

Chapter 11

Alternative Housing Systems: Quasi-Market, Socialist, and Third World

No review of housing would be complete without at least a formal recognition that very different housing conditions and systems of allocating housing arise in countries with diverse political systems and at different levels of socioeconomic development. Despite an attempt in previous chapters to maintain a broad international perspective, most of the examples thus far have been drawn from North America and Western Europe, with an emphasis on the U.S., Britain, and Canada. Here we turn our attention to selected examples of other housing systems within different political contexts.

Alternative Types of Housing Systems

As argued in earlier chapters, patterns of housing production and consumption reflect the level of economic development, social attitudes, institutional structures, and political ideologies of each country. As background, Table 11.1 suggests one possible ordering of the housing systems of developed countries, an ordering based primarily on the presence and degree of public control over the private market sector. These systems are given conventional political labels: unregulated market or "laissez-faire," liberal interventionist, social democratic, and socialist. Within the latter, a differentiation is made between systems which do or do not contain a major private market sector. Other political classifications could, of course, be developed based, for example, on the principal ideological objectives of the housing systems involved (Headey, 1978). Nevertheless, the important point to remember is that there are no "pure" models of either state-controlled or market-based systems.

Table 11.1. Alternative Types of Housing Systems and Degrees of Government Involvement in Housing in Developed Countries

Type of system	Example(s)	Locus of control	Nature of housing production
Laissez-faire	U.S. Canada Australia	Private market, little public sector housing or control	Housing provided by market, private ownership dominates, government intervention tied to specific problems
Liberal interventionalist/ social welfare	U.K.	Private market, but important public sector	Housing largely provided by market, but with large public (35%) sector, and substantial subsidies
Social democratic	Sweden	Private market within a system of public controls	Dominant government control in land ownership and financing
Socialist: dominant state control	Poland	Public system but with large private sector	Housing provided by the State or through public or private cooperatives
Socialist: pure state control	U.S.S.R.	Public system with little or no private sector	Housing provided by the State, allocated according to needs and status, rents are usually low

Two examples from outside the English-speaking world are selected for discussion in the following sections to illustrate the above range of housing systems. The first is Sweden, where a long-standing social-democratic political partnership has developed a relatively unusual and high quality housing system. Since much has already been said about Sweden in previous chapters, only a brief synthesis is necessary here. The second example, Poland, serves to illustrate the housing problems and policy priorities of a relatively recent socialist state, but one with a vibrant private sector. Finally, we briefly acknowledge the differences and similarities in the housing problems facing countries in the Third World, particularly in their burgeoning cities.

THE SOCIAL DEMOCRATIC MODEL

The label "social democratic" is commonly used to describe those capitalist systems in which social welfare legislation is given relatively high priority and housing in particular is more likely to be seen as a social service rather than strictly as an economic commodity. They differ from the traditional socialist model in that the private market in housing is allowed to operate, if not flourish, and from more *laissez-faire* systems in that state intervention is seen as a permanent necessity, not a short-term imperative.

The Example of Sweden: A Socialist Market?

So much has been written about housing and planning systems in Sweden that in many ways we already know how these systems operate. The interested reader is referred to the extensive literature on Sweden in the English-language press.¹ One reason that the Swedish experience is of such widespread interest is the view that Sweden appears to have solved the traditional problems of housing supply and finance, of coordinating housing policies with those for other land uses, and of limiting class differences between tenure types which still throttle most other developed nations. Here we look briefly at the evidence.

Policy innovations: Sweden is essentially a capitalist country with about the highest per capita income in the world. It was not always so wealthy, however, and its housing policies reflect its earlier agrarian and relatively weak economy. A number of basic characteristics which distinguish that system of policies can be summarized briefly as follows:

Some 80% of all new housing is constructed on lands purchased well in advance by public agencies at their then current predevelopment value.

Expansion of housing finance was facilitated by the creation of state mortgage banks in the early 1930s, which helped to smooth out the usual fluctuations in building, and by the use of national pension funds for mortgages.

A massive construction program in the postwar period was designed to reduce the extreme housing shortages and poor condition of housing inherited from the prewar period.

Alternative forms of housing tenure have been encouraged (see Chapter 3), including cooperatives and nonprofit housing, with the result that tenure in Sweden is relatively neutral in terms of class and income (Kennedy, 1978).

Mortgage-interest deductions are at least partially balanced by production subsidies for rental accommodation. About 90% of all house building since 1950 has received state loans.

Building costs and rents in the private sector were strictly controlled (both have now been removed), allowing the public sector to compete with the private sector for middle-income households.

Neighborhood quality, and the level of local services provided, are high and much less variable across an urban area than is the case in much of North America.

The consequences: The results of these initiatives, and other related government policies, are clearly evident in the housing market. The public sector has tended to lead rather than follow the private sector. The private market has in the past been tightly controlled, creating what Headey (1978) calls a "socialist market," speculative profits in land development and financing have been held down, and the costs of housing for those of low and moderate incomes have remained at relatively low levels while housing quality has improved.² We cannot, however, divorce housing policy from the context of Sweden as a highly developed welfare state in which per capita subsidies for social programs are roughly twice those of North America. Some of these trends are conveyed in Table 11.2. Public and quasi-public agencies or companies are responsible for some 50% of all housing production in

Table 11.2. Sources of Housing Production, Sweden, 1951-55 and 1971-75 (percent)

Years	State and local communes	Public companies	Cooperatives	Private sector
1951-55	2	2	18	42
1971-75	3	36	11	51

Note: ^a35% by state and local communes and public companies.

Source: Swedish Government, Housing and Construction Statistics.

Sweden (see Chapter 5 for mortgage totals) and fully 90% is subsidized one way or another. Owner-occupation, while still generally low by North American, Australian, and British standards, is clearly more evenly distributed among social and occupational groups (or classes) and between income levels, but it too is now increasing.³ Whether this latter trend leads to a return of wide differences in housing consumption between tenure groups remains to be seen.

The Swedish house building record and its innovative ability in setting new policies are obviously impressive. Both have been facilitated by rapid growth in the economy and in national wealth, by an enlightened political bureaucracy, and by the acceptance of a long-term planning horizon. Nevertheless, Sweden is not without many of the contemporary housing problems common to other western countries. Housing costs have increased dramatically during the 1970s and new construction has slowed. Inequalities in tax treatment for different tenures remain and appear in recent years to be increasing. Overcrowding is a persistent problem, particularly among the low-income and especially among recent immigrant groups in the large cities. The figures here are surprisingly high. Moreover, there is growing dissatisfaction with some of the large suburban public housing estates, notably high-rise developments built in the 1960s. Vacancies and vandalism are increasing. All of this sounds vaguely familiar.

HOUSING IN SOCIALIST SOCIETIES

The housing situations in socialist, or more accurately "centrally planned," economies within the developed world differ at least as much from each other as they do from those in capitalist or mixed economies. There are two obvious reasons for these differences. One is that the countries themselves vary in their standard of living, the degree of collective or state ownership of the economy and of housing, and in terms of the condition of the historical inheritance of housing. It should also be remembered that most Eastern European countries, except the USSR, went through the transformation to socialism only after the second world war, and even then the process was invariably slow, incomplete and inconsistent.

The Role of Housing

The second reason for this wide variability is that classical Marxist writings are rather ambivalent on the role of housing in general, and of owner-occupied housing specifically, within a socialist state. It is certainly true, as noted earlier, that that "housing question" was seen as part of the manifestation of structural and social contradictions in capitalist societies. Thus, the housing question could only be resolved after the broader process of extending direct social control over the means of production and through the redistribution of social resources inherent in the transition to socialism had been implemented. This social redistribution in part involved the reallocation of existing housing, to eliminate extreme inequalities in consumption, and in part it meant ensuring that the large-scale accumulation of capital which came from rents on housing would go to the state rather than private landlords.

These attitudes did not, however, preclude *individual* owner-occupation; certainly it was not considered as important as large-scale ownership by capitalists of both land and housing. Private ownership of land was viewed with much more scepticism than that of housing, but in most East European countries the traditional political strength of large numbers of land-owning peasants and rural homeowners discouraged outright nationalization of all land and housing.⁴

Given this ideological uncertainty and the realities of existing ownership patterns, it is perhaps not surprising that political attitudes and policies directed to housing tenure differ so widely in the socialist world (Domison, 1967). Each country has more or less sought its own compromise. Many did undertake, as Engels suggested, a massive redistribution of the existing stock of housing, particularly through the subdivision and reallocation of large units. Moreover, in most postwar construction programs, tight controls have also been maintained on the size of units produced to prevent overconsumption and to ease the overall housing shortage. Production was largely nationalized, while existing owners have been treated differently and a rather surprising diversity of tenure types has been encouraged in new housing. At the same time, it must be remembered, most East European countries were forced by the need to rebuild war-devastated economies to trade-off housing production goals against needed capital investment in other economic sectors.

In this section we take a brief look at the recent policy experience of one socialist country in the developed industrial world—Poland. Several other countries might seem to some readers as better choices, such as the Soviet Union. However, the housing situation in the latter country is somewhat better known abroad (DiMaio, 1973), and in any case the scale and complexity of Soviet housing precludes even a cursory examination here. The obvious drawback of Poland as an example of socialist housing policies is that the economy is still very much a mixture of state ownership and private market, more so than in most of eastern Europe. Nonetheless, it provides a useful illustration of the similarities and contrasts in housing provision between centrally-planned and market economies.

The Example of Poland: A Market Within

Poland has been among the most liberal of East European socialist governments with respect to housing. Not the least important reason for this was the staggering housing shortage inherited after WWII. A relatively poor country with an inadequate housing stock prior to 1939, Poland subsequently lost some 20 to 25% of its housing stock during the War (not to mention the loss of over 6 million people). Losses due to destruction were followed in the immediate postwar period by an increased housing demand due to rapid population growth as well as massive movements of population from her former eastern territories and from rural to urban areas, placing additional severe strains on housing supply.

Historical evolution: The initial policy response to these problems was to stimulate rapid construction of new housing units of modest size and quality, blending both public and private investment.⁵ Any intention to build state housing for all, however, was soon abandoned (if it ever existed).⁶ Also, a comprehensive policy of socialization (i.e., nationalization) of existing housing was not implemented after the war in rural areas, except in western Poland in those lands formerly belonging to Germany.

The detailed evolution of housing policies in Poland is of course as complicated as that of any other country, and can only be touched on here. Immediately after the war, and the change in government, state housing policies were introduced, as in most other eastern European countries, to redistribute—more or less equally—a scarce housing stock. Fixed floor area standards and occupancy densities were established, to which new construction also had to conform. Over time, however, as incomes and living standards rose, attitudes and policies changed. Restrictions on housing supply were relaxed and later were completely rewritten. People were to be given more choice in housing, as they were in other consumer goods, but within certain limits. Fixed standards were changed into minimum standards, but at the same time maximum space restrictions were introduced to limit the differences in housing consumption which would surely emerge.

Housing construction has traditionally been undertaken, at least in urban areas, primarily by the state and by building cooperatives, but increasingly by the latter (see below). These new units are then assigned to either local municipalities for their own internal distribution, to state industrial enterprises for use by their workers, and to local cooperatives; a small but growing proportion are now sold directly to individual households as well. Local municipalities generally no longer build for themselves. Both state produced and cooperative housing are now subsumed under the general heading of "social" housing.

It is also interesting to note the gradual shift in emphasis from housing as a form of social consumption (i.e., with little or no direct payment) to housing as an individual consumer good. The latter implies the existence of a private market. This shift is reflected in the distribution of households within the existing stock. Households with the lowest incomes are allocated to state, municipal, or industrial housing; those with middle incomes receive their housing primarily through cooperatives and those with the highest incomes through individual means. Moreover, state housing is often sold to sitting occupants at price discounts which are based on their length of residence, income, and social "achievements."

Table 11.3. Trends in Housing Construction, By Source and Tenure in Poland, 1950-76

Year	Number of dwellings completed (in 000's of units)	Percent of all dwellings constructed by:			Housing investment as % of national investment
		State	Housing cooperatives	Private	
1950	60	60	—	40	—
1960	142	48	10	42	20
1965	171	55	19	26	15
1970	194	23	49	28	16
1972	202	23	51	26	14
1976	273	20	57	23	—

Sources: Selected from "Housing, Building and Planning in the Polish People's Republic," Warsaw, 1973; Ball and Harloe, 1974; and *Bulletin*, Institute of Environmental Management (Instytut Kształtowania Środowiska), Warsaw, 1977.

Tenure policies: Table 11.3 illustrates the diversity of sources in new housing construction. State housing has declined rather remarkably as a proportion of total starts, as has the private sector although the latter still remains important (23%). Part of this switch in emphasis from direct state housing since the early 1960s has clearly been into cooperatives, which are primarily for tenants, but in which the cooperative itself may own the building. Most cooperatives are financed by a combination of interest-free state bank loans and tenants' down payments, but are otherwise self-financing in the sense that rents must cover debt repayment and maintenance costs. By 1976 over 57% of all new units were financed in this way, although they still constituted only about 16% of the total stock.

Owner-occupied housing in Poland is financed in part by "sweat-equity" (building one's own home) and in part by methods similar to those for tenant cooperatives. The down payment requirement is generally higher than for cooperatives and a real rate of interest is charged on loans. The latter also serves as a form of rationing not unlike that of the price mechanism in capitalist markets.⁷ State controls remain tight, however, on the size and distribution of these loans. Interestingly, over 50% of private individual house building has been in rural areas, particularly in those areas in which households have several income sources, although it is now increasing in urban areas.

As the result of these trends, the housing stock in Poland's urban areas (in 1972) consisted of five basic tenure types distributed as follows (from Ball and Harloe, 1974):

State housing	39%
Housing provided by state-owned industrial firms	12%

Private rental housing	14%
Owner-occupied housing	19%
Cooperatives—tenant (14%)	
—owner (2%)	16%

The vast majority of these units are in flats or apartments, although the traditional single-family unit typical of rural areas and small towns is now reappearing in the fringes of cities. The small sector of private rental housing is a prewar relic, much of which is old and often of relatively poor quality. The State effectively manages, but does not (bother to) own such units.

Housing allocation: How then is state and cooperative housing allocated? In fact, it is allocated in much the same way as in the previous example of public housing allocation in capitalist societies, subject to the obvious constraint of limited available housing. State housing is allocated according to need, the length of time on the waiting list, and job priority. The latter reflects both the overall housing shortage and the demands of national planning to accommodate the workers required for specific industrial developments in a given city or region. Although people are in theory free to change jobs, the availability (or nonavailability) of housing acts as the major incentive (or constraint) to geographical mobility. Housing, in fact, is a major planning instrument.

The allocation mechanism is primarily the responsibility of the central housing agency, which is now increasingly decentralized, and of the various cooperatives and state-owned industries which manage other tenure types. Considerable weight is given to maintaining a balanced social and occupational mix in each new housing estate, as well as in rebuilt housing in the inner cities. One obvious result is that there is not the same distinct spatial segregation of socioeconomic groups as there is in most western cities.

Relatively little weight, on the other hand, appears to be given to other locational considerations in housing allocation, although the available evidence here is very thin. In part, this may be because the State planning bodies can ensure greater uniformity of local services, particularly in outlying suburban areas, than would likely be the case in western countries where such services are often provided by the private sector. In part, location is also less significant again because of the overall housing shortage—some housing is clearly better than none—and the relatively homogeneous character of the systems—made apartment blocks which have dominated the recent housing stock.

Another revealing element of Poland's housing policy evident in Table 11.3 is that, despite a continued housing shortage, the level of investment in housing has actually declined as a proportion of total national investment. Since the State largely controls the means of housing supply, this trend suggests an explicit policy decision to accelerate economic production in other sectors. Housing is but one of many consumer goods which remains in short supply. One obvious reason for the increase in cooperatives and the persistence of a viable private housing sector, and the heavy down payments both require, is that both depend on savings. Encouraging households to save has the additional advantage of skimming off excess

wages, which would otherwise be chasing other consumer goods in limited supply, and it provides capital funds for other State investments.

In reviewing recent Polish housing policy initiatives, Ball and Harloe (1974) raise the additional question of whether the increasing reliance on the ability to pay and the encouragement of private-ownership will lead to widening inequalities in access to and in the consumption of housing—inequalities which are too obvious in market-based societies. Further, and despite severe State controls over the sale or transfer of private housing and the prices which can be charged, it is possible that individual wealth accumulation will reappear through the private ownership of housing. This trend in turn may (almost inevitably will) lead to the emergence of geographic zones of very different social status within Polish cities. Only time will tell.

Summary: Poland has clearly made most impressive gains in new housing construction, historical reconstruction, in removing some of the serious prewar problems, and in the redistribution of housing resources. Nonetheless, overall shortages, quality problems, and a differential consumption of housing still exist. Through a combination of historical conditions and the imperatives of encouraging economic growth, Poland has chosen a path which sanctions a diversity of housing tenures and encourages substantial investment in, and private ownership of, housing.

The point to stress here is not that these policies are misplaced or necessarily inequitable. Rather they are one response to the problems of housing supply and allocation, and of managing the public sector generally, while at the same time satisfying other policy objectives which all governments—regardless of political ideology—must face. Nor is this conclusion meant to imply that all housing systems in centrally-planned economies operate in the same way as Poland's does. They do not. In fact, few systems operate as they were intended to.

THE THIRD WORLD⁸

Housing conditions and housing problems in the Third World (less developed countries or LDCs) are quantitatively and qualitatively different from those in the developed world. Although beyond the scope of this volume in any detail, it is essential that we at least acknowledge the dimensions of these differences. As noted in the introduction, it is in these countries that what Abrams (1964) called man's global struggle for adequate shelter will be won or lost in the long term. The housing problems facing the more developed industrialized countries, both capitalist and socialist, as discussed in the preceding text, pale in comparison to those of the developing countries.

The purpose of this brief review is threefold: first, to provide selective examples of the range and scale of housing problems in the Third World; second, to illustrate some of the alternative policies for dealing with these problems; and third, to demonstrate the importance of comparative studies of housing systems in different parts of the world. If in so doing this review can awaken readers in the developed countries to the staggering housing problems of the LDCs, and at the same time remind those readers of the inherent limitations of imposing

concepts and planning strategies from the developed world on housing situations in the Third World, it will have served its purpose. There is now a large and expanding literature on housing in the Third World on which the interested reader can draw for further details (e.g., Dwyer, 1975; Burns and Grebler, 1977; Mabogunje, Hardoy, and Misra, 1978).⁹

Scale and Diversity in Housing Conditions

There is much more diversity in housing conditions among Third World countries than there is in the developed world. These countries vary from small and newly rich (the oil states) to large and very poor; from those whose economy has some highly advanced sectors to those which are almost entirely subsistence. Their housing systems vary accordingly: from those in which housing is rural and non-commercial to those in which it is predominantly urban and a market good. Their housing policies reflect all combinations from centrally-planned models to those more strictly laissez-faire approaches based on the private market. Their housing stocks also vary in composition and quality from the massive apartment blocks of Seoul, Hong Kong, or Sao Paulo to the more basic African or Asian hut.

Perhaps the only common denominators are (excluding the oil states) low levels of income, a limited inheritance of quality housing, inadequate investment in residential infrastructure, and continued high levels of urbanization. The latter process has overwhelmed even the most extensive programs for housing construction and the improvement of social and health services, particularly in the rapidly growing major urban centers. The statistics are sobering. The 1976 United Nations Conference on Human Settlements (Habitat), for example, estimated that over 200 million people moved into the cities of Asia, Latin America, and Africa during the 1960s. Within those cities, birthrates have remained high and death rates have dropped. Combined, these trends are likely to take the total population of the Third World from 3.0 billion in 1975 to 5.0 billion in the year 2000, and their urban populations from about 800 million to over 2.1 billion.

The scale of the problem is reflected in United Nations housing statistics, such as those in Table 11.4. Since no one knows how many housing units there are in most LDCs, these figures can only be taken as very crude indices indeed. Nonetheless, it is evident that variations in housing quality among the latter are even wider than among developed countries. Dwellings vary in size from 1.3 rooms in African countries to 2.4 in Latin America, as against 5.1 in North America. Persons per room vary from 1.7 in Latin America to nearly 3.0 in Asian countries (0.6 in North America). The proportion of dwellings with piped water, an index of housing quality as well as health standards, is only 24% in the LDCs compared to 83% in the developed world. Within the LDCs, the distribution of housing quality is unequal in the extreme, reflecting the greater inequalities in those societies generally. Those inequalities are especially evident where the economy is polarized around a foreign-dominated modern sector and a traditional or indigenous sector.

Most disturbing is that the situation seems to be deteriorating, although this varies with the country in question. The LDCs as a whole, with 73% of the world's

Table 11.4. Housing Quality and Rates of New Housing Construction in Developed and Developing Countries, 1970 and 1975

Region	Quality: % dwellings with piped water	Rate of housing construction (per 1000 pop.)	Number of dwellings built (1000s)	% of total world population	% of total world population
<i>Developing countries</i>	24	2.3	5,830	40	73
Africa	19	1.3	451	3	10
Asia (excl. Japan)	23	2.4	4,703	32	54
Latin America	36	2.4	671	5	8
<i>Developed countries</i>	83	8.0	6,468	44	21
Australasia	93	10.7	165	1	0.4
Europe (excl. USSR)	73	7.5	3,471	24	12
North America	98	5.9	1,347	9	6
Japan	95	14.3	1,485	10	3
USSR	na	9.4	2,286	16	6
WORLD TOTAL ^a	61	4.0	14,579	100 ^b	100 ^b

Notes: ^aTotal population = 3,967,000,000; ^bTotal may not sum due to rounding error; na = not available.

Source: United Nations, Compendium of Housing Statistics (1974-1978); Burns and Grebler, 1977.

population (in 1975), received only 40% of the world's new housing units. This discrepancy is even greater, of course, when the quality of the housing produced is taken into account. We do know, as shown in Chapter 6, that housing investment does tend to vary systematically with the level of development in any given country. It is lower in the early stages of development, as investment is concentrated on more "productive" sectors, then starts to grow rapidly as incomes rise and the demand for better housing increases (Lakshmanan et al., 1978). However, the increasing size of the housing deficit in these countries leads one to conclude that the transition will come too late. When the expected growth in population to the year 2000 is taken into account, the magnitude of the deficit becomes almost incomprehensible.¹⁰

Urbanization, Spontaneous Settlements, and Housing

The most glaring expression of the population explosion and the housing deficit is in the so-called "squatter" settlements which typify many of the cities in the Third World. These settlements, which Turner (1973) and others prefer to call "autonomous urban settlements," but are more commonly known as barrios, favelas, bidonvilles, or simply shack towns, have generally sprung up without, or in defiance of, government approval. Many are located on the periphery of

such cities, but others develop in close proximity to centers of unskilled employment wherever there is vacant land (steep hill sides, ravines, etc.). Some are temporary, others are more permanent and better organized; but most are unplanned, with low quality housing, high unemployment, and nonexistent social services. In some areas, these spontaneous residential settlements represent from one-third to one-half of the total population of the metropolitan area.

In the minds of the migrants to these settlements, housing is likely to be, at least initially, a relatively minor consideration. They come for jobs and for higher standards of living, which they perceive to be available in the cities, and to escape rural poverty and overcrowding. Housing is a place to sleep; it can be put up quickly and cheaply, and taken down as easily. Despite its apparent inadequacies, there is evidence that such primitive housing is considered sufficient for the time being (Burns and Grebler, 1977). It is, in part, the simple numerical scale of this in-migration and the settlements it generates which produces the real problems.

The planning approach to these settlements has traditionally been to define them as slums and then to tear them down. The residents are relocated to new high-rise public housing projects, or more frequently left to fend for themselves. Only limited public resources (and local resistance) have prevented more widespread disruption and relocation. The parallel with the urban renewal experience of developed countries is striking. It only became obvious later that these settlements were in fact communities, serving different needs for a wide diversity of households. People, it seemed, often preferred to remain where they were, even in tin shacks which by conventional standards were substantially deficient.

The alternative approach is more modest, but likely to be more productive in the long run. It involves not demolition but making such settlements better places in which to live. This can be done, as shown below, by adding to or introducing local health and social services and by coordinated self-help schemes for housing improvement. By removing the threat of demolition, the blanket of uncertainty which hangs over such settlements is removed and individual households are encouraged to invest their time and resources in improving their existing homes (the principle of "sweat equity"). Although such efforts have achieved some success in a few countries, they are swamped by further in-migration, high levels of poverty and unemployment and by bureaucratic ineptness.

Contrasting Policy Approaches

Even the preceding cursory review of housing conditions and problems in the developing countries should leave readers in no doubt that these problems require rather different combinations of policies than those reviewed in previous chapters. Again, the range of possible examples is extremely wide, but perhaps three distinct approaches stand out. The first two essentially follow the policies and programs adopted in the industrial world—drawing from either or both of the capitalist and socialist worlds—but adapted in varying degrees to local circumstances. The rate at which such policies have been introduced since WWII has been quite dramatic, particularly when one considers that most developing countries have

initiated such policies at a much earlier stage in their economic development than did most industrial countries.

The range of policies introduced is broader than one might expect. Many countries have established systems of financial institutions to subsidize construction, launched insured mortgage schemes for home purchase, and encouraged companies to provide housing for their workers. Some have established relatively large social housing sectors, based on the traditional European model. Factory-built housing designs have been widely adopted and modern construction techniques and equipment have been imported on a massive scale. In most cases, however, state intervention in housing is considerably greater than in most western countries at comparable stages in their development.

The limitation of the adoption of policy models from the developed world, whether the model is the private market or state control, is the tendency to transfer procedures and standards which are inappropriate given the level of income, rates of growth, social structure, and accumulated housing needs of the developing countries. New building standards, if set to the levels of developed countries, can severely restrict the aggregate number of housing units produced and thus the number of people who benefit. Modern construction techniques ignore the most common local resource in the LDCs—labor—and large-scale housing programs require a pool of technical expertise and political coordination which is seldom available. Moreover, as Burns and Grebler (1977) note, the adoption of housing standards from the developed world often necessitates the import of materials and personnel which the LDCs cannot easily afford.

The third option, and the one which has attracted the most interest, particularly in the poorest and most densely populated countries, involves the use of more locally-based housing strategies. These fall under several headings, such as local initiatives or "sites and services" schemes, or more generally as "self-help" programs (Turner, 1973). Essentially, these programs reflect the need for more modest, partial, and incremental approaches to housing improvement which reach a larger proportion of the population. They draw on local resources and materials, and accept the need for housing standards more in line with local income. Under the sites and services approach, for example, public authorities may provide the site, plan the layout of the settlement, construct the infrastructure, and manage the community services. The actual construction of housing is then left to the residents. Similar methods can be applied to improve existing squatter settlements. Organized self-help schemes may also provide assistance, in the form of building materials or technical advice, to the home-builders themselves or to community groups.

The advantages of these methods should be obvious. The quality and cost of housing is geared more closely to the ability of poor societies to pay; more housing can be produced more cheaply than by conventional methods; and thus housing benefits are spread more widely. Self-help schemes are also labor intensive, less demanding of scarce capital and costly imports, and less prone to bureaucratic restrictions. Perhaps the greatest attraction, according to Burns and Grebler (1977), is their flexibility. Labor can be used when and where it is available. Households can vary their investment in housing over time depending on their income and

needs. Rooms can be added as needed. Governments can modify their provision of services accordingly and material shortages can be more easily accommodated then in large-scale, integrated housing construction. Nevertheless, most observers see the need to combine more mechanized housing production systems with self-help schemes in order to take advantage of the benefits of both.

Conclusion

The Third World clearly adds another important dimension—in aggregate, an overwhelming dimension—to the study of housing and housing policies. Developing countries contain the bulk of the world's serious housing deficit, and that deficit appears to be widening. Their attempts at ameliorating these problems attest both to the diversity of housing strategies which are possible and to the importance of linking housing programs to those for social service provision, urban infrastructure, and economic development generally. In many instances, despite the scale of the housing problem, developed nations can also learn from some of the more imaginative schemes used in Third World countries—notably of trying to achieve more with less, through the logic of "second-best" solutions, when resources are limited and the future so uncertain.

NOTES

¹Excellent contemporary reviews of housing policy in Sweden are provided in Duncan (1978), Kemeny (1978), Burns and Grebler (1977), and Headey (1978).

²Unlike North America and the U.K., the proportion of income needed for housing has declined in Sweden, at least until the early 1970s. The proportion of average after-tax income required to rent a two-bedroom apartment declined from 28% in 1945 to 24% in 1970 (quoted in Duncan, 1978).

³One obvious reason for the relatively low level of homeownership in Swedish cities is that much of the housing built since 1945 has been in flats, which are more frequently rented. The recent shift toward homeownership again is due partly to government policy and partly to a shift to lower density single-family units.

⁴Nor did Engels preclude the continuation of rent payments in their traditional sense following the revolution. In fact, all socialist regimes charge "rents" on state housing, although they are usually relatively low.

⁵Equally high priority was given to rebuilding housing of historical and architectural value, in such war-ravaged cities as Warsaw, Crakow, and Gdansk, a policy which also reduced the investment available for new construction.

⁶In this regard at least, Poland followed the initial course of housing policy in post-revolutionary Soviet Union.

⁷The interest rate is also higher for units over a given minimum size, a further reflection of the desire to limit excessive housing consumption or at least to increase the marginal costs of such consumption.

⁸The Third World is only a label of convenience; it does not imply a uniformity of either housing problems or approaches.

⁹A particularly valuable compilation of materials on housing and urbanization in the Third World was prepared as part of the United Nations Conference on Human Settlements (Habitat) held in Vancouver in 1976.

¹⁰The United Nations has estimated (in 1974) that developing nations were building only 2 to 3 housing units per thousand population annually, creating an overall deficit which they estimate is accumulating at 4 to 5 million units annually.