"Should Congress Adopt the Taft-Ellender-Wagner Housing Bill?"

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Announcer: How can we solve the housing crisis? Is government subsidy the answer? "Should Congress Adopt the Taft-Ellender-Wagner Housing Bill?"

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 nineteen years ago by Theodore Granik, attorney and moderator. The Forum presents every week at this time the vital issue of the week, both sides of that issue, and the men who affect the decisions.

This evening's program on the housing crisis replaces one originally scheduled on our foreign relief policy.

Tonight our four authorities are: Senator A. J. Ellender, Democrat of Louisiana; Chat Paterson, National Legislative Representative, American Veterans Committee; Edward R. Carr, President, National Association of Home Builders; and Charles Stewart, Director of Public Relations, National Association of Real Estate Boards.

And now here is your Chairman, Theodore Granik.

Chairman Granik: Good evening. "Should Congress Adopt the Taft-Ellender-Wagner Housing Bill?"

Since the end of the war, the American Forum has presented many programs dealing with the housing crisis. One of the most controversial bills on this subject, now pending in Congress, is that proposed by Republican Senator Taft and Democrats Ellender and Wagner. This measure, with a few changes, was before our national legislative body during the Seventy-ninth Congress. The House of Representatives decided to take no action, despite an appeal by President Truman.

This year the bill, sponsored by the same Senators, is up for consideration again. The backers advance as their main reason for this piece of legislation the fact that low income groups just can't afford new housing without subsidies on construction costs. This is the main point of friction.

Many builders claim that if low-cost housing is subsidized, it would make for unfair competition with other construction, in materials and labor. Some builders charge that the Taft-Ellender-Wagner Bill means socialization of housing. They want less government interference and more reliance on private industry.

Those who favor the measure claim that it is the best method yet advanced to insure adequate low-cost housing for veterans and other moderate income groups. They agree that private industry should be allowed to do the job, but, they argue, if private industry cannot by itself meet the pressing need for housing, then government must step in with aid.

We have one of the authors of the bill on our panel of four authorities this evening. Let's hear from him first. Senator Allen J. Ellender, Democrat of Louisiana. Senator Ellender.

Senator Ellender: Mr. Granik, my reasons for sponsoring the bill are not at all complicated. They reduce themselves to the very simple proposition that it takes more than pious words to meet the present critical housing shortage, whose roots extend far back into the prewar period. The fact is that it is only through the kind of programs that are provided in the Taft-Ellender-Wagner Bill that we can have any hope of adequately meeting
the housing needs of our moderate and low-income groups, both veterans and non-veterans, who make up the great mass of our population. This conclusion represents the considered opinion of bipartisan and impartial congressional committees. It represents a conclusion which is the product of very detailed and exhaustive studies on the part of these committees.

The maximum cost of the bill is remarkably modest. Annually it will cost the Government only a fraction of one per cent of a normal peacetime budget. It would represent about one-half the amount which the Government spent each day at the peak of World War II. Moreover, the benefits obtained would more than compensate for the expenditure. Decent housing instead of slums means less crime, less juvenile delinquency, and lower cost to our citizens for police and fire protection. It also means better health and lower costs for medical care. A high, sustained level of house production and urban redevelopment means increased and stable opportunities for business, for employment, and for investment.

Chairman Granik: Thank you, Senator Ellender. Next, the President of the National Association of Home Builders, Edward R. Carr. Mr. Carr.

Mr. Carr: I don't believe that the Taft-Ellender-Wagner Bill should be passed, because it offers no real contribution to the housing situation. It doesn't provide any materials, and it will actually raise costs because government will be competing with private builders for already scarce labor and materials. The financial aids it offers builders are merely extensions of present FHA financing methods. Veterans already have 100 per cent financing through the Veterans' Administration.

Its chief purpose, obviously, is to initiate a vast program of government-owned housing for millions of people, starting with 500,000 units costing the taxpayers $150,000,000 annually for 45 years, for a total of $7,000,000,000. This type of government housing in the past has failed to clear slums, has not housed the needy, but has led to socialization wherever it has been tried. It is bound to drive private builders out of the low-cost field, a field which we are now reaching with the comparatively new financial tools and the improved construction techniques and machinery that we have now. We should be left alone to do this job.

Chairman Granik: Thank you, Mr. Carr. And now for the veterans' view. Chat Paterson, National Legislative Representative of the American Veterans Committee. Mr. Paterson.

Mr. Paterson: The American Veterans Committee is for the Taft-Ellender-Wagner long-range housing bill because there is a critical need for housing in this country, a need which has not and cannot be met without the federal assistance provided in this bill.

The extent of the current housing crisis is indicated by a recent Bureau of the Census survey which shows that from 30 to 40 per cent of married veterans are living in rented rooms or doubled up with in-laws. This condition cannot continue. The fact is that housing is now being built primarily for those in the high income groups. The average veteran has been priced out of the market.

We think that the Taft-Ellender-Wagner Bill provides an answer to the housing problem because it assures low interest rate and long amortization period, which will encourage builders to start construction even in the face of current high costs. It authorizes slum clearance and low rent

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and rural housing. It will assure the construction of 15,000,000 units in ten years.

We agree with Senator Taft that where private enterprise has failed to provide low-income housing, this becomes the responsibility and obligation of the Government. At least 6,000,000 families still live in slums; 1,500,000 veterans can afford nothing better than a slum dwelling, when they can find that. Public housing does not compete with private home building, and the elimination of slums is not only a humanitarian duty; it is good business. To call a housing measure as essential as the Taft-Ellender-Wagner Bill socialistic is just plain silly.

Chairman Granik: Thank you, Mr. Paterson. Next the representative of the National Association of Real Estate Boards, Charles Stewart. Mr. Stewart.

Mr. Stewart: Congress should not adopt the Taft-Ellender-Wagner Housing Bill, because this bill seeks to prolong a futile experiment. Every attempt at home production by government that history records shows that is the direct way to chronic housing shortage. Slums can be eliminated then the cities that harbor them act locally to get rid of them. The proposed Federal Housing Bill is a socialistic stab in the dark, and not a silly one. As pointed out by the Housing Committee of the American Legion, which represents more veterans than all the other veteran organizations put together, this kind of economic nonsense is a threat to the economy of the nation.

Chairman Granik: Thank you, gentlemen. There we have the issues, and the sides are clearly drawn.

Now, gentlemen, to start our spontaneous discussion, Senator Ellender, how will this bill help build more houses?

Senator Ellender: Mr. Granik, the bill seeks to create the favorable conditions and factors under which the objective of the bill—that is, to build 1,500,000 houses a year—can be accomplished with maximum reliance upon private enterprise and local initiative. The bill, among other things, provides for the coordination of the housing functions of government under a single agency. Next, it authorizes a program of technical housing research to aid industry in progressively reducing the cost of housing. It perfects the existing methods by which private home financing can be bettered. Last, but not least, it provides for housing for the low-income groups, which up to this time private enterprise has never been able to accomplish.

Chairman Granik: Mr. Carr, do you have a comment?

Mr. Carr: Yes. Senator, you admit that the so-called aids to private enterprise in financing are merely an extension of what we already have, don't you?

Senator Ellender: To some extent, but it makes it possible to build, as I said, as many as 1,500,000 houses. In the past, in the best year of its life, private enterprise has never built more than about 750,000 units.

Mr. Carr: Why does this make it possible to build 1,500,000 units?

Chairman Granik: Mr. Paterson, do you want to come in?

Mr. Paterson: Yes. I think the major factor in this bill is that, for once, it provides a long-range housing policy, which we have never had in
this country. I think at the present moment it can be said that the private building industry is in quite a mess, an economic mess, at the present time. I think that when Mr. Carr asks Senator Ellender whether the bill will get any housing, the real question at the present time is, Can even private enterprise provide any housing with the present price structure, which they brought about?

Mr. Stewart: Mr. Paterson, I am glad to hear you call this thing at long last a long-range housing bill, because it has been only a few months ago that it was advocated as something needed to take care of the veteran today and tomorrow.

You say that private enterprise is in a mess. Let me point out to you that private enterprise in this country has produced more houses per thousand of the population than it ever has before. In 1930 we had 243 houses per thousand of population; in 1940 we had 264; and the latest Census estimate shows that we have 267. Nothing has bogged down.

The thing that has to be realized is that the war, with all of its tragedy, with all of its brutality and inroads on civilization, telescoped into just a few years a tremendous epoch of economic change. We moved into an entirely new standard of living era, a new price and wage era. The house building industry is in precisely the same position that the automobile industry is in. It is producing in large measure. It hasn’t produced for everyone that has yet to be served.

Mr. Paterson: Mr. Stewart, I think if we face this thing realistically, private enterprise is not at the present time producing anything that anyone can afford to pay for.

I think that Mr. Carr has already pointed out that the major provisions which he is worried about are the slum clearance provisions and the low-rent housing. I think even Mr. Stewart would go along with all the other features of the bill. I think the major question gets down to whether there is an adequate profit motive in slums. In other words, are slums profitable enough for private industry to go in and clean those out, Mr. Carr? We have had no indication so far.

Mr. Carr: You have asked a couple of questions there. Let me point out one thing that is being bandied around the country that isn’t true. You say we are not building for the low-income groups. There are houses all over this country being built today for $7,000 and less. You have houses right outside of Washington, between here and Baltimore, that are being produced now for $6,750. I am producing houses (I have them on the boards, and I am going to start them within the next few weeks) where a veteran can buy a six-room house, a two-family arrangement, that he can carry for $35 a month. Is that low-cost housing?

Senator Ellender: Mr. Carr, let me comment on that just a little bit. In 1940 a survey was made here in the city of Washington of all the housing built prewar, from 1935 to 1940, and about 3 per cent of that housing was for the lower-income group. You have shown what you have done in the past. We would like to know what you will do in the future.

Mr. Stewart: But, Senator, I think you are overlooking the fact that a house is one thing that a family has to have that it can’t possibly wear out. Everybody wears out everything else they buy, but nobody knows what the life of a house is. There is no accepted estimate. If we built a million houses a year, Senator, it would still be a mathematical necessity for 38 out of every 39 families in the United States to live in a used house.
We never have built brand-new houses for the bottom of the market, any more than the automobile industry has served the fellow who wanted to buy a $300 car with a new one.

**Senator Ellender**: Mr. Stewart, the way by which private enterprise has met the problem is to let the poorer folks use the houses that are left behind, and in some cases here in the city of Washington you yourself know that we have as many as four and five families living in these old dilapidated homes where only one or two ought to live. They have no sanitation, and most of them are just simply—

**Mr. Stewart**: Don’t overlook the fact, Senator, that housing conditions for most of the people in this country are the best they have ever been and the biggest bargains they have ever had. They are still frozen in at depression levels. Housing prices are frozen today 6 per cent lower than they were in 1932, which was the blackest year of the depression. That is from the Bureau of Labor Statistics. I am talking about most of the housing in the United States, which is the used housing.

**Senator Ellender**: Let’s not leave the issue now. You folks have been building for people who can pay. For instance, in Baltimore during 1940 and since that time, one per cent of the homes built were for the purpose of housing people who could pay $10 a month. Do you know what they were built of? Cardboard, paper. Four per cent were built for families from $10 to——

**Mr. Stewart**: It sounds like the FPHA re-use project.

**Senator Ellender**: And in the city of Cleveland the same thing.

**Chairman Granik**: I think Mr. Carr wants to answer that.

**Senator Ellender**: Just a moment now. For those who were able to pay from $50 to $60 you have built from 35 to 48 per cent of the housing.

**Chairman Granik**: Go ahead, Mr. Carr.

**Mr. Carr**: Senator, I don’t know where you get those figures. They must have come out of the FPHA.

**Senator Ellender**: No, they are not. They are from the Census, where you get all of yours.

**Mr. Carr**: You say that we haven’t built for the low-income people. In 1941, which was the last year that we built without war controls (which were necessary), 75 per cent of the houses built in this country and financed by FHA were built to sell between $5,000 and $6,000; 54 per cent of them were built to sell between $4,000 and $5,000. I think that is low-cost housing.

**Mr. Paterson**: I would like——

**Mr. Carr**: Just a minute. The Senator had a long time there. Give me a shot at it. Nobody—and you know it—can build a house for a man who can pay only $10 a month. That man has to take a secondhand house or, if that is all he can pay and he can’t get it, he has to be helped by local charity or by something. You can’t do it by the Government method: we can’t do it. Why decent secondhand housing isn’t good enough for those people, I don’t know.

**Mr. Paterson**: I think in that connection you have already brought out the point that you have a large housing project in which you are managing to get down to $35 a month for a person who is buying it and possessing the place. I think that the important thing is not your particular project, but the over-all picture. I have here the Office of the Housing Expediter’s
report for May, 1946, which is certainly the most recent that we have. We know that at least 54 per cent of the population of the United States has an income of less than $2,000 a year, which means at the most—

MR. STEWART: I don’t think that is quite right.

MR. PATERSON: It is absolutely true by the Treasury figures. You talked about buying. I think the primary need at the present time is for rental units that people can afford to rent. I think if you will look at the want ads in the columns of your daily papers, you will realize that. Of the total built from December 24 to March 28 of this year, only 8 per cent was less than $40 a month, which means that 92 per cent of the housing is not available for the other 54 per cent of the population. That is the real need.

MR. STEWART: First, Mr. Paterson, on that point of income, I have in my hands here (it is too bad we haven’t television) a Department of Commerce news release, No. 607, or March 12, which says that the average per capita income in the United States is $1,234 for each individual, not each family. There is an average of more than three persons to each family, which would give you a family income of more than $3,000.

I think, Mr. Paterson, that you are still thinking that there is no way to serve people in housing unless they are served in new housing. Let me say this. Most of your associates in the groups that advocate public housing profess to be in great admiration of the automobile industry because, as they say, the automobile industry serves a wide range of income groups. Of course it does, and let me tell you how it does it. It does so by serving two-thirds of its customers with a secondhand commodity. It produces a commodity that is capable of giving good service through many successive ownerships. In that way the man who wants to spend an amount of money for a car less than the price of a new one can get a good piece of machinery, a much better piece of machinery than any flimsy makeshift that could be put out.

MR. PATERSON: I am very glad you brought out the question of automobiles. I think if we built automobiles the way we build houses at the present time, we would probably be paying $25,000 a car, which gets me down to a question for Mr. Carr, if I may. I think that so far Mr. Carr has offered no concrete program. I think later we should get into the question of the economic stability of his industry at the present time, but for the moment, if we face this realistically, there are only two ways that we are going to lower the cost. I think you will agree that the most important thing right now is lowering the cost of housing and of rental units. You will agree with that, won’t you, Mr. Carr, that prices are too high?

MR. CARR: We are constantly striving to get our costs down. I don’t think costs are nearly as high today as most people believe. You have a fifty-cent dollar. Housing hasn’t gone up nearly so much as some other things. It has gone up, according to the latest BLS figures, 79 per cent. Food has gone up 80-some per cent, and everything else has gone up more than that. We are trying to get costs down, but while we are paying the highest wages we have ever paid and when wages make up from 60 to 70 per cent of a house, I don’t see how anyone could expect a collapse in building costs.

MR. PATERSON: I thought wages were only 35 per cent.

MR. CARR: It is 30 per cent on the job, and the wages that go into the material is 45 per cent. If you take those into consideration, it makes the total cost of wages in a house somewhere between 60 and 70 per cent.
Chairman Granik: I think the Senator wants a word.

Senator Ellender: Mr. Carr, as I indicated a while ago, one of the provisions of the Taft-Ellender-Wagner Bill is to provide for methods to build housing somewhat along the lines that you build automobiles; that is, in mass production. I believe that when we reach that stage, we will be able to provide for these low-income groups. Mr. Carr, I want to ask you, how do you or your industry expect to take care of, say, the 4,000 families in this country today, in the cities, that earn under $1,000 per annum salary?

Mr. Carr: Four thousand families? Less than $1,000 a year to each family?

Senator Ellender: Yes. You have a lot of them here in Washington. I would like you to tell us how you would do it.

Mr. Carr: We would do it simply by the matter of production, if we built enough housing in this country. You have a median rent in the urban areas of this country today of $30.25. Again according to the Census Bureau reports, 92 per cent of those dwellings are not in need of major repair.

Senator Ellender: While you are on that question of the $30.25 median rent, does that consist of the average of all houses or just of the sanitary ones?

Mr. Carr: That takes them all. That takes the high-priced ones and the low-priced ones, yes. Ninety-two per cent of those are considered by the same unbiased report as not being in need of major repairs, which according to my figures leaves somewhere around 3,000,000 substandard units. The only way to get those units off the market without subsidization is for us to put enough houses on the market, to pour them in at the top, as Senator Taft himself said in the hearings on these two bills, and let those units filter down, if you want to call it that, and run off the market by your health and safety standards the substandard units, just the same as you run an old automobile off the market.

Senator Ellender: You need this bill in order to do that.

Mr. Carr: Why would we need that?

Senator Ellender: In order to build more houses. As I indicated a while ago, private enterprise in its best year has built but 703,000 units. Under this bill we plan to make it possible for private enterprise to build 90 per cent of the 1,500,000 houses that we propose to be built. Only 10 per cent will be devoted to low-income groups.

Chairman Granik: Let's explore for a moment the question of clearing slums. Mr. Paterson, here is a question we have received directed to you. Why is public housing talked of as a means of clearing slums, when figures of the Federal Public Housing Authority show that a full two-thirds of it is on land which never was slum property?

Mr. Paterson: I don't quite understand what he means by that.

Chairman Granik: I will read it again.

Mr. Paterson: Naturally, when you clear up the slums, you move the people out to a place that is better than the slum area used to be.

Mr. Stewart: The point, Mr. Paterson, is that when we build public housing, only one-third of the areas that were cleared were slums.

Mr. Paterson: You are making the very best argument you could make for the bill.
Mr. Stewart: Not if you call it a slum clearance bill.

Mr. Paterson: It obviously does clear slums, because it gives all the help necessary to come in and apply for and receive help. You can't make slum clearance profitable.

Mr. Stewart: You are talking about a device, Mr. Paterson, with which we have had ten years of experiment.

Mr. Paterson: A poor experiment.

Mr. Stewart: Indeed a very poor experiment: public housing.

Mr. Paterson: It has not been public yet. We haven't had it.

Mr. Stewart: Senator Ellender feels very comfortable about the fact that he wants only 10 per cent of our housing to be socialized. The remarkable thing about that, Senator, is that that is precisely what was said in England in the period following their last war. They were going to have just a little bit of it and, as it inevitably had to, it grew. It put the private house building business out of business today. As you can find from reports of the Federal Reserve Board in Washington, four out of every five houses going up in England are for ownership and operation by government, and private house building is dead, and England has the worst housing shortage, discounting its war damage, that it has ever had.

Mr. Paterson: How can you possibly discount the war damage?

Mr. Stewart: I say, aside from its war damage, England has had a chronic housing shortage for years before the war.

Mr. Paterson: Then the thing you guys had better do is get yourselves a concrete program and come up with it and avoid the taking over. If you guys come up and oppose every single program that is aimed to better the housing situation for the ordinary person, you are just hastening the day on which the same thing is going to take place.

Mr. Carr: I don't know how you can sit there and talk that way. Everything that was in that Wagner-Ellender-Taft Bill, or the Taft-Ellender-Wagner Bill, as we call it this year, in the way of aids to private enterprise was taken out of the bill that we drew.

Mr. Paterson: My hat is off to you. Why are you opposing it?

Mr. Carr: Because they are trying to cram a lot of socialized public housing down our throats to get it. Why don't they separate the public housing feature from this bill, as Senator Taft said he was going to do, and let's debate that separately?

Senator Ellender: Of course, as I started to say a while ago when I was stopped, I am satisfied that if we were to strike from this bill the public housing features, all of you boys would be for it. You proposed a bill sometime ago in which you copied from our bill practically every provision we have in there, with the exception of public housing.

Mr. Carr: No, sir.

Senator Ellender: As my good friend Paterson said a while ago, if you want to get the kind of government that will really be socialized and maybe communized, you keep people hungry and keep them from having good housing. The greatest bulwark against Communism is to keep our people contented and make government work for them.

Mr. Stewart: All right, Senator. Americans are not going hungry. Americans have the most housing per thousand population of any people on earth. Americans have the best quality of housing on earth. Americans have the highest ratio of home ownership on earth. This saying "If you don't go along with my communistic ideas, then you are inviting even more
Communism," is the stock political answer to take the nation down every fool road to all sorts of socialistic schemes.

**Mr. Paterson:** Come, come! You don't really think Senator Taft is a Communist, do you?

**Mr. Stewart:** When a Senator's name is on a socialistic bill, you can just draw your own conclusions.

*Chairman Granik:* Let's explore the question of subsidies again. Here we have a question which we received directed to you. How are you going to meet the need of low-income veterans without federal or local subsidies?

**Mr. Stewart:** We have got to produce lots of housing. As I said a minute ago, no family wears out a house. It takes several families, several occupations, to wear out a house. If you will turn the home production industry of this country loose and quit threatening it with being put out of business by socialistic schemes, it will produce an abundance of housing. That is, an abundance is an oversupply. We never get enough of anything until we get too much of it. Turn the house building industry loose, and you will get that, and you will get good, usable housing for people in all income brackets.

These people that Senator Ellender is so concerned about, these very low income people for whom he proposes more public housing just like we already have, put him in a little bit of a spot, because right here in this very city it has been found that 4,000 people get rent assistance from the Public Welfare Department because they need it, and only 47 out of those 4,000 can get into public housing.

**Mr. Paterson:** I think it is utterly fantastic and ridiculous that any gentleman representing a national real estate organization should indicate that this bill in any way puts government in competition with private enterprise. It is 90 per cent weighted to help private enterprise.

**Mr. Stewart:** What happened in England?

**Mr. Paterson:** You should learn from experience.

**Mr. Stewart:** That is it, learning from the experience of England.

**Mr. Paterson:** I would like to ask Mr. Carr, if I may, what I consider to be a major question here. Mr. Carr, do you feel at the present time that the housing industry is on a stable economic basis? I mean by that, do you think it is heading into a bust that is going to pull the rest of the country around? Recently there have been a lot of very responsible statements by men who I am sure are members of your organization or some of the most responsible manufacturers and producers in the building materials field, and they have indicated in no uncertain terms that unless the price structure comes down, we are headed into a real housing bust. What is being done about that at the present time, and do you really feel that we are heading for a housing bust?

**Mr. Carr:** No, I don't think we are heading for a housing bust. Of course, if enough of our so-called economists keep talking about it, we may get into a housing bust because you can start a run on a bank the same way.

**Mr. Paterson:** Who are your so-called economists?

**Mr. Carr:** Some of these people who continue to say that we are heading for a housing bust. We have, I think, a very sound economic picture, and I think we can look for this, if you want to be factual and fair about it: I think that we are going to make some economies during the next year, we will say, in the time that it takes to build a house, because I believe that
we are going to get materials in an even supply and save a lot of time, which saves money, as you know, and the house builder can make a greater turnover. I think that we are going to get, and I certainly hope we will get, a greater productivity from labor, and there will be some efficiencies along the line that we can make. That may make some reduction in a house, but what it will do for the veterans and the lower income group more than anything else is this: It will allow the builders to go out and plan differently and plan really to build some low-cost housing. Nobody in the world could have built really low-cost housing under the conditions that we have had since the war, but we are getting to a point that we can plan it. I know of a number of jobs that are going ahead, and I think in that way the public is going to benefit.

Chairman Granik: Gentlemen, let’s go into the question of rural housing. Senator Ellender, we have a question directed to you. Why do sponsors of the Taft-Ellender-Wagner Bill insist on its rural housing provisions, in spite of the fact that the principal organizations of farmers have denounced these provisions?

Senator Ellender: Mr. Granik, the people in the country are in need of housing just as much as the city folks are. Of course, you have some of the big farmers who are opposed to it, some of the big organizations, but when you go down to the people themselves and ask about it, you get a different tune. There is no question that they ought to be taken care of to the same extent as we attempt to take care of the city dwellers.

Mr. Stewart: The National Grange. Senator, which surely is in touch with rural opinion, and the National Farm Bureau Federation have both pointed out in some detail before Senate committees that the free and easy credit provided by this bill for their kind of housing is not needed by them and would, in fact, destroy the sound credit that they must have.

Senator Ellender: I disagree, of course, with what they say. Cheap money has never hurt any community, and under this bill we provide that a farmer can obtain funds at as low as 3 per cent in order to get a better home in which to live. Of course you have opposition from various sources, the same as we have from you about the low-rent housing, but, I repeat, you go back to the grass roots, go back to the people themselves, and see how they feel about it, and you are going to hear a different song sung.

Chairman Granik: Mr. Carr.

Mr. Carr: Senator, we have talked a lot tonight about slum clearance. Personally, I don’t think that slum clearance and public housing have any connection at all. Slum clearance can be done at a profit to the community, if it is properly handled. We have made studies of it. At Indianapolis they are doing it now; they are doing it at Detroit. I made a study here in Washington at Senator Capper’s request, and we found that the city of Washington could clear one of its worst slums and pay back the loss of clearing out the old buildings.

Senator Ellender: You mean without a government subsidy?

Mr. Carr: Yes, without a government subsidy.

Senator Ellender: Why don’t you do it?

Mr. Carr: They are doing it in Detroit and Annapolis.

Senator Ellender: Why don’t you try it here in Washington? You have been saying here that you advocate it. I have been hearing that for
the past ten years, but up to the moment nothing has been done. You have been saying you are going to do it, but you never have.

Mr. Carr: Coming from a Senator, when you know that Congress runs Washington, that is a rather ridiculous question.

Senator Ellender: Yes, but it doesn’t run private enterprise.

Mr. Carr: I know it, and you know that private enterprise can’t clear any slum in the country—and you won’t come out and say so—without the power of eminent domain. You and Mr. Paterson say that we have no program. We have recommended to Congress here in Washington that we have an agency set up to clear the slums, that it be given the power of eminent domain to clear slums. Private enterprise can’t do it because one man can hold up a slum clearance project. We have gotten that agency within just the last few months, and that agency is now at work clearing some of these slums.

Mr. Paterson: In connection with the slum clearance program, I think that Senator Ellender also has hit it on the head in view of the fact that in a lot of areas it hasn’t been done. I, for one, don’t see, when you couldn’t provide decent low-income housing six years ago, how you can do it now, when housing costs have gone up 78 per cent in the last six years. I don’t see how you can do it.

I want to develop one point a little further. I asked Mr. Carr if he felt that the housing industry or the construction industry was going into a bust. He pointed out then, as they are wont to do, that it is the government economists that are saying it. I would like—

Mr. Carr: I didn’t say government economists. I beg your pardon.

Mr. Paterson: Some of those economists, then. I got the impression that perhaps you thought they weren’t the most reputable ones. Therefore, I would like to quote from Mr. Louis Brown, who is chairman of the Johnsmansville Company, a statement in which he announced yesterday in the Wall Street Journal that a recession is developing in the building industry. I would like to point out that the Wall Street Journal reported that reluctance to finance new construction was officially expressed by the National Association of Mutual Savings Banks, who at their annual meeting reported they were refusing mortgages for home building until costs come down 25 per cent. This is despite a record accumulation of almost $18,000,000,000 on their part.

Chairman Granik: I think Mr. Carr wants to answer that. Go ahead, sir. Do you want to comment?

Mr. Paterson: I want to know whether he thinks a bust is coming, because it is going to create a lot of unemployment and is possibly going to pull down the whole economy of the country.

Mr. Stewart: The house building economy is not out of line with the other economy. You say that housing has gone up a lot, but so has wages.

Mr. Paterson: Nowhere near as much.

Mr. Stewart: Oh, yes. Let me give you some figures here that the National Retail Lumber Dealers have gotten together. They are quite interesting. They show, for example, that a plumber could work 838 hours less today than he had to work in 1940 to buy the same house.

Chairman Granik: I am sorry, gentlemen, we must pause briefly for a summation of the arguments advanced this evening. Senator Ellender, will you sum up for your side?
SENATOR ELLENDER: Mr. Granik, I was very much interested in listening to my good friend Mr. Carr in his opening statement, when he said that the Government competes with private enterprise. Well, the Taft-Ellender-Wagner Bill doesn't do that. As a matter of fact, the Government does not build a single house. What it does is to help a community that comes to Washington with a certificate from the local elected officials to the effect that government aid from Washington would be given provided private enterprise cannot and will not do the job.

The bill under discussion makes it possible for 90 per cent of the 1,500,000 dwelling units that are to be erected to be built by private enterprise, and only 10 per cent of that huge amount is to be built by local authorities created under state laws and under municipal laws to take care of those who are not able to obtain proper housing from private enterprise.

As I indicated a while ago, here in the great city of Washington less than 3 per cent of the homes built in prewar times, from 1935 to 1940, were built for the third of the people who couldn't pay more than, say, $20 to $25 per month rent. The rest of the buildings, that is, 59 and 31 per cent, respectively, was used for the upper crust of the people of Washington, those able to pay from $50 to $60 a month and those able to pay a great deal more than that.

Chairman Granik: Thank you very much, Senator Ellender. Your time has expired. Mr. Carr, will you sum up for your side?

MR. CARR: The Senator has made several very interesting statements there, particularly the one that the upper crust pays from $50 to $60 a month rent. That rather amuses me, as I didn't think they fell in the upper crust.

We are not particularly worried, Senator, about your 10 per cent of public housing, and I do think that it is only fair to point out that that housing is built by the Government and is paid for by the taxpayers, because the local housing authority gets its money from the banks or sells its bonds, to be sure, but the bonds are paid back by a direct subsidy from the Federal Treasury. There are also several other subsidies there. I am sorry we didn't get around to a chance to ask you about it, but there are indirect subsidies through income tax-free bonds. When you add it all up, it amounts to about $30 to $35 per family under the Taft-Ellender-Wagner Bill.

When the median rent of the country is only $30.25 throughout the country in urban areas, and 92 per cent of that housing, according to the Bureau of the Census, is in good condition, it seems to me that all we need to do is to continue to build and to put a great supply of housing on the market and that we will solve the housing problem that you are speaking of. Naturally, the lower income people are going to have to take some used housing. I don't know why a person living in used housing and paying his own way should feel any worse about it than having his neighbors pay his way in a brand-new unit. I think it is rather silly to try to take the lowest income group of our population and start out housing them in brand-new units.

You said that we had never built as many as a million houses, but in 1926 or 1925 (I am not sure of the year) we built within a few units of a million units a year. That again is a matter of record.

Chairman Granik: I am sorry, gentlemen, our time is up. [Applause.]

You have been listening to the American Forum of the Air discussion,
“Should Congress adopt the Taft-Ellender-Wagner Housing Bill?” Our speakers have been: Senator A. J. Ellender, Democrat, of Louisiana; Chauncey Paterson, National Legislative Representative, American Veterans Committee; Edward R. Carr, President, National Association of Home Builders; Charles Stewart, Director of Public Relations, National Association of Real Estate Boards.

Our authorities tonight have engaged in a spirited discussion and have given you, we believe, a great many new facts on this very vital issue. We urge you to consider the pros and cons of this subject with your family and friends. If you have any comments or suggestions, the Forum would be glad to receive them and pass them on to the authorities. America has nothing to fear and everything to gain from an enlightened public opinion.

And now here is your announcer, Winthrop Sherman, with news of next week’s program.

Announcer: Thank you, Mr. Granik.

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