

Summary

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Housing Inferno: Rent Control System in Southeast and East Central Europe, 1914-1930.

Housing rent control system (RCS) represents a specific form of state intervention and price control in the market, with the projected aim of protecting tenants-lessees from abuses and (unjustifiably) high prices imposed by landlords. Until recently, RCS and the institute of protected tenancy were considered relatively contemporary phenomena, but research by Konstantin Kholodilin suggests that the antecedents of implementing these measures date far back into the past encompassing episodes from ancient history, the Middle Ages, absolutism, and the early modern era. However, in the modern capitalist era, only one instance of state intervention into contractual relations between landlords and tenant-lessees has been noted. This occurred during a brief moratorium on the payment of residential rents imposed in bombarded and besieged Paris during the Franco-Prussian War of 1870-1871. Besides this case, modern European societies, during the prosperous Belle Époque period of capitalism, had no experience with any form of institutional control over contracted relations between landlords and tenants within residential leases.

Decades before 1914, residential leasing was the predominant form of securing a “roof over one’s head” in all European countries and regions. The relative stability of European capitalism ensured the long-term consistency of the regime, up until August 1914, when the very foundations of the residential leasing system underwent serious upheavals. During the so-called Great War, widespread patriotic euphoria and manifestations of solidarity with families of soldiers on the front lines, as well as heightened social tensions on the domestic front, prompted governments across Europe to intervene in residential relations. Sooner or later, in all belligerent and many neutral countries, residential leases were placed under state control. In this manner, for the first time in history, the RCS was introduced into the structures of capitalism on a global scale.

The dynamics of state intervention in housing policy across Southeast and East Central Europe paralleled the aforementioned global developments. The observed similarities in the escalation of state intervention have been employed to codify legislation through developmental typol-

ogies and the application of leximetric comparative methods as delineated in this book. From this comparative perspective, it becomes evident that, alongside the mentioned similarities, the dynamics of state intervention development in these European regions exhibit distinct characteristics within both European and global contexts. This assertion holds true, particularly when excluding the exceptionally drastic experience of Soviet state policy. With this significant exception, countries within Southeast and East Central Europe encountered the highest degree of state intervention in Europe. This highest level of interventionism, within the mentioned typology, is encoded as stage 5 (on a scale of 1 to 6), which, alongside fully developed universal RCS, includes (forced) requisition of housing resources.

On the other hand, countries of Southeast Europe were also among the first in Europe to return to the pre-war *laissez-faire* model in housing policy. Consequently, this region experienced the highest degree of statism and one of the most rapid transitions back to a liberal economic model, thereby presenting a unique peculiarity. Unexpectedly, Yugoslavia and Bulgaria returned to a market economy regime earlier than was the case with Western and Central European countries. Interwar Bulgaria returned to the freedom of contractual relations between tenants and landlords earlier than the state of New York in the United States. This should not be attributed to a particular ideological commitment to the model of economic liberalism on the semi-periphery of Europe; rather, it stemmed from the fact that these predominantly agrarian countries lacked a compelling imperative to address the living conditions of urban populations. Additional context contributing to the quicker return to a liberal economic model in housing relations in this part of Europe is, paradoxically, related to political upheavals. The coups d'états in these countries, during which political rights of citizens were partially or completely suspended, aided in abolishing statism in the economy. The retreat of elements of political liberalism contributed to the reconstitution of structures of economic liberalism.

The significance of mass politics, emerging as a phenomenon following World War I, warrants consideration when evaluating the impacts of the first generation of rent control systems during that era. Moreover, the widespread support for tenant protection schemes across a spectrum of political ideologies, ranging from extreme left to staunch right, should be contextualized within the framework of universal suffrage and mass politics. In New York State, it garnered backing from both Democratic and Republican factions. In Czechoslovakia, it received endorsement from the

entire Pentarchy, comprising socialists, conservatives, and agrarians. In the pre-election campaign in Poland, conservatives sought to demonstrate their alignment with tenants, contrasting themselves favorably against socialists who spearheaded an organized tenant movement. In Yugoslavia, the interests of tenants found representation across a spectrum of political affiliations, ranging from far-left to conservative and liberal-leaning parties. In Bulgaria, rent control received nearly unanimous support at the conclusion of the war and the onset of the interwar period. Employing contemporary terminology, such endorsement might be characterized as unprincipled and non-ideological, reflecting a form of populist rationale. The prevailing perception suggests that the adverse ramifications stemming from the prolonged implementation of measures associated with the first generation of RCS imply that this policy was adopted primarily due to initial necessity followed by popular demand, rather than through deliberate and purposeful planning.

In terms of the social purpose and economic ramifications associated with implementing RCS across our four countries, the conclusions drawn in this book align closely with the predominantly negative evaluations already established within the realms of economics and social sciences regarding the first generation of those measures. While arguably warranted within the immediate context of wartime and post-war crises, the protracted enforcement of these state policy measures has disrupted the real estate market and strained the relationships between housing resource owners and (potential) tenants. Instances of tenant rights abuses and pervasive corruption among state officials overseeing the implementation of housing policy measures have not only undermined the foundational objectives of legislation but have also fostered the emergence of a parallel semi-legal and illegal rental market. Within this parallel market, the central figures shifted from property owners to protected tenants, who held tenant rights. Consequently, the focus of market transactions shifted from property leases to the transfer of occupancy rights.

The normalization of this upheaval in Yugoslavia, Poland, and Czechoslovakia during the 1920s was emblematic, as evidenced by newspaper advertisements offering the sale of tenant rights for cash. However, this illicit practice of transferring tenant rights bears resemblance to the institution of key money, which was commonly levied as a form of unofficial payment within lease contracts across various systems of the first generation of RCS. Notably, this practice was observed even within legal frameworks of countries characterized by advanced rule of law standards, including France, Great Britain, Israel, Sweden, and others. Hence,

this pertains not to presumed inherent anomalies specific to societies situated on the periphery or semi-periphery of Europe, but rather to the repercussions stemming from the implementation of a system present in all observed countries where this form of state intervention was adopted. Tenant rights have consistently served as a focal point for abuse, among other considerations.

Instances of misconduct by state officials were paralleled by abuses perpetrated by protected tenants, resulting in a system characterized predominantly by extortion, corruption, and frequent occurrences of violence between conflicting parties, particularly in Bulgaria and Yugoslavia. The adverse outcomes stemming from the implementation of the first-generation RCS in these nations underscore the constraints posed by the material and social capacities of their respective societies. Insufficiently remunerated administrative personnel struggled to cope with the substantial demands imposed upon them. During the 1920s, the residual purchasing power of state officials' incomes in Yugoslavia and Bulgaria notably declined in comparison to their pre-war earnings, placing them behind other societal strata in terms of financial resources. Consequently, such under-resourced state administrations were ill-equipped to serve as reliable agents for executing large-scale state intervention projects within the real estate market of these countries. In contrast, in Czechoslovakia, where the relative purchasing power of state officials was more favorable, instances of corruption and abuses related to RCS were not as prominently featured in the records of tenant-landlord organizations as observed in Bulgaria and Yugoslavia.

The phenomenon of tenant and landlord interest-group organization in the four countries closely mirrored contemporary trends observed in other European nations. Across all four nation-state contexts, these organizations emerged from the labor movement and the organizational sphere of leftist parties, with their leaders and organizers frequently affiliated with either communist or socialist parties. However, in subsequent development, established tenant organizations gradually distanced themselves from this political influence, particularly during the first half of the 1920s, evolving into independent interest groups. The impetus for this autonomy stems from the previously mentioned unprincipled support garnered from representatives of nearly all political factions within legislative bodies. Interest groups representing tenants only re-engaged in active politics during the latter half of the 1920s, with some participating in local or national elections. This process unfolded with limited success and without affiliations with leftist parties.

The global ideological schism between communists and social democrats, delineating the revolutionary and reformist (evolutionary) trajectories within the international labor movement, was reflected in their respective stances on housing issues. Social democrats advocated for the stringent enforcement of requisition measures and rent control, whereas communists endorsed the expropriation of all housing resources within society and their allocation to those in need. These divergent ideological positions of the left influenced the political activities and propaganda of socialist and communist factions in the four countries under examination. Although this doctrinal disparity persisted throughout the interwar period, in the realm of concrete political competition and tactical maneuvers, communists and socialists frequently incorporated elements of each other's agendas.

Landlord organizations encountered fundamentally analogous challenges across all four countries, characterized by restrictions imposed on their property rights and compounded by processes of social and political marginalization. Once esteemed as bastions of social stability and 'a pillar of society', the landlord class now grappled with feelings of injustice and impotence in the face of unscrupulous political factions, relentless housing authorities, and pervasive state intervention. Expressions of discontent articulated by landlords in Prague, Belgrade, Sofia, and Warsaw exhibited striking similarities, extending to the level of metaphors and fundamental vocabulary employed. Particularly pronounced was the invocation of constitutional principles safeguarding property rights, notably in Bulgaria and Czechoslovakia, where constitutional provisions lacked socio-economic clauses sanctioning state interventionism and limitations on property disposal freedoms.

Interest-group organization also formed the basis for tripartite arbitration implemented into legislation governing tenant protection in Czechoslovakia, Yugoslavia, and Poland. Tripartite arbitration played a significant role in transitional institutions, as delineated by Charles Maier in his influential study on the "transformation of European capitalism" during the post-World War I era. Additionally, Maier asserts that this arbitration mechanism decisively contributed to mitigating class tensions in Germany, Italy, and France. The mediation process involved an equitable representation of workers' and employers' interests, alongside a government official who primarily adjudicated disputes pertaining to wages or working conditions. In Germany, this institution is regarded as a distinctive formalization of strikes, wherein production continuity is ensured through the arbitration process. Consequently, negotiations persist, ad-

dressing urgent class issues on the fly, while enterprise operations remain uninterrupted. Tripartite councils were established in Germany at the level of individual labor organizations, as well as regionally and nationally for certain branches of production. Conceived and advocated for by social democratic parties, these tripartite councils served as their response to communist soviets.

This fundamentally socialist system of interest representation underwent a distorted transformation within Italian fascism, manifesting through the establishment of national corporatism across various sectors of production and activity. With the elimination of the class-based nature of interest representation in Mussolini's Italy, representatives from both sides were appointed by the fascist party. This intricate backdrop necessitates consideration when examining the issue of tripartite arbitration within housing relations in our four countries. Within this context, it becomes apparent that housing commissions in Yugoslavia, Warsaw, Prague, and Belgrade reflect broader disruptions in the European social relations system and perceptions of property, as well as the fundamental dynamics between the state, capital, and labor force.

The specific manifestation of administrative and political clientelism observed within the ad hoc housing committees in Yugoslavia and Bulgaria reflects a broader pattern of party loyalty and clientelism inherent within the state administration of these countries. The concept of party employment and political allegiance traces back to the inception of administrative structures in these nations and persists to the present day. In our particular scenario, senior state officials were allocated requisitioned apartments by provisional housing authorities, who concurrently determined the amount of compensation, in the form of rent, to be remitted to the owners of these apartments. Frequently, members of these committees were both administratively and politically subservient to individuals who relied on their decisions as protected tenants. It was improbable for such representatives of housing authorities to make decisions contrary to the interests of individuals effectively holding authority over them. Within this framework, the Bulgarian and Yugoslav cases exemplify a distorted model of client-patron relationships. Specifically, the conventional model of political clientelism involves the allocation of public goods as a favor bestowed by the patron upon their clients. In contrast, here, the dynamic was reversed; clients provided housing to their patrons.

The evolution of RCS into a predominantly non-ideological, populist mainstream political project during the 1920s does not preclude the existence of critics. Notably, criticisms emerged from disparate ideologi-

cal perspectives, evident in the convergence of critiques from Czechoslovak or Bulgarian communists and Friedrich Hayek, a prominent advocate of economic liberalism. Both Hayek and the communists identify numerous social categories disadvantaged within the framework of the tenant protection system. Specifically, the RCS primarily caters to individuals residing in leases subject to state-fixed prices and terms, leaving other segments of the population, particularly those actively seeking housing, at a disadvantage. Such individuals are compelled to enter into costly subleases with protected tenants or illicitly acquire tenant rights from them. Additionally, communists highlight the plight of presently unemployed workers who, despite their circumstances, are not afforded any protection under the RCS. The relative success of the second generation of RCS likely stems from the fact that it was less populist in design and its equitable consideration of the interests of both parties involved in housing relations.

The broader conceptual framework of this book is established to elucidate the ideological, theoretical, social, and political factors that influenced state intervention in the housing sector. An innovative lexicometric method has been employed to encode and quantify legal categories, facilitating the comparison of various policy models across different states and regions of Europe. Additionally, econometric techniques were utilized to evaluate the residual purchasing power of controlled rent and the purchasing power of salaries of state employees. These assessments indirectly shed light on the expected level of administrative responsibility from government officials, as well as the extent of depreciation of landlord income resulting from state intervention measures. However, it is only at the micro-historical level that the individual and personal dramas unfolding within the relationships between tenants and landlords become evident. It is within this context, characterized by persistent conflict, harassment, and discord, that the true dimensions of the housing challenges depicted by the Belgrade press emerge. Documented instances of physical violence and even murder represent extreme manifestations of the traumatic everyday experiences within the conflict-ridden relationships between tenants and landlords.

At this point, I would like to underscore a formal, conceptual, and terminological aspect of significance in approaching the phenomenon addressed in this book. The analysis presented in the preceding chapters indicates that the position of tenants within the framework of the application of the universal RCS between 1914 and 1930 should be contextualized within the institution of tenant law. Namely, in Serbian and post-Yugoslav context, it is customary to associate the concept of tenant law sole-

ly with “tenant right holders” from the era of socialist Yugoslavia. However, the longstanding tenant protection systems of the first and second generations establish the foundation for applying the concept of tenant law to them, as elucidated in this book.

In conclusion, it is my aspiration that this book effectively addresses the research gap evident in studies of housing relations and housing policy within regional historiographies. Furthermore, I aim for this book to contribute to the resurgence of interest in the exploration of economic and particularly social history within regional scholarly endeavors. Delving into issues of social and economic structures inherently leads to the elucidation of the intricate interplay of influences and interactions among society, economy, and politics, thereby fostering a more comprehensive understanding of historical processes and phenomena. It is increasingly evident, both within regional and global historiographies, that social history is dwindling, with fewer studies focusing on topics within this domain. This decline may be attributed, in part, to prevailing neoliberal discourses that have marginalized the study of social history, often associating it solely with Marxist criticism of social structures. I hope that this monograph will serve to underscore the feasibility of conducting social history research devoid of ideological bias, thereby facilitating an inclusive examination that encompasses perspectives spanning from (neo)liberal, leftist, extreme-left, to conservative interpretations of phenomena, along with critical analyses of each ideological framework.