fund of the National HSB, with the local HSB societies acting as branch offices, has shown a rapid growth. In January 1, 1934 there was a deposit about 20,000 kronor (\$ 5,000); by December 1938 it had grown to 4.8 million kronor (about 1.2 million dollars) and at the close of 1950, the total savings amounted to some 30 million kronor (about 5.8 million dollars).²⁵ The HSB also issues so-called Building Loan Certificates, (byggnadsfondbevis), which are interest-carrying bonds, for its members and general public. In 1947, these amounted to about 12 million kronor (\$3.3 million).

24. United Nations, Methods and Techniques of Financing Housing in Europe, p. 81.

25. Ulla Alm, op.cit., p. 24; HSB, Cooperative Housing, p. 8.

These funds are, under proper safeguards, used for a continuous building program. The National HSB lends the money only to its affiliated local HSB societies for the building of cooperative houses. In the late 1920's and 30's, when the down payments varied from 10 % to 13 %²⁶, it was often difficult to obtain capital at a reasonable cost during the construction period, but by means of this money lending activity, the interest rate could be kept down. When the building project was completed, the short term credit from the National HSB was repaid and used again for new houses erected in some other part of the country. Through its Savings Bank, the National HSB has been able to maintain a close control of its members' building activities and also to avoid practically every risk. In addition, the interest paid to members has generally been slightly higher than ordinary banks can afford to pay.²⁷

2. Organizational Characteristics of the HSB-Movement

It is typical of most nationwide movements or associations to have their administrative set-up organized on two levels: local societies - usually operating within local administrative boundaries - united, in turn, by a central, nationwide organization for the common purpose. Labor unions, consumers' cooperatives and political parties operate in this manner.

26. HSB, Pa säker grund, p. 16.

27. HSB, Cooperative Housing, pp. 8-9.

The HSB movement differs from this conventional pattern. It has a three-fold structure. There are two kinds of societies on the local level and the third is the National Association of HSB societies. Project, or "daughter", societies are the cooperative housing societies, which are made up of members of the local HSB society who are going to live in the housing project. They own and operate their development, which usually consists of one or more apartment houses, cooperatively.

The local, or "parent", HSB society is an association of people within a certain urban area willing to solve their housing problems through cooperative action. The local HSB is, in a way, a lower-grade central union, responsible for maintaining continuity of construction of cooperative housing and for keeping the experience thus gained within the organization. This continuity is necessary, because, when the building project of a small housing group has been completed, there ordinarily is no further interest in keeping the cooperative building spirit alive.

The local HSB collects savings from its members, helps to obtain suitable building sites, initiates the construction of new houses and manages all the practical details connected with the building process. When the houses are completed, the local HSB supervises the book-keeping of the finished housing project, arranges the sale of apartments and also assists in the purchase of fuel and materials.

The board of directors of the local HSB usually consists of persons who are able to devote only a part of their working day or their free time to the society. For practical reasons, it would be almost impossible for them to take care of all the complicated matters dealing with the construction of large housing estates during their after-office hours. Here the National HSB comes into the picture, for local HSB societies can use the services of their own central organization. The National HSB has its own architectural office and a large technical staff of about 600 persons. Its various departments are in charge of architectural design, site planning, construction details and cost calculations, and they issue open bids to contractors, etc. The National HSB also helps to secure loans and supervises the technical activities of the local societies. Beyond all this, it acts as prescribed in its by-laws to spread the cooperative housing idea and related information all over the country. It assists in establishing new local HSB societies, gives them legal advice and fosters mutual exchange of experience between local societies themselves. The savings program has already been discussed. The National HSB also conducts extensive research into the building field in close collaboration with State research institutes and the building industry.

The actual construction work of HSB housing projects is done by private contractors on the basis

of competitive bids.²⁹ Technical supervision during construction is maintained by the National HSB.

3. Legal and Administrative Aspects of the HSB-Movement

HSB is not a regular business enterprise for profit making. It produces housing which is withdrawn from speculation at the present time and also in the future.³⁰ The "client", i.e., the member, is himself one part of the HSB. Being a member, his opinion can and will be heard, in accordance with conventional parliamentary or democratic processes, by the administrative bodies of the three-level organization - even by the highest body, the Congress of the National HSB.

In the following section, the relationship of individual members to the three levels of organization will be discussed, as well as the interrelationship of project, local and national societies.

a. Legal Aspects

The HSB movement enjoys the protection of State authorities as provided in two general laws of Sweden, namely The Law of Economic Societies of 1911 (Lagen den 22 juni om ekonomiska föreningar), superseding the Law of

29. U.S. Congress, 81st, 2d, House of Representatives, Cooperative Housing Abroad, p. 18; HSB, Cooperative Housing, p. 12.

30. HSB, Pa säker grund, p. 5.

1895, and The Law of Housing Societies of 1930 (Lagen den 25 april 1930 om bostadsrättsföreningar). Each type of HSB society - project, local and national - has its own by-laws, where the rights and responsibilities of members and member-societies are determined and the interrelationships of the societies defined.

The Law of Housing Societies of 1930 gives a definition of what is meant by such a society. It is an economic society, whose aim is to give its members a permanent right of occupancy for an unlimited time in an apartment belonging to the society owned housing estate. The right of permanent occupancy (bostadsrätt, literally :dwelling right) is the key element of the whole law. No associations other than registered housing societies (bostadsrättsföreningar) are allowed to engage in similar activities; that is, to convey (lease) apartments to their members for an unlimited time.

The right of permanent occupancy, to which the member of the project housing society is entitled after being admitted to the society and paying appropriate entrance fees and his share of capital costs, means that the individual member can use his apartment under conditions which are almost identical with full ownership rights. The title of the real property, of course, belongs to the housing society itself. The real meaning of the member-owner's permanent right of occupancy is that he avoids the controversy between

landlord and tenant. The amount of rent and the right to have his apartment repaired are not critical issues in a cooperatively owned housing project.

The Law of Housing Societies of 1930 includes general provisions of acquisition and transfer of occupancy right. It further determines the right and duties of the member-owner in regard to his housing society. Interesting as they might be, these legal provisions cannot be discussed at any length here. One more aspect, however, must be mentioned. This is the device of the economic or "budget" plan drafted by the board of directors of a project housing society. In order to protect the general public from joining economically unsound housing groups and to create a guarantee that the members do not have to carry heavier economic burdens than they can afford to pay, the law requires that an economic plan of the proposed housing project must be submitted to the County Government (Konungens befallningshavande) before the agreement of the occupancy between the member and the housing society may be reached.^{31.} In the event this economic plan is not followed when carrying out the building program, the individual member is freed of his obligation and will be paid back his fees and other charges already made. The provisions of the economic plan were further tightened during the Second World War, because of considerable shortage of housing.

^{31.} There are 24 administrative districts (län; counties) in Sweden between municipal and State levels.

As emergency measures, two laws of temporary character were passed on June 19, 1942: Rent Control Law and a Law Controlling the Acquisition and Transfer of Occupancy Rights of a Registered Housing Society.³² According to these restrictions, which are still in force, the economic plan must be approved by the Local Rent Control Board before submitting in to the County Government. This control by the Rent Boards aims to keep the annual payments within a housing society reasonable, with due regard to maintenance and general rent level. Also, in order to avoid over-pricing, the sale of a cooperative apartment to a new member must be approved by the Rent Board.

b. Administrative Aspects

At the end of 1948, the HSB movement had 55,000 member families in 631 projects located in 135 cities and towns throughout Sweden.³³ As of the end of 1951, membership had risen to 75,000 and the number of HSB local societies to 150.³⁴

This vast, nationwide HSB movement has a special kind of administrative set-up aiming at the same time to ensure

32. The Swedish titles are: Lagen den 19 juni om hyresreglering (Rent Control Law), and Lagen den 19 juni 1942 om kontroll av upplåtelse och överlåtelse av bostadsrätt, m.m. (Housing Society Control Law). See G. Siljeström et al, Lagen den 25 april 1930 om bostadsrättsföreningar, pp. 13-14.

33. U.S. Congress, 81st, 2d, Senate, Cooperative Housing in Europe, p. 37

34. HSB, Cooperative Housing, pp. 4 & 36. In 1939 there were about 30,000 families in 188 project societies, see Ulla Alm, op.cit., p. 19.

continuous building activity and to permit the individual member to become a "conservative homeowner" as soon as his housing need is satisfied.³⁵ All the prospective member-owners are gathered in the local HSB, - the "parent" society, which is a cooperative share association with a fluctuating membership and capital. Local organizations, -for example, the municipality itself, as well as individuals can be members of the society and subscribe to an unlimited number of cooperative shares (andel) amounting to 50 kronor (about \$ 10). Each shareholder has only one vote, irrespective of how many shares he has. The local HSB is the true cooperative society or "registered economic society" in the meaning of the Law of Economic Societies of 1911. It carries out and initiates the various housing projects within its "jurisdiction".

The organization of HSB is based on principles which guarantee that HSB will remain instrumental in stimulating non-profit housing production.³⁶ The cooperative form of administration and management also gives the individual member the opportunity to influence the management in general, to elect the directors and auditors and, in addition, to propose and work for plans which will benefit the project housing society and its members. (See Appendix B for details of organization) He is interested in keeping the maintenance

35. The Norwegian Joint Committee on International Social Policy, Housing In Norway, p. 126.

36. HSB, Pa säker grund, p. 6.

cost as low as possible and seeing that no unnecessary charges occur. Experience has shown, furthermore, that the loyalty and responsibility of the individual member toward his housing society helps him to understand the need of painting and maintenance of outside walls, entrances, common corridors and stairs, landscaping, etc.³⁷ The value of efficient heating at low cost is clearly understood also.

Although no data has been available of the actual size of project societies, they are relatively small, judging from the overall membership figures and the number of project societies - p. 22 of this report. This small size seems to represent a natural face-to-face group with "we-feeling", which helps in keeping the management and membership participation on human scale, thus circumventing ignorance and and bureaucracy.³⁸

It is important to keep in mind this peculiar form of administration, safeguards and accounting ^{see} - details in Appendix B. HSB has been responsible in initiating and a cooperative formula of housing societies, which provides security and independence for project societies, but, on the other hand, keeps them also under control and affiliated to HSB.

37. HSB, P.M. angående HSB-rörelsens organisation och verksamhet, p. 2.

38. About the relationship of the size of housing groups and its social structure, see Anthony F.C. Wallace, Housing and Social Structure, pp. 21-23 & 109. ". . . in a (public) housing project the difference in population between one thousand people may mean the difference between a community (as defined earlier) and a bureaucracy", op.cit., p. 23.

4. Financial Considerations in ^{the} HSB-Movement

a. Project vs. Local Societies

The contract between the local HSB and the project society specifies supervising expenses during the construction period, conditions of payments of so-called "special housing charge (avgäld³⁹), term of joining the repurchase fund, payments of building costs and management of the accounts and cash funds of the project society by the local HSB. The project society also agrees not to allow any over-pricing or blackmarket sales in transactions concerning the sale of apartments.

The concept of a repurchase fund (aterköpsfond) requires some clarification. Being an owner of his apartment, the member of a project society cannot move away under the same conditions as if he were living in a rental house. He must get hold of a purchaser if not willing to lose his equity. In case the member wants to give up his apartment, rather than sublet it, he must inform the local HSB through his own project society of his desire. The local HSB then helps him in finding a new member willing to take over the apartment.

39. A special charge which the project society must pay to the local HSB during 20 years, for the benefit of having been able to enjoy the planning services of the existing HSB-organization. Its annual amount is one eighth of per cent and during 20 years this will amount to 2.5 % of construction costs. The annual charges per apartment are relatively small, about 20-30 kronor (\$ 4-6). HSB, P.M. angående HSB-rörelsens organisation och verksamhet, p. 11.

Usually there is no difficulty in finding a new purchaser.⁴⁰

Sometimes, however, the apartment-owner, because of sickness, or unemployment urgently needs his investment capital but does not like to lose his apartment forever. For these two reasons- to protect the member by finding a new purchaser promptly^P or to help him with a temporary loan in emergencies - the device of repurchase fund has been created among a number of local HSB societies.⁴¹ This kind of repurchase and loan activity requires cash reserves. The provisions for the repurchase fund state that the project and local society each shall provide a certain equal amount of money annually for the purpose of the fund. These additional payments are made in loan form to the repurchase fund. The loan amounts to 27 kronor per 100,000 kronor of real estate value. Within the project society, the means for this cash reserve is included in the annual charge or rent (arsavgiften). The repurchase fund gives an extra feeling of security to the members of the project society. As far as known, this device exists⁴² only in the HSB movement.

In the contract, the local HSB binds itself to keep the accounts of the project society on a self-cost basis. The book-keeping job will thus be performed according to comparable standards. Because of difficulties in determining the self-cost basis, it has found in some cases to be more

40. HSB, Pa säker grund, p. 23.

41. In 1952 their number was about 40. HSB, P.M. angående HSB-rörelsens organisation och verksamhet, p. 4.

42. HSB, Pa säker grund, p. 23.

practical to apply a generally approved scale for the whole country.^{43.}

The local HSB includes in the actual construction costs two charges: 1. technical fee (teknikerarvodet) and 2. administrative fee (administrationsarvodet). The first one, which could also be called the architectural fee, is forwarded whole to the National HSB and covers all costs arising out of design, construction plans, working descriptions, contractual bids, building permits and control or other items generally understood to belong to the technical side of house building. The technical fee is estimated as a per cent of net building costs, according to a sliding scale approved by the Royal Housing Board in 1950. The administrative fee is 1.5 per cent of net building costs, including the technical fee mentioned previously. This fee is finally divided between the National HSB and the local HSB, also on the sliding scale which relates to the size of the housing project. The National HSB, which gets the minor part, uses it to cover expenses arising from organizational aspects of the HSB movement and for arrangement of permanent and temporary loans and other economic activities.⁴⁴ These fees do not leave any surplus for capital formation within the HSB movement; they only cover the actual building expenses of both local and national societies.

43. HSB, P.M. angående HSB-rörelsens organisation och verksamhet, p. 6.

44. Ibid., p. 12.

b. Member-Owner vs. Project and Local Societies

In order to become a member in local HSB society, a person must buy at least one cooperative share of the society - costing him 50 kronor (about \$ 10). The share capital varies accordingly in each local HSB society depending on the size of the society. Before he can start using his apartment, he must have paid in full his cooperative down payment (grundavgift), which is calculated in proportion to the costs of his apartment to that of the whole project. At present, bank loans and state credit cover 95 per cent of the building costs, so the member's down payment is five %, which he may pay off in one or more installments (insats). The interest on his down payment is annually deducted from his rent.⁴⁵

The members pay an annual charge or rent (arsavgift), fixed by the board of directors. This annual charge covers the following expenses: 1. interest and amortization on loan capital; 2. "special housing charge" and other fees to the local HSB, such as the payments to the repurchase fund, if such a fund exists; 3. payments to management fund, reserve

⁴⁵. The following example illustrates this rent deduction. Assume that the member's down payment is 1200 kronor (about \$ 330 in 1947). The annual rent approved by the Royal Housing Board is 1100 kronor (\$ 306). The owner occupant has the benefit of about 60 kronor (\$ 16.60) as interest upon his down payment. The final annual rent thus will be 1100 kronor minus 60 kronor equalling 1040 kronor (about \$ 290). HSB, Pa säker grund, p. 16.

fund and fund of internal repairs in accordance with the statutes in the by-laws, and 4. compensation for heating and warm water based on the area of the apartment, and 5. other management expenses. The annual charge or "rent", in short, includes all expences of running the housing project divided among the apartments, in relation to their size, equipment and location.

Items 3. and 4. need further clarification. In order to safeguard and to guide the management of the finished housing product, the by-laws require the formation of three different funds - sinking funds - within the project society, the payment to these funds being included in the annual rent. A management fund is actually created by the surplus which might occur from the activities of the project society. Experience has shown it to be an unwise policy to fix the annual charges too narrowly on a self-cost basis, so there usually is some surplus money left at the end of each year. This management fund is used for larger repair work and possible remodeling, general administrative expences, possible losses in rent collection or other losses and even for members' recreation, if so decided.

46. Even during a housing shortage there might be a chance that some of the annual rents will not be paid. In cooperative apartment houses this seldom happens. They have effective means of forcing the ignorant members to fulfill their duties. Neglect of annual payments means that the individual owner-occupant forfeits his permanent right of occupancy (loses his ownership) of

(cont.)

The reserve fund is collected by annually taxing each member about 0.05 per cent of the share value or equity of his apartment (andelsvärde) until it amounts to 10 per cent of the total sum of all equities.

The fund of internal repairs is an interesting safety device. It is assembled from annual payments, each representing one quarter of one per cent ($1/4$ of 1%) of the member's equity until the size of the fund is five per cent of all equities. Then the annual installments will discontinue, but will be resumed if the fund is lowered below said percentage. When some apartment is in need of interior repair, the owner-occupant, after approval of the board of directors, is able to divert his installment to his own apartment.

The purpose of this repair fund is to encourage careful use of the premises. The owner-occupant does not have to pay any extra charges for normal repairs, which are already included in his annual rent. Unlike the tenants of rental housing, the cooperative apartment owner has the advantage that his payments for reconditioning will always be used for his own benefit. In rental properties some apartments will

46. (cont.) the apartment. The housing society then withdraws the unpaid amount from the member's equity and sells the apartment to a new member. A cooperative housing society does not have to include any losses due to unpaid rents in its cost figures. Consequently vacancy losses are also minimal.

and can be maintained and repaired more often and on a larger scale than other apartments, which means that these costs are not equally divided among tenants.⁴⁷

5. Facts Regarding HSB-Achievements

The growth and the scope of building activities of the HSB movement after the outbreak of World War II may easily be seen in the following two tables.

Table 2. - New Housing Production Sponsored by HSB by Type of Owner: 1941-1951.

	1941	1947	1951
HSB apartments in project societies	a 19904	b 40611	a 52000
HSB small houses (egenhem)	n.a.	b 3046	c 3400
HSB rental apartments jointly with municipalities	n.a.	b 8088	d 17500
		b	d
Total		51745	72900
Members in HSB project societies	a 24000	e 55000	a 75000
Total value of HSB production	n.a.	b 890 m (\$ 248 m)	c 1500 m (\$ 290 m)

Sources: a. HSB, P.M. angående HSB-rörelsens organisation och verksamhet, p. 10; b. HSB, Fa säker grund, p. 20; c. HSB, Cooperative Housing, pp. 17 & 36. d. Estimated by the author e. U.S.Congress, 81st, 2d. Senate, Cooperative Housing in Europe, p. 37 gives this membership figure as of the end of 1948. n.a. Data not available

47. HSB, P.M. angående HSB-rörelsen organisation och verksamhet, p. 3.

Table 3. - Annual Production of HSB apartments as a Proportion of New Urban Housing : 1938/39 - 1951

Year	Number of d.u.'s	Per cent of urban
1938/39	2752	6.6 %
1940	1185	6.8 %
1941	534	4.4 %
1942	2976	12.8 %
1943	4336	13.2 %
1944	4863	13.1 %
1945	3801	10.3 %
1946	4777	11.3 %
1947	3992	9.5 %
1948	5976	13.8 %
1949	5612	17.1 %
1950	6552	18.7 %
1951	5616	18.1 %

Source; HSB, Cooperative Housing, p. 36

Note : These figures include both HSB apartments in project societies and in rental houses built jointly by HSB and municipalities, but do not include "small houses" by HSB.

Membership financial participation is illustrated by the following breakdown items. At the end of 1951 the total amount of all down payments was about 70 million kronor (about 13.5 million dollars); in addition the members had amortized their loans with about 56 million kronor (about 10.8 million dollars). The total sum of various sinking funds of project societies - management fund, reserve fund and internal repair fund - amounts to about 16 million kronor (about 3.1 million dollars). The total amount of cooperative

shares - 50 kronor per share - is 4.5 million kronor (\$ 870,000) and of the "special housing charges" fund, 1.8 million kronor (\$ 350,000).⁴⁸ These figures show, that the major part of the capital formation remains within project societies and belongs to the members of the project societies.

Together with the various sinking funds within project and local societies and their share capital, savings deposits and building loan certificates, HSB has been able to satisfy its need of capital for building mainly from its own resources during construction periods.

D. Specialized Stage

1. HSB and Self-Help Housing

One of the most striking features of Swedish housing is the overwhelming majority of housing units (non-farm) in multi-family structures. Over two-thirds belong to this category.⁴⁹ For economical reasons, single family houses have traditionally been considered feasible only for upper income families. A great desire, however, did and still does exist among lower income groups to own a small piece of land

⁴⁸. HSB, P.M. angående HSB-rörelsens verksamhet och organisation, p. 12.

⁴⁹. For further details of housing characteristics in Sweden see Harald Dickson et al, "Housing Characteristics of the United States and Sweden 1930 -1946", Supplement to Land Economics, Monograph Series 1, May 1950, which gives a detailed analysis of Swedish housing characteristics and underlying causes of emphasis on multi-family structures.

like an allotment garden or a summer cottage on the outskirts of the bigger cities. Recent opinion polls also show a considerable trend towards single family and other low-rise housing.⁵⁰

In 1927 the City of Stockholm started its small house (egenhem, literally "own home") scheme providing working-class families with cheap city land - usually under long term lease (tomträtt) -, and with loans up to 90 per cent - the usual loan limit was only 75 per cent - plus supervision of the construction work while the prospective owner made his down payment in the form of manual labor. About 6200 small (egenhem) houses had been built in Stockholm under city auspices by 1951 and the plan has now been extended to other cities under new legislation.⁵¹

The HSB movement, which had been concentrating on producing apartments with ownership rights for its members, became aware of the advantages of home-ownership in single family housing and has since 1937 been building small houses too, largely made of prefabricated sections from the factories of the National HSB. Up to 1951, about 3400 such houses had been delivered by HSB.⁵² By negotiating both with municipalities and private landowners,^{the} HSB movement has secured large tracts of land on the edge of Swedish cities suitable

50. Stockholm stads stadsplanekontor, Generalplan för Stockholm 1952, pp. 166-167.

51. U.S. Congress, 81st, 2d. Senate, op.cit., p. 32. See also Eric Carlson, op.cit., p. 102.

52. HSB, Cooperative Housing, p. 17.

for single family housing. After installing utilities, street or roads, water mains and sewers, the land is sold with full title at cost to home builders, who enjoy the assistance of HSB in financing, erection and fabrication of their homes⁵³. Sometimes the home builders join their forces to assist each other in paying their down payment with work instead of cash under the supervision of HSB instructors.

2. HSB in the Production of Building Materials

In order to secure deliveries of certain furnishings and equipment specified by the technical departments of the National HSB, the HSB movement has established a central purchasing agency and entered the production of certain building materials itself. HSB owns carpentry and joinery factories in Sparreholm, Nassjö, Ryssby, Landsbro and Uddevalla. At the latter two, prefabricated wooden houses (Boro-houses) are produced for "egenhem builders" as well as for export.⁵⁴ Private entrepreneurs may buy the prescribed materials and equipment freely from any merchant, but usually they have found the terms of delivery of HSB more favorable. Selling these at market prices means that HSB gets an addi-

53. U.S. Congress, 81st, 2d. House of Representatives, op.cit., p. 21. See also Ulla Alm, op.cit., pp. 46-51.

54. Within the period of 1937 - 1949, HSB produced 17,772 prefabricated wooden houses. See Arvid G. Hansen, op.cit., p. 106.

tional income from large scale procurements and production.

HSB also owns a marble quarry and runs 12 brickyards and a pipe and tube factory together with the Swedish Cooperative Union and Wholesale Society (Kooperativa Förbundet, KF).

In this way HSB has been able to rationalize the production of certain building materials and to lower their prices.⁵⁵

3. Other Housing Cooperatives

In few other industries are cyclical and seasonal fluctuations so great as in the housing industry.⁵⁶ With reason it has been called one of the key economic activities in maintaining stable employment. In combating depression, the encouragement of building industry - residential housing included - has been found to be decidedly helpful.⁵⁷ In Sweden, the building trade workers themselves have tried to avoid unemployment among their members by engaging in cooperative house building.

The total volume of urban residential construction fell very rapidly in the beginning of the Second World War, from 45,000 units in 1939 to about 12,000 units in 1941. Then the speculative residential building was only one seventh of that

55. HSB, Cooperative Housing, p. 34; HSB, Pa säker grund, p. 26.

56. For further details see International Labour Office, Housing and Employment, p. 42.

57. Alf Johansson, "Social Housing Policies in Sweden", Annals of the American Academy of Political and Social Science, May 1938, pp. 164-165.

in 1939. To fight the resulting unemployment, a cooperative association called The Swedish National Builders, (Svenska Riksbyggen, SR),⁵⁸ was established by building trades workers' union in 1941.

SR is organized along the same pattern as HSB; it has a national office in Stockholm and project SR-societies in various towns. Contrary to the case of HSB, however, there are no local SR "parent" organizations; all project SR housing societies are directly affiliated with the national office in Stockholm.⁵⁹ From its very beginning SR was able to take advantage of the 95 per cent loan provisions inaugurated by the Government in 1942 and, as in the case of HSB, the prospective members invest the remaining 5 per cent of the cost of their apartments as their down payment or "top capital". When the housing project is completed, the owner-occupants operate and manage their apartments according to their by-laws and knowledge. Any building profits are re-bated to the housing cooperative, not to the building trade workers.⁶⁰ The actual construction work is done by a separate organization, The Workers' Union Building Enterprises, which operates as a general contractor. SR has promoted over 15,000 apartments up through 1948. Advantages to the building trades workers have included year-round work and higher annual wages.⁶¹ The similarities in the functioning of HSB

58. U.S. Congress, 81st, 2d. Senate, op.cit., p. 39.

59. W. Warriner, "Cooperative Housing in Europe", Review of International Cooperation, Vol. 41, No. 7, July 1948 pp. 133-138.

60. Ibid., p. 39

61. Ibid., p. 39

and SR are caused to a large extent by governmental policies and controls originating during the critical years of World War II.

Aside from these two nationwide organizations there are numerous independent cooperative housing groups operating under the provisions of the Law of Housing Societies of 1930 and enjoying the same state and municipal benefits. Together with HSB and SR, they have a major influence in Swedish housing. 62

PART II. HOUSING COOPERATIVES AND HOUSING POLICY

In this part we will analyze ^{the} cooperative housing movement in relation to general housing policy since World War I. It will be shown that cooperative housing societies and the HSB have enjoyed and still enjoy close connection with public authorities, both state and municipal. On this basis, HSB has developed from a private institution into a public-spirited agency serving individuals, municipalities and other authorities who want their housing problems solved by taking full advantage of governmental policy and financial support.

Swedish housing policy based on positive measures for the improvement of housing conditions is about twenty years old. It got its start ^S alongside other government attempts to combat the depression of early 1930's. ⁶³ A mere decade later (1944), about 90 per cent of all residential building in Sweden was in some part financed by state loans and subsidies. Existing housing policy reflects very closely the thinking of the Swedish Social Democrat government, which has virtually nationalized the planning and financing - ⁶⁴ although not the construction - of residential building.

63. Just Gustavsson, Housing Policy in Sweden, p. 2.

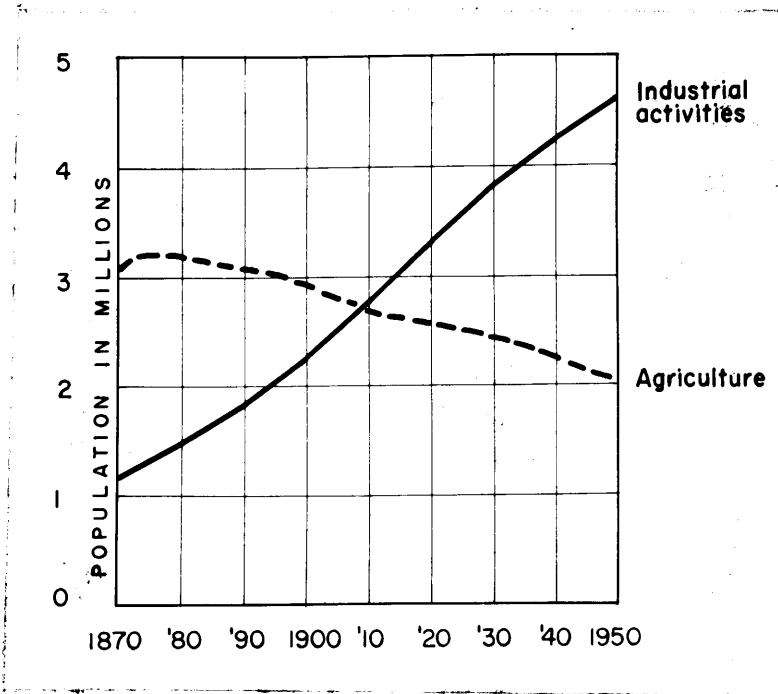
64. Leonard Silk, op.cit., p. 5.

A. Housing Policy up to World War II.

1. General Characteristics of Demographic and Economic Development in Sweden

Industrialization and urbanization began relatively late in Sweden - the first steam saw mill was established in 1849 - but their progress has, on the other hand, been rapid, as seen in the following illustration.

Illustration 4. - Distribution of Population in Industrial Activities and Agriculture since 1870.



Source: Stockholms stads stadplanekontor, op.cit., p. 84.

In 1870 three quarters of the population obtained their living from agriculture and related activities,

while today the agricultural population represents only about one quarter of the whole.⁶⁵ In 1870, only 13 per cent of the whole population lived in urban areas. At present, the figure is 60 per cent. In 1870, nine cities had a population over 10,000 and only two of them (Stockholm and Gothenburg)⁶⁶ had more than 30,000 inhabitants. The total urban population has increased sixfold during the last eighty years, while the whole population increase is little more than fifty per cent, from 4.2 million in 1870 to 6.9 million in 1950.

The rise of ^{the} general standard of living has also been rapid. This due mainly to the fact that Sweden was one of the few European countries that succeeded in escaping the heavy economic burdens of the two World Wars. The income per capita in dollars in 1947 was estimated at \$ 953 as compared with \$ 1409 in the United States.⁶⁷

Urban development also began relatively late, but grew fast. It is estimated that the residential housing stock in urban areas was about 200,000 in 1870 and 1,200,000 in 1945.⁶⁸ About half of the existing urban dwellings have been built since 1930. For this reason, the greater part

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65. United Nations, op.cit., p. 227; Gunnar Ekdahl et al, op.cit., p. 5.
66. Gunnar Ekdahl et al, op. cit., p. 5.
67. U.S.Congress, 81st, 2d. Senate, op.cit., p. 21. Corresponding figures in Denmark and Norway were \$ 753 and \$ 522.
68. Gunnar Ekdahl, op.cit., p. 5.

of existing housing conforms to modern standards in
quality and equipment.⁶⁹ The main problem of Swedish housing
has been overcrowding. In urban areas, 44 per cent of the
dwellings in 1945 had only one room + kitchen or less.⁷⁰
In 1935 it was estimated that there were more than 100,000
city homes listed as crowded or substandard, or both, and
that about half a million people lived in these homes.⁷¹

There has been a great expansion of urban centers
between 1940 and 1950. The increase in urban population
has been twice as great as in the preceding ten years
and nearly four times greater than from 1920 to 1930.⁷²
The urban centers, on the other hand, are relatively small
by American standards. The following table will show the
distribution of urban centers by size of population in
1945.

69. United Nations, op.cit., p. 228.

70. Arthur Hald et al, ed., Swedish Housing, p. 9.

71. Just Gustavsson, op.cit., p. 3. Corresponding figures
in rural areas: one million people in 200,000
substandard units, Ibid., p. 3.

72. United Nations, op.cit., p. 228.

Table 5. - Number and Size of Urban Centers in 1945

Size of Population	Number of Urban Centers inclusive Suburbs	73
- 500	599	
500 - 1,000	328	
1,000 - 2,000	170	
2,000 - 3,000	63	
3,000 - 5,000	40	
5,000 - 10,000	43	
10,000 - 15,000	18	
15,000 - 20,000	15	
20,000 - 30,000	9	
30,000 - 50,000	9	
50,000 - 75,000	6	
75,000 - 100,000	1	
100,000 -	3	
	<u>1,304</u>	

Source: Statens Offentliga Utredningar 1951:30, Ekonomisk långtidsprogram 1951-1955, p. 166

Within the five year period from 1945 to 1950, the increase in each of 18 cities was at least 5,000 persons. 74

One more interesting point is the figure of migration to bigger cities in the period 1940 - 1945: 56 % of the population increase in urban areas occurred in cities of more

73. Up to 1952, there were 133 chartered towns, 84 market towns (townships) and 2281 rural communes in Sweden. By uniting small rural communes, a new communal scheme, effective Jan. 1, 1952 creates units with a population of at least 2000 to 3000 persons thereby reducing the number of local rural communes from 2281 to 821. See Social Welfare Board, Social Sweden, p. 76.

74. Statens Offentliga Utredningar 1951:30, op.cit., p. 166

than 30,000 inhabitants, cities with a population between 10,000 - 30,000 absorbed 18 %, urban areas of 5,000 - 10,000 drew only 12 % and those between 1,000 - 5,000, about 14 % of the total increase.⁷⁵

2. Public Aid to Housing before World War I

In accordance with the laissez-faire attitude then prevailing in Swedish society, housing construction before the First World War was almost totally a matter of private initiatives. Society as a whole was relatively passive and restricted itself to guiding residential building activity within a framework of general city planning legislation - zoning and subdivision control - and building and health codes. Thus the first city planning law in Sweden, The Building Law of 1874 (1874 ars byggnadstadga) contained provisions dealing with residential construction, which, however, actually contributed to the erection of high-density tenement-barracks.⁷⁶ The Law of Public Health of 1874 made it possible, under certain circumstances, to eliminate extremely unsanitary dwellings. A general tenement law was passed in 1907 and during the same year the legal institution of ground rent (tomträttsinstitutet) was created.⁷⁷

75. Ibid., p. 166

76. Gunnar Ekdahl et al, op.cit., p. 8.

77. Ibid., p. 8. The legislation of "ground rent" (tomträtt, site leaseholdership right, literally right to a building site) enables the occupant of
(cont.)

House building was for the most part financed by private credit institutions and by private persons. The main private institutions were savings banks, the commercial banks and the insurance companies. In the financing field, the State did take some positive steps. It created the City Mortgage Bank (Stadshypotekskassan) in 1909, based on governmental funds, whose purpose was to grant first mortgage ~~ges~~ loans - up to 50 % of the value of the property - at an interest rate roughly corresponding to that of State bonds.⁷⁸ In order to fight increasing emigration, the State Home Loans Fund (Statens Egnahemsloaneffond) had been already established in 1904 to help rural people in purchasing farms or homes.

Direct participation by the public in production of housing occurred only during severe housing crises, when some municipalities provided temporary accommodations for homeless people and even, more or less reluctantly, built emergency housing.

After repeated motions in the Swedish Parliament, a special Housing Commission was appointed in 1912 for the purpose of studying the housing problem of lower-income groups and proposing methods of solving these problems.⁷⁹

77. (cont.) a long-term lease of building lot on public land, to record his right and obtain mortgages as if he had the full title of the land. After the leasehold expires, the owner of the land (city) gets the land back.

78. United Nations, op.cit., p. 230

79. Stig Algott, Sammanfattning av bostadssociala utredningens slutbetänkande, p. 6.

According to its directive, the Housing Commission of 1912 was to consider ways of lowering construction costs through new building types and the rearrangement of housing credit. Furthermore, it was to obtain necessary knowledge of housing conditions in various parts of the country. In the same year (1912), a central agency for social affairs, the Royal Social Board (Kungliga Socialsturelsen) was established, with the improvement of housing as one of its objectives. The Housing Commission of 1912 became a division of the new Social Board. Together they administered the first general Housing Census of Sweden in 1912-1914, which covered cities as well as rural communities.⁸⁰

The period before the First World War shows relatively little public interest in urban housing. State intervention in the promotion of urban housing was focused mainly on establishing a functional credit institution (City Mortgage Bank of 1909). Through this, primary credit got a satisfactory foundation in relation to larger urban real estate, but the problems in smaller urban centers and of smaller real estate units, as well as the whole question of secondary credit were still unsolved. The role of housing cooperatives, even if their number was over a hundred, was negligible in the total housing supply.^{81.}

80. Ibid., p. 6.

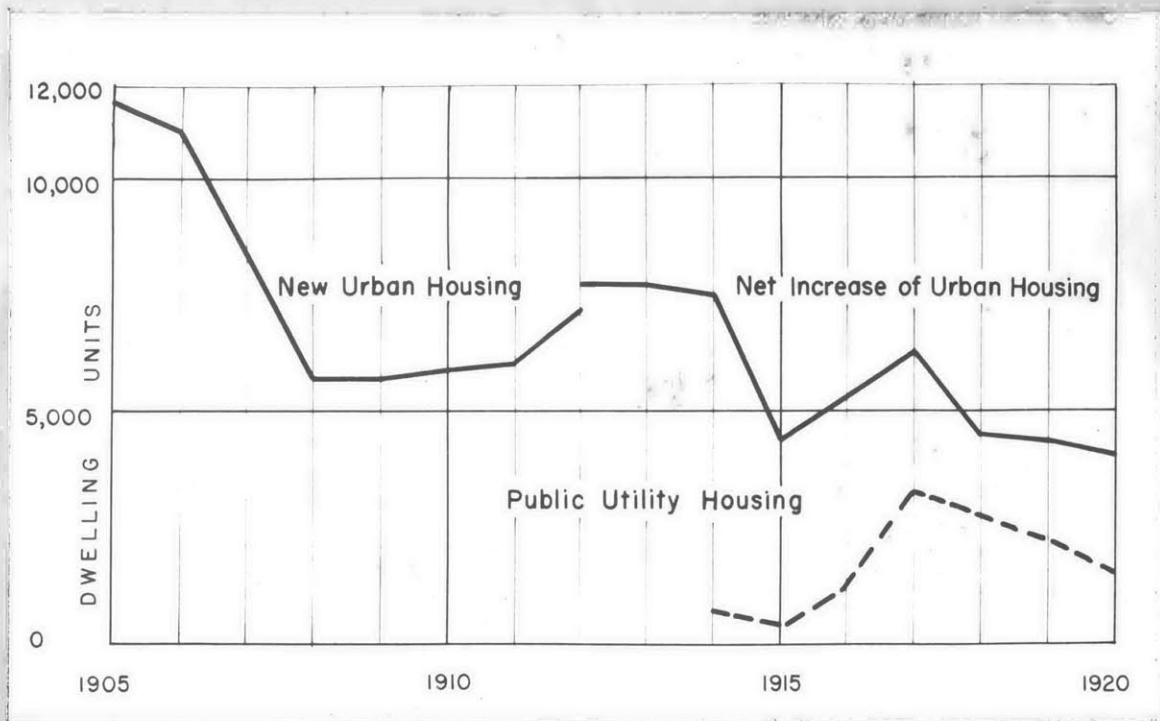
81. Leonard Silk, op.cit., p. 18.

3. Housing Cooperatives and Housing Policy between Wars

a. War Years and Aftermath 1914 1923

At the beginning of the First World War, the housing supply was relatively good.

Illustration 6. - New Urban Housing in 1905 - 1912, Net Increase of Urban Housing in 1912 - 1920 plus Public Utility Housing in 1914 - 1920



Source: Kungl. Socialstyrelsen, Byggnadsverksamheten i rikets stadssamhällen åren 1918-1920 jämte översikt för åren 1904-1907, p. 11.

Housing production during the first war years decreased rapidly as seen illustrated on this page. Increased migration to cities and formation of new families thus brought to light a severe housing shortage, especially in the greater

82 urban centers. Rising cost of construction and dif- 83
ficulties in obtaining credit were the reasons why specu-
lative building almost ceased in ^most areas. Public autho-
rities, i.e., mainly urban municipalities, therefore found
it necessary to intervene. Their initiative took the form
of direct municipal undertakings; sometimes they created
semi-public agencies - regular stock companies - jointly
with local industrial enterprises; at other times they ini-
tiated and supported cooperative housing societies, "own-
home" associations and other housing corporations of pub-
lic utility character. ⁸⁴ During the years 1918-1920,
housing projects of public utility character accounted
for 7,326 dwelling units in 130 urban areas (out of
which 6,955 or 94.5 per cent were in two-rooms-and-
kitchen, or less), corresponding to 55.4 % of the new
housing in those areas and about 50 % of total urban
housing. Distribution by type of enterprise from 1918-

82. Kungl. Socialstyrelsen, Byggnadsverksamheten . . p. 27.
83. Gunnar Ek Dahl et al, op.cit., pp. 15-16 states that
construction costs had since 1914 risen by 30 or
40 % in 1916, in 1917 by about 75 % and in 1918
by about 200 %. In 1920, when the costs reached
their peak, the increase was 250 % .
84. The concept "public utility housing" seems to be used
in 1920's very broadly in Swedish official statistics
including beside public (state and municipal) and semi-
public housing, also housing cooperatives and other
housing by associations, limited-dividend housing,
philanthropic housing and even housing projects of
industrial enterprises for their employees.

85
-1920 is as follows:

	units	per cent
Housing by State enterprises	578	7.9 %
Municipal housing	2,319	31.7 %
Housing societies, cooperatives, limited dividend, etc.	2,448	33.4 %
Industrial housing	1,981	27.0 %
Total	7,326	100.0 %

Public utility housing had the greatest proportionate results in 1918-1920 in bigger cities like Gothenburg (1,346 units; 76.2 %), Stockholm (113 units; 59.5 %), Landskrona (553 units; 95.5 %), Malmö (295; 86 %) and Västerås (289; 81.4 %).

Cooperative housing and related undertakings have, on the average, represented about two fifth of all public utility housing during World War I and immediately afterwards.

86

85. Kungl. Socialstyrelsen, Byggnadsverksamheten . . ., p. 28.

86. During the period of 1917-1920 the public utility housing (local authorities and housing societies and companies) in Danish urban areas was about 12,300 dwelling units representing roughly sixty per cent of the total new residential construction. Ibid., p. 32.

Table 7. - Public Utility Housing in Urban Areas by Type of Enterprise in 1916 - 1920

Sponsor	1916 d.u.	1917 d.u.	1918 d.u.	1919 d.u.	1920 d.u.	Total d.u.	Per Cent
State	19	18	156	211	211	615	5.0 %
Municipalities	424	1157	820	883	616	3900	32.1 %
Cooperatives and other housing societies	522	1529	1007	1074	367	4499	38.1 %
Industrial	260	772	972	434	575	3013	24.8 %
Total	1225	3476	2955	2602	1769	12027	100.0 %
% of all urban	21.3	51.0	56.8	52.9	39.1		

Source: Kungl. Socialstyrelsen, Byggnadsverksamheten . . . , p. 3.

This public utility housing was, as we have seen, of special importance during the housing crisis in 1918-1920. It is also important to observe the relatively great growth and impact of cooperative and other housing societies caused mainly by municipal sponsorship, underwriting of mortgages and even grants in land.

During this war-bred housing problem, measures by state government had very little positive effect. The government attempted to control the rents under legislation

which became effective in May 1917, and which also prohibited the tearing down of existing residential structures in urban areas with more than 5,000 inhabitants. The government also tried to increase the supply of new housing by means of a subsidy program but these subsidies were very small - only 4 million kronor (1.08 million dollars)⁸⁷ in 1917, resulting in the production of 2,862 dwelling units. They were dropped totally after 1921, when conditions because of deflation were considered favorable for speculative building activity. The subsidies usually covered about one third of the building costs and of this amount, the state government provided two thirds and the municipality one third.⁸⁸ As a condition of these subsidies, the building societies had to conform to certain state and local controls, rent regulations and limitations of profit.⁸⁹

The results of this State housing policy were quite modest and lasted only a few years, but considered as a first step in actively fighting housing shortages one might agree with the Social Housing Commission of 1933⁹⁰ that they were of respectable scope.

87. Leonard Silk, op.cit., p. 33.

88. Ibid., p. 33.

89. Stig Algott, op.cit., p. 8.

90. Ibid., p. 8.

b. The Era of Non-Intervention 1924 -1933

The common disinclination to permit state intervention in housing and/or in productive business activities in general plus other circumstances led to the elimination of state support of housing construction in 1921. One cause for this decision may have been a pure miscalculation of the development of housing demand and supply. To illustrate our point, let us show ^{the} following two tables.

Table 8. - New Urban Housing in 1920 -1932

Year	D.u:s	Index , 1920 = 100
1920	4,500	100
1921	6,400	142
1922	6,400	142
1923	9,500	211
1924	11,900	264
1925	13,100	291
1926	14,200	316
1927	15,100	336
1928	16,400	364
1929	16,100	358
1930	21,800	484
1931	21,700	482
1932	19,500	433

Source; Gunnar Ekdaahl et al, op.cit., p. 17.

Table 9. - Vacancy Ratio at the End of Certain Years

Year	1915	1920	1924	1926	1933
Vacancy ratio	2.1	0.5	1.3	1.8	4.1
No. of urban centers	52	55	55	55	243

Source: Gunnar Ekdahl et al, op.cit., p. 18.

Because of inadequate food supply and distribution, the migration to cities had decreased considerably in 1917. The birth rate was declining at the same time. These trends in population and its distribution, said Social Housing Commission of 1933, thus apparently justified keeping new construction at a low level.⁹¹ The marriage rate, however, showed an upward trend, but was omitted from the estimates of future housing demand. As a result, the already existing housing shortage became a severe housing crisis in the early 1920's (cf. Table 9).

The Swedish Parliament of 1923 could find no reason to extend the Rent Control Law of 1917 and allowed it to lapse. By this time, the rent index had climbed^b to 178, while the cost-of-living index had declined to 177 (see Appendix C, illustration C-5;) a fact which was observed by persons opposed to rent control measures with special satisfaction.⁹²

91. Stig Algott, op.cit., p. 9.

92. In 1914 the index was 100. Gunnar Ekdahl et al, op.cit., p. 16.

As shown in Table 8 compared with Table 1, housing production in 1923 was already greater than just before the First World War, but the housing supply in urban areas was still far from normal. On the one hand, there was a definite housing shortage in bigger cities and urban centers of medium size, and on the other hand, the long period of almost absolute standstill of commercial housing enterprises had had an unfavorable influence on the capacity of the housing industry in general. With the abolition of the Rent Control Law, rents started climbing during the 1920's even in the older houses. This, plus declining construction costs⁹³ and stable long term interest rates, made the situation most favorable for speculative investment in housing. Private building was really booming throughout this era of non-intervention. The Social Housing Commission of 1933 points out that all kinds of degenerated speculative devices were visible during this boom period: "land and ~~real~~ real estate speculation, monopolistic price determination of building material, abuses in the labor market, financial jungle gimmicks and sky-high profits"⁹⁴.

The action of the State in housing was limited to granting building loans and in 1930, the State Housing Loan Bank (Boxtads kreditkassan) was established. It consisted of a central bond-issuing office provided with a basic fund of a 30 million kronor (\$ 8.3 million dollars)

93. Construction index (1914 = 100) dropped from 325 in 1920 to 210 in 1923. See Leonard Silk, op.cit., p. 36.

94. Stig Algott, op.cit., p. 10.

together with local loan issuing societies affiliated with the central office. Of all dwelling units constructed in urban areas from 1924 to 1933, about 15 per cent were partly financed through state loans.⁹⁵

No purposeful and active governmental housing policy aiming for an efficient housing industry or permanent improvement of housing conditions existed in the 1920's; the initiative, which had led to the establishment of the Housing Commission of 1912 was not followed through.⁹⁶

A considerable improvement, however, occurred^r in equipping the new dwelling units and providing for modern conveniences, but the production was still too much concentrated on small dwellings (one room and kitchen or less). The situation in 1933 was, therefore, almost the same as in 1920, when these small dwellings represented about 55.6 % of the total urban housing stock as against 53.2 % in 1933.⁹⁷

Housing cooperatives went into a vigorous upswing during the last years of the First World War. Together with related social housing societies and companies, they represented about 20 % of the total new urban housing.⁹⁸ The trend continued, and housing cooperatives had a considerable share in urban housing from 1924 to 1933. During this period they built 17,300 dwelling units or about 10 % of urban housing.⁹⁹

95. Leonard Silk, op.cit., p. 38.

96. Gunnar Ekdaahl et al, op.cit., p. 20

97. Ibid., p. 20

98. See Table 7 on page 50.

99. Leonard Silk, op.cit., p. 39; see also Table 12 on page 63.

The following table shows HSB's record of its first decade of operation.

Table 10. - Annual Production of HSB-apartments as a Proportion of New Urban Housing in 1924 - 1935

Year	D.u.'s	Per cent of urban	Real estate value, in kronor
1924	149	1.2 %	1,783,000
1925	519	4.0 %	6,734,000
1926	1155	8.1 %	15,043,000
1927	1237	8.2 %	16,475,000
1928	923	5.7 %	10,618,000
1929	1238	7.7 %	15,326,000
1930	1002	4.6 %	14,461,000
1931	1207	5.6 %	16,345,000
1932	1512	7.8 %	20,644,000
1933	1010	6.7 %	13,006,000
1934	951	4.6 %	11,117,000
1935	1591	5.3 %	19,188,000
	<u>12,494</u>		<u>160,658,000</u> (\$ 40,000,000)

Source: Unites States Inquiry on Cooperative Enterprise, Report of the Inquiry on Cooperative Enterprise in Europe 1937, p. 232; also Table 8 on page 52.

Available data does not show any governmental intervention during the first two decades of cooperative housing in Sweden, - from 1914 to 1933 -, nor were they subsidized or controlled by state or local governments. ¹⁰⁰

¹⁰⁰. Leonard Silk, op.cit., p. 39. Silk's statement does not seem to apply to Stockholms Cooperative Housing Society, which from its beginning in 1916, has been working under municipal supervision and in close relation with city authorities. See page 7 of this report.

Cooperative housing societies were simply private institutions aiming to keep the costs of housing low by eliminating speculative profits.

HSB's share of cooperative housing during its first decade of existence was about 60 %. It seems to be safe to state that while municipalities had participated in initiating cooperative and other housing societies during the war years, this job was taken over by ^{the} HSB organization in 1924-
to a great extent, however, obviously in close collaboration with local authorities. ¹⁰¹ It is also important to note that the experience of the war years had underlined the need for a strong organizational structure in the form of a nationwide cooperative movement when the National HSB was established.

101. Local authorities in larger urban areas have displayed rather extensive independent action in promoting housing. They have granted building sites on favorable terms to cooperative housing societies and social housing companies and in some cases to private builders. The City of Stockholm has also granted second mortgages and has in some cases made loans up to 60 %, 80 % or even 95 % of the value of the security. Under a scheme operated by the City of Stockholm from 1929 to 1933, entrepreneurs and even private persons were offered sites at 50 % reduction in price, temporary credits for construction period and second mortgage advantages the city reserving the the rights to nominate the tenants and control the rents. More than 5,000 dwellings were erected under this scheme, about a quarter of all during these years in Stockholm. League of Nations, Urban and Rural Housing, p. 125.

c. Housing Cooperatives and Housing Policy from the
Depression to the Second World War, 1933 - 1939

Sweden had a relatively mild boom in the twenties and a relatively mild depression in the thirties. National income fell only 16.6 per cent from 1929 to 1933. The number of unemployed, on relief, however, reached 165,000 in that year and trade union unemployment grew from 11 per cent in 1929 to 24 per cent in 1933.¹⁰²

The fight against unemployment was the main issue which led the Social Democrats to victory in the election of 1932 and, as a consequence, they formed a cabinet. State public works and promotion of municipal and private undertakings with state loans and subsidies were their two objectives. Attention was focused on residential construction because of low housing standards in general and because of its key role in stimulating economic activity.¹⁰³ This led to the establishment of the Social Housing Commission in October 1933, which, working within the Royal Social Board, became instrumental in formulating Swedish housing policy from the depression until 1946, when it was dissolved.

The emergency measures dealing with residential construction were mainly applied in rural areas. Only

102. International Labour Office, Public Investment and Full Employment, p. 201.

103. Gunnar Ekhalid et al, op.cit., p. 21

5 million kronor were appropriated in urban areas in 1933 , and to handle these loans a new State agency - State Building Loan Office (Statens byggnadslanebyra) was established.

The period from 1933 to 1939 saw a decline of interest rates to a level lower than ever - 2.5 % on first mortgages in 1939. Building costs were relatively stable and migration to cities, as well as the marriage rate in urban areas, were continuously increasing. Taking all this into consideration and noticing at the same time the active housing policy of state authorities plus the public interest in housing and population problems, we can easily understand that the construction of urban housing expanded greatly during this period, and that many housing measures to help economically handicapped were enacted concurrently.¹⁰⁴

Table 11. - New Non-Farm Housing in 1933 - 1939

Years	1933	1934	1935	1936	1937	1938	1939
D.u.'s	15000	20000	30000	33500	33500	38000	45000
Index 1933 =100	100	133	200	223	223	253	300

Source: Gunnar Ek Dahl et al, op.cit., p. 31. These data are from all thickly settled areas (tätorter) in Sweden. They are not fully comparable with information shown in Table 8.

104. Stig Algott, op.cit. p. 13.

State financial support had only minor influence on urban housing. There was no further reason to stimulate residential construction in order to cope with unemployment, as economic recovery came soon, by 1935, in fact. During the followin^g years, until the outbreak of World War II in September 1939, the situation was exceptionally favorable for all types of production.¹⁰⁵

Unfortunately for the general housing situation, too much building was still concentrated on one-room-and-kitchen dwelling units. It is estimated that a good 40 % of the newly built dwelling units, unsuitable for most family living, were on this small scale. Nearly 100,000 such units arose between 1933 and 1939.¹⁰⁶ Viewed as a long term proposition, these were bad investments for the society as a whole, but an unfavorable ratio of high rentals and low income made it impossible for many households to pay for sufficient living space.¹⁰⁷

In 1935, upon the recommendation of the Social Housing Commission of 1933, the Swedish Parliament (Riksdagen) inaugurated a special loan and subsidy program for low income families with many children. The effectuation of this program was given to the recently founded State Building Loan Office of 1933, while municipalities were

¹⁰⁵.., Ibid., p. 31.

¹⁰⁶. Just Gustavsson, op.cit., p. 5

¹⁰⁷. Ibid., p. 5.

made directly responsible for carrying out this housing policy. This step of social reform indicated for the first time some long range thinking aiming to increase space standards and differentiate rents according to rent-paying ability. It also was an expression of the change in opinion regarding the relative responsibilities of state and municipalities in dealing with social housing problems. 108

Loans for large-family housing were granted to local authorities or non-profit corporations endorsed by the municipality. HSB has been ^{one} of the chief instruments for the building and administration of rental housing for large families in close cooperation with municipal authorities, which themselves are directly responsible for carrying out the new social reform, but which generally did not have appropriate agencies for the job. The families make no down payment or initial deposit whatsoever and the rent is moderate and fixed by state authorities. 109

108. Stig Algott, op.cit., p. 14. Total appropriations for the housing of large families from 1935 to 1939 amounted to 40,840,000 kronor, including 35,500,000 kronor as a loan fund for the provision of housing for lower-income families with several children and 5,350,000 kronor in the form of family subsidies. See Leonard Silk, op.cit. p. 45; also Gunnar Ekdahl et al, op.cit., Table 7, pp. 23-24. Of total appropriations during this period, 54.2 % went for improvement of rural housing, 32.5 % for large families (mainly in urban areas), only 12.5 % or 15 million kronor as loans for urban housing and 0.8 % for old peoples homes. Ibid., p. 30
109. HSB, Cooperative Housing, p. 14.

These rental houses for large families were administered by special trusts or foundations set up jointly by HSB and municipal authorities in each locality. By the end of 1947, HSB had helped to build about 5400 apartmentsⁿ for low-income, child-rich families in about 40 cities, representing about 45 % of the total volume of large-family housing.¹¹⁰

In 1937, the Social Housing Commission of 1933 began to study the problem of housing old-age pensioners and other elderly people. In 1939, the first million kronor were appropriated for the construction of homes for old people. This activity is conducted on the same lines as large-family housing, i.e., the old people's housing program is carried out by municipal authorities, which often authorize HSB to plan and effectuate these projects.¹¹¹

During the latter part of 1930's, speculative housing, for rent or for sale, had a relatively large and increasing role, as shown on Table 12. In 1933, it represented a good half of new urban housing, but in 1939 it was about three

110. Special rental houses for large families have not been built since the new Swedish housing policy became effective in 1948. This new policy enables families to obtain apartments in ordinary rental houses with State subsidies which reduce the rent in proportion to the number of children. HSB, Cooperative Housing, p. 14.
111. HSB, Pa säker grund, p. 24. Up to 1952, 80 million kronor had been allocated for the erection of dwellings accommodating about 30,000 pensioners. Since 1950, State subsidies are also available for arranging pensioners' flats in certain apartment houses erected after July 1, 1946. See Social Welfare Board, Social Sweden, p. 342.

Table 12. - New Urban Housing by Type of Enterprise, in 1925/34 and from 1933 to 1939, per cent of total

Type of enterprise	1925/34	1933	1934	1935	1936	1937	1938	1939
1- and 2-family housing	21.9	30.9	27.0	19.8	19.5	18.8	17.1	15.1
Low cost houses	1.3	1.3	-	-	-	-	-	-
State housing	0.5	1.0	0.8	0.7	0.1	0.4	0.1	0.1
Municipal housing	3.3	3.8	4.4	3.8	3.0	2.5	2.4	2.0
Cooperative societies	11.3	8.4	4.9	6.4	4.9	4.4	4.2	4.9
Foundations, etc.	2.9	1.6	2.6	2.1	2.8	3.5	3.5	3.4
Industrial housing	0.4	0.2	0.2	0.4	0.4	0.2	0.2	0.4
Rental housing, etc.	58.4	52.8	60.1	66.8	69.3	70.2	72.5	74.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Gunnar Ekdaahl et al, op.cit., p. 38.

Note: The group of rental housing is supposed to represent speculative rental house production.

quarters of the total.

Apparently private builders made considerable profits

during these years.¹¹² Real estate speculation in land and building flourished to the same degree as earlier. An official report in the 1930's stated that the housing industry was "chaotic and anarchic", which, among other reasons, was due to the fact:

"that building entrepreneurs, with certain exceptions, especially cooperative housing enterprises . . . are small undertakings, often technically and economically weak, and that the whole housing industry has remained at an undeveloped status in regard to its economic and organizational characteristics in modern conditions. The housing industry as a whole has not reached the relatively high grade of rationality in production and marketing which is typical for industrial enterprises in a highly developed capitalistic era."¹¹³

No improvement occurred^r in the organization of the housing industry during the great building boom of the late 1930's; on the contrary, the situation became almost worse. In hopes of high profits, individuals with little or no experience in the housing construction tried their luck as builders. The public or government did not take any steps to encourage a longer-range view and more efficiency within the housing industry; official research reports about the housing industry- three of them in 1938 - did not yet have any practical results.

Housing cooperatives organized according to the Law of Housing Societies of 1930, notably HSB, maintained their stable position during 1933-1939, producing on the average

¹¹². Gunnar Ekrdahl et al, op.cit., p. 38.

¹¹³. Ibid., p. 38-39. Translation by the author.

between 1500 - 2000 apartments annually, although their proportion of the total urban housing sank from the previous 10 % to only 5 % - see Tables 3, 10 and 12. HSB had also begun to sponsor single-family housing in 1937 - (see page 33 of this report), - had participated in planning and promoting rental housing projects for large families in close cooperation with municipalities and had offered their planning and administrative experience to municipalities for the building of old-age homes. It seems justified to state that HSB and the cooperative housing formula had been able, even during a speculative building boom, to elicit reasonable support from individuals and municipal authorities.

The period from 1933 to 1939 was, in the opinion of the Social Housing Commission of 1933, an era of active housing policy. During these years, a firm housing policy, based on social objectives, was established in accord with principles still valid today. Important, too, are the many official investigations and factual studies of the housing situation which were initiated during this period and which helped to create a clear picture of housing production and the social problems related to it in the minds of both governmental agencies and of the general public.¹¹⁴

¹¹⁴. Stig Algott, op.cit., p. 15.

B. Housing Cooperatives and Recent Housing Policy

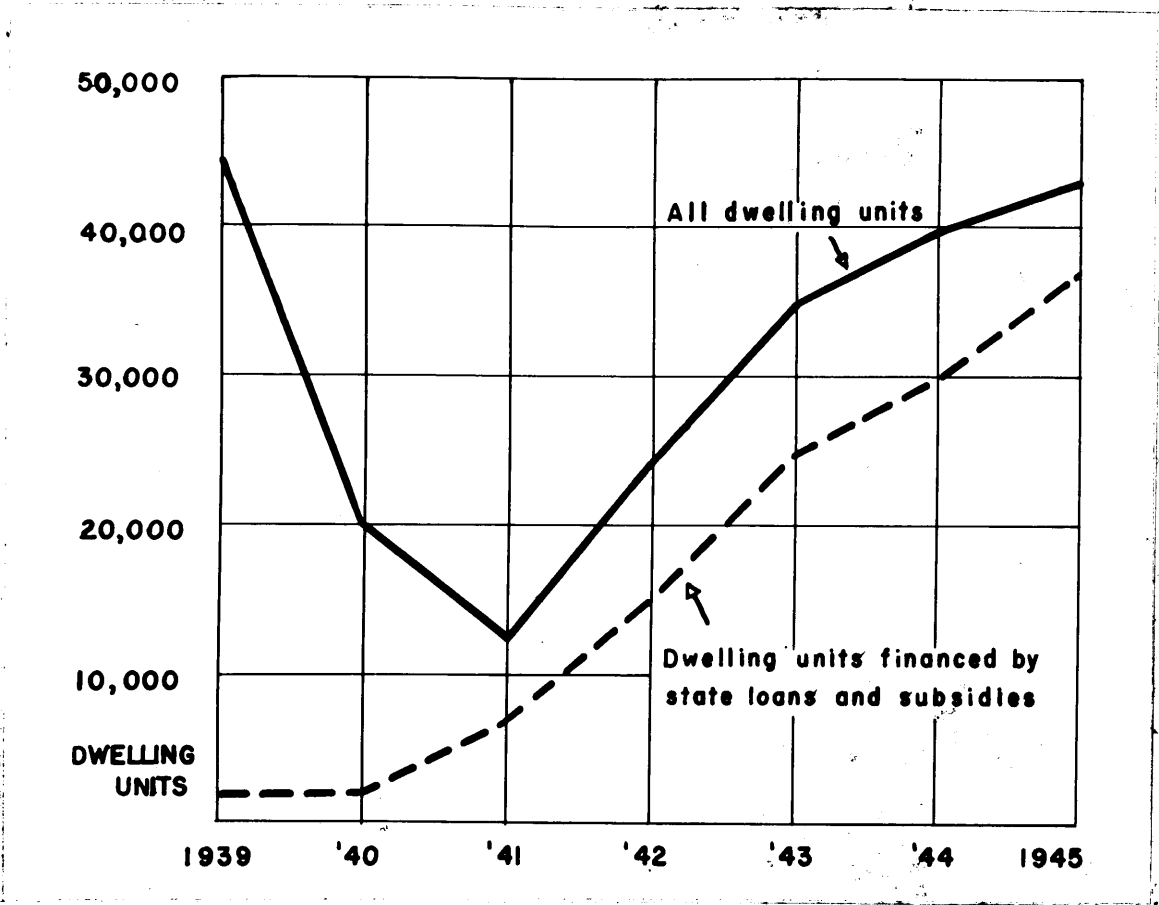
1. Years of Second Crisis 1939-1944

Weaknesses of the housing industry became apparent in a very drastic way after the outbreak of the Second World War. Because of rising interest rates and construction costs, private builders could not expect as good profits as in ^{the} late 1930's. There was also a great belief among builders that the demand of new housing in the near future would decrease considerably. ¹¹⁵ The number of dwelling units in planned housing projects submitted for building permits in the last quarter of 1939 was probably only a good ten per cent of the corresponding figure one year earlier. ¹¹⁶ Illustration 13 gives a general view of the housing situation in all urban areas during the boom, crisis and recovery period from 1939 to 1945.

115. Gunnar Ekdal et al, op.cit., p. 44.

116. Ibid., p. 45

Illustration 13. - New Urban Housing and New Urban Housing Financed by State Loans and Subsidies in 1939 - 1945



Source: Stig Algott, op.cit., p. 16.

The crisis of 1940 - 1941 was primarily a credit crisis, indicating the close relationship of the planning of housing with conditions of long term loans. The decline of private investment is even clearer when the figures of housing production not aided by state loans and subsidies is considered: 43,000 in 1939, 16,000 in 1940 and 6,000 in 1941.¹¹⁷

117. Leonard Silk, op.cit., p. 52.

During the Summer and Fall of 1940, it became more apparent that some new and overall financial measures from the public side were necessary^a to fight the housing crisis. The government program of granting third mortgage loans for socially desirable housing, which had been established in the late 1930's,¹¹⁸ was extended in 1940 and 1941 along with a system of stabilizing interest rates of first and second mortgage loans. Already for the fiscal year 1940/41 21 million kronor had been appropriated for residential construction in urban areas as tertiary loans and in 1941 the Parliament widened this program to 60 million kronor - (about 15 million dollars) - for this item. These loans were granted only if the borrower agreed to accept a scale of rents that did not exceed the rents of apartments of equivalent value which had been built before the war.¹¹⁹ It might be of interest to mention that in late 1941 - two years after the Second World War had started and at the bottom of the crisis, when the new construction was only half of that of previous year - the housing market was actually considerably worse than at the respective time¹²⁰ during the First World War.

These tertiary mortgage loans were available to all

118. In 1937, the State had started experimenting with the system of third mortgage loans. For the year 1937/38 - 1939/40 it appropriated a sum of 1,750,000 kronor for this purpose. Gunnar Ekdahl et al, op.cit., p. 24.
119. Leonard Silk, op.cit., p. 53.
120. Gunnar Ekdahl et al, op.cit., p. 46.

builders who complied with the requirements laid down by the State Building Loan Office. From 1942 on, however, there was a definite change in money lending policy. Municipalities, housing societies like the HSB organization, other cooperative and non-profit seeking undertakings were granted the privilege of loans up to 95 % of the estimated value of the building, while ordinary builders and contractors could get loans covering only 85 % of this value, except in special cases such as limited-dividend housing associations, which rated up to 90 %.

These state housing policy measures were recommended by a group of specially appointed housing experts in January 1941. Providing flexible conditions for third mortgage loans plus stabilizing the interests of previous loans was expected to produce new dwellings, whose annual charges would fit the existing rent level.

The system of third mortgage loans was further supplemented in 1942 by a direct capital subsidy-program approved by the Parliament and aimed at covering those building costs which could not be financed economically at the rent level of 1939, frozen by the Rent Control Law of June 30, 1942. This "over-cost aid" was an emergency measure and was a part of the government's overall war-time financial fiscal policy. It was given in the form of a supplementary loan, free of amortization and interest for

121. HSB, Cooperative Housing, p. 22.

ten years. If the level of rents had not risen in ten years, the supplementary loans would be written off. Actually these supplementary loans were special grants-in-aid calculated to cover the difference between the capitalized value of the expected returns from the property and the actual cost of acquisition under the wartime inflated construction cost structure.

This housing policy program of 1942 required the economic collaboration of local authorities. As a general rule, the municipalities were expected to contribute 20 % of the subsidy. All application for state loans - whether third mortgage or supplementary grants-in-aid - had to be made through the municipal authorities.

This policy also made a considerable change in the administrative set-up of cooperative housing societies. If cooperatives wanted to enjoy the benefit of the state third mortgage loans and supplementary loans - which they no doubt usually did, because it reduced the amount of down payment to be paid by the prospective member-owner of an HSB apartment from 10 % to 5 % - their by-laws must be revised to allow an additional member to be appointed by the municipality to the Board of Directors of the local HSB society. The municipality has also the right to appoint a third auditor of the local HSB. Furthermore, the rents of cooperative housing projects enjoying state aid are

the fixed by the State Building Loan Office; their by-laws cannot be changed without its consent; the sale or sublease of an apartment is made more restricted, etc. Thus the price of easy state money is inspection and control of state authorities and coordination with municipal authorities which, in the words of HSB, "enable municipal authorities to control the work of HSB very closely, an arrangement that has proved of great value to both parties." ¹²²

As shown by Illustration 13 on page 67, a strong increase in housing production occurred in 1942. That this continuous climb is related to the State aid-policy can also be visualized from the diagram.

Cooperative housing societies gained strength during this period because of favorable state financial policy. Thus the annual production of HSB jumped from 534 apartments in 1941 (4.4 % of total urban housing) to 4,863 units in 1944 (13.1 % of total) ¹²³. The other nation-wide cooperative housing organization, The Swedish National Builders (Svenska Riksbyggen, SR) was established in 1941. HSB and SR and other free-standing, cooperative housing societies dominated about 20 per cent of all urban housing during the years of the Second World War, or about 25 % of all multi-family housing. In the opinion of the Social Housing Commission

122. HSB, Cooperative Housing, p. 23

123. See Table 3, page 32 and Appendix C, Illustration C-1.

of 1933 - expressed in its final report in 1945 - the cooperative housing societies had produced an oversupply of cooperative apartments during war years and for that and other reasons the state aid policy should be in favor of purely rental housing in the form of public and semi-public housing. ¹²⁴ If one liked to draw a conclusion based on this official statement, it seems justified to say, that, in the first place, some people prefer purely rental housing to cooperative apartments and secondly, that for ^{the} lowest income group the investment of even 5 per cent of private down payment causes difficulties.

The system of state aid in fighting the housing crisis reached its final form at the same time that rents were frozen in 1942 and a little before rationing of construction works in general was inaugurated, because of difficulties in labor and material supply. This rationing was done by means of construction and building permits and compulsory distributions of labor. ¹²⁵ Later changes in the state aid pattern

124. Stig Algott, op.cit., p. 69.

125. The Law of Compulsory Permits for Construction-works, effective since August 1, 1943 and the Law of Rationing of Construction Activities through Compulsory Distribution of Labor, effective since June 1942. See Gunnar Ekdaahl et al, op.cit., p. 49. The Swedish system with special licences has functioned in such a way that certain quotas have been allotted to the various municipalities and these quotas have been further divided among the different local building enterprises according to suggestions by municipal authorities. The reduction of building activity caused by ^{the} licensing system has affected the cooperative housing organizations in the same degree as other builders. See W. Warriner, "Cooperative Housing in Europe", Review of International Cooperation, Vol. 41, No. 7, July 1948, p. 135.

have been only minor modifications based on experience gained during their effectuation.

This state aid pattern is built on two objectives:

1. Long term measures inaugurated mainly in 1941, consisting of public credit and stabilization of capital costs plus the fixing of rents in relation to state-reviewed building costs in order to eliminate the speculative aspects in financing, building and administration of housing.
2. The supplementary loans or grants-in-aid-program during the housing crisis of 1942 aiming to secure the rentability of new housing at a fixed rent level

The first group of measures seems justifiable in a well-arranged housing policy independent of temporary emergencies, while the second group is of provisional character, which should be abolished when rental returns correspond to actual building costs.

126

Housing production from 1942 to 1945 corresponded to the increase of urban households in need of housing, which increased about 30,000 annually. But the housing shortage persisted. Swedish authorities blamed it on the stagnation in the production from 1940 to 1942 and estimated the size of ^{the} urban housing shortage at 50,000 dwelling units in 1945. ¹²⁷ The percentage of vacancies in Stockholm gives some indications of the prevailing housing shortage

126. Stig Algot, op.cit., p. 20.

127. Leonard Silk, op.cit., p. 58

from 1942 to 1945: 0.43 % in 1942, 0.30 % in 1943, 0.09 %
in 1944 and 0.03 % in 1945¹²⁸. It was also estimated that
at the end of 1945 one fourth of the country's housing
was overcrowded.¹²⁹

2. Housing Cooperatives and New Housing Policy

In order to stimulate housing production and to protect the existing rent level, the state authorities had during the Second World War inaugurated a program of financial support for builders. This system of aids, comprising third mortgage loans, stabilization of interest rates of previous loans and supplementary loans became the basis for the new housing policy, developed during the next postwar years.

This "new" Swedish housing policy is an outgrowth of already existing foundations. It is built mainly upon recommendations and findings of The Social Housing Commission of 1933, which issued its final reports in 1945 and 1947 and obtained almost unanimous endorsement from the Parliament between 1946 - 1948.¹³⁰

129. Just Gustavsson, op.cit., p. 7.

130. The first of the reports dealt with general aspects of the future housing policy of Sweden and with loans and subsidies for housing; the second with redevelopment in urban areas and organization of money lending activities for housing. The Swedish titles are: Staten Offentliga Utredningar 1945:63. Slutbetänkande av givet av bostads-sociala utredningen. Del I. Allmänna riktlinjer för den framtida bostadspolitik. Föslag til lane- och bidragsformer. 2. SOU: 1947:2. Slutbetänkande av givet av bostads-sociala utredningen. Del II. Saneringen
(cont.)

It is beyond the scope of this study to scrutinize the present housing policy in any detail; the discussion will be focused on matters related to housing cooperatives.

Two things of importance have occurred in this relation:

1. The upper limit of third mortgage loans for municipalities or public corporations was raised to 100 per cent of the property's capitalized value, while the loan limits for cooperative and private builders remained the same as earlier, or 95 % and 85 % (90 % in special cases) respectively.¹³¹

This change of financial policy was included in the general housing resolution of the Swedish Parliament in 1946 mainly because municipalities were unwilling to invest their own money for the remaining 5 per cent as required previously.

2. The division of responsibilities between state and local authorities was clarified in a law passed by the Parliament in 1947. Municipalities are now obliged to act as intermediate agencies in governmental loan and subsidy transactions. In other words, applications for state loans and subsidies must go through municipal authorities, who, in the case of supplementary loans, make their own contributions. This kind of municipal monetary aid had been on a

130. (cont.) av stadssamhälle- och byggnadsverksamhetens bebyggelse. Organisation av lane- och bidragsverksamheten för bostadsändamål.

131. Just Gustavsson, op.cit., p. 8. The third loan is amortized over a 40 year period for stone construction and 30 years for wood construction with equal annual payments. The interest rate is 3 % .

voluntary basis before.

a. Administration of the "New Housing Policy"

The "new housing policy" became effective after July 1, 1948 and is administered by a central government agency - founded already in 1933 and reorganized in 1948 - The Royal Board of Housing (Kungliga Bostadssyrelsen). Municipalities with more than 10,000 inhabitants are required to make overall estimates of their future housing need and ways of solving it in consultation with the Royal Board of Housing.¹³² In other words, the respective responsibilities of state and municipal agencies are more clearly defined than before: municipalities are obliged to stimulate housing and to supervise construction, while the State is responsible for the financial aspects, whether loans or subsidies. The housing policy of 1948 also established the system of provincial or county housing agencies in each of the 24 administrative districts in Sweden. These provincial agencies act as representatives of the central Board of Housing in their respective districts in granting loans and subsidies for the production, rebuilding and improvement of 1- and 2-family houses in rural areas and in cities with fewer than 10,000 inhabitants.¹³³

132. Just Gustavsson, op.cit., p. 7.

133. Ibid., p. 7.

b. New Housing Subsidies

From 1935 up to 1952, 382 million kronor in credits have been allocated under the original scheme, for the erection of dwellings, comprising apartment houses and 1- or 2-family houses (homesteads) for low-income families with children. To this should be added 44 million kronor, granted from 1942 to 1948 as supplementary loans designed to compensate^{for} the rise in cost of building. In 1948, the number of families entitled to rent rebates, residing in the houses erected under the earlier scheme, was 34,000,¹³⁴ of which 12,000 lived in flats and 22,000 in homesteads.

In 1948, subsidies for large families and families with limited income were increased and expanded considerably. The family housing subsidy is now paid to all households with two or more children under 16 years of age and of an income level below a certain rather high income limit who are living in dwellings built after January 1, 1948, regardless of how this dwelling is financed or administered, or in dwellings built by municipalities or public corporations after July 1, 1946.¹³⁵ The family housing subsidy is not paid in cash, but is given in the form of

134. Social Welfare Board, Social Sweden, p. 34.

135. Just Gustavsson, op.cit., p. 8. Earlier subsidy policy was restricted to families with three or more children under 16 of age.

rebate of rent, starting from twenty per cent for two children plus an additional ten per cent for each child. The annual allowance is between 130 kronor and 175 kronor (\$ 25 - 34) per child.

A special kind of subsidy, irrespective of the size or the composition of the family, can also be paid to households with limited means. This is called "three crowns subsidy" (tre kronor bidraget), which means three Swedish kronor per square meter of apartment area per year. It is given in the form of reduction of rent after the need of applicants has been studied by municipal authorities. It will be given only to families who live in municipal or other public housing constructed since 1946.

The following example will illustrate the decrease of rents via subsidies to families with children and with small incomes:

Apartment of three rooms and kitchen, floor area 753 sq.f.	Annual rent in crowns for family with	
	2 children	4 children
Rent before subsidies	1540 kr	1540 kr
Family housing subsidy	-260	-520
Fuel bonus	-175	-175
	<hr/>	<hr/>
	Net 1105 kr	845 kr
"Three Crowns" subsidy	-210	-210
	<hr/>	<hr/>
	Final Net 895 kr	635 kr
	" " \$ 248	\$ 176

Source: Arthur Hald et al, ed, Swedish Housing, p. 14.

These family subsidies are conditional on certain minimum requirements as to space, amenities and environment. The apartment, whether in a new construction or in a rebuilt house, shall be provided with adequate plumbing facilities and central heating; it shall have at least two rooms and a kitchen with not less than 50 square meters and not more than 90 sq.m. of floor space (538 sq.f. and 968 sq.f. respectively). The house itself must be suitable for family living and be located in a neighborhood, where outdoor recreation can be provided for children. The subsidies are no longer restricted to so-called large-family housing projects.

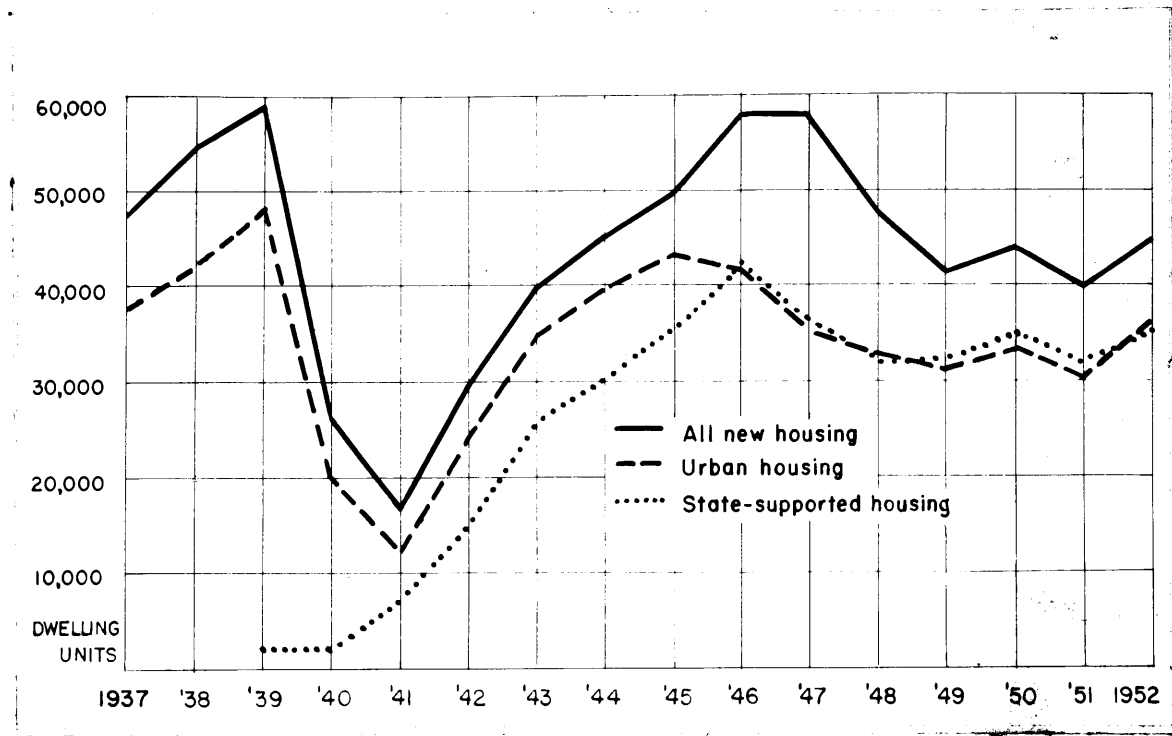
c. State Financial Aid and New Housing Production

During the fifteen year period from 1933 to 1948, the Swedish Parliament granted about 1,700 million kronor to the State Building Loan Office to be spent as loans and other aid; the home-ownership agencies received a sum of 300 million kronor, or altogether about 2,000 million kronor (about 500 million dollars).¹³⁶ During the period from July 1, 1951 to June 30, 1952, 180 million kronor (\$ 38 million) was paid in third mortgage and supplementary

136. Harry Bernhard, "En ny epok i bostadspolitiken", Byggnästaren, No. 17, Sept., 1947, pp. 249-250.
137. Just Gustavsson, op.cit., p. 6.

loans, about 42 million kronor (\$ 8 million) in family subsidies, about 140 million kronor (\$ 27 million) in own-home loans and 8 million kronor (\$ 1.5 million) for older people.¹³⁸ The following illustrations show the magnitude of State aid in relation to new housing production.

Illustration 14. - New Housing Production in 1937 - 1952



Source: Kungl. Socialstyrelsen, Sociala Meddelanden 1953, No. 8, pp. 496 & 503. The Swedish Institute, op.cit., p. 7.

138. The Swedish Institute, op. cit., p. 9. In the case large families, the total direct or indirect benefits - in the form of loans and subsidies - may be such that rent is actually zero. See United Nations, Methods and Techniques of Financing Housing in Europe, p. 238.

Table 15. - State aid for New Housing, Urban and Rural from 1949 to 1952, per cent of total.

	1949	1950	1951	1952
1- and 2-family houses	64.8 %	70.9 %	73.3 %	73.2 %
Other houses	82.8 %	83.0 %	82.1 %	87.1 %
Total	78.1 %	79.7 %	79.7 %	84.5 %

Source: Kungl. Socialstyrelsen: Sociala Meddelanden 1953, No. 8, p. 503. For further details of distribution of state aid among various types of houses in 1951 see Appendix C, Table C-4.

Because of this considerable financial support by the state government and the increased activity of municipalities, housing production increased rapidly during the immediate post war years and reached the same high level in 1946 - 1947 as during the last year before the war, in 1939 (see preceeding illustration). It is also important to bear in mind that production was aimed at larger and better equipped dwellings partly because of the favorable loans and family subsidies and partly because gradually increased wages and the retention of the 1939 rent level made the ratio between rents and incomes more reasonable. 139

To make our point clearer, let us give some more facts. The following figures will illustrate the distribution of housing production by size of apartments in urban areas:

139. See Appendix C, Illustration C-5, which gives a general illustration of the development of rents in relation to industrial wages and the cost-of-living index for the period from 1913 to 1945.

Table 16. - New Urban Housing by Size of Apartments in 1929, 1939 and 1950, per cent of total

	1929 %	1939 %	1950 %
1 room and kitchen or less	49	40	18
2 rooms " "	28	32	36
3 rooms " "	12	18	30
4 rooms " " or more	11	10	16
	<hr/> 100 %	<hr/> 100%	<hr/> 100 %

Source: The Swedish Institute, op.cit., p. 10.

In spite of the trend towards larger apartments, which agrees with long term housing objectives, the overcrowding is still bad.¹⁴⁰ The standard of equipment and other modern conveniences has, however, improved continuously. Practically all recently-built apartments are equipped with central heating, bathrooms and hot water. Many apartments also have refrigerators and refuse-chutes and special laundry-rooms with modern washing machines. About one third of the population now lives in homes built during the last 15 years.¹⁴¹

As far as rents are concerned, strong trend towards a more favorable relationship between incomes and rents - assuming that a skilled industrial worker ought to use only twenty per cent of his income for rent - has arisen

¹⁴⁰. The Swedish Institute, op.cit., p. 10. No recent data available; the latest Census was taken in 1945.

¹⁴¹. Ibid., p. 10.

in the decade before 1945, (see Appendix C, Illustration C-5), especially during the war years. The rent for a 2-rooms-and-kitchen apartment with central heating in 1933 was twice as high as required according the rule mentioned above - in 1939 it was 67 per cent higher and in 1945 about 25 per cent higher.^{142.} Nevertheless, a satisfactory dwelling was still expensive for people with moderate income, even if it was much more nearly within reach in 1945 than ten years earlier. But, on the other hand, the balance between rents and incomes, ~~mes,~~ in the opinion of the Social Housing Commission of 1933, could be obtained by a rise in income of 25 per cent or a decrease in rents of 20 per cent or by combining these two methods, which situation offers totally new opportunities in everyday practical politics when carrying out long range housing objectives.¹⁴³

The housing shortage is still a serious problem in Sweden today. It was estimated in 1951 that a further 90,000 - 100,000 dwelling units were required over and above current needs. The most important reasons for this have been continuous migration to cities, a high marriage rate, and other demographic and economic factors, ^{such} as the favorable rent-to-income ratio.

Because of the outbreak of the Korean War in June 1950, a rapid increase of the building costs took place,

^{142.} Stig Algott, op.cit., p. 22.

^{143.} Ibid., p. 23.

rising by 30 - 35 per cent from the beginning of 1950 to the middle of 1951 and leveling off in the second half of 1951¹⁴⁴. This would have meant a rise of rents in newly built houses by about 25 per cent over those of similar houses built in the previous year. A committee appointed to make careful investigation of all housing presented a preliminary report suggesting a temporarily extended program in State subsidies in order to meet increased building costs and also proposing a temporary prolongation of earlier supplementary loans. The Parliament of 1951 decided to follow the proposals pending the final results of investigation. Altogether, the extended subsidy program can be estimated to cover some 20 per cent of the total building costs, thus increasing the State expenditures considerably¹⁴⁵. During the years of 1950 - 1951, a troublesome shortage in the labor market also hampered the building of new homes. At the end of 1951, two proposals were under consideration by the housing commission of 1951: 1. systematization of State support to housing in the light of the recent increase of building costs and 2. the outlining of general principles for future rent policy. Both were expected to undergo legislative action in the course of 1952.¹⁴⁶

144. United Nations, op.cit., p. 238. The Swedish Institute, op.cit., p. 10.

145. HSB, Cooperative Housing, p. 23. United Nations, op.cit., p. 239. In the case of 1- and 2-family houses, the subsidy has been increased from 4,000 kronor to 8,000 kronor. Ibid., p. 239.

146. United Nations, op.cit., p. 239.

d. The Impact of the New Housing Policy on Type of Sponsor/Builder

The new ceiling for state third mortgage loans - 100 % for municipalities and semi-public corporations, 95 % for cooperatives and 85 % for private builders, effective since July 1946, - and the increased legal responsibilities of municipalities in promoting housing had a very noticeable impact on these three major sectors of building enterprise. In 1939, private builders constructed about 90 per cent of all urban dwellings (1- and 2-family housing included) and the cooperative housing societies, related undertakings and municipalities were responsible for the remaining 10 per cent.¹⁴⁷ In 1946, the share of cooperatives amounted roughly to 20 per cent, that of municipalities to about 10 per cent, while private enterprise took care of 70 per cent. At the end of 1952 the corresponding figures were about 18 % for cooperatives, 40 % for public, municipal and semipublic undertakings and 42 % for private enterprise. The 42 % of private building production includes 16 % for 1- and 2-family houses and 8 % of housing for employed personnel, which are considered as private in the statistics. The distribution of new housing by type of sponsor/builder in recent years is shown in the following table.

147. See Table 12 on page 63.

Table 17. - All New Housing by Type of Sponsor/Builder from 1949 to 1952, number of dwelling units and per cent

	1949	1950	1951	1952
State and Counties	375	572	551	487
Municipalities ^{a.}	13,329	14,340	13,527	17,237
Housing Cooperatives	6,560	6,797	5,984	7,879
Industrial Builders ^{b.}	2,715	2,548	2,072	3,486
Own-Home Builders	9,127	10,509	9,332	7,147
Other Builders	9,445	9,169	8,318	8,515
Total	41,551	43,935	39,784	44,751
State and Counties	0.9 %	1.3 %	1.4 %	1.1 %
Municipalities ^{a.}	32.1	32.6	34.0	38.5
Housing Cooperatives	15.8	15.5	15.0	17.6
Industrial Builders	6.5	5.8	5.2	7.8
Own-Home Builders	22.0	23.9	23.5	16.0
Other Builders	22.7	20.9	20.9	19.0
	100	100	100	100

Source: Kungl. Socialstyrelsen: Sociala Meddelanden, 1953, No.8, p.497

Notes: a. Includes all new housing built or sponsored by municipalities or municipally controlled housing societies of public utility character
b. Includes housing built or sponsored by various industries for their own personnel.

The figures given above are self-explanatory and clearly show the expansion of non-profit housing production in Sweden since 1946. The trend toward municipal domination is far more discernible when considering multi-family

structures only by type of sponsor/builder, as shown in the following table. This break-down is based on the number of dwelling units in submitted applications for State tertiary and/or supplementary loans.

Table 18. - Multi-Family Housing by Type of Sponsor/Builder in Planned Housing Projects in Certain Years in Sweden, per cent of total

Budget year	Private Builders	Housing Cooperatives	Municipal and semi-municipal housing	Total %
1946/47	44.9	39.1	16.0	100
1949/50	29.2	20.5	50.3	100
1951/52	26.8	26.3	46.9	100

Source: Kungl. Socialstyrelsen, Sociala Meddelanden, 1953, No.8, p.451

The following two illustrations show the situation of the three major groups of sponsor/builders - private enterprise builders, housing cooperatives and municipal or semi-public housing corporations - in regard to various state loans and subsidies and other public benefits and restrictions.

Table 19. - Various State Loans and Subsidies, Other Public Benefits and Restrictions by Type of Sponsor/Builder, 1948

	Private Builders	Housing Cooperatives	Municipalities
1. Third mortgage State Loans			
a. Up to 85-90 %	x	-	-
b. " " 95 %	-	x	-
c. " " 100 %	-	-	x
2. Guarantees against rise of interest rate	x	x	x
3. Supplementary Loans	x	x	x
4. Preference in Material & Labor	-	x	x
5. Family Rent Subsidies	x	x	x
6. Special Municipal Subsidies	-	-	x
7. Rental Land from Public Reserves	x	x	x
8. Preference in Amortization Plan	-	x	x

Source: 1. Donald and Astrid Monson, Ideas from Sweden, reprint, p.3
 2. Social Welfare Board, Social Sweden, p.335

Table 20. - Financing of an Apartment Building by Type of Sponsor/Builder in 1948

	Private Builders		Housing Cooperatives		Municipalities	
	kronor	%	kronor	%	kronor	%
1st mortgage, 3 % no amortization	420,000	60	420,000	60	420,000	60
2nd mortgage, 3.5 % 40 years amort.	70,000	10	70,000	10	70,000	10
State 3rd mortgage 3 %, 30 or 40 years amort.	105,000	15	175,000	25	210,000	30
Supplementary loan						
State share 80 %	40,000	-	40,000	-	40,000	-
Municipal " 20 %	10,000	-	10,000	-	10,000	-
Builder's cash equity	105,000	15	35,000	5	- - - - -	-

Source: U.S.Congress, 81st, 2d, Senate, Cooperative Housing in Europe, p.29

Note : It is assumed that the total production costs for the building is 750,000 kronor, but its capital yield value is 700,000 kronor. Ibid, p.29

The interest rate on third mortgage loans was originally 4.5 %, but in 1946 was reduced to the present rate of 3 %. Private builders, however, are required to make additional annual installments equivalent to 1 % of the original amount of the loan during the first six years. The borrowers are guaranteed a 3 % rate of interest on their first mortgage loans and a slightly higher rate on their second mortgages for a period of ten years. Should the rate of interest increase during this period, an amount equivalent to the added capital charges is remitted from the charges on the third loan, provided the amount does not exceed one per cent of the aggregate value of first and second loans. ¹⁴⁸

The rent level of new residential properties, erected with the assistance of governmental credit, is determined by the central lending authority, i.e. The Royal Board of Housing, on the basis of the capital and operation costs. The rent cannot be raised until the third mortgage loan has been fully redeemed. Prior to 1946, rent restriction ¹⁴⁹ was limited to ten years.

148. Social Welfare Board, Social Sweden, p.335

149. Ibid, p. 335

e. The Effect of the New Housing Policy on HSB

The differentiation of loan limits between public housing corporations and cooperative housing societies¹⁵⁰ did not cause any major modifications for HSB when building for its members - only that certain municipal controls were set as a condition for state loans and supplementary loans. (see Appendix B). This new housing policy, on the other hand, opened new vistas for the HSB organization. Since its establishment in 1924, the National HSB has tried to produce housing whose rents are determined according to actual construction costs and whose future administration will also be on a non-speculative basis. It was actually the HSB that initiated the system of housing societies (bostadsrättsföreningar) with permanent leases and applied the method in large-scale building activities. HSB was also represented in the Social Housing Commission of 1933, whose findings - published in 1945 and 1947 - outlined the principles of the new housing policy, which places great emphasis on rental housing available to even the lowest income group without capital investment on the part of the tenant. When municipalities were required to carry out

150. The concept of public utility housing is at present used in a more restricted sense than earlier, cf. foot note 84, p. 48. At present, it means municipal housing organizations or semi-municipal non-profit housing corporations working under municipal control. Usually they are formed jointly by municipal authorities and local HSB and/or SR societies.

local housing programs to provide good housing for everybody and they had the choice of carrying out the housing schemes themselves or of establishing semi-public corporations under municipal control, they in most cases chose the latter and formed special non-profit housing organizations jointly with the local HSB societies. The main reason for this was that municipalities of medium and small size did not have adequate administrative or technical staffs with experience in building large-scale housing projects. Thus the services of HSB's central staff, administrators and technicians were drawn into the local picture almost like those of a planning or housing consultant. Some 70 different places in Sweden had set up special joint bodies of municipality and local HSB for the production of tenant houses by the end of 1951.¹⁵¹ This happy marriage between HSB and the municipalities is a natural fruit of long-standing friendly relations. HSB and its affiliated organizations procure housing design and site planning, construction drawings and cost calculations and related documents; they supervise the actual construction work - of which almost 100 % is done by private contractors - and take care of the management of housing projects on the behalf of the municipality but under its leadership and with proper safeguards.¹⁵² Both HSB and the municipality seem to gain from this collaboration: the muni-

151. HSB, Cooperative Housing, p.27
152. HSB, Fa säker grund, p.25

capacity has the benefit of the large-scale operation and research work of a big organization for no extra expense and without the trouble of increasing its own administrative staff; HSB, on the other hand, has the advantage of being able to use, and so develop, its full planning and industrial capacity.

PART III. COMMENTS AND CONCLUSIONS

This study is based on the premise that the cooperative housing movement in Sweden has been a success - a premise hard to "prove", but indirectly supported by the data in Parts I and II. The first half of this final Part III will recapitulate the importance and interrelationship of the four factors apparently basic to this success, and the second half will be devoted to a critical appraisal of the movement and what it has done for Swedish housing as whole.

A. The Four Factors of Success: their Importance and Interrelationship.

1. Sympathy for the Cooperative Approach.

One fundamental fact, which must be kept in mind when studying popular movements in Scandinavia, is the great influence of the cooperative movement in all northern countries, particularly in Sweden. The Swedish cooperative movement has had over eighty years of development. During this time it has become one of the largest cooperative movements in the world - and, in the opinion of noted experts in the field, - the most progressive movement in existence.¹⁵³

153. J.W. Ames, Cooperative Sweden To-Day, p. 10.

The cooperative movement in Sweden is divided in three major independent fields of activities, namely Consumer Cooperatives, various Farmers' Cooperative Marketing Associations and Housing Cooperatives. These organizations together with other popular movements related to their different spheres of activity - primarily labor, food and housing markets - have, in the last 10 or 15 years, sought to create channels through which matters of mutual importance might be settled.¹⁵⁴ This creation of permanent rules between various cooperative groups and other nationwide organizations is designed partly to avoid state intervention, which would limit their freedom of action, and partly to establish a free and voluntary form of the great markets¹⁵⁵ necessary to the modern community.

The housing cooperatives are a separate movement from the consumer cooperative movement, although they work together closely. They have, for instance, jointly purchased brick factories and some other factories producing building materials and equipment and again, retail outlets are usually provided for consumer cooperatives on the premises of housing cooperatives.

Like the trade union movement, consumer and housing

154. Mauritz Bonow, op.cit., p. 173. See also Appendix C, Illustration C-7, a diagram showing through which organizations the three largest social groups - workers, professional and commercial employees and farmers, - protect their income-earning and income-spending interests.

155. Ibid., p. 175.

cooperative movements originated in the latter decades of the 19th Century. Together they have been the chief instruments in raising the standards of the working class. The cooperative movement was almost exclusively recruited from among the workers and it is still recruiting the majority of its members from them, but it also enjoys support of the other classes. The same is true of housing cooperatives, which, strictly speaking, were an outgrowth of tenants' associations representing individual tenants of apartment houses in their dealings with landlords.

The cooperative movement gained momentum early during its history when retail trade was unorganized and other opposition non-existent. Through its effectiveness in distribution of consumers goods, in introducing modern methods of salesmanship¹⁵⁶, high quality of goods and services at moderate prices, it has been able to obtain both material support and ideological trust from its members and other consumers and to attract good leaders to its organization. In the housing field, the situation has been the same. The big housing cooperatives have been effective and reliable builders, which have worked on a non-speculative basis and thus likewise obtained the support and trust of their members and future members.

156. In 1950 Consumer cooperatives had 275 self-service shops in Sweden (25 in Stockholm); the private trade claimed to have 175. See J.W. Ames, op.cit., p. 48.

Consumer cooperatives today have a total membership of more than a million, which means that about one third of all Swedish families are members. Their share in the national retail trade is about 20 - 25 per cent of total in foodstuffs and 15 per cent of the trades in which the movement is active. Recent periodical enquiries in Sweden show that^a a housewife saves approximately 5.2 per cent of the amount spent on food if she makes her purchases at a cooperative, and that if the 3 per cent dividend to which she is entitled as a member of the cooperative is added to this savings, her purchasing power is increased by 8 per cent.¹⁵⁷ The impact of housing cooperatives today is in about the same category: one sixth of the dwellings erected since 1939 have been produced by cooperative housing societies, although their overall production of the nation's housing stock is only about 4-5 per cent.

Housing cooperatives, especially HSB and SR, besides having the support and close collaboration of the consumer cooperatives, have also enjoyed both economical and political aid from two other movements, namely the trade unions and the workers' political party, The Social Democratic Labour Party in Sweden. It has been said that the one million kronor contribution made by The Federation of

157. Jean Orizet, "The Cooperative Movement and the Welfare of the Worker, International Labour Review, Vol. LXIV, No. 1, July 1951, pp. 1-2.

158. Social

Swedish Trade Unions (Landsorganisationen, LO) in 1939 to HSB meant a turning point in the development of HSB movement, making it possible to promote 1000 dwellings for low-income workers by lending the sum to them to use for downpayments.¹⁵⁸ The establishment of SR organization and its good beginning was made possible by the efforts of trade unions in^{the} building trades. One of these, The Swedish Carpenters' Union, instructed its Executive at its Congress in 1946 to devote two million kronor to the activities of SR.¹⁵⁹ The later success of SR, of course, would not have been possible without the close collaboration and mutual understanding which existed between its organization and the State and municipal authorities.

The consumer cooperative movement and housing cooperatives have also had close relations with workers' political organization, The Social Democrats, on both the municipal and national levels. The Labor Party has been in office almost without interruption since 1932 either alone or in coalition with other parties. It advocates an economy under which private profit should be subordinated to the interest of society as a whole, and production - private, cooperative, state and municipal - planned for the actual need of the people.¹⁶⁰ The Social Democrats took the

158. Arvid G. Hansen, op.cit., p. 108 & 125.

159. J.W. Ames, op.cit., p. 135.

160. Social Welfare Board, op.cit., p. 96. .

initiative in the social reforms of the thirties and having obtained an absolute majority in 1940 Riksdag, they have been the motive power of the postwar reform already put into force or decided upon.¹⁶¹

Without this close relationship between consumer and housing cooperative movements, and the other two voluntary popular movements - trade unions and the major political party, - the support of public authorities, whether local or national, would not perhaps have been expressed so promptly by legislative tolerance in taxation and in ^{the} legal framework in general and would not have resulted in other forms of material aid for housing cooperatives. Although we have divided the reasons for the success of the cooperative housing movement in Sweden into four major groups, these reasons are interrelated. They cannot be analysed in a social or political vacuum without their real historic perspective, the almost three generations of development of housing cooperatives in Sweden. The emphasis at the early stages of history is on different groups: on recognition of mutual interest and of self belonging to the same class; at the later stage, on proper legislative framework and financial support of public authorities plus backing of other pressure groups of the economic and political segments of the society.

161. Social Welfare Board, op.cit., p. 97.

2. Organizational Strength and Administrative Skill of Housing Cooperators.

Our remarks under this subheading will deal only with HSB - The Tenants' Cooperative Housing Movement. Various other organizations providing apartments with permanent leases to members enjoy about the same municipal and state support, but these independent housing cooperatives, often sponsored by speculative builders, lack the support of membership in a nationwide organization.

HSB, an outgrowth from The Tenants' Movement, has been able to establish an organization which is well integrated and functions efficiently on all three levels, project, local and national. An HSB-apartment is affiliated permanently with both the local and the National HSB. On the national and local levels, HSB has combined the operations of housing and town planning and the effectuation and management of the finished project within its own organization. The democratic form of administration and management gives a feeling of security and independence to project societies, while the "checks and balances" are so arranged as to keep them under proper control. The internal strength of HSB has contributed to its continuous growth, ^{by} keeping the experience within the movement and by securing operation capital from the cooperative shares, savings, building bonds and various sinking funds within

HSB, whereby the existing cooperative apartment-owners contribute their share towards creation of more such housing.

3. Support from Local Governmental Agencies.

Part II analysed the relationship between municipalities and housing cooperatives. Business conditions and economic and housing situations after the First World War gave impetus to a great expansion of municipal, public utility and cooperative housing not only in Sweden, but also in Norway and Denmark. The next step, because of increased responsibilities of municipalities in providing housing especially for large families with low-incomes and pensioners, gave the housing cooperatives, and notably HSB, the opportunity of planning and carrying out these special projects in collaboration with the local agencies. Finally this close relationship resulted in the present day practical partnership, where municipalities and housing cooperatives, through municipally controlled housing corporations, are jointly responsible for about two fifths of all new housing in Sweden, while the housing cooperatives themselves still build another sixth in addition. More comment is needed on two aspects of the support from local governmental agencies to housing cooperatives. These are:

- a. The contribution of municipal land acquisition and land policy to the success of housing cooperatives, and
- b. The role of the cooperative housing formula as a city planning tool.

a. Municipal Land Acquisition and Land Policy.

It has been stated:

"The success of cooperative housing societies has been greatly assisted by the fact, that many Swedish towns have bought up land near the city limits, thus removing it from speculation and making it available for controlled housing schemes".

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"Before the War most of the larger cities and towns in Sweden owned between one half and four fifths of the areas under their administrative control" 162

It is clear, that municipal ownership of land has been of great help in carrying out effective city planning policy in most Swedish cities and in avoiding scattered development of private land subdividers and the difficulties involved in using eminent domain. The city land-ownership

162. Central Mortgage and Housing Corporation, Housing in Sweden, Housing Progress Abroad, Vol. 1, Nos. 5 & 6, p. 26. See also National Resources Committee, Urban Planning and Land Policies, Volume II, p. 228, which gives the individual percentages of Stockholm and the five next largest cities in Sweden. -- In 1946 the City of Stockholm owned about 20,800 hectares (about 50,700 acres) within its jurisdiction, from which about half is reserved for residential and industrial development, one fourth for the city watersupply system and the remaining part for recreation and other public purposes. See Stockholms stads stadplanekontor, Generalplan för Stockholm, p. 72.

pattern is not of recent origin - it dates as far back as the origin of the most Swedish cities and towns to the period from 13th Century on up to the beginning of ^{the} 19th. During this period it was ^{the} established policy of the Swedish Crown when creating and/or incorporating new cities and towns to supply them with enough reserve land for building sites and other purposes. ¹⁶³ The donation of state land for the creation or expansion of cities ceased when liberal-economic attitudes became prevalent in Sweden; the last donation took place in 1811 when Town of Arvika was established. ¹⁶⁴ This donated land could be transferred within the planned city area to private hands either with full ownership or with long term leases (ofria tomter; non-free building lots). Municipal land holdings were quite large enough to accommodate the slow urbanization during most of the 19th Century. The end of ^{the} 19th Century and the beginning of the 20th, however, saw a new phase in Swedish urban land acquisition, for now, because of rapid industrialization and urban expansion, hitherto private land had to be annexed and the jurisdiction of the cities thus enlarged. Since ownership remained in private hands, difficulties arose in controlling urban development because of inadequacies of planning legislation and practice. As a natural solution based on earlier

163. For details see Gunnar Prawitz, Tomter och stadsågor, pp. 1-30; also Kyösti Haataja, Maa- ja vesioikeudellisia tutkimuksia, pp. 7-113.

164. Gunnar Prawitz, op.cit., p. 11.

experiences and traditions in municipal land ownership, the larger cities started a long-range land acquisition program, which has continued up to the present time, This newly acquired city land plus the old land holdings have been available to all types of builders: private, cooperatives, public utility housing societies and municipal housing corporations. Municipal authorities have, naturally, been able, to guide development in the desired direction. Housing cooperatives and other non-profit housing undertakings seem in general to have been in a somewhat favorable position, but to what degree has been impossible for the author of this report to determine. It seems also safe to state, that private builders with good reputations have generally received equal terms with non-profit builders as far as city land is concerned. The major point of the municipal land ownership pattern in Sweden is that the cities have been able to control land prices even on private land and to guide the expansion of their industrial and residential areas according to prevailing planning schemes and concepts.

b. Cooperative Housing and City Planning.

The policy of land acquisition by voluntary sale to the city has now obtained official approval by the new city planning legislation of 1947 (Byggnadslagen och

Byggnadsstadgan den 30 juni 1947; i.e. Building Law and Building Statute of June 30, 1947, effective since Jan. 1, 1948). This provides the necessary control over undesirable development, and in addition, now gives the municipalities the right to determine "where and when" development at urban densities (tätbebyggelse) can take place, while previously all private land owners were in principle permitted to subdivide their property at will. This "where and when" principle gives the building authorities on various levels the powers to consider the suitability of residential development in regard to comprehensive city and/or regional plans and also the right to determine the right timing for the erection of buildings. In addition, the increased responsibilities of municipalities in housing planning and its effectuation under the control and supervision of The Royal Housing Board plus the simplified expropriation legislation of 1948 enabling cities to obtain land for their needed expansion at reasonable prices, all contributes to the conclusion that municipalities in present-day Sweden have all ^{the} tools necessary for controlling and guiding the proper development of their cities. It is against this background we must study the role of housing cooperatives in the planning mechanism.

Housing cooperatives, particularly HSB and later also SR, have contributed considerably to the development of

community planning, site planning and large-scale construction in Sweden. HSB began by procuring for the common people the same standards of accommodation as those to which other classes of the people were accustomed. The initial aim was to provide the housing projects with cold and hot water, bathrooms, proper kitchen equipment, and other labor saving machines. In the thirties, Cooperative planners began to consider the provision of playschools for the care of children to be built near the apartments along the lines of those in the municipal flats in Vienna.¹⁶⁵ HSB's own city planning division has long given free advice and assistance to towns and smaller cities and lately, in accordance with the new housing and planning policy in Sweden, has been responsible for detailed and general planning work in many cities in addition to the site planning of its own housing projects or semi-municipal housing projects.

The ideas of modern city planning broke through in Sweden about the same time as in other parts of Central Europe in the 1930's. They were closely followed by housing cooperatives, which often had the advantage of being able to carry into practice the findings of their own technical and planning research. Community planning in

165. Swen Wallander, "Cooperative Housing in Sweden", Review of International Cooperation, Nos. 6 & 7, June/July 1953, p. 146.

Sweden has undergone a significant change in ^{the} last fifteen years. Interest has turned from concentration on small and limited areas to plans of larger scale, - toward general and regional plans and away from "detailed master plans". In line with modern planning concepts - ideas like neighborhood planning, general, regional and national planning - the trend has been towards bigger project areas ever since the dawn of municipal domination in residential house building in 1948. No more will free-standing, lonely houses or apartment be build in accordance with a "master plan" where every detail has already been determined. On the contrary, large residential areas are being designed and built as neighborhoods in which general development plans, residential housing plans and community facilities form an unbreakable entity. Often cooperatives are given the chance to draw the site plan for their own housing projects or semi-municipal projects. When city-owned land is concerned, the various sub-units may, when ready, be offered to large-scale builders, whether private or cooperative, or the municipality may start to develop and construct the area itself. By concentrating all possible financial resources and labor, both municipal, private and cooperative, it has been possible in some greater cities to build entire suburbs (stadsdelar) within a single year. ¹⁶⁷

167. Gunnar Hafner, "Wohnungsbau und seine städtebaulichen Probleme in Schweden, Die Neue Stadt, No. 8, 1953, p. 261.

The cooperative housing objective of massproduction of building material, standardization of housing design and large-scale construction have apparently had a considerable influence on Swedish city planning concepts and vice versa; to make the distinction who is the initiator and who is the receiver is foolish; they both aim to think in concrete term of people - men, women and children - and to provide them with decent places to work, live and play.

There is one disturbing point in this drive for lower prices through mass-production and large-scale operations. That is monotony. During 1942 - 1945, three-story walk-ups accounted for 60 per cent of total building output in Stockholm. It is rather difficult for us to judge the design aspects of cooperative or municipal housing projects in relation to overall city plans, but it is, in our opinion important to warn of the dangers, both visual and social, of too mechanized and standardized design.

4. Support and Financial Aid from the State Government.

In Part II we have shown in some detail the development of recent Swedish housing policy. From a rather experimental stage in 1930's based largely on experience obtained from other countries, especially from Great Britain, it has now grown to a position where the State through its Housing Board dominates the financing of four fifths of all housing.

It must be remembered that the official housing policy has been fitted into a broader framework of an economic policy aiming at a high level employment and income and a comprehensive social security scheme designed to raise the general standard of living.¹⁶⁸ Pre-war speculative building enterprise has actually ceased to function.

According to a spokesman of Swedish architects, no responsible builder in Sweden misses it. "It can be buried in silence".¹⁶⁹ The elimination of the speculative feature in building prices and rentals was one of the objectives set by the Social Housing Commission of 1933 in its report in 1945 and has accordingly been put into effect. It is safe to state, that this policy clearly indicates the thinking of the Swedish Social Democratic Labour Party. It also follows the line of housing cooperatives, which together with municipalities have in practice now become the leading forces in the effort to overcome housing shortages and bring down costs.

B. Comments and Implications.

This report has been necessarily subject to limitations. Simplification of the factors contributing to the success of Swedish cooperative housing was unavoidable, for

168. Central Mortgage and Housing Corporation, Housing in Sweden, p. 1.

169. L.M. Giertz; op.cit., p. 313

although it was possible to consult first-hand materials in their original language, these were concerned mainly with a description of but one building type - cooperative apartments -, and one organization - the HSB, and could not be supplemented by personal inspection or interviews. Granted these limitations, it is still possible to take a critical look at the Swedish movement and at some of the general implications it carries for cooperative housing elsewhere.

1. Cooperative Approach.

The possible benefits of the cooperative approach in lowering costs of distribution of consumer goods and services have often been described in highly partial light by preachers of the Cooperative gospel and other enthusiasts. When considering the Swedish experience it must be borne in mind that both consumer cooperatives and housing cooperatives were created under favorable circumstances and environment which might not recur elsewhere. In fairness to Sweden it should be emphasized

"that the Swedish cooperators generally look upon their movement not as an end itself, but mainly as a means to achieve a maximum effectiveness in distribution that will benefit the consumers in general irrespective of whether or not they are co-operatively organized." 170

One important aim of the consumer cooperatives in Sweden is to be a price yardstick, to do enough business to ensure fair prices to consumers. Swedish cooperators believe that

170. J.W. Ames, op.cit., p. 40.

competition between various retailers is better than cooperative monopoly. They define the competition by doing enough retailing and manufacturing to make price fixing by private monopoly impossible. They have discovered that if a consumers' movement has a productive capacity for a certain commodity equal between 10 and 20 per cent of the total annual sales volume of this particular commodity, then this is usually sufficient to allow the movement to secure a decisive influence over the price applied in all parts of the country. ¹⁷¹ In this respect, the purchase of building materials in bulk to be used in cooperative housing projects, and the various plants for the manufacturing of standardized furnishings and equipments by HSB-owned factories have apparently had a lowering effect on prices, especially since building industry in Sweden is strongly cartelized. There are no data available of possible direct savings by means of the cooperative approach in housing. Pre-war figures show some lower rentals in cooperative apartments as compared with private ones of the same quality and location, but it can not be distinguished whether they are the result of better financial terms, more favorable landprices or the skill of the cooperators. In any case, the rent in all state-aided apartment houses is at present fixed in accordance with

171. Ibid., p. 73.

actual construction costs , so the comparison becomes extremely vague and meaningless. In pre-war conditions, on the other hand, HSB apparently acted as a regulating force in the local real estate market and housing market, forcing private landlords to harder competition and consequently to higher standards, but considering the minor role of private enterprise building at present in Sweden, it seems fair to doubt whether any free competition remains between the three major builders. The reduced role of private enterprise in the housing sphere has been criticized, partly as a matter of ideology and partly on the ground of efficiency.¹⁷² Even if joining in this criticism, it should be borne in mind. that, in the case of purely cooperative housing projects and in the major portion of municipal or semi-municipal housing, the actual construction work is carried entirely by private contractors on the basis of competitive bidding.

Building modern apartment houses of relatively high standards at lowest possible costs, which people can actually afford to pay - the slogan of HSB - does not depend so much on the cooperative approach per se, as on the ability to join forces on a larger scale, thus conquering the inert resistance of the building industry. The advantages of a going concern like HSB, with the opportunity

172. Central Mortgage and Housing Corporation, op.cit., p. 39.

for continuous operation and independent technical research are more important today than the good will of would-be apartment-owners, whose participation in the planning and construction stage is almost zero. This rather paternalistic, if not bureaucratic situation has raised some criticism, but on the other hand, the non-profit character of operations plus the independence of administration and management of the finished housing project seems to outweigh this obstacle. The continuous waiting lists for HSB-apartments are some evidence in this respect.

2. HSB and Low-Income Housing.

The cooperative housing formula as practiced by HSB has not been able to rationalize the house building and reduce the cost to the extent that a decent dwelling could be within the means of the lowest income groups. HSB and other cooperative housing societies have contributed to the solution of the housing problem primarily of the middle class and skilled workers.¹⁷³ This was especially true during the pre-war period, when the down-payment amounted to 10 - 13 per cent. For the same reason, the one million kronor contribution to HSB by The Federation of Swedish Trade Unions is considered as of great importance for the continuity of HSB. Even today, when the

173. Social Welfare Board, op.cit., p. 326

down payment is but 5 per cent it causes difficulties for those entering a cooperative housing society. This obstacle, however, must not be overemphasized. It has been and might still be a virtue in every class of the society to save money for a rainy day and for the "Dream House" of their own. Many young people of marriageable age are able to do this, or they can take out a temporary loan. In any case, whether earlier savings are used, or the loan is finally amortized, a certain amount of new capital has gone into housing production. The pace at which the housing problem can be solved in any country is limited by private investment and public funds which can be made available. "It may well be that one of the most important contributions made by the cooperative housing will be in the capacity to attract and encourage savings which might not other wise be mobilized!"¹⁷⁷

If opportunity for this kind of short term loans were widely available, or the limit for the down-payment could be lowered to cover only three per cent of the building costs, as is the case in Denmark, it is probable that one more group from the lower income bracket would be willing to become cooperative apartment owners. Another device, that of installments spread over 5 or 10 years,

174. W.P. Watkins, "Cooperation and Housing", Review of International Cooperation, Vol. 46, No. 6 & 7, June/July 1953, p. 24.

has been successfully practiced in so-called semi-municipal apartments in Finland, where the tenant becomes the owner of his apartment after fulfilling his payments. Aside from the benefits of the cooperative ownership to the individual, this would also lessen the pressure on public utility housing corporations and would transfer the problems of management and maintenance to the owner-occupants themselves.

3. Cooperative Housing vs. Municipal or Municipally Controlled Housing (Public Utility Housing).

The Tenants' Cooperative Housing Movement - HSB - in principle agrees with the official policy in Sweden of controlling the housing market with, among other means, public utility housing (allmännyttiga bostadsföretagen). HSB has supported the increased responsibility of state and municipal action in the housing field and has also been active both in its technical and administrative applications. Public aid to private or municipal housing, nevertheless, does not make any change in the relationship between landlord and the tenant. The existence of rent control measures has to some degree lessened this contrast, but on the other hand, it has made the question of rents a political issue. Against this background, it is significant to remember that the cooperative approach eliminates this controversy and the burden on the public apparatus of

rent control. Cooperative management of apartments based on cost under inspection and influence of owner-occupants themselves avoids bringing their internal affairs before rent control boards or other public authorities. The cooperative approach seems to be a valuable aid in limiting public intervention to the minimum possible. Neither restrictive conditions on housing loans, nor rent control measures are needed to secure non-speculative rents for cooperative apartment owners.

Extensive housing cooperatives also mean relief for municipal agencies. Experience has already shown, as was anticipated by HSB, that the annual running charges of municipally controlled housing undertakings - i.e, heating, maintenance and repair - are relatively high. Repairs are required and performed more often than in private housing. To this situation is added the fact that municipal housing is usually intended for child-rich families. Increased municipal action in the present effectuation of Swedish housing policy has added heavily to the daily administrative routine, not only during the construction period, but also in the task of management.

The pattern of municipally controlled housing production has been accepted rather rapidly in Sweden and again, the influence of the British pattern is apparent. It is a general feeling among Swedish housing cooperators,

based on already obtained experiences, that the widening of the cooperative housing sector would be fully justified, from the point of view of the society and the individual. The person in need of housing would thus personally become active in the whole process. His savings are mobilized for the housing production in his own community, his economic interest is tied to its management and he becomes personally interested in its management and would suffer himself if maintenance were neglected. Among municipalities themselves, a more hesitant attitude toward their own housing projects has appeared together with an apparent trend toward the cooperative line. The author of this report considers this a healthy one and shares the opinion of HSB that the cooperative approach to housing reduces the costs for the individual tenant as well as for the society as a whole.

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APPENDIX A

Origin of the Consumer Cooperative Movement in Sweden

During the 19th Century, industrialization in western Europe went from victory to victory, creating economic enterprises of previously unknown type and size. At the same time another form of economic enterprise was born, operating on principles totally different from the generally prevailing laissez-faire economy. This new form was the consumers' society or association for consumption instead of profit. According to Axel Gjores¹, this form is considered to be one of the most interesting economic creations during this whole period in spite of the fact that this was a period rich in various kinds of economic enterprise and organization.²

"Development of cooperation in each country is almost in proportion to its industrial development. They are a product of urban life."³ In each country, however, these organizations have their own local or national color and flavor, influenced by past and prevailing politics, religion and social institutions. There are "red" and "yellow" societies in France, "socialist", "catholic" and "liberal"

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1. A noted author on cooperative history and for many years the general secretary of KF, Kooperativa Forbundet, the Swedish Cooperative Union and Wholesale Society.
 2. Axel Gjores, Svensk kooperasjon fore attiotalet, p.5
 3. Charles Gide, Consumers' Cooperative Societies ("Les Sociétés Cooperatives de consommation"), p.205

cooperatives in Belgium and "neutral" and "progressive" societies in Finland, to mention only a few.

In Sweden, the first attempts to organize consumer cooperative enterprises coincide with the industrialization of the country; they appear as early as the middle of the 19th Century. From the middle of the 1860's to the first half of 1870, there was a widely flourishing consumers' cooperative movement very closely connected with local working men's associations and societies. During the period of 1865 to 1880, a total of 313 companies of sales- and household-societies (handels-och hushållsföreningsaktiebolag) were registered, of which number roughly 300 were organized on a cooperative basis. The consumer cooperatives' first attempts at organized action were an organic part of the working-men's association movement in 1860-1870. The beginning of the cooperative housing societies is also closely related to the same origin: labor societies. A society for promotion of working-men's associations (Sällskapet för arbetarforeningars beframjande), founded in 1865, was for some years very active as an information and organizational center. In its pamphlets, "Om konsumptions-eller hushållsbesparingsföreningar" (Consumption- or household-savings societies) and "Om arbetarbostäder" (Dwellings for working-men), it emphasized the aims of labor societies of bettering, by means of self-help, the living standard of their members so that they then would be in a better economic position to improve their social and political rights as well. It also

stressed that "the labor societies per se have no supernatural power - they cannot accomplish wonders. Nor are they in any manner philanthropic establishments, where somebody may expect to benefit by another for nothing ... The conditions are and remain always the same : diligence, thriftiness and a morally proper way of life."⁴

During the late 1860's, rumors of the successful consumer movement along the "Rochdale" principles in England raised lively discussion also in Sweden and in other Scandinavian countries. As a result, and based on the deep desire of the labor and scattered consumers' groups to organize themselves on a more permanent basis, a Scandinavian Labor Conference was held in Stockholm in 1870 (1870 ars nordiska arbetar-mote) with several hundred representatives from Sweden, Denmark and Norway. According to the proposed agenda, the following problems were to be discussed:

1. Problems concerning the dissemination of information, educational activities and the temperance movement of labor societies

2. Economic enterprises such as consumption- or consumers' societies, people's banks and manufacturing

4. Axel Gjöres, op.cit., pp.79-80. To give an example of the emphasis on the proper way of living among the members of labor societies, we cite from the by-laws (about 1870) of the labor society in Lund (a city in Southern Sweden) as follows: "Admission into the society will be denied to anyone who at his house provides accommodation for lightminded women or who otherwise promotes immorality; also persons whose profession is the extortion of poor people's money, or who are hostile towards the working population, will not be allowed to become members." Ibid, p.115

associations. To this category belonged the topic, "What is the best way to accumulate capital for the construction of workmen's houses; should those houses become the laborer's private property and how should associations established for that purpose be organized?"⁵

3. General discussion of the status of the working class.

None of these topics had any sharp political features, but some of them were closely related to political aspects.

The participants had both favorable and sad experiences to relate: in the greater cities and in the far North, the consumer societies had faced extreme difficulties caused by keen competition in cities and long distances and bad administration in northern regions. In the central and southern part of the country, the cooperative enterprises had been more successful. Rochdale principles of maintaining current market prices of retail level and cash trade in purchasing and sales transactions seem to have received unanimous support.

The final result of the labor conference was fairly vague. The participants decided to recommend to the general meeting of the conference that a statement be issued that "consumers' societies should be considered as useful and necessary to the working man." Interest in housing cooperatives was almost at a minimum, if one may draw that kind of conclusion from the following statement: "Preferably, minor workingmen's houses should be built and under such conditions that they can become the workingman's property."

5. Ibid., p.162, translated by T.T.K.

Just to give one more picture of the general attitude among the working people in the 1870's, let us quote the statement of the Swedish Labor Conference of 1873: "Labor associations based on self-help do produce happy results when dealing with housing and relief funds. Associations formed for promotion of professional skill or trade have in most cases failed in this country; for their success, unity and mutual trust, experience in self-government together with business skill are unavoidable conditions."⁶

Workingmen's associations became, under these circumstances, the bearers of cooperative endeavours, including housing. Through their societies they tried to protect and promote their interests as consumers. The idea of gaining strength by mutual self-help was met with great enthusiasm and was put to the test in every possible field of economic enterprise. The labor society in the city of Lidköping even started a pawnshop for its members. The main weakness among the early korufegers (leaders) was their inability to concentrate their efforts on a single objective. Branch stores were opened prematurely, sales on credit instead of for cash flourished. General inexperience in business matters plus the absence of proper central organization were the main reasons for the failure of the pre-cooperative movements. By the beginning of the 1880's, the first wave of pre-cooperative enthusiasm had

6. Ibid, p.176

already played out its rôle; by 1881, only 154 of these early societies were still in existence and in 1919, only about twenty remained from the period before 1880. The whole number of known consumers' societies or sales companies based on cooperative principles during 1865 - 1895 amounted to 523 - a figure which must be kept in mind when studying the Swedish cooperative movement.⁷

This history, bitterly instructive though it was, nevertheless was soon forgotten and the same fateful misconceptions were repeated during the latter part of the 1880's. It took another decade, right up to the end of the 19th Century, before cooperators had learned their lesson through trial and error and failure. The establishment of the Kooperativa Forbundet, the federation of local cooperative societies, in 1899⁸, can be considered the starting point of a modern people's movement of economic importance to Sweden, which won ever more ground in the following decades and began to include population groups in its ranks to whom the cooperative idea was completely new. With this central consumers' organization,

7. Axel Pahlman and Walter Sjölin: Arbetarföreningarna i Sverige 1850-1900, (i.e. Labor Societies in Sweden, 1850-1900), p.218

8. In this connection one might mention the creation of the Swedish federation of labor unions (L.O.- Lands Organisationen) in 1898. This coincidence is by no means accidental. The same economic changes, to a great extent, lay behind the rise of the consumer cooperative movement and the labor movement and the same forces supported them both. See Mauritz Bonow, "The Consumer Cooperative Movement" in The Annals of the American Academy of Political and Social Science, May 1938, p.175

cooperators finally laid the first and most indispensable foundation for a healthful and constructive consumer cooperative movement in Sweden.

APPENDIX B

Organizational Set-up of the HSB-Movement

a. Local HSB-societies

The by-laws of the local HSB determine the responsibilities of the operating organs within the society. Instead of having a general membership meeting, the main decisions are made by a group of representatives, which is made up of at least two representatives from each "independent administrative unit" (from the project or daughter society) plus one additional delegate for each hundred members over the first hundred. Those members who do not yet belong to any project society elect one representative for each group of seventy-five. Until the number of delegates to be elected by the method mentioned above reaches ten, however, the regular or general membership meeting will function. The meeting of representatives takes place once a year.

The Board of Directors, consisting of five members elected by representatives for a two-year period, is the initiating, planning and executive body of the local HSB society. In the case of State tertiary and/or supplementary loans to be given to affiliated project societies, the board of directors consists of six members, one of them appointed by the municipal authorities in question.

In addition, there must be a Board of Trustees, which supervises the activities of the local HSB society in general

and acts as an advisory board for the board of directors in matters dealing with basic policies or those of greater economic importance. The board of trustees consists of at least six members, two of whom are appointed by the board of directors of the local HSB and the remaining by the representatives at a regular meeting. At least half the members must be well-known and respected local persons interested in housing and not members of the local HSB society. Finally, to inspect the administrative activities of both the board of trustees and the board of directors and the accounts of the society, two auditors are chosen for a one-year period - one auditor is elected by the representatives and the other appointed by the National HSB society. In the case of State loans and/or subsidies, the municipal authority has the right to appoint a third auditor.

b. Project HSB societies

The local HSB society is neither the builder nor the owner of the finished product - the housing project, consisting of one apartment house or a group of such houses. For each housing project a "subsidiary society" or management society (administrationsforening) is organized, taking into consideration the requirements of the Law of Housing Societies of 1930. This happens when the local HSB has enough members on the waiting list and begins carrying out the housing project. The daughter or project society is established when purchase of the building site has become

vital, but to begin with, the project society is made up of only five members of the local or parent society and the membership is kept at this minimum during the whole planning and construction period. This prevents innumerable individual would-be owner-occupants from interfering and criticizing the planning and construction work and holding up progress. The various technical departments of the National HSB are called in at the planning stage. After necessary estimates of construction costs have been made, the building contract is drawn up in the name of the nuclear project society. During the construction period, the district engineer of the National HSB supervises the work of the private contractors. The management of the finished housing project is turned over to the project society after the construction is completed and the financing permanently arranged. Each would-be apartment-owner now becomes a member of the project society also and they can start running its housing project as efficiently and economically as it is able to do.

It would, however, sometimes be too risky for inexperienced persons to administer their own housing projects without proper guidance and safeguards. Certain permanent relationships are therefore established between the project and local HSB and National HSB. The administration and management of the housing project belongs, according to the by-laws of the project society, to a Board of Directors or Management Council consisting of five members elected for a two-year term. Four of them are

elected by the members of the society in a general meeting held once a year and the fifth is appointed by the Board of Directors of the local, "parent" HSB, and is apt to be one of the Directors of the local HSB. Thus the experience and knowledge in administration and management of large housing projects is transferred to the project society. The affiliated project society is, nevertheless, financially and legally independent from the parent organization and also from other project societies. The project society is not liable for the obligations of the local HSB beyond the shares contributed by its members. If financial difficulties should occur to either one - such as bankruptcy, a devastating fire, or other force majeure - the other one cannot suffer any serious consequences, as would probably happen if all members of the local HSB were liable for each others' financial obligations. In other words, financial risks are divided among several smaller groups. As another safeguard, the by-laws of the project society provide for election of two auditors, one of whom must be a professional accountant appointed by the National HSB. A schematic illustration of the administrative relationships between the three levels of the HSB movement is given at the end of this Appendix B.

c. The National Association of HSB-societies

Since 1924, the local HSB-societies have joined together to form the National Association of HSB-societies. The organs of the National HSB are: 1. Congress; 2. Management Council;

3. Board of Directors; and 4. Auditors.

The Congress or the general assembly meets each third year to investigate the activities of previous years and to outline the house-building policy for the future. The members of the local HSB-societies are represented through their delegates, one delegate representing a group of 200 members of a local society.

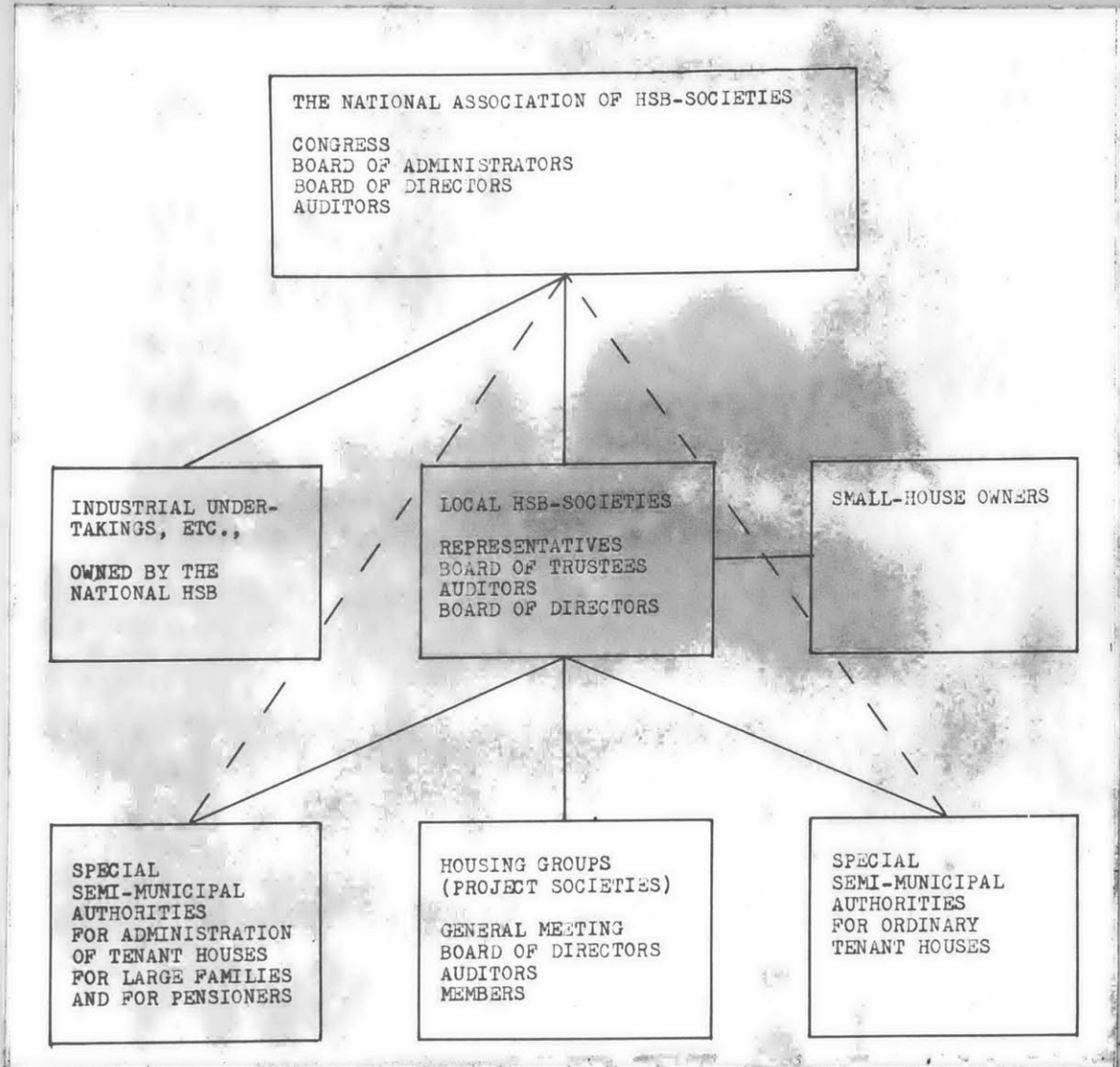
During the intermediate years between congresses, the activities of the National HSB are supervised by a Management Council consisting of 20 members appointed by the Congress. The Management Council is chosen in such a way as to represent the various regions of the country.

The Board of Directors, consisting of at least five and at most seven members elected for a two-year period by the Management Council, is the executive agency of the National HSB.

And finally, three Auditors are appointed for a one-year period by specially named electors, who also act as directors of the Accounting Department of the National HSB.

Appendix B

Illustration B-1.- The Organization of the HSB Housing Movement in Sweden.

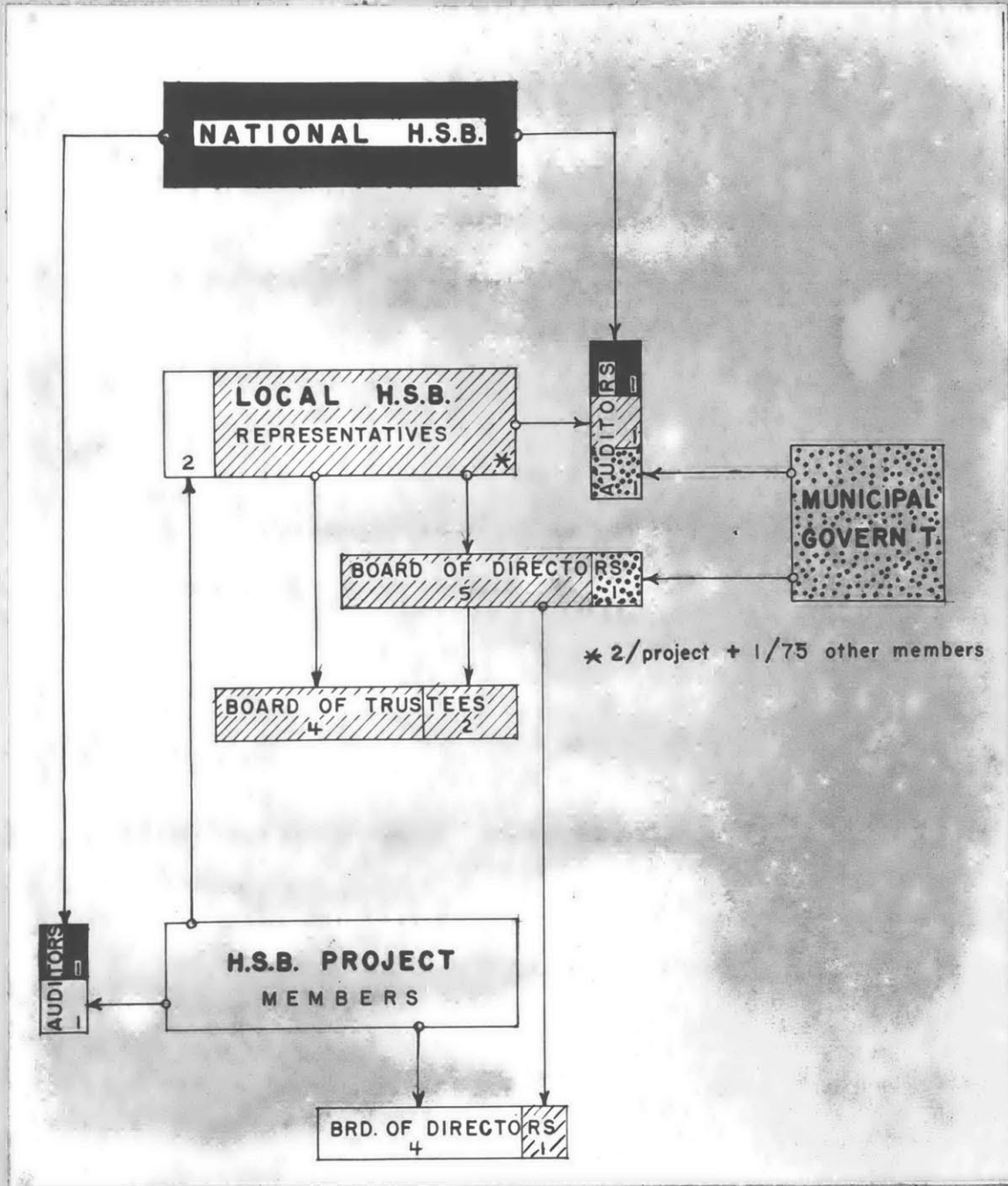


Source: J.W.Ames: Cooperative Sweden To-Day, p. 127.

SRD OF DIRECTORS

Appendix B

Illustration B-2. * Administrative Relationships between Project and Local HSB-Societies and The National HSB in Sweden.



1940, breakdown figures from 1940 to 1952
concern all new housing, not only urban housing.

Appendix C

Table C-2. - New Housing Production (dwelling units)
from 1938 to 1952

Year	Whole Country	Urban areas of 1945		Rural areas
		Cities	Market Towns	
1938	53 500			42 500
1939	59 000			11 000
1940	26 000			48 500
1941	17 000			20 000
1942	29 500			6 000
1943	39 500			4 500
1944	45 000			24 000
1945	49 500			34 500
				5 000
				5 500
				43 000
				6 500
1946	58 000	38 500	3 000	16 500
1947	58 000	32 000	3 500	22 500
1948	48 000	30 000	3 000	15 000
1949	41 551	28 109	3 249	10 193
1950	43 935	30 100	3 282	10 553
1951	39 784	27 601	3 001	9 182
1952	44 751	33 006	3 170	8 575

Source: Kungl. Socialstyrelsen, Sociala Meddelanden, 1953, No. 8, p. 496, Ibid., 1952, No. 7, p. 459.

Note: In spite of the fact that the data are not wholly comparable, this table shows that during the period referred above the new housing production has been below 1949-1951 only during the years 1940-1943.

Appendix C

Table C-3. - All New Housing by Type of Housing from 1949 to 1952, number of dwelling units and per cent

	Years :			
	1949	1950	1951	1952
1-fam. structures	8344	9494	8580	6626
2-fam. "	2586	2630	2222	1739
Multi-fam. "	27554	28708	27004	36063
Special housing ^a	2810	2786	1683	above
Non-residential houses ^b	257	317	295	323
Totals:	41551	43935	39784	44751
1-fam. structures	20.1 %	21.5 %	21.6 %	14.8 %
2-fam. "	6.2	6.0	5.6	3.9
Multi-fam. "	66.3	65.3	67.9	80.6
Special housing ^a	6.8	6.3	4.2	above
Non-residential houses ^b	0.6	0.7	0.7	0.7
	100.0 %	100.0 %	100.0 %	100.0 %

Source: Kungl. Socialstyrelsen, Sociala Meddelanden, 1953, No. 8, p. 499.

Note: a. Includes houses for special housing purposes: old age homes, hostels, housing for employed personnel, etc.,
 b. Less than half of floor area occupied by dwellings

Appendix C

Table C-4. - New Housing in 1951 (number of dwelling units) Distributed Among Various Building Types and Local Governmental Units in Relation to State Financial Aid

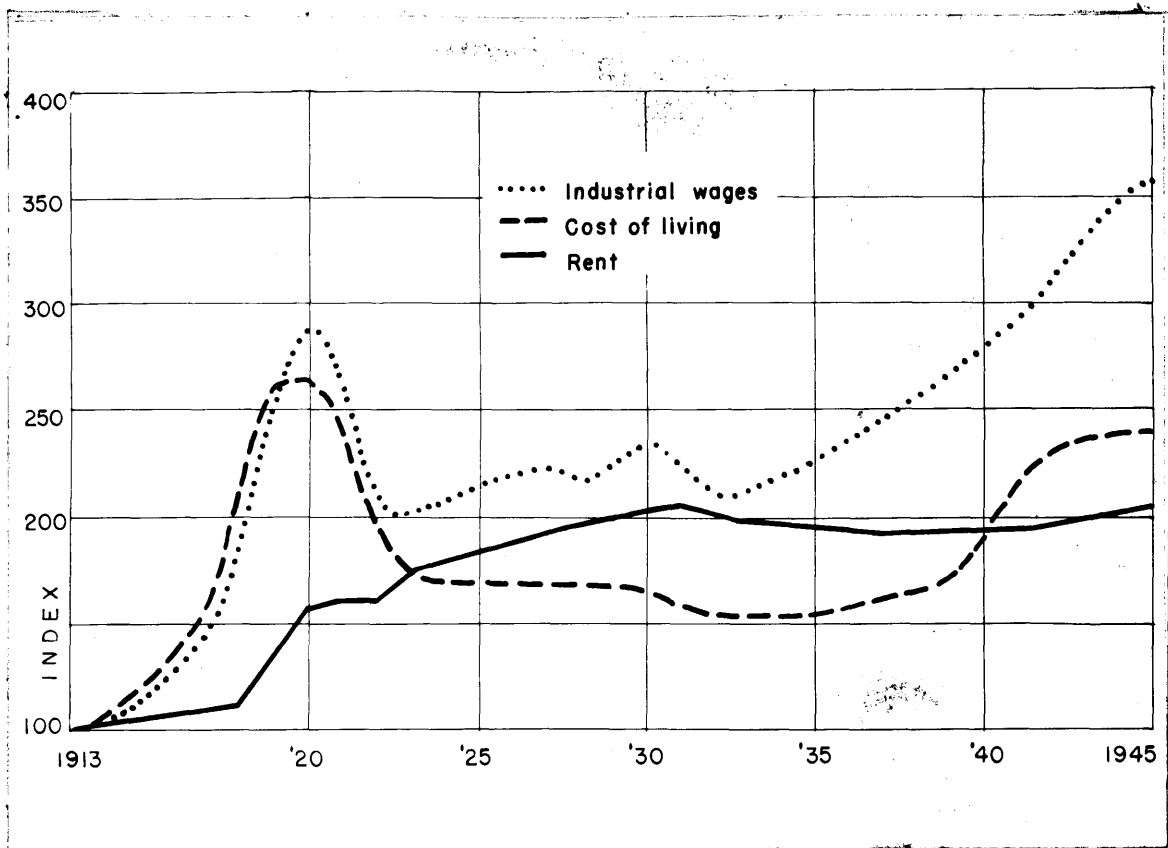
Type of State Aid	All New Housing	Cities	Market Towns	Rural Comm.
1- and 2-fam. loans	7,890	2,562	860	4,468
Tertiary and/or suppl. loan	23,049	19,706	1,537	1,806
Old age homes	756	479	51	226
Other form of aid	27	1	6	20
Without State Aid	8,062	4,853	547	2,662
Totals:	39,784	27,601	3,001	9,182
<u>Distribution by %</u>				
With State Aid	79.7 %	82.4 %	81.8 %	71.0 %
Without State Aid	20.3	17.6	18.2	29.0
	100.0 %	100.0 %	100.0 %	100.0 %

Source: Kungl. Socialstyrelsen, Sociala Meddelanden, 1952, No. 7, p. 464, Table 7.

Note: The comparison between urban and rural communities shows that a greater amount of state aid is given to new housing in cities and market towns (82.4 % and 81.8 % respectively) than in rural communities (71.0 %)

Appendix C

Illustration C-5. - Indices of Industrial Wages, Cost-of Living and Rent from 1913 to 1945 in Sweden.



Source; Stig Algott: Sammanfattning av Bostads-sociala utredningens slutbetänkande, p. 23.

Appendix C

Table C-6. - Indices of Rent and Cost-of-Living in 1939 and from 1945 to June 1952

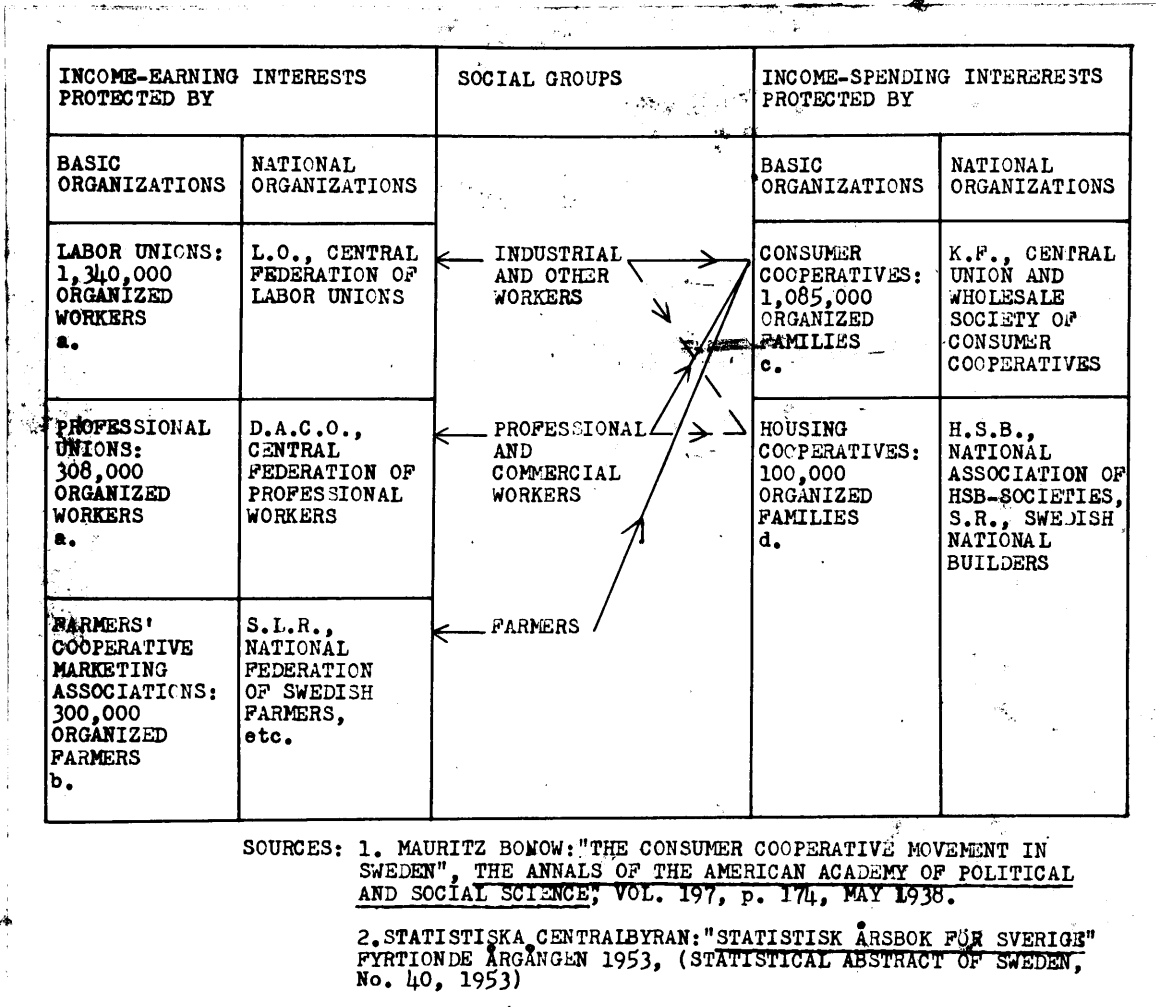
Annual Average		Rent	Cost-of-Living
1939		100	100
1945		102	139
1946		102	139
1947		105	143
1948		107	150
1949		107	152
1950		107	154
1951	March	108	172
	June	108	179
	Sept.	108	183
	Dec.	112	187
Annual Average		109	180
1952	March	112	190
	June	116	195

Source: Central Mortgage and Housing Corporation, "Housing in Sweden," Housing Progress Abroad, Vol. 7, No. 3, Sept. 1952, p. 88.

Note: The Rent index forms a part of the cost-of-living index; it is based on the 1945 housing Census and has been revised every year to take into account the cost of new houses; in 1951 sample tests and definite recalculations were made; thus the index is based on sample tests for dwelling units of different types and ages. See United Nations, Quarterly Bulletin of Housing and Building Statistics for Europe, First quarter, 1953, Vol. 1, No. 1, p. 52.

Appendix C

Illustration C-7. - Diagram Showing through what Organizations the Three Largest Social Groups - Workers, Professional and Commercial Employees and Farmers - Protect their Income-Earning and Income-Spending Interests.



- Notes : a. Ibid., p. 212, Table No. 236.
 b. Ibid., p. 90. " " 93
 c. Ibid., p. 196, " " 220
 d. Estimated by the author

Appendix C

Table C-8. - Foreign Exchange Rates, United States and Sweden

Period	kronor \$ 1.00
1911/13	3.75
1914/15	3.83
1916/20	3.72
1921/25	3.91
1926/30	3.73
1931/35	4.39
1936/40	4.04
1941/45	4.20
1946/48	3.60
1949 -	5.18

Source: Leonard Silk, op.cit., p. 125.

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