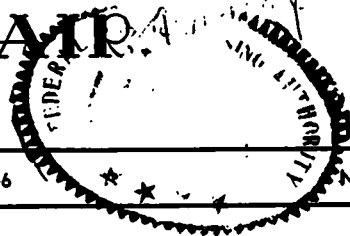


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*"Should Congress Adopt The
Wyatt Housing Plan?"*

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of Indiana

REPRESENTATIVE JESSIE SUMNER
of Illinois

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Chairman, Advisory Board, Producers' Council

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Announcer: *America's top problem is housing! Will subsidies and price limitations provide more homes? "Should Congress Adopt the Wyatt Housing Plan?"*

Once again, the vital issue of the week discussed on your American Forum of the Air. [Applause.]

Good evening, ladies and gentlemen. From the Shoreham Hotel in your nation's capital, Mutual proudly presents America's pioneer public service radio program, the American Forum of the Air, founded eighteen years ago by Theodore Granik, attorney and moderator. The Forum presents every Tuesday night at this time the vital issue of the week, both sides of that issue, and the men and women who affect the decisions.

And now, here is your Chairman, Theodore Granik.

Chairman Granik: *Good evening. "Should Congress Adopt the Wyatt Housing Plan?"*

The House has already given its answer to this question. Now the problem goes to the Senate. House action eliminated two major features of Wilson Wyatt's proposal, namely, subsidies and price limitations on existing or old dwellings. Proponents will attempt to reinstate these in the Senate.

This is the third program on the subject of housing presented by the American Forum of the Air in the past few months, an indication of the tremendous interest and vital necessity for more housing, especially housing for veterans.

Mr. Wyatt, the Federal Housing Expediter, proposes to construct 2,700,000 new dwelling units by the end of 1947. Of these, 1,600,000 would be of conventional design, 850,000 would be prefabricated houses, and 250,000 would be temporary structures.

The Home Builders Association has claimed all along that they could build the homes if the materials were available, while the material manufacturers have constantly told us they can produce if the prices are right. The Wyatt Plan to stimulate the production of materials calls for a premium payment, or subsidy, by the Government of about 600 million dollars. The subsidy issue was probably the most bitter controversy during the lengthy House debate on the bill. The producers are opposed to subsidies. They claim it will place small builders of conventional homes at a disadvantage.

America needs new homes. During the war, construction of dwellings came to a halt. The need is felt not only in the big cities, but in every community. This affects every one of you directly, but it especially affects the young men who have returned from the war to reestablish themselves and their families in homes of their own, which they cannot build, buy or find. We MUST solve this problem.

If the Wyatt Plan is not the answer, Congress must find another. However, since this plan is the one which President Truman and his administration are backing, we have gathered an imposing array of authorities on both sides of the question. By their arguments here this evening, both for and against, we hope you will be given a clear picture of the controversy. It is then up to you.

And now, our guests for the evening. First, a member of the House Banking and Currency Committee, Representative A. S. Mike Monroney of Oklahoma. Congressman Monroney!

REPRESENTATIVE MONRONEY: *Thank you, Mr. Granik. The issue here tonight is simple. It is whether America wants to solve the veterans'*

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housing problem. We know, and certainly the veteran knows, America can solve it if Congress and the building industry want it solved. These veterans have seen the miracle of production that gave them quantities of ships, guns, tanks, and planes, and don't try to tell them we can't produce the houses we need if we really want to.

The opponents of the Wyatt Housing Program defeated one-half of the plan. The only solution that the opponents offer is to let prices soar sky high, in the dreamy hope that they can bid out sufficient production. That will saddle the returning veteran, not with the present 60 per cent increase in building cost but with much more. Their decision in favor of speculation in existing homes means double normal prices for old homes that the veteran buys.

Chairman Granik: Thank you, Congressman Monroney.

Next, another member of the House Banking and Currency Committee, the gentlewoman from Illinois, Representative Jessie Sumner. Miss Sumner!

REPRESENTATIVE SUMNER: The hearings on the Housing bill in Congress, in the House, disclose that the chief barrier to house building is that OPA has been driving materials out of production and off the market by too low price ceilings instead of offering to lift OPA barriers enough to get the materials. The communistic Wyatt scheme proposes to have Government take over the building industry and home ownership. Our veterans who endured life in foxholes must not be used as an excuse to impose upon our country this Wyatt housing scheme which is a communistic trap.

Chairman Granik: Thank you, Congresswoman Sumner.

Next, a third member of the House Banking and Currency Committee, Representative George E. Outland of California. Congressman Outland!

REPRESENTATIVE OUTLAND: Thank you, Ted. The need for housing, especially for war veterans, is one of the two or three most important problems before the American people today. We can either dodge it or we can face it head on. The new Federal Administrator, Mr. Wyatt, after carefully studying all aspects of the situation, drew up a comprehensive program designed to meet the needs of the American people over the next two years with the greatest speed and with the greatest fairness to all. The coalition in the House of Republicans and a few reactionary Democrats cut the heart out of the program. I intend to repeat over and over again this fact, and attempt to show the people in my part of the country just who is responsible for scuttling the one adequate housing program that has thus far been presented.

The present housing shortage constitutes a grave emergency and we will be failing in our duty as legislators unless we recognize this emergency and take drastic emergency steps to meet it. Whenever I have the opportunity, I shall work for the principles of the Wyatt Housing Program even though temporarily we have suffered a setback. This really is an emergency. We must take emergency steps to meet it. To call it communistic is just plain silly.

Chairman Granik: Thank you, Congressman Outland.

And now for the Senate side, a member of the Senate Banking and Currency Committee, Senator Homer E. Caphart of Indiana. Senator Caphart!

SENATOR CAPEHART: Thank you, Ted. Housing at the moment is a political football. Let us be honest with the people and tell them that we used much of our stockpile of materials in the conduct of the war and since then have given away untold quantities to other nations. There will be dire shortages of building materials for many years, just as there are today shortages in automobiles, tractors, farm implements, clothing, and hundreds of other items.

There is no more reason why we should subsidize builders of houses and manufacturers of building materials than there is that we should subsidize the manufacture of any other short items, particularly tools and equipment which the veterans need to go into business. Why tax one person to pay subsidies to another? I am opposed to that portion of the Wyatt Plan that calls for the paying of subsidies and the placing of price ceilings on existing homes.

Chairman Granik: Thank you, Senator Capehart.

And now a representative of the group most affected by our question, Mr. Chat Paterson, National Legislative Representative of the American Veterans Committee. Mr. Paterson!

MR. PATERSON: Thank you, Mr. Granik. A large coalition of Congressmen elected by the veterans and their fellow citizens have proved themselves incapable or unwilling to prevent a systematic emasculation and sabotage of a housing program of immeasurable benefit to the veteran and his family. These Congressmen failed because they didn't have the courage to fight for the veteran in the face of the mad scramble for larger speculative profits. The veteran has more confidence in Messrs. Wyatt and Bowles, with their concrete proposals and programs for keeping down inflation and building homes, than all the hollow, hypocritical talk about "everything for the boys," talk spewed forth profusely by certain Congressmen with one eye cocked on the 1946 elections.

These same Congressmen, who profess to be the veteran's best friends, lend a sympathetic ear to, and ultimately cast their vote in favor of, the powerful real estate and building lobbies which operate in the capital against the best interests of the veteran and the American people as a whole. Mr. Wyatt's original program, complete with adequate premium payments and enforced ceiling prices on existing houses, is a bare minimum needed to meet the present veterans' housing crisis.

Chairman Granik: Thank you, Mr. Paterson.

Now for the producers, the chairman of the Advisory Board of the Producers' Council, Douglas Whitlock. Mr. Whitlock!

MR. WHITLOCK: Thank you, Ted. The building product manufacturers represented by the Producers' Council are as anxious as anyone else to help build as many homes as possible for veterans. That is why we oppose impractical schemes which would retard home building. We oppose Mr. Wyatt's subsidy plan which the House of Representatives rejected, because we know that the payment of subsidies to manufacturers would mean fewer homes for veterans. The subsidy plan would be wasteful, unworkable, and inflationary.

In place of subsidies, we believe there should be judicious ceiling price increases to stimulate maximum production of building materials. Such increases would lower the cost of building veterans' homes and would provide all of the materials needed to meet Wyatt's housing goals. We believe

that the Patman bill as passed by the House gives Mr. Wyatt all of the power he needs to build a record-breaking number of new homes. Building product manufacturers want to see those homes built. They oppose impractical schemes which would defeat that program.

Chairman Granik: Thank you, Mr. Whitlock.

There we have the issues, and the sides are clearly drawn. And now to start our discussion, Miss Sumner, just why are you against subsidies?

REPRESENTATIVE SUMNER: I will tell you why I am against the whole program. The Government already has and is using the popular powers mentioned in the communistic Wyatt scheme in the power to allocate materials and give veterans preference, but the plan proceeds to propose to give three and one-half billion dollars to build public houses in city slums. It puts OPA ceilings on homes. The Administrator, being given power over every Government agency, including RFC, would have the right to multiply the billions in subsidies granted him, the same way that RFC has multiplied its original capital through credit expansion. There is also the power to give away Government-owned factories through rapid tax amortization privileges; the power to guarantee distribution and markets. These subsidy, tax amortation, and guaranteed market powers are the same powers by which, during the war, Government enriched huge corporations, multiplying their capital assets to the tune of billions of dollars as shown by the public records of the Securities and Exchange Commission.

REPRESENTATIVE OUTLAND: I would like to speak to that point. It seems to me that anything that Miss Sumner opposes is ipso facto communistic; but I would like to say this: In regard to your specific point on subsidies, it might be well to go directly to Mr. Wyatt's report and point out exactly why these subsidies, or, as he called them, premium payments, were asked for. He pointed out on pages 9 and 10 of his Veterans' Emergency Housing Program that, just as in the emergency during the war we had to help subsidize the building of planes and ships and tanks, the emergency is not yet ended and we are still going to have to help—when I say "we," I mean the Government—until this emergency is over. We are going to have to help to carry the program for the veterans just like we helped to carry it during the war when they were fighting, and the part of that that we are speaking about now is the Government assistance through subsidies until the critical emergency is passed.

MR. WHITLOCK: Mr. Outland, I cannot understand why, if this great emergency exists that you proponents of subsidies keep indicating, Mr. Wyatt hasn't used the powers he has now by executive order to do something toward getting building materials into production. Without building materials, houses can't be built, and just as the President said, production is our salvation. If we are going to save this building industry and build homes, we have to get the production of materials.

REPRESENTATIVE MONRONEY: I don't think you are going to get the production of materials in the advocated platform that was before our Committee on Banking and Currency today to take off all price ceilings on lumber, the very thing you need for housing, and yet the retail lumber dealers of the nation were there asking for the complete removal of all lumber from price ceilings although everyone admitted he didn't have a stick of lumber in his yard.

SENATOR CAPEHART: There could be only one reason for subsidies, and that is that it might increase production. You cannot build houses without

materials. It isn't going to do any good for Mr. Outland to say that the Southern Democrats and the Republicans are responsible for this, that, and the other thing, because words are empty. They are empty things. Until we can get materials—

REPRESENTATIVE MONRONEY (interposing): But, Senator, you said that the dire shortages of materials for many years yet to come will prevent the building of adequate homes, and yet you oppose the only single plan that I know of that would help us break this materials bottleneck, and that is a 600 million dollar subsidy to get new materials and an additional supply of materials into the market.

SENATOR CAPEHART: Let me ask you this question, Mr. Monroney: Who will get the subsidy?

REPRESENTATIVE OUTLAND: Might I just point out one thing in connection with that, and again I quote directly from Mr. Wyatt's report: "Such premium payments will bring production to a high level without increasing the cost of the completed house to the veteran." We want increased production, but we don't want houses that ordinarily would sell for \$5,000 to be offered to the veteran for \$10,000.

Chairman Granik: A word from the veteran.

MR. PATERSON: I would like to add a point to this. The War Department issued a release in February, '46, stating that 84 per cent of the veterans can't afford houses costing more than \$50 per month rent or \$6,000 for purchase. It is difficult to find decent accommodations at the present time within that price range. Miss Sumner, for example, you are worried about the communistic aspect. Where do you suggest the other 84 per cent live while waiting for "business as usual" to catch up—in the streets?

REPRESENTATIVE SUMNER: Let's clear up the question about communistic right here. I hold in my hands here the March issue of the monthly communistic magazine, *Political Affairs*, avowed spokesman for the Communist Party. It contains an article entitled, "Housing Crisis." It advocates having the Government take over the housing industry and build billions of dollars' worth of homes. It says that to accomplish these objectives, Communists must work for the passage of the Wyatt program. I quote on page 250: "From a long-term point of view, this must result in complete nationalization of all housing activities and will be the inevitable outcome of efforts to securing housing on the scale required."

REPRESENTATIVE OUTLAND: All right, Miss Sumner, let me bring in something. I received a letter today from the Housing Legislation Information Service. The following people signed this, saying that we should have put through the original Wyatt Program, and here are some of the organizations represented: the National League of Women Voters, the National Urban League, the National Conference of Catholic Charities, the American Association of University Women, the Family Welfare Association of America, the National Congress of Parents and Teachers. Are all those communists, too?

MR. WHITLOCK: While we are clearing up things here, I want to clear up one thing about this OPA and the price structure on building materials. Unless we can have a realistic attitude on the part of OPA officials to give us ceilings that will allow us to produce and recover our costs and have a little profit incentive to produce the materials for home building, there aren't going to be any materials for anyone to build houses out of.

REPRESENTATIVE MONRONEY: So just take off all price ceilings? It is like taking off the screens in order to drive the flies out of the house.

MR. WHITLOCK: If those ceilings can't be made to work, they ought to be taken off. They haven't worked up to date, and I say unless there is a realistic attitude injected into OPA, either by the Administration itself or by the Congress setting a pattern, by a mandate to see that OPA gets production, there won't be any houses for any veterans.

MR. PATERSON: I notice, Mr. Whitlock, you are very worried about the fact that we should lift these ceilings at the present time. I think those of us who were in Europe and other areas saw what happened when you lifted price ceilings. We saw a considerable inflation which arose in Europe. We don't see any reason for believing by necessarily taking off the price ceilings, you are going to get increased production. On the contrary, all you are going to do is to add to the cost of houses, and we are the guys who have to pay for them.

SENATOR CAPEHART: Let's see if we can't be just a little bit practical here now and maybe work out some plan for getting the houses. There are 29 million existing homes in America. Mr. Wyatt proposes to build 2,700,000 in two years, or approximately 10 per cent. He proposes subsidies to the extent of 600 million dollars, or approximately \$222 per house. I get back to what I said originally: Why should we subsidize home building? The assumption here is that every veteran is going to want a home, which is wrong to begin with.

REPRESENTATIVE MONRONEY: That would be 11 or 12 million. I don't think we are shooting at that goal.

SENATOR CAPEHART: Every veteran would like to have an automobile. That would be 11 or 12 million automobiles. And every veteran would like to have a lot of other things. Why should we subsidize homes any more than we do automobiles or any of the other items?

REPRESENTATIVE MONRONEY: I don't know that we haven't been helping to subsidize automobiles by a pretty good protective tariff for a great many years—but that is beside the question.

SENATOR CAPEHART: Just a minute; there is absolutely no protective tariff on automobiles. Let's get the record straight. There is no tariff on automobiles.

REPRESENTATIVE MONRONEY: There is a tariff on many, many of the products that go into automobiles.

SENATOR CAPEHART: But not on automobiles.

REPRESENTATIVE MONRONEY: It doesn't matter whether it is on parts or things that go into it; let's get back to the subsidy. You and all the rest of the Congress (in fact, there was only one vote against it in the House) voted an appropriation of 450 millions of dollars to remodel and reconstruct barrack buildings and temporary war housing for veterans. It was a good program, but that took care of only 200,000 veterans' families. We are proposing a 600 million dollar subsidy, only 150 million dollars more, to take care of increasing the flow of new materials for 2,700,000 houses.

Chairman Granik: Congressman Monroney, I have a question directed to you: "What has OPA done to stop the increasing black market in home building products which are increasing the cost of home building?"

REPRESENTATIVE MONRONEY: OPA is trying its best to stamp it out, and several members of Congress, including myself, have asked for the FBI to move in and put a stop to this black market.

MR. WHITLOCK: I think that would be a very good idea to get the black market stopped, but until we get a realistic attitude down there in OPA to let ceilings go high enough to produce materials, these producers who are marketing into these black markets are going to try to find ways around it. Just like prohibition, when the people are not going to respect a law, you are going to have a hard time to enforce it.

REPRESENTATIVE OUTLAND: Mr. Whitlock, when you get into the subject of alcohol consumption, you are talking about something that none of us on this side of the table know anything about, but I would like to say this, however: I agree with you that there certainly should be a realistic program, and I think that Mr. Bowles has had one, but what has contributed to the black markets of America, not only in real estate, not only in housing, but in everything else, has been that a certain group in Congress have been unwilling to give the appropriations to OPA to enforce the program and to stop black markets.

REPRESENTATIVE SUMNER: The comparison with Europe is not applicable because America is the country with the productive capacity.

REPRESENTATIVE OUTLAND: Who talked about Europe?

REPRESENTATIVE SUMNER: The representative of the Veterans' Association. The head of the National Real Estate Association, testifying on the bill before our committee, testified that lifting of all controls would mean some increases in prices, just at first, but it would start such a building boom as the country has never seen before, and the housing shortage would be eased within eight months, even here in Washington, which is the worst situation.

MR. PATERSON: I think that is all fine, but in the meantime, you raise the ceilings, and therefore you don't reduce the prices either on the houses or the materials. You can't go on indefinitely just raising and raising the prices in the hopes that perhaps eight months or ten months from now you will have production. We at the present time have to find homes that sell for \$6,000 or less, or rent for \$50 a month or less. We have got to have them now. We want to see some hope and not just the fact that perhaps at the end of ten months they might be good enough, if they got adequate profit—of course, we got a lot of profit in the Army; we went into the Army for profit in the first place! I think it is about time that everyone realized that it is an emergency and we have got to do something about it now, and Mr. Wyatt's is the first program that actually offered anything definite.

Chairman Granik: I have a question here for Senator Capehart: "Would you say it would work a hardship on real estate operators to have price ceilings put on houses at their present ceiling level?"

SENATOR CAPEHART: I would like to ask Mr. Outland a question.

MR. PATERSON: I would like an answer to that question.

SENATOR CAPEHART: You will get an answer, don't worry. Mr. Outland, you made the statement that on your side of the table you knew nothing about the alcohol business. Let me remind you it was your party that returned the liquor business to the American people.

REPRESENTATIVE OUTLAND: Aren't you glad of that? I wasn't in the House at that time. Were you?

SENATOR CAPEHART: Now what was the question?

Chairman Granik: "Would you say it would work a hardship on real estate operators to have price ceilings put on houses at their present ceiling level?"

SENATOR CAPEHART: It wouldn't work a hardship on the real estate operators, of course not. I am opposed to putting a ceiling price on existing homes for this reason: The problem is new and additional homes, and by putting a price ceiling on present homes, you do not create a single new home. It will work just as much of a hardship on the veteran who owns his home, who might want to sell it, if ceilings were put on homes, as it would on the non-veteran.

REPRESENTATIVE MONRONEY: If you find a veteran who wants to sell his home, let me know. They all want to buy one, in the mail I get.

SENATOR CAPEHART: That is just an assumption; you have no basis of fact to back it up.

REPRESENTATIVE MONRONEY: We have plenty of basis.

SENATOR CAPEHART: You make the statement that all veterans are looking for homes. That is not a true statement.

REPRESENTATIVE MONRONEY: My correspondence and contacts with veterans indicate they would welcome a ceiling on existing homes so they won't have to pay twice what the house is worth in order to find a place for their wife and baby.

MR. WHITLOCK: How do you people over there advocating the Wyatt Plan so strongly account for the fact that almost six weeks have gone by since Mr. Wyatt proposed his plan, yet up to date there has been no restriction of other types of construction announced? There has been no directive given to OPA to change ceilings so we will get production. In fact, there have been no directives from Mr. Wyatt up to date to make that plan that you are proposing work.

REPRESENTATIVE OUTLAND: I would say, Mr. Whitlock, that just as soon as the Senate as well as the House pass a realistic housing program and the conference report is voted upon, you are going to find that and the other points taken care of.

Senator, I would like to comment on this point: You are from Indiana. Representative Sumner is from Illinois. Let me go to the third of the 3-I states. Here is the result of the Iowa Poll—and that can hardly be called a Democratic state—in regard to price ceilings on houses and lots, and this was published in the *Des Moines Register* last week. On the question, "Do you feel Congress should extend OPA controls for another year?"—Yes, 81 per cent. "Do you favor ceilings on houses already built?"—Yes, 72 per cent. "Do you feel there should be price ceilings on houses to be built?"—Yes, 76 per cent. And that is taken right out from the heart of the Midwest where both of you people come from. Can you answer it?

REPRESENTATIVE SUMNER: I judge questions on their merit and not by some Gallup Poll which I find doesn't correctly interpret—

REPRESENTATIVE OUTLAND: This isn't the Gallup Poll.

REPRESENTATIVE SUMNER: I want to say right here, the only program that has been suggested that would give the veterans a chance to get houses immediately was the one suggested in the hearings which said that OPA should lift the rent ceiling control which prevents a new owner of a house getting in from before three to six months.

MR. PATERSON: In other words, you get in if you pay.

REPRESENTATIVE SUMNER: No, you pay the same.

MR. PATERSON: You said raise the ceiling.

REPRESENTATIVE SUMNER: No.

MR. PATERSON: I thought you said raise the rent ceiling.

REPRESENTATIVE SUMNER: This does not refer to price ceilings. This

refers to the restriction which prevents a new owner's getting into the house until six months after the sale. The veteran should have the preference on renting houses, if the owner lets the veteran in. Plenty of people would like to let veterans into their houses, either rent or sell them, and they can't do it because of OPA restrictions.

REPRESENTATIVE OUTLAND: You wouldn't call that communistic?

REPRESENTATIVE SUMNER: No, I don't. Do you?

REPRESENTATIVE OUTLAND: I wanted to hear you say there was one thing you didn't call communistic.

Chairman Granik: Let me ask a question of Mr. Paterson. "The proponents of the Wyatt Plan denounce strongly the so-called lobby which they claim scuttled the bill. What is your reaction to the fact that Congressmen and Government bureaus who advocated the subsidy plan are urging veterans to write their Congressmen and make their wishes known?"

MR. PATERSON: Repeat the last part of that again.

Chairman Granik: "What is your reaction to the fact that Congressmen and Government bureaus who advocate the subsidy plan are urging veterans to write their Congressmen and make their wishes known?"

MR. PATERSON: Yes, I think that is fine, and I think there is a slight difference. In the first place, this program is, I believe, for veterans, and I believe that if enough veterans write their Congressmen; although they obviously haven't because the Congressmen didn't do anything about it—I don't think the comparison between a well-heeled, well-moneyed million dollar lobby which sits here and systematically sends out cables, some of which are faked—I don't see why those people should necessarily be compared in any way with the veteran who is attempting to find a place to live. I don't think the Real Estate Board or the National Association of Home Builders are very hard up at the present time in terms of places to live. This is a little more desperate.

MR. WHITLOCK: I would like to point out to you, Mr. Paterson, that you say that this program is for you, but this 600 million dollars seems to be an attempted gift to the manufacturers of building materials, and so I guess you and I are in the same boat on that.

MR. PATERSON: Not exactly. I will tell you one thing in which we are very different. In the first place, I read with interest Mr. Kaiser's testimony before the House Banking and Currency Committee in which he said he could not only build a house for \$5,000, but he could furnish the land, the sidewalks, the sewers and furnish it with household appliances. I have the impression—perhaps I am wrong, Mr. Whitlock—that the Producers' Council is somewhat afraid of the new types of houses which may come into existence. Notably will there be, perhaps, adequate substitute products found for brick and other things?

MR. WHITLOCK: I don't believe the Producers' Council is afraid of any new materials. Neither do I think that the Producers' Council is in any way attempting to keep any materials off the market. What we are trying to do is to get building materials available to the home building industry so that you veterans can have homes, and the only way we can know we are going to get those materials is to produce them. Production is our salvation, and no better word was spoken than Mr. Truman spoke when he gave his message: "Production only is going to solve this question."

REPRESENTATIVE OUTLAND: I think on that point, Mr. Whitlock, you will find unanimous agreement about this table, namely, the need for production. I think we can differ, and easily do, on how to get it. Mr. Paterson is representing the American Veterans Committee here. I think it might be of interest to people throughout the country to know some of the other veterans' groups are backing this. I received this telegram from Omar B. Ketchum, National Legislative Representative of the Veterans of Foreign Wars, one of the most important veterans' organizations in America:

"Veterans of Foreign Wars has endorsed Wyatt Housing Program for veterans including premium payments and price ceilings. Urge you support this program."

SENATOR CAPEHART: Mr. Paterson, you made the statement a moment ago that Mr. Kaiser was interested in building prefabricated houses. That is just my point. The subsidy of 600 million dollars will go to the builders of prefabricated houses, and Mr. Kaiser is one of the big ones. I was in California three weeks ago holding hearings, and it was brought out in California that Mr. Kaiser has a \$12.50 price increase in the production of steel over the other steel companies, which has been awarded him. My position is, and I want to ask you one more question: What makes you believe that this subsidy plan will get production? You are interested in production. You are not interested in fancy words and calling all manufacturers and all builders crooks and selfish devils. You are interested in production. Now tell me, have you had any experience in the building materials business or building industry?

MR. PATERSON: I have been away for several years for some unknown reason!

SENATOR CAPEHART: Tell me, what makes you believe that subsidies will get production?

MR. PATERSON: Well, I think that is something that perhaps Representative Outland has had more to do with.

SENATOR CAPEHART: Will you answer the question?

REPRESENTATIVE MONRONEY: While you were fighting overseas, subsidies to help in securing production increases of raw materials proved very advantageous in giving us the war supplies. We got copper, we got zinc, we got many, many, many things through subsidies, and you today would deny our using those same weapons in order to get veterans' housing.

MR. WHITLOCK: We don't need subsidies in the production industry. What we need is a little freedom of action here so we can produce materials and reduce the cost of those materials and reduce the cost of building. Only by production are you going to get reduced costs.

REPRESENTATIVE MONRONEY: But Mr. Whitlock, let me ask you one simple question. How many houses can you build with your maximum supply of raw materials today?

MR. WHITLOCK: We have just finished a survey which is now being distributed throughout this country (and one will be on your desk in the morning), which shows that the producers have capacity to build all of Mr. Wyatt's program if we are allowed to use that capacity, and subsidies are not going to put that capacity to work. The only thing that is going to put that to work is a price ceiling that will let us get our costs back and put a profit incentive back into business.

REPRESENTATIVE MONRONEY: And put the price ceiling up to satisfy the very highest-cost producers without taking into consideration the ceil-

ing that will get you maximum production from your low-cost producers.

REPRESENTATIVE SUMNER: Subsidies are demoralizing. They inspire a factory owner to try to pad his costs and featherbed and decrease his production in order to be sure to get the subsidies. When the subsidies were taken off the marginal metals producers in December by the RFC, many of the producers were worried to death because they found they couldn't survive in the market because they had featherbedded their costs and decreased production until they didn't know how to survive in a competitive market.

REPRESENTATIVE OUTLAND: I would like to say two things. My biggest fear, Miss Sumner, is this: You take away the subsidies and you take away the price ceilings, and I doubt if your production will go up very much, but your cost of houses to the veterans is going to go sky high.

I wanted to say one thing to Senator Capehart here.

SENATOR CAPEHART: How can they go sky high with OPA?

REPRESENTATIVE OUTLAND: I said if you remove price ceilings.

SENATOR CAPEHART: No one is advocating that.

REPRESENTATIVE OUTLAND: If price ceilings were taken off so far as old construction is concerned.

SENATOR CAPEHART: We are not speaking of taking price ceilings off new houses.

REPRESENTATIVE OUTLAND: I am speaking of old as well as new. You mentioned Mr. Kaiser a moment ago, and those of us out in California are pretty darned proud of Mr. Kaiser for what he has done in the way of construction and other things; but I think there is one thing, Senator—I know you want to be fair on this—and that is, the major portion of Mr. Kaiser's construction is not prefabricated houses. He is building ordinary types of houses with ordinary materials, such as lumber and concrete and the other types of material, and he is putting those houses on the market in Los Angeles today for under \$6,000, including the cost of land and streets and utilities, and I think that can be done in a great many other parts of America, too, with the same amount of free enterprise if it is exercised that way.

SENATOR CAPEHART: How do you account for the fact that he is the only manufacturer of prefabricated houses or building material that is asking for a subsidy?

REPRESENTATIVE MONRONEY: I didn't think he was asking for any subsidy. If you read the bill, the 600 million dollar subsidy provision is for the incentive on new materials, not on prefabrication.

MR. WHITLOCK: I want to go back to this question of the attitude of the producers toward OPA. You say we talk about taking off the ceilings. I said that unless those ceilings are made to work and allow us to recover costs, and a fair profit, and to put in some kind of formula that doesn't take three to six months or longer to get a price adjustment so we can get production, then they should be taken off, but until we see something better than we have seen in the past year in OPA, then we are advocating taking off ceilings entirely. But if we get a realistic attitude down there, then we are for an OPA for a short while.

REPRESENTATIVE OUTLAND: Mr. Whitlock, that is a very fair statement and it deserves a frank and honest answer. I would say, with you, that as a member of the House Banking and Currency Committee that has to listen to the hearings on OPA continuation, I will do everything in my power to see that every inequity is ironed out; I will do everything to see

that not only producers of houses but all other business men in America get a square deal along with the consumers; I will do everything I can, and I know Congressman Monroney on the same committee agrees with me on this, but I think if you do away with it, I think if you take price ceilings off completely, as I understood was your original position, then America is going to go through the most awful period of inflation it has ever had in its entire period, and I don't want to be a part of that.

SENATOR CAPEHART: No one has suggested that, Mr. Outland, not here tonight. I know I haven't. We are talking here tonight about the Wyatt plan and how to get 2,700,000 houses, a portion of which, of course, will be taken by veterans.

REPRESENTATIVE SUMNER: I believe in taking off ceilings now. I believe it should go back—

REPRESENTATIVE OUTLAND: Senator, you aren't getting any help.

REPRESENTATIVE SUMNER: That is right, I have my opinion and he has his, and the others have theirs.

REPRESENTATIVE OUTLAND: The opposition is divided.

MR. WHITLOCK: We are not too divided. I am agreeing with her, until you gentlemen who have made a fine profession of getting the OPA to work realize you are going to have to mandate that bunch down there that they are going to have to do something to get production instead of restricting production as they have been doing the past year.

REPRESENTATIVE MONRONEY: I don't believe you are ever going to get the materials to build over 600,000 homes unless you can go into new materials and encourage new producers to go into the business, and I think half of the opposition to subsidies was simply because existing producers want to keep the new fellows out and avoid that kind of competition.

SENATOR CAPEHART: Mr. Monroney, that, I think, is an assumption. I don't believe there is any basis of fact in that statement at all. I think any businessman who feels he can make a legitimate profit will go into any kind of business.

Chairman Granik: I am sorry; we pause briefly for a summation of the arguments. Miss Sumner, will you sum up?

REPRESENTATIVE SUMNER: Just as during the war backing our soldiers was the pretext for imposing upon the country, often unnecessarily, the same Hitlerish government controls against which our soldiers were fighting, now the veterans are being used as an excuse to impose a program of government controls which will prevent housing and discourage the building of houses, nationalize the housing industry in which there are millions of people, put OPA price ceilings over American homes, bring us nearer to the kind of government where government owns and controls everything and everybody. The millions of people in the housing industry are up in arms against this proposal. Every patriotic American should be. The first thing to do to get new housing is to use the power the government already has and is not using to lift OPA price ceilings high enough to get the strategic materials, brick, lumber, and so forth, without which the American people cannot build houses.

What the builders feel is that the Administrator would divert building materials and all the money he wished to political favorites, including this man Kaiser and the man who makes round tin houses, who could be set up in business at government expense, employing favored unions, receiving free factories, so whether or not anybody cared to buy novel synthetic

homes, the government would use the taxpayers' money to pay for them anyway.

Like most communistic programs, the Wyatt scheme—don't laugh, this is serious—is a bonanza for political racketeers.

Chairman Granik: I am sorry, Miss Sumner, your time has expired. Congressman Outland, will you sum up?

REPRESENTATIVE OUTLAND: Yes, I will try to, Ted. Thank you.

The President of the United States has recognized that we are facing right now, just as we faced during the war, a very critical emergency, only now it is not a matter of facing foreign enemies; it is a matter of facing domestic enemies. One of those domestic enemies right here at home is that of housing shortage. The President called in Mr. Wyatt and asked him to survey the whole field and to consult with representatives of management, labor, and all groups to try to expedite a program.

That program he submitted to the Congress of the United States, which would call for 2,700,000 homes by the end of 1947. That program had certain provisions in it which none of us would like in normal times, but I have to emphasize again that these are not normal times. These times still constitute an emergency in their way as much as the war did. I heard a member of the House of Representatives when we were considering this bill say that this was not an emergency. If he could go out with me to Los Angeles and see the veterans sleeping in automobiles and doubling up with relatives and sleeping out in the parks, he would jolly well think it was an emergency, and to meet that, we have to take emergency measures.

None of us like subsidies. We must admit they are artificial, but they are one of the best ways to meet the present program and also to keep down the cost to veterans. We will all be glad when price ceilings are taken away. They are a headache to all of us congressmen as well as anybody else, but at the present time the only way we are going to maintain a decent price is to maintain price ceilings. I, for one, am sick and tired of hearing this type of program not only called communistic but Hitlerish, as I heard a few moments ago. Now, it has to be one or the other. It can't be both communistic and Hitlerish.

REPRESENTATIVE SUMNER: There is only a quibble between them.

REPRESENTATIVE OUTLAND: It seems to me, Ted, this program is an American program. Approached by an American President and an American Congress with the cooperation of American business and American labor, we are going to meet it. We don't have to nationalize the home building industry. Nobody sitting around the table here tonight advocates that. We do advocate a decent, well-rounded housing program.

Chairman Granik: I am sorry, our time is up. (Applause.)

You have been listening to the American Forum of the Air discussion, "Should Congress Adopt the Wyatt Housing Plan?" Our speakers have been: Senator Homer E. Caphart of Indiana; Representative Jessie Sumner of Illinois; Douglas Whitlock, Chairman of the Advisory Board, Producers' Council; Representative A. S. Mike Monroney of Oklahoma; Representative George E. Outland of California; and Chat Paterson, National Legislative Representative, American Veterans Committee.

Your letters and comments are welcome.

And now your announcer, Carl Bates.

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