



Doc. 76

25 September 1952

Creation of a European Credit Institute for Housing

Report¹

Social, Health and Family Affairs Committee

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1. 1952 - 4th Session - Second part



A. Explanatory Memorandum

1.

1. The possibility of setting up a European Fund which would contribute towards the financing of housing " was included in the list of problems relative to housing, which was considered suitable for study and exchange of information among Member States of the Council of Europe and which was attached as an appendix to Assembly Recommendation 31, adopted by the Assembly on 26th August, 1950. On the advice of the Sub-Committee on Housing of the Committee on Social Questions, meeting at The Hague on 16th and 17th February, 1951, the question of the European Fund referred to was deleted from this list, and it was thus never submitted to the Committee of Ministers. At the same session the Sub-Committee on Housing decided to request a group of five members of the Committee on Social Questions to draft a note to be transmitted by that Committee to the Committee on Economic Questions, setting forth the precise points on which the advice of the latter should be asked. In the light of the note subsequently drafted by this group of five, the two interested committees decided to create a Joint Sub-Committee to study the problem of housing finance. A first meeting of the Joint Sub-Committee was held in Strasbourg on 16th May, 1951. After this first exchange of views some members of the Joint Sub-Committee drew up memoranda, giving their opinion as regards the possibility and desirability of creating a European Fund for Housing, as well as on the methods by which such a Fund could be established, the sources of capital on which it could draw, and its administration and method of work. These memoranda, together with a few general observations made by the Secretariat-General, were transmitted to the Joint Sub-Committee, which met twice during the second part of the Third Session of the Consultative Assembly (3rd and 6th December, 1951). After extensive discussions the Joint Sub-Committee instructed the Secretariat-General to study the problem of housing finance in consultation with experts on housing and international credit and asked the Chairman, the Rapporteur and the Secretariat-General to prepare the list of questions to be put to the experts.

2. In preparing its report the Secretariat-General relied to a large extent on the co-operation of the International Federation of Building and Public Works, which has been studying the question since 1948. Thus—in close liaison with the Secretariat-General—the International Federation asked its national member federations to reply to the questionnaire prepared by the Joint Sub-Committee. The replies of the member federations in Belgium, France, Germany, Italy and the United Kingdom were transmitted to the Secretariat-General. These replies have been summarised in the Report prepared by the Secretariat-General (AS/SOC-EC (4) 1 and 2) and appear in full as appendices to the same Report.

3. In its Report the Secretariat-General draws the attention to the attitude taken by the Committee of Ministers, as expressed in its Third Report to the Consultative Assembly. " Several aspects of the housing problem are at present claiming the attention of other international organisations. The Committee of Ministers considers that, as a general rule, the Council of Europe should be content to keep in close touch with the work of those organisations, particularly that done by the United Nations and O. E. E. C. " In its reply the Consultative Assembly notes that the Committee of Ministers mentions only " several aspects of the problem, and, consequently it will confine its attention, as a general rule, to those aspects for which a solution still remains to be found ".

4. The Report of the Secretariat-General therefore proceeds to examine to what extent the international organisations concerned have taken or are considering joint measures in the field of housing finance. It is recorded that O. E. E. C, in connection with its programme for a 25 per cent increase in production, has stated that the number of dwelling units built annually in member countries as a whole should be increased from 900,000 in 1950 to 2 million in 1956 or as soon afterwards as possible. Both O. E. E. C. and the Economic Commission for Europe of the United Nations have, however, mainly considered measures at the national level to overcome the shortage of capital for house construction, which is the main obstacle to the achievement of this objective. Concerning the possible contribution of the International Bank for Reconstruction and Development it is pointed out in the Report that by the Articles of Agreement the Bank's loans are limited to the foreign exchange requirements of projects approved, and normal housing projects would hardly fulfil the conditions required for the " exceptional circumstances " when the Bank is permitted to grant loans for domestic expenditure.

5. In the conclusions of the Report it is stressed that joint action between the Member States of the Council of Europe is the more necessary as their " ordinary " housing problem is aggravated through extraordinary circumstances which may be called " European ". As examples are mentioned in the replies to the questionnaire the housing shortage due to war damage, disproportionate influx of refugees, exceptional

regroupment of population with a view to increasing European industrial production and the existence of under-developed areas. The European character of the question is particularly apparent if the consequences of a failure to solve the problem are considered.

6. The report concludes that at the European level the most important method of facilitating house construction would seem to be to add to the insufficient capital available within the various countries by the establishment of a Fund organised in such a way as to attract both hidden capital in the Member States and capital from European or non-European non-member countries. Such a Fund would not fulfil its purpose if the initial contributions of Member Governments necessary to set up the Fund were to remain a major part of its assets. It is essential that European action in the field of housing finance be planned and started immediately, so that it may play its full part when slackening of rearmament will make more capital, more building materials and—in the countries enjoying full employment— more manpower available for house construction.

7. It is in this spirit that the Committee on Social Questions proposes that the Assembly adopt the following draft Recommendation, which has been unanimously approved by the Committee.

B. Draft Recommendation

The Assembly,

Recalling its Recommendation 31 (1950) that measures be taken in the sphere of housing, to expedite the building of houses in Member States,

Realising the urgent necessity of improving the housing situation in Europe,

Noting with satisfaction that O. E. E. C. has called for an increase of over 100 per cent, in the course of the next five years, in the number of houses built annually,

Realising that lack of capital is the main obstacle to the achievement of the desired result,

Realising that the international organisations concerned have so far confined themselves almost entirely to attempts to solve the housing problem on a national scale,

Desirous of stressing the need for joint action by the Member States of the Council of Europe, especially at a time when the national housing problem is aggravated by exceptional circumstances,

Emphasising the importance of preparing without delay plans for a period when expenditure on defence is reduced and when capital, building materials and labour are more readily available,

Recommends to the Committee of Ministers :

1. The creation of a European Credit Institute for Housing to remedy the present housing crisis in certain member countries;
2. The convocation of a Committee of Government experts to examine this question in the light of the Report by the Secretariat-General, dated 24th June, 1952, and to prepare concrete measures in this matter.