LEAGUE OF NATIONS

C.498, L.211, 1923, 1.


Rent legislation in the Saar Territory

Note by the Secretary-General:

The Secretary-General has the honour to communicate for the information of the Council and Members of the League of Nations the following documents concerning rent legislation in the Saar Territory:—

I. Letter from the Chairman of the Governing Commission to the Secretary-General dated July 21st, 1923, forwarding:

II. Petition dated July 4th, 1923, to the Council of the League from a group of members of the Advisory Council of the Saar Territory representing the Proprietors' and Agriculturists' Association, and

III. Petition dated May 24th, 1923, to the Governing Commission from the Syndicate of House-Owners' and Landed Proprietors' Associations.
I. Letter from the Chairman of the Governing Commission to the Secretary-General.

Saarbrück, July 1st, 1923.

Mr. President,

Sir,

I have the honour to forward to you herewith a petition from the Proprietors' and Agriculturists' Association of the Saar Territory, dated July 4th, 1923. The following observations may be made in connection therewith.

Upon taking up its duties, the Governing Commission found a body of German housing regulations in force in the Saar analogous to those which almost all European countries were obliged to introduce during the war for the purpose of safeguarding mobilised men and their families. The pre-war system under which the parties were bound solely by contracts freely concluded between owners and tenants, was superseded by detailed administrative regulations. Although they were only established in order to cope with the exceptional situation created by the war and for the duration of the war, the Governing Commission was obliged to maintain them. The return to peace conditions did not suffice to abolish the causes of the housing crisis. Not a single new house had been built during the four years of war. Even after the Armistice was signed, there was no revival in the building trade, as a result of the excessive rise in the price of materials and labour.

These various causes having resulted in a prolonged housing crisis, the regulations which had been provisionally introduced to palliate the disadvantages thereof had to be maintained. The tenants, however, whose resources (wages,
salaries, commercial profits) had increased from month to month in proportion or the rise in the cost of living, had naturally become accustomed to a system which prohibited the proprietors from increasing rents. The only criticism which they offered was to demand that the regulations should be further strengthened. The others on the other hand were not slow to give voice to bitter complaints. They pointed to their increasing distress; they argued that the housing crisis could only be solved by the construction of new houses, and that no proprietor would think of building so long as any hope of obtaining adequate remuneration for the capital invested in real estate undertakings was rendered illusory by requisitions and the limitation of rents. In consequence, they demanded with increasing insistence the abolition of restrictions.

The Governing Commission was of opinion that it would be equally dangerous to accede to the demands of either party. If it seemed that the tenants had no good reason for demanding the indefinite maintenance of regulations which modified the common law to such a serious extent, it was nevertheless certain that an immediate abolition of the restrictions would almost inevitably give rise to serious disorders, as it would entail the establishment of a de facto monopoly in favour of the rich, who would, in the last resort, be the only persons in a position to meet the growing demands of the proprietors. In consequence, the Governing Commission, on April 21st, 1921, laid down the following guiding rules: "to maintain any of the regulations established during the war, the continuance of which was necessary in order to ensure to tenants the protection which they still require to accustom the latter to the idea that the price of dwelling houses must one day be fixed - as the prices of the majority of products and the rates of most payments are already
fixed - by the unrestricted interplay of supply and demand; to pave the way for the abolition of restrictions by progressively increasing rents; in particular, to show by encouraging private enterprise that the Governing Commission relied for the solution of the housing crisis on a revival of building, and regarded all other measures as precarious and inadequate palliatives”.

In application of these principles, the Governing Commission, on December 28th, 1922, promulgated a Decree (Official Journal of the Governing Commission, December 28th, 1922) the main features of which were as follows:

1. As regards the allocation of accommodation: the provisional maintenance of the obligation imposed upon all persons seeking accommodation of applying to special Offices, established as the sole authorities for receiving notifications regarding vacant accommodation and for allocating the latter. This rule to be mitigated by the following measures:

(a) decentralisation: the agents of the Governing Commission to be deprived of their powers to allocate accommodation directly and to confine themselves to intervening, in the capacity of Controlling Authorities, with a view to checking abuses;

(b) the abolition of the Central Housing Commission;

(c) reorganisation of the Local Commissions with a view to giving a predominant position on these bodies to the representatives of the proprietors and tenants, i.e. the parties actually concerned.

2. As regards disputes between proprietors and tenants: extension for one year of the powers of the "Mieteinigungsaemter", as it is essential, in view of the numerous disputes occasioned by the housing crisis, that there should be a more expeditious and less costly mode of procedure available than that employed in the ordinary law courts; a more exact definition of the powers of these arbitral tribunals.
In regard to the fixing of rents: amendment of all regulations in force hitherto which do not make allowance for variations in the mark; substitution of a more elastic system ensuring, at a given moment, a proper proportion between rents and the general cost of living.

The Proprietors' Association had asked that proprietors should be entitled to dispose of any accommodation which might fall vacant in buildings belonging to them, either for their own use or in favour of their relatives (father, mother, children, brothers and sisters, parents-in-law, brothers and sisters-in-law, sons and daughters-in-law). The Association considered that it would be extremely unfair to deprive owners, upon whom the present regulations impose such heavy sacrifices, of the right of utilising, either for themselves or for their families, flats, which fall vacant in their own houses. Moreover, the proprietors agreed that, in cases of dispute, the "Mieteinigungsaemter" should decide whether the requests submitted by the former with a view to obtaining the allocation of vacant accommodation were disproportionate or not to their real needs. Finally, the Association asked that the owner might have the right to select from a list of candidates the tenant who would suit him best, subject only to one condition, that the vacant flat corresponded to the genuine requirements of such tenant.

In drawing up the Decree of December 28th 1922, the fullest consideration was paid to the wishes of the Proprietors' Association in this matter. They were granted priority in favour of their relatives, whilst in other cases they are now entitled to select one of three proposals made by the Municipal Housing Office on the basis of the decision of a Commission composed of owners and tenants.
5.

In regard to the fixing of rents, the Decree of December 28th 1922 (Article 21) lays down that, failing a friendly agreement between the parties, the maximum rent for unfurnished accommodation must not exceed a sum obtained by multiplying the rent paid on July 1st 1914, by a co-efficient to be determined every two months.

The conditions of application and the divisors are fixed every two months by the Governing Commission, after obtaining the views of a Commission composed of elected representatives of the population, and officials in the employment of the Governing Commission.

The system, on which the fixing of maximum rents is based, as follows: it consists of multiplying the 1914 rent, which is taken as the basic figure, by the co-efficient of increase of the cost of living. The sum thus obtained represents the rent which the tenant should pay in order to make allowance for the general increase in prices. In order to spare tenants, who constitute the large majority of the population, the sacrifices which would be entailed by any considerable rise in rent, the Governing Commission decided, in conformity with the opinions expressed by the Advisory Council and the Technical Committee, that the maximum rent would not be the equivalent of the sum referred to, but of a fraction thereof. Accordingly, the figure for the divisor in January and February 1923 was 750. In cases in which the parties agreed to fix the rent in francs, the figure 8 was taken as the divisor for the period between December 1922 and January 1923, and the figure 4 for January and February 1923.
The Advisory Commission, which was set up for fixing this divisor, submitted to the Governing Commission a recommendation that the divisor should be reduced, namely to 723 for rents paid in marks, and to 4 for rents paid in francs.

The Governing Commission endorsed this view.

The introduction of a new currency system in the territory by means of the Decree of May 18th, 1923 has made it possible for proprietors to collect their rents exclusively in francs as from June 1st, 1923, whilst it has enabled the Governing Commission gradually to effect a reduction in the divisor, i.e. to bring rents nearer to the pre-war level. In June 1923, the divisor was reduced to 3.5, in July 1923 to 3, in August 1923 to 2.5, and in September 1923 to 2.

After hearing the opinion of the elected representatives of the population, the Governing Commission will be called upon to decide whether subsequent changes in economic conditions will permit of a gradual increase in rents until they reach parity.

Finally, mention must be made of the endeavours made by the Governing Commission ever since 1921 to mitigate as far as possible the housing crisis by forming the Inter-Communal Association for Construction of Cheap Dwellings. This independent body, which possesses civil personality and is, moreover, subsidised by the Governing Commission to the extent necessary for its proper working, was able to build more than 3,000 dwellings within eighteen months (1921-22). Houses have also been built by private persons and by the Administration of the French State Mines in the Saar and, the great industries. As soon as the buildings at present under construction in various parts of the Territory have been finished, the total number of dwellings made available for the Saar population since the date on which the Governing Commission entered into office will amount to more than 5,000.

In conclusion, you will no doubt feel that the Governing Commission, which was confronted with a particularly difficult problem, has done everything in its power to give satisfaction to the proprietors by measures...
which, though of a progressive character, have been designed with all due consideration for the interests of the large working class in the territory.

I am, etc.,

[Signed] Y. FAULT.
II. Petition to the Council of the League of Nations from a group of members of the Advisory Council of the Saar Territory representing the Proprietors' & Agriculturists' Association.

Saarbruck, July 4th 1923.

The undersigned Group of the Proprietors' and Agriculturists' Association in the Advisory Council ventures to bring the following facts to the notice of the League of Nations.

In our opinion the Governing Commission of the Saar Territory is not making sufficiently energetic efforts to prevent the dilapidation of dwelling-houses, which is becoming more and more imminent. The whole population of the Saar Territory, and especially house-owners belonging to the Territory, are most prejudicially affected by the rent policy which has been adopted.

According to the definite stipulation contained in Part III, Section IV. § 23 of the Treaty of Versailles, all the laws and regulations which were in force in the Saar Territory on November 11th, 1918 with the exception of the Decrees issued in consequence of the war, were to remain valid. The Imperial German housing control laws (Zwangsgesetze) which were in force at that time were, however, war laws. The Governing Commission ought, therefore, in accordance with the provisions of the Treaty of Peace which we have quoted, to have abrogated them, and superseded them by the provisions of the German Civil Code.

The legal provisions with regard to the control of housing which were introduced in consequence of the war constituted a serious restriction of the right of ownership. The Governing Commission re-introduced the housing control laws in the Saar Territory in a modified form. These laws are of a distinctly socialistic character; they deprive the landowner of the right of disposing of his private property, and by means of the low rents fixed by law they reduce the income which he receives
from his property to such an extent that the rents no longer suffice to pay for repairs, taxes, insurance etc. In consequence of the impossibility of carrying out repairs, the condition of the houses is constantly deteriorating, and the housing conditions become more and more burdensome and dangerous to health. The Governing Commission did not comply in this matter with the instructions of the Council of the League of Nations of February 12th, 1920, in which it is laid down that the Commission "will have no occupation and no interest except the welfare of the people of the territory of the Saar Basin".

In reply to the numerous petitions and memoranda of the House-Owners' Association the Governing Commission always adopted the argument that it had been faced with the housing crisis on coming into office, and that it had consequently been impossible to repeal the housing control laws. The representatives of the house-owners then urged that they did not ask for the immediate removal of the housing restrictions, and that the allotment of housing accommodation by the authorities was, for the time being, justifiable, but that it was inequitable to fix rents by law at a figure which must impoverish the house-owners and render it impossible to keep houses in proper condition. The following table shows the rents fixed by the Governing Commission, and we have included in the annex a graph showing the scale of wages paid to skilled workers in the building trade.

The following table gives the rents as a percentage of pre-war rents, converted into Swiss francs:

<table>
<thead>
<tr>
<th>Date</th>
<th>Rent (Swiss Francs)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1.19</td>
<td>30.3.20</td>
<td>25%</td>
</tr>
<tr>
<td>1.4.20</td>
<td>30.6.21</td>
<td>8%</td>
</tr>
<tr>
<td>1.7.21</td>
<td>31.6.21</td>
<td>9%</td>
</tr>
<tr>
<td>1.9.21</td>
<td>31.12.21</td>
<td>4%</td>
</tr>
<tr>
<td>1.11.22</td>
<td>32.7.22</td>
<td>3%</td>
</tr>
<tr>
<td>1.6.22</td>
<td>30.11.22</td>
<td>0.5%</td>
</tr>
<tr>
<td>1.12.23</td>
<td>31.12.22</td>
<td>4%</td>
</tr>
<tr>
<td>1.1.23</td>
<td>30.2.23</td>
<td>2.2%</td>
</tr>
<tr>
<td>1.3.23</td>
<td>30.4.23</td>
<td>4%</td>
</tr>
<tr>
<td>1.5.23</td>
<td>31.5.23</td>
<td>6%</td>
</tr>
<tr>
<td>1.6.23</td>
<td>30.6.23</td>
<td>9%</td>
</tr>
</tbody>
</table>

(1) Note by the Secretary General. One copy held in the Secretariat at the disposal of the Council and Members.
The House-Owners and Landed Proprietors’ Association made a request to the Governing Commission at the time when the currency in the Saar Territory was changed, to fix rents on a franc basis, reckoning 1.25 paper francs as equivalent to one mark of pre-war rent. The establishment of rents on this basis was quite acceptable, in view of the economic conditions in the Saar Territory. The Governing Commission, however, did not grant the request, although it issued instructions to the effect that the pre-war fees, in marks, of barristers and solicitors should be converted into francs on the basis of three francs for one mark.

The rents in the Saar Territory are out of all proportion to the rents in the neighbouring territory of Lorraine, so that we are forced to conclude that the Governing Commission of the Saar Territory intends to provide unjustifiably cheap housing accommodation for tenants at the cost of Saar house-owners, instead of promoting the interests of the population of the Saar as a whole.

We respectfully appeal to the Council of the League of Nations to cause the Governing Commission of the Saar Territory to give more consideration to the interests of house-owners in the Saar Territory, and to fix a rent which shall ensure to house-owners in the Saar Territory a reasonable interest on their capital, in addition to the income necessary for the upkeep of the houses.

We further request that the Governing Commission of the Saar Territory should be instructed to abolish control on the expiration of the Decree of December 28th 1922, and we venture at the same time to enclose for your information a copy of our petition of May 24th, 1923, which was addressed to the Governing Commission of the Saar Territory.

We have the honour to draw the attention of the Council of the League of Nations to the unjust conditions described above.

Signed: SCHOLL
III. Petition to the Governing Commission from the Syndicate of House Owners' and Landed Proprietors' Associations of the Saar Territory.

Translation from the German. Saarbrück, May 21th, 1923

The Syndicate of House Owners' and Landed Proprietors' Associations of the Saar Territory ventures to bring the following facts to the notice of the Governing Commission.

It is laid down in Article 6 of the Decree of May 18th, 1923, regarding legal tender in the Saar Territory, that "the rent of dwellings shall be calculated in francs according to § 26 et seq of the Decree of December 28th, 1922, regarding the amendment of the regulations relating to housing matters". It is further laid down that in accordance with Paragraph 23 of the same Decree, the rates applicable in the case of dwellings shall be increased in the case of buildings used for commercial or industrial purposes."

Article 26 of the Ordinance of December 28th, 1922, states that "for the months of January and February, 1923, the figure 4 shall be used as divisor." According to Article 27 of the Decree referred to, the divisor shall be determined every two months after consultation with a Commission appointed by the Governing Commission. The new divisor for the month of May has not yet been fixed.

We would beg the Governing Commission to take steps to ensure that:

(i) the rent rents be fixed in francs, in such as the rent for this month is generally paid at the beginning of June. Francs are established as the sole legal tender throughout the Saar Territory by the Decree of May 18th. It would therefore only be suitable that rents should be fixed in francs for the month of May, as otherwise the landlords would not be in a position to satisfy the simplest economic needs.
we would beg the Commission:

(2) to cancel the divisor fixed in Article 26 of the Decree of December 28th, 1923, the rate of which is to be modified from time to time by the Commission, and to decree that rents be calculated for the month of June on the basis of pre-war rents converted into francs at the rate of 1.25 paper francs for one gold mark.

In this connection, we would add that barristers and solicitors have been allowed, in order to lessen their difficulties, to calculate their fees on the basis of three paper francs for one gold mark.

The Syndicate of House-owners' and Landed Proprietors' Associations of the Saar Territory has in numerous petitions drawn the attention of the Governing Commission to the desperate situation of house-owners. It has often been pointed out that according to the Peace Treaty of Versailles the system of control must be completely abandoned in the Saar Territory.

We would further request the Governing Commission:

(3) To decree that the laws controlling housing be abrogated in accordance with the provisions of the Treaty of Versailles, and that the laws which were in force before the war be re-introduced on the expiration of the Decree of December 28th, 1922.

The low rents which have been fixed by the administration lead to great hardships. House-owners— who belong almost entirely to the middle class— are impoverished and fall into want. The income of many classes of the population, on the other hand, has constantly increased. The income of traders and officials, and of many employers and workmen have been adapted as far as possible to the level of prices resulting from the general economic situation.

The "Saarbrucker Zeitung" of May 23rd, 1923, No. 116 announces that the Wages Committees of the finishing and iron & steel industries have made provision for the payment of their
employees in France in May and the following months. The following rates which are calculated on the basis of the Swiss franc should be applied as a rule, provided that the French franc does not fall further:

<table>
<thead>
<tr>
<th>Pre-war Marks</th>
<th>at the present rate approximately 172 French francs</th>
</tr>
</thead>
<tbody>
<tr>
<td>344</td>
<td>344</td>
</tr>
<tr>
<td>516</td>
<td>516</td>
</tr>
<tr>
<td>686</td>
<td>686</td>
</tr>
<tr>
<td>860</td>
<td>860</td>
</tr>
<tr>
<td>1032</td>
<td>1032</td>
</tr>
<tr>
<td>1204</td>
<td>1204</td>
</tr>
<tr>
<td>1376</td>
<td>1376</td>
</tr>
<tr>
<td>1548</td>
<td>1548</td>
</tr>
<tr>
<td>1720</td>
<td>1720</td>
</tr>
</tbody>
</table>

From the arrangements made by the Wage Committees, it will be seen that industrial enterprises are prepared to pay their employees the same income as before the war.

The income of house-owners alone has constantly decreased, the purchasing power of money being taken into account. We venture to quote the following statistics in proof of this assertion:

<table>
<thead>
<tr>
<th>Nominal Change</th>
<th>Exchange Pre-war</th>
<th>Increase</th>
<th>Pre-war Value of Rent of 1000 Marks</th>
<th>Percentage Converted of Pre-War Rent into Francs' Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.19 - 30.3.20</td>
<td>None</td>
<td>1.35 Eks</td>
<td>740</td>
<td>25</td>
</tr>
<tr>
<td>4.20 - 30.6.21</td>
<td>1.5 times 5.60</td>
<td></td>
<td>258</td>
<td>8.6</td>
</tr>
<tr>
<td>7.21 - 31.8.21</td>
<td>1.75 &quot; 6.65 &quot;</td>
<td></td>
<td>265</td>
<td>8.8</td>
</tr>
<tr>
<td>10.21 - 31.12.21</td>
<td>2. - &quot; 15.- &quot;</td>
<td></td>
<td>133,2</td>
<td>4.5</td>
</tr>
<tr>
<td>1.22 - 15.7.22</td>
<td>2.5 &quot; 25.- &quot;</td>
<td></td>
<td>100,-</td>
<td>3 3</td>
</tr>
<tr>
<td>5.7.22 - 30.11.22</td>
<td>5.- &quot; 190.- &quot;</td>
<td></td>
<td>26,-</td>
<td>0.69</td>
</tr>
<tr>
<td>12.22 - 31.12.22</td>
<td>70.- &quot; 539.- &quot;</td>
<td></td>
<td>129,-</td>
<td>4.3</td>
</tr>
<tr>
<td>1.23 - 28.2.23</td>
<td>134.- &quot;1500.- &quot;</td>
<td></td>
<td>39,-</td>
<td>2.27</td>
</tr>
<tr>
<td>3.23 - 30.4.23</td>
<td>497.- &quot;1500.- &quot;</td>
<td></td>
<td>331,-</td>
<td>11.-</td>
</tr>
</tbody>
</table>
Before the war a house-owner paid 0.75 marks an hour to workmen for repairs; at present, he has to pay 3.60 francs to the contractor. This again shows how unfavorable and uneconomical are the rents which have been fixed.

Moreover, we venture to draw your attention to the fact that the housing problem is not so serious in the Saar Territory as to justify the maintenance of the system of control. Before the war, when the town of Saarbrück had about 112,000 inhabitants, there were almost always several hundred empty houses. Although Saarbrück only has 5,000 inhabitants more now than before the war, and although 2,500 new houses have been built since 1914, there are 7,000 persons in search of living accommodation. We believe that the lack of housing accommodation is to be attributed to the system of control, in conjunction with low rents. It is indisputable that a large proportion of the population is living in much larger dwellings now than before the war, and that a great number of persons in search of living accommodation endeavor, in view of the low rents, to obtain larger or better dwellings, with the result that the number of persons in search of accommodation is being constantly swollen. We would point out that the building policy which has so far been adopted was a mistaken one. The building of houses by the communes was a blunder. The building and maintenance costs have to be borne by the community. The result is that the tenants of these houses are living partly at the expense of other sections of the population. Nobody can deny to-day that all the attempts which have been made during the last few years to counteract the housing crisis by administrative measures have been unsuccessful. In consequence of the decrees of the Governing Commission and the fixing of rents in connection therewith, house-owners have fallen into the greatest difficulties. Proper repairs can no longer be carried out and the moment can be calculated when houses will fall completely into ruin.
We, therefore, hope that favourable consideration will be given to the request which we have set out above, if only for economic reasons, in order that a breathing space may be accorded to house-owners, that the housing crisis may be overcome as far as possible, and that the dilapidation of houses may be prevented.

With regard to the above tables, we would further point out that the lessor does not in fact obtain 11½ of the pre-war rent. At least 20% of the pre-war rent is required for the upkeep of the house, the payment of the premiums for insurance against fire, employers' liability claims, accidents, window-breaking, etc., and for the redemption of the capital expended on the house. The German law with regard to the taxing of income obtained from house rents took this fact into consideration, and authorised a deduction of 20% of the pre-war rent. Since the beginning of 1919, landlords have not even received enough to pay for the necessary amortisation charges, repairs, etc.

In the event of the Governing Commission not being willing to grant our request, by reason of the probable opposition of political parties, we would beg to be informed of the fact as soon as possible, as we intend in that case to send you a petition and a memorandum for submission to the Council of the League of Nations, and to request you to move the Council of the League of Nations to grant an interview to a delegation from our Syndicate. We are extremely anxious that this petition should, if necessary, be laid before the Council of the League of Nations at its next session in about six weeks' time.

(Signed) H. KROSKALOVA.
En ce qui concerne la statistique reproduite ci-dessus, nous prions observer que le propriétaire ne touche pas effectivement le 1/5 du loyer d'avant-guerre. L'entretien des maisons, le paiement des primes pour les assurances contre l'incendie, contre la responsabilité civile, contre les accidents, les vitres brisées, etc., ainsi que l'amortissement des capitaux exigent au moins 20% du loyer d'avant-guerre. La législation allemande, en matière d'impôt sur les revenus immobiliers, a tenu compte de ce fait en autorisant le propriétaire à réduire 20% du loyer d'avant-guerre. Depuis le début de l'année 1919, le propriétaire d'immeubles n'a donc pas même touché une somme suffisante pour effectuer les amortissements nécessaires, les réparations, etc.

Dans le cas où la Commission de Gouvernement ne voudrait pas donner suite à notre demande à cause de l'opposition probable des partis politiques, nous vous prions de nous faire connaître ce refus, aussitôt que possible, parce que nous avons l'intention de vous adresser une demande et un mémoire destinés à être soumis au Conseil de la Société des Nations, et de demander l'autorisation d'envoyer une Délégation au Conseil de la Société des Nations. Nous tenons essentiellement à soumettre éventuellement cette demande au Conseil de la Société des Nations, pendant sa prochaine session, qui doit avoir lieu dans un mois et demi environ.

(s): M.R. Voskalanys.