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Financing the Golden Age of Irish Social Housing, 1932-1956 (and the dark ages which followed)

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Abstract

The period from the early 1930s to mid-1950s was the golden age of social housing in the Republic of Ireland. During these three decades social housing accounted for 55 per cent of all new housing built and the proportion of Irish households accommodated in this sector increased to an all-time high of 18.6 per cent by 1961. Unlike the rest of Western Europe the expansion of Ireland's social housing sector did not coincide with a golden age of welfare state expansion. Indeed the Ireland's social housing sector began to stagnate and contract just as its welfare state commenced a late blossoming in the 1970s. This paper looks to financing arrangements to shed light on these atypical patterns of social housing sector expansion and contraction. The argument offered here is that initially the arrangements used to fund social housing in Ireland were very similar to those used in the other Western European countries which constructed large social housing sectors during the twentieth century. However, as this century wore on, the influence of the socio-political pressures which has constrained the growth of the wider Irish welfare state came to bear on the model used to fund social housing and precipitated the end of its golden age.

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The period from the early 1930s to mid-1950s could be regarded as the golden age of social housing in the Republic of Ireland. During these three decades 112,144 additional social rented dwellings were provided which accounted for 55 per cent of all new housing built in the State (Norris, 2016). As a result, the proportion of Irish households in social housing increased to an all-time high of 18.6 per cent by 1961 and for the first time significant progress was made in clearing the extensive and wretched slums which had heretofore blighted the inner areas of most Irish cities and towns (Central Statistics Office, various years; O'Connell, 2007). The Irish social housing sector never again regained these highs in terms of housing output or size of the tenure. Social housing output accounted for 31 per cent of total housing output during the 1960s and its share of output continued to contract steadily during the decades which followed to 10.8 per cent of output by the 2000s (Department of Housing Planning and Local Government, various years; Department of Local Government, various years). Partially for this reason, the proportion of households accommodated in social housing has declined steadily since the 1960s to 9.7 per cent by 2016 (Central Statistics Office, various years).

Social housing provision also expanded radically in many other Western European countries in the mid-twentieth century (albeit not uniformly - Southern Europe is an exception) (Allen *et al.*, 2004). However, the golden age of social housing in the rest of Western Europe generally started and finished later than its Irish counterpart; was inspired by different factors and also delivered by different organisations (Scanlon, Whitehead and Arrigoitia, 2014). In most other Western European countries extensive damage to dwellings after World War II and the need to provide homes for returning solders and growing populations as a result of post-war baby boom, inspired governments to intervene directly in housing by subsidizing social housing provision. Whereas these were not significant concerns in Ireland which was neutral and largely physically unscathed by World War II and experienced population decline throughout the first half of the twentieth century. Until recently almost all social housing in Ireland was delivered, owned and managed by local government, but apart from the United Kingdom, this model was rarely used elsewhere. In the rest of Western Europe social housing was provided by the independent, non-profit sector organisations (eg. cooperatives in Denmark, housing associations in the Netherlands and Austria), quasi-governmental municipal housing companies (in France and Sweden) or less commonly the private sector (Germany) (Scanlon, Whitehead and Arrigoitia, 2014). In most of Western Europe the golden age of social housing also paralleled the golden age of welfare state expansion and both developments were inspired by similar political economy factors in terms of the so called 'grand bargain' between labour and capital and the social democratic political movements and ideology and the industrialized, 'Fordist' economy which shaped this settlement (Harloe, 1995). This was not the case in Ireland where social housing was one of the few elements of the welfare state established under British rule at the turn of the nineteenth century which expanded during the decades after Ireland seceded from the UK and established the independent Irish state in 1922 (Norris, 2016; Powell, 2017). In terms of the population coverage and the generosity of services and cash benefits, the Irish social security, healthcare and education systems saw only minimal expansion between 1921 and the late 1960s, when Ireland finally experienced a late rush of welfare state expansion. Social policy analysts link this atypical pattern of welfare state development to Ireland's economic underdevelopment until the late twentieth century and to its strongly rural population structure which weakened the influence of (generally urban focused) social democratic political movements and strengthened the influenced of the (strongly anti-statist until the 1960s) Roman Catholic Church (eg. McCashin, 2004; Dukelow and Considine, 2017; Powell, 2017). However, these accounts fail to explain why the Irish social housing sector expanded in the 1930s, 1940s and 1950s, when the wider Irish welfare state didn't? And why the expansion of the former faltered, just as the growth of the latter accelerated?

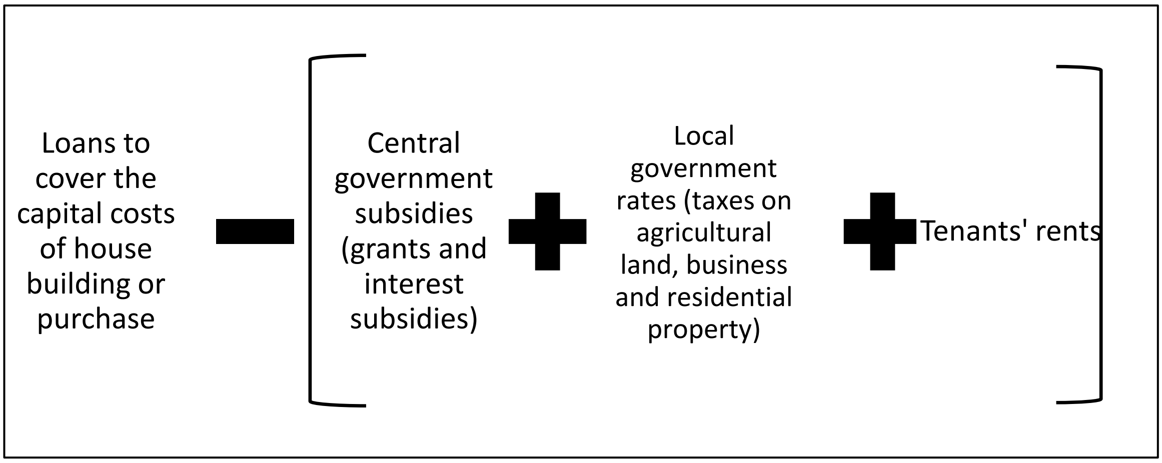
This paper looks to arrangements for financing social housing for an answer to these questions. The availability of finance is obviously an important consideration in the provision of all welfare state services and social security benefits, however the particular features of housing mean that paying for its provision to low-income households is especially big challenge for governments. This is because housing is what economists call a 'lumpy good' - although it is consumed over a long period, it is expensive to construct or purchase and these costs must almost always be paid 'up front' in full at the time of initial provision (Ryan-Collins, Loyd and Macfarlane, 2017). Thus while historic social housing policy and provision trends were shaped ideology, politics, the housing market and economy and many other factors, finance was also a particularly important influence (see: Fraser, 1996; O'Connell, 2007; McCabe, 2011; Norris, 2016 for discussions of these other influences in the Irish case). The argument offered here is that the funding arrangements also played an important role in enabling the golden age of social housing in Ireland. These key features of these arrangements were established prior to Irish independence and they were very similar to the methods used to fund this sector in the UK and the other Western European countries which constructed large social housing sectors during the twentieth century. However, as this century wore on, the influence of the socio-political pressures which has constrained the growth of the wider Irish welfare state came to bear on the model used to fund social housing. The changes to the funding model introduced in response to these pressures precipitated the end of the golden age of Irish social housing and a reduction in the proportion households accommodated in this sector.

The discussion of these issues presented here is organized into four further sections. The next section sets out the context for the analysis in terms of the model used to fund social housing which emerged prior to Irish independence and the other distinctive early features of this sector which influenced its long term trajectory. This is followed by two sections which discuss the finance related reasons for the initial contraction in social housing output after Irish independence in the 1920s and then the financing reforms which enabled the dramatic increase in output between the 1930s and 1950s. The next section then considers the reforms which slowly undermined the financial sustainability of this funding model during the latter period and precipitated the marked output in relative terms during the decades which followed (the 'dark ages' referred to in the title of this paper).

I

Prior to Irish independence separate social housing legislation and funding arrangements were employed for Ireland and Britain and government got involved in financing social housing in the former somewhat later than the latter. Ireland's first significant social housing legislation - the 1866 Labouring Classes (Lodging Houses and Dwellings) Act - was copied from 1851 British legislation (the two "Shaftesbury Acts" of that year) and applied to Ireland in response to a series of disease epidemics in Dublin (Fraser, 1996). The arrangements for funding social house building and purchase which emerged when this time remained *broadly* the same until the mid- 1980s. The capital costs of buying or building social housing was funded by loans which were repaid using a mix of subsidies from central government, the proceeds of local taxation (called rates which were levied on business premises, residential dwellings and agricultural land) and the rents paid by social housing tenants (see Figure 1). However, as explained in later sections of this paper, the *details* of the arrangements used to fund social housing in Ireland changed significantly between the late nineteenth and early twentieth centuries, and these changes had a very significant impact on social housing supply.

Figure 1 Arrangements for Funding Social Housing Provision, early 1880s-mid 1980s.



Two further features of the Irish social housing system emerged at this time which are significant from the perspective of the discussion at hand: the municipalisation of the sector as local authorities took over from charities and the private sector as the main providers of social housing and the strongly rural focus of early social housing provision. These features are important, firstly because they contrast with the norm in neighbouring countries and secondly because they strongly influenced the long term trajectory of the Irish social housing sector (Pooley, 1992; Norris, 2016).

Reflecting the anti-statist, laissez-fare views which were dominant when governments first became reluctantly involved in funding social housing providing, the early legislation on this sector in both Ireland and Britain, envisaged that charities and the private sector would be its primary providers and government would do so only as a 'last resort'. In both countries, local government had become almost a monopoly provider of social housing by the early twentieth century, but different factors inspired this development in Britain and Ireland. While both employers and charities provided a reasonably substantial social housing supply in Britain, industrial underdevelopment in the south of Ireland limited the potential for the former to supply housing and, with the notable exception of the Iveagh Trust (which was established in 1890 to house Dublin's poor with the help of a donation from the Guinness family) the non-profit social housing failed to expand sufficiently to meet need (Aalen, 1992; Power, 1993). Daly (1984) links the weakness of the Irish philanthropic housing sector to the small size and politically fractured (ie. between nationalists/ unionists - political categorisations which strongly overlapped with Roman Catholicism/ Protestantism) nature of Dublin's socio-economic elite (the only section of society with the resources necessary to establish social housing charities). Semi-philanthropic organisations, which provided a modest return for investors in social projects, proved a better source of social rented housing in Irish cities – by 1914 they provided 4,500 dwellings or 15 per cent of the housing stock in Dublin. However, in both Britain and Ireland the model proved economically unsustainable and many Irish organisations of this type went bust during the 1907 housing slump (Fraser, 1996). These organisations were also criticised by politicians and social reformers because of the high level of rents charged. At this time social housing tenants' rents reflected the cost of providing the dwellings (this system of 'cost rents' is the standard approach used for social housing rent setting in Western Europe both historically and in the present day) but the rents semi-philanthropic organisations charged to cover housing development loan servicing, housing management costs and investors' dividends, were unaffordable to all but the most comfortable sections of the working class (Power, 1993). In Ireland this practical concern to meet the housing needs of poor households, together with the increasingly nationalist dominated urban local authorities' desire to provide services for their voters following the extension of the franchise to non-property owners, encouraged city and town councils to take over provision of social housing (Fraser, 1996). In contrast in Britain social democratic ideology and political movements, particularly the nascent Labour Party's strong ideological commitment to government solutions to social problems, drove municipalisation of social housing (Yelling, 1995).

The rural focus of early social housing provision in Ireland was not shared with Britain or the rest of Western Europe because it was shaped by the distinctively Irish set of socio-economic and political circumstances which prevailed when the social housing sector emerged, specifically: popular discontent with the rural landowning system, its interlinking with Irish nationalist politics and the UK government's attempts to grapple with these pressures (Fahey, 2002). Most Irish farmland was owned by aristocratic landlords, who were mainly Protestant and unionist in political outlook and rented to tenant farmers who were mainly Catholic and increasingly nationalist. The latter's discontent with this landholding system sparked the establishment of a social movement of unprecedented scale called the Land League in the late nineteenth century and its cause was eagerly adopted by Irish nationalist politicians (Marley, 2007). Hoping to defuse the tensions arising from this cleavage, the British government introduced a series of 'Land Acts' during the late 19^{th} and early 20^{th} Centuries which initially regulated the letting of farmland and then, enabled and finally subsidised a full-scale buyout of land-holdings by the tenantry (Clark, 1978). When the first major Land Act was introduced in 1870, some 800 landlords owned half the country and fewer than three per cent of farmers owned the land they farmed but by the establishment of the independent Irish state in 1922 two thirds of tenant farmers' land holdings and 11 million acres had been transferred from landlords to tenant farmers (Aalen, 1993). Rural social housing was a knock-on outcome of land reform. In legislative terms this was literally the case - the first rural social housing subsidies were introduced by the 1881 Land Act, and then extended or amended in a series of 'Labourers Housing Acts' introduced in a lagged sequence following each Land Act (Fahey, 2002). In political terms Norris and Fahey (2011 pp. 461) argue that rural social housing was a "'consolation prize' to the rural working class which was excluded from the benefits of land reform but was politically significant enough not to be ignored entirely". Social housing provision also addressed the practical challenge of who would house the large farm labourer population in the absence of the agricultural landlords.

The pressures resulted in the introduction of much higher subsidies for rural social housing than for its urban counterpart. Commercial borrowing (from banks or sometimes bond issues in the case of large urban local authorities) provided the primary capital for social house building at this time, but public loans to contribute to the cost of providing rural social housing were introduced by the 1881 Land Act. The 1891 Land Act established a fund to subsidise the building of rural social housing which according to Fraser (1996) was the first direct central government social housing subsidy in western Europe. The 1906 Labourers' Act extended the generous public loan terms available to tenant farmers at this time (which were repayable at 3.25 per cent interest over 68.5 years) to social housing development, increased the rural social housing fund and, most significantly, specified that central government would meet 36 per cent of the loan repayments. In contrast public loans were not available to enable urban local authorities in Ireland build social housing on slum clearance sites until 1885 and these extended to greenfield sites only in 1890. No public subsidy for urban social housing provision was made available until the 1908 and this was far less generous than that available for rural social house building in Ireland at this time (but notably predated the introduction of a similar subsidy for social housing in Britain by eleven years) (Cole and Furbey, 1994). To ensure that the higher rural subsidies for rural social housing would not 'leak' into urban provision, government employed a bipartite legislative regime – as mentioned above, the Labourers' Housing Acts governed rural social housing while a series of Housing of the Working Classes Acts governed housing provided by municipalities in towns and cities. Analysis of output under the terms of this legislation reveals that between 1887 (the first year for which data are available) and 1914 (when production largely ceased at the outset of World War II) Irish local authorities had provided 45 000 social rented dwellings while their British counterparts had built only 24,000 units. 82 per cent of the Irish social housing units were in rural areas, compared to only 2 per cent of the social housing provided by British local authorities (Fraser, 1996; Malpass and Murie, 1999).

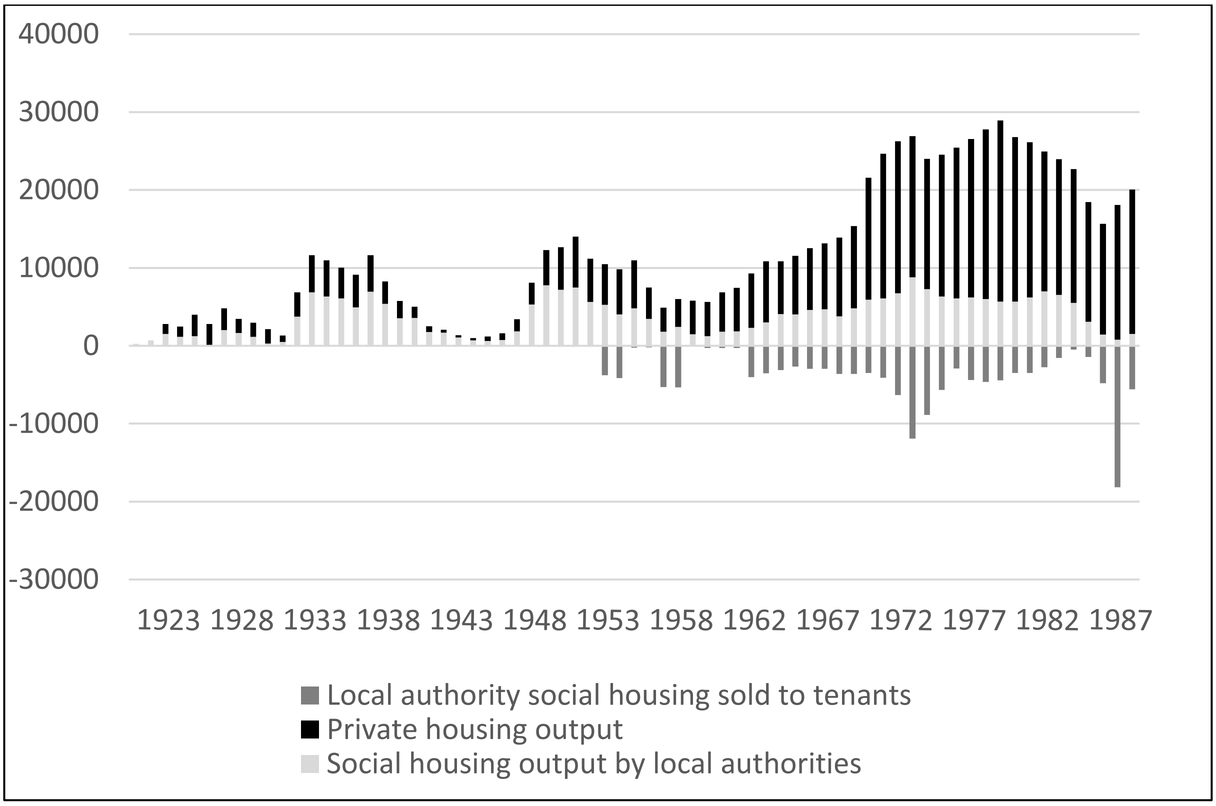
II

Following the establishment of the independent Irish state in 1922 prospects for the social housing sector initially looked positive. One of the first acts of the government of the infant 'Irish Free State' was to establish a 'Million Pound Scheme' to fund house building by local authorities. Half of this fund came from a central government grant, 12.5 per cent from local taxation and the remainder from short term loans taken out by local authorities. This enabled the construction of 2,000 new dwellings by 1924, including a landmark estate at Marino in the northern suburbs of Dublin which was influenced by the British "garden city' design movement and also helped to reanimate the building industry which was dormant following World War I and the armed conflict which preceded Irish independence (Fraser, 1996) (see Figure 2).

Despite the fact that these dwellings were local authority provided (and recorded as social housing in Figure 2) they were rarely social rented for long. The vast majority were sold directly to applicants for social housing either for cash up front or in weekly instalments over a 40 year period similar to "annuity payments" system used in the land reform programme (Aalen, 1992). According to Fraser (1996) the decision to sell the Mario housing estate was driven by financial considerations - the relevant local authority had initially planned to rent them out, but couldn't afford to service the associated development loans if it did so do so.

Local authority provided social housing contracted significantly after the funding from million pound scheme was exhausted – only 32 new social housing units were provided in 1928, compared to the 1,231 built the year before and financing considerations were a key driver of this development (see Figure 2). This is because the 1924 Housing Act, abolished the exchequer interest subsidies on loans for social house building which had been introduced prior to independence and replaced them with social housing development grants which were set at the same level at those provided to home buyers (these funded approximately one sixth of average house building costs at the time) and were only available for urban social housing provision.

Figure 2 Social and Private Housing Output and Social Housing Sold to Tenants, 1923-1990.



Source: authors own canculations from Department of Local Government (various years) and Minister for Local Government (1964).
Note: data on sales of local authority social housing to tenants are only available for a limited number of years prior to 1965.

The 1924 Act also empowered local authorities to grant home owners remission from having to pay residential rates for several years their purchase of a dwelling. Further legislation in 1929 made the granting of rates remission compulsory. Since rates provided a key source of revenue for servicing social housing development loans and social housing development grants were far less generous than the interest subsidies they replaced, these two measures significantly undermined local authorities' ability to borrow to develop new social housing (Norris, 2016). As mentioned above, local government bond issues were traditionally used to fund social housing delivery by large urban local authorities but concerns about their creditworthiness made it difficult to sell stock at affordable rates of interest in the 1920s and 1930s (Corporation of Dublin, 1945). Rural local authorities relied on borrowing from commercial banks for housing related finance but the banks employed a cartel like structure (officially called the Irish Banks' Standing Committee) to co-ordinate their products, charges and lending terms and under these arrangements offered unattractively high interest rates and unaffordably short repayment terms of fifteen years for local government housing loans (Meghen, 1963; O'Connell, 2007). In the absence of adequate revenue from central government subsidies and grants, servicing these loans would have required local authorities to charge very high cost rents to tenants and, as a result, they raised no commercial loans for social housing development at all for seven years in the 1920s and 80 per cent of the social housing provided during this decade was funded by bonds issued by the municipalities responsible for the two largest cities – Dublin Corporation and Cork Corporation (Returns of Local Taxation, 1923/24-1929/30; Daly, 1997).

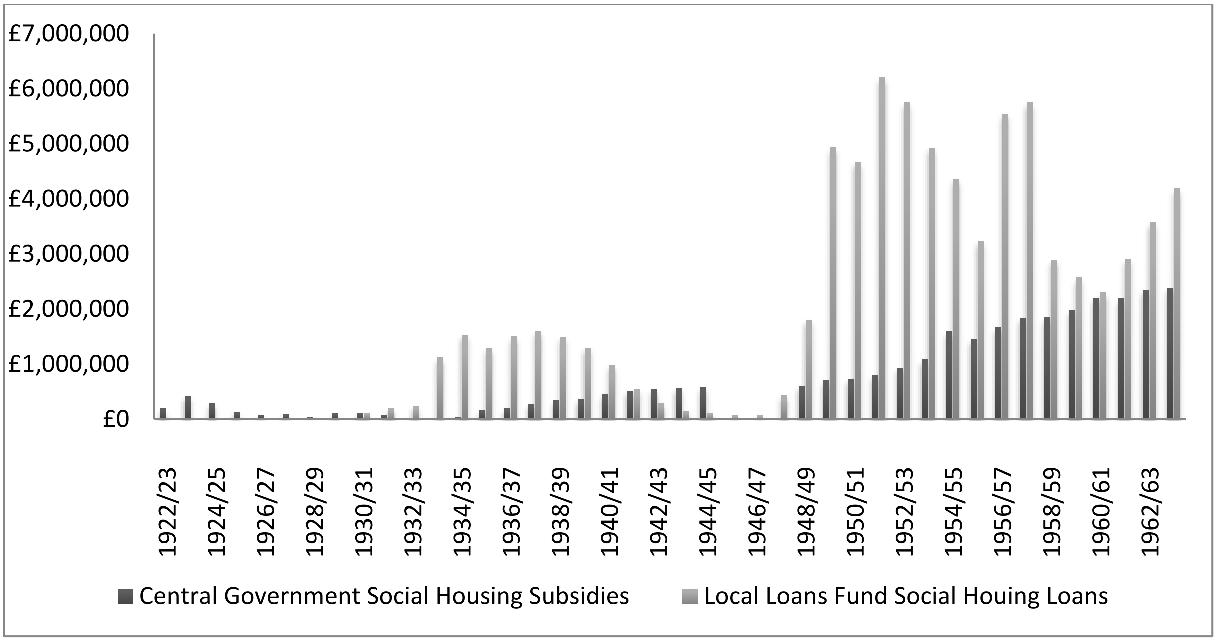
III

From the late 1920s these financial barriers to social housing provision were incrementally removed and (with the exception of the World War II period when shortage of materials and labour constrained construction) output of these dwellings reached unprecedented highs in relative terms (ie. per 1,000 inhabitants and as a proportion of total housing output) (see Figure 2).

This process commenced in 1929 when, following determined lobbying from local authorities, the fiscally conservative Cumann na nGaedheal party which governed from Irish independence until 1932, reluctantly granted *most* local authorities permission to borrow from the 'Local Loans Fund' (LLF) to finance social house building. The Local Loans Fund was financed by central government borrowing and had originally only financed major infrastructure spending (Daly, 1997). From 1929 the LLF financed 35 year loans for social housing provision which were fixed at the rate of interest which prevailed on the date of draw down and no repayments at all were due for the first two years of the loan (presumably to allow for the period when the dwellings were being built and attracted no rental income) (Meghen, 1963). This enabled most local authorities to recommence borrowing for social house building for the first time since independence and was a key driver of the marked increase in social housing output during the 1930s (see Figures 2 and 3).

The important role which Local Loans Fund borrowing played in increasing social housing output is evidenced by the fact that the lending limits initially set were soon exhausted and when the populist and more pro public spending Fianna Fáil party entered government in 1932 it quickly moved to expanded the size of the Fund and did so again on several occasions during the two decades which followed (Daly, 1997). In addition, the experience of the only two local authorities excluded from access to the LLF – Dublin and Cork Corporations – provides further evidence of its importance. They were forced to rely on bond issues to fund social housing development (and mortgages for home owners which was another major area of local government spending in the first half of the twentieth century) and fund raising crises were a regular occurrence, particularly in Dublin which achieved only half its target social housing output during the 1930s as a result (Corporation of Dublin, 1945; Daly, 1997).

Figure 3 Central Government Subsidies for Social Housing Provision and Social Housing Loans Drawn Down from the Local Loans Fund, per annum, 1922/23-1962/63.



Note: data are in Irish £ and in current prices and refer to the fiscal year to March. No data on central government social housing subsidies are not available for 1946/47 to 1948/49 inclusive.
Source: Annual Finance Accounts 1922/23-1944/45.

The reasons for Dublin and Cork Corporations' exclusion from the LLF were never explicated in any housing ministry policy statement but they are likely to be related to the fact that local authority borrowings were not formally categorised as part of the national debt at this time and unlike their smaller counterparts these large local authorities could borrow independently from central government and needed to incur substantial debt to finance slum clearance (Eason, 1931).

Local authority borrowing did not grow significantly until another financing support was put in place however - an increase in central government subsidies to this sector (see Figure 3). Cumman na nGaedheal had attempted to use this mechanism to spur increased social housing output in the late 1920s by increasing the modest grants to local authorities it had introduced at the start of this decade, but output only began to increase when in 1931 this party reintroduced the subsidies for charges on housing development loans (ie primarily interest payments) it had previously abolished. These subsidies, which replaced central government grants, were further increased when Fianna Fáil took power in 1932 and notably the highest subsidies (66 2/3rds per cent) were made available for building dwellings to rehouse families cleared from urban slums. The latter enabled the first significant progress in clearing the extensive slums which still blighted the inner areas of Dublin, Cork and other Irish cities in the 1930s (Norris, 2016).

Figure 3 demonstrates that as well as driving increased social housing output these measures effected a marked increase in central government spending on subsidies for new social housing provision. Exchequer investment in social housing subsidies began to increase significantly in 1934/35 and continued to rise until World War II (when subsidies were frozen) but recommenced increasing at a rapid pace afterwards and continued to do so for the two decades which followed. This development obviously reflected the accumulating costs of servicing outstanding social housing development loans because increasing housing output meant that the new loans drawn down each year were higher than the rate of repayment of existing loans. However, it also reflected a steady increase in the level of central government subsidies. For instance, from 1945 a new scheme of central grants was established to fund the site costs of social housing development. The Housing (Amendment) Act, 1948 increased the period for which central government subsidies for social housing loan charges were provided from 32 to 50 years and also increased the level of the subsidy to enable local authorities cope with rising interest rates. In 1950 and again in 1953 the maximum housing development costs for which central government subsidies were available were increased significantly; subsidies for providing social housing to replace urban slums were increased in 1952 and all social housing subsidies were increased again in 1958 (Meghen, 1963).

The path of increasing social housing output during the golden age was not a completely smooth across the whole country. Dublin Corporation experienced regular difficulties in trying to raise borrowing for social housing development outside the Local Loans Fund system during this period and as a result achieved only half its target social housing output during the 1930s (Corporation of Dublin, 1945; Daly, 1997). In addition, this local authority's fund raising crises became more common and acute by the mid-1950s. It successfully sold IR£5 million of stock in 1953 but a stock issue in 1954 attracted only 513 applications, raised insufficient funds (IR£814,000) and was described by the press as a 'fiasco'. When, the banks refused to take up the remaining stock and the Corporation was forced to fund its housing programme from an increased overdraft but this was limited to 12 months duration. In response central government refused to afford the Corporation access to the LLF and instead requested that the banks extend the Corporation's overdraft facility and also subscribe to its next bond issue. However, the banks purchased far fewer bonds that central government had requested and this proved inadequate to meet the Corporation's funding needs. To rectify this situation central government was forced to finally grant Dublin and Cork Corporations access to the Local Loans Fund to fund social housing development in 1956 (Daly, 1997).

From the perspective of the discussion at hand this development was significant for two reasons. Firstly it signalled that strains had emerged in the model used to fund social housing – banks were reluctant to lend to Dublin Corporation because they were concerned about the scale of this municipality's housing debt and its ability to replay it (Daly, 1997). Similar strains in other local authorities' social housing debt servicing capacity were a likely inspiration behind the steady increase in central government subsidies for social housing outlined above. Secondly, the entry of Cork and Dublin Corporations into the Local Loans Fund radically increased the calls on this source of funding. Crucially because the LLF was considered part of the national debt at this time, while Cork and Dublin Corporation's debts were not, this reform also increased central government's exposure social housing debts while the increased subsidies for social housing increased central government's exposure to the revenue costs of funding the sector.

IV

Daly's (1997) definitive history of the Irish housing ministry highlights several factors endogenous to the social housing funding system which contributed to the financial strains which had emerged by the mid-1950s. Chief among these was the perilous state of the national finances. The government was forced to table three separate budgets in 1956 and Daly (1997) argues that concerns about its ability to raise state borrowings were a key factor behind senior civil servants' unwillingness to grant Dublin Corporation access to the LLF. Meghen (1963) also mentions the high cost of labour and local authorities' procurement mechanisms as concerns regularly flagged by the housing ministry. However, in addition to these external factors, several developments exogenous to the social housing finance system contributed to these strains.

For instance, a series of reforms to arrangements for setting social housing rents which commenced in the 1930s incrementally weakened the stream of revenue available to local authorities to service social housing development debt. As mentioned above rents were initially designed to cover these costs but Irish policy makers and social housing managers regularly complained this rendered social housing unaffordable for the poorest families who needed it most (see: O'Connell, 2007). To address this problem, Philip Monahan - the long serving, formidable and innovative head of Cork Corporation – decoupled their rents from cost of housing provision in the 1930s and linked them to tenants' incomes instead. Due to campaigning from tenants' representatives (often supported by rent strikes) this system which is known colloquially as "differential rents" slowly spread nationwide – and all local authorities were required to use it by the 1966 Housing Act (Norris, 2016). Monahan envisaged that this model would generate sufficient revenue because higher income tenants would subsidise the low rents paid their poorer counterparts (he explained this rationale in an academic journal article - Monahan, 1947). However, this proved wildly optimistic and as the differential rents system spread nationwide rent revenue declined because lower income households were able to afford to take up tenancies and councillors succumbed to political pressure from tenants to adopt rent determination schemes which made rents even more affordable. Dublin City Council adopted this differential rent system in 1950 and internal finance ministry correspondence raised concerns that lower rental income had undermined its ability to service debt and contributed to its 1955 fund raising crisis (Daly, 1997).

The advent of widespread discounted sales to dwellings to tenants further undermined the financial sustainability of the social housing sector. Social housing had been sold to tenants under the terms of the 1919 Housing Act but without any discount from market value or cost price and sales were low (Norris, 2016). This changed in the mid-1930s when central government required local authorities to sell social housing at a discount but only in rural areas (specifically to tenants of the dwellings provided under the Labourers' Acts). The focus of this measure reflects the Irish social housing sector's unusual foundations in land reform. When the Fianna Fáil government implemented a key election promise in 1933 and cut by half the outstanding annuities that former tenant farmers were obliged to pay for purchasing their farm under the Land Acts, this inspired a vociferous campaign by rural social housing tenants for the right to buy their dwellings on similar subsidised terms (Fahey, 2002). A government commission established to investigate the rural social housing tenants' case reported that: "The rural tenants have in mind the land purchase schemes by which the farmer has become the owner of his holding at an annuity less than the rent and he sees no reason why he should not enjoy the same benefit" (Saorstát Éireann, 1933 pp. 23). The 1936 Labourers' Act, afforded rural social tenants the right to buy their dwellings, initially using the system of payment in instalments employed by the land acts, with purchase annuities set at 75 per cent of pre-purchase rents and repayable for the same period as that outstanding on the loan which the local authority had borrowed to construct the dwelling. Tenant purchase did not properly take off until annuities were reduced further to 50 per cent of rents in 1951, but by 1966/67 76.8 per cent of all the rural social housing built by that date (68,444 dwellings) had been purchased by tenants (Department of Local Government, various years) (see Figure 2). Rural social housing tenants' rents covered only 37 per cent of the local authorities' housing development loans servicing costs in the early mid-1930s (Saorstát Éireann, 1933). Nonetheless a reduction of 50 per cent in this income would have significantly reduced the financial sustainability of this sector and necessitated the generation of revenue from alternative sources to service housing development loans.

Daly (1984) reports that this issue was a major concern among senior civil servants and ministers in the housing ministry and their opposition was a key reason why the introduction of discounted sales of social housing was not made available to urban tenants for three decades after their rural counterparts gained this right, despite campaigning from tenants' representatives and politicians. This situation was changed by the 1966 Housing Act consolidated all previous social housing legislation and thereby abolished the legal distinction between social housing provided under the terms of the Labourers' Acts and the Housing of the Working Classes Acts social housing. As a result, urban and rural social housing tenants were afforded the same rights of tenancy including the right to buy their home at a discount (Kenna, 2011). The terms of the sales scheme were also changed at this time. Dwellings were sold at their market or replacement value (whichever was lower) subject to a discount of two per cent for each year of tenancy, rising to a maximum discount of 30 per cent in urban areas and three per cent per year of tenancy rising to a maximum discount of 45 per cent in rural areas. As a result, take up of the right to buy was initially low in urban areas but this changed as discounts were increased and 54,917 social housing units were sold during the 1970s, which was equivalent to 88 per cent of the new dwellings provided during that decade (see Figure 2). Because dwellings were sold at below cost, revenue from sales is unlikely to have generated sufficient capital to repay the development loans outstanding on dwellings in all cases. Therefore the extension of sales to tenants to urban areas significantly intensified the strains which had emerged in the Irish social housing finance system by the 1960s.

The preceding section has argued that central government increased exchequer subsidies for social housing in order to moderate these strains. A key reason why it did so relates to the failure of efforts to generate alternative income from the other main source of finance for social housing during this period - local property and business taxes. This system of local taxation was deeply politically unpopular and Ireland had a long history of 'anti-rates' campaigns which were particularly strident in the period immediately after Irish independence (Daly, 1997). Central government's efforts to supress this descent by granting various categories of ratepayers temporary or permanent 'rates remission' effected a slow but decline in income from rates throughout the first half of the twentieth century and also proved ineffective, with the result that this system was in large part abolished during the 1970s and 1980s. Rates on agricultural land were the subject of consistent opposition by farmers, exhibited in protests, political campaigns and rates strikes, in response the government repeatedly increased rates remission and also the funding in provided by the central exchequer to compensate local authorities for the loss of revenue. This category of rates were abolished in 1984 following a successful supreme court challenge to the basis on which they were calculated. The history of rates on residential property follows a similar pattern. These were incrementally reduced over the decades following Irish independence and were finally abolished by a Fianna Fáil government in 1978 on foot of a commitment made the manifesto which contributed to its landslide victory in the 1977 general election (Ferriter, 2012).

V

This paper has examined the financial history of the social housing sector in Ireland focusing on the period between the early 1930s and late 1950s. This was a 'golden age' in the history of this sector because it saw the highest ever levels of social housing provision in relative terms (as a proportion of total housing output and per 1,000 inhabitants) and of growth in the proportion of the entire population living in this sector. This analysis presented here has looked to finance to explain the surprising timing of this golden age which, in contrast the norm in most other Western European social housing sectors, did not coincide with a period of wider welfare state expansion. Indeed, in the Irish case, the expansion of the social housing sector waned just as the growth of the rest of the Irish welfare state accelerated.

This analysis presented here indicates that the Irish social housing sector flourished during a period of welfare state stagnation at least in part because, unlike other social services, social housing was largely self-financing over the long term from the perspective of central government. The capital costs of building of buying new social housing were funded by local government borrowings which were not considered part of the national debt until national accounting rules were standardised from the 1960s (Eason, 1931). The revenue costs of servicing this debt and managing and maintaining these dwellings were met primarily by tenants' rents which were designed to cover these costs and by the proceeds of local taxation called rates. It is no accident that a similar financing model enabled the construction of large social housing sectors in several other Western European countries during the mid-20th Century (Whitehead, 2014). In Ireland this funding system was gradually destabilised by reforms inspired by a suite of distinctively domestic pressures. Revenue from rents was reduced as they were decoupled from costs and linked to tenants' incomes and, most likely influenced by the strongly clientelist Irish political system, local authority councillors found it politically impossible to set rents which generated adequate revenue (Norris and Hayden (2018) research on the contemporary Irish social housing sector suggest that this remains a problem). In contrast, in Western European countries where social housing is owned and non by the non profit sector or quasi government agencies (not directly controlled by local authorities) government rents remain linked to cost (Whitehead, 2014). The example of subsidised purchase of farms by tenant farmers under the land reform programme, which had inspired the provision of rural social housing from the 1880s in Ireland, reasserted its influence in the 1930s and inspired the sale of rural social housing to tenants at discounted rates which are unlikely to have covered the outstanding housing development loans. Revenue from rates was reduced by the exemption of many categories of assets from liability for payment in an effort to stem opposition to this unpopular taxation (Daly, 1997). To maintain social housing output in the face of this declining revenue, central government incrementally increased its subsidy for the revenue costs of social housing provision until it reached 100 per cent of loan charges by the mid-1960s (Blackwell, 1988). At the same time these revenue funding challenges undermined local authorities' ability to borrow from commercial sources which forced central government to take on responsibility for borrowing the capital required for social housing development on behalf of most local authorities in 1929 and for all local authorities in 1956. Therefore, while central government had minimal involvement in funding the costs of social housing provision when the independent Irish state was founded in 1922, by the 1960s central government provided all the capital and the vast bulk of revenue funding and local government rates was the only other significant contributor.

In the short term these developments helped to bring about the end of the golden age of social housing output in Ireland. Following very high output during the first half of the 1950s this output contracted during the later years of the decade and during the 1960s output fell to half the level of the previous decade in absolute terms and in relative terms fell from 2.6 per 1,000 inhabitants in 1951 to 0.4 per 1,000 inhabitants in 1961 (Central Statistics Office, various years; Minister for Local Government, 1964). Although social housing output increased in absolute terms during the 1970s, as a proportion of total house building it never regained the highs reached during the 1930s, 1940s and 1950s. Over the longer term the centralisation of responsibility for funding social housing would lead to the collapse of the borrowing based financing model, however, and usher in a period of lower proportionate output and a more residual role for social housing in the Irish housing system - the 'dark ages' alluded to in the title of this paper (Norris, 2016) (see Figure 2). This process commenced when Ireland's economy failed to recover from the economic shocks generated by the oil crises of the 1970s and central government borrowing increased radically to the extent that concerns were raised about the State's ability to raise debt and the prospect that it would need an IMF emergency loan (Ferriter, 2012). These problems in raising central government debt for social housing were amplified by the problems in repaying it due to abolition of rates on residential property in 1978. By this time central government was funding all of the interest charges on social housing debt, tenants' rents covered management and maintenance costs only and revenue from rates funded the repayment of the principal. However the abolition of residential rates reduced local authorities' income from rates by two thirds and forced central government to fund both the interest and capital repayments on social housing development loans (National Economic and Social Council, 1987). In 1987 the finance minister told parliament that this situation meant that "the Exchequer meets the entire cost of funding local authority capital programmes by means of an elaborate, expensive and needless circle of payments" and he undertook to "break this circle" by abolishing the local loans fund writing off most outstanding social housing loans and funding the future capital costs of social housing provision in full from the central exchequer (MacSharry, R, in Dáil Éireann, 1987, Vol. 374, No. 2, Col. 344).

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