



# Socialization Schemes in the German Building Industry

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THE question of socialization has come to the fore in Germany as a result of the insistent demands of the working classes, in whose hands the Revolution placed political power, at any rate for the time being; nevertheless, the workers are by no means unanimous, either as to the methods by which this goal is to be reached, or as to the speed with which it is to be attained. While the groups whose political tendency is to the Left wish to carry out the process of socialization at one stroke after the Russian model, by means of the dictatorship of the proletariat and the council system, the groups whose tendency is more to the Right consider that socialization must necessarily be gradual. Nevertheless, all workers, even those who stand furthest to the Right, namely, the Christian Trade Unionists, demand that the socialization of at least the most important branches of industry should be proceeded with.

## THE CONGRESS OF BUILDING WORKERS AND SOCIALIZATION

Next after the socialization of the mining industry, it is especially in the building industry that socialization is demanded by a large section of the population, and above all by the manual and non-manual workers in that industry itself. As long ago as May 1919, barely half a year after the Revolution had begun, the National Union of Building Workers at its Weimar Congress, as the first German trade union parliament, dealt with the question of socialization, and laid its demands before the Federal Government, the States, and the municipalities. At that time, the question of how and at what speed socialization should be carried out, or who should carry on industry when socialized, was even more obscure than it is today. The programme of the Social Democratic Party of Germany undoubtedly demands the conversion of private ownership of the means of production into social ownership; it does not, however, define the meaning of socialization, or state what organs of society are to take over

the means of production from the private owner and carry on production, whether it should be the Federal Government, the States, the municipalities, or co-operative societies formed of producers and consumers, or whether other bodies are to be set up for this purpose.

In my capacity as Reporter on this question, I advocated the view that such industries as were ripe for socialization should gradually come to be owned by the Federal Government, by the States, or by municipalities or associations of municipalities, (according to the character of the industry to be socialized), and that these bodies should set up special organizations to direct production when socialized and to ensure the distribution of products to the consumer. By this means, the socialist community would gradually be developed out of the political State of today. I did not, however, advocate the view that the socializing of the means of production could or should be undertaken only in the form of nationalization or municipalization; on the contrary, my view was that every method must be adopted which tended to transform capitalism into socialism. In particular, I advised the workers to help themselves by setting up co-operative societies.

A high degree of public spirit, a sense of responsibility, and an insight into economic conditions, seemed to me to be some of the necessary pre-requisites to successful socialization. Socialization can only be successful when it brings economic progress, when it increases the productivity of labour, when it improves the condition of the workers and of the community.

It was my view that the building industry should be socialized on these principles, which were applicable to all socialization. I pointed out the positive necessity of socializing building and housing, the rise in the price of lodging caused by speculation in land values, and also by the increased cost of building materials and building supplies due to the formation of trusts and combines. My demands amounted to the gradual socialization of the building industry, first of all by the compulsory purchase of the land necessary for housing, by the gradual nationalization or municipalization of the firms supplying building material, secondly, by the direct undertaking of building operations by the States and municipalities, and by subventions made by them to co-operative building societies. In order to ascertain the most economic methods of work, I recommended that the most diverse methods should be tried, that Governments and municipalities should operate their own building concerns, that independent co-operative building societies, constituted of workers, experts, and architects, should be organized, and in the initial stages I even advocated contract by tender. I did not go into any details as to how Government and

municipal building should be organized ; I only pointed out that the building workers might form associations and undertake the carrying out of work, on condition that the municipalities or the State undertook to supply all the necessary material.

#### THE SOCIALIZATION SCHEME OF DR. MARTIN WAGNER

Almost at the same time as the Weimar Congress was sitting, a voluntary Socialization Commission, constituted of experts in the building industry (Government representatives, architects, representatives from the Federal Labour Ministry and of the Housing Commissioner, etc.), convened by the President of the Housing Association (*Wohnungsverband*) of Greater Berlin, Mr. Beuster, was discussing the socialization of the building industry. In opening the sitting, Mr. Beuster explained why men, who were not socialists, were discussing socialization. Germany was faced with a breakdown of her building industry ; the growing work-shyness of the building worker must be cured, and the whole industry put on a rational footing without further delay. But the sole means of increasing output was, in his opinion, the socialization of the industry, for this was the sole means of turning the worker into a collaborator and giving him an interest in what he undertook.

At this sitting of the voluntary Socialization Commission Dr. Martin Wagner, municipal architect, made a speech on the socialization of the building industry, which has been widely circulated in foreign countries ; he advocates a scheme for the socialization of all building concerns in Germany. His ideas have since been issued in published form by Carl Heymanns of Berlin, with certain alterations and additions ; they were adopted by a congress of higher-grade municipal architects as the only proper basis for the socialization of that industry.

Dr. Wagner's starting-point is that Germany can only escape from her present miserable position by the greatest imaginable increase of labour output, which, in the building industry, is also an indispensable condition of a decrease in the cost of building. An increase in labour output cannot, however, be obtained under the system of private enterprise. Under this system the worker has no interest in the yield of his labour, and is accordingly deprived of any pleasure in putting the whole of his strength into his work. The attitude of passive resistance or the disposition to strike among the building workers is to be referred to this cause. Since the disappearance of the old military State, and with it of the power by which employers were formerly able to hold the worker in check and to compel him to work, an increase of

labour output is only possible by giving the workers an interest in the yield of their labour.

While the Congress of the National Building Workers' Union did not concern itself with the organization of the socialized building industry, Dr. Wagner did so in detail both in his speech and in his pamphlet. In opposition to the view of the Congress, Dr. Wagner rejected the municipalization and nationalization of the building industry, on the ground that this industry is not sufficiently regular and straightforward in its processes of production and in the utilization and disposal of its products to render it suitable for economical management as a Government or municipal undertaking. The socialized building industry could not adapt itself to the cumbersome bureaucratic methods of business which obtain in Government and municipal undertakings. It requires a form of organization which leaves room for the free play of artistic, technical, and economic progress, for adaptation to changing needs and changing conditions of the market, and for an unrestricted collaboration with the most widely different branches of industry. It does not permit of control or administration by any sort of parliamentarism; at any rate, such control and administration would not make for technical, economic, or cultural progress. The building industry with its many trade divisions (masons, bricklayers, carpenters, painters, potters, tilers, slaters, joiners, glaziers, plumbers, etc.) is even less suitable than other industries for a centralizing bureaucratic administration. A successful system of socialization of the building industry is dependent upon the fulfilment of the following fundamental conditions: (a) maintenance of free competition between undertakings; (b) free play for, and proper appreciation and remuneration of, individual ability.

From these considerations Dr. Wagner comes to the conclusion that the building industry must be carried on, not by the State or the municipalities, but by an organization of the building workers. The State as the representative of the community must compulsorily combine the manual and non-manual workers of the building industry into a Building Corporation (*Baugewerkschaft*) and transfer to this body the free disposal of the means of production required in the industry, the conduct of building operations, and the trade settlement of all questions.

The Building Corporation would thus be a Labour Chamber for the building industry, sub-divided according to districts and areas, the self-governing body which, under the authority of the State and within the limits of the law, would have to satisfy the building needs of the community. As the representative body of all the manual and non-manual workers of the building industry, it would be the supreme authority for all building operations in a district, or over a larger area. Nasmuch as opposition between workers and employers would

no longer exist in any industry when once socialized, the Building Corporation would not only carry on all building operations, but would take over all the functions of the existing trade unions and employers' associations. Other functions, moreover, would fall to it in its capacity as a public body, which are at present performed by the State or the municipalities.

In the opinion of Dr. Wagner, the Building Corporation should acquire the following trades union functions.

It should —

- (1) regulate local wages-rates;
- (2) supervise the execution of regulations for the protection of the worker;
- (3) provide a labour exchange for all trades connected with the industry;
- (4) manage trade relief funds;
- (5) manage welfare institutions (libraries, convalescent homes, savings-banks, centres for free legal advice, etc.).

The Building Corporation should take over the following functions from existing employers' associations :—

It should —

- (6) regulate tenders for contracts and matters arising out of these;
- (7) represent producers' interests towards the Federal Government, the States, the municipalities, and the consumers;
- (8) ration and apportion output (the trust system).

The Building Corporation should take over the following functions from the public authorities.

It should —

- (9) manage industrial insurance institutions;
- (10) administer sickness funds;
- (11) administer old-age and invalidity funds;
- (12) find employment for building workers disabled in the war;
- (13) provide unemployment insurance;
- (14) administer industrial taxation.

The Building Corporation should acquire the following new functions.

It should —

- (15) supervise the payment to the workers of their share in the profits of industrial exploitation;
- (16) provide capital for building operations;

(17) manage common undertakings, such as :

- (a) brick-works and gravel-pits;
- (b) saw-mills and timber-yards;
- (c) lime-kilns and cement-works;
- (d) dépôts of building materials;
- (e) power stations.

(18) supervise technical and continuation schools;

(19) apply scientific methods to building;

(20) introduce uniform methods and standards.

The Building Corporation would establish socialized concerns or would gradually carry out the socializing of existing private firms. It would procure the means for discharging these functions, (1) by taxes and contributions from socialized building concerns, (2) by the profits drawn from joint concerns, (3) by grants from the Federal Government, the Federal States, and the municipalities, in return for assuming important administrative charges.

Each socialized building concern—of which as many as might be thought desirable would exist in each district—should, in the opinion of Dr. Wagner, be organized as a public-utility or public-owned Joint Stock company. The organs of a concern would be:—

- (a) the management, together with a local works' council;
- (b) the Board of Directors;
- (c) the Building Corporation.

The management would have substantially the functions of the Directors of a Joint Stock company, and would be the soul of the socialized concern. There would, as a rule, be an art, a technical, and a business manager. District managers, i.e. managers of particular works, establishments, branches, etc., would be subordinated to the management as sub-directors. The interests of the workers would be represented by local works' councils. Their functions would be social, not administrative.

The management would be under the authority of the Board of Directors and the Building Corporation, and would be responsible to them in all matters. The Board of Directors would, in a socialized building concern, perform somewhat the same functions as the Board of Control (*Aufsichtsrat*) performs in Joint Stock companies (*Aktiengesellschaften*) and Limited Liability companies (*Gesellschaften mit beschränkter Haftung*). It might be constituted of the managers, a representative of the office employees, two foremen, two permanent workers, and three representatives of the Building Corporation <sup>(1)</sup>.

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(1) By "permanent workers", Dr. Wagner means those workers who are permanently employed in the same concern, as distinguished from those

The functions of the General Meeting of a Joint Stock Company would, in a socialized building concern, be performed by the Building Corporation. As the trade representative body for all the brain and manual workers in the building industry, it would appoint representatives on the Board of Directors of all concerns. The management of each socialized concern would thus be responsible to the Board of Directors, and the Board of Directors to the Building Corporation, as the general administrative and supervising authority for all socialized building concerns of a town or of a larger district. Over the local or district Building Corporation there would be a Central Building Corporation for the whole country, which would be an inclusive representative body of all brain and manual workers employed in the building industry.

Dr. Wagner proposes piece-work as the right form of wages in socialized concerns. Wages would be determined on scales fixed by the Building Corporation. With a view to stimulating efficiency and increasing output, every worker or employee would participate in the profits of his concern in proportion to his yearly earnings.

#### NATIONALIZATION AND MUNICIPALIZATION

The Weimar proceedings of the National Union of Building workers and Dr. Wagner's pamphlet laid down the lines along which socialization of the building industry is being promoted in Germany. As long ago as June 1919 the National Union addressed a memorial to the Governments and administrative authorities of the Federation, the States, and the municipalities, asking that socialization be taken in hand in accordance with the resolutions of the Weimar Congress. This produced no important results. Not only the national and municipal authorities, but also municipal architects everywhere opposed the creation of national and municipal concerns. Their opposition was based principally on the argument that, up till now, experience of Government and municipal management has not been favourable. Work so carried on was said to be dearer and more uneconomic than work carried on by private firms. Neither State nor municipalities command the forces necessary for the economic conduct of larger building operations. Government and municipal building officials are deficient in commercial training; moreover, they feel themselves dependent on the authorities and parliaments set over them. They lack the necessary sense of responsibility and the requisite initiative. The cost of operations would be greatly

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peripatetic workers, who are employed sometimes in one, sometimes in another socialized concern, according to the work available from time to time. These are represented in the Corporation, to which all socialized building concerns are subordinated.

increased by the slowness of bureaucratic methods and lack of interest on the part of Government and municipal workers in the output of their work. For these and many other reasons Government and municipal undertakings are not economic.

To these objections the National Union of Building Workers replied that they were not asking for the general introduction of previously known forms of Government and municipal management. They were not asking the Government and municipal authorities to engage building workers and conduct building operations; what they were asking was that Government and municipalities should create large building concerns, organized and conducted on business principles and in great measure independent of national or municipal parliaments, concerns which would be carried on, not by officials with assured pensions, but by efficient building experts engaged by private contract, and which must be organized essentially in the same way as a capitalistic building concern, with this difference, that the large-scale concern would belong, not to a private person, but to the State or the municipality, and that, consequently, the surplus value created by the workers would benefit, not an individual capitalist or a capitalistic association, but the community organized as State or municipality. In order to give the workers an interest in output, the Union propose that Government and municipal building concerns should not engage building workers individually and employ them at hourly wages, but that they should hand over complete building contracts to associations or co-operative societies of building workers, to be carried out at a fixed price. The managers of these Government or municipal building concerns must be responsible for the economic administration of their concerns to the authorities and to Parliament, in exactly the same way as the Directors of a Joint Stock company are responsible to the Board of Control (*Aufsichtsrat*) and a General Meeting. These suggestions have so far not been completely carried out anywhere. They have, however, been partially carried out in many places, with the result that private contractors are being superseded and contracts given to Labour Associations or producers' co-operative societies.

#### SOCIALIZATION AND CO-OPERATIVE SOCIETIES

The first town to attempt to dispense with private contractors, and at the same time with the system of direct municipal employment of labour which it had previously used, was Nuremberg. The reasons for this course were explained by the Government Building Director, E. Schrag, in the



*Deutsche Bauzeitung* (2). He describes how, in excavation and gardening work, output was so unsatisfactory and work so costly under the system previously in force, that the application of new methods became imperative. The workers actually worked only a small part of the eight hours a day for which they were paid; the rest of the time they had been idle. Individual workers or small groups of workers, who tried to maintain a better pace, were derided and hindered from doing so by their more refractory comrades. The extraordinarily unsatisfactory output and the consequent costliness of the work led to the formation, at the suggestion of the city building officials, of a co-operative society of municipal workers, to which the next jobs were given out at fixed prices. Mr. Schrag reports the result of this experiment as follows :—

“This body has fulfilled the expectations which it raised; building operations have been started, in which work is once more normally carried on with that industry which modern conditions require, and in which, up to the present, after six months’ working, no stoppage or dispute has taken place”.

Other operations, where the workers’ standard of industry and consequently their output had sunk “to the lowest possible level”, were handed over by the city of Nüremberg to a society of municipal workers, to be carried out under a collective agreement. Here, too, according to Mr. Schrag, the result was the restoration of orderly conditions in the work and an increased willingness to work, which has led to continuous, normal, uninterrupted output and a perfect understanding between workers and management.

A comparison of the costs incurred by the city of Nüremberg in the carrying out of building operations under various contract systems, yields the following results:—

A job carried out by the City under its own management cost 100,800 marks. If it had been carried out by the co-operative society the City would have saved 44,600 marks.

Another job given out to a private contractor at 64,000 marks would have been carried out by the co-operative society at 10,000 marks less.

A third job, which was undertaken by the co-operative society for 195,000 marks, would, if given to a private contractor, have involved an increase in cost of 39,000 marks.

In the case of two other contracts for the construction of canals, given to one co-operative society, a saving of 24,000 marks on a total of 98,000 marks in the one case, and, in the other case, a saving of 10,000 marks on a total of 38,700 marks, result from a comparison with the contractor’s tender.

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(2) Reprinted in the *Proceedings* of the Conference of Directors of Socialized Building Concerns (*Protokoll von der Konferenz der Leiter Sozialer Baubetriebe*; Verlag Deutscher Bauarbeitervorband, Hamburg, 25 Wallstrasse).

Mr. Schrag sums up his judgment on economic methods of contracting as follows:—

“The results obtained up to now by different methods of carrying out building operations may be briefly summed up by saying that, for emergency works employing a large number of workers and under the conditions which obtain here at present, direct employment of labour under a collective agreement, and execution by a workers’ co-operative society must be regarded as the most economic methods, while execution by contractors is from 15 to 20% more costly. Direct employment on time-wages has proved the most uneconomic of all, costing as much as 50% more than direct employment under collective agreement or execution by a co-operative society”.

Similar experiments have been carried out in many other towns. Municipal and Government contracts have been given out to co-operative societies on a large scale. About one hundred such societies are in existence in Germany to-day; they have been founded by manual and brain workers in the building industry, in consequence of the fact that large-scale municipal building concerns were not set up with the required rapidity. Both in Nuremberg and elsewhere these societies were founded on the initiative of municipal architects or the municipal building authorities, or of public utility co-operative building societies or housing societies, because building operations were becoming so costly that building operations had increasingly to be suspended. Even where the initiative in the formation of these societies did not come from these quarters, their formation was in most cases heartily welcomed by municipal building authorities, co-operative building societies, and housing societies; the new societies broke down the monopoly of the great combines and contributed to the reduction of the extraordinarily high cost of building, by excluding the excessively high profits of the contractors and raising the labour output. This helped on the construction of houses, which today, owing to the great dearth of lodging in Germany, are urgently needed, but which, owing to the high cost of building, can only be built with difficulty and with the help of very large subsidies from public funds. An example from Pforzheim shows how, in certain circumstances, housing construction can be cheapened by means of co-operative building associations. There the private contractors had asked, and even obtained, 37 and 42 marks per cubic metre of walling for the erection of municipal dwellings, while the newly founded co-operative society carried out the work for 27 marks, on which they nevertheless made profits of about 10 marks per cubic metre. The experience was repeated in many other places.

Most of the producers’ co-operative societies in the building industry, however, not only carry out Government and municipal building contracts, but undertake any building

jobs which are offered to them. Sometimes their activity goes beyond the carrying out of building operations as such. Some societies, for instance, undertake, besides building contracts, land and forestry operations, such as timber-felling, improvements, etc. Others include in their aims, along with the execution of building operations, the acquisition of land and the erection of homes for their members, the letting of houses, the production and preparation of building material, and so on. Working co-operative societies of the simpler kind, which do not command any material resources, can only carry out building operations when the municipality, the State, the housing society, or other employer, in allotting the contract, also places at their disposal the means of carrying it out: tools, scaffolding, plant, machinery, building material, etc.; and there are societies, which are entirely independent socialized building concerns, only differing from private concerns in the fact that, instead of an individual private contractor, a larger or smaller number of workers are the owners of the means of production.

Almost all the societies are constituted on a "public utility" basis. The capital, which, as a rule, is raised among the workers themselves by the issue of share-certificates, is in almost all cases entitled to interest at a maximum rate of 5%. Surplus profits are placed to reserve or applied to development, and to some extent even spent on social aims, such as sickness, unemployment, and holiday allowances to members, etc.. The individual member has, as a rule, no claim on the assets of the society beyond the interest on his capital. The assets, in fact, constitute a fund for the good of the community. In the event of the dissolution of the society these assets are not divided among the members, but must be applied to objects of public utility, such as the erection of small houses and the like. Up till now one of the weak points of the producers' co-operative societies has been the lack of adequate capital. Most building workers can only pay for their shares by instalments, so that capital accumulates very slowly. But even when the shares, which vary in the different societies between 100 and 1,000 marks, are fully paid, the total is not, as a rule, sufficient for the establishment of a large-scale building concern, for the provision of building material, or for the disbursement of wages pending settlement of accounts with the givers of the contracts. In spite of these great financial difficulties, several societies have already, in the short period of their existence, grown so greatly as to be able to give employment to over 700 workers.

#### MUNICIPAL BUILDING

In some towns not only have producers' co-operative societies been set up, but building operations have also been

carried out by the municipality. The town of Neukoelln, for instance, established its own building concern in the summer of 1919. It not only carries out its own excavating, brick-laying, timbering, roofing, painting, glazing, tiling, and locksmiths' work, but has erected a carpenter's shop, which employs more than a hundred workers in supplying the requirements of the town. As long ago as February 1920 this municipal concern had in hand underground railways, factory light-railways, bridges, etc., to the amount of about fifty million marks. The wages it is paying in 1920 amount to about twenty-five million marks. Originally it was a purely municipal undertaking, which, according to a report of municipal architect Zizler, had proved quite successful. On the proposal of the National Union of Building Workers, it has now been converted into an independent municipal Building Association, from which even more favourable results are expected than from purely official management. An extensive right of sharing in the management of this undertaking has been given to the workers, in order to strengthen their sense of responsibility and their pleasure in their work.

Similar undertakings to that at Neukoelln have been established, or are in course of establishment, at Remscheid, Solingen, and other places. The advantage of the municipal concern is that the whole of the surplus value created goes to the benefit of the town, whereas, when work is given out to co-operative societies, part at least of the profit goes to the society. It is also an advantage that such concerns can be organized on a large scale directly out of public funds, and that they do not have to contend with the great financial difficulties which confront the co-operative societies.

#### DR. WAGNER'S PLAN IN PRACTICE

A socialized building undertaking of an altogether peculiar kind is the Builders' Lodge Socialized Building Association in Berlin (*Bauhütte Soziale Baugesellschaft m. b. H. in Berlin*). It has been constituted substantially on Dr. Wagner's scheme, and will be the model for further socializing experiments on that scheme. The capital of one million marks has been provided by the Marches Homesteads (*Märkische Heimstätte*), "public utility" Building Society for Greater Berlin and the Province of Brandenburg. As the *Märkische Heimstätte* is itself a foundation of the Prussian Government, the province of Brandenburg, and the municipality of Greater Berlin, the *Bauhütte* is really a State and municipal undertaking. The Prussian State, the province of Brandenburg, and the muni-

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(3) See the *Proceedings of the Conference of Directors of Socialized Building Concerns*, mentioned above, on p. 15, Note 2.

cipality of Greater Berlin have, indirectly through the *Märkische Heimstätte*, provided a number of manual and brain workers in the building trade with the means of exercising their calling. The concern is jointly administered by representatives of the bodies who have supplied the capital, i.e. the State, the province, and the municipality, and by representatives of the manual and brain workers in the building trade. It is entirely independent of the National, provincial, and the municipal Parliaments. The managers are subject to a Board of Control, constituted as to three-fourths of representatives of the bodies supplying the capital, and as to one-fourth of representatives of the manual and brain workers employed. The business is conducted by a Board of Directors for which, in addition to the managers, only representatives of the workers and the employees concerned are eligible.

The Board of Directors is the mandatory organ of the shareholders' meeting. It decides all questions relating to the engagement and dismissal of employees and workers, to fixing of salaries and wages, to the drawing up of work regulations, to the signing of contracts, to business and credit transactions in excess of a certain amount, etc.. The supreme authority is the shareholders' meeting, which represents the organizations supplying the capital. The shareholders' meeting is the only body authorized to accept the annual balance sheet, to discharge managers and Board of Control from their responsibilities, to elect the Board of Control, or to wind up the company. The net profits are disposed of in the following way. From one-twentieth to one-tenth must be set aside as a reserve fund. Out of the balance, interest at a rate not exceeding 5% is payable on the capital. A further 5% is paid to a Welfare Reserve Fund, applicable at the discretion of the Board of Directors; 20% may be applied to improvements, and the balance is divided among managers, workers, and employees, in proportion to their yearly salary or wages.

An undertaking organized on precisely similar lines is the *Bauhütte für Pommern*, with offices at Stettin. Here, however, it was not the State or the municipality which founded the society and supplied the capital, but the Public Utility Company for Employees' Homes (*Gemeinnützige Aktiengesellschaft für Angestelltenheimstätten*), backed by the Employees' National Insurance Institute; the funds of the latter are derived from employees' insurance contributions. In the Pomerania *Bauhütte* the rights of the manual and brain workers are slightly wider, and the rights of those who contribute the capital, slightly more restricted, than in the Berlin *Bauhütte*.

Another socialized building concern, planned on Dr. Wagner's scheme, has been established at Frankfurt-on-Main. Here the principal contributor of capital is again the Public Utility Company for Employees' Homes; in addition,

the city of Frankfurt and the Frankfurt trade unions also participate as founders and as contributors of capital. The funds have been raised by the Frankfurt District Union of the National Union of Building Workers, by means of a single levy on all its members, amounting to one day's wages (42 marks), payable within a year.

The establishment of a very large-scale building concern, organized on the model of these *Bauhütten*, is also contemplated for the purpose of erecting miners' houses in Rhenish Westphalia. The builders' unions have proposed the application for this purpose of a sum of five million marks out of a fund formed by raising the price of coal under an Order of the Federal Government, to be earmarked for the building of miners' houses. Negotiations for the foundation of this association are not yet concluded. Negotiations for the foundation of similar undertakings, out of the same fund and out of municipal funds, are also in progress at Breslau and in the Silesian industrial district. In other parts of the country negotiations are on foot for the foundation of large socialized building concerns.

#### THE FEDERATION OF SOCIALIZED BUILDING CONCERNS

Building workers in Germany and their unions, finding the socialization of the building industry by means of nationalization and municipalization too slow, have adopted self-help on a very large scale. In February 1920 the Executive Committee of the National Union of Building Workers convened managers of existing socialized building concerns to a conference at Hamburg. This conference decided to establish an association of socialized building concerns. The Executive Committee of the National Union of Building Workers was entrusted with the preliminary work. At its congress held at Karlsruhe in May 1920 the National Union voted the sum of five million marks out its funds for the promotion of the socialization of the building industry, and in addition recommended the promotion of local funds for the cause of socialization. Local and district unions were encouraged to form new socialized building concerns, jointly with municipalities, district and provincial authorities, the States, and public utility societies.

Eventually the Union of Technical Employees and Officials and certain other unions in the building industry, at their general meetings, defined their attitude towards the socialization of the building industry and voted funds for the purpose. The Federation of Socialized Building Concerns was thereupon established on 16 October 1920 by ten unions of workers in the building industry and a number of socialized building concerns. The instrument constituting the Federation defines its objects as "the establishment and

promotion of public utility, co-operative, and other building concerns not carried on for private profit". The capital of the Federation is five million marks.

By establishing this Federation the unions of manual and brain workers in the building industry, as representatives of the whole body of building workers in Germany, have set themselves to carry out the socialization of the building industry in Germany. In the Federation of Socialized Building Concerns they have created that great self-governing body, whose task it will be to carry out the further socialization of the building industry and later, under the authority of the State, probably to direct socialized production. German building workers will prove themselves capable, in spite of all untoward circumstances, of producing something by their own efforts for the benefit of the community. They will not be wanting in the self-sacrifice necessary for the further work of socialization. If Federal Government, States, and municipalities also do their part to promote this young community movement according to their powers, the peaceful organic transformation of the present capitalistic building industry into a socialized industry is only a question of time.

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